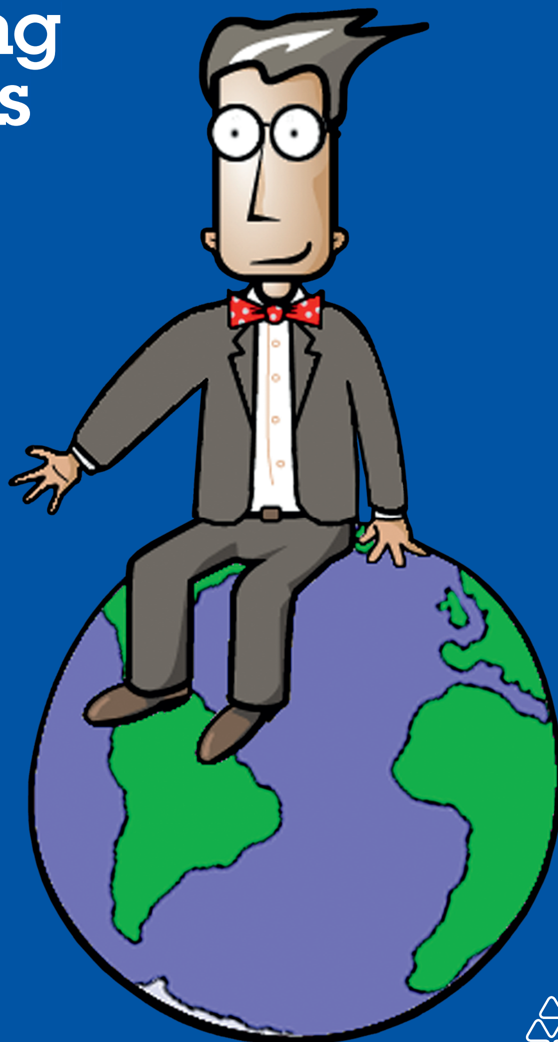
guru in a bottle®

High Impact Marketing That Gets Results



Ardi Kolah

KoganPage

Contents

Introduction

Students of marketing theory and practice around the world are familiar with the following quote: 'Half the money I spend on advertising is wasted; the trouble is I don't know which half.' This was reported to have been said by the US retail and marketing guru John Wanamaker, who pioneered the concept of the department store in Philadelphia in 1874. As a pioneer of marketing, he doesn't fill you with confidence, does he?

Often the biggest sceptics of marketing are those who made their name being the titans in our industry, which sounds strangely paradoxical but true.

> *The sole purpose of marketing is to get more people to buy more of your product, more often, for more money. That's the only reason to spend a single nickel, pfennig, or peso. If your marketing isn't delivering consumers to the cash register with their wallets in their hands to buy your product, don't do it.*

So said Sergio Zyman, who was the chief marketing officer of Coca-Cola Worldwide and oversaw one of the biggest marketing budgets of all time, including the staggering amounts of money spent in sponsoring the Olympic Games.

Perhaps it's a bit unfair to label Sergio Zyman or even John Wanamaker as 'guru marketing sceptics' as both of them raise an important point about marketing. And it's this:

> *Great marketing isn't just about marketing output: it's about creating business outcomes.*

Incremental profit achieved through marketing activities is a 'golden goal' and return on investment is the measure of whether that goal has been achieved.

Of course it can be a long journey to achieve a measurable shift in the attitudes, values, beliefs and behaviours of desired customer and client segments that results in sales. And sometimes this can't be done in a single fiscal quarter, however big the marketing budget may be.

But unlike John Wanamaker, who didn't have access to the millions of pieces of data we have on just about everything we could wish to measure, marketers must work much harder to identify what part of the marketing programme is working and what part isn't and take appropriate action rather than leave this to luck and happenstance.

To achieve high impact marketing that gets results, we must become almost fanatical about walking in the footsteps of our customers and clients. Follow the approach advocated in this book and you'll be on your way to creating more sales for your business through better marketing of your business. And the guru won't just be out of the bottle. The guru will be you!

About this book

Chapter 1: Market and customer segmentation – how to carry out an effective segmentation of your markets and customers that will deliver clarity and purpose to your marketing efforts.

Chapter 2: Writing a marketing plan – how to put together an effective marketing plan and several tools to help you do just that.

Chapter 3: Understanding the marketing mix – an explanation of how best to deploy all the marketing tools that are available as well as guidance as to which ones are most effective depending on the circumstances.

Chapter 4: Brochures, press ads and print copy – a guide through the techniques of writing great copy and telling a compelling story.

Chapter 5: Signs, posters and ambient media – an exploration of those aspects of marketing that have the greatest decibel count.

Chapter 6: E-marketing, m-marketing and direct marketing – best practice digital marketing including the use of mobile as the most significant marketing platform in the 21st century.

Chapter 7: Public relations – how best to communicate with key audiences through a variety of 'transmit' and 'receive' channels as well as understanding the dynamics of the social web.

Chapter 8: Using promotions – the variety of promotional opportunities that exist and how to use them creatively.

Chapter 9: Top 10 common marketing mistakes to avoid – the key traps and pitfalls to avoid in managing a typical marketing campaign so that you can keep your job.

Chapter 10: Top 10 ways to save money in marketing – ways that will save your boss serious money from the marketing budget and keep a smile on his or her face!

3

Understanding the marketing mix

In this chapter:

- Marketing through the ages
- Marketing's new vocabulary
- The customer and client journey
- What's in the mix
- Budget considerations
- Marketing measurement

Introduction

According to social anthropologists, the art and science of marketing can be traced back over thousands of years.

Simple trade era

This was when everything available was made or harvested by hand and was in limited supply. Here, the main activity was 'hunting and gathering' and survival. From a 'marketing' perspective, nothing really changed from the time homo sapiens ventured out of their caves up until the early 19th century, known as the 'pre-industrial revolution phