ENTR 356: BOOTSTRAP MARKETING FOR ENTREPRENEURS

Sacramento City College

LibreTexts™

ENTR 356: Bootstrap Marketing for Entrepreneurs

This text is disseminated via the Open Education Resource (OER) LibreTexts Project (https://LibreTexts.org) and like the thousands of other texts available within this powerful platform, it is freely available for reading, printing, and "consuming."

The LibreTexts mission is to bring together students, faculty, and scholars in a collaborative effort to provide an accessible, and comprehensive platform that empowers our community to develop, curate, adapt, and adopt openly licensed resources and technologies; through these efforts we can reduce the financial burden born from traditional educational resource costs, ensuring education is more accessible for students and communities worldwide.

Most, but not all, pages in the library have licenses that may allow individuals to make changes, save, and print this book. Carefully consult the applicable license(s) before pursuing such effects. Instructors can adopt existing LibreTexts texts or Remix them to quickly build course-specific resources to meet the needs of their students. Unlike traditional textbooks, LibreTexts' web based origins allow powerful integration of advanced features and new technologies to support learning.

LibreTexts is the adaptable, user-friendly non-profit open education resource platform that educators trust for creating, customizing, and sharing accessible, interactive textbooks, adaptive homework, and ancillary materials. We collaborate with individuals and organizations to champion open education initiatives, support institutional publishing programs, drive curriculum development projects, and more.

The LibreTexts libraries are Powered by NICE CXone Expert and was supported by the Department of Education Open Textbook Pilot Project, the California Education Learning Lab, the UC Davis Office of the Provost, the UC Davis Library, the California State University Affordable Learning Solutions Program, and Merlot. This material is based upon work supported by the National Science Foundation under Grant No. 1246120, 1525057, and 1413739.

Any opinions, findings, and conclusions or recommendations expressed in this material are those of the author(s) and do not necessarily reflect the views of the National Science Foundation nor the US Department of Education.

Have questions or comments? For information about adoptions or adaptions contact info@LibreTexts.org or visit our main website at https://LibreTexts.org.

This text was compiled on 05/08/2026

TABLE OF CONTENTS

Licensing

1: Introduction to Marketing

- 1.1: Defining Marketing
- 1.2: Who Does Marketing?
- 1.3: Marketing and Customer Relationships

2: Marketing

- 2.1: Why It Matters- Marketing Information and Research
- 2.2: Types of Marketing Information
- 2.3: The Marketing Research Process
- 2.4: Marketing Research Techniques
- 2.5: Marketing Data Sources
- 2.6: Evaluating the Market
- 2.7: Segmentation and Targeting Rationale
- 2.8: Common Segmentation Approaches
- 2.9: Segmentation Decisions
- 2.10: Targeting and Marketing Mix
- 2.11: Case Study- Red Bull Wins the “Extreme” Niche
- 2.12: Simulation- Segmenting the Ice Cream Market

3: Consumer Behavior

- 3.1: Why It Matters - Consumer Behavior
- 3.2: Buying-Process Stages
- 3.3: Low-Involvement vs. High-Involvement Decisions
- 3.4: Factors Influencing Consumer Decisions
- 3.5: Putting It Together- Consumer Behavior
- 3.6: The Competition
- 3.7: Elements of Brand
- 3.8: Brand Equity
- 3.9: Brand Positioning and Alignment

4: Pricing and Distribution

- 4.1: Pricing Impact on Value of Products or Services
- 4.2: Pricing Considerations
- 4.3: Common Pricing Strategies
- 4.4: Packaging
- 4.5: Using Channels of Distribution
- 4.6: Managing Distribution Channels
- 4.7: Retailers As Channels of Distribution
- 4.8: Integrated Supply Chain Management and the Distribution Strategy

5: Integrated Marketing Communication

- 5.1: Integrated Marketing Communication (IMC) Definition
- 5.2: Defining the Message
- 5.3: Marketing Communication Methods
- 5.4: Using IMC in the Sales Process
- 5.5: Customer Relationship Management (CRM) Systems and IMC
- 5.6: Measuring Marketing Communication Effectiveness
- 5.7: Developing a Marketing Campaign and Budget

6: Marketing Plan

- 6.1: Why It Matters - Marketing Plan
- 6.2: Elements of the Marketing Plan
- 6.3: Presenting the Marketing Plan

Index

Glossary

Detailed Licensing

Appendix: Introduction to Nonprofit Marketing

Licensing

*A detailed breakdown of this resource's licensing can be found in **Back Matter/Detailed Licensing**.*

CHAPTER OVERVIEW

1: Introduction to Marketing

1.1: Defining Marketing
1.2: Who Does Marketing?
1.3: Marketing and Customer Relationships

Thumbnail: (Unsplash License; Ryoji Iwata via Unsplash)

1: Introduction to Marketing is shared under a not declared license and was authored, remixed, and/or curated by LibreTexts.

1.1: Defining Marketing

Learning Objective

1. Define marketing and outline its components.

Marketing is defined by the American Marketing Association as "the activity, set of institutions, and processes for creating, communicating, delivering, and exchanging offerings that have value for customers, clients, partners, and society at large[1]." If you read the definition closely, you see that there are four activities, or components, of marketing:

1. Creating. The process of collaborating with suppliers and customers to create offerings that have value.
2. **Communicating**. Broadly, describing those offerings, as well as learning from customers.
3. **Delivering**. Getting those offerings to the consumer in a way that optimizes value.
4. Exchanging. Trading value for those offerings.

The traditional way of viewing the components of marketing is via the four Ps:

1. **Product**. Goods and services (creating offerings).
2. **Promotion**. Communication.
3. **Place**. Getting the product to a point at which the customer can purchase it (delivering).
4. **Price.** The monetary amount charged for the product (exchanging).

Introduced in the early 1950s, the four Ps were called the marketing mix, meaning that a marketing plan is a mix of these four components.

If the four Ps are the same as creating, communicating, delivering, and exchanging, you might be wondering why there was a change. The answer is that they are *not* exactly the same. Product, price, place, and promotion are nouns. As such, these words fail to capture all the activities of marketing. For example, exchanging requires mechanisms for a transaction, which consist of more than simply a price or place. Exchanging requires, among other things, the transfer of ownership. For example, when you buy a car, you sign documents that transfer the car's title from the seller to you. That's part of the exchange process.

Even the term *product*, which seems pretty obvious, is limited. Does the product include services that come with your new car purchase (such as free maintenance for a certain period of time on some models)? Or does the product mean only the car itself?

Finally, none of the four Ps describes particularly well what marketing people do. However, one of the goals of this book is to focus on exactly what it is that marketing professionals do.

Value

Value is at the center of everything marketing does (Figure 1.1). What does value mean?

Figure 1.1

Marketing is composed of four activities centered on customer value: creating, communicating, delivering, and exchanging value.

When we use the term value, we mean the benefits buyers receive that meet their needs. In other words, value is what the customer gets by purchasing and consuming a company's offering. So, although the offering is created by the company, the value is determined by the customer.

Furthermore, our goal as marketers is to create a profitable exchange for consumers. By profitable, we mean that the consumer's personal value equation is positive. The personal value equation is

value = benefits received – [price + hassle]

Hassle is the time and effort the consumer puts into the shopping process. The equation is a personal one because how each consumer judges the benefits of a product will vary, as will the time and effort he or she puts into shopping. Value, then, varies for each consumer.

One way to think of value is to think of a meal in a restaurant. If you and three friends go to a restaurant and order the same dish, each of you will like it more or less depending on your own personal tastes. Yet the dish was exactly the same, priced the same, and served exactly the same way. Because your tastes varied, the benefits you received varied. Therefore the value varied for each of you. That's why we call it a *personal* value equation.

Value varies from customer to customer based on each customer's needs. The marketing concept, a philosophy underlying all that marketers do, requires that marketers seek to satisfy customer wants and needs. Firms operating with that philosophy are said to be market oriented. At the same time, market-oriented firms recognize that exchange must be profitable for the company to be successful. A marketing orientation is not an excuse to fail to make profit.

Firms don't always embrace the marketing concept and a market orientation. Beginning with the Industrial Revolution in the late 1800s, companies were production orientation. They believed that the best way to compete was by reducing production costs. In other words, companies thought that good products would sell themselves. Perhaps the best example of such a product was Henry Ford's Model A automobile, the first product of his production line innovation. Ford's production line made the automobile cheap and affordable for just about everyone. The production era lasted until the 1920s, when production-capacity growth began to outpace demand growth and new strategies were called for. There are, however, companies that still focus on production as the way to compete.

From the 1920s until after World War II, companies tended to be selling orientation, meaning they believed it was necessary to push their products by heavily emphasizing advertising and selling. Consumers during the Great Depression and World War II did not have as much money, so the competition for their available dollars was stiff. The result was this push approach during the selling era. Companies like the Fuller Brush Company and Hoover Vacuum began selling door-to-door and the vacuum-cleaner salesman (they were always men) was created. Just as with production, some companies still operate with a push focus.

In the post–World War II environment, demand for goods increased as the economy soared. Some products, limited in supply during World War II, were now plentiful to the point of surplus. Companies believed that a way to compete was to create products different from the competition, so many focused on product innovation. This focus on product innovation is called the product orientation. Companies like Procter & Gamble created many products that served the same basic function but with a slight twist or difference in order to appeal to a different consumer, and as a result products proliferated. But as consumers had many choices available to them, companies had to find new ways to compete. Which products were best to create? Why create them? The answer was to create what customers wanted, leading to the development of the marketing concept. During this time, the marketing concept was developed, and from about 1950 to 1990, businesses operated in the marketing era.

So what era would you say we're in now? Some call it the value era: a time when companies emphasize creating value for customers. Is that really different from the marketing era, in which the emphasis was on fulfilling the marketing concept? Maybe not. Others call today's business environment the one-to-one era, meaning that the way to compete is to build relationships with customers one at a time and seek to serve each customer's needs individually. For example, the longer you are customer of Amazon, the more detail they gain in your purchasing habits and the better they can target you with offers of new products. With the advent of social media and the empowerment of consumers through ubiquitous information that includes consumer reviews, there is clearly greater emphasis on meeting customer needs. Yet is that substantially different from the marketing concept?

Still others argue that this is the time of service-dominant logic and that we are in the service-dominant logic era. Service-dominant logic is an approach to business that recognizes that consumers want value no matter how it is delivered, whether it's via a product, a service, or a combination of the two. Although there is merit in this belief, there is also merit to the value approach and the one-to-one approach. As you will see throughout this book, all three are intertwined. Perhaps, then, the name for this era has yet to be devised.

Whatever era we're in now, most historians would agree that defining and labeling it is difficult. Value and one-to-one are both natural extensions of the marketing concept, so we may still be in the marketing era. To make matters more confusing, not all companies adopt the philosophy of the era. For example, in the 1800s Singer and National Cash Register adopted strategies rooted in sales, so they operated in the selling era forty years before it existed. Some companies are still in the selling era. Recently, many considered automobile manufacturers to be in the trouble they were in because they work too hard to sell or push product and not hard enough on delivering value.

Creating Offerings That Have Value

Marketing creates those goods and services that the company offers at a price to its customers or clients. That entire bundle consisting of the tangible good, the intangible service, and the price is the company's offering. When you compare one car to another, for example, you can evaluate each of these dimensions—the tangible, the intangible, and the price—separately. However, you can't buy one manufacturer's car, another manufacturer's service, and a third manufacturer's price when you actually make a choice. Together, the three make up a single firm's offer.

Marketing people do not create the offering alone. For example, when the iPad was created, Apple's engineers were also involved in its design. Apple's financial personnel had to review the costs of producing the offering and provide input on how it should be priced. Apple's operations group needed to evaluate the manufacturing requirements the iPad would need. The company's logistics managers had to evaluate the cost and timing of getting the offering to retailers and consumers. Apple's dealers also likely provided input regarding the iPad's service policies and warranty structure. Marketing, however, has the biggest responsibility because it is marketing's responsibility to ensure that the new product delivers value.

Communicating Offerings

Communicating is a broad term in marketing that means describing the offering and its value to your potential and current customers, as well as learning from customers what it is they want and like. Sometimes communicating means educating potential

customers about the value of an offering, and sometimes it means simply making customers aware of where they can find a product. Communicating also means that customers get a chance to tell the company what they think. Today companies are finding that to be successful, they need a more interactive dialogue with their customers. For example, Comcast customer service representatives monitor Twitter. When they observe consumers tweeting problems with Comcast, the customer service reps will post resolutions to their problems. Similarly, JCPenney has created consumer groups that talk among themselves on JCPenney-monitored Web sites. The company might post questions, send samples, or engage in other activities designed to solicit feedback from customers.

Mobile devices, like iPads and Droid smartphones, make mobile marketing possible too. For example, if consumers check-in at a shopping mall on Foursquare or Facebook, stores in the mall can send coupons and other offers directly to their phones and pad computers.

Figure 1.2: A BMW X5 costs much more than a Honda CRV, but why is it worth more? What makes up the complete offering that creates such value?

Wikimedia Commons – 2003 BMW X5 – public domain; Auto Photo – 2008 Honda CRV – CC BY-SA 3.0.

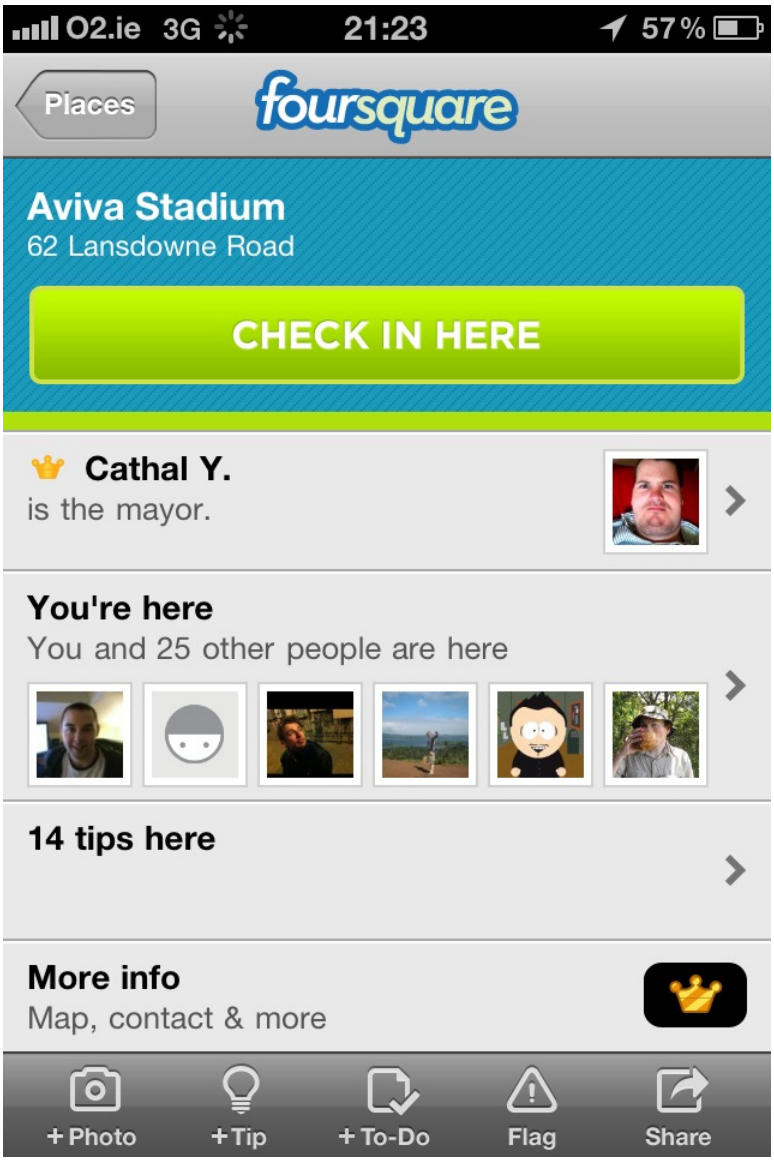


Figure 1.3: Social media sites like Foursquare and Facebook have a location feature that allows consumers to post their location. Retailers can then use this to send coupons and other special offers to the consumer's phone or pad for immediate use.

Sean MacEntee – Foursquare – CC BY 2.0.

Companies use many forms of communication, including advertising on the Web or television, on billboards or in magazines, through product placements in movies, and through salespeople. Other forms of communication include attempting to have news media cover the company's actions (part of public relations [PR]), participating in special events such as the annual International Consumer Electronics Show in which Apple and other companies introduce their newest gadgets, and sponsoring special events like the Susan G. Komen Race for the Cure.

Delivering Offerings

Marketing can't just promise value, it also has to deliver value. Delivering an offering that has value is much more than simply getting the product into the hands of the user; it is also making sure that the user understands how to get the most out of the product and is taken care of if he or she requires service later. Value is delivered in part through a company's supply chain. The supply chain includes a number of organizations and functions that mine, make, assemble, or deliver materials and products from a manufacturer to consumers. The actual group of organizations can vary greatly from industry to industry, and include wholesalers, transportation companies, and retailers. Logistics, or the actual transportation and storage of materials and products, is the primary component of supply chain management, but there are other aspects of supply chain management that we will discuss later.

Exchanging Offerings

In addition to creating an offering, communicating its benefits to consumers, and delivering the offering, there is the actual transaction, or exchange, that has to occur. In most instances, we consider the exchange to be cash for products and services. However, if you were to fly to Louisville, Kentucky, for the Kentucky Derby, you could "pay" for your airline tickets using frequent-flier miles. You could also use Hilton Honors points to "pay" for your hotel, and cash back points on your Discover card to pay for meals. None of these transactions would actually require cash. Other exchanges, such as information about your preferences gathered through surveys, might not involve cash.

When consumers acquire, consume (use), and dispose of products and services, exchange occurs, including during the consumption phase. For example, via Apple's "One-to-One" program, you can pay a yearly fee in exchange for additional periodic product training sessions with an Apple professional. So each time a training session occurs, another transaction takes place. A transaction also occurs when you are finished with a product. For example, you might sell your old iPhone to a friend, trade in a car, or ask the Salvation Army to pick up your old refrigerator.

Disposing of products has become an important ecological issue. Batteries and other components of cell phones, computers, and high-tech appliances can be very harmful to the environment, and many consumers don't know how to dispose of these products properly. Some companies, such as Office Depot, have created recycling centers to which customers can take their old electronics.

Apple has a Web page where consumers can fill out a form, print it, and ship it along with their old cell phones and MP3 players to Apple. Apple then pulls out the materials that are recyclable and properly disposes of those that aren't. By lessening the hassle associated with disposing of products, Office Depot and Apple add value to their product offerings.

Key Takeaway

The focus of marketing has changed from emphasizing the product, price, place, and promotion mix to one that emphasizes creating, communicating, delivering, and exchanging value. Value is a function of the benefits an individual receives and consists of the price the consumer paid and the time and effort the person expended making the purchase.

Review Questions

1. What is the marketing mix?
2. How has marketing changed from the four Ps approach to the more current value-based perspective?
3. What is the personal value equation?

[1]American Marketing Association, "Definition of Marketing," (accessed December 3, 2009).

1.1: Defining Marketing is shared under a CC BY-NC-SA license and was authored, remixed, and/or curated by LibreTexts.

- **1.1: Defining Marketing** by Anonymous is licensed CC BY-NC-SA 3.0. Original source: https://open.lib.umn.edu/principlesmarketing/.

1.2: Who Does Marketing?

Learning Objective

1. Describe how the various institutions and entities that engage in marketing use marketing to deliver value.

The short answer to the question of who does marketing is “everybody!” But that answer is a bit glib and not too useful. Let’s take a moment and consider how different types of organizations engage in marketing.

For-Profit Companies

The obvious answer to the question, “Who does marketing?” is for-profit companies like McDonald’s, Procter & Gamble (the makers of Tide detergent and Crest toothpaste), and Walmart. For example, McDonald’s creates a new breakfast chicken sandwich for $1.99 (the offering), launches a television campaign (communicating), makes the sandwiches available on certain dates (delivering), and then sells them in its stores (exchanging). When Procter & Gamble (or P&G for short) creates a new Crest tartar control toothpaste, it launches a direct mail campaign in which it sends information and samples to dentists to offer to their patients. P&G then sells the toothpaste through retailers like Walmart, which has a panel of consumers sample the product and provide feedback through an online community. These are all examples of marketing activities.

For-profit companies can be defined by the nature of their customers. A B2C (business-to-consumer) company like P&G sells products to be used by consumers like you, while a B2B (business-to-business) company sells products to be used within another company’s operations, as well as by government agencies and entities. To be sure, P&G sells toothpaste to other companies like Walmart (and probably to the army, prisons, and other government agencies), but the end user is an individual person.

Other ways to categorize companies that engage in marketing is by the functions they fulfill. P&G is a manufacturer, Walmart is a retailer, and Grocery Supply Company is a wholesaler of grocery items and buys from companies like P&G in order to sell to small convenience store chains. Though they have different functions, all these types of for-profit companies engage in marketing activities. Walmart, for example, advertises to consumers. Grocery Supply Company salespeople will call on convenience store owners and take orders, as well as build in-store displays. P&G might help Walmart or Grocery Supply Company with templates for advertising or special cartons to use in an in-store display, but all the companies are using marketing to help sell P&G’s toothpaste.

Similarly, all the companies engage in dialogues with their customers in order to understand what to sell. For Walmart and Grocery Supply, the dialogue may result in changing what they buy and sell; for P&G, such customer feedback may yield a new product or a change in pricing strategy.

Nonprofit Organizations

Nonprofit organizations also engage in marketing. When the American Heart Association (AHA) created a heart-healthy diet for people with high blood pressure, it bound the diet into a small book, along with access to a special Web site that people can use to plan their meals and record their health-related activities. The AHA then sent copies of the diet to doctors to give to patients. When does an exchange take place, you might be wondering? And what does the AHA get out of the transaction?

From a monetary standpoint, the AHA does not directly benefit. Nonetheless, the organization is meeting its mission, or purpose, of getting people to live heart-healthy lives and considers the campaign a success when doctors give the books to their patients. The point is that the AHA is engaged in the marketing activities of creating, communicating, delivering, and exchanging. This won’t involve the same kind of exchange as a for-profit company, but it is marketing. When a nonprofit organization engages in marketing activities, this is called nonprofit marketing. Some schools offer specific courses in nonprofit marketing, and many marketing majors begin their careers with nonprofit organizations.

Government entities also engage in marketing activities. For example, when the U.S. Army advertises to parents of prospective recruits, sends brochures to high schools, or brings a Bradley Fighting Vehicle to a state fair, the army is engaging in marketing. The U.S. Army also listens to its constituencies, as evidenced by recent research aimed at understanding how to serve military families more effectively. One result was advertising aimed at parents and improving their response to their children’s interest in

joining the army; another was a program aimed at encouraging spouses of military personnel to access counseling services when their spouse is serving overseas.

Similarly, the Environmental Protection Agency (EPA) runs a number of advertising campaigns designed to promote environmentally friendly activities. One such campaign promoted the responsible disposal of motor oil instead of simply pouring it on the ground or into a storm sewer.

There is a difference between these two types of activities. When the army is promoting the benefits of enlisting, it hopes young men and women will join the army. By contrast, when the EPA runs commercials about how to properly dispose of motor oil, it hopes to change people's attitudes and behaviors so that social change occurs. Marketing conducted in an effort to achieve certain social objectives can be done by government agencies, nonprofit institutions, religious organizations, and others and is called social marketing. Convincing people that global warming is a real threat via advertisements and commercials is social marketing, as is the example regarding the EPA's campaign to promote responsible disposal of motor oil.

Individuals

If you create a résumé, are you using marketing to communicate the value you have to offer prospective employers? If you sell yourself in an interview, is that marketing? When you work for a wage, you are delivering value in exchange for pay. Is this marketing, too?

Some people argue that these are not marketing activities and that individuals do not necessarily engage in marketing. (Some people also argue that social marketing really isn't marketing either.) Can individuals market themselves and their ideas?

In some respects, the question is a rhetorical one, designed for academics to argue about in class. Our point is that in the end, it may not matter. If, as a result of completing this book, you can learn how to more effectively create value, communicate and deliver that value to the receiver, and receive something in exchange, then we've achieved our purpose.

Key Takeaway

Marketing can be thought of as a set of business practices that for-profit organizations, nonprofit organizations, government entities, and individuals can utilize. When a nonprofit organization engages in marketing activities, this is called *nonprofit marketing*. Marketing conducted in an effort to achieve certain social objectives is called *social marketing*.

Review Questions

1. What types of companies engage in marketing?
2. What is the difference between nonprofit marketing and social marketing?
3. What can individuals do for themselves that would be considered marketing?

1.2: Who Does Marketing? is shared under a CC BY-NC-SA license and was authored, remixed, and/or curated by LibreTexts.

- **1.2: Who Does Marketing?** by Anonymous is licensed CC BY-NC-SA 3.0. Original source: https://open.lib.umn.edu/principlesmarketing/.

1.3: Marketing and Customer Relationships

Customer Relationship Management: A Strategic Imperative

We have stated that the central purpose of marketing is to help organizations identify, satisfy, and retain their customers. These three activities lay the groundwork for what has become a strategic imperative in modern marketing: customer relationship management.

To a student of marketing in the digital age, the idea of relationship building between customers and companies may seem obvious and commonplace. It certainly is a natural outgrowth of the marketing concept, which orients entire organizations around understanding and addressing customer needs. But only in recent decades has technology made it possible for companies to capture and utilize information about their customers to such a great extent and in such meaningful ways. The Internet and digital social media have created new platforms for customers and product providers to find and communicate with one another. As a result, there are more tools now than ever before to help companies create, maintain, and manage customer relationships.

Maximizing Customer Lifetime Value

Central to these developments is the concept of customer lifetime value. Customer lifetime value predicts how much profit is associated with a customer during the course of their lifetime relationship with a company.[1] One-time customers usually have a relatively low customer lifetime value, while frequent, loyal, repeat-customers typically have a high customer lifetime value.

How do companies develop strong, ongoing relationships with customers who are likely to have a high customer lifetime value? Through marketing, of course.

Marketing applies a customer-oriented mindset and, through particular marketing activities, tries to make initial contact with customers and move them through various stages of the relationship—all with the goal of increasing lifetime customer value. These activities are summarized below.

Typical Marketing Activities during each Stage of the Customer Relationship

Stage 1: Meeting and Getting Acquainted

- Find desirable target customers, including those likely to deliver a high customer lifetime value
- Understand what these customers want
- Build awareness and demand for what you offer
- Capture new business

Stage 2: Providing a Satisfying Experience

- Measure and improve customer satisfaction
- Track how customers' needs and wants evolve
- Develop customer confidence, trust, and goodwill
- Demonstrate and communicate competitive advantage
- Monitor and counter competitive forces

Stage 3: Sustain a Committed Relationship

- Convert contacts into loyal repeat customers, rather than one-time customers
- Anticipate and respond to evolving needs
- Deepen relationships, expand reach of and reliance on what you offer

Another benefit of effective customer relationship management is that it reduces the cost of business and increases profitability. As a rule, winning a new customer's business takes significantly more time, effort, and marketing resources than it does to renew or expand business with an existing customer.

Customer Relationship As Competitive Advantage

As the global marketplace provides more and more choices for consumers, relationships can become a primary driver of why a customer chooses one company over others (or chooses none at all). When customers feel satisfaction with and affinity for a specific company or product, it simplifies their buying choices.

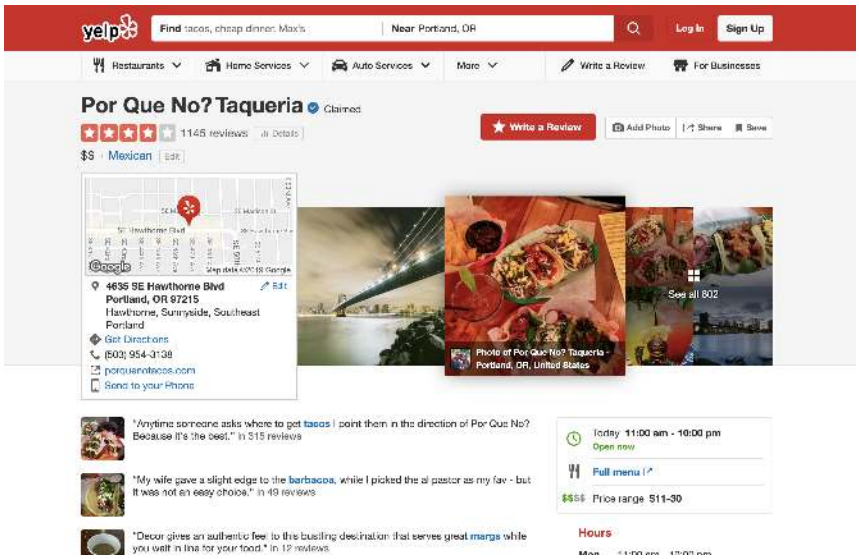
For example, why might a woman shopping for a cocktail dress choose to go to Nordstrom rather than Macy's or Dillard's, or pick from an army of online stores? Possibly because she prefers the selection of dresses at Nordstrom and the store's atmosphere. It's much more likely, though, that thanks to Nordstrom's practices, this shopper has a relationship with an attentive sales associate who has helped her find great outfits and accessories in the past. She also knows about the store's customer-friendly return policy, which might come in handy if she needs to return something.

A company like Nordstrom delivers such satisfactory experiences that its customers return again and again. A consistently positive customer experience matures into a relationship in which the customer becomes increasingly receptive to the company and its products. Over time, the customer relationship gives Nordstrom a competitive advantage over other traditional department stores and online retailers.

When Customers Become Your Best Marketing Tool

Customer testimonials and recommendations have always been powerful marketing tools. They often work to persuade new customers to give something a try. In today's digital media landscape there is unprecedented opportunity for companies to engage customers as credible advocates. When organizations invest in building strong customer relationships, these activities become particularly fruitful.

For example, service providers like restauranteurs, physical therapists, and dentists frequently ask regular patrons and patients to write reviews about their real-life experiences on popular recommendation sites like Yelp and Google+. Product providers do the same on sites like Amazon and CNET.com. Although companies risk getting a bad review, they usually gain more by harnessing the credible voices and authentic experiences of customers they have served. In this process they also gain invaluable feedback about what's working or not working for their customers. Using this input, they can retool their products or approach to better match what customers want and improve business over time.



Additionally, smart marketers know that when people take a public stance on a product or issue, they tend to become more committed to that position. Thus, customer relationship management can become a virtuous cycle. As customers have more exposure and positive interaction with a company and its products, they want to become more deeply engaged, and they are more likely to become vocal evangelists who share their opinions publicly. Customers become an active part of a marketing engine that generates new business and retains loyal customers for repeat business and increased customer lifetime value.

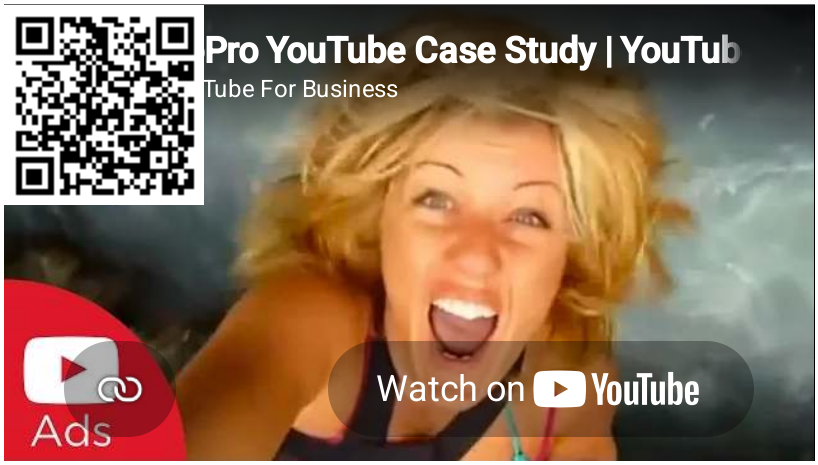
Engagement Marketing: Making Customers Part of the Brand

A further step beyond customer evangelism is engagement marketing, the practice of reaching out to customers and encouraging them to become full participants in marketing activity and the growth of a brand. Sometimes called “live marketing,” this approach is becoming more common as media and technology provide more interactive, visible, and sharable ways for consumers to connect with brands and companies.

A mind shift is under way, away from one-way, company-to-consumer communication toward marketing activities that invite consumers to shape and become part of the value a brand provides. In an increasingly crowded marketplace, many organizations find that they can distinguish themselves and their products by creating “tribes” of fans who not only advocate for the brand, but also actively make it part of their daily activities and lifestyle. Customers might even become involved in developing marketing programs, producing content that can be used for marketing purposes, and cultivating one-on-one relationships with a company or brand.

Creative marketers have invented many ways to foster engagement marketing. The self-promotional mindset and proliferating tools of social media are a natural fit for making customers part of a brand. People “check in” at their favorite restaurants and post photos to communicate with friends when they are having fun. Bloggers routinely name-check favorite products, review them, and carry on conversations about them in their posts.

The phenomenon of engagement marketing helps explain the meteoric rise in popularity of GoPro cameras. When company leaders realized that their customers had an unquenchable appetite for sharing videos of amazing outdoor adventures (shot with GoPro cameras, of course), they built the company brand and marketing strategy around engaging customers in viral sharing. The following video, produced by YouTube, explains this engagement marketing success story.



You can view the transcript for “GoPro YouTube Case Study | YouTube Advertisers” here (opens in new window).

---

1. "Customer Lifetime Value." Cambridge Dictionary. Accessed September 10, 2019. http://dictionary.cambridge.org/us/dictionary/english/customer-lifetime-value↵

Contributors and Attributions

CC licensed content, Original

- Marketing and Customer Relationships. **Authored by**: Lumen Learning. **License**: *CC BY: Attribution*

CC licensed content, Shared previously

- Lady on a Staircase. **Authored by**: torbakhopper. **Located at**: www.flickr.com/photos/gazeronly/10147130996/. **License**: *CC BY-ND: Attribution-NoDerivatives*

All rights reserved content

- Screen Shot of Yelp Review. **Authored by**: Yelp.com. **Located at**: https://www.yelp.com/biz/por-que-no-taqueria-portland. **License**: *All Rights Reserved*. **License Terms**: Fair Use
- GoPro YouTube Case Study. **Provided by**: YouTube Advertisers. **Located at**: https://youtu.be/oCUjAmW5yCA. **License**: *All Rights Reserved*. **License Terms**: Standard YouTube license

---

1.3: Marketing and Customer Relationships is shared under a not declared license and was authored, remixed, and/or curated by LibreTexts.

- **1.2: Reading- Marketing and Customer Relationships** by Lumen Learning is licensed CC BY 4.0. Original source: https://courses.lumenlearning.com/waymakerintromarketingxmasterfall2016.

CHAPTER OVERVIEW

2: Marketing

2.1: Why It Matters- Marketing Information and Research
2.2: Types of Marketing Information
2.3: The Marketing Research Process
2.4: Marketing Research Techniques
2.5: Marketing Data Sources
2.6: Evaluating the Market
2.7: Segmentation and Targeting Rationale
2.8: Common Segmentation Approaches
2.9: Segmentation Decisions
2.10: Targeting and Marketing Mix
2.11: Case Study- Red Bull Wins the “Extreme” Niche
2.12: Simulation- Segmenting the Ice Cream Market

2: Marketing is shared under a not declared license and was authored, remixed, and/or curated by LibreTexts.

2.1: Why It Matters- Marketing Information and Research

Why use marketing information and research to develop marketing strategies for organizations?

Your uncle Dan owns an independent bookstore called Bookends in Seattle, Washington. You drop in to see him whenever you're in the neighborhood to catch up and borrow some graphic novels. (That's you in the picture.)

When you visit this time, Dan sits you down in a corner and tells you he needs help. "Sales are down," he says, "and rent's going up. It's killing me. I'd say I've got six months to turn things around or I'm done. The end of Bookends. You still learning about marketing?—your mom said you're taking a class. Got any bright ideas? Maybe some whiz-bang advertising?"—he grins and punches you lightly on the shoulder.

You start to tell him that marketing isn't just advertising . . . but instead you say, "I don't know, Dan. I'll have to think about it."

So, you do think about it. You don't know everything about marketing yet, but you've learned this: Your uncle needs to understand his customers—that's where marketing starts and ends. Who are Dan's customers, and what's up with them? Why aren't they buying as much as they used to? How can you find out more about what they want?

These are big, important questions. For now, they all have one answer: marketing information and research.

Read on if you want to save your uncle's bookstore . . .

Marketing information and marketing research are tools that organizations use to understand what's happening in the markets they serve.

Why do marketing information and research matter? Because no one has all the answers all the time. Because people and attitudes and behaviors change. Because customers, competitors, the economy, and other factors can all affect your success. Marketing is an increasingly data-rich field, and these days, doing it well means using all the information you can to gain insights into what your customers want and how you can give them value. Without that information, you're trying to shoot a target in the dark.

Learning Outcomes

- Explain the role of marketing information in helping firms understand and reach consumers
- Describe the key types of marketing information including internal data, competitive intelligence and marketing research
- Outline a standard process for using marketing research to address an organization's strategic questions
- Recognize alternative methods for conducting marketing research, including primary and secondary research methods
- Identify major sources of available market data
- Explain how Customer Relationship Management (CRM) systems can help organizations manage and gain customer insights from marketing information
- Use marketing information to inform the marketing strategy

Contributors and Attributions

CC licensed content, Original

- Why It Matters: Marketing Research. **Provided by**: Lumen Learning. **License**: *CC BY: Attribution*

CC licensed content, Shared previously

- bookstore. **Authored by**: darwin.wins. **Located at**: https://www.flickr.com/photos/darwinwins/930136784/. **License**: *CC BY-NC-ND: Attribution-NonCommercial-NoDerivatives*

2.1: Why It Matters- Marketing Information and Research is shared under a not declared license and was authored, remixed, and/or curated by LibreTexts.

- **6.11: Why It Matters- Marketing Information and Research** by Lumen Learning is licensed CC BY 4.0. Original source: https://courses.lumenlearning.com/waymakerintromarketingxmasterfall2016.

2.2: Types of Marketing Information

Illuminating the Marketing Picture

There are three primary types of marketing information marketers use to gain insights that will contribute to wise marketing choices: *internal data*, *competitive intelligence*, and *marketing research*.

Internal Data

Internal data consists of the information companies collect about their customers and prospective customers, typically as part of their internal operations. Marketing departments, for example, maintain information about the interest and leads they generate from prospective customers and how they are interacting with these contacts. They may capture information used for segmentation and targeting purposes, such as geographic location, gender, age, buying behaviors, and communication preferences. Information about Web site visitors, traffic, and other customer engagement activities can be another useful type of internal data. Additionally, sales teams capture and maintain information about who is buying the product, where buyers are located, buying patterns, and behaviors. Sales and marketing teams may also maintain information about customer references, success stories, and how prospective customers are progressing toward becoming new clients.

Other parts of the organization capture also capture and maintain data that may be useful as marketing information. Accounting and billing departments track information about customers such as how much they spend with the organization, when they buy, and other payment details. Product managers and customer support organizations maintain information about customers implementing or using products, problems or issues they run into, and satisfaction levels with the company and products.

Historically, it was standard for each department to maintain these data in their own systems rather than in a common system or database that all parts of the organization could access. This presented challenges for marketers, who had a difficult time gaining access to complete, up-to-date internal data, since the information would need to be pulled out of the various systems and put into usable formats before they could conduct any sort of analysis.

Increasingly, organizations capture and maintain internal data by using information systems and databases shared across multiple departments. A database is a set of structured data accessible via a computer, and the data can be organized so that it’s available for a variety of different uses, such as marketing or financial analysis. Shared information systems may include large enterprise systems designed to support business processes and functions, customer support systems, and customer relationship management (CRM) systems, among others.

“Database marketing,” also known as marketing analytics, takes internal data several steps further. Large databases collect massive amounts of data from a variety of sources: customer demographic and profile data linked to in-store and online purchasing history, Web site search terms, page views, social media posts, and other data. In a process called data mining, computer algorithms search for patterns in the data and generate recommendations and insights about how to increase sales.

With access to accurate, up-to-date internal data, marketers gain a better understanding of who the organization is serving and how it is performing relative to its goals for sales, customer satisfaction, and other priorities. Marketers rely on internal data to manage communications and interaction with customers and prospects, as they track the series of interactions that take place when a prospective customer is making a purchase decision. They may also use internal data to identify patterns that make someone more likely to become a customer, and behaviors that contribute to any given customer type having a higher or lower total lifetime value.

To illustrate the power of internal data, consider this example from Trident Marketing, a company that conducts marketing and sales activities for other businesses like home security firm ADT, satellite media company DirectTV, and Travel Resorts of America. It used marketing analytics to generate insights based on internal data from its customer-service call centers, order systems, CRM systems, search engine results, and external credit-bureau data about customers. The resulting recommendations were powerful and provided specific guidance about the following:

When to call a consumer, which product to pitch, and which salesperson is best suited to close the sale. Plus, sophisticated analytic models can also predict which consumers are likely to cancel services within twelve months—a metric that goes straight to the bottom line because the company must compensate its customers for consumer churn.[1]

Using this information, the company was able to apply sales and marketing techniques to increase sales, profitability, and customer retention on behalf of its clients. In fact, revenue increased nearly 1000 percent over four years.[2]

Competitive Intelligence

Competitive intelligence is marketing information that helps marketers and other members of an organization better understand their competitors and competitive market dynamics. Common types of competitive intelligence include the following:

- **Product information:** Who is making products that compete with your offerings? What features or capabilities make these products attractive to prospective customers? How do these features compare to yours? How are products packaged and offered to customers?
- **Market share and penetration:** Which companies in your competitive market sell the most products to your target market, and how much do they sell? Which organizations are considered the market leaders? How is market share evolving over time?
- **Pricing strategy:** What do competitors charge for their products? What pricing structure and strategies do they use? What special pricing or discounting do they offer? How does this affect your pricing and position relative to competitors?
- **Competitive positioning and messaging:** What are competitors saying about themselves? What are they saying to current and prospective clients or other stakeholders about your organization or products? How effective are their messages at generating interest in competitor products or diminishing interest in yours? What keywords are competitors dominating in search engines?
- **Win/loss analysis:** What proportion of new sales are you winning or losing? Why are people selecting your product over competitors'? Why are they selecting a competitor's offering instead of yours?

Companies tend to guard sensitive information closely, such as detailed information about product cost, pricing structure, and market share. In fact, there are market analysts who specialize in competitive intelligence because it can be so difficult to obtain. However, anyone in a marketing role should maintain a general level of awareness about competitors and what's happening in their market, and there are fairly easy ways to do this. Marketers can learn a lot directly from competitors, such as reading their Web sites, following them on social media, and monitoring press releases and other published content to understand what they are communicating to the market and to prospective customers. Information can also come from industry-focused newsletters, blogs, social media conversations, reports, conferences, and other forums that discuss new developments and key players in a product category or market.

When marketing activities are associated with a higher-priced sale and a complex decision process, sales and marketing organizations may conduct some type of win/loss analysis after a purchasing decision is made. A win/loss analysis captures information from individuals involved in a sale to understand the key factors influencing the final purchasing decision. It can help marketers better understand how to improve the marketing mix—product, price, promotion, placement—in order to improve sales performance in comparison with competitors.

All of these activities can provide useful insights about how customers view the choices available to them, as well as how competitors view and compete in the market. As with internal data, a better understanding of these factors helps marketers improve the marketing mix to compete more effectively and become a preferred choice for customers.

Marketing Research

Marketing research is a systematic process for identifying marketing opportunities and solving marketing problems, using customer insights derived from the collection and analysis of marketing information. Marketing research identifies the problem to be solved or the opportunity to be explored, as well as the information required to address research questions. It also involves processes for collecting the information, analyzing it, identifying insights, and reporting findings and recommendations to those who will take action based on the results.[3]

Marketing research may cover a full spectrum of topics related to customers, products, and market dynamics, and it can use a variety of research methods (which will be discussed later in this module). In general, marketing research requires some additional information beyond what marketers have at their fingertips (like, say, internal data). Sometimes it is necessary to collect new primary data directly from target audiences, such as current or prospective customers. In other situations, marketing research uses secondary data captured previously by another organization. Marketing research may incorporate internal data and/or competitive intelligence in order to provide a more complete answer to a marketing problem or question.

Common subjects for marketing research include:

- **Environmental factors** and how they affect consumer behavior. These include factors such as the health of the economy, the legal environment, market trends and other social factors, technology and its influence, and cultural factors that make doing business different in one region or country compared to others.
- **Customer attitudes, behaviors, and perceptions**. Marketing research can be essential in understanding customer needs, how their needs are or aren't being met by the market, views about various products and companies, satisfaction levels, preferences for product features and pricing, the consumer decision-making process, and factors that influence it.
- **Product research.** Product research explores where opportunities and gaps exist for improving existing products or introducing new ones, concept testing, sizing the market for a product, market penetration, prioritizing product features and preferences, testing product effectiveness and customer receptivity, user testing, pricing strategies, product naming and branding, and gauging how to position a product relative to competitors.
- **Marketing, advertising, and promotion research.** This area of research seeks to improve the effectiveness and reach of marketing activities such as market segmentation, messaging and communications, advertising and media testing, events and sponsorships, packaging and display testing.
- **Corporate research.** Corporate research investigates corporate reputation and opportunities for strengthening an organization's position in the market through brand building, research and development, mergers and acquisitions, strategic partnerships, corporate planning and profitability.

Marketing research is usually a wise investment when it's undertaken to inform decisions involving a significant shift in direction, whether that shift is associated with a product, brand, message, tone, corporate image or other area linked to a major change and related investment. Marketing research projects may be large or small in terms of time, scope, cost, and resources involved. With a simple project, it could take an in-house marketer just a few hours to formulate research questions and analyze a data set from internal or secondary data sources, with no external costs. Complex marketing research projects may take longer than a year to complete and cost hundreds of thousands of dollars paid to research firms that specialize in particular markets or types of research.

As organizations grow, they may employ a marketing research director to oversee and coordinate research activities to ensure that they are getting accurate data and useful results. Smaller organizations without this internal capacity may hire a marketing research company or consultant to conduct the project, lead data collection, provide analysis, and advise on the best methods for interpreting and acting on research findings.

✔ ✔ Target

American retail giant Target employed extensive marketing research to help it figure out how to rebuild its brand after a sales slump. The slump was triggered by an unsuccessful repositioning move as a "bargain brand" during the economic downturn of 2008 and a highly publicized data breach in 2013 that left many customers distrustful of the company. Company leadership used marketing research to identify opportunities to reinvigorate the Target brand and win new audiences.

Target Shopper. **Authored by**: Wm. Mag.. **Located at**: https://www.flickr.com/photos/jojomelons/2041121410/. **License**: *CC BY-NC-ND: Attribution-NonCommercial-NoDerivatives*

A strategy unveiled in 2015 targets young Hispanic moms as a new and growing demographic the company wants to win over, in addition to suburban "soccer moms" who have been the company's mainstay segment. Targeted advertising (no pun intended), product development, and the in-store experience are all being tested and refined to appeal to this segment.[4]

In 2019, Target created commercials targeting college students living in dorms, further expanding their targeted segments:

A link to an interactive elements can be found at the bottom of this page.

You can view the transcript for “Make the most out of a small space” here (opens in new window).

1. www.chiefmarketer.com/big-data-marketing-analytics-can-help-sales/ ↵
2. www.fuzzyl.com/wp-content/uploads/49415_TridentMarketingIncreases_Case-Study_PRF2_May18_12-2.pdf ↵
3. www.ama.org/AboutAMA/Pages/Definition-of-Marketing.aspx ↵
4. www.washingtonpost.com/news/business/wp/2015/03/04/targets-new-strategy-we-need-more-than-just-minivan-moms/ ↵

2.2: Types of Marketing Information is shared under a not declared license and was authored, remixed, and/or curated by LibreTexts.

- **6.23: Reading- Types of Marketing Information** by Lumen Learning is licensed CC BY 4.0. Original source: https://courses.lumenlearning.com/waymakerintromarketingxmasterfall2016.

2.3: The Marketing Research Process

A Standard Approach to Research Inquiries

Marketing research is a useful and necessary tool for helping marketers and an organization's executive leadership make wise decisions. Carrying out marketing research can involve highly specialized skills that go deeper than the information outlined in this module. However, it is important for any marketer to be familiar with the basic procedures and techniques of marketing research.

It is very likely that at some point a marketing professional will need to supervise an internal marketing research activity or to work with an outside marketing research firm to conduct a research project. Managers who understand the research function can do a better job of framing the problem and critically appraising the proposals made by research specialists. They are also in a better position to evaluate their findings and recommendations.

Periodically marketers themselves need to find solutions to marketing problems without the assistance of marketing research specialists inside or outside the company. If you are familiar with the basic procedures of marketing research, you can supervise and even conduct a reasonably satisfactory search for the information needed.

Click for a larger image.

Step 1: Identify the Problem

The first step for any marketing research activity is to clearly identify and define the problem you are trying to solve. You start by stating the marketing or business problem you need to address and for which you need additional information to figure out a solution. Next, articulate the objectives for the research: What do you want to understand by the time the research project is completed? What specific information, guidance, or recommendations need to come out of the research in order to make it a worthwhile investment of the organization's time and money?

It's important to share the problem definition and research objectives with other team members to get their input and further refine your understanding of the problem and what is needed to solve it. At times, the problem you really need to solve is not the same problem that appears on the surface. Collaborating with other stakeholders helps refine your understanding of the problem, focus your thinking, and prioritize what you hope to learn from the research. Prioritizing your objectives is particularly helpful if you don't have the time or resources to investigate everything you want.

To flesh out your understanding of the problem, it's useful to begin brainstorming actual research questions you want to explore. What are the questions you need to answer in order to get to the research outcomes? What is the missing information that marketing research will help you find? The goal at this stage is to generate a set of preliminary, big-picture questions that will frame your research inquiry. You will revisit these research questions later in the process, but when you're getting started, this exercise helps clarify the scope of the project, whom you need to talk to, what information may already be available, and where to look for the information you don't yet have.

✔ ✔ Applied Example: Marketing Research for Bookends

To illustrate the marketing research process, let's return to Uncle Dan and his ailing bookstore, Bookends. You need a lot of information if you're going to help Dan turn things around, so marketing research is a good idea. You begin by identifying the problem and then work to set down your research objectives and initial research questions:

Identifying Problems, Objectives, and Questions

Core business problem Dan needs to solve

- How to get more people to spend more money at Bookends.

Research Objectives

1. Identify promising target audiences for Bookends
2. Identify strategies for rapidly increasing revenue from these target audiences

Initial research questions

- Who are Bookends' current customers?
- How much money do they spend?
- Why do they come to Bookends?
- What do they wish Bookends offered?
- Who isn't coming to Bookends, and why?

Step 2: Develop a Research Plan

Once you have a problem definition, research objectives, and a preliminary set of research questions, the next step is to develop a research plan. Essential to this plan is identifying precisely what information you need to answer your questions and achieve your objectives. Do you need to understand customer opinions about something? Are you looking for a clearer picture of customer needs and related behaviors? Do you need sales, spending, or revenue data? Do you need information about competitors' products, or insight about what will make prospective customers notice you? When do need the information, and what's the time frame for getting it? What budget and resources are available?

Once you have clarified what kind of information you need and the timing and budget for your project, you can develop the research design. This details how you plan to collect and analyze the information you're after. Some types of information are readily available through *secondary research* and *secondary data* sources. Secondary research analyzes information that has already been collected for another purpose by a third party, such as a government agency, an industry association, or another company. Other types of information need to from talking directly to customers about your research questions. This is known as *primary research*, which collects *primary data* captured expressly for your research inquiry. Marketing research projects may include secondary research, primary research, or both.

Depending on your objectives and budget, sometimes a small-scale project will be enough to get the insight and direction you need. At other times, in order to reach the level of certainty or detail required, you may need larger-scale research involving participation from hundreds or even thousands of individual consumers. The research plan lays out the information your project will capture—both primary and secondary data—and describes what you will do with it to get the answers you need. (Note: You'll learn more about data collection methods and when to use them later in this module.)

Your data collection plan goes hand in hand with your analysis plan. Different types of analysis yield different types of results. The analysis plan should match the type of data you are collecting, as well as the outcomes your project is seeking and the resources at your disposal. Simpler research designs tend to require simpler analysis techniques. More complex research designs can yield powerful results, such as understanding causality and trade-offs in customer perceptions. However, these more sophisticated designs can require more time and money to execute effectively, both in terms of data collection and analytical expertise.

The research plan also specifies who will conduct the research activities, including data collection, analysis, interpretation, and reporting on results. At times a singlehanded marketing manager or research specialist runs the entire research project. At other

times, a company may contract with a marketing research analyst or consulting firm to conduct the research. In this situation, the marketing manager provides supervisory oversight to ensure the research delivers on expectations.

Finally, the research plan indicates who will interpret the research findings and how the findings will be reported. This part of the research plan should consider the internal audience(s) for the research and what reporting format will be most helpful. Often, senior executives are primary stakeholders, and they're anxious for marketing research to inform and validate their choices. When this is the case, getting their buy-in on the research plan is recommended to make sure that they are comfortable with the approach and receptive to the potential findings.

Applied Example: A Bookends Research Plan

You talk over the results of your problem identification work with Dan. He thinks you're on the right track and wants to know what's next. You explain that the next step is to put together a detailed plan for getting answers to the research questions.

Dan is enthusiastic, but he's also short on money. You realize that such a financial constraint will limit what's possible, but with Dan's help you can do something worthwhile. Below is the research plan you sketch out:

Identifying Data Types, Timing, Budget, Data Collection Methods, Analysis, and Interpretation

Types of data needed

1. Demographics and attitudes of current Bookends customers
2. Current customers' spending patterns
3. Metro area demographics (to determine types of people who aren't coming to the store)

Timing and budget

- Complete project within 1 month
- No out-of-pocket spending

Data collection methods

1. Current customer survey using free online survey tool
2. Store sales data mapped to customer survey results
3. Free U.S. census data on metro-area demographics
4. 8 to 10 intercept ("man on the street") interviews with non-customers

Analysis plan

- Use Excel or Google Sheets to tabulate data
- Marina (statistician cousin) to assist in identifying data patterns that could become market segments

Interpretation and Reporting

- You and Dan will work together to comb through the data and see what insights it produces. You'll use PowerPoint to create a report that lays out significant results, key findings, and recommendations.

Step 3: Conduct the Research

Conducting research can be a fun and exciting part of the marketing research process. After struggling with the gaps in your knowledge of market dynamics—which led you to embark on a marketing research project in the first place—now things are about to change. Conducting research begins to generate information that helps answer your urgent marketing questions. There are two types of research: primary and secondary. Primary research is research that you conduct yourself (i.e., you go out into the field and find data and complete experiments). Secondary research is research conducted or synthesized by someone else (i.e., someone else has gone out into the field or someone else has compiled multiple sources of research). Though it may seem counterintuitive based on their names, typically data collection begins by reviewing any existing secondary research. After getting everything you can from secondary research, it's time to shift attention to primary research. After all, it's much easier (and smarter!) to review existing research before potentially redoing experiments or recapturing known information.

Secondary Research

With secondary research, it's important to narrow your scope to existing research and data that provide some information or insight about the problem. Prior research projects, internal data analyses, industry reports, customer-satisfaction survey results, and other information sources may be worthwhile to review. Even though these resources may not answer your research questions fully, they may further illuminate the problem you are trying to solve. Secondary research and data sources are nearly always cheaper than capturing new information on your own. Your marketing research project should benefit from prior work wherever possible.

Primary Research

You may not always complete primary research, but it is often part of research plans. Primary research involves asking questions and then listening to and/or observing the behavior of the target audience you are studying. In order to generate reliable, accurate results, it is important to use proper scientific methods for primary research data collection and analysis. This includes identifying the right individuals and number of people to talk to, using carefully worded surveys or interview scripts, and capturing data accurately. Without proper techniques, you may inadvertently get bad data or discover bias in the responses that distorts the results and points you in the wrong direction. The module on Marketing Research Techniques discusses these issues in further detail, since the procedures for getting reliable data vary by research method.

✔ ✔ Applied Example: Getting the Data on Bookends

Dan is on board with the research plan, and he's excited to dig into the project. You start with secondary data, getting a dump of Dan's sales data from the past two years, along with related information: customer name, zip code, frequency of purchase, gender, date of purchase, and discounts/promotions (if any).

You visit the U.S. Census Bureau Web site to download demographic data about your metro area. The data show all zip codes in the area, along with population size, gender breakdown, age ranges, income, and education levels.

The next part of the project is customer-survey data. You work with Dan to put together a short survey about customer attitudes toward Bookends, how often and why they come, where else they spend money on books and entertainment, and why they go other places besides Bookends. Dan comes up with the great idea of offering a 5 percent discount coupon to anyone who completes the survey. Although it eats into his profits, this scheme gets more people to complete the survey and buy books, so it's worth it.

Urban life (Version 2.0). **Authored by**: Ian D. Keating. **Located at**: www.flickr.com/photos/ian-arlett/19313315520/. **License**: *CC BY: Attribution*

For a couple of days, you and Dan take turns doing "man on the street" interviews (you interview the guy in the red hat, for instance). You find people who say they've never been to Bookends and ask them a few questions about why they haven't visited the store, where else they buy books and other entertainment, and what might get them interested in visiting Bookends sometime. This is all a lot of work, but for a zero-budget project, it's coming together pretty well.

Step 4: Analyze and Report Findings

Analyzing the data obtained in a market survey involves transforming the primary and/or secondary data into useful information and insights that answer the research questions. This information is condensed into a format to be used by managers—usually a presentation or detailed report.

Analysis starts with formatting, cleaning, and editing the data to make sure that it's suitable for whatever analytical techniques are being used. Next, data are tabulated to show what's happening: What do customers actually think? What's happening with purchasing or other behaviors? How do revenue figures actually add up? Whatever the research questions, the analysis takes source

data and applies analytical techniques to provide a clearer picture of what's going on. This process may involve simple or sophisticated techniques, depending on the research outcomes required. Common analytical techniques include regression analysis to determine correlations between factors; conjoint analysis to determine trade-offs and priorities; predictive modeling to anticipate patterns and causality; and analysis of unstructured data such as Internet search terms or social media posts to provide context and meaning around what people say and do.

Good analysis is important because the interpretation of research data—the "so what?" factor—depends on it. The analysis combs through data to paint a picture of what's going on. The interpretation goes further to explain what the research data mean and make recommendations about what managers need to know and do based on the research results. For example, what is the short list of key findings and takeaways that managers should remember from the research? What are the market segments you've identified, and which ones should you target? What are the primary reasons your customers choose your competitor's product over yours, and what does this mean for future improvements to your product?

Individuals with a good working knowledge of the business should be involved in interpreting the data because they are in the best position to identify significant insights and make recommendations from the research findings. Marketing research reports incorporate both analysis and interpretation of data to address the project objectives.

The final report for a marketing research project may be in written form or slide-presentation format, depending on organizational culture and management preferences. Often a slide presentation is the preferred format for initially sharing research results with internal stakeholders. Particularly for large, complex projects, a written report may be a better format for discussing detailed findings and nuances in the data, which managers can study and reference in the future.

✔ ✔ Applied Example: Analysis and Insights for Bookends

Getting the data was a bit of a hassle, but now you've got it, and you're excited to see what it reveals. Your statistician cousin, Marina, turns out to be a whiz with both the sales data and the census data. She identified several demographic profiles in the metro area that looked a lot like lifestyle segments. Then she mapped Bookends' sales data into those segments to show who is and isn't visiting Bookends. After matching customer-survey data to the sales data, she broke down the segments further based on their spending levels and reasons they visit Bookends.

Gradually a clearer picture of Bookends' customers is beginning to emerge: who they are, why they come, why they don't come, and what role Bookends plays in their lives. Right away, a couple of higher-priority segments—based on their spending levels, proximity, and loyalty to Bookends—stand out. You and your uncle are definitely seeing some possibilities for making the bookstore a more prominent part of their lives. You capture these insights as "recommendations to be considered" while you evaluate the right marketing mix for each of the new segments you'd like to focus on.

Step 5: Take Action

Once the report is complete, the presentation is delivered, and the recommendations are made, the marketing research project is over, right? Wrong.

What comes next is arguably the most important step of all: taking action based on your research results.

If your project has done a good job interpreting the findings and translating them into recommendations for the marketing team and other areas of the business, this step may seem relatively straightforward. When the research results validate a path the organization is already on, the "take action" step can galvanize the team to move further and faster in that same direction.

Things are not so simple when the research results indicate a new direction or a significant shift is advisable. In these cases, it's worthwhile to spend time helping managers understand the research, explain why it is wise to shift course, and explain how the business will benefit from the new path. As with any important business decision, managers must think deeply about the new approach and carefully map strategies, tactics, and available resources to plan effectively. By making the results available and accessible to managers and their execution teams, the marketing research project can serve as an ongoing guide and touchstone to help the organization plan, execute, and adjust course as it works toward desired goals and outcomes.

It is worth mentioning that many marketing research projects are never translated into management action. Sometimes this is because the report is too technical and difficult to understand. In other cases, the research conclusions fail to provide useful insights

or solutions to the problem, or the report writer fails to offer specific suggestions for translating the research findings into management strategy. These pitfalls can be avoided by paying due attention to the research objectives throughout the project and allocating sufficient time and resources to do a good job interpreting research results for those who will need to act on them.

Applied Example: Bookends' New Customer Campaign

Your research findings and recommendations identified three segments for Bookends to focus on. Based on the demographics, lifestyle, and spending patterns found during your marketing research, you're able to name them: 1) Bored Empty-Nesters, 2) Busy Families, and 3) Hipster Wannabes. Dan has a decent-sized clientele across all three groups, and they are pretty good spenders when they come in. But until now he hasn't done much to purposely attract any of them.

With newly identified segments in focus, you and Dan begin brainstorming about a marketing mix to target each group. What types of books and other products would appeal to each one? What activities or events would bring them into the store? Are there promotions or particular messages that would induce them to buy at Bookends instead of Amazon or another bookseller? How will Dan reach and communicate with each group? And what can you do to bring more new customers into the store within these target groups?

Even though Bookends is a real-life project with serious consequences for your uncle Dan, it's also a fun laboratory where you can test out some of the principles you're learning in your marketing class. You're figuring out quickly what it's like to be a marketer.

Well done, rookie!

Contributors and Attributions

- Chapter 3: Marketing Research: An Aid to Decision Making, from Introducing Marketing. **Authored by**: John Burnett. **Provided by**: Global Text. **Located at**: http://solr.bccampus.ca:8001/bcc/file/ddbe3343-9796-4801-a0cb-7af7b02e3191/1/Core%20Concepts%20of%20Marketing.pdf. **License**: *CC BY: Attribution*

2.3: The Marketing Research Process is shared under a not declared license and was authored, remixed, and/or curated by LibreTexts.

- **6.1: Reading- The Marketing Research Process** by Lumen Learning is licensed CC BY 4.0. Original source: https://courses.lumenlearning.com/waymakerintromarketingxmasterfall2016.

2.4: Marketing Research Techniques

What you'll learn to do: recognize alternative techniques for conducting marketing research, including primary and secondary research methods

The five-step marketing research process provides a well-structured approach to follow any time you have a marketing problem that research can help you solve. What type(s) of research you conduct depends on the kind of information needed to solve your problem. Sometimes you can solve the problem using secondary data someone else has already collected for another purpose. At other times, you will need to collect your own data through primary research focused expressly on your problem.

The next section of this module discusses common methods for conducting secondary and primary research. As you become familiar with these techniques, you will learn which marketing research methods tend to be most appropriate for which sorts of problems.

The specific things you'll learn in this section include:

- Describe primary research methods and the types of information they yield
- Explain the pros and cons of in-person, telephone, and online research methods
- Describe secondary market research and the types of insights it produces

Learning Activities

The learning activities for this section include the following:

- Reading: Secondary Marketing Research
- Reading: Primary Marketing Research Methods
- Self Check: Marketing Research Techniques
-

2.4: Marketing Research Techniques is shared under a not declared license and was authored, remixed, and/or curated by LibreTexts.

- **6.3: Outcome- Marketing Research Techniques** by Lumen Learning is licensed CC BY 4.0. Original source: https://courses.lumenlearning.com/waymakerintromarketingxmasterfall2016.

2.5: Marketing Data Sources

Marketing Information: Where the Data Are

Earlier sections of this module alluded to excellent sources of marketing data, many of which are freely available or carry minimal cost. Others are well-respected commercial sources of marketing data and customer insights. This reading provides an overview of useful go-to data sources that marketers should know about, should the occasion arise to use them. The data sources recommended below are a representative sampling, rather than a complete list.

Figure 2.5.1: Google search. **Provided by**: Pixabay. **Located at**: pixabay.com/en/office-freelancer-computer-business-625892/. **License**: *CC0: No Rights Reserved*

It is also worth noting that the marketing information landscape is continually changing. Marketers would be well served to continually scan for new developments and information sources that may be beneficial to improve their understanding of customers and ways of serving them.

Publicly Available Data Sources

Government agencies, non-profit organizations, and non-governmental organizations often publish freely available data that may inform marketers' understanding of consumers, customers, the geographies, and industry sectors where they operate. Great information sources include the following:

Publicly Available Data Sources

Source	Description
Data.gov	A centralized portal for open data available from the U.S. government on a wide variety of topics. Helpful for finding government data that you know exist somewhere, but you aren't sure which agency maintains it.
FedStats	A U.S. government-maintained Web site that provides access to a wide variety of statistical data published by the federal government. Also helpful for finding data that you know exist somewhere, but you aren't sure which agency maintains it.
Google Public Data Directory	A directory of publicly-available data sources from around the world.
Google Trends	A search tool for exploring search volume for any term used in a Google search.
Pew Research Center	Public opinion and research reports from a non-partisan, American think tank. Freely available research covers social issues, public opinion, and demographic trends shaping the United States and the world
U.S. Bureau of Economic Analysis	Data published by the federal government about economic indicators for the economy as a whole, as well as specific industries and economic sectors.
U.S. Census Bureau Data	Demographic and geographic information about the population of the United States.
U.S. Small Business Administration (SBA) General Business Data and Statistics	A collection of data about the U.S. economy, industries, businesses and the general population, developed with business users in mind.
United Nations UNdata	A data service of the United Nations that provides centralized access to a wide variety of U.N.-maintained data sets such as demographics, socioeconomic status and development indicators for nations around the world.
World Bank Data	Economic data and economic development indicators for 100+ countries around the world.
World Trade Organization (WTO) Data	Information about international trade and tariffs and the regulatory environment for 100+ WTO member countries.

Syndicated Marketing Research Data

A number of commercial companies provide syndicated marketing research that is well respected and often well used by organizations that subscribe to their services. A sampling of these services is provided below:

Syndicated Marketing Research Data

Source	Description
Acxiom	Extensive consumer datasets containing demographic, purchasing, credit, and other information companies can map to their own customer and prospect data for research, marketing analytics, and marketing campaign execution.
Experian	Extensive consumer datasets containing demographic, purchasing, credit, and other information that companies can map to their own consumer and prospect data for research, marketing analytics, and marketing campaign execution.
Ipsos	The Affluent Survey USA is an annual survey tracking media and consumer spending habits of U.S. households in the top 20% income level.
IRI	Point-of-sale data linked to household panel purchasing data, providing detail around sales, pricing, promotion and market share for a variety of consumer products.
Media Audit	Audience demographics and media consumption profiles for 100+ media markets in the U.S.
MRI Simmons (formerly GfK MRI and MediaMark)	Extensive datasets around multimedia audience research and measurement.
Nielsen	Point-of-sale data linked to household panel purchasing data, providing detail around sales, pricing, promotion and market share for a variety of consumer products. Datasets to support popular lifestyle and behavioral segmentation systems such as PRIZM.
Roper Center for Public Opinion Research	Database of public opinion and polling questions exploring many aspects of American life, including contemporary data as well as polling data dating back to the 1930s.
Yankelovich	MONITOR provides long-running syndicated research about consumer values, attitudes, and trends.

Other Useful Sources for Marketing Data

These additional sources for other types of marketing information are also warrant attention. Whether or not marketers use them, they should be aware of these tools and how they can be useful for a variety of marketing purposes.

Other Useful Sources for Marketing Data

Source	Description
Google Analytics	Detailed analytics, statistics and insights about Web site traffic, usability and sales effectiveness. Free and premium services available.
LexisNexis	Searchable source for full-text articles from regional, national and international newspapers, government documents, and many legal, medical and business publications.
Statista	A subscription-based statistics portal, providing searchable access to many original sources of market, industry, and business data.

2.5: Marketing Data Sources is shared under a not declared license and was authored, remixed, and/or curated by LibreTexts.

- **6.8: Reading- Marketing Data Sources** by Lumen Learning is licensed CC BY 4.0. Original source: https://courses.lumenlearning.com/waymakerintromarketingxmasterfall2016.

2.6: Evaluating the Market

Evaluating the Market

It only sounds scary

Market research sounds like something reserved for the Coca-Colas of the world—corporate giants trying to learn whether a new product will make them millions overnight. In fact, good market research is not only accessible to you, but critical to your product's success. So what is it? Market research takes on many different forms, but a standard, broad definition is the following: market research is the systematic collection, analysis, and reporting of data about the market and its preferences, opinions, trends, and plans.

There are a wide variety of affordable market research techniques for you to choose from.

Secondary research

Although the name might lead you to think otherwise, most people begin with secondary research. Secondary research involves consulting published reports to find out:

- Who makes up your target market
- The needs of your market
- The size of the potential market

The information needed to perform secondary research is easily available, and it's often free. The most accessible sources include:

- Web-based directories and resources
- Nonprofit agencies
- Government agencies
- Back issues of magazines and newspapers

Secondary research can sometimes lead you to contradictory or inaccurate conclusions. It can be helpful, however, in forming a preliminary research strategy.

Primary research

Primary research is more expensive than secondary research, but the results are more accurate and conclusive. Primary research helps you get up close with your customers, finding out who they are and what they want. There are two broad categories of primary research: qualitative and quantitative.

Using small groups of people, qualitative research helps answer a specific question about your product or your customers, and may include one-on-one interviews or focus groups. Focus groups typically gather about ten people together to discuss or react to a product. The session may be moderated by a professional facilitator who can ask probing questions and help stimulate rich data. Holding more than one session is useful; focus group participants are usually paid.

While qualitative research isn't particularly useful for predicting sales, it is a very effective tool in getting to know your customer.

Quantitative research involves surveys of large numbers of people, and can be statistically validated. It makes a better tool than qualitative research for predicting sales.

A survey targets customers or potential customers, and can be administered via phone, mail, e-mail, or the Web. Surveys get the best response when there is some kind of reward for participating. It may be worthwhile to hire a professional firm to both administer the survey and analyze the data. Phone and mail surveys are expensive and are not cost-effective unless a significant number of people are motivated to respond. E-mail and online surveys are much cheaper, but they limit the target population to computer users (which may or may not be problematic, depending on the nature of your product).

Beyond tradition

Sometimes traditional market research doesn't meet the mark. Some of the most successful companies opt for creative market research methods that bring them face-to-face with consumers on their own turf. Focus groups and surveys create a laboratory-like environment where people may have trouble expressing their true feelings (for example, says Growing Healthy baby food founder

Julia Knight, “What mother, especially in front of other mothers, would really tell you that she spent more on cat food than on baby food?”); using newer methods, companies watch customers in stores and in their homes to observe how they purchase and use products.

Data and more data

No matter how you go about it, performing market research is not a one-time activity. There will be a back-and-forth between modes of research: you’ll do a bit of secondary research so you can talk to people, then do primary, then go back to secondary. The primary helps orient you and allows you to pick up key concepts and words for searching.

Above all, you need to keep a steady flow of data coming in to help you make decisions about next steps. The type of data you collect depends on exactly what you need to learn about the market. Market research is a worthwhile investment which, if you do it right, will enable you to avoid fatal missteps.

Research Tips and Techniques

I can’t afford formal market research

Looking for a cheap and easy way to do market research? Contact would-be customers for advice.

When Karen Scott got started in the mail-order baby products business, she put together her own focus group -- using the local newspaper. After clipping 250 birth announcements, Scott contacted the new moms. She sent them surveys and conducted phone interviews, asking what products they would find interesting or useful. Based on the responses, Scott added more travel products at her company, Chelsea & Scott, in Lake Bluff, Ill. Ten years later, travel products are top sellers at the $28 million business.

Research tips

For good secondary research resources, visit your school library. There you can access online fee-for-service data sets, including referred literature, trade literature, and large data bases of newspapers from around the globe. Government sites like the Census, USDA (for food and agriculture), DoE (energy), EPA (environment), and CDC and NIH (medical) are all very helpful as well.

Innovative market research techniques

The following are examples of ways that companies are breaking away from traditional market research techniques by getting out of the laboratory and into the space where people live.

No babies in frozen foods

Julia Knight, founder of frozen baby food company Growing Healthy, dressed like a shopper and cruised the frozen food aisle to watch parents at work. She discovered that children didn’t like that cold area of the store, and pressured their parents to move on before the parents had a chance to carefully observe and consider the product. Knight lobbied supermarkets to place cutaway freezers in the baby food section, thus creating a more hospitable market for her product.

The truth about toys

Brendan Boyle and Fern Mandelbaum of Skyline Products, Inc. set up focus play groups for 6-8 children. With the kids, they got down on the ground and learned firsthand what was appealing or not appealing about the toys they planned to market. Although they found that the children were pretty frank in their responses, the pair learned even more by asking parents what the children said in the car on the ride home. In some cases, the children revealed more about their true likes and dislikes to their parents than they would to strangers.

Creating a native habitat

Judy George, CEO and founder of furniture chain Domain Stores, placed a video camera in one of her stores to observe customer behavior. Her tapes revealed that nearly all of the customers arrived in pairs. The male partners seemed uncomfortable in the environment, creating pressure on the females to leave the store before they had an opportunity to make purchasing decisions. George was able to combat this situation by creating comfortable spaces for men to sit and watch sports on television while the women explored.

From “The New Market Research,” by Joshua D. Macht, Inc. Magazine, July 1, 1998.

This page titled 2.6: Evaluating the Market is shared under a CC BY-SA license and was authored, remixed, and/or curated by Wikipedia.

- **2.2: Evaluating the Market** by Wikipedia is licensed CC BY-SA 4.0. Original source: https://en.wikibooks.org/wiki/Getting_Started_as_an_Entrepreneur.

2.7: Segmentation and Targeting Rationale

What you'll learn to do: explain the purpose of segmentation and targeting in marketing

Segmentation and targeting are essential building blocks of marketing because they help marketers answer a basic question: *Who am I trying to reach?*

If you can't answer this question with a reasonable amount of certainty and detail, your marketing efforts will probably not have much impact. You'll spend a lot of time and money with little to show for it because you're not choosing marketing tactics that fit your audience.

However, when you know your target audience, you can make smart decisions about your marketing activities: why they need your product, where and how to get their attention, what to say to generate interest, and what types of offers will attract them.

In this module, first we will focus on why segmentation and targeting are so important. Then we will discuss how to conduct segmentation and targeting and use these tools to guide marketing activity.

Learning Activities

The learning activities for this section include the following:

- Reading: The Purpose of Market Segmentation and Targeting
- Self Check: Segmentation and Targeting Rationale

2.7: Segmentation and Targeting Rationale is shared under a not declared license and was authored, remixed, and/or curated by LibreTexts.

- **3.10: Outcome- Segmentation and Targeting Rationale** by Lumen Learning is licensed CC BY 4.0. Original source: https://courses.lumenlearning.com/waymakerintromarketingxmasterfall2016.

2.8: Common Segmentation Approaches

What you'll learn to do: describe common segmentation approaches

The next section of this module walks through several common approaches to market segmentation. Some approaches will probably seem familiar, or even obvious—like segmenting by gender or income level—but others, like "psychographic" segmentation, may not. These methods are common because they provide useful guidance to marketers about how to identify and reach prospective buyers.

It's important to remember that there may be more than one "right" way to segment a market. Certainly there are more-effective and less-effective approaches for different products or services. Sometimes a segmentation strategy is effective for a while, but then something shifts and a new approach is needed. In that way, segmentation is like a compass for marketers: when your position or direction changes, you revisit market segmentation to fine-tune where you're heading and how to get there. Different segmentation approaches applied individually or together help refine a marketer's understanding of the target market.

Learning Activities

The learning activities for this section include the following:

- Reading: Segmentation Criteria and Approaches
- Self Check: Common Segmentation Approaches

2.8: Common Segmentation Approaches is shared under a not declared license and was authored, remixed, and/or curated by LibreTexts.

- **3.13: Outcome- Common Segmentation Approaches** by Lumen Learning is licensed CC BY 4.0. Original source: https://courses.lumenlearning.com/waymakerintromarketingxmasterfall2016.

2.9: Segmentation Decisions

What you'll learn to do: explain the process of selecting an appropriate segmentation approach and deciding which customer segments to target for marketing activities

Now that you've learned about common segmentation approaches, how do you know when to apply them? When is geographic segmentation a better fit than demographic segmentation? When should you consider using both at the same time?

It comes down to your marketing goals: What are you trying to achieve?

The following section explains the process of aligning your goals with your segmentation approach and target market.

Learning Activities

The learning activities for this section include the following:

- Reading: Choosing a Segmentation Approach and Target Segments
- Case Study: eHarmony
- Self Check: Segmentation Decisions

2.9: Segmentation Decisions is shared under a not declared license and was authored, remixed, and/or curated by LibreTexts.

- **3.16: Outcome- Segmentation Decisions** by Lumen Learning is licensed CC BY 4.0. Original source: https://courses.lumenlearning.com/waymakerintromarketingxmasterfall2016.

2.10: Targeting and Marketing Mix

Using the Marketing Mix to Reach Target Segments

Once target segments are identified, the marketing manager selects a targeting strategy that will be the best fit for reaching them. Targeted marketing enables the marketing and sales teams to customize their message to the targeted group(s) of consumers in a focused manner. The targeting strategy is where the marketing mix comes together to create the right offer and marketing approach for each target segment. A summary of common targeting strategies is provided in the table below.

Common Target Strategies

Strategy	Target Market	Example
Mass marketing	Everybody everywhere	Target
Differentiated marketing	Large groups within the total market	Costco, Sam's Club
Niche marketing	High penetration within smaller, specialized segments	Trader Joe's, Whole Foods
Micromarketing	Individual customers or localized microsegments	Groupon

Mass Marketing

Mass marketing, also called *undifferentiated marketing*, involves marketing to the entire market the same way. Mass marketing effectively ignores segmentation and instead generates a single offer and marketing mix for everyone. The market is treated as a homogeneous aggregate. Mass marketing aims to reach the largest audience possible, and exposure to the product is maximized. In theory, this would directly correlate with a larger number of sales or buy-in to the product.

Mass marketing tries to spread a marketing message to anyone and everyone willing to listen. Communication tends to be less personal, as evidenced by common mass-marketing tactics: national television, radio and print advertising campaigns; nationally focused coupons; nationally focused point-of-purchase displays. The success of mass-marketing depends on whether it is possible to reach enough people, through mass-communication techniques and one universal product offer, to keep them interested in the product and make the strategy worthwhile. While mass-marketing tactics tend to be costly because they operate on a large scale, this approach yields efficiencies and cost savings for companies because it requires the marketing team to execute only one product offer and marketing mix.

All-purpose toothpaste isn't targeted to one particular market segment.

For certain types of widely consumed items (e.g., gasoline, soft drinks, white bread), the undifferentiated market approach makes the most sense. For example, toothpaste (such as the brands Crest and Colgate) isn't made specially for one consumer segment, and it is sold in huge quantities. The manufacturer's goal is to get more people to select and buy their particular brand over another when they come to the point of purchase. Walk through any supermarket, and you will observe hundreds of grocery products,

especially generic items, that are perceived as nearly identical by the consumer and are treated as such by the producer. Many mass-marketed items are considered staple or “commodity” items. People buy new ones when the old ones wear out or are used up, and mass-marketed brand loyalty might be the primary driver when they decide which replacement product to purchase.

Differentiated Marketing

A differentiated marketing strategy is one in which the company decides to provide separate offerings to each different market segment that it targets. It is also called multisegment marketing. Each segment is targeted in a particular way, as the company provides unique benefits to different segments. The goal is to help the company increase sales and market share across each segment it targets. Proctor and Gamble, for example, segments some of its markets by gender, and it has separate product offerings and marketing plans for each: Secret-brand deodorant for women, and Rogaine (a treatment for hair loss) for men.[1]

When it is successful, differentiated marketing can create a very strong, entrenched market presence that is difficult for competitors to displace because of consumers’ strong affinity for products and offers that meet the unique needs of their segment. A differentiated strategy can be a smart approach for new companies that enter a market and lure customers away from established players to capture share in a large overall market. Often, established companies become vulnerable to new competitors because they don’t give sufficient attention to the perfect marketing mix for any given market segment.

However, differentiated marketing is also very expensive. It carries higher costs for the company because it requires the development of unique products to fit each target segment. Likewise, each unique product and market segment requires its own marketing plans and execution: unique messages, campaigns, and promotional tactics and investments. Costs can add up quickly, especially if you are targeting a lot of unique market segments.

✔ ✔ Chinese Oreos

For a large company such as Kraft, the cost of this kind of marketing is well worth it, since its products are sold all over the world. An example of its differentiated marketing strategy are the many surprising variations of the famous Oreo cookie developed for the Chinese market. Consumers there can enjoy Oreos with cream flavors such as green-tea ice cream, raspberry-blueberry, mango-orange, and grape-peach. All of these Oreo formulations have been heavily market tested and are based on the unique preferences of Chinese consumers. [2]

Niche Marketing

Niche marketing (also called concentrated marketing) is a strategy that targets only one or a few very defined and specific segments of the consumer population. The goal is to achieve high penetration among the narrowly defined target segments. For example, the manufacturer of Rolex watches has chosen to concentrate on only the luxury segment of the watch market.

An organization that adopts a niche strategy gains an advantage by focusing all efforts on only one or a small handful of segments. All of their market analysis, product development, marketing strategy, and tactics concentrate on serving that select part of the market. When they do it well, this approach can provide a differential advantage over other organizations that don’t concentrate all their efforts on the “niche” segment(s). Niche targeting is particularly effective for small companies with limited resources, as it does not require the use of mass production, mass distribution, or mass advertising. When a company is highly successful in desirable “niche” market segments, it can be very profitable.

Ralph Lauren store, London

The primary disadvantage of niche marketing is that it makes companies vulnerable to demand in the narrow market segments they serve. As long as demand is robust, the organization's financial position will be strong. But if something changes and demand drops off, the company has nothing to cushion it from financial hardship. Since the company has focused all efforts on one market (essentially putting all their eggs in one basket), the firm is always somewhat at risk. Such companies are especially vulnerable to small shifts in population or consumer tastes, which can greatly affect their position (for better or for worse). Large competitors with deeper pockets may choose to enter a market and use their size and resources to put smaller, niche players out of business. To insulate themselves from this type of risk, many companies pursing a niche strategy may target multiple segments.

Luxury-goods providers are a great illustration of the challenges of the niche marketing strategy. When economic recessions occur, luxury-goods providers like Rolex, Chanel, and Armani routinely struggle financially because their narrow segment of "luxury" consumers has less disposable income. When fickle consumer tastes shift from Ralph Lauren to Dolce & Gabanna to Prada (and back again), the company's profitability can hang in the balance.

Micromarketing

Micromarketing is a targeting strategy that focuses even more narrowly than niche marketing. It caters to the needs of individuals ("individual marketing") or very small segments in a targeted geography ("local marketing"). Micromarketing can be very powerful by giving consumers exactly what they want, when they want it. However, to achieve large-scale success with this approach, companies must figure out how to meet highly individualized needs efficiently and profitably.

Individual marketing is sometimes referred to as "mass customization" or "one-to-one marketing." With this approach, companies offer consumers a product created to their individual specifications. For example, Build-A-Bear Workshop invites children to create their own custom stuffed animals. A child can select the type of animal, from teddy bear to unicorn, along with color, size, clothing, and other accessories. Creators of handmade goods on Etsy.com take orders from buyers who may request variations on the individually crafted jewelry, clothing, toys, and other items displayed on the Web site. In the following video, Etsty CEO, Chad Dickerson, explains what makes the company's approach unique.

You can view the transcript for "Etsy Business" (opens in new window).

Achieving wide-scale success with individual marketing requires product providers to develop production strategies and an entire marketing mix that can ramp up as demand grows. Frequently this involves offering a baseline product with parameters customers can customize to fit their needs. For example, you can order custom M&M candies , selecting colors, packaging, and even custom-printed with words or images you select. The advent of digital print technologies has also made mass customization a viable targeting strategy for companies like Vistaprint and Sticker Mule. They provide custom print materials, stickers, decals and other printed products for businesses and individuals using

designs created and uploaded by customers. Their primary messaging emphasizes custom products designed by and for individual customers, matching their unique needs and preferences.

Local marketing is a targeting strategy focused expressly on a small, clearly defined neighborhood or geographic area. Organizations using this technique strive to generate a strong local presence, and targets may include any person or organization within that small area.

A weekly produce share from Suzie's Farm, a CSA in California

Groupon and Amazon Local are excellent examples of local marketing. Both online services partner with local businesses to promote timely offers and special pricing for individuals living in a designated geographic area. Limited-time and limited-quantity deals may include restaurant meals, spa treatments, performances, recreational activities, lessons, hotel accommodations, and a wide variety of other local area products and services. These local marketing companies earn revenue when consumers purchase and redeem the special offers in their neighborhood or city. Another example are farm cooperatives and CSAs (community-supported agriculture shares), which virtually always use a local marketing strategy. They market locally grown produce and farm-fresh goods to people residing in the immediate community, and their ongoing goal is to increase local supply and demand for healthy, local, farm-fresh food and produce.

Applying the Marketing Mix to Target Segments

With any of the strategies described above, the marketing team must come together to develop a marketing mix tailored to the needs of each segment being targeted. This marketing mix is the unique combination of product, promotion, place, and price

designed expressly to fit a designated market segment.

? ? Try It

This course will explore each element of the marketing mix in further detail in other modules. However, the following questions can help you start down the path toward shaping the marketing mix to fit your target segments.

Product

- What would make the ideal product for your target segment?
- What special features or capabilities are critical for this segment?
- What unique problems does your product help this segment solve?

Promotion

- What are the best ways to get your target segment's attention?
- What do you want this segment to remember about your product?

Place / Distribution

- Where does this segment look or shop for your product?
- What is the best way to get your product to your target customers?

Price

- What price(s) are your target customers willing to pay for your product?
- How much is too expensive? How much is too cheap?

As you consider each of these questions, you generate ideas for altering the marketing mix to appeal to your target segment.

✔ ✔ Example: Alumni Charitable Giving

Let's see how this works in practice. A university alumni organization embarks on a fund-raising campaign to generate funding for the strategic expansion of new and existing university programs. The baseline "product" this organization sells is charitable giving: an affiliation with the university, a tax deductible charitable donation, and the honor of contributing to a worthy philanthropic cause.

For the coming year, the alumni organization decides to use a niche marketing strategy. Specifically, it will target alumni with significant upcoming reunions or years since graduation: 5 years, 10 years, 15 years, 20 years, 25 years, 30 years, and so forth. The organization chooses to tailor the marketing mix as follows:

- **Product:** The ideal product for these alumni isn't just a generic philanthropic donation. Instead, it is a giving opportunity that reflects their significant anniversary. For this reason, the alumni organization introduces a new "product" or type of donation opportunity: a class legacy fund that encourages alumni to contribute with other classmates to a common fund. When they do, they can select the areas they want their donation to benefit, such as scholarships, library, technology, and endowed professorship, etc.
- **Promotion:** Getting the attention of busy alumni scattered across the world is a challenge. People are most likely to pay attention when a message is coming from someone they know personally, and so the alumni organization decides to capitalize on classmate relationships. It recruits several well-connected people from each class to post on social media and send email messages to fellow classmates about an upcoming reunion as well as the legacy-fund donation opportunity. The email message asks people to share with other former classmates who may not have heard about the reunion and class legacy fund. Hopefully, this message begins to go viral, working through pre-existing networks to spread the word. The organization also sends a letter about the class legacy fund to older alumni who are less likely to be active with email or digital technology.

- **Place/Distribution:** As people learn about the class legacy fund, the alumni organization wants to make sure the donation opportunity is easy for anyone to act on. For this reason, they offer a variety of different ways to contribute: mail a check; dial a phone number; donate on a Web site using PayPal or a credit card; donate via phone using a mobile app. People can even come to the annual reunion activities and contribute to the legacy fund in person.
- **Price:** For a voluntary donation, "price" can be tricky. On one hand, the alumni organization wants to encourage donations of any size to the class legacy funds, no matter how small. On the other hand, it also wants to encourage alumni to consider making larger donations when possible. Based on publicly available income data, the alumni organization recognizes that most recent graduates have lower average salaries and disposable income compared to those who have been working their fields for a decade or more. Acting on this information, it adjusts the range of "suggested donation" levels for each class. Recent alumni marking a 5-year anniversary are invited to contribute between $25 and $250. Alumni marking 10- and 15-year anniversaries are invited to contribute between $50 and $500 to class legacy funds. Alumni with 20 or more years see suggested donation amounts ranging from $150 to $2,500 or more.

Thoughtful consideration of the four Ps leads to a successful launch of the alumni organization's class legacy funds. Because the alumni organization has tailored the product, promotional strategy, placement, and pricing to the interests of the target segments, the effort is much more successful than the all-purpose, generic, "please donate to your alumni organization" campaign used in the past. In this example, wise targeting strategy works hand-in-hand with the marketing mix to yield better results.

---

1. Markgraf, Bert. "Real-World Examples of Effective Market Segmentation." Small Business - Chron.com. Chron.com, November 21, 2017. http://smallbusiness.chron.com/realworld-examples-effective-market-segmentation-60195.html. ↵
2. Eric Jou,Jou, Eric. "The Wonderfully Weird World Of Chinese Oreos." Kotaku. Kotaku, October 1, 2012. http://kotaku.com/5947767/the-wonderfully-weird-world-of-chinese-oreos. ↵

Contributors and Attributions

CC licensed content, Original

- Revision and adaptation. **Provided by**: Lumen Learning. **License**: *CC BY: Attribution*
- Micromarketing and Applying the Marketing Mix to Target Segments. **Authored by**: Lumen Learning. **License**: *CC BY: Attribution*
- Photo: Harvard Kennedy School of 1995 Class Reunion. **Authored by**: Julie Curtis. **License**: *CC BY: Attribution*

CC licensed content, Shared previously

- Chapter 1, Introducing Marketing, from Introducing Marketing, . **Authored by**: John Burnett. **Provided by**: Global Text. **Located at**: solr.bccampus.ca:8001/bcc/file/ddbe3343-9796-4801-a0cb-7af7b02e3191/1/Core%20Concepts%20of%20Marketing.pdf.. **License**: *CC BY: Attribution*
- Concentrated Marketing, from Marketing. **Provided by**: Boundless. **Located at**: https://courses.lumenlearning.com/boundless-marketing/. **License**: *CC BY-SA: Attribution-ShareAlike*
- Selecting Target Markets, from Marketing. **Provided by**: Boundless. **Located at**: https://courses.lumenlearning.com/boundless-marketing/. **License**: *CC BY-SA: Attribution-ShareAlike*
- Ralph Lauren--London. **Authored by**: thinkretail. **Located at**: https://www.flickr.com/photos/28964535@N08/4389940775/. **License**: *CC BY-NC: Attribution-NonCommercial*
- Toothbrush in a White Bowl with Toothpaste. **Authored by**: Marco Verch Professional Photographer and Speaker. **Located at**: https://flic.kr/p/DedTib. **License**: *CC BY: Attribution*
- CSA Box, Week of August 25 - 31. **Provided by**: Suzie's Farm. **Located at**: https://www.flickr.com/photos/suziesfarm/15031130256/. **License**: *CC BY-NC-ND: Attribution-NonCommercial-NoDerivatives*

2.10: Targeting and Marketing Mix is shared under a not declared license and was authored, remixed, and/or curated by LibreTexts.

- **3.4: Reading- Targeting Strategies and the Marketing Mix** by Lumen Learning is licensed CC BY 4.0. Original source: https://courses.lumenlearning.com/waymakerintromarketingxmasterfall2016.

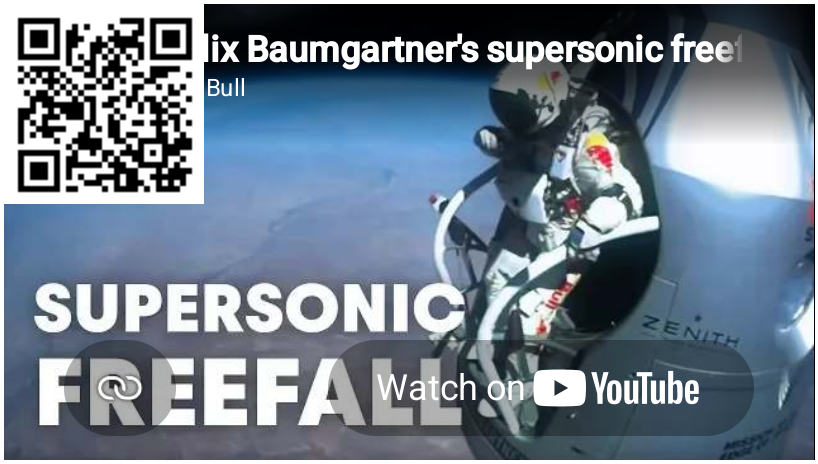
2.11: Case Study- Red Bull Wins the “Extreme” Niche

Background

Red Bull is an Austria-based company started in 1987 by Dietrich Mateschitz that sells one product: an energy drink containing taurine (an amino acid) that’s sold in a slim, silver-colored 8.3-ounce can. The drink has been an enormous hit with the company’s target youth segment around the globe. In the year 2018, Red Bull boasted sales of $1.06 billion USD in the United States alone[1], and has held the majority of the energy-drink market share for years, with a 35.3% market share in 2019 (Monster Energy, their closest competitor, held 25.4%).[2] From Stanford University in California to the beaches of Australia and Thailand, Red Bull has managed to maintain its hip, cool image, with virtually no mass-market advertising.

Red Bull’s Targeted Approach to Marketing

“Red Bull. It gives you wings.” Over the years, Red Bull has organized extreme sports events (like cliff diving in Hawaii and skateboarding in San Francisco), parties, and even music festivals to reinforce the brand’s extreme, on-the-edge image. In 2012, they sponsored Felix Baumgartner’s record-setting freefall from 128,000 feet:



Their grass-roots approach to reaching the youth market worked: “In terms of attracting new customers and enhancing consumer loyalty, Red Bull has a more effective branding campaign than Coke or Pepsi,” said Nancy F. Koehn, author of *Brand New: How Entrepreneurs Earned Consumers’ Trust from Wedgwood to Dell*. Red Bull’s success has also gained attention (and concern) among beverage-industry giants, and some have tried to follow its lead: For a time Coke ran a stealth marketing campaign, packaging its cola in a slim can reminiscent of Red Bull and offering it to customers in trendy bars and clubs in New York City.

---

1. “Red Bull Energy Drink Sales U.S., 2015–2018.” Statista. Accessed September 25, 2019. https://www.statista.com/statistics/558082/us-sales-of-red-bull-energy-drinks/. ↵
2. “Energy Drink Market Share in the US in 2019.” Statista. Accessed September 25, 2019. https://www.statista.com/statistics/306864/market-share-of-leading-energy-drink-brands-in-the-us-based-on-case-volume-sales/. ↵

CC licensed content, Original

- Revision and adaptation. **Provided by**: Lumen Learning. **License**: *CC BY-SA: Attribution-ShareAlike*

CC licensed content, Shared previously

- Marketing. **Provided by**: Boundless. **Located at**: https://courses.lumenlearning.com/boundless-marketing/. **License**: *CC BY-SA: Attribution-ShareAlike*
- Red Bull Gives you Strobes. **Authored by**: Aurimas. **Located at**: www.flickr.com/photos/needoptic/3828156829/. **License**: *CC BY-ND: Attribution-NoDerivatives*

All rights reserved content

- Felix Baumgartner's supersonic freefall from 128k' - Mission Highlights. **Provided by**: Red Bull. **Located at**: https://youtu.be/FHtvDA0W34I. **License**: *All Rights Reserved*. **License Terms**: Standard YouTube License

---

2.11: Case Study- Red Bull Wins the “Extreme” Niche is shared under a not declared license and was authored, remixed, and/or curated by LibreTexts.

2.12: Simulation- Segmenting the Ice Cream Market

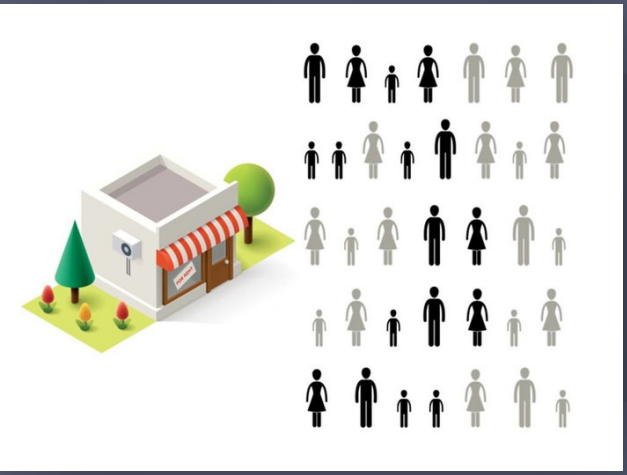
Try It

We've been talking a lot about segmentation and targeting and discussing how they both work in real-life marketing. Now it's time for you to give it a try.

Remember the ice cream shop you ran in a simulation earlier in the course? We're going back to that scenario: you are an entrepreneur working to building your house-made ice cream business. This time you'll explore how to use segmentation, targeting, and the marketing mix to grow the business.

Try the simulation a few times to see how different choices lead to different outcomes. In a simulation you should take the opportunity to try out choices you think are right and some you suspect are wrong, since you can learn from both. All simulations allow unlimited attempts so you can gain experience exploring and applying the concepts.

Good luck!



Segmenting the Ice Cream Market

Begin →

2.12: Simulation- Segmenting the Ice Cream Market is shared under a not declared license and was authored, remixed, and/or curated by LibreTexts.

- **3.6: Simulation- Segmenting the Ice Cream Market** by Lumen Learning is licensed CC BY 4.0. Original source: https://courses.lumenlearning.com/waymakerintromarketingxmasterfall2016.

CHAPTER OVERVIEW

3: Consumer Behavior

3.1: Why It Matters - Consumer Behavior
3.2: Buying-Process Stages
3.3: Low-Involvement vs. High-Involvement Decisions
3.4: Factors Influencing Consumer Decisions
3.5: Putting It Together- Consumer Behavior
3.6: The Competition
3.7: Elements of Brand
3.8: Brand Equity
3.9: Brand Positioning and Alignment

3: Consumer Behavior is shared under a not declared license and was authored, remixed, and/or curated by LibreTexts.

3.1: Why It Matters - Consumer Behavior

Why learn about consumer behavior?

Please welcome a new arrival

At 1:26 a.m. this morning, in Houston's Memorial Hermann Hospital, a consumer was born. His name is Finnegan Henry James. By the time he goes home three days later, some of America's biggest marketers will be pursuing him with samples, coupons, and assorted freebies. Proctor & Gamble hopes its Pampers brand will win the battle for Finn's bottom, but retailer Target has a lower-priced contender. To welcome Finn's family, Johnson & Johnson has already sent his mother a sample of its gentle baby wash. Bristol-Myers Squibb Company is sending a free, bulky box of Enfamil baby formula.

He Has Got THE Hair. **Authored by**: Heather Williams. **Located at**: https://www.flickr.com/photos/photosavvy/2401643021/. **License**: *CC BY-ND: Attribution-NoDerivatives*

Like no generation before, Finn enters a consumer culture surrounded by logos, labels, and messages almost from the moment of birth. As an infant, he may wear Sesame Street diapers and a miniature NBA jersey. Right away, this little boy will begin influencing his parents' purchasing decisions–that's what spitting out spoonfuls of baby food is all about. By the time he is twenty months old, he will start to recognize some of the thousands of brands flashed in front of him each day. Around age four, Finn will begin making decisions about how to spend his own money. At age seven, if he is anything like the typical kid, he will see some forty thousand commercials a year.[1] By the time he is twelve, he will have his own entry in the massive data banks of marketers.

Many forces are at work influencing Finn's consumer choices from a very early age. Some of these forces are social: his parents, cousins, and play group. Some of these forces are cultural: Finn is a Texan and an American. As Finn grows and matures, his age, gender, education, economic status, life stage, and personality all play a role in his decisions as a consumer. Multiply Finn by millions of babies born in the U.S. every year, and you have new, increasingly marketing-savvy generations flooding the market.

This is Finn's story. And if you're living in the U.S. today, your story probably sounds a lot like his.

You Are the Target and the Hunter

Setting aside the ethics of marketing to children, the fact remains that you are a consumer living in a highly commercialized, modern society. Marketing artifacts are so woven into the fabric of our lives that many people hardly recognize them. Every year, companies and marketing organizations spend billions of dollars focused on one central goal: to influence consumers' purchasing decisions.

As a consumer, hopefully your growing understanding of marketing is helping you see the world around you a little differently, with more and better information about the forces that are trying to influence you.

With your increasing skills as a marketer, you recognize how important it is to understand your customers if you are going to reach them effectively. Part of that is understanding the factors that influence their purchasing decisions. Once you're educated about those influencing factors, they'll be tools you can use to create effective marketing.

1. www.apa.org/pi/families/resources/advertising-children.pdf ↵

Contributors and Attributions

- Chapter 4: Understanding Buyer Behavior, from Introducing Marketing. **Authored by**: John Burnett. **Provided by**: Global Marketing. **Located at**: http://solr.bccampus.ca:8001/bcc/file/ddbe3343-9796-4801-a0cb-7af7b02e3191/1/Core%20Concepts%20of%20Marketing.pdf. **License**: *CC BY: Attribution*

3.1: Why It Matters - Consumer Behavior is shared under a not declared license and was authored, remixed, and/or curated by LibreTexts.

- **7.11: Why It Matters- Consumer Behavior** by Lumen Learning is licensed CC BY 4.0. Original source: https://courses.lumenlearning.com/waymakerintromarketingxmasterfall2016.

3.2: Buying-Process Stages

The Consumer Decision Process

Figure 1 outlines the process a consumer goes through in making a purchase decision. Once the process is started, a potential buyer can withdraw at any stage before making the actual purchase. This six-stage process represents the steps people undergo when they make a conscious effort to learn about the options and select a product–the first time they purchase a product, for instance, or when buying high-priced, long-lasting items they don't purchase frequently. This is called *complexdecisionmaking*.

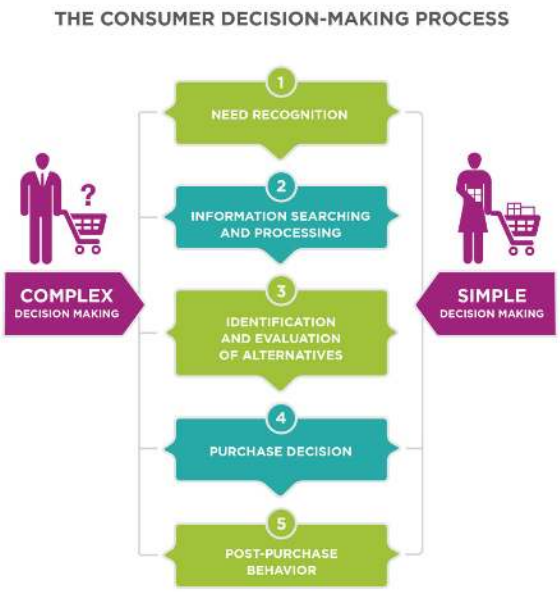


Figure 1

For many products, the purchasing behavior is routine: you notice a need and you satisfy that need according to your habit of repurchasing the same brand or the cheapest brand or the most convenient alternative, depending on your personal assessment of trade-offs and value. In these situations, you have learned from your past experiences what will best satisfy your need, so you can bypass the second and third stages of the process. This is called *simple decision making*. However, if something changes appreciably (price, product, availability, services), then you may re-enter the full decision process and consider alternative brands.

The following section discusses each step of the consumer decision-making process.

Need Recognition

The first step of the consumer decision process is recognizing that there is a problem–or unmet need–and that this need warrants some action. Whether we act to resolve a particular problem depends upon two factors: (1) the magnitude of the difference between what we have and what we need, and (2) the importance of the problem. A man may desire a new Lexus and own a five-year-old Ford Focus. The discrepancy may be fairly large but relatively unimportant compared to the other problems he faces. Conversely, a woman may own a two-year-old car that is running well, but for various reasons she considers it extremely important to purchase another car this year. Consumers do not move on to the next step until they have confirmed that their specific needs are important enough to act on.

Part of need recognition is defining the problem in a way that allows the consumer to take the next step toward finding a solution. In many cases, problem recognition and problem definition occur simultaneously: a consumer runs out of toothpaste, for instance. In other cases, these are separate tasks. Consider a scenario in which you injure your knee. You may know that your knee hurts, and you can't walk very well, but you need to further define the problem before you can take action: Do you need a good night's sleep?

A brace? Pain medication? Physical therapy? Surgery? All of these things? As a consumer, you will be able to begin solving your problem once it is adequately defined.

Marketers get involved in the need recognition state at three points:

1. Knowing what problems consumers are facing, so they can develop a marketing mix to address these problems
2. Activating problem recognition, in order to trigger the start of the purchasing process
3. Shaping how consumers define the need or problem, in order to influence their wants as they look for a solution

Marketing interactions through ads, Web sites, salespeople, and any number of other activities create opportunities for marketers to communicate with consumers and become engaged in need recognition. Listening to customers through social media or the customer support team provides insight into the ways consumers perceive the problems they face. A public service announcement espousing the dangers of cigarette smoking helps trigger a sense of needing to do something about cancer prevention. Advertising weekend and evening shopping hours triggers awareness of the problem of limited weekday shopping opportunities for busy working parents. Once a young man recognizes that he needs a new coat, marketing tries to influence his choices: Should it be a trendy, bargain-priced jacket from Old Navy or the pricey North Face coat he can wear snowboarding (assuming he can scrape together money for a lift pass after buying the coat). In each of these scenarios, marketing plays an active role in facilitating need recognition.

Information Search

After recognizing a need, the prospective consumer may seek information to help identify and evaluate alternative products, services, experiences, and outlets that will meet that need. Information may come from any number of sources: family and friends, search engines, Yelp reviews, personal observation, *Consumer Reports*, salespeople, product samples, and so forth. Which sources are most important depends on the individual and the type of purchase he or she is considering.

The promotion element of the marketing mix should provide information to assist consumers in the decision process. When marketers understand which information sources their target consumers turn to during the search process, they can develop a promotion strategy and tactics that put their offerings and message into the search path. For instance, teen boys rely heavily on peer networks to know what's interesting, cool, and desirable. A social media strategy is essential for virtually any product—video games, fashion, gadgets, sports gear, music, and on—targeting these consumers.

In some cases, consumers already have the information they need based on past purchasing and consumption experience–for better or for worse. Good experiences reinforce customer loyalty, while bad experiences destroy opportunities for repeat purchases. For instance, a consumer who needs new tires may look for sales in the local newspaper or ask friends for a recommendation. If she has bought tires before and had a good experience, she may go to the same dealer and buy the same brand.

The information-search process can also identify new needs. As a tire shopper looks for information, she may decide that the tires are not the real problem, but instead she needs a new car. At this point, her newly perceived need may trigger a new information search.

Information search involves both mental and physical activities that consumers must perform in order to make decisions and solve their problems through the marketplace. As anyone who has purchased a car, computer, or pet knows, it takes time, energy, and money to achieve a satisfactory outcome. Often it means foregoing more desirable activities. Eventually most consumers learn that the benefits of information search can outweigh the costs, particularly for bigger-ticket purchases. A thorough information search may save money, improve the quality of selection, or reduce risks.

Evaluation of Alternatives

As a consumer finds and processes information about the problem she is trying to solve, she identifies the alternative products, services, and outlets that are viable options. The next step is to evaluate these alternatives and make a choice, assuming a choice is possible that meets the consumer's financial and psychological requirements. Evaluation criteria vary from consumer to consumer and from purchase to purchase, just as the needs and information sources vary. One consumer may consider price most important while another puts more weight on quality or convenience.

The information search helps inform consumers about the criteria they might consider as they are evaluating options and making a final selection. For any given purchasing decision, each consumer develops a set of criteria–often only a mental list–along with the

relative importance of each quality in their final selection. This evaluation process may be very systematic and comprehensive for some people and purchases. There are also people who find the selection process difficult or frustrating, and so they cope with their discomfort by keeping the number of alternatives to a minimum, or by making an impulse purchase at the last moment. Note that the selection and evaluation phases of consumer problem solving are closely related and often happen simultaneously.

Consider a situation in which you are buying a new vacuum cleaner. During your information search process, you identified five leading models in online reviews, as well as a set of evaluation criteria that are most important to you: 1) price, 2) suction power, 3) warranty, 4) weight, 5) noise level, and 6) ease of using attachments. After visiting Sears and Home Depot to check out all the options in person, you're torn between two models you short-listed. Finally you make the agonizing choice, and the salesperson heads to the warehouse to get one for you. He returns with bad news: The vacuum cleaner is out of stock, but a new shipment is expected in three days. Strangely relieved, you take that as a sign to go for the other model, which happens to be in stock. Although convenience wasn't on your original list of selection criteria, you need the vacuum cleaner before the party you're having the next day. You pick the number-two choice and never look back.

From the marketer's perspective, understanding your target consumer's evaluation criteria is critical. You need to demonstrate these qualities in order to be short-listed in the selection set. Often these qualities make the difference in your offering being selected over competitors'. In the end, selection remains something of an unpredictable black box because people think differently, and the circumstances for any given purchasing situation are unique to the person, the product, and the problem being solved.

The Purchase Decision

After much searching and evaluating (or perhaps very little), consumers at some point have to decide whether they are going to buy. Anything marketers can do to simplify purchasing will be attractive to buyers. For example, in advertising, marketers might suggest the best size of product for a particular use or the right wine to drink with a particular food. Sometimes several decision situations can be combined and marketed as one package. For example, travel agents often package travel tours, and stores that sell appliances try to sell them with add-on warranties.

To do a better job of marketing at this stage of the buying process, a seller needs to have answers to questions about consumers' shopping behavior. Those answers will increase the likelihood of closing the sale and maximizing value at the moment of purchase. Useful questions to ask include the following:

- How much effort is the consumer willing to spend in shopping for the product?
- What factors influence when the consumer will actually make the purchase?
- Are there any conditions that would prohibit or delay the purchase?

Marketers should look for opportunities to influence things in their favor at the point of purchase. Product pricing, labeling, and packaging can be hugely influential at this stage of the process. Product sampling, coupons, and rebates may also give an extra incentive to buy. Personal selling, product display, convenience, and ease of finding the product may also lead the consumer to make one choice over another. Actually determining how a consumer goes through the decision-making process is a difficult research task, in part because it can vary so much from consumer to consumer. The key for marketers is to be aware of the influencing factors and how to shape them to your advantage.

Postpurchase Behavior

All the behavior determinants and the steps of the buying process up to this point take place before or during the time a purchase is made. However, a consumer's feelings and evaluations after the sale are also significant to a marketer, because they can influence repeat sales and what the customer tells others about the product or brand.

Marketing is all about keeping the customer happy at every stage of the decision-making process, including postpurchase. It is normal for consumers to experience some postpurchase anxiety after any significant or nonroutine purchase. This anxiety reflects a phenomenon called *cognitive dissonance*. According to this theory, people strive for consistency among their cognitions (knowledge, attitudes, beliefs, and values). When there are inconsistencies, dissonance arises, which people try to eliminate.

In some cases, the consumer makes the decision to buy a particular brand already aware of dissonant elements or things that are inconsistent with their internal criteria. A common example is price: a consumer falls in love with every aspect of a product, but it costs more money than he intended to spend. His cognitive dissonance is whether to spend the extra money for a product he loves or else stick with a second-best product that fits the budget. In other cases, dissonance is aroused by information received after the purchase. For instance, a disturbing report about sweatshop labor comes out days after you purchase a pair of athletic shoes from the company involved.

Marketers may take specific steps to reduce postpurchase dissonance. One obvious way is to help ensure delivery of a quality solution that will satisfy customers. Another step is to develop advertising and new-customer communications that stress the many positive attributes or confirm the popularity of the product. Providing personal reinforcement has proven effective with big-ticket items such as automobiles and major appliances. Salespeople in these areas may send cards or even make personal calls in order to reassure customers about their purchase.

Contributors and Attributions

CC licensed content, Original

- Revision and adaptation. **Provided by**: Lumen Learning. **License**: *CC BY: Attribution*

CC licensed content, Shared previously

- Chapter 4: Understanding Buyer Behavior, from Introducing Marketing. **Authored by**: John Burnett. **Provided by**: Global Text. **Located at**: http://solr.bccampus.ca:8001/bcc/file/ddbe3343-9796-4801-a0cb-7af7b02e3191/1/Core%20Concepts%20of%20Marketing.pdf. **License**: *CC BY: Attribution*
- Adam with the Eureka Optima 431a. **Authored by**: Adam Walker Cleaveland. **Located at**: https://www.flickr.com/photos/walkercleaveland/2204542748/. **License**: *CC BY-NC-ND: Attribution-NonCommercial-NoDerivatives*

3.2: Buying-Process Stages is shared under a not declared license and was authored, remixed, and/or curated by LibreTexts.

- **7.18: Reading- Buying-Process Stages** by Lumen Learning is licensed CC BY 4.0. Original source: https://courses.lumenlearning.com/waymakerintromarketingxmasterfall2016.

3.3: Low-Involvement vs. High-Involvement Decisions

How Involved Are You?

You're at the grocery store, looking at the dog food selection. How long does it take you to choose a product, buy it, and get out the door?

Change of scene.

You're on a car sales lot, looking at the selection of vehicles for sale. How long does it take you to choose a product, buy it, and drive off the lot?

For most people these scenarios are worlds apart in terms of the time, effort, emotional, and psychological work it takes to make a purchasing decision.

When a purchasing decision involves a low-cost item that is frequently bought—such as bread or toothpaste—the buying process is typically quick and routinized. Buying a new car is quite different. The extent to which a decision is considered complex or simple depends on the following:

- Whether the decision is novel or routine
- The extent of the customers' involvement with the decision

High-involvement decisions are those that are important to the buyer. These decisions are closely tied to the consumer's ego and self-image. They also involve some risk to the consumer. This may include financial risk (highly priced items), social risk (products that are important to the peer group), or psychological risk (the wrong decision may cause the consumer some concern and anxiety). In making these decisions, consumers generally feel it is worth the time and energy needed to do research and consider solution alternatives carefully. The full, six-stage, complex process of consumer decision making is more likely to happen with high-involvement product purchases. In these cases, a buyer gathers extensive information from multiple sources, evaluates many alternatives, and invests substantial effort in making the best decision.

Low-involvement decisions are more straightforward, require little risk, are repetitive, and often lead to a habit. In effect, these purchases are not very important to the consumer. Financial, social, and psychological risks are not nearly as great. In these cases, it may not be worth the consumer's time and effort to search for exhaustive information about different brands or to consider a wide range of alternatives. A low-involvement purchase usually involves an abridged decision-making process. In these situations, the buyer typically does little if any information gathering, and any evaluation of alternatives is relatively simple and straightforward. Consumers are diligent enough to get a product they want, but they generally spend no more time or effort than is needed.

There are general patterns about what constitutes a high-involvement decision (buying cars, homes, engagement rings, pets, computers, etc.) versus a low-involvement decision (buying bread, chewing gum, toothpaste, dishwasher detergent, trash bags, etc.). However, the real determinant is the individual consumer and how involved they choose to be in solving the problem or need they have identified.

Marketing Considerations About Consumer Involvement

Let's imagine another couple of scenarios.

Situation 1: You have just moved in with roommates for the first time. Excitement about your new independence temporarily dims when you scour the kitchen and find just three forks, four spoons, and zero table knives. On your way to Walmart, you stop off at Goodwill, and you are delighted to pay less than $4 for an unmatched service for eight.

Situation 2: You are a soon-to-be bride. You have spent days looking through magazines, browsing online, and visiting shops to find the perfect silverware to match the dishes on your wedding registry. It gives you pause, though, when you learn that your dream flatware costs $98 per place setting. Still, you rationalize that you only get married once—or at least that's your plan.

In each of these situations, the consumer is making a purchasing decision about the same product: silverware. But the level of involvement in each situation is very different. The new roommate wants to spend as little time and money as possible to get a product that will get the job done. The soon-to-be-bride is pinning her future happiness on selecting the right pattern. Who is more involved?

Now suppose you are a marketer trying to promote the flatware designs your company makes. Which of these consumers will pay any attention to the full-page ads you have placed in seven popular women's magazines? Which of these consumers will click on the paid search listing Google placed in their search results for new silverware patterns? Which one is most likely to come to a store to see the beautiful sheen of your new product line and feel its perfectly balanced weight with her fingertips?

As a marketer you should recognize high-involvement versus low-involvement consumers of your products and strategize accordingly. It is entirely possible for your target segments to include a mix of both. When you recognize the differences in how they make decisions, you can create a marketing mix designed to impact each type of consumer. For the customer who wants little involvement, your marketing mix can simplify their buying process. For the consumer who is highly involved, you can provide the information and validation they seek.

Contributors and Attributions

CC licensed content, Original

- Revision and Adaptation. **Authored by**: Lumen Learning. **License**: *CC BY: Attribution*

CC licensed content, Shared previously

- Chapter 4: Understanding Buyer Behavior, from Introducing Marketing. **Authored by**: John Burnett. **Provided by**: Global Text. **Located at**: http://solr.bccampus.ca:8001/bcc/file/ddbe3343-9796-4801-a0cb-7af7b02e3191/1/Core%20Concepts%20of%20Marketing.pdf. **License**: *CC BY: Attribution*
- 2/365+1 Cuttles. **Authored by**: Dave Crosby. **Located at**: https://www.flickr.com/photos/wikidave/6620457275/. **License**: *CC BY-SA: Attribution-ShareAlike*
- Dog Food Selection. **Authored by**: Christopher. **Located at**: https://www.flickr.com/photos/colorblindpicaso/2676714959/. **License**: *CC BY-NC: Attribution-NonCommercial*

3.3: Low-Involvement vs. High-Involvement Decisions is shared under a not declared license and was authored, remixed, and/or curated by LibreTexts.

- **7.21: Reading- Low-Involvement vs. High-Involvement Decisions** by Lumen Learning is licensed CC BY 4.0. Original source: https://courses.lumenlearning.com/waymakerintromarketingxmasterfall2016.

3.4: Factors Influencing Consumer Decisions

The consumer decision process helps you understand the steps people go through when they are deciding whether and what to buy. Many different factors can influence the outcomes of purchasing decisions.

Some of these factors are specific to the buying situation: what exactly you are buying and for what occasion. Other factors are specific to each person: an individual's background, preferences, personality, motivations, and economic status. Because no two people are exactly alike, it is difficult to predict how the tangled web of influencing factors will ultimately shape a final purchasing decision.

For marketers, an understanding of these factors provides a more complete view into the mind of the customer. As you learn more about what influences decisions for your particular target segment, product category, brand, and competitive set, you can use these influencing factors to your advantage. What you say to customers, the words you use, the people who say them, the images they evoke—all of these things can link back to that web of influencing factors at work in a purchaser's mind. Great marketing uses those connections powerfully and effectively to win the minds and hearts of customers.

The specific things you'll learn in this section include:

- Describe situational factors that influence what and when consumers buy:
  - Buying situation
  - Market offerings
- Describe personal factors that influence what and when consumers buy:
  - Demographics (age, economic status, etc.)
  - Life stage
  - Lifestyle
- Describe psychological factors that influence what and when consumers buy:
  - Motivation and Maslow's hierarchy of needs as it pertains to marketing
  - Perception, learning, belief
- Describe social factors that influence what and when consumers buy
  - Culture, subculture, social class, family, reference groups
  - Culture and marketing in different countries

Learning Activities

The learning activities for this section include the following:

- Reading: Situational Factors
- Reading: Personal Factors
- Reading: Psychological Factors
- Video: Consumer Attitudes and Heinz Baked Beans
- Reading: Social Factors
- Self Check: Influences on Consumer Decisions

Contributors and Attributions

CC licensed content, Original

- Outcome: Factors Influencing Consumer Decisions. **Provided by**: Lumen Learning. **License**: *CC BY: Attribution*

3.4: Factors Influencing Consumer Decisions is shared under a not declared license and was authored, remixed, and/or curated by LibreTexts.

- **7.23: Outcome- Factors Influencing Consumer Decisions** by Lumen Learning is licensed CC BY 4.0. Original source: https://courses.lumenlearning.com/waymakerintromarketingxmasterfall2016.

3.5: Putting It Together- Consumer Behavior

Applying the Concepts: Finn's Family Buys a Pet

Do you remember Finn, the newest little consumer who arrived at the beginning of this module? Let's suppose that Finn's parents decide they want him to grow up with an animal friend. This gives us a chance to apply what we've been discussing about consumer behavior and see what happens as they go through the consumer decision process to buy a pet.

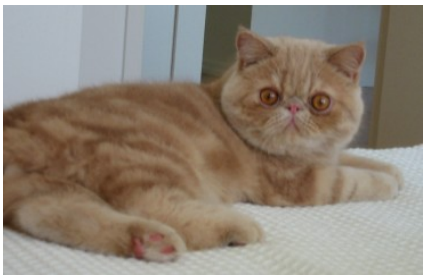
Since finding a pet is definitely a high-involvement decision for them, these are the steps they will go through:

Recognize Needs

The Consumer Perspective: Finn's parents, Robert and Amanda, know they want a pet. They're not sure what kind of pet. They're pretty sure they want it to be cuddly and lovable—something a child can interact with and not get too wet, bitten, or diseased (or maybe just a little). They also want a pet with some longevity, so that Finn can grow up with his animal friend. Although they are busy getting used to a new infant in their lives, Robert and Amanda are both on leave from their jobs for eight weeks, so it could be a good time to get used to a new animal, too. They decide it's time to get serious about finding a pet.

The Marketer's Perspective and Tactics: You manage marketing for an animal rescue organization in your local community. Somehow you need to get in front of Finn's family to let them know about your animals and why they should start their search with you. Fortunately, you've been working with Google to get a paid placement for your organization near the top of Google searches for kittens and puppies in your area, so when Robert does his first search, he sees your listing. You also routinely post fliers on information boards around your community, and you've been working on your Web site to make sure it is search optimized for people searching for pets in your area.

Search for Information



I am so much better than a dog. Take me home.

The Consumer Perspective: Robert has grown skilled at searching the Internet while rocking Finn to sleep at the same time. He and Amanda need to research a few questions:

- What kind of pet should they get: dog, cat, guinea pig, ferret, something else?
- Where should they get the pet: pet shop, breeder, online provide, animal rescue, someplace else?
- How much should they expect to pay for the pet?
- How should they take care of the pet once they get it?

Robert is already leaning strongly toward getting a dog. His family had dogs when he was growing up, and he loves the idea of his son having the same experience. Amanda is on the fence, until they start reading about best pets for kids in parenting articles online, and they start talking to friends. Robert's family preference for dogs is validated in articles claiming that dogs are good pets for children and that potential problems (allergies, behavior issues) can be minimized by having the dog around children from a young age. As they begin to investigate places to get a dog, Amanda and Robert are disturbed to read about puppy mills and warnings against buying dogs from unscrupulous online sellers. They agree that they should stay local and check out pet shops, breeders, or animal rescue organizations in their area. Animal rescue would probably be the cheapest option, but they want to shop around and see what's available.

The Marketer's Perspective and Tactics: One of your organization's board members is a well-known mommy blogger who feels passionately about pets and kids. At your request, she's written a few posts over the past several months providing advice for parents who are considering a pet, and recommending animal rescue as the way to go. You've cross-posted her pieces on the rescue organization's Web site blog, and she's linked to your Web site in her posts. You know from Google Analytics that you're getting pretty good traffic to your Web site from that link and her posts. The Web site also contains information to educate people about the advantages of adopting rescue animals, reinforcing how rewarding it is to offer these pets a loving home. You know from research that families tend to get interested in pets when they have young children, so you update the Web site with adorable recent-adoption photos showing young families welcoming their new pets. You also know that people have lots of questions when they're looking for pets, so you prominently feature "Adopting a Pet: What To Expect" on your Web site.

Evaluate Alternatives

Sad pet-store dog. Eye problems.

The Consumer Perspective: Now that Robert and Amanda know they want a dog, they are honing in on what type of dog and where to get it. They've been reading dog owner sites about different breeds, and they've been reading Yelp reviews about people's experiences with the local pet shops, breeders, and rescue organizations. They are keeping an eye on Craigslist to see what shows

up there, and they've made a couple of visits to see some of the breeds they are considering. Robert is really charmed by a local breeder's labradoodles, and online communities rave about how good these dogs are with children, but there is a yearlong waitlist for the puppies and they cost upwards of $1,500. Amanda has joined a mothers' group, and two of the moms have dogs. One has a golden retriever. She bought the dog at a local pet shop and loves him, but she has been surprised by the number of health problems he's had. The other mom has a friendly terrier mix she got from a local rescue organization, and she was very happy with the experience.

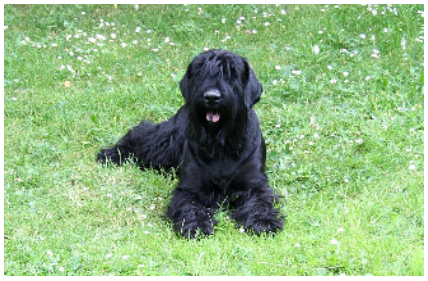
The Marketer's Perspective and Tactics: You're trying to do more with word-of-mouth and social media promotion, so you've started asking each family that adopts one of your animals to post about their experience on Yelp and Google reviews. You've been doing more with Facebook and Instagram, building up followers and posting pictures of some of the sweet rescue animals people can meet and adopt. Since it's free, you also post regularly in the "Pets" area of Craigslist and you've found that is a great way to connect with local area families looking for pets. Craigslist shoppers tend to be good candidates for adopting rescue animals. When people come in to the center, you find out what they are looking for, and you make sure they learn about the advantages of adopting a rescue animal and how simple the process can be. You also get their contact information so you can stay in touch with them electronically and let them know when a new animal arrives that might be a good fit for their family.

Make a Purchase

The Consumer Perspective: Amanda is very moved by their visit to the local animal rescue center. She is impressed with several of the dogs they met, and she loves the idea of adopting an already-house-trained pet, instead of starting from scratch with a puppy. Robert's heart is still with the labradoodles, but they agree that the yearlong wait and hefty price tag probably aren't worth it. Although the pet store puppies are adorable, Amanda keeps thinking about her friend's golden retriever and health problems, which are probably linked to overbreeding. After thinking things over, they decide to return to the rescue center with Finn and meet the dogs there again. This time, one of the dogs is a standout: a smart little Scottish terrier mix named Bonnie who makes Finn's eyes light up every time she comes near. The choice is made, and the James family is delighted.

The Marketer's Perspective and Tactics: Once a family comes to the center a second time, you know from experience that they're hooked. You need to make sure they fall in love with an animal that will be a good fit for their children and living situation. You've designed the application process to make sure that it helps you screen people and also match them with the best pets. But it's also a thoughtful, informative experience for the people who come in, so they can learn about what it takes to be a good pet owner. Once a new pet owner finds "The One," you snap photos for the happy family bulletin board at the center and ask permission to share the pictures on your Web site and social media. You also invite them to post the picture on social media and share their experience with the center in a Yelp or Foursquare review. A going-home packet includes useful information about caring for their new animal and contact information in case they have questions or concerns.

Post-Purchase Behavior



Bonnie, the winner.

The Consumer Perspective: The new addition to the James family is everything Amanda and Robert had hoped for. Bonnie is sweet-tempered, playful, gentle with Finn, and smart as a whip. For Robert, Bonnie brings back the joy and companionship he remembers from his childhood pets. Amanda is so delighted that she tells everyone who will listen about their wonderful experience adopting a rescue animal. Next time they are considering a pet, they'll know exactly where to go.

The Marketer's Perspective and Tactics: You've developed a process for checking in on adoption families after a couple of weeks to make sure things are working out. If they haven't done so already, you nudge them to write a review about their adoption experience on Yelp or another review site, assuming their experience has been good. If they aren't doing so well, you try to find out

why and suggest some tips and strategies for turning things around. If red flags come up during these conversations, you make a note for one of the center's volunteers to do a wellness check on the owner and animal, so that the center can intervene and avoid serious problems. Fortunately the follow-up process usually results in happy stories about how much the animals and their new families love each other. And that's a major reason why you keep doing this job.

Contributors and Attributions

CC licensed content, Original

- Putting It Together: Consumer Behavior. **Provided by**: Lumen Learning. **License**: *CC BY: Attribution*

CC licensed content, Shared previously

- Cream tabby exotic cat. **Authored by**: Prskavka. **Provided by**: Wikimedia Commons. **Located at**: https://commons.wikimedia.org/wiki/File:Cream_tabby_exotic_cat.jpg. **License**: *CC BY-SA: Attribution-ShareAlike*
- cute ugly dog. **Authored by**: D.C. Atty. **Located at**: https://www.flickr.com/photos/figgenhoffer/3950586259/. **License**: *CC BY: Attribution*
- Tchiorny Terrier. **Authored by**: Stephan Czuratis. **Located at**: https://commons.wikimedia.org/wiki/File:Tchiorny_Terrier.jpg. **License**: *CC BY-SA: Attribution-ShareAlike*

3.5: Putting It Together- Consumer Behavior is shared under a not declared license and was authored, remixed, and/or curated by LibreTexts.

- **7.14: Putting It Together- Consumer Behavior** by Lumen Learning is licensed CC BY 4.0. Original source: https://courses.lumenlearning.com/waymakerintromarketingxmasterfall2016.

3.6: The Competition

Beating the competition

Competition is a good thing. It forces you to perform at a high level, and sometimes it can even legitimize your product or technology, like when IBM entered the PC market and made computers specifically for individual use. But you still want to beat the competition, and that becomes much easier when your product is significantly better along an important performance characteristic—and you can demonstrate it—or if you can solve a problem that the competition cannot. When you're clearly the best, you make it harder for the naysayers not to choose you, and easier for supporters to promote your product. The challenge is to be clearly the best.

Who are your competitors?

For some types of products, this question is relatively easy to answer. Maybe you're planning to do what someone else is already doing, but you're going to do it better. In some cases, however, it can be harder to name the competition, or to figure out what, specifically, will differentiate your business.

The danger of complacency

Never believe that you have no competitors. Even if your product is one of a kind, you have competition. Your competition (not to be taken lightly) is the status quo, or the belief that your product is not especially necessary to people's lives.

Keeping tabs on the competition: Lessons from a retail giant

Tom Stemberg, founder of office supply superstore Staples, made weekly, unannounced visits to his own stores, competitors' stores, and others to get ideas of ways to improve what Staples does. Some of the lessons can be transferred to any new product or venture.

Says Stemberg: "I've never visited a store where I didn't learn something." When Stemberg visited a store, he looked for what the store was doing right. "You've got to see what they do better and learn from them. You must never take your competition for granted, because that can come back and hurt you." In 1987, Office Depot was for sale. After visiting numerous stores, two Staples representatives declared that the business was on its way out and not worth buying. "Well," Stemberg says, "Office Depot went on to become the biggest company in the industry, and we were still playing catch-up with them ten years later."

Seeing through a customer's eyes

When visiting a store, Stemberg says, "You try to see exactly what the customer sees. I carried a little pad and I wrote notes. Then I e-mailed them around to our management team."

Know the competition, focus on the consumer

Stemberg maintains that you have to pay attention to the competition's successes without forgetting that it's the customer you're aiming to please. "One of my great fears always was that our people would try to rationalize why we did things better, smarter, whatever, and stop the learning experience. One of the things you can do is lose sight of the customer. Lots of times I find companies overly focused on one another and ignoring what the customer wants, and therefore losing the market to some new entrant who truly focuses on the customer. Barnes & Noble spent all its time looking at Borders and Borders spent all its time looking at Barnes and Noble, when both of them should have paid attention to Amazon.com."

Some ethical guidelines

When you're sizing up the competition, act with integrity. It might be tempting to get a leg up by doing something unethical, but the truth will come out sooner or later. Fuld & Company offers the following Ten Commandments of Legal and Ethical Intelligence Gathering.

1. Thou shalt not lie when representing thyself.
2. Thou shalt observe thy company's legal guidelines as set forth by the legal department.
3. Thou shalt not tape record a conversation.
4. Thou shalt not bribe.

5. Thou shalt not plant eavesdropping devices.
6. Thou shalt not deliberately mislead anyone into an interview.
7. Thou shalt neither obtain from nor give price information to thy competitor.
8. Thou shalt not swap misinformation.
9. Thou shalt not steal a trade secret (or steal employees away in hopes of learning a trade secret).
10. Thou shalt not knowingly press someone for information if it may jeopardize that person's job or reputation.

Hopefully most of these "thou shalt nots" are far from your consideration. If you have any legal or ethical questions about your methods of gathering competitive intelligence, however, consult with your lawyer.

Know thy competition

First, Direct Competitors

Check the Yellow Pages or call the Chamber of Commerce to uncover local competition. Visit a library and try Gale Research's Encyclopedia of Associations, Ulrich's Guide to International Periodicals, and the Thomas Register of Manufacturers guides that can put you in touch with professionals in related industries.

Indirect Competition

Find the businesses with missions unrelated to yours that are competing for the dollars you want. Find out what else your potential customers spend their money on, and learn how you can woo them to spend it on your product.

More Resources

- Business publications, directories and databases at the library
- Back issues of community newspapers—competitor ads, employment ads, executives' participation in community associations
- Annual reports
- Online databases
- The competitors themselves

Competitive intelligence

Gathering information on the competition is not about spying or stealing secrets. Rather, it's about carefully analyzing and learning from what the competition is doing.

In its Competitive Intelligence Guide, Fuld & Company states that "wherever money is exchanged, so is information." Any company that deals with the outside world "inadvertently throws down informational bridges over the moat, allowing outsiders to peek into its operations…The world's mightiest multinationals hire and fire, open facilities, deal with suppliers, negotiate with national, state and local governments, attend scientific conferences and present papers." Electronic databases, CD-roms and other new information vehicles give everyone virtually equal access to corporate intelligence.

Some guidelines:

- You must find information; it does not find you. You can't wait until the last minute to seek out the information you need.
- Intelligence is constant. You must track your competition constantly, otherwise you may misinterpret what you find.
- Competitive assessment is a 3-D picture. Just as competitors change, so does their competitive environment.

Full text at Fuld & Company's website

Needs and competition

Phyl Speser of Foresight Science & Technology agrees that there are always competitors out there. "If there is a need, the odds are people are doing something to meet it already. There is always a competing technology or product or way. It may just be hand labor—hiring immigrants as an alternative to mechanized picking.

The point is, if there is no need, there is no market and the product doesn't stand a chance. If there is a need, people are usually try to address it, and you just have to hope they are doing so poorly. Then people are open to change.

This page titled 3.6: The Competition is shared under a CC BY-SA license and was authored, remixed, and/or curated by Wikipedia.

- **2.6: The Competition** by Wikipedia is licensed CC BY-SA 4.0. Original source: https://en.wikibooks.org/wiki/Getting_Started_as_an_Entrepreneur.

3.7: Elements of Brand

What Is a Brand?

As we start our exploration of brand and its role in marketing, take a few minutes to watch the following video about Coca-Cola, which is perhaps one of the most iconic brands of all time. As you watch this video, look and listen for the all the different elements that contribute to the thing we call a “brand.”

Brands are interesting, powerful concoctions of the marketplace that create tremendous value for organizations and for individuals. Because brands serve several functions, we can define the term “brand” in the following ways:

1. **A brand is an identifier:** a name, sign, symbol, design, term, or some combination of these things that identifies an offering and helps simplify choice for the consumer.
2. **A brand is a promise:** the promise of what a company or offering will provide to the people who interact with it.
3. **A brand is an asset:** a reputation in the marketplace that can drive price premiums and customer preference for goods from a particular provider.
4. **A brand is a set of perceptions:** the sum total of everything individuals believe, think, see, know, feel, hear, and experience about a product, service, or organization.
5. **A brand is “mind share”:** the unique position a company or offering holds in the customer’s mind, based on their past experiences and what they expect in the future.

A brand consists of all the features that distinguish the goods and services of one seller from another: name, term, design, style, symbols, customer touch points, etc. Together, all elements of the brand work as a psychological trigger or stimulus that causes an association to all other thoughts one has had about this brand.

Brands are a combination of tangible and intangible elements, such as the following:

- Visual design elements (i.e., logo, color, typography, images, tagline, packaging, etc.)
- Distinctive product features (i.e. quality, design sensibility, personality, etc.)
- Intangible aspects of customers’ experience with a product or company (i.e. reputation, customer experience, etc.)

Branding–the act of creating or building a brand–may take place at multiple levels: company brands, individual product brands, or branded product lines. Any entity that works to build consumer loyalty can also be considered a brand, such as celebrities (Lady Gaga, e.g.), events (Susan G. Komen Race for the Cure, e.g.), and places (Las Vegas, e.g.).

History of Branding

The word “brand” is derived from the Old Norse *brand* meaning “to burn,” which refers to the practice of producers burning their mark (or brand) onto their products. Italians are considered among the first to use brands in the form of watermarks on paper in the 1200s. However, in mass-marketing, this concept originated in the nineteenth century with the introduction of packaged goods.

The Coca-Cola logo is an example of a widely recognized trademark and global brand.

During the Industrial Revolution, the production of many household items, such as soap, was moved from local communities to centralized factories to be mass-produced and sold to the wider markets. When shipping their items, factories branded their logo or insignia on the barrels they used. Eventually these “brands” became trademarks—recognized symbols of a company or product that have been established by use. These new brand marks enabled packaged-goods manufacturers to communicate that their products

were distinctive and should be trusted as much as (or more than) local competitors. Campbell Soup, Coca-Cola, Juicy Fruit gum, Aunt Jemima, and Quaker Oats were among the first products to be “branded.”

Brands Create Market Perceptions

A successful brand is much more than just a name or logo. As suggested in one of the definitions above, brand is the sum of perceptions about a company or product in the minds of consumers. Effective brand building can create and sustain a strong, positive, and lasting impression that is difficult to displace. Brands provide external cues to taste, design, performance, quality, value, or other desired attributes if they are developed and managed properly. Brands convey positive or negative messages about a company, product, or service. Brand perceptions are a direct result of past advertising, promotion, product reputation, and customer experience.

As an automobile brand, the Mercedes-Benz logo suggests high prestige.

A brand can convey multiple levels of meaning, including the following:

1. **Attributes:** specific product features. The Mercedes-Benz brand, for example, suggests expensive, well-built, well-engineered, durable vehicles.
2. **Benefits:** attributes translate into functional and emotional benefits. Mercedes automobiles suggest prestige, luxury, wealth, reliability, self-esteem.
3. **Values:** company values and operational principles. The Mercedes brand evokes company values around excellence, high performance, power.
4. **Culture:** cultural elements of the company and brand. Mercedes represents German precision, discipline, efficiency, quality.
5. **Personality:** strong brands often project a distinctive personality. The Mercedes brand personality combines luxury and efficiency, precision and prestige.
6. **User:** brands may suggest the types of consumers who buy and use the product. Mercedes drivers might be perceived and classified differently than, for example, the drivers of Cadillacs, Corvettes, or BMWs.

Brands Create an Experience

Effective branding encompasses everything that shapes the perception of a company or product in the minds of customers. Names, logos, brand marks, trade characters, and trademarks are commonly associated with brand, but these are just part of the picture. Branding also addresses virtually every aspect of a customer’s experience with a company or product: visual design, quality, distinctiveness, purchasing experience, customer service, and so forth. Branding requires a deep knowledge of customers and how they experience the company or product. Brand-building requires long-term investment in communicating about and delivering the unique value embodied in a company’s “brand,” but this effort can bring long-term rewards.

In consumer and business-to-business markets, branding can influence whether consumers will buy the product and how much they are willing to pay. Branding can also help in new product introduction by creating meaning, market perceptions, and differentiation where nothing existed previously. When companies introduce a new product using an existing brand name (a brand extension or a branded product line), they can build on consumers’ positive perceptions of the established brand to create greater receptivity for the new offering.

Brands Create Value

Brands create value for consumers and organizations in a variety of ways.

Benefits of Branding for the Consumer

The Dunkin' Donuts logo, which includes an image of a DD cup of coffee, makes it easy to spot anywhere. The coffee is known for being a good value at a great price.

Brands help simplify consumer choices. Brands help create trust, so that a person knows what to expect from a branded company, product, or service. Effective branding enables the consumer to easily identify a desirable company or product because the features and benefits have been communicated effectively. Positive, well-established brand associations increase the likelihood that consumers will select, purchase, and consume the product. Dunkin' Donuts, for example, has an established logo and imagery familiar to many U.S. consumers. The vivid colors and image of a DD cup are easily recognized and distinguished from competitors, and many associate this brand with tasty donuts, good coffee, and great prices.

Benefits of Branding for Product and Service Providers

For companies and other organizations that produce goods, branding helps create loyalty. It decreases the risk of losing market share to the competition by establishing a competitive advantage customers can count on. Strong brands often command premium pricing from consumers who are willing to pay more for a product they know, trust, and perceive as offering good value. Branding can be a great vehicle for effectively reaching target audiences and positioning a company relative to the competition. Working in conjunction with positioning, brand is the ultimate touchstone to guide choices around messaging, visual design, packaging, marketing, communications, and product strategy.

The Starbucks brand is associated with premium, high-priced coffee.

For example, Starbucks' loyal fan base values and pays premium prices for its coffee. Starbucks' choices about beverage products, neighborhood shops, the buying experience, and corporate social responsibility all help build the Starbucks brand and communicate its value to a global customer base.

Benefits of Branding for the Retailer

Retailers such as Target, Safeway, and Wal-Mart create brands of their own to create a loyal base of customers. Branding enables these retailers to differentiate themselves from one another and build customer loyalty around the unique experiences they provide. Retailer brand building may focus around the in-store or online shopping environment, product selection, prices, convenience, personal service, customer promotions, product display, etc.

Retailers also benefit from carrying the branded products customers want. Brand-marketing support from retailers or manufacturers can help attract more customers (ideally ones who normally don't frequent an establishment). For example, a customer who truly values organic brands might decide to visit a Babies R Us to shop for organic household cleaners that are safe to use around babies.

This customer might have learned that a company called BabyGanics, which brands itself as making “safe, effective, natural household solutions,” was only available at this particular retailer.

Contributors and Attributions

CC licensed content, Original

- Revision and adaptation. **Provided by**: Lumen Learning. **License**: *CC BY-SA: Attribution-ShareAlike*

CC licensed content, Shared previously

- Reading: Branding. **Authored by**: Linda Williams and Lumen Learning. **Located at**: courses.candelalearning.com/masterybusiness2xngcxmasterfall2015/chapter/reading-branding-labeling-and-packaging/. **License**: *CC BY-SA: Attribution-ShareAlike*
- Mercedes Benz. **Authored by**: MikesPhotos. **Provided by**: Pixabay. **Located at**: pixabay.com/photos/car-mercedes-transport-auto-motor-1506922/. **License**: *CC0: No Rights Reserved*
- Coca-Cola. **Provided by**: BBC. **Located at**: https://youtu.be/C_7tMOusVYo. **License**: *CC BY-NC-ND: Attribution-NonCommercial-NoDerivatives*
- Coca Cola Crown Corks. **Authored by**: Couleur. **Provided by**: Pixabay. **Located at**: pixabay.com/photos/coca-cola-crown-corks-red-1218688/. **License**: *CC0: No Rights Reserved*
- Dunkin Donuts. **Authored by**: Kirakirameister. **Provided by**: Wikimedia Commons. **Located at**: commons.wikimedia.org/wiki/File:Dunkin%27_Donuts_Myeongdong.JPG. **License**: *CC BY-SA: Attribution-ShareAlike*
- Starbucks Coffee Sign. **Authored by**: JerryUnderscore. **Provided by**: Pixabay. **Located at**: pixabay.com/photos/starbucks-coffee-sign-city-urban-1972319/. **License**: *CC0: No Rights Reserved*

3.7: Elements of Brand is shared under a not declared license and was authored, remixed, and/or curated by LibreTexts.

- **9.18: Reading- Elements of Brand** by Lumen Learning is licensed CC BY 4.0. Original source: https://courses.lumenlearning.com/waymakerintromarketingxmasterfall2016.

3.8: Brand Equity

Brand Equity

In marketing, brand equity refers to the value of a well-known brand that conjures positive (or negative) mental and emotional associations. What does this actually mean? Let's do a experiment with brand equity in action.

Brand equity is what exists in your mind (or doesn't yet exist) to help you recognize these branded images and phrases. Brand equity is also the set of positive, negative, or neutral thoughts, beliefs, and emotions you associate with each of the brands. Brand equity can manifest itself in consumer recognition of logos or other visual elements, brand language associations, consumers' perceptions of quality, and consumers' perceptions of value or other brand attributes.

For any given product, service, or company, brand equity is considered a key asset because it gives meaning to the brand in the minds of its consumers. Brand equity can help a strong brand remain relevant and competitive in the marketplace, and it can help brands and companies weather storms that threaten their value and existence. Volkswagen, for example, is hoping that the strong brand equity it built during the decades before the 2015 emissions scandal will help restore customer confidence in its company and product brand.

When consumers trust a brand and find it relevant to themselves and their lives, they may select the offerings associated with that brand over those of competitors even at a premium price. For example, Häagen-Dazs and Ben & Jerry's both command higher prices per pint at the grocery store than many national brands and most store brands of ice cream. Starbucks can sell its coffee at a higher price than solid market competitors because consumers associate the brand with quality, value, and the experience of connecting with other people in a comfortable space. This is why brand equity often correlates directly with a brand's profitability.

Measuring Brand Equity

Brand equity is strategically important but also difficult to measure (or "quantify"). As a result, many experts have developed tools or metrics to analyze brand equity, although there is no universally accepted way to measure it. For example, while it can be measured quantitatively using numerical values such as profit margins and market share, this approach fails to capture qualitative elements such as prestige and mental and emotional associations.

What to Measure

According to David Aaker, a marketing professor and brand consultant, the following are ten attributes of a brand that can be used to assess its strength, or equity:[1]

1. **Price premium:** the amount a customer is willing to pay for one brand in comparison to other comparable brands
2. **Customer satisfaction/loyalty:** whether a customer would buy the brand at the next opportunity, or remain loyal to that brand
3. **Perceived quality:** perceptions about whether a brand is of high, average, or inferior quality
4. **Leadership/popularity:** being in market leadership position as a leading brand, a leader in innovation, and/or growing in popularity
5. **Value:** perceptions of whether a brand has good value for the money and whether there are reasons to choose it over competitors
6. **Brand personality:** distinctive, interesting, emotional, and self-expressive benefits associated with a brand
7. **Organizational associations:** the people, values, and programs associated with the brand
8. **Brand awareness:** the degree to which customers are familiar with and have knowledge about a brand
9. **Market share:** share of sales among the competitive set
10. **Market price and distribution coverage:** measures of average selling price relative to competitors and how many people have access to the brand

Marketers can use various research methods to measure each of these attributes. Some organizations invest in complex marketing research projects to measure and track brand equity over time using one or more of these metrics.

Brand Asset Valuator

Young & Rubicam (Y&R), a marketing communications agency, has developed the "brand asset valuator," a tool used to diagnose the power and value of a brand. The agency uses this tool to survey and measure consumers' perspectives along the following four dimensions:[2]

1. **Differentiation**: the defining characteristics of the brand and its distinctiveness relative to competitors
2. **Relevance**: the appropriateness and connection of the brand to a given consumer
3. **Esteem**: consumers' respect for and attraction to the brand
4. **Knowledge**: consumers' awareness of the brand and understanding of what it represents

This approach is useful for gaining a detailed understanding of how target audiences perceive a brand, how well they understand it, and how relevant it is in their lives. Y&R uses this methodology to help organizations diagnose whether their brands are rising or fading relative to competitors and help them develop strategies and tactics to strengthen existing brands or freshen up/rebuild those that are waning.

There are several different categories of brands, sorted by their differentiation, relevance, esteem, and knowledge. Note that we'll also discuss their their brand strength (which is their differentiation and relevance) and their brand stature (which is their esteem and knowledge).

- **New/Fading Brands** have low brand stature and low brand strength. They can be sorted into two categories:
  - Neu has medium differentiation, less relevance, less esteem, and low knowledge.
  - Unfocused has low-medium differentiation, low relevance, low esteem, and high-medium knowledge.
- **Aspiring Brands** have low brand stature and high brand strength. They have high differentiation, medium relevance, slightly less esteem, and slightly less knowledge.
- **Power Brands** have high brand stature and high brand strength. They can be sorted into two categories:
  - Leadership has high differentiation, high relevance, high esteem, and high knowledge.
  - Decline has low differentiation and high relevance, high esteem, and high knowledge.
- **Eroding Brands** have low brand stature and high brand strength. They have low differentiation, slightly higher relevance, slightly higher esteem, and medium knowledge.

Other Methods for Measuring Brand Equity

Brand equity can also be measured using other methods, such as the following:

- **As a financial asset:** Brand equity can be studied as a financial asset by making a calculation of a brand's worth as an intangible asset. For example, a company can estimate brand value on the basis of projected profits discounted to a present value. In turn, the present value can be used to calculate the risk profile, market leadership, stability, and global reach. Forbes, Interbrand and other organizations conduct this type of valuation and publish annual lists of the most valuable global brands.
- **As a price differential**: The price of an equivalent well-known brand can be compared to that of competing, no-name, or private-label products. The value of this price differential can be calculated to estimate the brand's price premium in terms of past, present, or future revenue.
- **As consumer favorability and preference**: Several brand-equity methodologies try to map the mind of the consumer to uncover associations with a given brand. For example, projective techniques can be used to identify tangible and intangible attributes, attitudes, and various perceptions about the brand. Under this approach, the brands with the highest levels of awareness and most favorable and unique associations are considered high-equity brands.
- **As consumer perceptions:** Another brand-equity measurement technique assesses which attributes are most important in influencing customer buying choices, and then measures how well various competitors perform against the most important attributes. This approach helps marketers better understand the customer decision-making process, how brands influence it, and which competitors "own" key attributes that drive customer decisions.

Building Brand Loyalty

One of the most important reasons for building brand equity is to win brand-loyal customers. In marketing, brand loyalty refers to a consumer's commitment to repurchase or otherwise continue using a particular brand by repeatedly buying a product or service.

The American Marketing Association defines brand loyalty in the following ways:

1. The situation in which a consumer generally buys the same manufacturer-originated product or service repeatedly over time rather than buying from multiple suppliers within the category (sales promotion definition)
2. The degree to which a consumer consistently purchases the same brand within a product class (consumer behavior definition)

Aside from a consumer's ability to repurchase a brand, true brand loyalty exists when the customer is committed to the brand and has a high relative attitude toward the brand, which is then demonstrated through repurchase behavior. For example, if Joe has brand loyalty to Company A, he will purchase Company A's products even if Company B's products are cheaper and/or of a higher quality. As an organization increases its number of brand-loyal customers, it develops a stronger and more predictable position in the market. As noted above, brand equity and brand loyalty enable an organization to enjoy price premiums over competitors.

Like brand equity, brand loyalty is multidimensional. It is determined by several distinct psychological processes, such as the customers' perception of value, brand trust, satisfaction, repeat-purchase behavior, and commitment. *Commitment* and *repeated-purchase behavior* are considered necessary conditions for brand loyalty, followed by *perceived value*, *satisfaction*, and *brand trust*.

Philip Kotler identifies the following four customer types that exhibit similar patterns of behavior:

1. **Hard-core Loyals**, who buy the brand all the time
2. **Split Loyals**, who are loyal to two or three brands
3. **Shifting Loyals**, who move from one brand to another
4. **Switchers**, who have no loyalty (are possibly "deal-prone," constantly looking for bargains, or are "vanity prone," looking for something different)

Understanding the dynamics of these audiences can be very important for marketers, so they know what's happening among their target segments and where to focus their attention and marketing investment. A large-scale 2013 study across 14 million store visits by 1 million customers found that loyal customers (those visiting the stores 10+times) accounted for about 20 percent of all customers but 80 percent of revenue and 72 percent of all store visits. Obviously, knowing and growing your loyal customer base makes a huge difference.[3]

Benefits of Brand Loyalty

The benefits of brand loyalty are longer tenure, or staying a customer for longer, and lower sensitivity to price. Recent research found evidence that longer-term customers were indeed less sensitive to price increases.

According to Andrew Ehrenberg, consumers buy "portfolios of brands." They regularly switch between brands, often because they simply want a change. Thus, "brand penetration" or "brand share" reflects only a statistical chance that the majority of customers will buy that brand next time as part of a portfolio of brands. It does not guarantee that they will remain loyal.

By creating promotions and loyalty programs that encourage the consumer to take some sort of action, companies are building brand loyalty by offering more than just an advertisement. Offering incentives like big prizes creates an environment in which customers see the advertiser as more than just the advertiser. Individuals are far more likely to come back to a company that uses interesting promotions or loyalty programs than a company with a static message of "buy our brand because we're the best."

Popular Loyalty Programs

Below are some of the most popular customer loyalty programs used today by many companies. These programs allow organizations to engage their customers beyond traditional advertising and create incentives for consumers to become brand-loyal, repeat customers.

- Sweepstakes and Advergames
- Points-based loyalty programs, awarding prizes for incremental purchase behavior (e.g., frequent-flyer programs
- Branded digital games that engage consumers with prize incentives
- Contests
- Skill tests and user-generated promotions such as video and photo contests
- Social media applications and management
- Social media promotions and offers

- Customer rewards programs (e.g., pay lower prices using a frequent-buyer card)
- Coupons (hard copy and/or digital)
- Promotional auctions—bid for prizes with points earned from incremental purchase behavior
- Email clubs
- Subscription databases—national and/or segmented by market
- SMS Promotions
- iPhone apps
- Branded Web apps

As you'll see in the following video, customers are well aware that companies are using loyalty programs to court them and win their repeat business—but it doesn't seem to matter. Customers have come to expect something in exchange for their loyalty.

You can view the transcript for "Give and Take Rewards" (opens in new window).

---

1. www.iuc-edu.eu/group/sem1_L3/2013%20DNPBM/Lecture%2014%20Measuring%20Brand%20Equity.pdf ↵
2. young-rubicam.de/tools-wissen/tools/brandasset-valuator/?lang=en ↵
3. http://www.marketingprofs.com/chirp/2013/11338/surprising-facts-about-customer-loyalty-marketing-infographic#ixzz2wj6EeIlJ ↵

Contributors and Attributions

CC licensed content, Original

- Revision and adaptation. **Provided by**: Lumen Learning. **License**: *CC BY-SA: Attribution-ShareAlike*

CC licensed content, Shared previously

- Branding, from Introduction to Business. **Authored by**: Linda Williams and Lumen Learning. **Located at**: courses.candelalearning.com/masterybusiness2xngcxmasterfall2015/chapter/reading-branding-labeling-and-packaging/. **License**: *CC BY-SA: Attribution-ShareAlike*
- Give and Take Rewards. **Provided by**: BBC. **Located at**: https://youtu.be/yB5Dep1a4Eo. **License**: *CC BY-NC-ND: Attribution-NonCommercial-NoDerivatives*

3.8: Brand Equity is shared under a not declared license and was authored, remixed, and/or curated by LibreTexts.

- **9.23: Reading- Brand Equity** by Lumen Learning is licensed CC BY 4.0. Original source: https://courses.lumenlearning.com/waymakerintromarketingxmasterfall2016.

3.9: Brand Positioning and Alignment

Building Strong Brands: Consistency Matters

In order to make an impression in a market, brands need to stand for something. Inconsistent brands and messages fail to make a lasting impression because it is difficult for customers to trust them or register what these brands represent. On the other hand, when a brand is both consistent and relevant to customers, it builds recognition, credibility, trust, and ultimately loyalty. And loyalty, as you've learned, translates into sales.

Figure 3.9.1: Gummi Bears. **Provided by**: Pixabay. **Located at**: pixabay.com/en/giant-rubber-bear-gummib%C3%A4r-1089618/. **License**: *CC0: No Rights Reserved*

Consistency is also important when it comes to differentiating a product. Brands simplify decisions for customers. When a brand consistently communicates how and why it is distinct from competitors, it reminds customers why they prefer this brand over others–and why they may be willing to pay more for it.

Finally, consistency is an imperative in the globalized economy in which virtually every business operates today. Brand-related messages and communications circulate around the world at astonishing speed: Just ask any company that has seen a major story break on social media. While it does make sense to target specific messages to different global markets according to consumer needs, those messages should all be aligned to a consistent, centralized brand identity. A brand manager–the marketer responsible for directing and managing brand strategy–must think of herself as an ambassador, advocating and communicating on behalf of that common brand in the various markets where the brand is represented.

Brand Positioning: A Tool for Achieving Consistency

The Brand Platform

As you learned in the previous module, product positioning is an important strategic tool that helps organizations focus their messages and marketing activities around a consistent, differentiating message aimed at a target segment. Brand positioning works on the same principle. The goal of brand positioning—like the positioning for any product or service—is to explain why that brand is different and better for its target customers, and why the differences matter.

At the same time, brands need a consistent, universal identity that is the same regardless of whom you communicate with. For this reason, brand positioning starts with defining precisely what the brand stands for. This is called the *brand platform*. The brand platform may include a variety of descriptive elements to paint a clear picture of what a brand represents. Some brand platform models are very complex, with ten or more inputs. Others are simpler and more streamlined.

The brand platform begins with the organization's mission statement, since the ultimate purpose of a brand is to help the organization achieve its mission. It also incorporates the value proposition for whatever the brand promotes. Remember that brands may operate at the company level (needing a company-level value proposition) or at the product or service level (needing an offering-specific value proposition). In addition to the mission statement and value proposition, the basic elements of any brand

platform are a brand promise, core values, a brand voice or personality, and a brand-positioning statement. These are discussed below.

The Brand Promise

The brand promise is, in effect, the singular experience your brand promises to provide to your customers. It expresses what you want them to feel when they interact with your products and services. Year in, year out, the brand promise is what your customers count on and, ideally, it's the reason they keep coming back to you. The brand promise should be unique and linked to your competitive advantage: something other brands do not and cannot deliver in the way you do. It describes the most salient benefits your brand provides, including benefits that create an emotional connection with customers.

The brand promise is important not only for customers, but also for employees and other internal audiences. It sets the tone for how the company operates and for the experience the brand provides to customers across all segments and all points of contact.

Finally, the brand promise should be simple and easily understood, so it's easy to communicate and reinforce. Some marketers equate the marketing tagline, or advertising slogan, with the brand promise. While there are some exceptions, most brand-promise statements do not use the same marketing language that's used in ad slogans. For instance, Nike's "Just Do It" slogan works very well as part of an ad campaign, but it's not very illuminating as a brand promise. Similarly, fast-food chain Taco Bell never intended its catchy "Make a Run for the Border" tagline to be interpreted as a brand promise. Also, taglines, which are part of marketing communications, may need to be updated more frequently than the brand promise. In contrast, the brand promise should be the global, enduring commitment you stand for over time.

The following are examples of effective brand promises:

- **The Coca-Cola Company:** to refresh the world in mind, body, and spirit, and inspire moments of optimism[1]
- **TOMS Shoes:** Through your purchases, TOMS helps provide shoes, sight, water, safe birth and bullying prevention services to people in need. Learn more about what we give.[2]
- **Target:** expect more, pay less[3]

Core (Brand) Values

Core values are guiding principles for how an organization does business. These values express a perspective on the world, and they govern both internal conduct and external behavior. While the brand promise explains *what* consistent experience a brand will deliver, the core values describe *how* the company will behave as it delivers that experience.

✔ ✔ Zappos' Values

An excellent example of core values infusing a strong brand comes from online retailer Zappos. The company's ten "Family Core Values," listed below, are written for current and prospective employees and describe Zappos' operating principles. At the same time, these values also set the tone for what customers can expect from Zappos and how they interact with the Zappos brand.

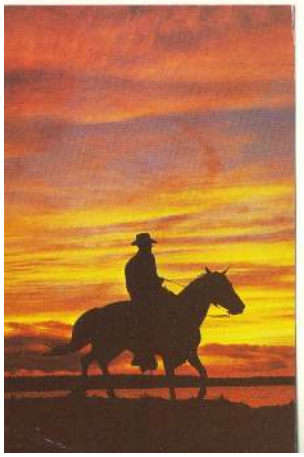
Zappos Family Core Values[4]

1. Deliver WOW through Service
2. Embrace and Drive Change
3. Create Fun and a Little Weirdness
4. Be Adventurous, Creative, and Open-Minded
5. Pursue Growth and Learning
6. Build Open and Honest Relationships with Communication
7. Build a Positive Team and Family Spirit
8. Do More with Less
9. Be Passionate and Determined
10. Be Humble

Even if you are unfamiliar with Zappos, these core values give you a strong sense of what the company must be like, either to work for or to do business with.

Not every organization defines ten core values; in fact, most keep the number to six or fewer in order to retain a better focus on defining and expressing the organization's identity. What does matter is to find ways for the brand to deliver these values, so that they become real for employees and customers. For example, Zappos empowers individual employees to make judgment calls about how they deliver WOW-worthy customer service; every decision doesn't have to go through manager approval. By encouraging personal initiative in this way, the company also invites creativity, learning, and passion from its employees.

Brand Voice and Personality



Lone Texas Cowboy. **Authored by**: Don the Upnorth Memories Guy. **Located at**: https://www.flickr.com/photos/upnorthmemories/5147038060/. **License**: *CC BY-NC-ND: Attribution-NonCommercial-NoDerivatives*

Just like people, strong brands have an outlook, tone, and personality that help reinforce the consistency of what and how brand gets communicated to customers, employees, and other stakeholders. The brand voice and personality are rooted in the brand promise and values, but they help flesh out the brand's distinctive image and presence. A useful template for defining brand voice and personality is the "is/is never" template. Using this template, marketers define the voice and personality attributes of the brand, almost as if it were a person. For example:

- Brand X **is** strong, authentic, independent, resourceful, and classic.
- Brand X **is never** frivolous, trendy, or fake.

A well-defined brand voice is a window into the personality of the brand. Together, the brand voice and personality set the linguistic tone for all brand-related communications and promotions. They also guide the choice of visual design, logo, and the look and feel of the brand, ensuring that the overall visual representation is a good match for what the organization wants the brand to convey.

As a short exercise, take a moment and see if you can construct "is/is never" statements for a couple well-known brands. What are the brand voice and personality of, say, GAP clothing compared with another well-known clothing brand, such as Guess?

Brand-Positioning Statement

Brand positioning follows the same process for product and service positioning outlined in the positioning module: understanding market and competitive dynamics, confirming competitive advantages, defining the market niche and positioning strategy, and delivering on that strategy. Fortunately, the brand promise should provide strong guidance around the competitive advantages and market niche that should be represented in the positioning statement.

Brand managers may develop brand-positioning statements according to the same formula used for product positioning (discussed in the positioning module):

> To [*target audience*], Brand X is the only [*category or frame of reference*] that [*points of differentiation/benefits delivered*] because [*reasons to believe*].[5]

Note that the target audience for the brand-positioning statement should include all the audiences for the brand, not just the specific, narrowly defined target segment you'd expect in a product- or service-positioning statement. The brand needs to be relevant to every conceivable audience you are trying to reach (which may include multiple target segments). For that reason, the brand-positioning statement needs to be written in such a way that it has a broad enough appeal to speak to that "larger" audience.

As with a product- or service-positioning statement, the brand-positioning statement becomes a guiding document for decisions about the key messages the organization should communicate about the brand, as well as other marketing activities.

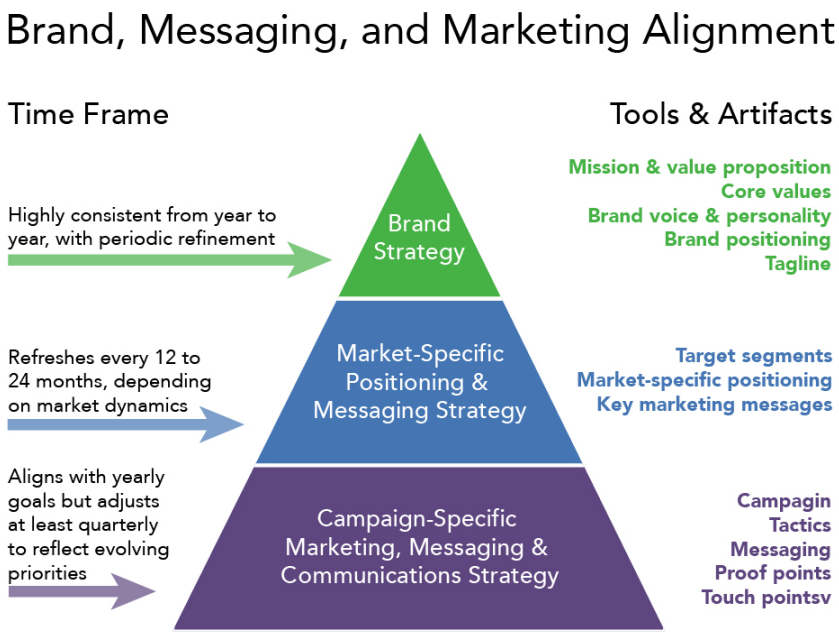
Aligning to Deliver the Brand

It takes strong focus and hard work to get through the brand-positioning process and build a brand platform. But once this work is done, brand managers and marketers have a basis for deciding what they want to achieve with the brand. Next, the fun of brand building can begin.

Because brand encompasses much more than just marketing, it is important for the entire organization to understand the brand and each person's role in delivering the brand promise to customers. Every employee in every department, from Accounting and Finance to Product Development and Technology (and everyone in between) plays a part. Organizations with great brands look for ways to educate all internal stakeholders about what the brand means and how it connects with their way of doing business. Company leaders provide incentives for employees to innovate and excel at delivering the brand effectively.

Of course, organizations also communicate about their brands to external audiences—to current and future customers, investors, thought leaders, and influencers, for instance. Brand is embedded in every strategy, tactic, and activity associated with a marketing mix for a given target segment. The brand platform is like a filter that lets through the kinds of communication that an organization needs to reach its audience, but it keeps out the distracting noise and chatter that might confuse or alienate that audience. The brand platform gives a brand coherence and helps the company stay on track.

Figure 1, below, illustrates the tools and artifacts marketers use to deliver strong alignment between brand, messaging, and other marketing activities. The brand strategy and positioning are very consistent from year to year, and they rely on the tools and artifacts we've discussed in this reading. Market-specific positioning and messaging are designed to reinforce the brand while promoting the organization's products and services to target segments. The positioning tools and process discussed in the previous positioning module work at this level of marketing alignment. They remain relatively consistent, with marketers reviewing and refining positioning strategy every twelve to twenty-four months in alignment with company strategy, priorities, and performance.



At the bottom of the alignment pyramid are the day-to-day marketing activities associated with executing the marketing mix to reach target segments. These include marketing campaigns and the tactics, messaging, promotions, and other activities that accompany these campaigns. We'll explore this dimension of marketing activity in much more detail when we turn to integrated marketing communications (IMC).

---

1. "Workplace Culture." The Coca-Cola Company. Accessed March 01, 2019. www.coca-colacompany.com/our-company/diversity/workplace-culture/↵
2. Toms. "Improving Lives." TOMS® Official Site. Accessed March 01, 2019. www.toms.com/improving-lives. ↵
3. "A Bullseye View. Behind the Scenes at Target." Target Corporate. Accessed March 01, 2019. corporate.target.com/about/purpose-values. ↵
4. "Zappos 10 Core Values." Zappos Insights. Accessed March 01, 2019. https://www.zapposinsights.com/about/core-values. ↵
5. "Brand Positioning Template | Brand Consultant | Brand Strategy Consultant." EquiBrand | Marketing Consulting | Branding | Digital | Innovation. Accessed March 01, 2019. http://equibrandconsulting.com/templates/positioning-templates. ↵

3.9: Brand Positioning and Alignment is shared under a not declared license and was authored, remixed, and/or curated by LibreTexts.

- **9.2: Reading- Brand Positioning and Alignment** by Lumen Learning is licensed CC BY 4.0. Original source: https://courses.lumenlearning.com/waymakerintromarketingxmasterfall2016.

CHAPTER OVERVIEW

4: Pricing and Distribution

4.1: Pricing Impact on Value of Products or Services
4.2: Pricing Considerations
4.3: Common Pricing Strategies
4.4: Packaging
4.5: Using Channels of Distribution
4.6: Managing Distribution Channels
4.7: Retailers As Channels of Distribution
4.8: Integrated Supply Chain Management and the Distribution Strategy

4: Pricing and Distribution is shared under a not declared license and was authored, remixed, and/or curated by LibreTexts.

4.1: Pricing Impact on Value of Products or Services

What you'll learn to do: discuss how price affects the value of an organization's products or services

Price determines how much revenue a company is going to earn. It determines whether the business is covering the costs to create and deliver its products. Price drives the financial health of the business.

In out initial discussion of pricing, we'll start with the perspective of the customer. If the customer doesn't see value in the product offering—and that includes pricing—company objectives won't be met. Customer perceptions of value must be the central consideration in the pricing process.

The specific things you'll learn in this section include:

- Describe the customer view of value and pricing
- Discuss psychological factors in pricing

Learning Activities

- Reading: Demonstrating Customer Value
- Reading: The Psychology of Pricing
- Video: Value in Branded Eyewear

- Self Check: Pricing Impact on Value of Products or Services

Contributors and Attributions

CC licensed content, Original

- **Provided by**: Lumen Learning. **License**: *CC BY: Attribution*

4.1: Pricing Impact on Value of Products or Services is shared under a not declared license and was authored, remixed, and/or curated by LibreTexts.

- **11.22: Outcome- Pricing Impact on Value of Products or Services** by Lumen Learning is licensed CC BY 4.0. Original source: https://courses.lumenlearning.com/waymakerintromarketingxmasterfall2016.

4.2: Pricing Considerations

What you'll learn to do: explain the primary factors to consider in pricing

Now that we've considered the customer perspective, we need to understand how pricing fits into the company strategy. It's important to remember that all elements of the marketing mix, including pricing, fit into a larger customer mission and strategy.

An effective pricing strategy will align with the corporate mission, account for competitive factors, and support corporate strategies and objectives.

The specific things you'll learn in this section include:

- Explain company objectives in the pricing strategy
- Define break-even pricing
- Describe how competition affects pricing strategies
- Describe the benefit of value-based pricing for customers

Learning Activities

- Reading: Pricing Objectives
- Reading: Break-Even Pricing
- Reading: Competitor Impact on Pricing
- Reading: Benefits of Value-Based Pricing
- Self Check: Pricing Considerations

4.2: Pricing Considerations is shared under a not declared license and was authored, remixed, and/or curated by LibreTexts.

- **11.28: Outcome- Pricing Considerations** by Lumen Learning is licensed CC BY 4.0. Original source: https://courses.lumenlearning.com/waymakerintromarketingxmasterfall2016.

4.3: Common Pricing Strategies

What you'll learn to do: compare common pricing strategies

Thus far we have discussed many pricing considerations: the impact of pricing on value perceptions, the effects of elasticity, and approaches to common pricing objectives. In this section we are going to introduce some very specific, yet standard pricing strategies that organizations use to bring these concepts together. They do not replace the information that we have discussed to this point, but they are important to understand.

The specific things you'll learn in this section include:

- Explain why a company would use skim pricing
- Explain why a company would use penetration pricing
- Explain why a company would use cost-oriented pricing
- Explain how price discounting is used and why it can be effective

Learning Activities

- Reading: Skim Pricing
- Reading: Penetration Pricing
- Reading: Cost-Oriented Pricing
- Reading: Discounting Strategies
- Self Check: Common Pricing Strategies

4.3: Common Pricing Strategies is shared under a not declared license and was authored, remixed, and/or curated by LibreTexts.

- **11.4: Outcome- Common Pricing Strategies** by Lumen Learning is licensed CC BY 4.0. Original source: https://courses.lumenlearning.com/waymakerintromarketingxmasterfall2016.

4.4: Packaging

Creating the Perfect Package

Product packaging is an underappreciated hero in the marketing world. Packaging is supremely functional: it protects the product. It contains the product. It displays the product. It promotes the product. Its design and labeling communicate about the product. And the package itself can even increase the product's utility, making it better suited to however the customer wants to use it.

If packaging does all these things, why is it undervalued? As a marketing tool, packaging often feels low-tech and old-school in the information age. It's just not as sexy as Web sites, events, or social media—and yet, it remains a staple of the purchasing environment.

With the increased emphasis on self-service marketing at supermarkets, drugstores, and even department stores, the role of packaging is significant. For example, in a typical supermarket a shopper passes about six hundred items per minute—or one item every tenth of a second. Thus, the only way to get some consumers to notice a product is by in-store displays, shelf hangers, tear-off coupon blocks, other point-of-purchase devices, or, last but not least, effective packages.[1]

Packaging provides an opportunity for a product to jump out and differentiate itself on the crowded, viciously competitive shelves of supermarkets, drugstores, department stores, and other retailers. Every single customer who buys a product inevitably interacts with the packaging, which is what makes it such a potentially powerful touch point.

The Roles Packaging Can Play

Marketers invest a great deal on motivational research, color testing, psychological manipulation, and so on in order to learn how the majority of consumers will react to a new package. Based on the results of this research, past experience, and the current and anticipated decisions of competitors, marketers determine what primary role the package will play relative to the product. They determine which of the following needs to be included:

- **Quality**

Royal Fruitmasters Holland box.

  Example: One Dutch packaging company developed a cardboard package design for fresh produce sold in the Netherlands and exported to other countries. The decorative elements were based on world-famous, collectible Delft blue porcelain, to convey high quality and desirability.[2]

- **Safety**
  Example: Product protection and child-proofing are standard features in the packaging of Tylenol, Benadryl, Children's Motrin, and other over-the-counter drugs.
- **Instruction**
  Example: Dosage information for drugs and "how to use this product" information for a variety of appliances, devices, and other products helps ensure that consumers use products responsibly and as intended.
- **Legal compliance**
  Example: The U.S. Food & Drug Administration (FDA) maintains strict regulations about the types of information food companies must disclose on their product labels: ingredients, calorie counts, nutritional information, serving size and servings per container, and so forth.
- **Distinction**
  Example: Packaging can be distinctive as a familiar, favored brand: the Coca-Cola or Heinz Ketchup bottles, the Campbell's Soup can, the Kleenex tissue box. Alternatively, designers may use color, shape, materials, labeling and other packaging features to convey something is new, different or improved.

- **Affordability**
  Example: In packaged goods, packaging simplicity and plainness—for generic and store-brand products—often suggests greater affordability in the minds of consumers.
- **Convenience**
  Example: Resealable packages have been a welcome, convenient packaging innovation for a variety of products, from baby wipes to sliced bologna to snack foods.
- Example: Perfume manufacturers devote extensive time and attention to making beautiful, distinctive designs for perfume bottles and packaging. One estimate suggests that for each $100 bottle of perfume, the manufacturer's expense for the bottle and packaging is $10. Meanwhile, their expense for the bottle's contents is only about $2.[3]
- **Improved utility**
  Example: Packaging single-serving yogurt or applesauce in tubes rather than traditional packages makes them usable in more settings and circumstances because they are less messy and no longer require spoons or a table-top to be able to eat them effectively.
- **Sustainability**
  Example: Environmentally-friendly packaging can create brand preference from consumers who are conscious about their carbon footprints. Using fewer chemical-based inks and dyes, less wasteful packaging design, and preference for recycled and recyclable materials all set products apart as "green" and eco-friendly.

Matching the Package to the Product . . . and the Consumer

Clearly delineating the role of the product should lead to the actual design of the package: its color, size, texture, location of trademark, name, product information, and promotional materials. Market leaders in the dry food area, such as cake mixes, have established a tradition of recipes on the package. However, there are many package-related questions. Do the colors complement one another? Are you taking advantage of consumer confusion by using a package design similar to that of the market leader? Can the product be made for an acceptable cost? Can it be transported, stored, and shelved properly? Is there space for special promotional deals? Finally, various versions of the product will be tested in the market. How recognizable is the package? Is it distinctive? Aesthetically pleasing? Acceptable by dealers?

Packaging designers can be extremely creative when it comes to incorporating multiple requirements into the container design. The key is to understand what factors most influence customer decisions about what to buy. For a given purchase situation, any of the factors above–or a combination of them–might help a consumer settle on which product to buy.

In some product categories, the promoting the package has become almost as important—if not more important—than promoting product performance. This is true for products as diverse as powdered and soft drinks, margarine, perfumes, and pet foods. In the case of Pringles, the stacked potato chip made by Procter & Gamble, a package had to be designed that would protect a very delicate product. Hence the Pringles can. When it introduced Pringles to the market, Procter & Gamble took a risk that retailers and consumers would be open to something new.

Packaging and Brand Loyalty

Packaging is one dimension of a brand that can contribute to customer loyalty. Familiar or aesthetically pleasing packaging can simplify the buying process in customers' minds. The package is a clear extension of the brand, and brands with strongly loyal fans (or "tribes," as they are sometimes called) may create significant brand equity associated with the package.

✔ ✔ GAp's 2010 Logo

An interesting example of this phenomenon is actually a brand misstep on the part of clothing manufacturer Gap. In "8 of the Biggest Marketing Faux Pas of All Time," Amanda Sibley describes what happened when Gap introduced a new logo in October 2010. The company was trying to make its image more contemporary and hip. How long did the logo last?

A whopping two days.

Gap quickly put the old logo back into place after unbelievable backlash from the public. Gap, known for everyday basics, tried to redo their image to appeal to a more hip crowd. Unfortunately, they didn't understand who their target market is—people who want the basics and aren't interested in trendy styles. Their loyal customers felt that Gap was changing their image for the worse and lost a connection with the brand. Gap was also unsuccessful at attracting the younger, trendy generation with the redesign (albeit only a two-day redesign), resulting in a failure on two fronts with this new logo.

It wasn't so awful for Gap to pursue a logo redesign, the lesson is simply to stay in touch with your buyer personas so you can ensure your new design reflects them. Marketers focus a lot on metrics—for good reasons—but never underestimate your audience's *feelings* toward your brand. They're harder to quantify, sure, but boy will people speak out when their sensibilities are offended.[4]

---

1. William O. Bearden and Michael G. Etzel, "Reference Group Influence on Product and Brand Choice,"Journal of Consumer Research, September 1982, pp. 183–194 ↵
2. "Communicating Quality through Packaging." DS Smith, June 30, 2014. http://www.dssmith.com/packaging/about/media/news-press-releases/2014/6/communicating-quality-through-packaging/. ↵
3. Thau, Barbara. "Behind the Spritz: What Really Goes Into a Bottle of $100 Perfume." AOL.com. AOL, July 22, 2012. www.aol.com/2012/05/22/celebrity-perfume-cost-breakdown/. ↵
4. Amanda Sibley, "8 of the Biggest Marketing Faux Pas of All Time," HubSpot, July 17, 2012, http://blog.hubspot.com/blog/tabid/6307/bid/33396/8-of-the-Biggest-Marketing-Faux-Pas-of-All-Time.aspx↵

Contributors and Attributions

CC licensed content, Original

- Revision and Adaptation. **Authored by**: Lumen Learning. **License**: *CC BY: Attribution*

CC licensed content, Shared previously

- Chapter 7: Introducing and Managing the Product, from Introducing Marketing. **Authored by**: John Burnett. **Provided by**: Global Text. **Located at**: http://solr.bccampus.ca:8001/bcc/file/ddbe3343-9796-4801-a0cb-7af7b02e3191/1/Core%20Concepts%20of%20Marketing.pdf. **License**: *CC BY: Attribution*
- Little Pringle. **Authored by**: Christopher Michel. **Located at**: https://www.flickr.com/photos/cmichel67/39944369/. **License**: *CC BY: Attribution*

All rights reserved content

- Image: Royal Fruitmasters Holland Box. **Located at**: http://www.dssmith.com/packaging/about/media/news-press-releases/2014/6/communicating-quality-through-packaging/. **License**: *All Rights Reserved*. **License Terms**: Fair Use
- Image: Versace Bright Crystal Perfume. **Provided by**: Versace. **Located at**: https://www.tripleclicks.com/detail.php?item=404322. **License**: *All Rights Reserved*. **License Terms**: Fair Use

Public domain content

- Gap Logos. **Provided by**: Gap Inc. **License**: *Public Domain: No Known Copyright*

4.4: Packaging is shared under a not declared license and was authored, remixed, and/or curated by LibreTexts.

- **9.9: Reading- Packaging** by Lumen Learning is licensed CC BY 4.0. Original source: https://courses.lumenlearning.com/waymakerintromarketingxmasterfall2016.

4.5: Using Channels of Distribution

What you'll learn to do: explain what channels of distribution are and why organizations use them

Monster Energy drink is a dominant player in the growing market for drinks enhanced with stimulants to give consumers extra energy. Monster promises to deliver "a big, bad buzz." The company sponsors the X Games and a broad range of high-adrenaline sports. The company boasts that it puts all its marketing dollars into supporting the scenes that energy-drink buyers love. In 2014, the company found itself closing in on Red Bull, the market leader that launched the original energy drink in 1997.[1]

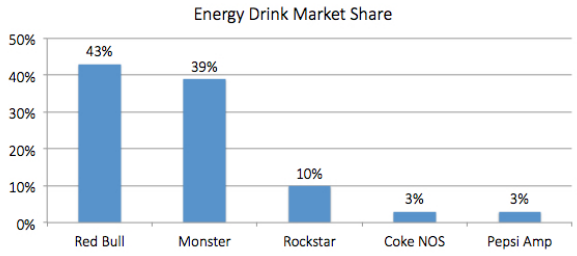


Figure 1. Energy Drink Market Share in 2014

In deciding how to best capture the top position in the market, Monster forged an important strategic partnership with Coca-Cola. The press release that announced this partnership stressed the benefit to Monster of Coca-Cola's global distribution network—the most powerful distribution network in the global beverage industry:

The Coca-Cola Company and Monster Beverage Corporation announced today that they have entered into definitive agreements for a long-term strategic partnership that is expected to accelerate growth for both companies in the fast-growing, global energy-drink category. The new, innovative partnership leverages the respective strengths of the Coca-Cola Company and Monster to create compelling value for both companies and their share owners.

Importantly, the partnership strategically aligns both companies for the long-term by combining the strength of the Coca-Cola Company's worldwide bottling system with Monster's dedicated focus and expertise as a leading energy player globally.[2]

The terms of the agreement also included Coca-Cola transferring all of its energy drinks to Monster, and Monster transferring all of its non-energy beverages to Coca-Cola, with Coca-Cola purchasing 16.7 percent of Monster Beverage Corporation.

Between June 2014 and December 2015, Monster Beverage Company's stock price rose by 115 percent. The company has clearly benefited from access to Coca-Cola's distribution infrastructure, and will continue to do so. However, it still lags behind Red Bull, which has the largest market share.

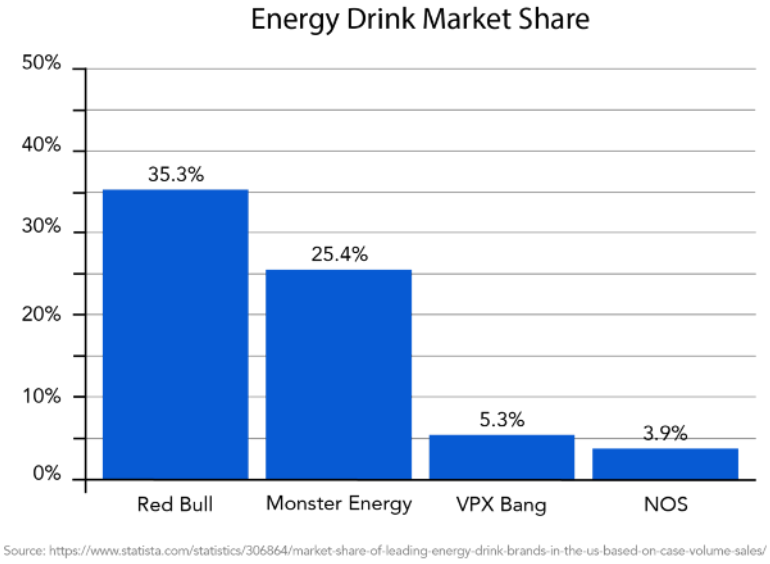


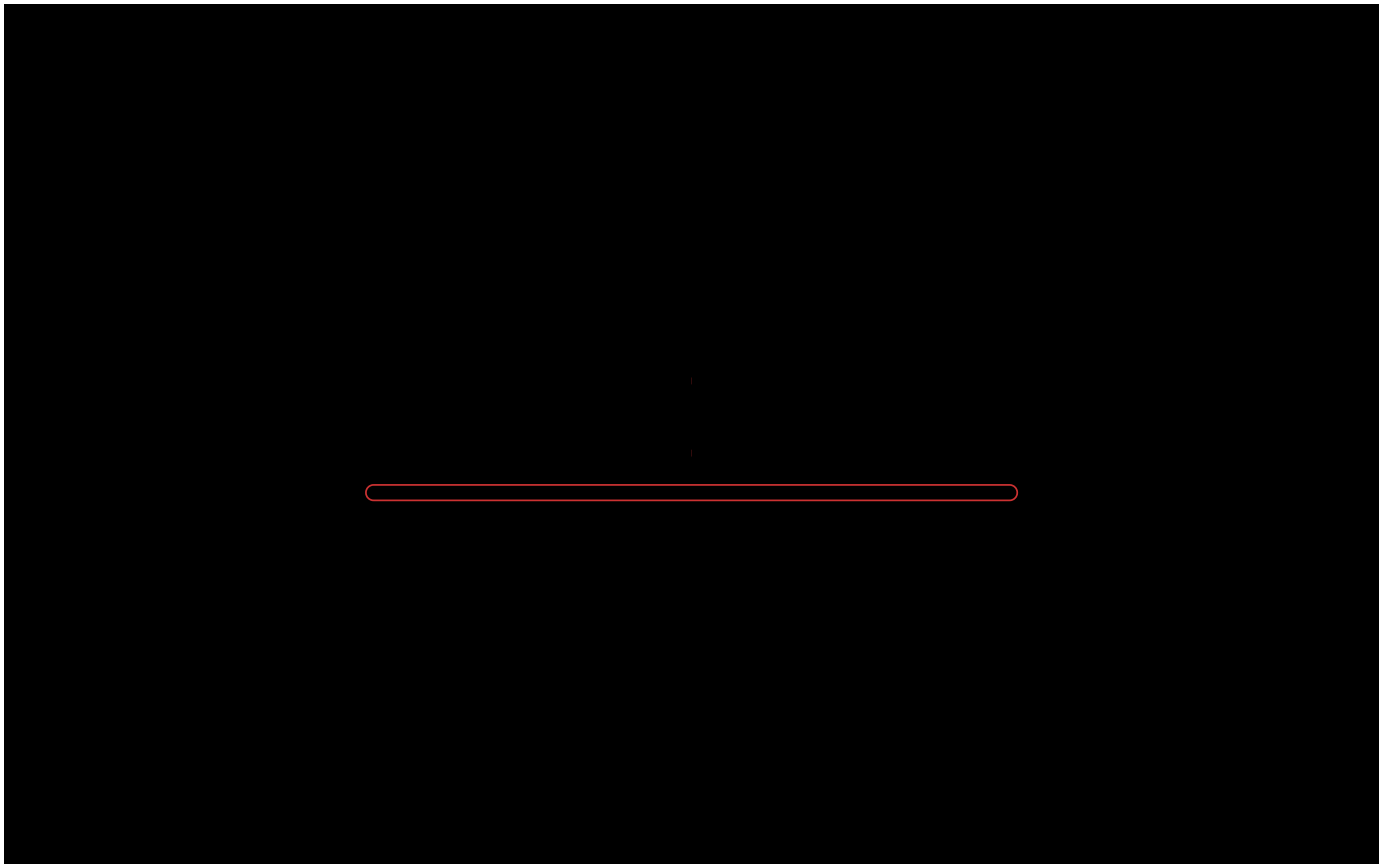
Figure 2. Energy Drink Market Share in 2019.

This example illustrates the power of *distribution channels*, which we've been calling "place" in the four Ps. Up next, you'll learn what these are and why companies use them.

Learning Activities

- Reading: Define Channels of Distribution
- Reading: Distribution Objectives
- Reading: Channel Structures
- Reading: The Role of Intermediaries
- Reading: Marketing Channels vs. Supply Chains

Simulation: Distribution. **Authored by**: Clark Aldrich for Lumen Learning. **License**: ***CC BY: Attribution***



- Self Check: Using Channels of Distribution

---

1. Mitchell, Dan. "Monster, Red Bull, Rockstar Ranked." Time. Time, May 11, 2015. https://time.com/3854658/these-are-the-top-5-energy-drinks/. ↵
2. The Coca-Cola Company. "The Coca-Cola Company and Monster Beverage Corporation Enter into Long-Term Strategic Partnership." The Coca-Cola Company, August 14, 2014. http://www.coca-colacompany.com/press-center/press-releases/the-coca-cola-company-and-monster-beverage-corporation-enter-into-long-term-strategic-partnership/. ↵

Contributors and Attributions

CC licensed content, Original

- Outcome: Using Channels of Distribution. **Provided by**: Lumen Learning. **License**: *CC BY: Attribution*

4.5: Using Channels of Distribution is shared under a not declared license and was authored, remixed, and/or curated by LibreTexts.

- **12.19: Outcome- Using Channels of Distribution** by Lumen Learning is licensed CC BY 4.0. Original source: https://courses.lumenlearning.com/waymakerintromarketingxmasterfall2016.

4.6: Managing Distribution Channels

What you'll learn to do: explain how channels affect the marketing of products and services

By March 2014, most Americans had noticed the Geico gecko; some had fallen in love with him. Regardless of buyers' feelings about the little lizard, by 2014 enough had purchased auto insurance from Geico through its online sales portal to change the landscape of the insurance industry. *Fortune* magazine reported on the company's success:

It's official. After decades as the second-largest auto insurer in the U.S., Allstate Corp. now is No. 3.

Geico, the online auto insurer owned by Warren Buffett's Berkshire Hathaway Inc., surpassed Allstate in 2013 in auto premiums collected. Berkshire Hathaway released its 2013 results today, finally laying out in black and white the the long-anticipated symbolic passing of that torch.

State Farm Insurance Cos. remains the largest auto insurer in the U.S. by a large margin. But it's telling that the No. 2 player now is a company that sells mainly over the Internet rather than through an army of agents. Both State Farm and Allstate still largely depend on thousands of agents around the country to sell their product, but the online channel has grown much faster over the past decade and is expected to continue that trajectory.[1]

Geico chose to use a channel strategy that eliminates agents as intermediaries and provides a direct channel to consumers. What benefits does this offer consumers? In order to take full advantage of the channel, Geico had to clearly identify and communicate the benefits to its target customers. It did this largely by means of a clever advertising slogan: "Give us 15 minutes and we'll save you 15 percent on your car insurance." (Some credit for Geico's success is probably due to the lizard, too, which helped the company improve its brand visibility.)

While the message doesn't say anything overt about Geico's channel strategy, the message to customers is clear: Geico delivers good value ("save 15 percent") *fast* (it only takes 15 minutes). The company's ability to offer that value (savings and speed) really does come from its choice of channel strategy: direct to consumers (eliminating the intermediary) equals savings of time and money.

As you'll learn in this next section, much of marketing's role in the distribution process is identifying the right channels, creating and managing effective channel partnerships, and ensuring that the channel performance provides value to customers.

Learning Activities

- Reading: Optimizing Channels
- Reading: Third-Party Sales
- Reading: Service Outputs
- Self Check: Managing Distribution Channels

1. http://adage.com/article/cmo-strategy/geico-overtakes-allstate-2-auto-insurer/291947/ ↵

Contributors and Attributions

CC licensed content, Original

- Outcome: Managing Distribution Channels. **Provided by**: Lumen Learning. **License**: *CC BY: Attribution*

4.6: Managing Distribution Channels is shared under a not declared license and was authored, remixed, and/or curated by LibreTexts.

- **12.1: Outcome- Managing Distribution Channels** by Lumen Learning is licensed CC BY 4.0. Original source: https://courses.lumenlearning.com/waymakerintromarketingxmasterfall2016.

4.7: Retailers As Channels of Distribution

What you'll learn to do: describe types of retailers and explain how they are used as a channel of distribution

Retailing is important for marketing students to understand for two main reasons. First, most channel structures end with a retailer. While products may pass through a wholesaler or involve a broker or agent, they also include a retailer. Second, retail offers an immense number of job opportunities. Today in the U.S., there are 3,793,621 retail establishments that support 42 million jobs. Retail also contributes $2.6 trillion to the U.S. gross domestic product.[1]

You can view the number of jobs and retail presence in your state at the National Retail Federation (NRF).

Who are these retailers? The NRF posts an annual list of the top one hundred retailers by retail sales. The top ten are listed in the table below.[2]

National Retail Federation's 2019 Top 10 Retailers List

Rank	Retailer	U.S. Headquarters	2018 Retail Sales (billions)
1	Walmart Stores	Bentonville, Arkansas	$387.66
2	Amazon.com	Seattle, Washington	$120.93
3	The Kroger Co.	Cincinnati, Ohio	$119.70
4	Costco	Issaquah, Washington	$101.43
5	Walgreens	Deerfield, Illinois	$98.39
6	The Home Depot	Atlanta, Georgia	$97.27
7	CVS Health Corporation	Woonsocket, Rhode Island	$83.79
8	Target	Minneapolis, Minnesota	$74.48
9	Lowe's Companies	Mooresville, North Carolina	$64.09
10	Albertsons Companies	Boise, Idaho	$59.71

In this section you'll learn more about the retail channel and the strategies that drive its growth.

Learning Activities

- Reading: Define Retailing
- Reading: Types of Retailers
- Reading: Retail Strategy
- Self Check: Retailers As Channels of Distribution

1. "Retail's Impact." NRF. Accessed September 24, 2019. https://nrf.com/retails-impact. ↵
2. "STORES Top Retailers 2019." NRF. NRF. Accessed September 24, 2019. stores.org/stores-top-retailers-2019/. ↵

Contributors and Attributions

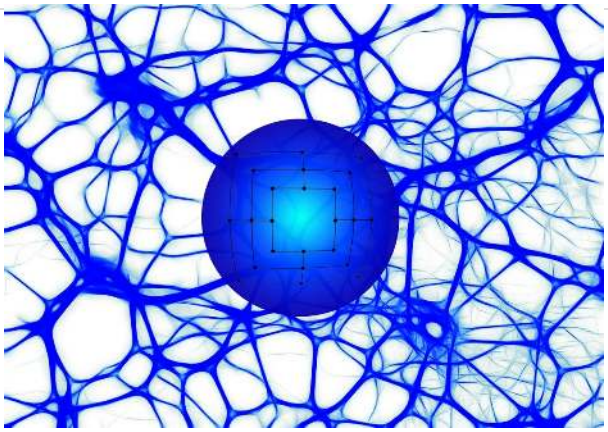
CC licensed content, Original

- Retailers As Channels of Distribution. **Provided by**: Lumen Learning. **License**: *CC BY: Attribution*

4.7: Retailers As Channels of Distribution is shared under a not declared license and was authored, remixed, and/or curated by LibreTexts.

- **12.6: Outcome- Retailers As Channels of Distribution** by Lumen Learning is licensed CC BY 4.0. Original source: https://courses.lumenlearning.com/waymakerintromarketingxmasterfall2016.

4.8: Integrated Supply Chain Management and the Distribution Strategy



As the importance of managing the supply chain well has increased, companies have acknowledged that they must manage the supply chain as a complete system and treat it as an integrated function. When an organization takes an integrated approach, it is recognizing that it cannot manage each part of the supply chain as an independent function, but instead needs to understand and manage the connections and interdependencies.

Within the supply chain organization, this means that sourcing, demand planning, inventory planning, warehousing, logistics, and order-fulfillment functions must work together. The rise of supply chain software tools that bring this data and information together in one place is just one indicator of an increasingly integrated focus. Also, many organizations previously had these functions spread between different organizations with little opportunity to interact. Today, most large organizations have an integrated supply chain function with a common management team and common objectives.

Beyond the work occurring within the supply chain organization, there are important connections to marketing, finance, and manufacturing. Marketing plays a direct role in creating the demand forecast and defining the product and delivery expectations for customers. These must be reviewed with the supply chain team so that everyone knows what needs to be achieved, and when that isn't possible, adjustments can be made and communicated to customers early. The integration with finance is necessary to ensure that investments are budgeted correctly and inventory is accounted for accurately. Manufacturing is often most heavily affected by decisions and requirements of the supply chain team, as they are counting on having an adequate supply and must meet delivery time lines to keep customer commitments.

As with many complex organizational challenges, this integration works best when there are clear objectives that are set across the organizations, a common view of the data (which identify opportunities for improved performance), and clear, frequent communication about potential issues and needs. This enables all of the organizations to focus on delivering value to customers and achieving the company mission.

Contributors and Attributions

CC licensed content, Original

- Integrated Supply Chain Management. **Provided by**: Lumen Learning. **License**: *CC BY: Attribution*

CC licensed content, Shared previously

- Network. **Provided by**: Pixabay. **Located at**: pixabay.com/en/network-ball-about-structure-441686/. **License**: *CC0: No Rights Reserved*

4.8: Integrated Supply Chain Management and the Distribution Strategy is shared under a not declared license and was authored, remixed, and/or curated by LibreTexts.

- **12.14: Reading- Integrated Supply Chain Management** by Lumen Learning is licensed CC BY 4.0. Original source: https://courses.lumenlearning.com/waymakerintromarketingxmasterfall2016.

CHAPTER OVERVIEW

5: Integrated Marketing Communication

5.1: Integrated Marketing Communication (IMC) Definition
5.2: Defining the Message
5.3: Marketing Communication Methods
5.4: Using IMC in the Sales Process
5.5: Customer Relationship Management (CRM) Systems and IMC
5.6: Measuring Marketing Communication Effectiveness
5.7: Developing a Marketing Campaign and Budget

5: Integrated Marketing Communication is shared under a not declared license and was authored, remixed, and/or curated by LibreTexts.

5.1: Integrated Marketing Communication (IMC) Definition

What you'll learn to do: explain integrated marketing communication (IMC) and its connection to the organization's marketing strategy

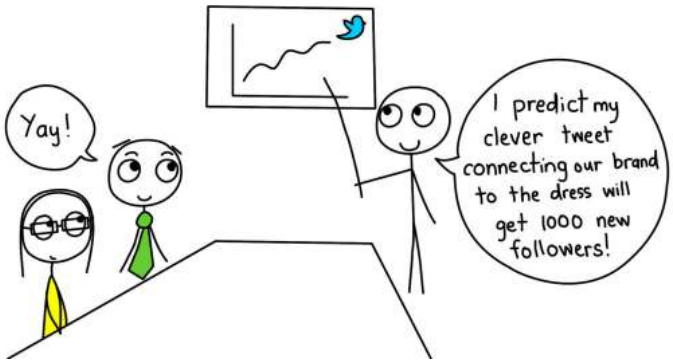
Promotion is a powerful part of the marketing mix because it determines what and how you communicate with target audiences. In today's world, promotion often has a fancy name: *integrated marketing communication* (IMC). Why the fancy name?

The number and variety of marketing communication tools have proliferated with the expansion of media, Internet, social, and mobile technologies. Marketers face the multipronged challenge of deciding which messages to communicate, which communication tools to use, and how to make the strongest impact with target segments.

Integrated marketing communication encourages marketers to think about communication in a coordinated way. They ask: How can we orchestrate *all* the different means of reaching a target segment in order to maximize our impact?

The specific things you'll learn in this section include:

- Define integrated marketing communication (IMC)
- Explain how IMC strengthens the impact of marketing communication tools
- List the primary marketing communication methods marketers use as part of their IMC strategy
- Explain how marketers use IMC in their campaigns in order to execute marketing strategy



IMC: Making an Impact with Marketing Communication

Having a great product available to your customers at a great price does absolutely nothing for you if your customers don't know about it. That's where promotion enters the picture: it does the job of connecting with your target audiences and communicating what you can offer them.

In today's marketing environment, promotion involves *integrated marketing communication* (IMC). In a nutshell, IMC involves bringing together a variety of different communication tools to deliver a common message and make a desired impact on customers' perceptions and behavior. As an experienced consumer in the English-speaking world, you have almost certainly been the target of IMC activities. (Practically every time you "like" a TV show, article, or a meme on Facebook, you are participating in an IMC effort!)

The videos you viewed in this module's "Why It Matters" section provide ingenious and successful examples of integrated marketing communication, to give you a feel for what IMC is about. Not every IMC effort is that elaborate or creative, but from those examples, you can begin to see what's possible when you bring together the right combination of ideas and communication tools focused on a common message and target segments.

What Is Marketing Communication?

Defining marketing communication is tricky because, in a real sense, everything an organization does has communication potential. The price placed on a product communicates something very specific about the product. A company that chooses to distribute its

products strictly through discount stores sends a distinct message to the market. Marketing communication refers to activities deliberately focused on promoting an offering among target audiences. The following definition helps to clarify this term:

> Marketing communication includes all the messages, media, and activities used by an organization to communicate with the market and help persuade target audiences to accept its messages and take action accordingly.

Integrated marketing communication is the the process of coordinating all this activity across different communication methods. Note that a central theme of this definition is *persuasion*: persuading people to believe something, to desire something, and/or to do something. Effective marketing communication is goal directed, and it is aligned with an organization's marketing strategy. It aims to deliver a particular message to a specific audience with a targeted purpose of altering perceptions and/or behavior. Integrated marketing communication (IMC) makes this marketing activity more efficient and effective because it relies on multiple communication methods and customer touch points to deliver a consistent message in more ways and in more compelling ways.

The Promotion Mix: Marketing Communication Methods

The *promotion mix* refers to how marketers combine a range of marketing communication methods to execute their marketing activities. Different methods of marketing communication have distinct advantages and complexities, and it requires skill and experience to deploy them effectively. Not surprisingly, marketing communication methods evolve over time as new communication tools and capabilities become available to marketers and the people they target.

Seven common methods of marketing communication are described below:

- **Advertising:** Any paid form of presenting ideas, goods, or services by an identified sponsor. Historically, advertising messages have been tailored to a group and employ mass media such as radio, television, newspaper, and magazines. Advertising may also target individuals according to their profile characteristics or behavior; examples are the weekly ads mailed by supermarkets to local residents or online banner ads targeted to individuals based on the sites they visit or their Internet search terms.
- **Public relations (PR):** The purpose of public relations is to create goodwill between an organization (or the things it promotes) and the "public" or target segments it is trying to reach. This happens through unpaid or earned promotional opportunities: articles, press and media coverage, winning awards, giving presentations at conferences and events, and otherwise getting favorable attention through vehicles not paid for by the sponsor. Although organizations earn rather than pay for the PR attention they receive, they may spend significant resources on the activities, events, and people who generate this attention.
- **Personal selling:** Personal selling uses people to develop relationships with target audiences for the purpose of selling products and services. Personal selling puts an emphasis on face-to-face interaction, understanding the customer's needs, and demonstrating how the product or service provides value.
- **Sales promotion:** Sales promotions are marketing activities that aim to temporarily boost sales of a product or service by adding to the basic value offered, such as "buy one get one free" offers to consumers or "buy twelve cases and get a 10 percent

discount" to wholesalers, retailers, or distributors.

- **Direct marketing:** This method aims to sell products or services directly to consumers rather than going through retailer. Catalogs, telemarketing, mailed brochures, or promotional materials and television home shopping channels are all common traditional direct marketing tools. Email and mobile marketing are two next-generation direct marketing channels.
- **Digital marketing:** Digital marketing covers a lot of ground, from Web sites to search-engine, content, and social media marketing. Digital marketing tools and techniques evolve rapidly with technological advances, but this umbrella term covers all of the ways in which digital technologies are used to market and sell organizations, products, services, ideas, and experiences.
- **Guerrilla marketing:** This newer category of marketing communication involves unconventional, innovative, and usually low-cost marketing tactics to engage consumers in the marketing activity, generate attention and achieve maximum exposure for an organization, its products, and/or services. Generally guerrilla marketing is experiential: it creates a novel situation or memorable experience consumers connect to a product or brand.

Most marketing initiatives today incorporate multiple methods: hence the need for IMC. Each of these marketing communication methods will be discussed in further detail later in this module.

The Objectives of Marketing Communication

The basic objectives of all marketing communication methods are (1) to communicate, (2) to compete, and (3) to convince. In order to be effective, organizations should ensure that whatever information they communicate is clear, accurate, truthful, and useful to the stakeholders involved. In fact, being truthful and accurate in marketing communications is more than a matter of integrity; it's also a matter of legality, since fraudulent marketing communications can end in lawsuits and even the criminal justice system.

Marketing communication is key to competing effectively, particularly in markets where competitors sell essentially the same product at the same price in the same outlets. Only through marketing communications may an organization find ways to appeal to certain segments, differentiate its product, and create enduring brand loyalty. Remaining more appealing or convincing than competitors' messages is an ongoing challenge.

Ideally, marketing communication is convincing: it should present ideas, products, or services in such a compelling way that target segments are led to take a desired action. The ability to persuade and convince is essential to winning new business, but it may also be necessary to reconvince and retain many consumers and customers. Just because a customer buys a particular brand once or a dozen times, or even for a dozen years, there is no guarantee that the person will stick with the original product. That is why marketers want to make sure he or she is constantly reminded of the product's unique benefits.

Shifting from Mass Marketing to IMC

Prior to the emergence of integrated marketing communications in the 1990s, mass communications (also called mass marketing)—the practice of relaying information to large segments of the population through television, radio, and other media—dominated marketing. Marketing was a one-way feed. Advertisers broadcasted their offerings and value propositions with little regard for the diverse needs, tastes, and values of consumers.

Often, this "one size fits all" approach was costly and uninformative due to the lack of tools for measuring results (in terms of sales). But as methods for collecting and analyzing consumer data improved—for example, with store scanners and electronic data about consumer purchases—marketers were increasingly able to correlate promotional activities with consumer purchasing patterns. Companies also began to downsize their operations and expand marketing tasks within their organizations.

As these changes were under way, at the same time consumers were gaining access to more and different types of specialized "niche" media along with new ways of consuming media. Cable television, DVRs, and a plethora of digital media have contributed to significant fragmentation of the mass market. While expensive mass-media advertising is still an option, it has less and less of an impact every year. Instead, most organizations find that it's more cost-effective to reach target segments using other marketing communication strategies. As consumers turn to niche media, marketers' promotion strategies (and marketing communication) have focused more on individualized patterns of consumption and on segmentation based on consumer tastes and preferences.

Technology has also driven the shift toward integrated marketing communication. Increasingly, organizations use highly targeted, data-based marketing rather than general-focus mass communication and advertising. This approach generates more information that marketers can use for segmentation and targeting based on many different criteria. Virtually unlimited Internet access has increased the online availability of information, goods, services, and ideas. It has brought a proliferation of new and more

interactive tools, including mobile technology, that can be used for marketing communication purposes. Broader transparency and access to market information have shifted power away from retailers and manufacturers and toward consumers and their ability to control or manipulate the market in their favor.

With these developments, marketing teams and advertising/creative agencies are expected to understand and provide all marketing communication functions—not just advertising—for their clients. Most organizations now allocate budgets toward a variety of marketing communication methods, not just mass media. Taking full advantage of marketing opportunities that exist in a more diverse and fragmented media landscape, marketing is now viewed as a two-way, interactive conversation between marketers and consumers. Marketing activities seek not only to expose consumers to a message, but to engage them actively in the marketing process. The days of one-way, broadcast-style marketing are over.

A proliferation of marketing communication tools and opportunities means marketers must 1) identify which tools are the best fit for the audience and marketing objectives and 2) deliver a unified message and coordinated approach across these tools. To help execute a marketing strategy, multiple marketing communication methods and tools should deliver a well-coordinated message to engage the right people at the right time, in the right place, and doing the right things. This is what we mean by "integrated" marketing communications.

The Marketing Campaign

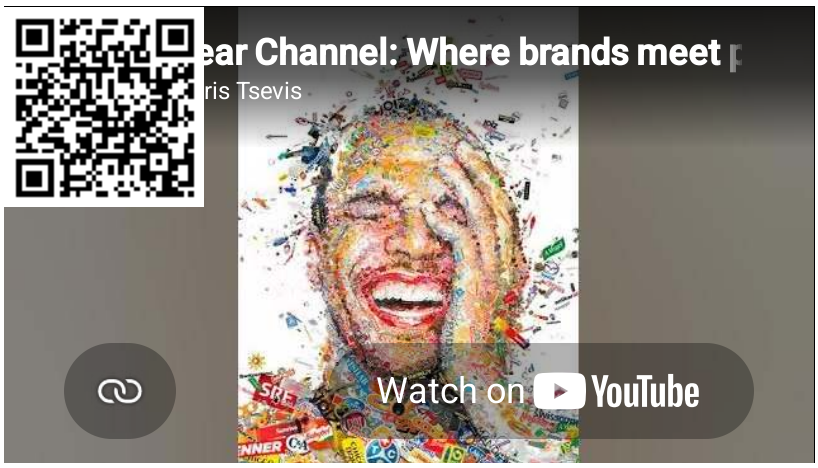
Determining which marketing communication methods and tools to use and how best to combine them is a challenge for any marketer planning a promotional strategy. To aid the planning process, marketing managers often use a campaign approach. A *campaign* is a planned, coordinated series of marketing communication efforts built around a single theme or idea and designed to reach a particular goal. For years, the term "campaign" has been used in connection with advertising, and this term applies equally well to the entire IMC program.

Organizations may conduct many types of IMC campaigns, and several may be run concurrently. Geographically, a firm may have a local, regional, or national campaign, depending upon the available funds, objectives, and market scope. One campaign may be aimed at consumers and another at wholesalers and retailers. Different marketing campaigns might target different segments simultaneously, delivering messages and using communication tools tailored to each segment. Marketers use a marketing plan (sometimes called an IMC plan) to track and execute a set of campaigns over a given period of time.

A campaign revolves around a theme, a central idea, focal point, or purpose. This theme permeates all IMC efforts and works to unify the campaign. The theme may refer to the campaign's goals—for example, KCRW "Capital Campaign" launched by the popular Los Angeles-based public radio station KCRW to raise $48 million to build a new state-of-the-art media facility for its

operations. The theme may also refer to the shift in customer attitudes or behavior that a campaign focuses on—such as new-member campaigns launched by numerous member organizations, from professional associations to school parent-teacher organizations. A theme might take the form of a slogan, such as Coca-Cola's "Taste the Feeling" campaign or DeBeers' "A diamond is forever."

Clear Channel is a marketing company that specializes in outdoor advertising. For their latest advertising campaign in Switzerland, they created a slogan-based theme, "Where Brands Meet People," and asked their clients to participate in dramatizing it. Dozens of Swiss companies gave their logo to be used as individual "tiles" in three colorful mosaic portraits.[1] These mosaics appeared on the web and on the streets of Switzerland. Click here to see a high-resolution image of one mosaic and check out all the brands that make up the mosaics. Some of the billboards appeared in animated form, as below:



Marketing campaigns may also adopt themes that refer to a stage in the product life cycle, such as McDonald's 2015 "All-Day Breakfast" rollout campaign. Some organizations use the same theme for several campaigns; others develop a different theme for each new campaign.

In a successfully operated campaign, all activities will be well coordinated to build on one another and increase the overall impact. For example, a single campaign might include:

- **Advertising:** A series of related, well-timed, carefully placed television ads coupled with print advertising in selected magazines and newspapers
- **Direct marketing:** Direct-to-consumer mail pieces sent to target segments in selected geographic areas, reinforcing the messages from the ads
- **Personal selling:** Preparation for customer sales representatives about the campaign to equip them to explain and demonstrate the product benefits stressed in advertising
- **Sales promotions:** In-store display materials reflecting the same messages and design as the ads, emphasizing point-of-sale impact
- **Digital marketing:** Promotional information on the organization's Web site that reflects the same messages, design, and offers reflected in the ads; ads themselves may be posted on the Website, YouTube, Facebook, and shared in other social media
- **Public relations:** A press release announcing something newsworthy in connection to the campaign focus, objectives, and target segment(s)

For each IMC campaign, new display materials must be prepared, all reflecting common objectives, messages, design, and other elements to maximize the campaign's impact.

People responsible for the physical delivery of the products or services must ensure that the distribution points are well stocked and equipped to deliver in all outlets prior to the start of the campaign. People managing public and media relations should be constantly kept aware of marketing planning, allowing them to identify and coordinate opportunities for earned media attention. Because public relations deals with media, conference/event organizers, and other stakeholders outside the organization, it is extremely important to give enough lead time for the public relations effort to take advantage of optimal timing in support of the overall campaign.

1. www.behance.net/gallery/29879405/Clear-Channel-Where-brands-meet-people ↵

CC licensed content, Original

- Revision and adaptation. **Authored by**: Lumen Learning. **License**: *CC BY-SA: Attribution-ShareAlike*
- Screenshot McDonald's Lamppost. **Provided by**: Lumen Learning. **License**: *CC BY: Attribution*

CC licensed content, Shared previously

- Shifting from Fragmented to Integrated Communications. **Provided by**: Boundless. **Located at**: https://courses.lumenlearning.com/boundless-marketing/. **License**: *CC BY-SA: Attribution-ShareAlike*
- Chapter 8: Communicating to Mass Markets, from Introducing Marketing. . **Authored by**: John Burnett. **Provided by**: Global Text. **Located at**: http://solr.bccampus.ca:8001/bcc/file/ddbe3343-9796-4801-a0cb-7af7b02e3191/1/Core%20Concepts%20of%20Marketing.pdf. **License**: *CC BY: Attribution*
- People On Internet Argue About Dress Colour. **Authored by**: studio tdes. **Located at**: https://www.flickr.com/photos/thedailyenglishshow/16725299326/. **License**: *CC BY: Attribution*
- Chapter 8: Communicating to Mass Markets, from Introducing Marketing. **Authored by**: John Burnett. **Provided by**: Global Text. **Located at**: http://solr.bccampus.ca:8001/bcc/file/ddbe3343-9796-4801-a0cb-7af7b02e3191/1/Core%20Concepts%20of%20Marketing.pdf. **Project**: Global Text. **License**: *CC BY: Attribution*
- 1984-01. **Authored by**: ITU Pictures. **Located at**: https://www.flickr.com/photos/itupictures/16474896040/. **License**: *CC BY: Attribution*

All rights reserved content

- Clear Channel: Where brands meet people. **Authored by**: Charis Tsevis. **Located at**: https://youtu.be/u1b5EtGqUOI. **License**: *All Rights Reserved*. **License Terms**: Standard YouTube License

---

5.1: Integrated Marketing Communication (IMC) Definition is shared under a not declared license and was authored, remixed, and/or curated by LibreTexts.

5.2: Defining the Message

What you'll learn to do: discuss how to develop effective messaging for marketing communications

At the center of any successful marketing activity is a message. Without a solid, consistent message, your marketing efforts are like a compass without an arrow: there is nothing to point your target audiences in the direction you want them to go.

Good messaging takes time and attention to develop, but this effort pays a huge dividend down the road—when your marketing activities have their desired effect on the hearts, minds, and wallets of the people you want to reach.

The specific things you'll learn in this section include:

- Explain the role of consistent messaging in strengthening the impact of marketing communications
- Outline a standard framework for developing messaging for marketing communications
- Explain the importance of including a clear call to action in marketing communications

Why the Message Matters

A clear, consistent message can be the difference between a phenomenally successful marketing campaign and an utter waste of time and money. If you, as a marketer, have not defined your message clearly, how likely is it that your target audiences will get the message you want them to hear? Answer: Not very likely.

With IMC campaigns bringing together multiple communication tools and touch points, the impact of a consistent, effective message is compounded when it reaches the people you're targeting again and again through different channels. Conversely, in the absence of a clear message, a campaign results in miss after miss after miss in terms of getting your message to your target audience—and it means wasted effort and resources.

The Role of Messaging

In marketing, the term "messaging" refers to how an organization talks about itself and the value it provides. Related to positioning, messaging is an approved set of key points or messages an organization uses to communicate about something with a target audience. Messaging translates a positioning statement into a set of convincing "key message" statements. Marketers use these statements to develop materials for marketing communications such as ad slogans, advertising copy, social media posts, press releases, presentation scripts, and so forth. Messaging documents are a blueprint for what all the other materials–and people–should communicate.

Organizations may create messaging for different purposes. Corporate messaging communicates about the purpose and value a company provides to the market. Brand messaging focuses on how and what to communicate about a company, product, or service brand. Product messaging expresses key selling points about a product. Crisis messaging outlines talking points for how an organization communicates about an unfortunate development, such as a service interruption or a public scandal.

Messaging ensures that everyone in an organization who needs to communicate something with the market can do it with a common set of messages and a common understanding of what the market should hear from them. While messaging is usually

created by the marketing team, it may be used by individuals and teams across a company, from executive leaders to product managers, sales representatives and other groups, in addition to the marketing team itself.

Messaging is an essential ingredient for a successful marketing campaign. A campaign may use existing messaging if its goal is tied to a topic for which messaging has already been developed. For example, existing brand messaging might be used to develop a brand-awareness campaign. If no suitable messaging exists, marketers may need to develop key messages expressly for a campaign.

Developing Key Messages

The key messages that make up a messaging document should do the following:

- Express the main idea you want people to understand and remember about your offering
- Resonate with the audience you are targeting, such that they pay attention and feel what you are saying matters
- Articulate clearly and concisely what you need to communicate about: e.g., what you stand for, why you are different, what value you offer, what problems you solve, etc.

The message content, as well as the voice, tone, and style of the message, may vary widely, depending on the organization's identity and what it wants to accomplish with the communication. All of these elements factor into the key messages and the creation of marketing communication artifacts based on the messaging.

Start with the Basics: What, Who, Why?

Message development starts with doing your homework about what the organization needs to accomplish. Revisit the company goals, objectives, and the marketing strategy to confirm the outcomes that the messaging is designed to help achieve. Consult any related positioning statements the organization has developed, because positioning lays out the foundation for what the organization wants to communicate. As you develop messaging, it's also a good idea to review any brand-platform content, since that content can help reinforce the organization's identity, voice, and values.

Next, confirm the audience(s) for the messaging: who are the target segments and stakeholders you need to reach? Some messaging documents outline different sets of key messages for different audiences, depending on what points are most important or convincing for the audience. For example, when company leaders must communicate publicly about poor quarterly earnings, they develop one set of key messages for investors, another set of key messages for employees, and a third set for customers. All these messages are related to one another, but the most important messages for an investor to hear may be different from what employees need to hear.

Identify key words and ideas you want to associate with your organization, product, service, or offering. These words and phrases may figure prominently in the messaging you develop, to help it stand out and differentiate your organization. Also, conduct a competitive messaging analysis to capture what key messages, words, and concepts other organizations are using. Your messaging should avoid sounding like everybody else.

Draft Message Statements

With your audience and objectives in mind, begin drafting key message statements. If you could make only a few key points to your target audience, what would those points be? As you write these message statements, keep the following criteria in mind. Key messages should be:

- **Concise:** Key message statements should be clear and concise, ideally just one sentence long–but not a long, run-on sentence.
- **Simple:** Key messages should use language that is easy for target audiences to understand. You should avoid acronyms, jargon, and flowery or bureaucratic-sounding language.
- **Strategic:** Key messages should differentiate your organization and what you stand for, while articulating the value proposition or key benefits you offer.
- **Convincing:** Messaging should include believable, meaningful information that creates a sense of urgency and stimulates action. Message wording should be decisive and active, rather than passive.
- **Relevant:** Key messages should matter to the audience; they should communicate useful, relevant information that the audience finds appealing not only on a logical or rational level but also on an emotional level.
- **Memorable:** Key messages should stick in the mind, so the impression they make is easy to recall.

- **Tailored:** Messaging must communicate effectively with intended target audiences. This means the messaging should reflect the target audience's unique needs, priorities, issues, terminology, relationship to the organization, and other distinguishing factors that might help the messaging better communicate with that audience.

A tip: Don't worry too much about word-smithing as you develop a first draft of key messages. Get your initial thinking down on paper quickly, and then go back to check against the criteria above as you refine the wording. Remember, you only need a handful of key messages—just one to three well-crafted statements—so don't slave over trying to fill an entire page.

Organize a Messaging Framework

Once you have drafted an initial set of key messages, it is helpful to prioritize and organize them into a framework that helps you tell a coherent story. Marketers use a variety of different frameworks for this purpose. A simple, standard messaging framework is illustrated in the figure below.

This framework includes key messaging components introduced elsewhere in this course: the brand promise, positioning statement, and target audience. By bringing these elements into the messaging document, it is easy to spot disconnects or confirm alignment between the day-to-day talking points (the primary message and message pillars), the audience, and what the organization stands for (as expressed in the brand promise and positioning statement).

The primary message is sometimes referred to as an *elevator pitch*. Think of it as the one to three sentences you would say to a member of your target audience if you had just thirty seconds with them in an elevator. In that short time, you need to get across the core ideas. As you review the initial key messages you drafted, identify the most important ideas. Refine them into a concise statement that expresses your primary message.

To support this primary message, identify one to three *message pillars* that further substantiate the primary message or elevator pitch. When the elevator pitch is expressing a value proposition, the message pillars are usually the key benefits delivered by the value proposition. When the elevator pitch is arguing a position, the message pillars are the key reasons the target audience should believe what is being argued. To identify your message pillars, review the initial messages you drafted. It is likely that your initial work captures some of those pillars or arguments that provide great support for your primary message.

For each message pillar, identify at least three convincing proof points, or reasons the target audience should believe what you tell them. Proof points may come from a variety of sources: actual statistics or data points from research or your customer base; product features and the benefits they deliver; customers' success stories; and so forth. Their purpose is to provide evidence and add credibility to the messages you want to communicate.

As marketers turn messaging into marketing communication artifacts, the proof points also provide ideas for marketing content: case studies, white papers, advertisement copy, and so forth. They help fill out details around the messaging story you are telling to your target segment(s).

Finally, add a *call to action*. A call to action is an instruction to the target audience about what you want them to do, once they have heard and digested your messages. Usually it is an imperative verb: *Register now*. *Try this new product. Visit this place. Vote for this person.* Although each individual marketing communication piece you create for an IMC campaign might have its own specific call to action, it is helpful to decide on an overarching call to action that identifies the behavioral change you want to incite in your target audience. This call to action serves an important role of making sure that the messages do a good job of convincing the target audience to change their behavior and do what you want them to do. If the messaging doesn't seem powerful enough to convince people to take action, you need to revisit the messaging and make it more compelling.

The primary purpose of message architecture is to help you make sure that everything you communicate ultimately ties back to the major points you want audiences to know and believe about you. As you finish filling out your message architecture, review it and check for alignment at each level. Each level of the architecture should provide consistency and support for the other levels. If you spot disconnects, work to refine the messaging so there is strong alignment.

Refine Your Work

After completing your message architecture, set it aside for a day or so. Then come back and go through the following checklist. Make revisions and refinements where needed.

- **Alignment:** Recheck your messaging for alignment. Make sure all levels of the messaging framework are consistent with one another.
- **Hearts and Minds:** Identify where your messaging is working at a rational level and where it's working at an emotional level. To be compelling enough to spark a change in behavior, it must appeal to both.
- **Strategy:** Confirm that the messaging complements your organizational, marketing, and brand strategies. If it isn't getting you further along those paths, it isn't doing its job.
- **Differentiation:** Review your messaging with competitors in mind. Your messaging should set you apart and express messages only you can credibly own. It should be more than just "me, too" catch-up to the competition.
- **Tone:** When you read your messages out loud, your language should sound natural and conversational. Your messaging should ring true; it should sound like it genuinely comes from your organization and the people who represent you.
- **Clarity:** If parts of your messaging sound vague or unclear, look for ways to reword them to make them more concise and concrete. People hearing the message should easily understand exactly what you mean.
- **Inspiration:** Your messaging should motivate and inspire your target audiences to take action. If it isn't compelling enough to do that, you need to make it stronger.

Once you have completed your messaging framework, test the messages with colleagues and internal stakeholders, as well as with members of your target segment(s). You can do this formally using marketing research techniques, or you can test the messages informally by using them in conversations and gauging whether they produce the desired reaction. Testing helps you figure out quickly what's working and where there is room for improvement.

Once your messaging framework is complete, you can apply it immediately to marketing campaigns and IMC activity. You should revisit the messaging periodically to make sure it's still having an impact on your target audiences and helping you achieve your goals.

A Messaging Framework Example

The simple messaging framework shown in Figure 1, above, is easy to use for a variety of different messaging purposes. It can also easily be adapted to include other elements that marketers decide are important to the organization and alignment of messaging.

Highfive's Messaging

Let's take a look at the messaging framework for Highfive, a video conferencing company. The goal of this messaging is to convey the central value proposition of the company and its conferencing product, and it demonstrates good alignment across different components of the messaging.[1]

- **Brand Promise:** Video conferencing you can actually love
- **Positioning Statement:** Highfive is the first video conferencing product designed to connect every employee and every conference room in your entire company
- **Target Audience:** 1, C-level Executive (influencer); 2, Director of IT (buyer); and 3, End-user (user)
- **Mission:** Our mission is to make every conversation face-to-face
- **Tone of Voice:** Empowering, progressive, human, and cheeky
- **Elevator Pitch:** Highfive is video conferencing you can actually love. We believe teams work best face-to-face. That's why we designed the first video conferencing product designed to connect every person and room in an organization. Highfive provides an all-in-one video conferencing hardware device that plugs into any TV screen, turning any ordinary meeting room into a video room. Highfive also provides cloud apps, which allow employees and guests to simply click a link from any laptop or mobile device and instantly connect face-to-face with anyone, anywhere. The hardware device costs the same as a high-end iPad and the cloud apps are free. We think video shouldn't be a boardroom luxury. It should be available everywhere.
- **Brand Pillars**
  - Easy
    - **Headline benefits:** Highfive is beautifully simple video conferencing you can start or join with a single click.
    - **Supporting examples:** Join calls from your calendar, SMS, or email by clicking a URL, hand off video calls from your personal device to a meeting room TV with a swipe or click—no remote control needed. 5-minute plug and play setup.
  - Everywhere
    - **Headline Benefits:** Twenty conference rooms for the price of one Cisco or Polycom system.
    - **Supporting Examples:** Comparable systems cost, about 15 thousand per room. At the price of an iPad, Highfive can be deployed in every room. Free apps let people stay connected at their desks or on the go.
  - Enterprise
    - **Headline Benefits:** Built for businesses, not social networking.
    - **Supporting Examples:** Must sign up with work email address, domain-based security model, enterprise reliability and security built by the same people that built Google Apps for Business.

In this example, marketers have left out the call to action, but they have introduced other components around which they want strong alignment: the company mission and brand voice. The rather long elevator pitch is well supported by clear, compelling message pillars, and the messaging offers ample proof points in the form of product features that substantiate the messaging claims. The messaging itself offers both rational reasons to believe the message (e.g., "simple conferencing you can start or join with a single click") and emotional benefits to inspire action (e.g., "video conferencing you can actually love . . ."). Finally, the overall tone of the messaging demonstrates strong alignment with the company's brand identity.

---

1. "How to Create Brand Messaging That Really Resonates." Salesforce Pardot, February 2, 2015. https://www.pardot.com/blog/how-to-create-brand-messaging-that-really-resonates/. ↵

CC licensed content, Original

- Defining the Message. **Authored by**: Lumen Learning. **License**: *CC BY: Attribution*

CC licensed content, Shared previously

- Important Message. **Authored by**: Patrick Denker. **Located at**: https://www.flickr.com/photos/pdenker/6001236724/. **License**: *CC BY: Attribution*

5.2: Defining the Message is shared under a not declared license and was authored, remixed, and/or curated by LibreTexts.

5.3: Marketing Communication Methods

What you'll learn to do: describe common methods of marketing communication, their advantages and disadvantages

A common challenge for people new to marketing is learning about the many marketing communication tools and methods now available and understanding how to use them effectively. Fortunately, most of us have first-hand experience of being on the receiving end of IMC—whether you like it or not, you are a consumer, and you've been the target of all kinds of marketing communication. You know the difference between an ad that gets your attention and one you just tune out, for example. You are familiar with the line between "persistent" and "annoying" when it comes to getting marketing-related emails or text messages. You recognize which buy-one-get-one-free offers are a great deal, and which ones seem like a racket.

All this experience will come in handy in this section and later in the course. You're getting closer to being on the other side of the wall, where you'll be tasked with using marketing communication methods and tools to devise your own marketing plan (in the last module of this course!). In this section, though, you'll get a chance to examine each of these marketing communication methods one by one. Fortunately, the underlying principles we've discussed up to this point apply to all of them: knowing your audience, defining strategy, setting objectives, crafting the message. Where paths diverge is in the tools themselves: how to design a great ad, how to produce a memorable event, how to get coverage for your organization in the news media, how to use email and social media skillfully for marketing purposes, and so on.

The next several readings provide a general overview of seven important marketing communication methods (shown in Figure 1, below) in common use today. This section will help you become familiar with each method, common tools associated with each method, how to use these methods effectively, and the advantages and disadvantages of each one. Some marketing professionals spend entire careers becoming specialists in one or more of these areas. Other marketers become generalists who are skilled at bringing together different tools–and experts–to execute effective IMC programs.

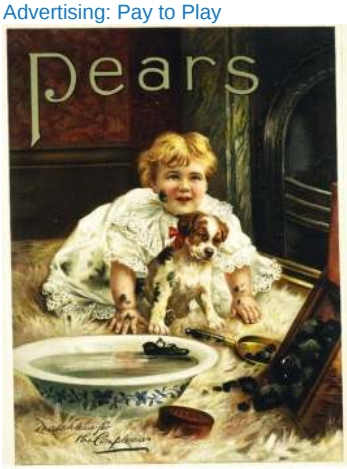
Figure 1. The Promotion Mix

Whether you think you're more of a generalist or a specialist, marketing offers great opportunities for creativity and experimentation. There will always be a new idea, strategy, tool, or combination of tactics that marketers can turn into IMC magic for their companies and their customers. As you learn about and gain experience with the basic tools and approaches, you'll see opportunities to try something new. And you should: in the marketing world, fresh is good!

The specific things you'll learn in this section include:

- Explain Advertising
- Explain Public Relations
- Explain Sales Promotions
- Explain Personal Selling
- Explain Direct Marketing
- Explain Digital Marketing
- Explain Guerrilla Marketing

Advertising: Pay to Play



A 1900 advertisement for Pears soap.

Advertising is any paid form of communication from an identified sponsor or source that draws attention to ideas, goods, services or the sponsor itself. Most advertising is directed toward groups rather than individuals, and advertising is usually delivered through media such as television, radio, newspapers and, increasingly, the Internet. Ads are often measured in *impressions* (the number of times a consumer is exposed to an advertisement).

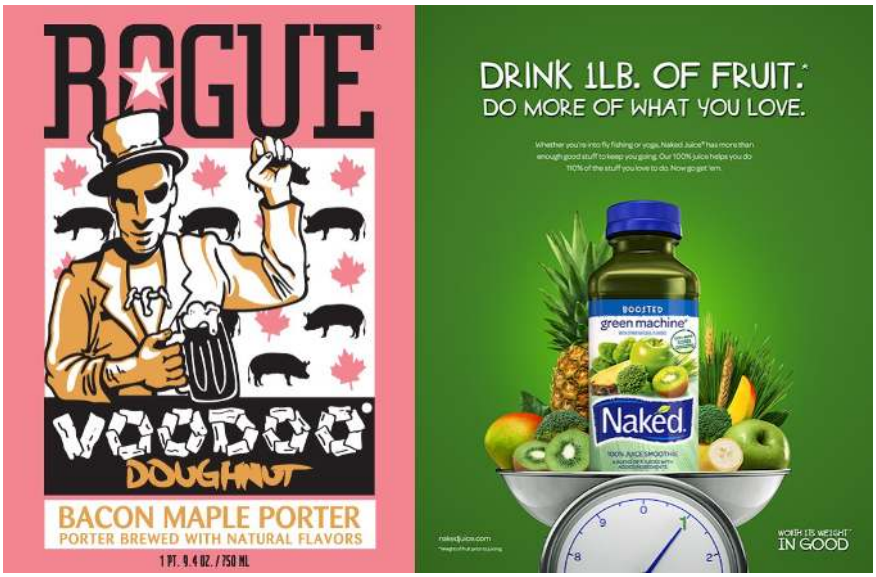
Advertising is a very old form of promotion with roots that go back even to ancient times. In recent decades, the practices of advertising have changed enormously as new technology and media have allowed consumers to bypass traditional advertising venues. From the invention of the remote control, which allows people to ignore advertising on TV without leaving the couch, to recording devices that let people watch TV programs but skip the ads, conventional advertising is on the wane. Across the board, television viewership has fragmented, and ratings have fallen.

Print media are also in decline, with fewer people subscribing to newspapers and other print media and more people favoring digital sources for news and entertainment. Newspaper advertising revenue has declined steadily since 2000.[1] Advertising revenue in television is also soft, and it is split across a growing number of broadcast and cable networks. Clearly companies need to move beyond traditional advertising channels to reach consumers. Digital media outlets have happily stepped in to fill this gap. Despite this changing landscape, for many companies advertising remains at the forefront of how they deliver the proper message to customers and prospective customers.

The Purpose of Advertising

Advertising has three primary objectives: to inform, to persuade, and to remind.

- **Informative Advertising** creates awareness of brands, products, services, and ideas. It announces new products and programs and can educate people about the attributes and benefits of new or established products.
- **Persuasive Advertising** tries to convince customers that a company's services or products are the best, and it works to alter perceptions and enhance the image of a company or product. Its goal is to influence consumers to take action and switch brands, try a new product, or remain loyal to a current brand.
- **Reminder Advertising** reminds people about the need for a product or service, or the features and benefits it will provide when they purchase promptly.



Left: Informative Advertising **Right:** Persuasive Advertising

Reminder Advertising

When people think of advertising, often **product-focused advertisements** are top of mind—i.e., ads that promote an organization's goods or services. **Institutional advertising** goes beyond products to promote organizations, issues, places, events, and political figures. **Public service announcements (PSAs)** are a category of institutional advertising focused on social-welfare issues such as drunk driving, drug use, and practicing a healthy lifestyle. Usually PSAs are sponsored by nonprofit organizations and government agencies with a vested interest in the causes they promote.

Advantages and Disadvantages of Advertising

As a method of marketing communication, advertising has both advantages and disadvantages. In terms of advantages, advertising creates a sense of credibility or legitimacy when an organization invests in presenting itself and its products in a public forum. Ads can convey a sense of quality and permanence, the idea that a company isn't some fly-by-night venture. Advertising allows marketers to repeat a message at intervals selected strategically. Repetition makes it more likely that the target audience will see and recall a message, which improves awareness-building results. Advertising can generate drama and human interest by featuring people and situations that are exciting or engaging. It can introduce emotions, images, and symbols that stimulate desire, and it can show how a product or brand compares favorably to competitors. Finally, advertising is an excellent vehicle for brand building, as it can create rational and emotional connections with a company or offering that translate into goodwill. As advertising becomes more sophisticated with digital media, it is a powerful tool for tracking consumer behaviors, interests, and preferences, allowing advertisers to better tailor content and offers to individual consumers. Through the power of digital media, memorable or entertaining advertising can be shared between friends and go viral—and viewer impressions skyrocket.

The primary disadvantage of advertising is cost. Marketers question whether this communication method is really cost-effective at reaching large groups. Of course, costs vary depending on the medium, with television ads being very expensive to produce and place. In contrast, print and digital ads tend to be much less expensive. Along with cost is the question of how many people an advertisement actually reaches. Ads are easily tuned out in today's crowded media marketplace. Even ads that initially grab attention can grow stale over time. While digital ads are clickable and interactive, traditional advertising media are not. In the bricks-and-mortar world, it is difficult for marketers to measure the success of advertising and link it directly to changes in consumer

perceptions or behavior. Because advertising is a one-way medium, there is usually little direct opportunity for consumer feedback and interaction, particularly from consumers who often feel overwhelmed by competing market messages.

Developing Effective Ads: The Creative Strategy

Effective advertising starts with the same foundational components as any other IMC campaign: identifying the target audience and the objectives for the campaign. When advertising is part of a broader IMC effort, it is important to consider the strategic role advertising will play relative to other marketing communication tools. With clarity around the target audience, campaign strategy, and budget, the next step is to develop the **creative strategy** for developing compelling advertising. The creative strategy has two primary components: the *message* and the *appeal*.

The **message** comes from the messaging framework discussed earlier in this module: what message elements should the advertising convey to consumers? What should the key message be? What is the call to action? How should the brand promise be manifested in the ad? How will it position and differentiate the offering? With advertising, it's important to remember that the ad can communicate the message not only with words but also potentially with images, sound, tone, and style.

Effective wordless advertisement

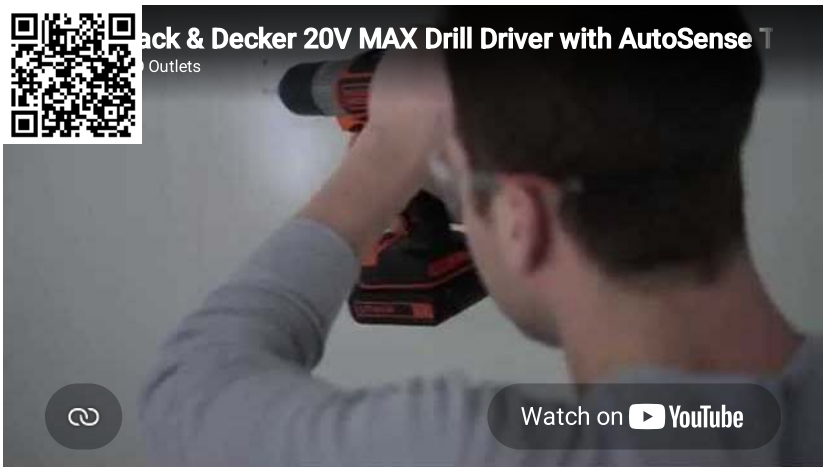
Marketers also need to consider existing public perceptions and other advertising and messages the company has placed in the market. Has the prior marketing activity resonated well with target audiences? Should the next round of advertising reinforce what went before, or is it time for a fresh new message, look, or tone?

Along with message, the creative strategy also identifies the **appeal**, or how the advertising will attract attention and influence a person's perceptions or behavior. Advertising appeals can take many forms, but they tend to fall into one of two categories: *informational* appeal and *emotional* appeal.

The **informational appeal** offers facts and information to help the target audience make a purchasing decision. It tries to generate attention using rational arguments and evidence to convince consumers to select a product, service, or brand. For example:

- More or better product or service features: Ajax "Stronger Than Dirt"
- Cost savings: Wal-Mart "Always Low Prices"
- Quality: John Deere "Nothing runs like a Deere"
- Customer service: Holiday Inn "Pleasing people the world over"
- New, improved: Verizon "Can you hear me now? Good."

The following Black+Decker commercial relies on an informational appeal to promote its product. (Note: There is no speech in this video; only instrumental music.)



The **emotional appeal** targets consumers' emotional wants and needs rather than rational logic and facts. It plays on conscious or subconscious desires, beliefs, fears, and insecurities to persuade consumers and influence their behavior. The emotional appeal is linked to the features and benefits provided by the product, but it creates a connection with consumers at an emotional level rather than a rational level. Most marketers agree that emotional appeals are more powerful and differentiating than informational appeals. However, they must be executed well to seem authentic and credible to the the target audience. A poorly executed emotional appeal can come across as trite or manipulative. Examples of emotional appeals include:

- Self-esteem: L'Oreal "Because I'm worth it"
- Happiness: Coca-Cola "Open happiness"
- Anxiety and fear: World Health Organization "Smoking Kills"
- Achievement: Nike "Just Do It"

- Attitude: Apple “Think Different”
- Freedom: Southwest “You are now free to move about the country”
- Peace of Mind: Allstate “Are you in good hands?”
- Popularity: NBC “Must-see TV”
- Germophobia: Chlorox “For life’s bleachable moments, there’s Chlorox”

The following Heinz Ketchup commercial offers a humorous example of an ad based entirely on an emotional appeal:

Developing the Media Plan

The media plan is a document that outlines the strategy and approach for an advertising campaign, or for the advertising component in an IMC campaign. The media plan is developed simultaneously with the creative strategy. A standard media plan consists of four stages: (a) stating media objectives; (b) evaluating media; (c) selecting and implementing media choices; and (d) determining the media budget.

Media objectives are normally started in terms of three dimensions:

- *Reach:* number of different persons or households exposed to a particular media vehicle or media schedule at least once during a specified time period.
- *Frequency:* the number of times within a given time period that a consumer is exposed to a message.
- *Continuity:* the timing of media assertions (e.g. 10 per cent in September, 20 per cent in October, 20 per cent in November, 40 per cent in December and 10 per cent the rest of the year).

The process of **evaluating media** involves considering each type of advertising available to a marketer, and the inherent strengths and weaknesses associated with each medium. The table below outlines key strengths and weaknesses of major types of advertising media. Television advertising is a powerful and highly visible medium, but it is expensive to produce and buy air time. Radio is quite flexible and inexpensive, but listenership is lower and it typically delivers fewer impressions and a less-targeted audience. Most newspapers and magazines have passed their advertising heydays and today struggle against declining subscriptions and readership. Yet they can be an excellent and cost-effective investment for reaching some audiences. Display ads offer a lot of flexibility and creative options, from wrapping busses in advertising to creating massive and elaborate 3-D billboards. Yet their reach is limited to their immediate geography. Online advertising such as banner ads, search engine ads, paid listings, pay-per-click links and similar techniques offers a wide selection of opportunities for marketers to attract and engage with target audiences online. Yet the internet is a very crowded place, and it is difficult to for any individual company to stand out in the crowd.

Table: Advertising Media Strengths and Weaknesses

Advertising Media Type	Strengths	Weaknesses
Television	• Strong emotional impact • Mass coverage/small cost per impression • Repeat message • Creative flexibility • Entertaining/prestigious	• High costs • High clutter (too many ads) • Short-lived impression • Programming quality • Schedule inflexibility
Radio	• Immediacy • Low cost per impression • Highly flexible	• Limited national coverage • High clutter • Less easily perceived during drive time • Fleeting message
Newspapers	• Flexibility (size, timing, etc.) • Community prestige • Market coverage • Offer merchandising services • Reader involvement	• Declining readership • Short life • Technical quality • Clutter
Magazines	• Highly segmented audiences • High-profile audiences • Reproduction quality	• Inflexible • Narrow audiences • Waste circulation
Display Ads: Billboards, Posters, Flyers, etc.	• Mass coverage/small cost per impression • Repeat message • Creative flexibility	• High clutter • Short-lived impression
Online Ads (including mobile): Banner ads, search ads, paid listings, pay-per-click links, etc.	• Highly segmented audiences • Highly measurable • Low cost per impression • Immediacy; link to interests, behavior • Click-thru and code allow further interaction • Timing flexibility	• High clutter • Short-lived impression • Somewhat less flexibility in size, format

The evaluation process requires research to to assess options for reaching their target audience with each medium, and how well a particular message fits the audience in that medium. Many advertisers rely heavily on the research findings provided by the medium, by their own experience, and by subjective appraisal to determine the best media for a given campaign.

To illustrate, if a company is targeting young-to-middle-aged professional women to sell beauty products, the person or team responsible for the media plan should evaluate what options each type of media offers for reaching this audience. How reliably can television, radio, newspapers or magazines deliver this audience? Media organizations maintain carefully-researched information about the size, demographics and other characteristics of their viewership or readership. Cable and broadcast TV networks know which shows are hits with this target demographic and therefore which advertising spots to sell to a company targeting professional women. Likewise newspapers know which sections attract the eyeballs of female audiences, and magazines publishers understand very well the market niches their publications fit. Online advertising becomes a particularly powerful tool for targeted advertising because of the information it captures and tracks about site visitors: who views and clicks on ads, where they visit and what they search for. Not only does digital advertising provide the opportunity to advertise on sites that cater to a target audience of professional women, but it can identify which of these women are searching for beauty products, and it can help a company target these individuals more intensely and provide opportunities for follow-up interaction.

The following video further explains how digital advertising targets and tracks individuals based on their expressed interests and behaviors.

Read the transcript for the video "Behavioral Targeting."

Selection and Implementation

The media planner must make decisions about the media mix and timing, both of which are restricted by the available budget. The media-mix decision involves choosing the best combination of advertising media to achieve the goals of the campaign. This is a difficult task, and it usually requires evaluating each medium quantitatively and qualitatively to select a mix that optimizes

reach and budget.

Unfortunately, there are few valid rules of thumb to guide this process, in part because it is difficult to compare audiences across different types of advertising media. For example, Nielsen ratings measure audiences based on TV viewer reports of the programs watched, while outdoor (billboard) audience-exposure estimates are based on counts of the number of automobiles that pass particular outdoor poster locations. The “timing of media” refers to the actual placement of advertisements during the time periods that are most appropriate, given the selected media objectives. It includes not only the scheduling of advertisements, but also the size and position of the advertisement.

There are three common patterns for advertising scheduling:

1. **Continuous** advertising runs ads steadily at a given level indefinitely. This schedule works well products and services that are consumed on a steady basis throughout the year, and the purpose of advertising is to nudge consumers, remind them and keep a brand or product top-of-mind.
2. **Flighting** involves heavy spurts of advertising, followed by periods with no advertising. This type of schedule makes sense for products or services that are seasonal in nature, like tax services, as well as one-time or occasional events.
3. **Pulsing** mixes continuous scheduling with flighting, to create a constant drum-beat of ads, with periods of greater intensity. This approach matches products and services for which there is year-round appeal, but there may be some seasonality or periods of greater demand or intensity. Hotels and airlines, for example, might increase their advertising presence during the holiday season.

Budget

When considering advertising as a marketing communication method, companies need to balance the cost of advertising–both of producing the advertising pieces and buying placement—against the total budget for the IMC program. The selection and scheduling of media have a huge impact on budget: advertising that targets a mass audience is generally more expensive than advertising that targets a local or niche audience. It is important for marketers to consider the contribution advertising will make to the whole. Although advertising is generally one of the more expensive parts of the promotion mix, it may be a worthwhile investment if it contributes substantially to the reach and effectiveness of the whole program. Alternatively, some marketers spend very little on advertising because they find other methods are more productive and cost-effective for reaching their target segments.

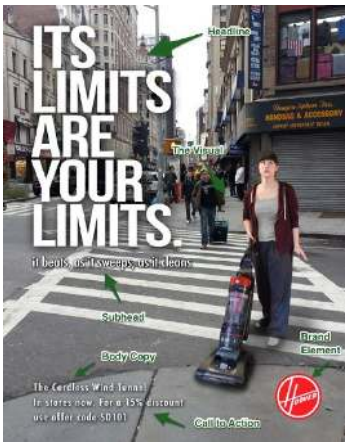
Anatomy of an Advertisement

Advertisements use several common elements to deliver the message. The **visual** is the picture, image, or situation portrayed in the advertisement. The visual also considers the emotions, style, or look-and-feel to be conveyed: should the ad appear tender, businesslike, fresh, or supercool? All of these considerations can be conveyed by the visual, without using any words.

The **headline** is generally what the viewer reads first—i.e., the words in the largest typeface. The headline serves as a hook for the appeal: it should grab attention, pique interest, and cause the viewer to keep reading or paying attention. In a radio or television ad, the headline equivalent might be the voice-over of a narrator delivering the primary message, or it might be a visual headline, similar to a print ad.

In print ads, a **subhead** is a smaller headline that continues the idea introduced in the headline or provides more information. It usually appears below the headline and in a smaller typeface. The **body copy** provides supporting information. Generally it appears in a standard, readable font. The **call to action** may be part of the body copy, or it may appear elsewhere in a larger typeface or color treatment to draw attention to itself.

A variety of **brand elements** may also appear in an advertisement. These include the name of the advertiser or brand being advertised, the logo, a tagline, hashtag, Web site link, or other standard “branded” elements that convey brand identity. These elements are an important way of establishing continuity with other marketing communications used in the IMC campaign or developed by the company. For example, print ads for an IMC campaign might contain a campaign-specific tagline that also appears in television ads, Website content, and social media posts associated with the campaign.



Hoover advertisement with ad elements shown.

Ad Testing and Measurement

When organizations are poised to make a large investment in any type of advertising, it is wise to conduct marketing research to test the advertisements with target audiences before spending lots of money on ads and messages that may not hit the mark. Ad testing may preview messages and preliminary ad concepts with members of a target segment to see which ones resonate best and get insight about how to fine-tune messages or other aspects of the ad to make them more effective. Organizations may conduct additional testing with near-final advertising pieces to do more fine-tuning of the messages and visuals before going public.

To gauge the impact of advertising, organizations may conduct pre-tests and post-tests of their target audience to measure whether advertising has its intended effect. A pre-test assesses consumer attitudes, perceptions, and behavior before the advertising campaign. A post-test measures the same things afterward to determine how the ads have influenced the target audience, if at all.

Companies may also measure sales before, during, and after advertising campaigns run in the geographies or targets where the advertising appeared. This provides information about the *return on investment* for the campaign, which is how much the advertising increased sales relative to how much money it cost to execute. Ideally advertising generates more revenue and, ultimately profits, than it costs to mount the advertising campaign.

Public Relations: Getting Attention to Polish Your Image

Public relations (PR) is the process of maintaining a favorable image and building beneficial relationships between an organization and the public communities, groups, and people it serves. Unlike advertising, which tries to create favorable impressions through paid messages, public relations does not pay for attention and publicity. Instead, PR strives to earn a favorable image by drawing attention to newsworthy and attention-worthy activities of the organization and its customers. For this reason, PR is often referred to as "free advertising."

In fact, PR is not a costless form of promotion. It requires salaries to be paid to people who oversee and execute PR strategy. It also involves expenses associated with events, sponsorships and other PR-related activities.

The Purpose of Public Relations

Like advertising, public relations seeks to promote organizations, products, services, and brands. But PR activities also play an important role in identifying and building relationships with influential individuals and groups responsible for shaping market perceptions in the industry or product category where an organization operates. Public relations efforts strive to do the following:

- Build and maintain a positive image
- Inform target audiences about positive associations with a product, service, brand, or organization
- Maintain good relationships with *influencers*—the people who strongly influence the opinions of target audiences
- Generate goodwill among consumers, the media, and other target audiences by raising the organization's profile
- Stimulate demand for a product, service, idea, or organization
- Head off critical or unfavorable media coverage

When to Use Public Relations

Public relations offers an excellent toolset for generating attention whenever there is something newsworthy that marketers would like to share with customers, prospective customers, the local community, or other audiences. PR professionals maintain relationships with reporters and writers who routinely cover news about the company, product category, and industry, so they can alert media organizations when news happens. At times, PR actually creates activities that are newsworthy, such as establishing a scholarship program or hosting a science fair for local schools. PR is involved in publishing general information about an organization, such as an annual report, a newsletter, an article, a white paper providing deeper information about a topic of interest, or an informational press kit for the media. PR is also responsible for identifying and building relationships with influencers who help shape opinions in the marketplace about a company and its products. When an organization finds itself facing a public emergency or crisis of some sort, PR professionals play an important role strategizing and managing communications with various stakeholder groups, to help the organization respond in effective, appropriate ways and to minimize damage to its public image.

To illustrate, PR techniques can help marketers turn the following types of events into opportunities for media attention, community relationship building, and improving the organization's public image:

- Your organization develops an innovative technology or approach that is different and better than anything else available.
- One of your products wins a "best in category" prize awarded by a trade group.
- You enter into a partnership with another organization to collaborate on providing broader and more complete services to a target market segment.
- You sponsor and help organize a 10K race to benefit a local charity.
- You merge with another company.
- You conduct research to better understand attitudes and behaviors among a target segment, and it yields insights your customers would find interesting and beneficial.
- A customer shares impressive and well-documented results about the cost savings they have realized from using your products or services.
- Your organization is hiring a new CEO or other significant executive appointment.
- A quality-assurance problem leads your company to issue a recall for one of your products.

It is wise to develop a PR strategy around strengthening relationships with any group that is important in shaping or maintaining a positive public image for your organization: reporters and media organizations; industry and professional associations; bloggers; market or industry analysts; governmental regulatory bodies; customers and especially leaders of customer groups, and so forth. It is also wise to maintain regular, periodic communications with these groups to keep them informed about your organization and its activities. This helps build a foundation of familiarity and trust, so these relationships are established and resilient through the ups and downs of day-to-day business.

The following video, about Tyson Foods' "Meals That Matter" program, shows how one company cooked up an idea that is equal parts public relations and corporate social responsibility (CSR). The video covers the Tyson disaster-relief team delivering food to the residents of Moore, Oklahoma, shortly after tornados struck the area on May 20, 2013. The company received favorable publicity following the inauguration of the program in 2012. (You can read one of the articles here: "Tyson Foods Unveils Disaster Relief Mobile Feeding Unit.")

Standard Public Relations Techniques

Public relations encompasses a variety of marketing tactics that all share a common focus: managing public perceptions. The most common PR tools are listed in the following table and discussed below.

Tools for managing public relations

Public Relations Technique	Role and Description	Examples
Media Relations	Generate positive news coverage about the organization, its products, services, people, and activities	Press release, press kit, and interview leading to a news article about a new product launch; press conference
Influencer/Analyst Relations	Maintain strong, beneficial relationships with individuals who are thought leaders for a market or segment	Product review published by a renowned blogger; company profile by an industry analyst; celebrity endorsement
Publications and Thought Leadership	Provide information about the organization, showcase its expertise and competitive advantages	Organization's annual report; newsletters; white papers focused on research and development; video case study about a successful customer
Events	Engage with a community to present information and an interactive "live" experience with a product, service, organization or brand	User conference; presentation of a keynote address; day-of-community-service event
Sponsorships	Raise the profile of an organization by affiliating it with specific causes or activities	Co-sponsoring an industry conference; sponsoring a sports team; sponsoring a race to benefit a charity
Award Programs	Generate recognition for excellence within the organization and/or among customers	Winning an industry "product of the year" award; nominating customer for an outstanding achievement award
Crisis Management	Manage perceptions and contain concerns in the face of an emergency situation	Oversee customer communication during a service outage or a product recall; execute action plan associated with an environmental disaster

Media relations is the first thing that comes to mind when many people think of PR: public announcements about company news, talking to reporters, and articles about new developments at a company. But media relations is the tip of the iceberg. For many industries and product categories, there are influential bloggers and analysts writing about products and the industry. PR plays an important role in identifying and building relationships with these individuals. Offering periodic "company update" briefings, newsletters, or email updates helps keep these individuals informed about your organization, so you are top of mind.

The people responsible for PR are also involved in developing and distributing general information about an organization. This information may be in the form of an annual report, a "state of the company" briefing call, video pieces about the company or its customers, and other **publications** that convey the company's identity, vision, and goals. "Thought leadership" publications assert the company's expertise and position of leading thought, practice, or innovation in the field. These publications should always be mindful of the same messaging employed for other marketing activities to ensure that everything seems consistent and well aligned.

While some consider event marketing a marketing communication method of its own, others categorize it with public relations as we have done here. **Events**, such as industry conferences or user group meetings, offer opportunities to present the company's value proposition, products, and services to current and prospective customers. Themed events, such as a community service day or a healthy lifestyle day, raise awareness about causes or issues with with the organization wants to be affiliated in the minds of its employees, customers, and other stakeholder groups. A well-designed and well-produced event also offers opportunities for an organization to provide memorable interaction and experiences with target audiences. An executive leader can offer a visionary speech to generate excitement about a company and the value it provides—now or in the future. Events can help cement brand loyalty by not only informing customers but also forging emotional connections and goodwill.

Sponsorships go hand-in-hand with events, as organizations affiliate themselves with events and organizations by signing on to co-sponsor something available to the community. Sponsorships cover the gamut: charitable events, athletes, sports teams, stadiums, trade shows and conferences, contests, scholarships, lectures, concerts, and so forth. Marketers should select sponsorships carefully to make sure that they are affiliating with activities and causes that are well managed and strategically aligned with the public image they are trying to cultivate.

Innovation Award, sponsored by IBM and the United Nations Development Program, being given to Kenya's Information and Communication Technology Authority

Award programs are another common PR tool. Organizations can participate in established award programs managed by trade groups and media, or they can create award programs that target their customer community. Awards provide opportunities for public recognition of great work by employees and customers. They can also help organizations identify great targets for case studies and public announcements to draw attention to how customers are benefitting from an organization's products and services.

Crisis management is an important PR toolset to have on hand whenever it may be needed. Few companies choose this as a promotional technique if other options are available. But when crises emerge, as inevitably they do, PR provides structure and discipline to help company leaders navigate the crisis with communications and actions that address the needs of all stakeholders. Messaging, communication, listening, and relationship building all come to the fore. When handled effectively, these incidents may help an organization emerge from the crisis stronger and more resilient than it was before. This is the power of good PR.

Advantages and Disadvantages of Public Relations

Because PR activity is earned rather than paid, it tends to carry more credibility and weight. For example, when a news story profiles a customer's successful experience with a company and its products, people tend to view this type of article as less biased (and therefore more credible) than a paid advertisement. The news story comes from an objective reporter who feels the story is worth telling. Meanwhile an advertisement on a similar topic would be viewed with skepticism because it is a paid placement from a biased source: the ad sponsor.

Advantages of Public Relations[2]

1. **The opportunity to amplify key messages and milestones.** When PR activities are well-aligned with other marketing activities, organizations can use PR to amplify the things they are trying to communicate via other channels. A press release about a new product, for example, can be timed to support a marketing launch of the product and conference where the product is unveiled for the first time.
2. **Believable.** Because publicity is seen to be more objective, people tend to give it more weight and find it more credible. Paid advertisements, on the other hand, are seen with a certain amount of skepticism, since people that companies can make almost any kind of product claim they want.
3. **Employee pride.** Organizing and/or sponsoring charitable activities or community events can help with employee morale and pride (both of which get a boost from any related publicity, too). It can also be an opportunity for teamwork and collaboration.
4. **Engaging people who visit your Web site.** PR activities can generate interesting content that can be featured on your organization's Web site. Such information can be a means of engaging visitors to the site, and it can generate interest and traffic long after the PR event or moment has passed. Industry influencers may visit the site, too, to get updates on product developments, growth plans, or personnel news, etc.

Disadvantages of Public Relations[3]

1. **Cost.** Although publicity is usually less expensive to organize than advertising, it isn't "free." A public relations firm may need to be hired to develop campaigns, write press releases, and speak to journalists. Even if you have in-house expertise for this work, developing publicity materials can take employees away from their primary responsibilities and drain off needed resources.
2. **Lack of control.** There's no guarantee that a reporter or industry influencer will give your company or product a favorable review—it's the price you pay for "unbiased" coverage. You also don't have any control over the accuracy or thoroughness of the coverage. There's always a risk that the journalist will get some facts wrong or fail to include important details.
3. **Missing the mark.** Even if you do everything right—you pull off a worthy event and it gets written up by a local newspaper, say—your public relations effort can fall short and fail to reach enough or the right part of your target audience. It doesn't do any good if the reporter's write-up is very short or it appears in a section of the paper that no one reads. This is another consequence of not being able to fully control the authorship, content, and placement of PR.

PR and Integrated Marketing Communication

Public relations activities can provide significantly greater benefits to organizations when they happen in conjunction with a broader IMC effort, rather than on their own. Because PR focuses heavily on communication with key stakeholder groups, it stands to reason that other marketing communication tools should be used in conjunction with public relations. For example:

- Press releases can be distributed to media contacts, customers, and other stakeholder groups via email marketing campaigns that might also include additional information or offers—such as an invitation to a webinar to learn more about the subject of the press release.
- Press releases are posted to the Web site to update content and provide a greater body of information for Web site visitors
- Event presentations and other activities should align with an organization's broader marketing strategy, goals, and messaging. Everything should be part of the same, consistent approach and theme—e.g., the topics of speeches, information available in trade show booths, interactions with event participants via email and social media, etc.
- Sponsorship activities often provide an opportunity to advertise at the event, as well. Naturally it is important for there to be good alignment between these advertising opportunities, company messaging, and the audience for the sponsored activity.
- A thought-leadership piece, such as an article or a white paper authored by a company leader, can be published on the Web site and incorporated into an email marketing campaign that targets selected audiences

Smart marketers consider PR tools in concert with other marketing activity to determine how to make the greatest impact with their efforts. Because PR activities often involve working with many other people inside and outside the organization, they usually need a long lead time in order to come together in the desired time frame. Event planning happens months (and sometimes years) in advance of the actual event itself. Press releases and public announcements can be mapped out over several months to give marketers and other stakeholders plenty of time to prepare and execute effectively. PR is undoubtedly a powerful toolset to amplify other marketing efforts.

Sales Promotions

Sales promotion helps make personal selling and advertising more effective. Sales promotions are marketing events or sales efforts—not including traditional advertising, personal selling, and public relations—that stimulate buying. Sales promotion can be developed as part of the social media or e-commerce effort just as advertising can, but the methods and tactics are much different. Sales promotion is a $300 billion—and growing— industry. Sales promotion is usually targeted toward either of two distinctly different markets. Consumer sales promotion is targeted to the ultimate consumer market. Trade sales promotion is directed to members of the marketing channel, such as wholesalers and retailers.

The goal of many promotion tactics is immediate purchase. Therefore, it makes sense when planning a sales-promotion campaign to target customers according to their general behavior. For instance, is the consumer loyal to the marketer's product or to the competitor's? Does the consumer switch brands readily in favor of the best deal? Does the consumer buy only the least expensive product, no matter what? Does the consumer buy any products in your category at all?

Proctor & Gamble

Figure 1. Pet lovers want the best for their animals, and choosing a proper diet is an essential part of raising happy, healthy pets. That's why many dog food providers such as Purina and Blue Buffalo are creating specific size- and age-appropriate diets for dogs. (Credit: Ted Van Pelt/ Flickr/ Attribution 2.0 Generic (CC BY 2.0))

Procter & Gamble believes shoppers make up their mind about a product in about the time it takes to read this paragraph.

This "first moment of truth," as P&G calls it, is the three to seven seconds when someone notices an item on a store shelf. Despite spending billions on traditional advertising, the consumer-products giant thinks this instant is one of its most important marketing opportunities. It recently created a position entitled Director of First Moment of Truth, or Director of FMOT (pronounced "EFF-mott"), to produce sharper, flashier in-store displays. There is a 15-person FMOT department at P&G headquarters in Cincinnati as well as 50 FMOT leaders stationed around the world.[4]

One of P&G's most prominent in-store promotions has been for a new line of Pampers. In the United States, P&G came up with what it calls a "shopper concept"—a single promotional theme that allows it to pitch products in a novel way. The theme for Pampers was "Babies First." In stores, the company handed out information on childhood immunizations, car-seat safety, and healthy diets while promoting its diapers and wipes in other parts of the store. To market Pampers diapers in the United Kingdom, P&G persuaded retailers earlier this year to put fake doorknobs high up on restroom doors, to remind parents how much babies need to stretch.

Figure 2. Free samples of Starbucks Mocha Toffee Latte

Sales Promotion Techniques

Most consumers are familiar with common sales promotion techniques including samples, coupons, point-of-purchase displays, premiums, contents, loyalty programs and rebates.

Do you like free samples? Most people do. A **sample** is a sales promotion in which a small amount of a product that is for sale is given to consumers to try. Samples encourage trial and an increased awareness of the product. You have probably purchased a product that included a small free sample with it—for example, a small amount of conditioner packaged with your shampoo. Have you ever gone to a store that provided free samples of different food items? The motivation behind giving away samples is to get people to buy a product. Although sampling is an expensive strategy, it is usually very effective for food products. People try the product, the person providing the sample tells consumers about it, and mentions any special pricing or offers for the product.

The objectives of a promotion depend on the general behavior of target consumers, as described in Table 1. For example, marketers who are targeting loyal users of their product don't want to change behavior. Instead, they want to reinforce existing behavior or increase product usage. Frequent-buyer programs that reward consumers for repeat purchases can be effective in strengthening brand loyalty. Other types of promotions are more effective with customers prone to brand switching or with those who are loyal to a competitor's product. Cents-off coupons, free samples, or an eye-catching display in a store will often entice shoppers to try a different brand.

The use of sales promotion for services products depends on the type of services. Consumer services, such as hairstyling, rely heavily on sales promotions (such as providing half off the price of a haircut for senior citizens on Mondays). Professional services, however, use very little sales promotion. Doctors, for example, do not often use coupons for performing an appendectomy, for example. In fact, service product companies must be careful not to utilize too many sales-promotion tactics because they can lower the credibility of the firm. Attorneys do not have a sale on providing services for divorce proceedings, for example.

Table 1. Types of Consumers and Sales Promotion Goals

Type of Behavior	Desired Results	Sales Promotion Examples
Loyal customers: People who buy your product most or all of the time	Reinforce behavior, increase consumption, change purchase timing	Loyalty marketing programs, such as frequent-buyer cards and frequent-shopper clubs. Bonus packs that give loyal consumers an incentive to stock up or premiums offered in return for proof of purchase.
Competitor's customers: People who buy a competitor's product most or all of the time	Break loyalty, persuade to switch to your brand	Sweepstakes, contests, or premiums that create interest in the product
Brand switchers: People who buy a variety of products in the category	Persuade to buy your brand more often	Sampling to introduce your product's superior qualities compared to their brand
Price buyers: People who consistently buy the least expensive brand	Appeal with low prices or supply added value that makes price less important	Trade deals that help make the product more readily available than competing products. Coupons, cents-off packages, refunds, or trade deals that reduce the price of the brand to match that of the brand that would have been purchased.

Figure 3. Whether making a cameo appearance or starring in a major role, brands are top talent in the entertainment world. NASCAR drivers, racing cars, and tracks are speckled with corporate brands, and Coca-Cola sits at the judges' table on American Idol. Does product placement blur the lines between advertising and content, and should viewers be concerned? (Credit: roger blake/ Flickr/ Attribution 2.0 Generic (CC BY 2.0))

Two growing areas of sales promotion are couponing and product placement. American consumers receive over $321 billion worth of coupons each year and redeem about $3 billion.[5] Almost 85 percent of all Americans redeem coupons. Sunday newspaper supplements remain the number one source, but there has been explosive growth of online or consumer-printed coupons. General Mills, Kimberly-Clark, and General Electric like online coupons because they have a higher redemption rate. Coupons are used most often for grocery shopping. Do they save you money? One study found that people using coupons at the grocery store spent eight percent more than those who didn't.[6]

Product placement is paid inclusion of brands in mass media programming. This includes movies, TV, books, music videos, and video games. So when you see Ford vehicles in the latest James Bond movie or Tom Hanks putting on a pair on Nikes on-screen, that is product placement. Product placement has become a huge business. For example, companies paid more than $6 billion in a recent year to have their products placed prominently in a film or television program; that figure is expected to reach more than $11 billion by 2019.[7] It is easy to go overboard with this trend and be portrayed as a parody, however. The 2017 *Emoji Movie* is an example of failed product placements. The theme of the movie centered on various emojis caught in a smartphone as they are forced to play Candy Crush and say glowing things about such apps as Dropbox and Instagram as they make their way through the phone.[8] Also, some have suggested that product placement might doom the products and companies. For example, Atari products appeared in the classic 1982 film *Blade Runner*, but the original company went out of business shortly after the movie was released, while another product, the Cuisinart food processor, had to settle a price-fixing scandal after making an appearance in the film. This has not stopped companies such as Sony, Peugeot, and Coca-Cola from tempting fate by appearing in the recently released *Blade Runner 2049*.[9] Many large companies are cutting their advertising budgets to spend more on product placements. One area of product placement that continues to raise ethical issues is so-called "experts" being paid to mention brands on the air.

Contests and sweepstakes are also popular consumer sales promotions. **Contests** are games of skill offered by a company, that offer consumers the chance to win a prize. Cheerios' *Spoonfuls of Stories* contest, for example, invited people to submit an original children's story and the chance to win money and the opportunity to have their story published. **Sweepstakes** are games of chance people enter for the opportunity to win money or prizes. Sweepstakes are often structured as some variation on a random drawing. The companies and organizations that conduct these activities hope consumers will not only enter their games, but also buy more of their products and ideally share their information for future marketing purposes. As the following video shows, marketers have become increasingly sophisticated in the way they approach this "gaming" aspect of sales promotions.

Read the transcript for the video "Gamification."

Which Sales Promotions Work Best, and When?

Although different types of sales promotions work best for different organizations, rebates are very profitable for companies because, as you have learned, many consumers forget to send in their rebate forms. In a weak economy, consumers tend to use more coupons, but they also buy more store brands. Coupons available online or at the point of purchase are being used more often by consumers. Trade shows can be very successful, although the companies that participate in them need to follow-up on the leads generated at the shows.

Advantages and Disadvantages of Sales Promotions[10]

In addition to their primary purpose of boosting sales in the near term, companies can use consumer sales promotions to help them understand price sensitivity. Coupons and rebates provide useful information about how pricing influences consumers' buying behavior. Sales promotions can also be a valuable–and sometimes sneaky–way to acquire contact information for current and prospective customers. Many of these offers require consumers to provide their names and other information in order to participate. Electronically-scanned coupons can be linked to other purchasing data, to inform organizations about buying habits. All this information can be used for future marketing research, campaigns and outreach.

Consumer sales promotions can generate loyalty and enthusiasm for a brand, product, or service. Frequent flyer programs, for example, motivate travelers to fly on a preferred airline even if the ticket prices are somewhat higher. If sales have slowed, a promotion such as a sweepstakes or contest can spur customer excitement and (re)new interest in the company's offering. Sales promotions are a good way of energizing and inspiring customer action.

Trade promotions offer distribution channel partners financial incentives that encourage them to support and promote a company's products. Offering incentives like prime shelf space at a retailer's store in exchange for discounts on products has the potential to build and enhance business relationships with important distributors or businesses. Improving these relationships can lead to higher sales, stocking of other product lines, preferred business terms and other benefits.

Sales promotions can be a two-edged sword: if a company is continually handing out product samples and coupons, it can risk tarnishing the company's brand. Offering too many freebies can signal to customers that they are not purchasing a prestigious or "limited" product. Another risk with too-frequent promotions is that savvy customers will hold off purchasing until the next promotion, thus depressing sales.

Often businesses rush to grow quickly by offering sales promotions, only to see these promotions fail to reach their sales goals and target customers. The temporary boost in short term sales may be attributed to highly price-sensitive consumers looking for a deal, rather than the long-term loyal customers a company wants to cultivate. Sales promotions need to be thought through, designed and promoted carefully. They also need to align well with the company's larger business strategy. Failure to do so can be costly in terms of dollars, profitability and reputation.

If businesses become overly reliant on sales growth through promotions, they can get trapped in short-term marketing thinking and forget to focus on long-term goals. If, after each sales dip, a business offers another sales promotion, it can be damaging to the long-term value of its brand.

IMC Support for Sales Promotions

Sales promotions are delivered to targeted groups via marketing campaigns during a pre-set, limited amount of time. In order to broaden awareness, impact and participation, sales promotions are often combined with other marketing communication methods in the promotional mix. Examples of IMC support for sales promotions include:

- Weekly email messages to consumers informing them about the week's sales, special offers, and coupons
- Promotional information on a Web site informing consumers about the availability of a rebate or other special offer
- Posters and other promotional materials to enhance a point-of-purchase display
- Sweepstakes forms incorporated into a magazine advertisement
- Social media campaigns encouraging people to post about entering a sponsored contest on Twitter, Facebook, and Instagram

These types of activities create synergies between the sales promotions and other marketing activities. IMC activities can amplify the message about the sales promotion and encourage active participation from target customers.

Finally, it is important to recognize that sales promotions cannot compensate for a poor product, a declining sales trend, ineffective advertising, or weak brand loyalty. If these fundamentals are not working, sales promotions can serve only as a temporary solution.

People Power

Personal selling uses in-person interaction to sell products and services. This type of communication is carried out by sales representatives, who are the personal connection between a buyer and a company or a company's products or services. Salespeople not only inform potential customers about a company's product or services, they also use their power of persuasion and remind customers of product characteristics, service agreements, prices, deals, and much more. In addition to enhancing customer relationships, this type of marketing communications tool can be a powerful source of customer feedback, as well. Later we'll cover marketing alignment with the sales process in greater detail. This section focuses on personal selling as one possible tool in the promotional mix.

Effective personal selling addresses the buyer's needs and preferences without making him or her feel pressured. Good salespeople offer advice, information, and recommendations, and they can help buyers save money and time during the decision process. The seller should give honest responses to any questions or objections the buyer has and show that he cares more about meeting the buyer's needs than making the sale. Attending to these aspects of personal selling contributes to a strong, trusting relationship between buyer and seller.[11]

Common Personal Selling Techniques

Common personal selling tools and techniques include the following:

- **Sales presentations**: in-person or virtual presentations to inform prospective customers about a product, service, or organization
- **Conversations**: relationship-building dialogue with prospective buyers for the purposes of influencing or making sales
- **Demonstrations**: demonstrating how a product or service works and the benefits it offers, highlighting advantageous features and how the offering solves problems the customer encounters
- **Addressing objections**: identifying and addressing the concerns of prospective customers, to remove any perceived obstacles to making a purchase
- **Field selling**: sales calls by a sales representative to connect with target customers in person or via phone
- **Retail selling**: in-store assistance from a sales clerk to help customers find, select, and purchase products that meet their needs
- **Door-to-door selling**: offering products for sale by going door-to-door in a neighborhood
- **Consultative selling**: consultation with a prospective customer, where a sales representative (or consultant) learns about the problems the customer wants to solve and recommends solutions to the customer's particular problem
- **Reference selling**: using satisfied customers and their positive experiences to convince target customers to purchase a product or service

Personal selling minimizes wasted effort, promotes sales, and boosts word-of-mouth marketing. Also, personal selling measures marketing return on investment (ROI) better than most tools, and it can give insight into customers' habits and their responses to a particular marketing campaign or product offer.

When to Use Personal Selling

Not every product or service is a good fit for personal selling. It's an expensive technique because the proceeds of the person-to-person sales must cover the salary of the sales representative—on top of all the other costs of doing business. Whether or not a company uses personal selling as part of its marketing mix depends on its business model. Most often companies use personal selling when their products or services are highly technical, specialized, or costly—such as complex software systems, business consulting services, homes, and automobiles.

In addition, there are certain conditions that favor personal selling:[12]

- **Product situation**: Personal selling is relatively more effective and economical when a product is of a high unit value, when it is in the introductory stage of its life cycle, when it requires personal attention to match consumer needs, or when it requires product demonstration or after-sales services.
- **Market situation**: Personal selling is effective when a firm serves a small number of large-size buyers or a small/local market. Also, it can be used effectively when an indirect channel of distribution is used for selling to agents or middlemen.
- **Company situation**: Personal selling is best utilized when a firm is not in a good position to use impersonal communication media, or it cannot afford to have a large and regular advertising outlay.
- **Consumer behavior situation**: Personal selling should be adopted by a company when purchases are valuable but infrequent, or when competition is at such a level that consumers require persuasion and follow-up.

It's important to keep in mind that personal selling is most effective when a company has established an effective sales-force management system together with a sales force of the right design, size, and structure. Recruitment, selection, training, supervision, and evaluation of the sales force also obviously play an important role in the effectiveness of this marketing communication method.[13]

Advantages and Disadvantages of Personal Selling

The most significant strength of personal selling is its flexibility. Salespeople can tailor their presentations to fit the needs, motives, and behavior of individual customers. A salesperson can gauge the customer's reaction to a sales approach and immediately adjust the message to facilitate better understanding.

Personal selling also minimizes wasted effort. Advertisers can spend a lot of time and money on a mass-marketing message that reaches many people outside the target market (but doesn't result in additional sales). In personal selling, the sales force pinpoints the target market, makes a contact, and focuses effort that has a strong probability of leading to a sale.

As mentioned above, an additional strength of personal selling is that measuring marketing effectiveness and determining ROI are far more straightforward for personal selling than for other marketing communication tools—where recall or attitude change is often the only measurable effect.

Another advantage of personal selling is that a salesperson is in an excellent position to encourage the customer to act. The one-on-one interaction of personal selling means that a salesperson can effectively respond to and overcome objections—e.g., concerns or reservations about the product—so that the customer is more likely to buy. Salespeople can also offer many customized reasons that might spur a customer to buy, whereas an advertisement offers a limited set of reasons that may not persuade everyone in the target audience.

A final strength of personal selling is the multiple tasks that the sales force can perform. For example, in addition to selling, a salesperson can collect payments, service or repair products, return products, and collect product and marketing information. In fact, salespeople are often the best resources when it comes to disseminating positive word-of-mouth product information.

High cost is the primary disadvantage of personal selling. With increased competition, higher travel and lodging costs, and higher salaries, the cost per sales contract continues to rise. Many companies try to control sales costs by compensating sales representatives through commissions alone, thereby guaranteeing that salespeople are paid only if they generate sales. However, commission-only salespeople may become risk averse and only call on clients who have the highest potential return. These salespeople, then, may miss opportunities to develop a broad base of potential customers that could generate higher sales revenues in the long run.

Companies can also reduce sales costs by using complementary techniques, such as telemarketing, direct mail, toll-free numbers for interested customers, and online communication with qualified prospects. Telemarketing and online communication can further reduce costs by serving as an actual selling vehicle. Both technologies can deliver sales messages, respond to questions, take payment, and follow up.

A second disadvantage of personal selling is the problem of finding and retaining high-quality people. Experienced salespeople sometimes realize that the only way their income can outpace their cost-of-living increase is to change jobs. Also, because of the push for profitability, businesses try to hire experienced salespeople away from competitors rather than hiring college graduates, who take three to five years to reach the level of productivity of more experienced salespeople. These two staffing issues have caused high turnover in many sales forces.

Another weakness of personal selling is message inconsistency. Many salespeople view themselves as independent from the organization, so they design their own sales techniques, use their own message strategies, and engage in questionable ploys to generate sales. (You'll recall our discussion in the ethics module about the unique challenges that B2B salespeople face.) As a result, it can be difficult to find a unified company or product message within a sales force or between the sales force and the rest of the marketing mix.

A final disadvantage of personal selling is that sales-force members have different levels of motivation. Salespeople may vary in their willingness to make the desired number of sales calls each day; to make service calls that do not lead directly to sales; or to take full advantage of the technologies available to them.

How IMC Supports Personal Selling[14]

As with any other marketing communication method, personal selling must be evaluated on the basis of its contribution to the overall marketing mix. The costs of personal selling can be high and carry risks, but the returns may be just as high. In addition, when personal selling is supported by other elements of a well-conceived IMC strategy, it can be very effective indeed.

Consider the following example of Audi, which set out to build a customer-relationship program:

Audi's goal was to not have the relationship with the customer end after the sale was made. Operating on the assumption that the company's best potential customers were also its existing customers, the company initiated an online program to maintain contact, while allowing its sales force to concentrate on selling. Based on its television campaign for the new A4 model, Audi offered a downloadable screensaver that frequently broadcasted updated news and information automatically to the consumers' computers. After displaying the screensaver option on its Web site, Audi sent an email to owners and prospects offering them the opportunity to download it. More than 10,000 people took advantage of the offer. Audi then began to maintain a continuous dialog with the adopters by sending them newsletters and updates. Click-through rates ranged from 25 to 35 percent on various parts of the site—well exceeding the standard rates—and car sales were 25 percent higher than they were the previous year, even in a down economy.[15]

As a result of several coordinated communication methods (TV advertising, email, downloadable screensaver, newsletters, and product information) and presumably a well-designed customer relationship management (CRM) system, Audi helped its sales force be more effective (by freeing it up to focus on sales and by connecting it with more prospective customers), which, turn, meant higher profits.

Direct Marketing: Going Straight to the Customer

Direct marketing activities bypass any intermediaries and communicate directly with the individual consumer. Direct mail is personalized to the individual consumer, based on whatever a company knows about that person's needs, interests, behaviors, and preferences. Traditional direct marketing activities include mail, catalogs, and telemarketing. The thousands of "junk mail" offers from credit card companies, bankers, and charitable organizations that flood mailboxes every year are artifacts of direct marketing. Telemarketing contacts prospective customers via the telephone to pitch offers and collect information. Today, direct marketing overlaps heavily with digital marketing, as marketers rely on email and, increasingly, mobile communications to reach and interact with consumers.

The Purpose and Uses of Direct Marketing

The purpose of direct marketing is to reach and appeal directly to individual consumers and to use information about them to offer products, services and offers that are most relevant to them and their needs. Direct marketing can be designed to support any stage of the AIDA model, from building awareness to generating interest, desire, and action. Direct marketing, particularly email, also plays a strong role in post-purchase interaction. Email is commonly used to confirm orders, send receipts or warrantees, solicit feedback through surveys, ask customers to post a social media recommendation, and propose new offers.

Direct marketing is an optimal method for marketing communication in the following situations:

- A company's primary distribution channel is to sell products or services directly to customers
- A company's primary distribution method is through the mail or other shipping services to send directly to the customer
- A company relies heavily on sales promotions or discounts, and it is important to spread the word about these offers to consumers
- An advertisement cannot sufficiently convey the many benefits of a company's product or service, and so a longer marketing piece is required to express the value proposition effectively

- A company finds that standard advertising is not reaching its target segments, and so better-targeted marketing communications are required to reach the right individuals; for example, using direct mail to reach wealthier people according to their affluent zip code
- A company sells expensive products that require more information and interaction to make the sale
- A company has a known "universe" of potential customers and access to contact information and other data about these customers
- A company is heavily dependent on customer retention, reorders and/or repurchasing, making it worthwhile to maintain "permissioned" marketing interaction with known customers

Data: The Key to Effective Direct Marketing

The effectiveness of direct marketing activity depends on marketers using databases to capture the information of target customers and the use of this information to extend ever-more-personalized offers and information to consumers. Databases record an individual's residence, geography, family status, and credit history. When a person moves or makes a significant purchase like a car or a home, these details become part of the criteria marketers use to identify who will be a good target for their products or services. With electronic media, the information flow about consumers opens the floodgates: marketing databases capture when a consumer opens an email message and clicks on a link. They track which links piqued consumers' interests, what they view and visit, so that the next email offer is informed by what a person found interesting the last time around. These databases also collect credit card information, so marketers can link a person's purchasing history to shopping patterns to further tailor communications and offers.

Mobile marketing adds another dimension of personalization in direct-to-consumer communications. It allows marketers to incorporate location-sensitive and even activity-specific information into marketing communications and offers. When marketers know you are playing a video game at a mall, thanks to your helpful smart phone, they can send you timing-, location- and activity-specific offers and messages.

Direct Marketing in Action

How does this work in practice? If you've ever paid off an auto loan, you may have noticed a torrent of mail offers from car dealerships right around the five-year mark. They know, from your credit history, that you're nearly done paying off your car and you've had the vehicle for several years, so you might be interested in trading up for a newer model. Based on your geography and any voter registration information, you may be targeted during election season to participate via telephone in political polls and to receive "robocalls" from candidates and parties stomping for your vote.

Moving into the digital world, virtually any time you share an email address with an organization, it becomes part of a database to be used for future marketing. Although most organizations that engage in email marketing give the option of opting out, once you become a customer, it is easy for companies to justify continuing to contact you via email or text as part of the customer relationship you've established. As you continue to engage with the company, your behavior and any other information you share becomes part of the database record the company uses to segment and target you with offers it thinks will interest you.

Similarly, marketers use SMS (text) for marketing purposes, and direct marketing activity takes place in mobile apps, games, and Web sites. All of these tools use the data-rich mobile environment to capture information about consumers and turn it into productive marketing opportunities. QR codes, another direct-to-consumer mobile marketing tool, enable consumers to scan an image with a mobile phone that takes them to a Web site where they receive special information or offers.

A great illustration of how companies use consumer information for direct marketing purposes comes from a *New York Times* article that interviewed Andrew Pole, who conducts marketing analytics for the retailer Target. The article discusses how Target uses behavioral data and purchasing history to anticipate customers' needs and make them offers based on this information:

Target has a baby registry, and Pole started there, observing how shopping habits changed as a woman approached her due date, which women on the registry had willingly disclosed. He ran test after test, analyzing the data, and before long some useful patterns emerged. Lotions, for example. Lots of people buy lotion, but one of Pole's colleagues noticed that women on the baby registry were buying larger quantities of unscented lotion around the beginning of their second trimester. Another analyst noted that sometime in the first twenty weeks, pregnant women loaded up on supplements like calcium, magnesium, and zinc. Many shoppers purchase soap and cotton balls, but when someone suddenly starts buying lots of scent-free soap and extra-big bags of cotton balls, in addition to hand sanitizers and washcloths, it signals they could be getting close to their delivery date.

As Pole's computers crawled through the data, he was able to identify about twenty-five products that, when analyzed together, allowed him to assign each shopper a "pregnancy prediction" score. More important, he could also estimate her due date to within a small window, so Target could send coupons timed to very specific stages of her pregnancy.

One Target employee I spoke to provided a hypothetical example. Take a fictional Target shopper named Jenny Ward, who is twenty-three, lives in Atlanta, and in March bought cocoa-butter lotion, a purse large enough to double as a diaper bag, zinc and magnesium supplements, and a bright blue rug. There's, say, an 87 percent chance that she's pregnant and that her delivery date is sometime in late August. What's more, because of the data attached to her Guest ID number, Target knows how to trigger Jenny's habits. They know that if she receives a coupon via e-mail, it will most likely cue her to buy online. They know that if she receives an ad in the mail on Friday, she frequently uses it on a weekend trip to the store.[16]

The article goes on to tell the well-documented story of an outraged father who went into his local Target to complain about the mailer his teenage daughter received from Target featuring coupons for infant clothing and baby furniture. He accused Target of encouraging is daughter to get pregnant. The customer-service employee he spoke with was apologetic but knew nothing about the mailer. When this employee phoned the father a few days later to apologize again, it emerged that the girl was, in fact, pregnant, and Target's marketing analytics had figured it out before her father did.

Advantages and Disadvantages of Direct Marketing

All this data-driven direct marketing might seem a little creepy or even nefarious, and certainly it can be when marketers are insensitive or unethical in their use of consumer data. However, direct marketing also offers significant value to consumers by tailoring their experience in the market to things that most align with their needs and interests. If you're going to have a baby (and you don't mind people knowing about it), wouldn't you rather have Target send you special offers on baby products than on men's shoes or home improvement goods?

As suggested in the *New York Times* excerpt, above, direct marketing can be a powerful tool for anticipating and predicting customer needs and behaviors. Over time, as companies use consumer data to understand their target audiences and market dynamics, they can develop more effective campaigns and offers. Organizations can create offers that are more personalized to consumer needs and preferences, and they can reach these consumers more efficiently through direct contact. Because it is so data intensive, it is relatively easy to measure the effectiveness of direct marketing by linking it to outcomes: did a customer request additional information or use the coupons sent? Did he open the email message containing the discount offer? How many items were purchased and when? And so forth. Although the cost of database and information infrastructure is not insignificant, mobile and email marketing tend to be inexpensive to produce once the underlying infrastructure is in place. As a rule, direct marketing tactics can be designed to fit marketing budgets.

Among the leading disadvantages of direct marketing are, not surprisingly, concerns about privacy and information security. Target's massive data breach in 2013 took a hefty toll on customer confidence, company revenue, and profitability at the time. Direct marketing also takes place in a crowded, saturated market in which people are only too willing to toss junk mail and unsolicited email into trash bins without a second glance. Electronic spam filters screen out many email messages, so people may never even see email messages from many of the organizations that send them. Heavy reliance on data also leads to the challenge of keeping databases and contact information up to date and complete, a perennial problem for many organizations. Finally, direct marketing implies a direct-to-customer business model that inevitably requires companies to provide an acceptable level of customer service and interaction to win new customers and retain their business.

Direct Marketing in the IMC Process

Direct marketing, and email marketing in particular, plays a critical role in many IMC campaigns because it is a primary means of communicating with any named-and-known target audiences. It is a common vehicle for spreading the word about sales promotions and public relations activities. Direct marketing pieces can reuse and reinforce messages and images developed for advertisements, offering another touch point for reaching target segments. QR codes and other mobile marketing tactics may be used at the point of sale to engage customers and persuade them to purchase. Email marketing messages commonly include links to social media, inviting consumers to share experiences, opinions, marketing messages, and offers with their social networks.

Direct marketing can also be a useful tool in personal selling, as it helps marketers and sales representatives efficiently maintain ongoing relationships with customers and prospects as they are nurtured through the sales process. The rich data behind direct marketing also provides insight for sales representatives to help them segment prospective customers and develop offers and sales approaches personalized to their needs and interests.

Digital Marketing: Inform, Entice, Engage

Digital marketing is an umbrella term for using a digital tools to promote and market products, services, organizations and brands. As consumers and businesses become more reliant on digital communications, the power and importance of digital marketing have increased. The direct marketing section of this module already discussed two digital tools: email and mobile marketing, which fit into both categories. This section will discuss other essential tools in the digital marketing tool kit: websites, content marketing and search-engine optimization (SEO), and social media marketing.

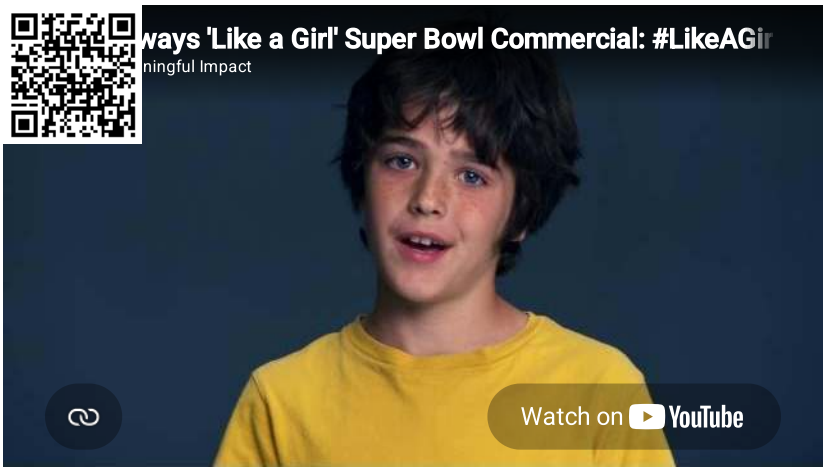
What Makes Digital Marketing Tools Unique

In part, digital marketing is critically important because people use digital technologies frequently, and marketing needs to happen where people are. But digital marketing tools also have other unique capabilities that set them apart from traditional (predigital) marketing communication tools. These capabilities make them uniquely suited to the goals of marketing. Digital marketing tools are:

- **Interactive:** A primary focus of many digital marketing tools and efforts is to interact with target audiences, so they become actively engaged in the process, ideally at multiple points along the way. This may happen by navigating a website, playing a game, responding to a survey, sharing a link, submitting an email address, publishing a review, or even "liking" a post. Asking consumers to passively view an advertisement is no longer enough: now marketers look for ways to interact.
- **Mobile and portable:** Today's digital technologies are more mobile and portable than ever before. This means digital marketing tools are also mobile and portable: consumers can access them–and they can access consumers–virtually anytime and anywhere through digital devices. Digital marketing can reach people in places and ways that simply were not possible in the past. A tired mother stuck in traffic might encourage her child to play a game on her smart phone, exposing both child and mother to marketing messages in the process. A text message sent to a remote location can remind an adventurer to renew a subscription or confirm an order. Many physical limitations fall away in the digital world.
- **Highly measurable and data driven.** Digital technologies produce mountains of data about who is doing what, when, how, and with whom. Likewise, digital marketing tools enable marketers to determine very precisely whom they want to reach, how to reach them, and what happens when people begin the process of becoming a customer. By tracking and analyzing these data, marketers can also identify which channels are most productive for bringing people into the site and what types of interactions are most efficient at turning them to customers.
- **Sharable:** Because digital marketing tools are digital, it is easy to share them at low or no cost–a benefit for marketers and for consumers who find content they want to share virally. People routinely share videos, games, websites, articles, images, and brands—any number of overt or covert marketing artifacts. In fact, the degree to which something is shared has become a key metric to confirm how successful it is as a marketing vehicle. Sharing has always been a primary means of spreading ideas. Digital marketing tools now facilitate extremely rapid, efficient, global sharing.
- **Synergistic with other marketing activities:** Digital marketing tools offer quick, easy, and inexpensive ways to repurpose marketing messages and content from other marketing communication methods. They help amplify and reinforce the messages targeting consumers through other media. For example, uploading a TV ad to YouTube creates a piece of digital marketing content that can be posted to Facebook, tweeted on Twitter, embedded in a website page, and shared via an email from a sales representative engaged in personal selling to a target customer.

Always #LikeaGirl

Let's take a look at this commercial from Always. What did they do to take advantage of digital marketing tools?



Not only did Always produce a video on a relevant topic, but they invited people to join the conversation. At the end of the commercial, they invited viewers to share the message, to tweet using #likeagirl, and to visit their website.

The Imperative to Use Digital Marketing

For virtually every organization that wants to do business in the world today, having some level of digital marketing presence is a requirement. A we site is quite literally an organization's digital address and calling card. People of all ages routinely use Web searches for information that shapes their purchasing decisions; using the Web helps them decide where to look, what to buy, where to find it, and how much to pay. Marketers must develop useful Web content and engage in search engine optimization (SEO) strategies in order to make sure their websites will be found when people come looking.

Social media marketing helps organizations tap into the power of word-of-mouth sharing, so that people hear about a company, product, or brand from trusted sources. Social media allow marketers to foster communities and listen in on timely conversations about their brands and products, providing insight into what's working or not working with their marketing or the customer experiences they provide. Email and mobile marketing reflect the dominant communication patterns in the developed world as well as in many developing countries. Communicating with prospects and customers effectively requires marketers to use these common, everyday tools.

Digital marketing tools are an integral part of most IMC campaigns, as they provide digital communication support to target and reinforce campaign messages and activities in other media. Examples of digital marketing tools supporting broader IMC activity include the following:

- Media companies host and monitor forums for fans to live-tweet during broadcast and cable TV programs, such as *The Walking Dead* and *Empire*, including commentary on the programming, advertising, the entertainment "brand," and nature of the fan community.
- Companies routinely upload television ads to YouTube and then work to create "buzz" by promoting this content through their websites, blogs, Facebook, Twitter, and other social media platforms.
- Well-designed Web content such as research reports, articles, and e-books are used as informational giveaways to generate interest and cultivate leads during trade shows, conferences, and personal selling activities.

Website Marketing

Websites represent an all-in-one storefront, a display counter, and a megaphone for organizations to communicate in the digital world. For digital and bricks-and-mortar businesses, Websites are a primary channel for communicating with current and prospective customers as well as other audiences. A good website provides evidence that an organization is real, credible, and legitimate.

The variety of online website-building services now available make setting up a basic website relatively simple and inexpensive. Once the website is established, it can continue to be fairly easy and inexpensive to maintain if the organization uses cost-effective and user-friendly tools. On the other hand, sophisticated websites can be massively expensive to build and maintain, and populating them with fresh, compelling content can devour time and money. But organizations can adjust the scope, scale, and resources required for their websites in proportion to their business objectives and the value they want their websites to deliver.

Websites As Marketing Tools

Websites are very flexible, allowing organizations to build the kinds of features and capabilities they need to conduct business effectively. Common marketing objectives and website functions include the following:

- **Providing general information** about an organization such as the value proposition, products and services, and contact information
- **Expressing the brand** of an organization through design, look and feel, personality, and voice
- **Demonstrating products, services, and expertise**, including the customer experience, features, benefits, and value they provide
- **Proof points** about the value a company offers, using evidence in the form of case studies, product reviews, testimonials, return on investment data, etc.
- **Lead generation,** capturing information about website visitors to use in ongoing sales and marketing activity
- **Communities and forums** for target audiences to share information and ask/answer questions
- **Publishing value-adding content** and tools for informational or entertainment purposes to bring people in and draw them back to the website
- **Communication** about company news, views, culture, developments, and vision through an electronic newsroom or a company blog, for example
- **Shopping,** providing tools for customers to research, find, and select products or services in the digital environment
- **Recommendations** that direct customers to information, products, services, and companies that meet their interests and needs
- **Sales**, the ability to conduct sales and transact business online
- **Capturing customer feedback** about the organization, its products, services, content, and the website experience itself

Before starting to build a website, the marketing manager should meet with other company leaders to lay out a common vision for what the Website should accomplish and the business functions it should provide. For example, if a business does not plan to handle sales online, there is no need to build a "shopping cart" function or an e-commerce engine. If cultivating lively dialogue with an active customer community is an important business objective, this capability should be incorporated into the website strategy and design decisions from the outset. The website strategy must be effective at achieving the organization's goals to inform, engage, entertain, explore, support, etc.

Top Tips for Effective Websites

Many factors go into building an effective website. The following table serves as a checklist for key considerations.

Tips for building effective website elements

Website Element	Tips and Recommendations
Domain name	The domain name is your digital address. Secure a name that is memorable and functional for your business.
Look and feel	A site's look and feel conveys a lot about a company. Make sure your site makes positive impressions about credibility, product quality, the customer experience, etc.
Messaging	Messaging and how it is presented can draw people in or turn them off immediately. Find concise, compelling ways to tell your story.
Design	Website design is about usability as well as aesthetics. Make conscious choices about how design expresses your brand personality as well as its role in making the user experience intuitive and effective.
Structure	Structure the website and organize information so that it is easy for visitors to navigate the site and find what they want.
Content quality	To a large degree, the quality of content is what brings traffic into a website (more on this soon). Produce content and organize it so it can drive traffic, move customers through the sales cycle, and generate business.
Content variety	Use a mix of professional-quality text, images, video, and other visual content to make your website interesting and readable.
Language	Typos and grammatical errors are an immediate website turnoff. Proofread everything with fresh eyes before you publish.
Accessibility	Follow basic principles of website accessibility to ensure that people can use your site effectively regardless of device or disability.
Call to action	Provide cues for your website visitors about what to do next. Give each page a clear call to action and a path that invites people to keep exploring and moving closer to a purchasing decision.
Analytics	Track website traffic and usage patterns using a tool like Google Analytics. Monitor which website pages get attention and which ones flop. Use what you learn to improve how well your website meets your objectives.

Advantages and Disadvantages of Website Marketing

Websites have so many advantages that there is almost no excuse for a business not to have one. Effective website marketing declares to the world that an organization exists, what value it offers, and how to do business. Websites can be an engine for generating customer data and new business leads. An electronic storefront is often dramatically less expensive than a physical storefront, and it can serve customers virtually anywhere in the world with internet access. Websites are very flexible and easy to alter. Organizations can try out new strategies, content and tactics at relatively low cost to see what works and where the changes pay off.

At the same time, websites carry costs and risks. They do require some investment of time and money to set up and maintain. For many organizations, especially small organizations without a dedicated website team, keeping website content fresh and up-to-date is a continual challenge. Organizations should make wise, well-researched decisions about information infrastructure and website hosting, to ensure their sites remain operational with good performance and uptime. Companies that capture and maintain customer data through their websites must be vigilant about information security to prevent hackers from stealing sensitive customer data. Some company websites suffer from other types of information security challenges, such as electronic vandalism, trolling (offensive or provocative online posts), and denial-of-service attacks mounted by hackers to take websites out of commission.

Search-Engine Optimization and Content Marketing

Search-engine optimization (SEO) is the process of using Internet search engines, such as Google, Bing, and Yahoo, to gain notice, visibility, and traffic from people conducting searches using these tools. SEO works in lockstep with content marketing, which takes a strategic approach to developing and distributing valuable content targeted to the interests of a defined audience, with the goal of driving sales or another profitable customer action. In other words, content marketers create worthwhile Internet content aimed at their target audiences. Then organizations use SEO tactics to get this content noticed and to generate new traffic and sales leads.

Together, SEO and content marketing can help boost awareness and brand perceptions about the value a company provides. Content marketing can help an organization gain visibility as an expert or leader in its competitive set. Together these marketing communications tools help organizations get noticed and stay top of mind among individuals seeking the types of products or services they offer.

How SEO Works

The basic premise behind search-engine optimization is this: People conduct Internet searches. The search terms they use bring up a given set of results. When someone is searching for the types of things your organization offers, as a marketer you want your results to be at the top. You can boost your search rankings by identifying and applying SEO and content marketing strategies to the search terms people use when they are looking for products or services like yours. It may even be worth paying to get their attention, because people searching for the things you offer are likely to be better-qualified prospective customers.

Because the supply of Internet content on any given topic is continually expanding, and because search-engine companies regularly fine-tune their search algorithms to deliver ever more helpful results, SEO is not a one-time task. It's an ongoing process that companies should incorporate into their entire approach to digital marketing.

In the world of SEO, there are two types of search results: 1) organic (or unpaid) search results, and 2) inorganic (or paid) search results.

Organic search results are the unpaid listings that appear solely because of their relevance to the search terms entered when you conduct an Internet search. These are unpaid listings, and they earn their place because the search engine determines they are most relevant and valuable based on a variety of factors including the content itself and the popularity of that content with other Internet users.

Inorganic, or paid search results, appear because companies have paid the search engine for a high-ranking placement based on the search terms used. Organizations bid for this placement and typically pay per click when someone clicks through to a website. Most search engines mark the paid results as ads, so that Internet users can distinguish between organic and paid search results. In Figure 1, below, the results preceded by the word *Ad* in yellow indicate paid search results from a Google search of "cats for sale."

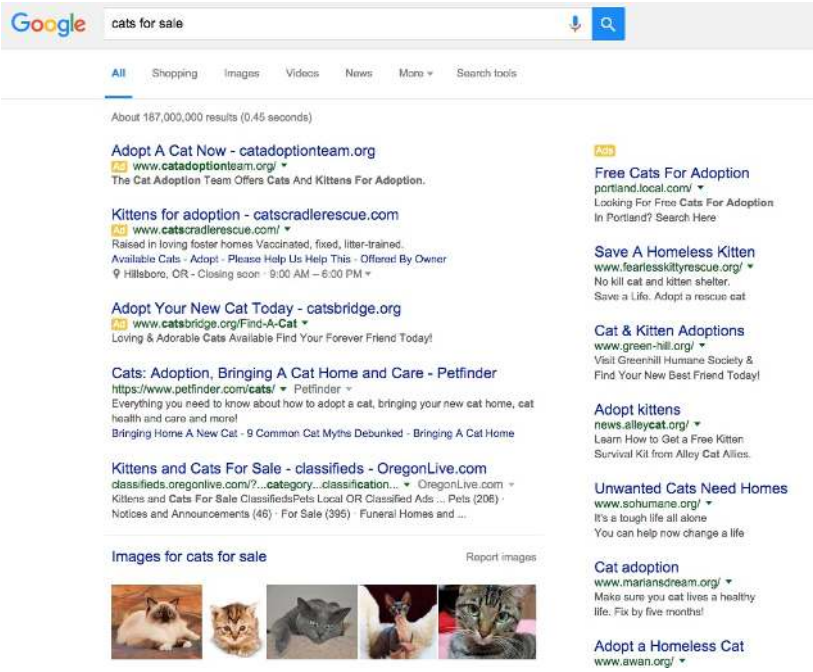


Figure 1. Google Search results for the search “cats for sale”

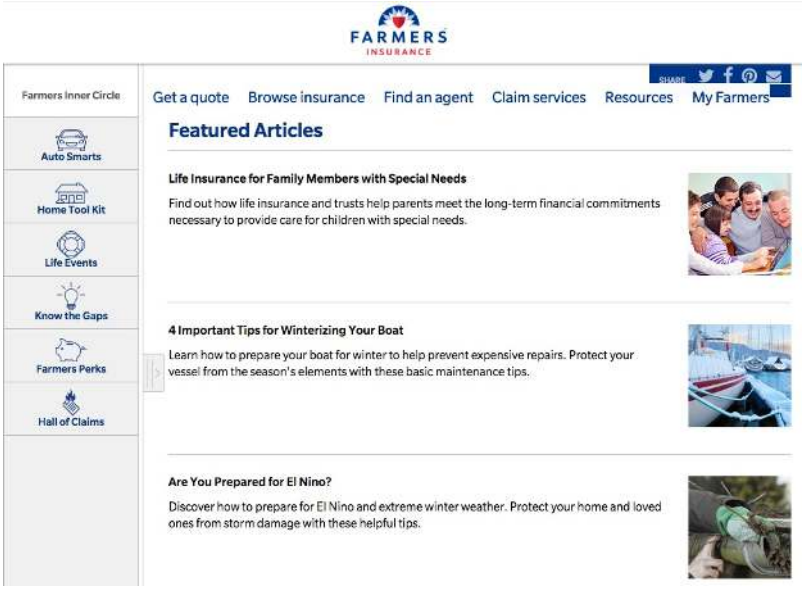
The following short video explains what makes Google AdWords so powerful.

Read the transcript for the video “Google AdWords.”

Marketers use key-word research to guide their efforts to improve their rankings for both organic and inorganic searches. Key-word research helps marketers identify the search terms people are most likely to use when looking for the types of products, services, or information their website offers. Tools such as freely available Google AdWords Keyword Planner and Google Trends help marketers identify and compare popular search terms. Armed with optimal search key words, they can buy high-ranking placement in inorganic, paid search results for their search terms of choice. They can improve their organic (unpaid) search rankings by applying content marketing strategies.

How Content Marketing Works

There is a popular saying among digital marketers: “Content is king.” Good content attracts eyeballs, while poor content does not. Content marketing is based on the premise that marketers can use web content as a strategic asset to attract attention and drive traffic of target audiences. As a marketer, part of your job is to help the organization publish substantive web content–articles, videos, e-books, podcasts, images, infographics, case studies, games, calculators, etc.–that will be interesting for your target segments. When you do this, you should incorporate your optimal search terms into the content, so that it’s more likely to show up in organic search results. You should also look for ways to link to that content from other webpages, so that search-engine “bots” (or computer programs) responsible for cataloguing websites will think your content is popular and well regarded by the Internet-user community. As your content appears in search results, it will rank higher as more and more people click through to your content and link to it from other locations on the Internet.



Articles and tips on Farmers Insurance website.

Top Tips for SEO and Content Marketing

You can use the following simple recommendations to realize the benefits of SEO and content marketing. When the two work together, they can support your organization's success raising its profile, improving search rankings, and generating traffic and new business.

Tips for utilizing SEO and content marketing on a website

SEO/Content Element	Tips and Recommendations
Content quality	Make website content substantive, and showcase your expertise. Create material that makes people want to stay on your site to keep reading, interacting, and exploring.
Key-word research	Conduct key-word research to learn what actual search terms people are using that relate to your goods, products, services, and brand.
Incorporate key words	Make sure your content matches the search terms you want to be associated with. Be sure to use actual, real-world search terms in order to get the bump to higher rankings.
Content freshness	Search-engine algorithms like new content, as well as content where there is a flurry of activity. Create and promote fresh new content regularly to get the "freshness boost" in search results.
Evergreen content	Be sure to develop some Web content that won't age and become outdated quickly, such as news releases. Persistently useful, interesting content generates more visits, more external links from other sites, and higher search rankings.
Internal links	Create internal links between content pages on your website. This points users to additional material that may interest them. It also helps search engines crawl through your site to reach and discover all of your content. And more sites that link to a page help boost that page's search rankings.
Headlines	Create great headlines for your Web content that grab attention while also helpfully indicating what the content will provide. Also, make sure your content delivers on the headline.
Call to action	Include a clear call to action on each Web page or content element, whether that involves sharing information, registering for a webinar, downloading an e-book, or linking to another Web page. Use content and calls to action to move people through the AIDA model toward purchasing decisions.
Promoting content	Once content is published, use other marketing communication tools to promote it. Write posts about it on Twitter, Facebook, LinkedIn, Google+, or other social networks of choice. Send email messages to active sales opportunities. Link to it from the Website home page. Create a flurry to help give it an SEO boost.

Advantages and Disadvantages of SEO and Content Marketing

Internet search is a fact of life in the modern world. It is a critical tool for customer decision making in B2B and B2C markets. Practicing the basic tenets of SEO helps an organization get into the search-engine fray. When marketers do it skillfully, they can easily track the results, see what works, and adjust course to improve outcomes. When organizations generate high-quality content, it can be relatively inexpensive to achieve great SEO results, particularly as search engines themselves increasingly reward the "real deal": good information and true substance targeted to a specific audience.

While SEO and content marketing are powerful tools, they are also rather like puppies that need ongoing feeding and care. Both require regular monitoring to check whether they are effective and need refreshing. The Internet is a crowded and competitive place, where organizations from around the globe can compete with one another for attention and customer loyalty. It takes persistence and hard work to get on top of the Internet content world and stay there.

Social Media Marketing

Social media marketing is the use of online applications, networks, blogs, wikis, and other collaborative media for communicating brand messaging, conducting marketing, public relations, and lead generation. Social media are distinctive for their networking capabilities: they allow people to reach and interact with one another through interconnected networks. This "social"

phenomenon changes the power dynamic in marketing: no longer is the marketer the central gatekeeper for all communication about a product, service, brand, or organization. Social media allows for organic dialogue and activity to happen directly between individuals, unmediated by a company. Companies can (and should) listen, learn, and find ways to participate authentically.

Social media marketing focuses on three primary objectives:

1. **Creating buzz:** Developing and publishing messages (in a variety of formats–e.g., text, video, and images) that is disseminated via user-to-user contact
2. **Fostering community:** Building ways for fans to engage with one another about a shared interest in a brand, product, or service
3. **Facilitating two-way communication:** Online conversations are not controlled by the organizations. Instead, social media promotes and encourages user participation, feedback, and dialogue

How Social Media Marketing Works

Organizations have opportunities to engage in social media for marketing purposes in several ways: paid, earned, and owned social media activity.

- **Paid:** Paid social media activity includes advertisements on social media (placed in various locations), sponsored posts or content, and retargeting advertisements that target ads based on a consumer's previous actions. This type of social media activity is best suited for sales, lead generation, event participation, and incorporation into IMC campaigns.
- **Earned:** Earned social media activity involves news organizations, thought leaders, or other individuals who create content about an organization. It is particularly suited to supporting public relations efforts.
- **Owned:** Owned social media activity happens through social media accounts that an organization owns (e.g., Facebook page, Twitter handle, Instagram name, etc.). This activity is ideal for brand awareness, lead generation, and goals around engaging target audiences.

Effective use of social media to reach your target audience requires more effort by an organization than the traditional marketing methods. Not only must an organization create unique content and messaging, but it must be prepared to engage in two-way communication regarding the content that it produces and shares on social media. To be effective at using social media to reach target audiences, an organization must:

- **Create unique content, often.** Social media, unlike traditional methods, cannot rely on static content. An organization must regularly publish new, unique content to stay relevant on any social media platform.
- **Ask questions.** To foster engagement, an organization must solicit feedback from users, customers, and prospects. This is critical to creating conversation, insight, and discussion on social media platforms.
- **Create short-form media.** Most social media platforms have character limits per post. Users on social media expect to be able to scan their feed. Long posts (even within character limits) tend to underperform. The more succinct an organization can be, the better.
- **Try different formats.** Most social media platforms provide users with the option to add images and video to text. Social media is becoming an increasingly visual medium, where content that performs the best usually includes an image or video. Try to convert messages into images and video when possible for maximum reach.
- **Use a clear, immediate call to action.** Social media works best for achieving marketing goals with a clear call to action that a user can do immediately from their computer or mobile device. Examples include 1) Web traffic (click-through), 2) downloads of content (e.g., white papers, articles, etc.), 3) online purchases, and 4) engagement (comment, like, share, view, read).

Common Social Media Marketing Tools

What's hot in social media is a moving target, but the following table provides a listing and description of primary social media platforms.

Listing and Description of Primary Social Media Platforms

Tool	Description
Blogs	Long- or short-form medium for communicating with audiences
YouTube	Video-hosting social media site
Twitter	Short-form (140 character) "microblogging" medium that is intended for text and image sharing
Facebook	Long-form (up to 2,000 characters per post) medium for sharing text, images, videos, and other multimedia content
Instagram	Image-based social network that is intended as a visual medium. Does not have capabilities to drive click-through rate (CTR) because posts offer no link option
Google+	Long-form medium for sharing text, images, videos, and other multimedia content
Pinterest	Medium for sharing photos and visual content categorized by theme
LinkedIn	Long- or short-form medium for sharing text, images, videos, and other multimedia content targeted to the business community

Top Tips for Social Media Marketing

The following tips help break down the process of mounting a successful social media marketing strategy.

Tips and recommendations for social media marketing activities.

Activity	Tips and Recommendations
Start with SWOT	Start by conducting a SWOT analysis of your social media activity. Evaluate how your organization is currently using social media, as well as the competition (platforms, messaging, tactics, and campaigns).
Establish a baseline	Establish a baseline. Take measurements for current reach and engagement before starting to use social media for marketing. This will help you gauge the impact and improve as you pursue a social media strategy.
Set goals	Set specific goals for your social media campaign. Make them S.M.A.R.T. goals that align with your broader marketing strategy.
Target audience	Understand how your target audience is using social media (and what platforms).
Platforms	Identify which social media platforms you will use and what you want to accomplish in each.
Ownership	Identify who within the organization will "own" and share responsibility for social media participation. Work out plans for how to coordinate activity and messaging if there are multiple owners.
Testing	A/B test your content using the targeting features of the social media platform. Figure out which types of posts, messages, content, and topics generate better response.
Measurement	Regularly take measurements for how much engagement your efforts are producing. Compare them to the benchmark and assess progress toward goals.
Monitor	Monitor social media activity regularly and be sure to respond to customers, prospects, and other users.

Advantages and Disadvantages of Social Media Marketing

The advantages and benefits of social media marketing focus heavily on the two-way and even multidirectional communication between customers, prospects, and advocates for your company or brand. By listening and engaging in social media, organizations are better equipped to understand and respond to market sentiment. Social media helps organizations identify and cultivate advocates for its products, services, and brand, including the emergence of customers who can become highly credible, trusted voices to help you sell. Unlike many other forms of marketing, social media are very measurable, allowing marketers to track online customer behavior and how target audiences respond to content created by the organization. Social media offers a virtually unlimited audience for communicating and sharing key messages in the market. It also offers marketers the ability to relatively easily target and test the effectiveness of content using the various targeting capabilities of social media for location, interests, income, title, industry, and other sociographic differentiators.

Social media also carry a number of inherent challenges. Social media are dynamic environments that requires significant effort to monitor and stay current on. It is also difficult to continually create "share-worthy" content. The variety of social media tools makes it a challenge to understand which platforms to use for which target audiences and calls to action. Crisis communications can be difficult, too, particularly in the public environment of social media, in which it is difficult to contain or control communication. This means it can be difficult to mitigate the impact of a crisis on the brand.

One of the biggest challenges facing organizations is determining who in the organization should "own" the social media platforms for the organization. Too few hands to help means the burden of content creation is high on a single individual. However, too many people often results in duplication of efforts or conflicting content.

Expert Insight on Using Social Media: JetBlue

Airline carrier JetBlue has received attention and accolades for its effective use of social media to foster two-way communication with customers. In this video, JetBlue's head of social media strategy, Morgan Johnston, explains the company's approach to social media and how it complements other corporate and marketing communication activity. He also shares insights about how the company used social media to manage crisis communications and respond to customers during Hurricane Sandy, when extreme weather conditions hit the company's northeastern U.S. travel routes hard.

Guerrilla Marketing: Thinking Outside the Box

Guerrilla marketing is a relatively new marketing strategy that relies on unconventional, often low-cost tactics to create awareness of and goodwill toward a brand, product, service, or even a company. The term "guerrilla marketing" itself comes from Jay Conrad Levinson, who coined the term in his 1984 book *Guerrilla Advertising*. Though "guerrilla" has military connotations (the word means "little war), guerrilla promotion strategies often combine elements of wit, humor, and spectacle to capture people's attention and engage them in the marketing act. Guerrilla marketing is memorable. And, like the renegade militias it was presumably named for, unexpected.

Practitioners of guerrilla marketing today have used other words to describe it: *disruptive*, *anti-establishment*, *newsworthy*, and *a state of mind.* By its nature, guerrilla marketing defies precise description, so it may be worthwhile to view an example before going further.

Classic Guerrilla: Nike Livestrong at the Tour de France

Although this campaign was a full-blown IMC effort, at its core it was really a memorable guerrilla marketing stunt: the spectacle of painting the streets of France during the world-famous Tour de France bicycle race. It ran in 2008 when Lance Armstrong was still one of the most revered athletes of his generation. Designed to generate awareness for Nike, the nonprofit Livestrong Foundation, and the cause of fighting cancer, marketers succeeded in sharing inspiring messages of hope with their target audiences: athletes, sports enthusiasts and people affected by cancer, particularly young people.

Telltale Signs of Guerrilla Marketing

Guerrilla marketing campaigns can be very diverse in their approach and tactics. So what do they have in common? Guerrilla marketing often has the following characteristics:

- It's imaginative and surprising, but in a very hip or antiestablishment way
- Doesn't resemble a traditional marketing initiative, such as a straightforward print or TV advertising campaign
- Uses combinations of different marketing communications tactics, in creative ways
- Is experiential, drawing in the target audience to participate
- Takes risks in what it aspires to accomplish, even if it might ruffle some feathers
- Is not 100 percent approved by the establishment (i.e. the city, the event planners, the powers that be)

When to Use Guerrilla Marketing

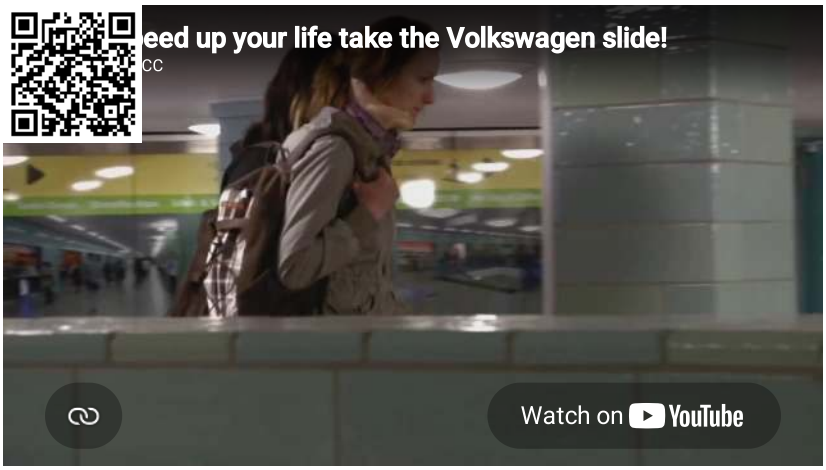
This edgy marketing approach focuses on two goals: 1) get media attention, and 2) make a positive and memorable connection with your target audience. Many noteworthy guerrilla campaigns, like Nike Livestrong, focus on creating an experience that embodies the spirit of the brand. Often these projects invite people who encounter the campaign to become co-conspirators in achieving the campaign's vision and reach.

Guerrilla marketing experts assert that this technique can work for virtually any brand or organization, so long as the organization doesn't mind taking some risks, and so long as the project is true to who you are and what you represent. The right concept for the guerrilla marketing effort should capture your organization's authentic voice and express what is unique about your brand identity. At some point you may be asked to stand up for your actions if you're called onto the carpet, so you need to believe in what you are doing. Guerrilla marketing is particularly suited to small, imaginative organizations that may not have much money but have a burning desire to do something memorable—to make an entrance or a splash. Severe budget constraints can encourage creative teams to be very inventive and original.[17]

Because it is inherently *spectacle*, guerrilla marketing tactics work very well for building brands and generating awareness and interest in an organization, product, service, or idea. They aim to put a company on the map–the mind-share map. It's interesting that guerrilla marketing often calls on the audience to engage or take action, but turning participants into a paying customers may not be the goal. However, successful guerrilla marketing can make audiences undergo a kind of "conversion" experience: if the impact is powerful enough, it can move consumers further along the path towards brand loyalty.

Volkswagen: Take the Slide!

Take a look at the following guerrilla marketing spectacle organized by Volkswagen. Notice how the event capitalizes on a unique combination of emotional appeal and surprise. (Note: there is no narration to the video; just background music.)



Guerrilla Marketing Tactics: The Usual Suspects

As you saw in the example of the lamppost transformed into a McDonald's coffeepot, all kinds of spaces and urban environments present opportunities for the guerrilla marketer. In fact, guerrilla marketing initiatives can be executed offline or online. Some companies feel that an edgy, unexpected online campaign with creative guerrilla elements is a little safer than executing a project in the bricks-and-mortar world.

It goes against the very notion of guerrilla marketing to establish a set of tactics or practices that are "conventional" or "typical." However, the following list describes some examples of guerrilla marketing tactics from noteworthy campaigns, which will give you an idea of what's been used in the past.[18]

Guerilla marketing tactics and their descriptions.

Guerrilla Tactic	Description
Graffiti	Graffiti marketing, a subset of guerrilla marketing, turns walls, alleys, and streets into larger-than-life canvases for marketing activity.
Stencil graffiti	Use of stencils to create repeated works of graffiti, with the stencils enabling the project team to rapidly recreate the same work in multiple locations. Stencils tend to be smaller-scale and simpler than classic graffiti art.
Undercover, or stealth marketing	Use of marketers or paid actors to go "undercover" among peers to engage unsuspecting people in a marketing activity of some sort. For example, attractive actors are paid to strike up conversations, rave about a new mobile device, and then ask people to take a photo using the device, so that they get hands-on experience with the product in question.
Stickers	Inventive use of stickers as a temporary medium for creating an image, posing an illusion, or conveying a message
Flash mobs	A group of people organized to perform an action at a predetermined place and time; usually they blend in with bystanders initially and then join the "mob" activity at the designated moment, as in the Do Re Mi video, above.
Publicity stunts	Extraordinary feats to attract the attention of the general public, as well as media
Treasure hunts	Placing a series of online and offline "treasure hunt" clues in an urban environment and inviting target audiences to participate in the hunt to win prizes and glory
Sham events	Staging an activity or event that appears real, but in fact is a fake, for the purposes of drawing attention and making a statement

Despite the irreverent, antiestablishment spirit of guerrilla marketing, marketers should use good judgment about seeking permission from building owners, city managers, event planners, or others in a position of authority, to avoid unpleasant or unnecessary complications. Some coordination, or even a heads-up that something is happening, can go far toward earning goodwill and a cooperative spirit in the face of an unexpected spectacle.

How NOT to Guerrilla Market

When three guerrilla marketing veterans spoke with *Entrepreneur* about their work, they gave their top advice about what NOT to do with these projects:[19]

- Adam Salacuse of ALT TERRAIN: "Never aim to upset, scare, or provoke people in a negative way. The goal should be to implement something that people will embrace, enjoy, and share with friends."
- Brett Zaccardi of Street Attack: "Don't be contrived or too bland. Don't try to be something you're not."
- Drew Neisser of Renegade Marketing: "Try not to annoy your target. [It] is generally not a good idea to do something that will cause someone on the team to go to jail."

Advantages and Disadvantages of Guerrilla Marketing

Guerrilla marketing has several notable advantages. It can be inexpensive to execute—it's often much cheaper than traditional advertising when you consider the number of impressions and amount of attention generated. It encourages creativity and inventiveness, since the goal is to create something novel and original. Guerrilla marketing is about buzz: it is designed for viral sharing, and it taps into powerful word-of-mouth marketing as people share their memorable guerrilla-inspired impressions and experiences with friends and acquaintances. A guerrilla marketing phenomenon can take on a life of its own and live in the memories of the people it affected long after the actual event is over. Finally, when executed effectively, guerrilla tactics are designed with media and publicity in mind. Media attention can snowball and generate a larger-than-expected "bounce" as local or even national outlets choose to cover these events.

As suggested above, guerrilla marketing also carries some disadvantages and risks. When an (apparently) spontaneous activity springs up in a public space, property owners, the police, and other authorities may object and try to interfere or stop the event. Unexpected obstacles can arise, which even the best-laid plans may have missed: weather, traffic, current events, timing, etc. Some audiences or bystanders may misinterpret what is happening, or even take offense at provocative actions or messages. When guerrilla projects are cloaked in secrecy or mystery, people

may become uncomfortable or fearful, or the aura of mystery may cause them to interpret the message and goals incorrectly. Similarly, if people feel they have been duped by a guerrilla marketing activity, they may come away with negative impressions. If some people disapprove of a given guerrilla marketing activity or campaign, there's a risk of backlash, anger, and frustration.

Compared to traditional marketing, guerrilla tactics are definitely riskier. Then again, the rewards can be brilliant, when things go as planned.

The Role of IMC in Guerrilla Marketing

As noted above, one telltale sign of guerrilla marketing is the way it blends multiple tactics to create maximum exposure and impact. Most guerrilla marketing campaigns incorporate multiple marketing communication methods and tools to carry out the the full vision. This makes them more than IMC compatible—they are really IMC *dependent*. For example, organizers of guerrilla stunts and feats frequently film their activities and post them online to generate (hopefully) viral videos and other content. Real-world guerrilla messages and promotional pieces often include information to access company Web sites, where custom-designed landing pages welcome visitors to the online counterpart of the guerrilla experience.

Social media is a staple of guerrilla marketing. Organizing, publicizing, and sharing a campaign's outcomes and impact may all take place through social channels. Social media also helps generate the buzz that drives guerrilla content to become viral. As guerrilla activities draw media attention, they intersect with PR and media relations.

Try It

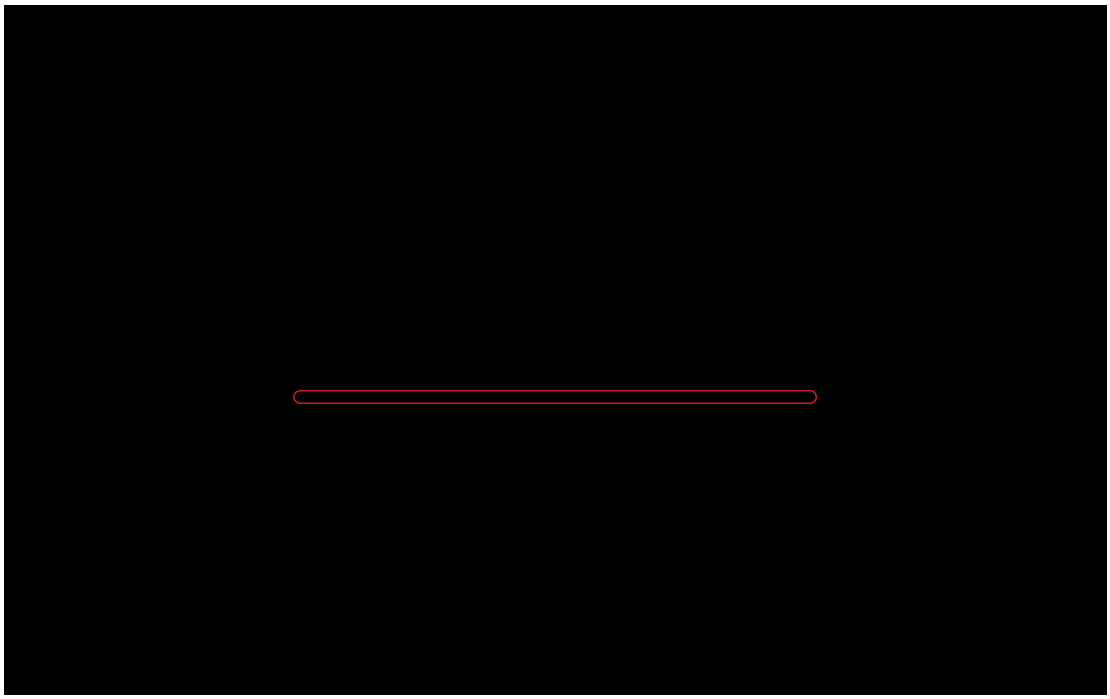
Congratulations: you've been learning a lot about IMC, and if the length of this module is any indicator, there's a lot to learn!

Are you sick of just *reading about* integrated marketing communications and ready to actually *try* it?

You're in luck. This simulation gives you the opportunity to start up your marketing engine and see what you can do with IMC. Play the simulation below multiple times to see how different choices lead to different outcomes. In this simulation environment, you don't have to shy away from choices that seem a little off: you can learn as much from the wrong choices as the right ones. All simulations allow unlimited attempts so that you can gain experience applying the concepts.

Have fun!

Simulation: Integrated Marketing. **Authored by**: Clark Aldrich for Lumen Learning. **License**: *CC BY: Attribution*



Attribution Links

1. http://www.slate.com/blogs/moneybox/2014/04/28/decline_of_newspapers_hits_a_milestone_print_revenue_is_lowest_since_1950.html ↵
2. http://edwardlowe.org/digital-library/how-to-establish-a-promotional-mix/ ↵
3. http://edwardlowe.org/digital-library/how-to-establish-a-promotional-mix/ ↵
4. Jim Tincher, "Your Moment of Truth," *Customer Think*, http://customerthink.com, August 30, 2016. ↵
5. "Coupon Statistics: The Ultimate Collection," *Access Development*, http://blog.accessdevelopment.com, May 17, 2017. ↵
6. Drew Hendricks, "5 Ways to Enhance Your SEO Campaign with Online Coupons," *Forbes*, https://www.forbes.com, May 13, 2015 ↵
7. Laurent Muzellec, "James Bond, Dunder Mifflin, and the Future of Product Placement," Harvard Business Review, https://hbr.org, June 23, 2016. ↵
8. Josh Terry, "Unfunny Emoji Movie Is a Sad Echo of 2015's "Inside Out," *Deseret News*, http://www.deseretnews.com, July 31, 2017. ↵
9. Don Steinberg, "Science Affliction: Are Companies Cursed by Cameos in Blade Runner?" The Wall Street Journal, https://www.wsj.com, September 25, 2017. ↵
10. http://edwardlowe.org/digital-library/how-to-establish-a-promotional-mix/ ↵
11. http://smallbusiness.chron.com/strategic-selling-techniques-15747.html ↵
12. http://www.smetimes.in/smetimes/in-depth/2010/Sep/02/personal-selling-when-and-how500001.html ↵
13. http://www.smetimes.in/smetimes/in-depth/2010/Sep/02/personal-selling-when-and-how500001.html ↵
14. http://www.zabanga.us/marketing-communications/how-companies-integrate-personal-selling-into-the-imc-program.html ↵
15. http://www.zabanga.us/marketing-communications/how-companies-integrate-personal-selling-into-the-imc-program.html ↵
16. http://www.nytimes.com/2012/02/19/magazine/shopping-habits.html ↵
17. http://www.entrepreneur.com/article/206202 ↵
18. http://www.wordstream.com/blog/ws/2014/09/22/guerrilla-marketing-examples ↵

19. http://www.entrepreneur.com/article/206202 ↵

CC licensed content, Original

- Screenshot Mobile Advertisement. **Provided by**: Lumen Learning. **License**: *CC BY: Attribution*
- Direct Marketing. **Provided by**: Lumen Learning. **License**: *CC BY: Attribution*
- Screenshot Target Baby Registry. **Provided by**: Lumen Learning. **License**: *CC BY: Attribution*
- Social Media Marketing. **Authored by**: Melissa Barker. **Provided by**: Spokane Falls Community College. **License**: *CC BY: Attribution*
- Simulation: Integrated Marketing. **Authored by**: Clark Aldrich for Lumen Learning. **License**: *CC BY: Attribution*

CC licensed content, Shared previously

- Revision and adaptation of Advertising. **Provided by**: Wikipedia. **Located at**: https://en.Wikipedia.org/wiki/Advertising. **License**: *CC BY-SA: Attribution-ShareAlike*
- Communicating to Mass Markets, from Introducing Marketing. **Authored by**: John Burnett. **Project**: Global Text. **License**: *CC BY: Attribution*
- Behavioral Targeting. **Provided by**: BBC. **Located at**: https://youtu.be/HtOkaAMOmAc. **License**: *CC BY-NC-ND: Attribution-NonCommercial-NoDerivatives*
- Tyson Foods Meals That Matter. **Provided by**: Tyson Foods. **Located at**: https://youtu.be/awsB5_H2PlI. **License**: *All Rights Reserved*
- Innovation Awards. **Provided by**: ICT Authority. **Located at**: https://www.flickr.com/photos/kenyaictboard/14140767473/. **License**: *CC BY: Attribution*
- Announcement. **Authored by**: rawpixel. **Provided by**: Pixabay. **Located at**: pixabay.com/photos/announcement-announcing-audio-3976318/. **License**: *CC0: No Rights Reserved*
- Boundless Marketing. **Provided by**: Boundless. **Located at**: https://courses.lumenlearning.com/boundless-marketing/. **License**: *CC BY-SA: Attribution-ShareAlike*
- Introducing Marketing. **Authored by**: John Burnett. **Project**: Global Text. **License**: *CC BY: Attribution*
- Sales Promotion. **Provided by**: OpenStax. **Located at**: http://cnx.org/contents/4e09771f-a8aa-40ce-9063-aa58cc24e77f@8.6. **Project**: Introduction to Business. **License**: *CC BY: Attribution*. **License Terms**: Download for free at http://cnx.org/contents/4e09771f-a8a...58cc24e77f@8.6
- Sampler tray of Starbucks new Mocha Toffee Latte. **Authored by**: Urban Bohemian. **Located at**: https://www.flickr.com/photos/urbanbohemian/4948232118/. **License**: *CC BY-NC-ND: Attribution-NonCommercial-NoDerivatives*
- Gamification. **Provided by**: BBC. **Located at**: https://youtu.be/1nikw1v5Zjo. **License**: *CC BY-NC-ND: Attribution-NonCommercial-NoDerivatives*
- Phone call. **Provided by**: CWCS Managed Hosting. **Located at**: https://www.flickr.com/photos/122969584@N07/13780153345/. **License**: *CC BY: Attribution*
- Handshake. **Authored by**: Cytonn Photography. **Provided by**: Unsplash. **Located at**: https://unsplash.com/photos/n95VMLxqM2I. **License**: *CC0: No Rights Reserved*. **License Terms**: Unsplash License
- Email Marketing. **Authored by**: RaHuL Rodriguez. **Located at**: https://www.flickr.com/photos/rahulrodriguez/9162677329/. **License**: *CC BY-SA: Attribution-ShareAlike*
- Google AdWords. **Provided by**: BBC. **Located at**: https://youtu.be/NIL2POjhvI8. **License**: *CC BY-NC-ND: Attribution-NonCommercial-NoDerivatives*
- Downtown Guerilla Marketing. **Authored by**: Daniel X. O'Neil. **Provided by**: Flickr. **Located at**: https://flic.kr/p/PSjaN. **License**: *CC BY: Attribution*

All rights reserved content

- HEINZ Ketchup Wiener Stampede. **Provided by**: Heinz. **Located at**: https://www.youtube.com/watch?v=6igElOW4hUA&feature=emb_title. **License**: *All Rights Reserved*. **License Terms**: Standard YouTube license
- Naked Juice Ad. **Provided by**: Naked Juice. **Located at**: https://www.nakedjuice.com/. **License**: *All Rights Reserved*. **License Terms**: Fair Use
- Puma Ad. **Provided by**: PUMA. **Located at**: https://us.puma.com/en/us/home. **License**: *All Rights Reserved*. **License Terms**: Fair Use
- Screenshot Rogue Voodoo Porter Ad. **Provided by**: Rogue Ales and Spirits. **Located at**: https://www.rogue.com/. **License**: *All Rights Reserved*. **License Terms**: Fair Use
- BLACK + DECKER 20V MAX*- Lithium Drill/Driver with AutoSense Technology. **Provided by**: Lowe's Canada. **Located at**: https://youtu.be/HMaxVN8wbbY. **License**: *All Rights Reserved*. **License Terms**: Standard YouTube license
- Hoover Ad. **Provided by**: Hoover. **Located at**: https://www.hoover.com/. **License**: *All Rights Reserved*. **License Terms**: Fair Use
- Always #LikeAGirl. **Provided by**: Always. **Located at**: https://youtu.be/joRjb5WOmbM. **License**: *All Rights Reserved*. **License Terms**: Standard YouTube License
- Social Fresh interview with Morgan Johnston of jetBlue. **Provided by**: Social Fresh. **Located at**: https://youtu.be/mzsN3oEV1YE. **License**: *All Rights Reserved*. **License Terms**: Standard YouTube License
- Screenshot Cats for Sale Search. **Provided by**: Google. **Located at**: http://www.google.com. **License**: *All Rights Reserved*. **License Terms**: Fair Use
- Farmer's Insurance Web Site. **Provided by**: Farmer's Insurance. **Located at**: https://www.farmers.com/. **License**: *All Rights Reserved*. **License Terms**: Fair Use
- Nike Livestrong - ChalkBot - Web Film. **Located at**: https://youtu.be/iCLdyKHxBnQ?list=PLGhn_uYiaIc8injQ6hgMPXHwmXc3l66Hx. **License**: *All Rights Reserved*. **License Terms**: Standard YouTube license
- Speed up your life - Take the slide!. **Provided by**: Volkswagen. **Located at**: https://youtu.be/W4o0ZVeixYU. **License**: *All Rights Reserved*. **License Terms**: Standard YouTube license

Public domain content

- Got Milk?. **Provided by**: Wikimedia. **Located at**: https://commons.wikimedia.org/wiki/File:Gotmilk.png. **License**: *Public Domain: No Known Copyright*
- Pears Soap ad. **Provided by**: Wikimedia. **Located at**: https://commons.wikimedia.org/wiki/File:Pears_Soap_1900.jpg. **License**: *Public Domain: No Known Copyright*

5.3: Marketing Communication Methods is shared under a not declared license and was authored, remixed, and/or curated by LibreTexts.

5.4: Using IMC in the Sales Process

What you'll learn to do: explain how IMC tools support the sales process

As you know very well by now, in every successful transaction, there's a buyer and a seller.

The consumer behavior module of this course describes the decision process consumers go through when they decide to buy something. From the seller's perspective, there is a parallel sales process that companies use to clarify the things they must do to successfully move buyers through their decision process.

In this section of the course, we will examine this sales process and the role of integrated marketing communication in supporting it.

The specific things you'll learn in this section include:

- Describe the sales process
- Provide examples of how IMC tools can support various stages of the sales process

Through the Looking Glass: Understanding the Sales Process

Up to this point, we've emphasized the importance of getting into the minds of customers in order to market to them effectively. The consumer decision-making process outlines key stages people go through when they make purchasing decisions. Now we're going to step through the proverbial looking glass to examine that same process from the seller's point of view.

Why is this helpful? For a sale to occur, the buyer needs to move through the decision making process successfully. To help the buyer do that, the seller needs to provide information and assistance along the way. For some products and services, such as those that employ personal selling, the seller 's role is very hands-on. For other product and services, particularly ones in low-involvement decisions, the seller's role may be fairly hands-off. In either case, though, it's helpful for marketers to understand the sales process that happens alongside the consumer decision-making process.

The role of marketing is to work in the middle ground between these processes, providing tools that facilitate the customer's movement through the decision-making process **and** tools that help people responsible for sales *close deals*. When marketers take an IMC approach to this challenge, they can develop timely, well-coordinated marketing tools that effectively support both processes.

The Seller's Viewpoint

The sales process starts with determining where to focus attention and then turns to relationship building and information sharing to help prospective customers reach a buying decision. The figure below lists the five stages of the sales process that correspond to the five stages of the consumer decision-making process.

Stage 1: Generate and Qualify Leads

The first step in the sales process is to find sales leads. A *lead* is a person who expresses some interest in learning more about a product or service. But just being interested isn't enough to warrant the full attention of the seller. Leads must also be qualified. In other words the seller needs to confirm that the lead actually has a recognized need for the offering and the ability to pay for it. Once a prospect meets these criteria, the goal from both the marketing and sales point of view is to move the person successfully through the decision process.

Stage 2: Build Relationship and Discover Needs

At the same time consumers are searching for information about how to address their needs, sellers are searching for information about the consumers and what they looking for. At this stage a true buyer-seller relationship starts to form: the seller reaches out and probes in order to understand buyer needs. The seller also begins to position herself as a trusted resource to help address these needs. The buyer begins to understand that the seller may indeed be able to provide what he is looking for.

Stage 3: Present Solution and Resolve Concerns

Once a seller understands the needs of a qualified lead, she can effectively present the product or service as a solution to those needs. She has insight into the buyer and understands which features and benefits are most important. She can position the offering accordingly. It is important to present the solution at the same time the consumer is formulating and evaluating alternatives. Inevitably this evaluation process will raise potential concerns and reservations about the solution. The seller surfaces these issues and provides additional information to resolve them.

Stage 4: Close the Sale

At this late stage of the sales process, the buyer is engaged in getting the best deal he can, while finally confirming that this decision is the best one. The seller is taking final steps to ensure that her solution is selected and that the purchase is completed. This may involve offering some final, crowning piece of information to instill confidence in the choice and move it over the finish line. It may also involve negotiating final deal terms, pricing, or providing incentives to finalize the decision.

Stage 5: Monitor and Follow Up

This final stage recognizes that closing the sale is a gateway into a new and deeper relationship: the active customer relationship. If the seller wants to retain this customer and potentially sell to him again in the future, it is important to invest in the relationship and make sure he is satisfied with his decision. The buyer hopes to quickly start enjoying the benefits of the new solution. The seller now takes responsibility for effectively delivering the solution. At this stage, if the seller is using personal selling techniques, there is often a personnel shift, and a colleague from customer service, solution delivery, or another team takes over for the seller. What doesn't change is the seller's vested interest in monitoring how the customer is doing, with an eye toward lifetime customer value.

Alignment between the Sales and Marketing Functions

The marketing and sales functions have common goals in helping to move prospective customers through the purchasing process successfully. Although the *sales process* is labeled with the term, "sales," in fact the sales and marketing teams collaborate to make the process effective. It is very common for the marketing team to be responsible for the first stage of the sales process, lead generation and qualification. Marketing may also be instrumental in initiating relationships with qualified leads, beginning to identify their needs and issues, and sharing useful information as buyers begin to seek solutions to their problems.

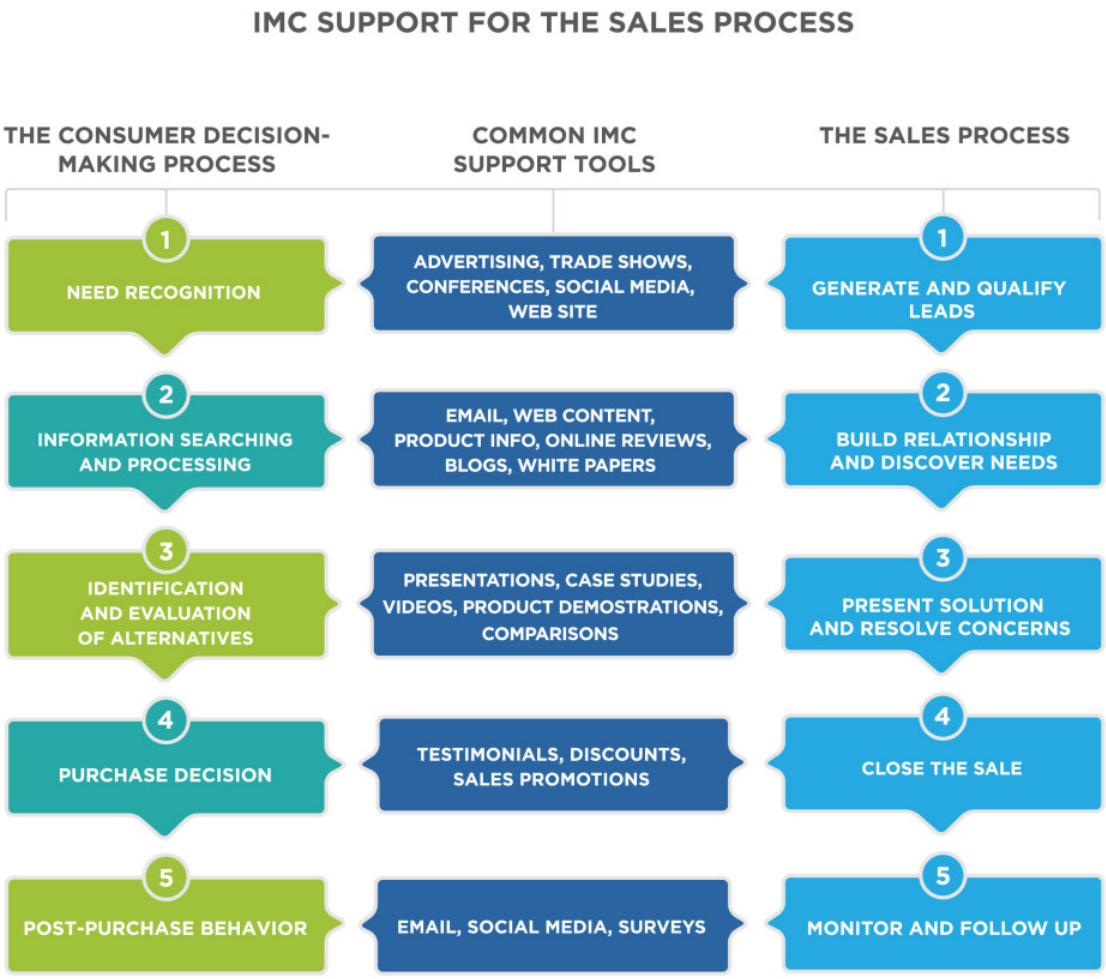
Often the marketing team collaborates with the sales organization to develop appropriate tools for the later stages of the sales process, too. Solution presentations, product demonstrations, and other informational tools are all marketing communications artifacts. Marketers can ensure consistent positioning, messaging, and brand alignment when they work with sales team members to develop tools to support these stages of the process.

When no personal selling is involved, organizations may rely heavily on Web-based tools and interactions to support these stages of the buying process. Tools like videos, self-running product demonstrations, free product trials, case studies, and product comparisons might provide sufficient coverage to eliminate the need for dedicated salespeople. But here again, marketing plays a central role in developing and improving these tools, and in managing the process of connecting buyers to the information they need. Marketing automation tools can add significant power to organizational Web sites to assist with this process.

Fitting IMC into the Sales Process

So where does IMC fit in the sales process? Marketing communication tools serve as the fabric woven between the consumer decision-making process and the sales process. A common set of IMC tools is responsible for helping both processes function smoothly. Taking an IMC approach to supporting the sales process helps marketers think holistically about what's happening on the part of the buyer as well as the seller; a coordinated approach can make these parallel processes happen more effectively.

Various marketing communication tools lend themselves to each stage of the sales process, depending on the nature of the interaction between the seller and the buyer. Although a marketer could conceivably design any IMC tool to support any stage of the process, there are general patterns around the types of marketing communication tactics that work best at each stage, as illustrated in the figure below.



Stage 1: Early in the sales process, optimal IMC tools are those that cast a wide net to build awareness about both the problem an organization's products and services address and its proposed solution(s). This stage is the widest in the so-called sales funnel. Ideally, organizations take a coordinated IMC approach to lead-generating activities, so that advertising, the Web site, conferences, trade shows, and social media activity all reinforce one another by using common messaging to share the value proposition.

Stage 2: With qualified leads in hand, the opportunity is ripe for IMC campaigns that target leads based on what they are looking for and their progression through the decision-making process. Electronic direct mail is often an essential tool at this stage. Web-site content should be carefully designed to support prospective customers' "information search" processes effectively. By monitoring contacts' progression, the organization can provide additional materials as needed to keep people interested and engaged.

Stage 3: When a contact recognizes that he wants to give serious consideration to the company's products or services, a very solution-focused set of IMC tools come to the fore. Tools such as presentations, case studies, videos, product comparisons, demonstrations, and free trial offers are all designed to help prospective customers understand the product features and benefits they will enjoy. These tools and the process for accessing them can be built into a coherent campaign that moves people easily from stage to stage as they learn more.

Stage 4: When the buyer and the seller home in on the final selection process and specific terms for sale, another set of IMC tools can be particularly useful. Testimonials and references from satisfied, successful customers can play a powerful role in pushing a decision across the finish line. At times, offering sales promotions and discounts can make the difference between signing now vs.

months from now. By applying an IMC approach to supporting the entire sales process, this stage can feel like a crowning validation of the chosen path, with all the other touch points leading to this point.

Stage 5: As the prospective customer becomes an actual customer, IMC tools like email and social media can help deepen and individualize the relationship. A new-customer-orientation IMC campaign, for example, might provide the kickstart a customer needs to move ahead successfully. Online surveys and other feedback tools can engage new customers to monitor how they are doing and confirm that they are experiencing the value they expect.

Case Study: IMC and Zombie Apocalypse Supporting the Sales Process

In 2013, it was the height of America's fixation with zombies. The hit TV show *The Walking Dead* was a popular obsession, and the highly anticipated summer blockbuster was the zombie-filled action-horror film *World War Z*. At the time, Christine Nurnberger was a new-to-the-job vice president of marketing. She had been challenged by her boss to breathe excitement into the ho-hum reputation of SunGard Availability Services (SunGard AS), a B2B company that helps organizations improve their IT infrastructure to avoid service outages and plan for disaster recovery.

Tapping into the zeitgeist, Nurnberger hit on an almost crazy idea for an integrated marketing campaign: "What better way to convey our message around the importance of having a resilient business infrastructure than to test it by seeing if you could survive a zombie apocalypse."[1]

Almost crazy, but not quite. Nurnberger set her team to designing a pilot to test the concept with a small number of corporate chief information officers who were in later stages of the buying process. This first phase of the IMC campaign used direct mail. Marketers sent a flash drive to the CIOs, informing them of the imminent zombie apocalypse and telling them to stay tuned for a backpack of survival materials, which arrived a few days later. Sales representatives followed up with sales calls, and they were elated to find their CIO sales leads enthusiastic about the creative zombie campaign and open to talking business, as well. The campaign gave sales reps the perfect opportunity to discuss the company's offerings and innovation and address concerns about the perception of SunGard AS as a stodgy "dinosaur" in the IT world.

The first wave went so well that the marketing team expanded the campaign to additional audiences in ways that impacted multiple stages of the sales funnel:

- **All stages:** A version of the campaign targeting industry analysts and influencers with a message about the company's recent updates and innovation. This effort resulted in positive social media posts from analysts about SunGard AS and the campaign. This helped bolster the SunGard AS brand and generate further interest at each stage of the sales process.
- **Stage 1:** A social media campaign and zombie-apocalypse backpack giveaway were initiated to build awareness and generate new leads.
- **Stages 1 and 2:** A targeted campaign to generate, qualify, and educate new leads among IT decision makers was developed using email, direct mail, and Web-site content.
- **Stages 2 and 3:** A second targeted campaign focused on recontacting promising sales leads who had stalled during the sales process to restart conversations with SunGard AS. Coordinated IMC elements in this campaign included email, direct mail, personal selling, Web-site content, and social media.

In the following video, Christine Nurnberger explains the approach behind the IMC campaign (including the zombie apocalypse backpack), how her team executed different phases, and the results of the campaign.

1. http://www.marketingsherpa.com/article/case-study/zombie-themed-campaign-sungard ↵

CC licensed content, Original

- Using IMC in the Sales Process. **Provided by**: Lumen Learning. **License**: *CC BY: Attribution*

CC licensed content, Shared previously

- Handshake. **Authored by**: Chuck Patch. **Located at**: https://www.flickr.com/photos/chuckp/252924532/. **License**: *CC BY-NC: Attribution-NonCommercial*

All rights reserved content

- How Zombies Helped Deliver the Right Message to the Right Audience at the Right Time. **Authored by**: MarketingSherpa. **Located at**: https://youtu.be/kmMU6gGa5ZE. **License**: *All Rights Reserved*. **License Terms**: Standard YouTube license

5.4: Using IMC in the Sales Process is shared under a not declared license and was authored, remixed, and/or curated by LibreTexts.

5.5: Customer Relationship Management (CRM) Systems and IMC

What you'll learn to do: describe the uses of customer relationship management (CRM) systems for marketing communication purposes

An important tool for sales and marketing activities is the customer relationship management system (CRM). At their core, CRM systems are software systems used to collect and manage information about customers and prospects, making them a valuable source of internal data. CRM system providers have also built a set of technology tools around this core to help marketers analyze customer information and use it to create smarter, better targeted, and more effective marketing communication.

In the next section, you'll learn about the role of CRM systems in helping marketers deliver the right types of marketing campaigns and interaction opportunities to the right people at the right time.

The specific things you'll learn in this section include:

- Discuss how organizations use CRM systems for targeted marketing communication

Using CRM to Support Marketing Communication

Earlier in this course we introduced customer relationship management (CRM) systems, which serve key functions for marketing, sales, and account management. These systems capture data about customers as well as an organization's interactions with these customers. They also provide tools to help marketers and salespeople better manage customer relationships and meet their customers' needs. CRM systems generally capture and maintain information about prospective as well as current customers, making them very useful to both marketing and sales processes.

The overall business goals of CRM systems are to help organizations 1) capture new leads and move them through the sales process; 2) support and manage relationships with current customers to maximize their lifetime value to the company; and 3) boost productivity and lower the overall costs of marketing, sales, and account management.

CRM systems can be complicated to implement because they are intended to support a complex set of processes and business functions. At times, the systems themselves are so sophisticated that organizations never fully use all their capabilities. However, a wide selection of CRM systems are now available at different levels of pricing and complexity. As managers refine their understanding of how CRM systems can help them achieve their business and marketing objectives, they can identify suitable systems and implementation approaches to fit their needs.

CRM Uses in Sales and Marketing

CRM systems are transformational for marketing communication because they allow marketers to use customer data to personalize their interactions to fit the unique needs of individuals. When marketers or salespeople know more about the customer–thanks to information the CRM telling them who the customer is, how she found the company, what information she has requested, and so forth–they can anticipate that person's needs and tailor the next set of interactions to help her progress through the decision-making process.

Information gained through CRM initiatives can support the development of sales and marketing strategy by developing the organization's knowledge in key areas: identifying customer segments, improving customer retention, improving product offerings (by better understanding customer needs), improving the customer experience, and identifying the organization's most profitable customers.

In the following video, Amazon CEO Jeff Bezos explains how his company captures data about what products customers buy to tailor the shopping experience every time someone visits the Amazon Web site. The customer data, captured in Amazon's CRM system, feeds a "recommendation engine" to suggest products Amazon thinks customers will want, based on their prior purchases and the purchase histories of other customers who buy the same types of things they do. You can view the video at YouTube

Read the transcript for the video "Personalize Recommendations Online."

Marketing and IMC

CRM systems for marketing help an organization identify and target potential clients and generate leads. A key marketing capability is tracking and measuring the effectiveness of multichannel campaigns, including email, search, social media, telephone, direct mail, and other channels. The CRM system can monitor which individuals click, respond, and participate in any call to action. It also reports overall campaign metrics such as clicks, responses, leads generated, deals closed, and revenue. Many CRM systems are capable of tracking customer interactions and nurturing relationships from first contact through the closed sale and beyond, providing a 360-degree view of the customer relationship.

Marketing automation uses data from a CRM system to help marketers coordinate and manage marketing interaction across multiple digital-marketing channels—email, Web sites, social media, etc. Marketers use marketing automation systems to design and execute marketing campaigns targeted to specific segments based on various criteria. Campaigns might target individuals in the CRM system by job title, industry, or geography, for example, or some combination of individual traits. Campaigns may also be designed around the stage of the sales process, so that everyone at a certain stage receives a weekly email or other touch point to provide further information and help nudge the contact toward the buying decision.

Marketing automation is particularly good for automating repetitive tasks, so that marketers can maintain interaction and build relationships with a large number of contacts simultaneously. But because CRM data tracks what each prospective customer is looking for and where they are in the decision process, marketers can orchestrate an appropriate set of automated interactions to keep the relationship "warm" and eventually move them toward a sale.

Based on the characteristics and behavior of the prospective customers captured in the CRM system, marketers can also direct the system to conduct "lead scoring." Lead scoring involves assigning points to marketing or sales leads to help marketers prioritize who is most ready to buy and move them toward a buying decision. For instance, B2B marketers could define lead scoring as follows:

- 8 points to every contact that resides within a targeted geography
- 7 points for sharing an email address
- 8 points for sharing job title
- 15 points to any contact who holds a position as vice president or higher in their organization
- 3 points each time a contact visits the company's Web site
- 5 points each time a contact downloads a document or views a video on the Web site

The system calculates the total score for each lead, indicating which contacts are the best-prepared targets for making a sale. Marketing and sales team members then target appropriate marketing campaigns and outreach opportunities designed to help leads continue progressing through the sales process.

Sales Force Automation

Sales force automation (SFA) is another function of many CRM systems. It involves using software to streamline all phases of the sales process, minimizing the time that sales representatives need to spend on each phase. This enables a business to use fewer sales representatives to manage their clients. At the core of SFA is a contact management system for tracking and recording every stage in the sales process for each prospective client, from initial contact to final disposition. Many SFA applications also provide reporting and analytical tools to give salespeople and managers insights into specific sales opportunities, territories, and forecasting future sales. Some also offer workflow automation tools to help streamline sales-related processes and improve both the quality and efficiency of sales teams' interactions with prospective customers.

As with marketing automation, sales force automation can help salespeople streamline the task of communicating with prospective customers during the sales process. A salesperson can can set up automated triggers to send specific communications to sales leads at various points in the process. For example, when an individual requests a product demonstration, a sales automation system might automatically send a set of communications to set up a virtual meeting for the demo. The system could then check whether that lead has downloaded a marketing piece comparing product features versus competitors'. If not, the system would automatically send that informational piece in a follow-up email message.

CC licensed content, Original

- Revision and adaptation. **Provided by**: Lumen Learning. **License**: *CC BY-SA: Attribution-ShareAlike*

CC licensed content, Shared previously

- CRM and Personal Selling, from Boundless Marketing. **Provided by**: Boundless. **Located at**: https://courses.lumenlearning.com/boundless-marketing/. **License**: *CC BY-SA: Attribution-ShareAlike*
- Personalized Recommendations Online. **Provided by**: BBC. **Located at**: https://youtu.be/I952kdcpE3Y. **License**: *CC BY-NC-ND: Attribution-NonCommercial-NoDerivatives*

All rights reserved content

- Pardot Customer Story: Precor. **Provided by**: Pardot. **Located at**: https://youtu.be/GVH4THFmjrU?list=PLNmYf_HyHDDo5uLP-Fowrm5LIKNM8zj0d. **License**: *All Rights Reserved*. **License Terms**: Standard YouTub license

---

5.5: Customer Relationship Management (CRM) Systems and IMC is shared under a not declared license and was authored, remixed, and/or curated by LibreTexts.

5.6: Measuring Marketing Communication Effectiveness

What you'll learn to do: explain common tools used to measure marketing communication effectiveness

After all the creativity, work, blood, sweat, and tears that go into a successful marketing campaign, your work is not done until you have measured the campaign's impact to learn where it succeeded and where it didn't. Every campaign represents a significant investment of resources, so if you don't take the time to learn from your campaign before moving on, you are losing a substantial part of that investment. Also, an effective campaign may contain tactics that you can use again—but you'll want to know which ones worked. Think about it: every campaign you run can make you smarter!

The specific things you'll learn in this section include:

- Discuss the importance of measuring marketing communication effectiveness
- Identify key performance indicators (KPIs) that are useful for measuring the effectiveness of marketing communications

Why Measure?

Measurement is an important aspect of marketing campaigns and other marketing activity. Measurement makes some people very nervous because it brings accountability into marketing activity. In fact, this step can be one of a marketer's best friends. If you don't measure the impact of your marketing efforts, you'll have no idea whether what you are doing is effective or not. On the other hand, if you do measure the impact, it will help you understand what is working, and where and how to improve your efforts. By nature, marketing is a dynamic field because markets change and people change. What works beautifully this year may be a complete flop next year, and vice versa.

Measurement–and the results or "metrics" this process collects–are like a compass that helps marketers adjust course so they can reach their goals more quickly and effectively.

Deciding What to Measure

Measuring just for the sake of having numbers misses the whole point. It's actually essential to determine the right things to measure first, if you want to get a relevant picture of what's happening. To do this, marketers typically go through a process of identifying **key performance indicators** (often called KPIs). A KPI is something measurable that indicates the progress an organization is making toward its business objectives. The KPI is not the same as the actual company goal or objective; instead it is something measurable that helps managers understand how well they are progressing toward the goal.

To understand the importance of KPIs, let's say you are a track coach who wants to capture data about the sprinters on your team. You could measure all sorts of things about the athletes: their shoe size, how many cups of sweat they produce during a typical workout, how fast their hearts beat during a race, and so on. Would all those measurements be key performance indicators? Maybe not. You might decide that the key performance indicators for sprinters are their best running times and their average running times (or something else).

In a company, KPIs can be determined for many different levels of the organization. These are described below:

- **Company-level KPIs** indicate the overall company performance on company-wide goals, in terms of total revenue, profitability, customer-satisfaction rating, market share, or percentage of growth in the customer base.
- **Department-level KPIs** track performance at the department level. For the marketing department, it might be brand awareness, the number of qualified new leads generated, cost per lead generated, or the *conversion rate*: the percentage of leads who are

converted into customers.

- **Team-level KPIs** track the impact and effectiveness of a team's activities. A team focused on digital marketing, for example, might track KPIs such as email-marketing click rates, the number of Web-site visits, or SEO sales conversion rate: the percentage of individuals who come to the Web site via a search engine and result in a sale.
- **Campaign-level KPIs** track the impact of individual campaigns. By tracking similar metrics across multiple campaigns, it is easy to see which ones are most effective with target audiences and then use this information to refine tactics and replicate successful approaches. Campaign-level KPIs are somewhat dependent on the campaign design; for example, campaigns typically track the "open" rate: i.e., how many people open an email message once it is delivered. If a campaign doesn't use email, the open rate doesn't exist. However, there are some "common denominator" campaign metrics marketers can track across IMC activities to determine impact and progress. Cost per impression, impressions per campaign, and conversion rate are metrics that can be tracked for virtually any campaign.
- **Marketing tactic-level KPIs** track the effectiveness of individual marketing tactics and tools. For example, content-marketing KPIs track the effectiveness of individual content pieces used on a Web site and in IMC campaigns. These metrics, such as page views per article and number of social media shares provide insight for marketers about which types of content are most popular with target customers and which content pieces get little interest.

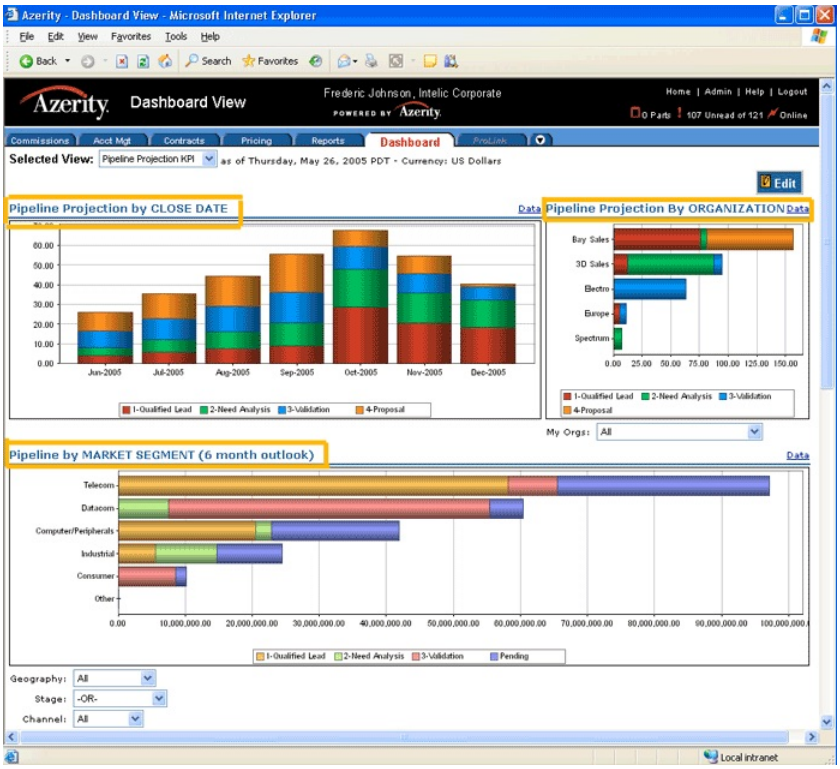
Different companies select different sets of KPIs, depending on what they are trying to accomplish and the strategies they are pursuing to reach their goals. At any given level, it is important to limit the total number of KPIs to those that are most essential and indicative of progress. If too many things are measured, managers have trouble prioritizing and homing in on what is most important. In addition to KPIs–which represent key, strategic indicators of progress–a company may also track a variety of other metrics to inform its operations.

Alignment with Goals and Objectives

Figuring out what to measure starts with considering the organization's overall goals and objectives, as well as the marketing team's goals and objectives. The highest-level KPIs should tell managers about how well marketing is doing at meeting its goals as a team, and how the team is contributing to the organization's overall performance. KPIs may reflect absolute figures, such as total market share. Or they may track progress toward a target, such as progress toward achieving 1,500 new customers over the course of a year. KPIs should provide information to guide managers in their decision making about what is working and where to adjust course.

It is helpful for an organization to define a standard set of KPIs for measuring the effectiveness of marketing campaigns and for the contributions made by different functions within the marketing organization: public relations, advertising, social media marketing, etc. When marketers define S.M.A.R.T. goals at the outset of a campaign, these goals may incorporate KPIs to confirm what the campaign aspires to achieve and how well it does at achieving these goals. KPIs for awareness-building campaigns, for example, should be focused on campaign reach, such as number of impressions or post-campaign brand awareness.

Managers should be attentive to how many KPIs they are tracking to ensure that measurement remains a useful activity rather than a burden that cuts into the productivity and effectiveness of the broader team. Fortunately, as marketing becomes more data rich and technology driven, many KPI-type metrics are calculated automatically by systems that support the marketing function, making them readily available. Tools are also available that create dashboards for marketing managers and team members to help them easily monitor KPIs on an ongoing basis.



Defining the Metric

Every marketing metric or KPI requires some type of measurement, and it should be based on legitimate data. When marketers define a KPI, they should also define what data will be used to calculate the KPI, as well as the source of that data. At times, different people or teams might have different assumptions about how to calculate the metric, so it is wise to clarify this during the definitional stage.

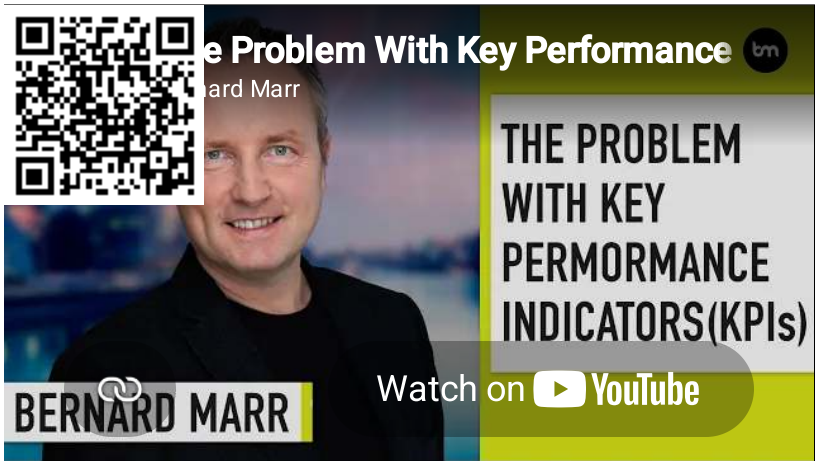
It isn't uncommon for people to identify KPIs and then discover that they don't have ready access to the information needed for measurement. This can be a good motivator for defining a process to obtain that information. Or it can be a cue that perhaps a different KPI based on more readily available information would be a better option.

When to Measure

When to measure depends on what is readily available for marketers and managers to track and maintain. If it takes a lot of manual effort to generate a KPI report, or managers are spending hours per day or week compiling and reporting metrics, it could significantly cut into productive work time—and it might be wise to investigate alternatives. Fortunately, CRM and other systems that build KPI dashboard reports into their regular, day-to-day functions are readily available. In these cases, systems automatically calculate KPIs, which makes them easy to monitor over time and adjust course as needed. Typically managers should monitor KPIs at least once per quarter, in order to gauge progress and learn what's working and how to improve.

Video: Defining KPIs

The following video provides an overview of different types of key performance indicators and the process of defining them.



Examples of Key Performance Indicators

Different types of KPIs focus on measuring progress and effectiveness in different areas related to marketing. In fact, hundreds of possible KPIs exist, so marketing managers should figure out which ones matter most for achieving their goals and focus attention accordingly. The section and table below lists a variety of KPIs that apply to different aspects of marketing communications and the marketing function generally.

Marketing-Related Business Objectives Sample KPIs

Sales/Revenue Generation Sample KPIs

- Total sales/revenue
- New/incremental sales revenue
- Profitability
- Average revenue per customer
- New customer acquisition
- Number of customers
- Customer retention
- Number of registrations/sign-ups

Market Share Sample KPIs

- Market share in category
- Relative market share (share relative to largest competitor).

Lead Generation Sample KPIs

- Number of qualified leads
- Cost per lead (by source/platform)
- Traffic source breakdown.

Build Brand Sample KPIs

- Brand awareness
- Brand equity
- Price premium
- Brand valuation
- Share of voice: mentions of your brand/mentions of others
- Brand community membership.

Foster Dialogue Sample KPIs

- Audience engagement
- Share of voice: mentions of your brand/mentions of others

- Conversion reach.

Develop Customer Advocates Sample KPIs

- Active advocates
- Advocate influence
- Advocacy impact
- Online review ratings.

Customer Support Sample KPIs

- Resolution rate
- Resolution time
- Satisfaction score
- Net Promoter Score (NPS).

Innovation Sample KPIs

- Topic Trends
- Sentiment Ratio
- Idea Impact.

Marketing-Related Business Objectives and Sample KPIs

KPI metrics for different business objectives

Business Objective	KPI Examples
Sales/Revenue Generation	Total sales/revenue New/incremental sales revenue Profitability Average revenue per customer New customer acquisition Number of customers Customer retention Number of registrations/sign-ups
Market Share	Market share in category Relative market share (share relative to largest competitor)
Lead Generation	Number of qualified leads Cost per lead (by source/platform) Traffic source breakdown
Build Brand	Brand awareness Brand equity Price premium Brand valuation Share of voice: mentions of your brand/mentions of others Brand community membership
Foster Dialogue	Audience engagement Share of voice: mentions of your brand/mentions of others Conversion reach
Develop Customer Advocates	Active advocates Advocate influence Advocacy impact Online review ratings
Customer Support	Resolution rate Resolution time Satisfaction score Net Promoter Score (NPS)
Innovation	Topic Trends Sentiment Ratio Idea Impact

Marketing Communications Activity Sample KPIs

Reach: Campaigns, Owned Media, Earned Media, Social Media, Marketing Content

Sample KPIs

- Impressions
- Potential Reach: Followers, Fans, Subscribers
- Confirmed Reach: Views, Post/Page Views, Video Views
- Hits/visits/views
- Repeat Visits
- Conversion rates (from visitor or buyer)
- Buzz indicators (web mentions)
- Net Promoter Score (NPS)
- Customer acquisition cost

Engagement: Owned Media, Earned Media, Social Media, Marketing Content

Sample KPIs

- Likes/Stars/Hearts
- Comments
- Shares
- Retweets/Reposts
- Positive/negative sentiment
- Impressions
- Cost per click (CPC)
- Cost per impression (CPM)
- Click-thru-rate (CTR)
- Customer Retention Cost
- Profits per customer
- Customer acquisition cost

Paid Media: Advertising Sample KPIs

- Impressions
- Cost per click (CPC)
- Cost per impression (CPM)
- Click-thru-rate (CTR)
- Customer Retention Cost
- Profits per customer
- Customer acquisition cost

SEO/Web Site Sample KPIs

- SEO keyword ranking
- SEO sales conversion rate
- Number of unique visitors
- Total sessions/visits
- Average time on site/page

Email Marketing Sample KPIs

- Open rate
- Click-thru-rate (CTR)
- Bounce rate
- Unsubscribe rate

Public Relations Sample KPIs

- Advertising value equivalency
- Clip/article counting
- Brand mentions

Marketing Communications Activity Sample KPIs

KPI metrics for different marketing tools

Marketing Activity/Tool	KPI Examples
Reach: Campaigns, Owned Media, Earned Media, Social Media, Marketing Content	Impressions Potential Reach: Followers, Fans, Subscribers Confirmed Reach: Views, Post/Page Views, Video Views Hits/visits/views Repeat Visits Conversion rates (from visitor or buyer) Buzz indicators (web mentions) Net Promoter Score (NPS) Customer acquisition cost
Engagement: Owned Media, Earned Media, Social Media, Marketing Content	Likes/Stars/Hearts Comments Shares Retweets/Reposts Positive/negative sentiment
Paid Media (advertising)	Impressions Cost per click (CPC) Cost per impression (CPM) Click-thru-rate (CTR) Customer Retention Cost Profits per customer Customer acquisition cost
SEO/Web site	SEO keyword ranking SEO sales conversion rate Number of unique visitors Total sessions/visits Average time on site/page
Email Marketing	Open rate Click-thru-rate (CTR) Bounce rate Unsubscribe rate
Public Relations	Advertising value equivalency Clip/article counting Brand mentions

Campaign Metrics Case Study: Citizen Watch

Citizen, one of the world's largest makers of wristwatches, embarked on a digital marketing strategy to build its brand using social media, with a specific focus on expanding its presence on Facebook. The marketing team's goal for the first year was to gain 100,000 followers on Facebook. Their campaign strategy focused on offering engagement opportunities that pushed people to Facebook to interact with the brand. It incorporated a combination of tactics that included offline and online elements, such as a series of register-to-win contests like a "Win Your Mum a Watch" giveaway. It also offered related online engagement opportunities, like interactive photo galleries on the company Web site for people to browse, with new products to view and share on social media.

To help gauge their progress and understand how well different dimensions of the campaign were working, they tracked a variety of metrics, with one KPI being the number of Facebook followers. Over the course of the campaign, they had impressive results. In addition to blowing through their goal of getting 100,000 followers, Citizen saw the following results from consumers who participated in campaign activities:

- 76 percent lead-submission rate
- 82 percent app-completion rate
- 26 percent social-share rate

By tracking these metrics across different offers and campaigns, Citizen was able to gauge which activities were the best received and use this information to improve the effectiveness of future campaigns. The company has used these insights to expand promotional activities to other forms of social media and other types of engagement activities.[1]

---

1. http://cdn.snapapp.com/site/images/resources/SnapApp-CaseStudy-CitizenWatch.pdf ↵

CC licensed content, Original

- Examples of Key Performance Indicators. **Authored by**: Melissa Barker. **Provided by**: Spokane Falls Community College. **License**: *CC BY: Attribution*
- Measuring Marketing Communication Effectiveness. **Authored by**: Lumen Learning. **License**: *CC BY: Attribution*

CC licensed content, Shared previously

- Citizen Watch. **Authored by**: Kansai explorer. **Located at**: https://commons.wikimedia.org/wiki/File:Citizen_Attesa_Eco-Drive_ATV53-3023_02.JPG. **License**: *CC BY-SA: Attribution-ShareAlike*
- Compass Illustration. **Authored by**: Alan Klim. **Located at:** www.flickr.com/photos/igraph/8231264538/. **License**: *CC BY: Attribution*

All rights reserved content

- What Are Key Performance Indicators (KPIs)?. **Authored by**: Bernard Marr. **Located at**: https://youtu.be/9Co8slUvYj0. **License**: *All Rights Reserved*. **License Terms**: Standard YouTube license

---

5.6: Measuring Marketing Communication Effectiveness is shared under a not declared license and was authored, remixed, and/or curated by LibreTexts.

5.7: Developing a Marketing Campaign and Budget

What you'll learn to do: create a marketing campaign and budget using multiple IMC tools to execute a marketing strategy

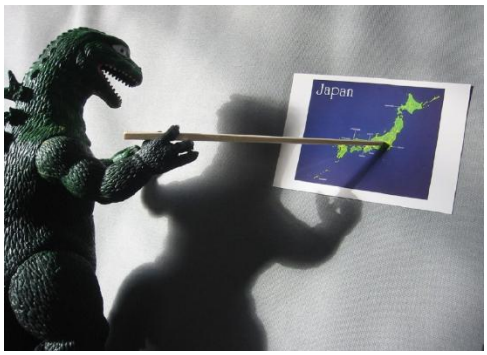
Marketing campaigns can be challenging to execute because they have so many complex, moving parts. That's why it's essential to plan. Planning a marketing campaign helps crystallize what you are going to accomplish and how it will happen. It helps you identify gaps in your thinking and fill them before it's too late. Planning helps you stay on budget, and it helps ensure that you and your manager are on the same page about what is happening and who is involved.

In the world of marketing, planning is your friend.

The specific things you'll learn in this section include:

- Identify key elements of an integrated marketing communications plan, including promotional mix, tactics, timing, ownership, measurement, resources and budget requirements
- Discuss how to create a budget for an integrated marketing communications plan
- Explain why it is important to consider potential risks to the business associated with an IMC plan

Planning for Action



As you can appreciate at this point—especially after learning about all the available IMC methods and tools—IMC is complicated and often elaborate. Even simple marketing plans require multiple steps to execute effectively. For this reason, marketers routinely create campaign plans (also called IMC plans), which carefully list each step required to complete an IMC project. These "action plans" fit into a broader marketing plan and are used to document the actual steps that need to happen, when, and who is responsible for them.

Campaign plans help marketers to think ahead about how they will execute the promotional mix. The campaign plan ensures that the entire marketing team has a common vision for what they are working toward and what role each person will play in achieving it. By thinking through exactly which marketing communications tools will be needed and how they will be used, managers can ensure that the plan fits within budget and that they have sufficient resources to pull it off. Campaign plans provide the critical element of timing by specifying each step in the process and when it must take place, so that the whole effort is well coordinated.

In IMC projects, different touch points are designed to support and build on one another; the campaign plan helps ensure that each piece is in place when it's needed. For example, suppose social media posts about a new product announcement include a link to a product information page on a company's Web site. The campaign plan helps remind marketers that they must build the new product information page before the social media posts can go out.

Campaign plans are intended to coordinate a set of related activities focused on a common goal–the campaign objectives. If a marketing team is executing more than one campaign at the same time, generally it works best to create a separate plan for each one. If it's helpful during the execution phase, team members can merge individual campaign plans into a single master plan.

Once a marketing team is focused on executing an IMC campaign, the campaign plan is the tool everyone works from. If an adjustment is needed, it's simple for managers to make changes in the centralized plan and move forward. Everyone stays on the same page.

Campaign Plan Components

Effective marketing campaign plans require several elements that, together, paint a complete picture of what the marketing team will execute with their IMC tools. These include the following:

- **promotional mix:** identify the marketing communication methods to be used
- **resource and budget requirements:** outline the funding and other resources needed to execute the plan and explain how the plan will use the available budget
- **tactics:** identify the specific marketing communication tools and tactics to be used, as well as the target audience for each
- **timing:** clarify when each tactical step needs to take place, in order to meet the campaign objectives
- **ownership:** identify which team or team member is responsible for executing each step
- **measurement:** select the metrics to be tracked in order to gauge the campaign's impact, and explain how the data will be captured

Different organizations use different formats for compiling all of this information into a campaign plan. The sample frameworks below provide useful examples of the types of planning frameworks used by marketing departments.

Campaign Budget Plan Framework

The first step in developing a campaign budget plan is to start with the total budget available to spend on a campaign. This budget figure works as a guardrail or constraint to keep your plans in line with the available resources. Next, think about the promotion mix you have in mind. Will there be advertising? Digital or direct marketing? Any public relations activities? And so forth. List the different methods and key tools you plan to use, and then determine how much of your budget you plan to spend on each.

Example: Promotional-Mix Budget Template

The promotional mix and budget allocation for a local chain of ice-cream shops might be as follows:

Budget money allocated to promotional mix categories

Promotional Mix Elements	Budget Allocated
10%: Direct marketing: email campaigns	$500
10%: Digital marketing: Web-site messaging update; contest pages, social media	$500
25%: Advertising: sidewalk sandwich boards, localized digital ads in Facebook	$1,250
45% Sales promotion: coupons, create-a-flavor contest, sidewalk samples, in-store posters	$2,250
10%: Public relations: press releases	$500
Total	**$5,000**

Once you've outlined the promotional mix and how you plan to allocate your budget across different marketing communication methods, it's a good idea to put together a detailed budget listing the specific elements that require out-of-pocket spending and how much they cost. In preparing the detailed budget, marketers should conduct research by contacting suppliers or comparison shopping online to confirm that they are accurately estimating the ballpark costs for each item. In the detailed budget, it is also useful to list employee labor and the time needed to execute the plan. This gives the managers of the organization better visibility into the total cost of executing the campaign. The following is a useful framework for developing a detailed budget.

Example: Budget-Detail Template

The detailed budget template for the same local ice-cream shop campaign might be as follows:

Detailed budget estimates for specific marketing and promotion items

Item	Purpose	Cost Estimate
Email-campaign template	Direct marketing: professional design for standard email template for use in multiple campaigns	$500
Web-site contest pages, internal ads	Digital marketing: professional design for Web pages and forms for create-a-flavor contest, sidewalk tasting events, internal site "ads" for contest	$500
Ad design work	Advertising: designer work for sandwich boards, online ads	$250
Facebook ads	Facebook ads targeting local areas	$650
Sandwich boards	Advertising: three sandwich boards for display outside shops	$350
Coupons, contest fliers, in-store posters	Sales promotion: design and production to match other campaign-related materials	$400
Coupon value	Sales promotion: estimated cost of redeemed coupons	$350
Sidewalk sample cost-of-goods	Sales promotion: cost of ingredients, materials, extra labor for executing sidewalk tasting events	$1,500
Press releases	PR firm assistance with press release writing, local distribution	$500
Internal labor	Employee labor to execute campaign: email campaign, social media, web updates, ad purchases, contest management, local placement of coupons, fliers, overall project management	25% time of one employee over duration of campaign
Total	All costs excluding employee labor	**$5,000**

As you go through this detailed budgeting process, you may find you need to scale certain elements of the budget up or down in order to fit within the total project budget. This exercise helps marketers think realistically about the trade-offs and how to ensure the project makes the greatest impact possible with the available resources.

Estimating Campaign Impact

Before you have conducted marketing campaign among a target audience, it can be difficult to estimate what its expected impact will be, because you are working in the realm of the unknown. However, once you have begun conducting campaigns, you have a better sense of their scope and scale and how many people you will reach. In the absence of that information, marketers can use a few different factors to estimate campaign impact:

- What are your marketing campaign goals? Marketers may simply use campaign goals to estimate the impact. This may be because they plan to adjust tactics as they go in order to meet these goals. Or it may be because once they meet the goals, the campaign will have done its job and it can be ended.
- How many people will you reach with your planned IMC activities, and what proportion of them do you expect to respond? Marketers can use a variety of figures to estimate how many people they will reach with a campaign, such as the size of an email list, a local population size, the number of social media followers, the average number of store visitors, advertising impressions purchased, etc. Based on these "reach" figures, marketers can estimate what percentage of people who are exposed to the campaign will participate and what their impact will be: new customers, increased sales, site visits, donations received, etc.

For some types of campaigns the estimated impact may be more difficult to quantify and express as a number. For example, awareness of a public heath issue or having a positive/negative perception of a candidate or brand might be an important result. Even in these situations, marketers should identify some way to estimate and measure their impact, so that they have some indicator about whether their efforts have made a difference. Survey research, social media mentions, Web-site visits, or other metrics might be appropriate proxies for estimating impact, depending on the issue and target audience.

Campaign Action Plan Framework

Once you've got the promotional mix and detailed budget in place, the next step is to map out key steps and milestones for executing the campaign, as well as who will execute each step. This is the campaign action plan.

For instance: If your campaign coincides with a new product launch planned for a specific date, then you need to add tactics prior to that date to support the new product launch—e.g, a Web-site update, a press release, and email campaign, etc. If your campaign involves attending a trade show, think through and list all the things that need to be in place to make that event successful: fliers, signage for an exhibitor booth, a product demonstration script, how to capture leads from the event, and how you will follow up with them, etc.

In the campaign action plan template below, note how the plan captures not only the steps that need to happen and when, but also the audience and internal owner for each step. This information helps marketers maintain a clear understanding of each campaign element, whom it will reach, and who is responsible for executing it.

Example: Campaign Action Plan Template

A partial action plan template for a local ice-cream shop campaign might look like this:

Action plan with a schedule of different campaign activities directed at various audiences

Timing	Activity Type	Brief Description	Audience	Owner
3 March	Designer creative brief	Draft a creative brief outlining all campaign elements we want designer to complete	Designer	Martina Hagen
28 March	Design work complete	Approve email template, Web-site updates, digital ads, sandwich boards, posters, coupons, fliers	Local public, families, foodies	Designer with Martina
5 April	Production of print materials	Complete production of posters, sandwich boards, coupons, fliers	Local public, families, foodies	Martina Hagen
6 April	Employee briefing	Conduct campaign-information sessions with employees; share campaign materials, go through frequently asked questions	Employees	Martina Hagen with store managers
7 April	Campaign launch: in-store	Prepare in-store display for campaign: posters, fliers, coupons, contest information	Store customer	Store managers
7 April	Campaign launch: digital	Activate and test website updates and campaign pages/forms; send targeted campaign email messages about contest and sidewalk tasting events	Store “friends” email list; purchased residential email list	Martina Hagen
8 April	Campaign launch:sSocial media	Initiate social media activity: Facebook ads, daily social media posts from store, employees, friends	Local public, families, foodies	Martina Hagen
16 April	Sidewalk tasting event #1	Hold sidewalk tasting event at downtown store, 12:30–4:30 pm	Walk-up traffic, local customers, and friends	Designated store employees with Martina
Etc.	Etc.	Etc.	Etc	Etc.

Internal communication is a common shortcoming in integrated marketing campaigns, when marketers do not take the time to bring their fellow employees up to speed on what’s happening and how a campaign may affect them. Be sure to include steps in the plan for communicating internally about the campaign with fellow employees and teams who need to know about it and who may help execute the campaign, directly or indirectly. For example, all employees involved in sales should be aware of any sales promotions, so they know what to expect, understand the rules for applying them, and know how to answer customer questions.

As you prepare the campaign plan, look out for ways to integrate your marketing activities, so they build on one another to amplify your message and impact. For example, use advertising to announce a sales promotion, and reinforce both with social media posts that link to your website. Think of this plan as your blueprint for using all the tools available to you to get your message out.

Anticipating Risks and Complications

Once a campaign is defined and the action plan is in place, it's helpful to identify any noteworthy risks or dependencies that might put your campaign in jeopardy. For example, if the campaign relies on one person to make everything happen and that person gets sick or decides to take a new job, that's a risk that managers should know about. If the company's Web site has been slow or has had recent service interruptions, that's another risk. Below are a few more:

- **people:** being able to count on key individuals having the capacity, availability, and skills to execute the campaign effectively
- **technology:** knowing that the technology works effectively to execute the plan and achieve the goals of the campaign
- **funding:** having enough money and resources available to support the campaign; managing the campaign to fit the budget; ability to control cost overruns
- **innovation:** anything new and untested represents risk, such as tools, ideas, people, technologies, products, delivery methods
- **competition:** competitors' activities that may gain advantages over, attack, undermine your business
- **economy:** economic downturns create uncertainty and instability, make consumers less inclined to spend money
- **communication:** communicating sufficiently to make sure all stakeholders are informed, messaging is well received, and various aspects of the campaign are well coordinated
- **"acts of God":** weather, natural disasters, and other catastrophic events represent unforeseen risks and complications. Although there is always some low-level, persistent risk associated with these factors for everybody everywhere, some marketing activities might be more susceptible. For example, the success of an outdoor event may be highly dependent on favorable weather conditions.

Weaknesses from an organization's SWOT analysis are also worthwhile considering as part of this step.

Once marketers have identified potential risk factors and complications, they can determine which ones are a significant threat and how to create contingency plans for anything that is of particular concern. By anticipating and planning for anything of major concern, marketers increase their likelihood of success for a campaign to meet its objectives, on time and on budget.

CC licensed content, Original

- Developing a Communication Plan. **Authored by**: Lumen Learning. **License**: *CC BY: Attribution*

CC licensed content, Shared previously

- Planning Session. **Provided by**: WorldIslandInfo.com. **Located at**: https://www.flickr.com/photos/76074333@N00/317952268/. **License**: *CC BY: Attribution*
- innovation - 3. **Authored by**: hyoin min. **Located at:** www.flickr.com/photos/nyoin/2751494190/. **License**: *CC BY-NC-ND: Attribution-NonCommercial-NoDerivatives*
- Raining Cats and Dogs. **Authored by**: David Blackwell. **Located at**: https://www.flickr.com/photos/mobilestreetlife/12505752913/. **License**: *CC BY-ND: Attribution-NoDerivatives*

5.7: Developing a Marketing Campaign and Budget is shared under a not declared license and was authored, remixed, and/or curated by LibreTexts.

CHAPTER OVERVIEW

6: Marketing Plan

6.1: Why It Matters - Marketing Plan
6.2: Elements of the Marketing Plan
6.3: Presenting the Marketing Plan

6: Marketing Plan is shared under a not declared license and was authored, remixed, and/or curated by LibreTexts.

6.1: Why It Matters - Marketing Plan

Why develop a marketing plan?

In a very real way, the marketing plan is the culmination of everything you have been learning in this course. Marketing plans are designed to capture the most essential information, analysis, and insights that lead to the development of a marketing strategy. But they don't stop there. Marketing plans go on to outline—often in gory detail—exactly how the marketing team will execute that strategy to achieve the specified goals. Even if you are a team of one and you work for a small company—or you're just trying to help out your bookstore-owning uncle—the success of your marketing vision will depend on having a well-conceived, detailed plan. This is nothing new: by now you know that not having a solid marketing plan is like being in Nevada and heading into a rainstorm on a bike in the dark (without your smartphone) while you're trying to find Kansas.

So, developing a good marketing plan is very, very important, and it accounts for the lion's share of the work you must do. There are two other critical steps you must take, though, if you really want to get the most out of all your hard work: presenting your plan effectively to others and using the plan to adjust course once the marketing activities are in full swing. You'll learn about these steps here.

Learning Outcomes

- Identify the key elements of the marketing plan
- Present a marketing plan
- Explain how the marketing plan is used by marketing and the overall organization

Contributors and Attributions

CC licensed content, Original

- Why It Matters: Marketing Plan. **Provided by**: Lumen Learning. **License**: *CC BY: Attribution*

6.1: Why It Matters - Marketing Plan is shared under a not declared license and was authored, remixed, and/or curated by LibreTexts.

- **15.5: Why It Matters- Marketing Plan** by Lumen Learning is licensed CC BY 4.0. Original source: https://courses.lumenlearning.com/waymakerintromarketingxmasterfall2016.

6.2: Elements of the Marketing Plan

Charting the Course Ahead: The Marketing Plan

Marketing exists in order to support an organization in achieving its strategic goals–for growth, profitability, revenue, influence, and so on. As explained at the beginning of this course, the role of marketing is *to identify, satisfy, and retain customers*. You have learned about many different tools marketers use to fill this role. The **marketing plan** is the guiding document used by marketing managers and teams to lay out the objectives that marketing efforts will focus on and the actions they will take to achieve these objectives.

A comprehensive marketing plan paints the big picture of what is happening with an organization internally and externally. After analyzing the marketing environment, the plan then recommends strategies and tactics aimed at helping the organization take full advantage of available opportunities and resources to accomplish its goals. When a marketing plan is completed thoughtfully and skillfully, it helps marketers not only present the case for what they recommend doing, but it also creates a common vision within the organization about what's happening and how people and resources will come together to achieve that vision.

What's in a Marketing Plan?

You may already be familiar with marketing plans from your job experience or from your prior work in this course. Different marketers may use a variety of different formats to create a marketing plan, but most marketing plans include common elements that answer basic marketing questions such as the following:

- What are our goals and strategy?
- Who are we trying to reach, and how will we reach them?
- What are we trying to communicate?
- What marketing strategies and tactics will we use to achieve our goals?

The key elements of a marketing plan are described in the table below.

Note that these marketing plan elements correspond to a sample marketing plan template provided for use in this course. Because it is a template, or pattern, you can adapt and use it again—perhaps at a future job. This particular marketing plan template was designed to align well with the structure and content of this course. The table also provides a reference to the course module where each marketing plan element was introduced and explained in greater detail.

Download a copy of the Marketing Plan Template.

Marketing Plan: Key Elements

1. Executive Summary
   - **What is the plan about?**
   - Summary of key points from the marketing plan and what it will accomplish. It's an at-a-glance overview for a manager who may not have time to look over the whole thing.
2. Company Profile
   - **What organization are you marketing?**
   - Basic information about the organization, its offerings, and competitive set.
3. Market Segmentation and Targeting
   - **Who is your target audience?**
   - Description of the market for the product or service in question, segments in this market, and targeting strategy the marketing plan will address.
   - Course Module Reference: Segmentation and Targeting
4. Situation and Company Analysis
   - **What is your strategy, and why is it the right approach?**
   - SWOT analysis of the external marketing environment and the internal company environment, and marketing goals aligned with the company mission and objectives.

- Course Module Reference: Marketing Strategy

5. Ethics and Social Responsibility
   - **How will you demonstrate good corporate citizenship?**
   - Recommendations for how to address any issues around ethics, social responsibility, and sustainability.
   - Course Module Reference: Ethics and Social Responsibility
6. Marketing Information and Research
   - **What information do you need to be successful, and how will you get it?**
   - Discussion of key questions that need to be answered, the information needed, and recommendations for how marketing research can provide answers.
   - Course Module Reference: Marketing Information and Research
7. Customer Decision-Making Profile
   - **Who is your target customer, and what influences their buying decisions?**
   - Profile of the primary buyer(s) targeted in the marketing plan and factors that impact their choices.
   - Course Module Reference: Consumer Behavior
8. Positioning and Differentiation
   - **What do you want to be known for?**
   - List of competitive advantages, positioning recommendations, and how to convince the market you are different and better.
   - Course Module Reference: Positioning
9. Branding
   - **What is the brand that you're building?**
   - Brand platform describing the brand: promise, voice, personality, positioning, and strategic recommendations for building the brand.
   - Course Module Reference: Branding
10. Marketing Mix (Four Ps)
    - **How will your impact your target market?**
    - This question is addressed by the strategic recommendations around each of the four Ps below.
    - Course Module Reference: Marketing Function
      1. Product Strategy
         - **What are you offering to your target market?**
         - Description of the product or service being marketed and recommended improvements to fit the needs of target segments.
         - Course Module Reference: Product Marketing
      2. Pricing Strategy
         - **How are you pricing the offering?**
         - Recommendations on pricing strategy and why this approach makes sense.
         - Course Module Reference: Pricing Strategies
      3. Place: Distribution Strategy
         - **How are you distributing the offering?**
         - Recommendations on distribution strategy and channel partners to improve the availability of your offering, and explanations of why this approach makes sense.
         - Course Module Reference: Place: Distribution Channels
      4. Promotion: IMC Strategy
         - **What marketing campaign(s) are your running?**
         - Overview of marketing strategy, objectives, messaging, and tactical approach for marketing campaign(s) to reach your target audiences.
         - Course Module Reference: Promotion: IMC Strategy

11. Measurement and KPIs
    - **How will you measure the impact you're making?**
    - Identification of key performance indicators (KPIs) and other metrics to monitor effectiveness of marketing campaign activities and provide clues about when to adjust course.
    - Course Module Reference: Promotion: IMC Strategy
12. Budget
    - **How much will this cost?**
    - List of resources required to execute the marketing plan, how much they will cost, and how to stay within the allocated budget.
    - Course Module Reference: Promotion: IMC Strategy
13. Action Plan
    - **What will it take to make this happen?**
    - A detailed, step-by-step plan about what needs to happen, when, and who's responsible for each step to execute the marketing campaign.
    - Course Module Reference: Promotion: IMC Strategy
14. Risk Factors
    - **What are the risks of this approach?**
    - Discussion of any significant risks or threats associated with this plan and contingency plans for addressing them.
    - Course Module Reference: Promotion: IMC Strategy

After this course, as you have the opportunity to develop marketing strategy and plans in the future, you may choose to use this template in its entirety or adapt it to specific project needs.

Focusing Purpose, Guiding Activity

Marketing plans can be developed to focus in a variety of areas. A corporate marketing plan can be developed to promote the organization as a whole. Marketing plans may also focus on specific brands, products, services, market segments, and even to cover a set period of time, such as a quarterly marketing plan. To illustrate:

Company A might develop and execute three distinct marketing plans that share some common elements, such as the situation and company analysis and the market segmentation. When it comes to specific target audiences, positioning, campaign objectives, and planning, the three marketing plans diverge to focus on different dimensions of the business:

1. A corporate marketing plan to direct marketing communications focused on the company as a whole and building its corporate brand
2. A marketing plan focused on the launch and rollout of a new product line
3. A marketing plan for expanding the customer base and revenue of an established product line

On the other hand, Company B might develop and execute a single marketing plan that incorporates several different campaigns targeting the market segments served by its product and service portfolio. In this case, some sections of the plan are expanded to provide information, strategy, and planning focused on each target segment. This includes segment-specific customer profiles, positioning, IMC campaigns, and so forth.

Either of these approaches could be exactly right for the organization, depending on its goals and objectives. What's most important is for the marketing plans to do a good job guiding marketing teams to formulate and execute marketing activities that are well aligned what the organization is trying to achieve. If multiple marketing plans are being developed and used, it is essential for marketing managers to make sure internal communication and sharing are happening between the marketing team members executing the plans. By sharing information about goals, messaging, timing, audience touch points, and other elements, marketers can avoid stepping on one another's toes or creating confusion in the market. Ideally, teams can learn from one another's successes and experiences so that the entire marketing effort becomes smarter and more efficient over time.

Contributors and Attributions

CC licensed content, Original

- Reading: Elements of the Marketing Plan. **Provided by**: Lumen Learning. **License**: *CC BY: Attribution*

6.2: Elements of the Marketing Plan is shared under a not declared license and was authored, remixed, and/or curated by LibreTexts.

- **15.7: Reading- Elements of the Marketing Plan** by Lumen Learning is licensed CC BY 4.0. Original source: https://courses.lumenlearning.com/waymakerintromarketingxmasterfall2016.

6.3: Presenting the Marketing Plan

Getting Started: Your Target Audience

When you were developing your own marketing plan, consider how much time and thought you put into identifying and reaching your target audience. As you know, it's a crucial step in the development of any successful marketing plan. The same is true of effective presentations: the key is to have a firm grasp of the needs of your audience. As the presenter, your main goal is to convey a message to your audience. That message is your marketing plan. You should imagine that the audience of your marketing plan is very interested in and somewhat familiar with your product and/or service. We'll say that the demographic is "your instructor and classmates"—all bright, educated listeners who want to hear what you have to say! It's important to keep in mind that they may not interpret the information exactly as you have. It's your job as a marketing-plan presenter to explain your ideas using specific details, succinct and clear wording (avoid jargon), vivid descriptions, and meaningful images. As you organize your presentation, keeping this imaginary audience in mind can help you gauge how much background information and context to provide.

Content

If you feel unsure about what to present, read your executive summary, which should give you a nice outline for your presentation. Begin by presenting the key elements there. Then ask yourself, "If I'm going to explain why this positioning and these marketing objectives really make sense, what additional information does my audience need?" Your goal with the presentation is not to present all of the details in the marketing plan but just to call out the important areas that help everyone understand why it is a good, thoughtful plan.

Choosing Media and Format

Perhaps you've heard the phrase "Death by PowerPoint" to explain that all-too-familiar feeling of being slowly bored to death by a thoughtless presenter who's droning on and on about boring slide after boring slide. If you'd like to know what the experience is about, and you have time for a laugh, watch the following video, starring stand-up comedian Don McMillan. McMillan pokes fun at bad presentations, but he has some very sound advice about what *not to do*. (Also, he gets in a nice dig at marketers.)

A link to an interactive elements can be found at the bottom of this page.

You can view the transcript for "Life After Death by PowerPoint (Corporate Comedy Video)" here (opens in new window).

You may be considering using PowerPoint for your marketing-plan presentation, and that's perfectly fine. PowerPoint can be a very effective tool with the right organization, layout, and design. Below is a list of five common pitfalls that you can and should avoid, and doing so will go a long way toward making your PowerPoint presentation successful:

1. **Choosing a font that is too small**. The person in the very back of the room should be able to see the same thing as the person in the front of the room.
2. **Putting too many words on a slide**. Remember it's called PowerPoint, not PowerParagraph! Keep your bullet points clear and succinct.
3. **Having spelling errors**. Have somebody proofread your slides. Any typos will detract from your marketing plan.
4. **Choosing distracting colors that make it hard to read the information**. PowerPoint gives you a lot of color choices in their design templates. The ideas in your brilliant marketing plan will be lost if your audience is struggling to read the content.
5. **Selecting images or visuals that do not clearly align with the content**. For instance, a cute photo of your cat may look lovely up on the screen, but if it doesn't connect to your marketing plan, it's just fluff that detracts from your message. Every slide counts, so make sure the visuals support your message.

I have the coolest whiskers in the room, and I am way more important than marketing, and dogs.

Two Ideas Beyond PowerPoint

The top priority for your marketing plan presentation is to make sure that it's well focused. The software/technology is less important—just use what you're most comfortable with. That said, if you'd like to explore other options besides PowerPoint, two alternatives are described below. Either would work well for this assignment.

Prezi

Prezi gives students free access to a visual-aid tool that can be effective, fun, and engaging. You'll need to sign up with your student email address. Once again, the content of your marketing plan is most important, but if you're bored with PowerPoint, you could give Prezi a try.

Three Prezi Tips:

1. Keep in mind that the movement of the screen can make some audience members feel seasick, so be sure to review your transitions between your slides. Too much movement will detract from your message.
2. If it's your first time trying Prezi and you're learning how to use it, start by using one of the templates. You want to focus on your marketing plan, not the technology.
3. Remember that a fancy Prezi will not hide a poor marketing plan. Having all the elements of the marketing plan should be your first concern; then focus on making it pretty.

Google Sites

Google Sites gives users the ability to create free basic Web sites. Google has easy-to-follow tutorials, and a lot of help is available through Google's search engine. You can google your question! Free templates are available, but be sure to pick one that is professional and appropriate for your audience.

Three Google Sites Tips

1. Pick a clever site name that you'll want to use when you are on the job market. Using "Principles of Marketing 101" won't be as catchy as "[Clever Business Name] Marketing Plan." You may want to use this plan as a sample of your work someday.
2. Test your site on different devices. See what your marketing plan looks like on a smartphone and a computer screen. Pay particular attention to your images to make sure they aren't too big or too small.
3. Ask somebody who isn't in the course to click around and tour your Web site before you present. He or she may be able to give you feedback on what looks the best or what you could improve.

Presenting the Marketing Plan

Now that we've shared some pointers on organizing your presentation and getting the technology to work for you—rather than against you—let's turn to a final list of pointers for the "performance" part of the presentation, when you actually present your plan to an audience. You've worked hard as the owner of this plan, so have confidence in your work. The following can help you get there:

1. Practice! Take what you've learned about SWOT and do a SWOT analysis of your presentation. What are the strengths, weaknesses, opportunities, and threats you'll face when you present to your audience? It's tough to remember this when you're nervous, but you're the person who knows the most about your plan. Practicing your presentation will help you build confidence.
2. Ask a friend or family member to watch you present. Request that they be honest with you and give constructive criticism.
3. Talk to your audience, not to the screen. Your audience can read the slides, so use your voice to explain more of the details.

Remember the sage advice of Oscar Wilde: "Be yourself. Everyone else is taken." Good luck!

Contributors and Attributions

CC licensed content, Original

- Reading: Presenting the Marketing Plan. **Provided by**: Lumen Learning. **License**: *CC BY: Attribution*

CC licensed content, Shared previously

- Sneaky Beb. **Authored by**: Bitey Mad Lady. **Located at**: https://www.flickr.com/photos/froggenstein/16911480062/. **License**: *CC BY-NC-ND: Attribution-NonCommercial-NoDerivatives*

All rights reserved content

- Life After Death by PowerPoint 2012 by Don McMillan. **Authored by**: Don McMillan. **Located at**: https://www.youtube.com/watch?v=MjcO2ExtHso. **License**: *All Rights Reserved*. **License Terms**: Standard YouTube video

---

6.3: Presenting the Marketing Plan is shared under a not declared license and was authored, remixed, and/or curated by LibreTexts.

- **15.10: Reading- Presenting the Marketing Plan** by Lumen Learning is licensed CC BY 4.0. Original source: https://courses.lumenlearning.com/waymakerintromarketingxmasterfall2016.

Index

Glossary

Sample Word 1 | Sample Definition 1

Detailed Licensing

Overview

Title: ENTR 356: Bootstrap Marketing for Entrepreneurs

Webpages: 59

Applicable Restrictions: Noncommercial

All licenses found:

- Undeclared: 93.2% (55 pages)
- CC BY-NC-SA 4.0: 3.4% (2 pages)
- CC BY-SA 4.0: 3.4% (2 pages)

By Page

- ENTR 356: Bootstrap Marketing for Entrepreneurs - *Undeclared*
  - Front Matter - *Undeclared*
    - TitlePage - *Undeclared*
    - InfoPage - *Undeclared*
    - Table of Contents - *Undeclared*
    - Licensing - *Undeclared*
  - 1: Introduction to Marketing - *Undeclared*
    - 1.1: Defining Marketing - *CC BY-NC-SA 4.0*
    - 1.2: Who Does Marketing? - *CC BY-NC-SA 4.0*
    - 1.3: Marketing and Customer Relationships - *Undeclared*
  - 2: Marketing - *Undeclared*
    - 2.1: Why It Matters- Marketing Information and Research - *Undeclared*
    - 2.2: Types of Marketing Information - *Undeclared*
    - 2.3: The Marketing Research Process - *Undeclared*
    - 2.4: Marketing Research Techniques - *Undeclared*
    - 2.5: Marketing Data Sources - *Undeclared*
    - 2.6: Evaluating the Market - *CC BY-SA 4.0*
    - 2.7: Segmentation and Targeting Rationale - *Undeclared*
    - 2.8: Common Segmentation Approaches - *Undeclared*
    - 2.9: Segmentation Decisions - *Undeclared*
    - 2.10: Targeting and Marketing Mix - *Undeclared*
    - 2.11: Case Study- Red Bull Wins the “Extreme” Niche - *Undeclared*
    - 2.12: Simulation- Segmenting the Ice Cream Market - *Undeclared*
  - 3: Consumer Behavior - *Undeclared*
    - 3.1: Why It Matters - Consumer Behavior - *Undeclared*
    - 3.2: Buying-Process Stages - *Undeclared*
    - 3.3: Low-Involvement vs. High-Involvement Decisions - *Undeclared*
    - 3.4: Factors Influencing Consumer Decisions - *Undeclared*
    - 3.5: Putting It Together- Consumer Behavior - *Undeclared*
    - 3.6: The Competition - *CC BY-SA 4.0*
    - 3.7: Elements of Brand - *Undeclared*
    - 3.8: Brand Equity - *Undeclared*
    - 3.9: Brand Positioning and Alignment - *Undeclared*
  - 4: Pricing and Distribution - *Undeclared*
    - 4.1: Pricing Impact on Value of Products or Services - *Undeclared*
    - 4.2: Pricing Considerations - *Undeclared*
    - 4.3: Common Pricing Strategies - *Undeclared*
    - 4.4: Packaging - *Undeclared*
    - 4.5: Using Channels of Distribution - *Undeclared*
    - 4.6: Managing Distribution Channels - *Undeclared*
    - 4.7: Retailers As Channels of Distribution - *Undeclared*
    - 4.8: Integrated Supply Chain Management and the Distribution Strategy - *Undeclared*
  - 5: Integrated Marketing Communication - *Undeclared*
    - 5.1: Integrated Marketing Communication (IMC) Definition - *Undeclared*
    - 5.2: Defining the Message - *Undeclared*
    - 5.3: Marketing Communication Methods - *Undeclared*
    - 5.4: Using IMC in the Sales Process - *Undeclared*
    - 5.5: Customer Relationship Management (CRM) Systems and IMC - *Undeclared*
    - 5.6: Measuring Marketing Communication Effectiveness - *Undeclared*

- 5.7: Developing a Marketing Campaign and Budget - *Undeclared*
- 6: Marketing Plan - *Undeclared*
  - 6.1: Why It Matters - Marketing Plan - *Undeclared*
  - 6.2: Elements of the Marketing Plan - *Undeclared*
  - 6.3: Presenting the Marketing Plan - *Undeclared*
- Back Matter - *Undeclared*
  - Index - *Undeclared*
  - Glossary - *Undeclared*
  - Detailed Licensing - *Undeclared*
  - Appendix: Introduction to Nonprofit Marketing - *Undeclared*

Appendix: Introduction to Nonprofit Marketing

Unique Issues in Nonprofit Marketing Strategies

Non-profits' marketing strategies enable them to focus on maximizing revenues in order to reach their goals rather than for profits.

Learning Objectives

Explain how the marketing strategies of non-profits differ from those of for-profit organizations

Key Takeaways

Key Points

- The primary difference between for- profit and non-profit organizations is that for-profit organizations look to maximize wealth, whereas non-profit organizations look to provide a greater good to society.
- The major goal of NPOs is to further their non-financial objectives without focusing on competition or target markets. Creative tensions may develop in the effort to balance mission with revenue.
- While NPOs are permitted to generate surplus revenues, they must be retained by the organization for its self-preservation, expansion, or plans.

Key Terms

- **competitive advantage**: Something that places a company or a person above the competition.
- **Non-profit organization**: An organization that uses surplus revenues to achieve its goals rather than distributing them as profits or dividends.

Unique Issues in Nonprofit Marketing Strategies

A non-profit organization's (NPO) business goals tend to focus on the "organizational mission," which is the basis for the organization's governmental status or its non-profit, tax-exempt status. However, non-profits may also focus marketing efforts on optimizing revenue. The primary difference between for-profit and non-profit organizations is that for-profit organizations try to maximize wealth, while non-profit organizations look to provide a greater good to society. In non-profit organizations, creative tensions may develop in the effort to balance mission with revenue.

Marketing strategy involves careful scanning of the internal and external environments. Internal environmental factors include the marketing mix, performance analysis, and strategic constraints. External environmental factors include customer analysis; competitor analysis; target market analysis; and evaluation of any elements of the technological, economic, cultural or political/legal environment likely to impact success. A key component of marketing strategy is often to keep marketing in line with a company's overarching mission statement.

Marketing Strategy Constraints

A marketing strategy can allow an organization to concentrate its resources on the optimal opportunities with the goals of increasing sales and achieving a sustainable competitive advantage. Marketing strategies are designed to fill market needs and reach marketing objectives. Also, plans and objectives are generally tested for measurable results.

However, the major goal of an NPO is to further its non-financial objectives, and NPOs are not necessarily competing with others. Furthermore, the veracity of an NPO's ability to measure the success of its marketing plan is limited because their measurements are based on more subjective factors. For example, a for-profit business may measure sales, the number of customers, or repeat purchases. On the other hand, NPOs do not have sales, and it is difficult for an organization whose goal is to provide social services or disaster relief to quantify its success. For example, the Red Cross would measure success as the number of lives saved rather than the amount of money raised.

American Red Cross Disaster Relief: The Red Cross is dedicated to saving lives and helping people prepare for and respond to medical emergencies. As a result, any measure of their marketing strategy's success must use non-financial measurements such as lives helped.

Financial Constraints

NPO's use surplus revenues to achieve their aims rather than distributing the revenue as profit or dividends. While NPOs are permitted to generate surplus revenues, they must be retained by the organization for its self-preservation, expansion, or plans. Designation as a nonprofit and an intent to make money are not related in the United States. The extent to which an NPO can generate surplus revenues may be constrained, or the use of surplus revenues may be restricted.

The downturn in the economy has affected all business, but NPOs started out with limited resources before the recession hit. While NPOs may not generate revenue for the sole purpose of profits, they rely heavily on donations to keep the organization running. NPOs still incur daily expenses, lawyers' fees, and promotional campaign expenses. Fewer charitable donations means NPOs have less money to spend on websites, advertisements, and benefits that raise money for their causes.

Furthermore, NPOs have to compete with other "worthy causes" for their limited resources; there are over 1.9 million NPOs in the US. How can one say that saving kids in Africa is more important than feeding kids in Atlanta? With the economy down, competition will only increase, as state governments and private foundations cope with resources that have dropped sharply.

Another challenge is that limited budgets, resources, and staff limit the options available to accomplish goals. Some strategies and tactics may be removed, which forces NPOs to come up with more creative solutions.

Formation Constraints

Most countries have laws that regulate the establishment and management of NPOs; these laws require compliance with corporate governance regimes. Most larger organizations are required to publish their financial reports detailing their income and expenditure publicly. They are similar to corporate business entities in many respects, though there are often significant differences. Both not-for-profit and for-profit corporate entities must have board members, steering committee members, or trustees who owe the organization a fiduciary duty of loyalty and trust. A notable exception to this involves churches, which are often not required to disclose finances to anyone, including church members.

As mentioned earlier, external environments, such as the legal environment surrounding NPO's, can have an effect on marketing strategies, and should be carefully considered.

CC licensed content, Shared previously

- Curation and Revision. **Provided by**: Boundless.com. **License**: *CC BY-SA: Attribution-ShareAlike*

CC licensed content, Specific attribution

- competitive advantage. **Provided by**: Wiktionary. **Located at**: http://en.wiktionary.org/wiki/competitive_advantage. **License**: *CC BY-SA: Attribution-ShareAlike*
- Public Relations Challenges For Non-profits | Adding To The Noise. **Provided by**: Wordpress. **Located at**: http://addingtonoise.wordpress.com/2011/03/09/public-relations-challenges-for-non-profits/. **License**: *CC BY-SA: Attribution-ShareAlike*
- Marketing strategy. **Provided by**: Wikipedia. **Located at**: http://en.wikipedia.org/wiki/Marketing_strategy. **License**: *CC BY-SA: Attribution-ShareAlike*
- Nonprofit organization. **Provided by**: Wikipedia. **Located at**: http://en.wikipedia.org/wiki/Nonprofit_organization. **License**: *CC BY-SA: Attribution-ShareAlike*
- Marketing strategy. **Provided by**: Wikipedia. **Located at**: http://en.wikipedia.org/wiki/Marketing_strategy. **License**: *CC BY-SA: Attribution-ShareAlike*
- Business plan. **Provided by**: Wikipedia. **Located at**: http://en.wikipedia.org/wiki/Business_plan%23Not_for_profit_businesses. **License**: *CC BY-SA: Attribution-ShareAlike*
- Non-profit organization. **Provided by**: Wikipedia. **Located at**: http://en.wikipedia.org/wiki/Non-profit%20organization. **License**: *CC BY-SA: Attribution-ShareAlike*
- FEMA - 4700 - Photograph by Jocelyn Augustino taken on 09-17-2001 in Virginia. **Provided by**: Wikimedia. **Located at**: http://commons.wikimedia.org/wiki/File:FEMA_-_4700_-_Photograph_by_Jocelyn_Augustino_taken_on_09-17-

2001_in_Virginia.jpg. **License**: *Public Domain: No Known Copyright*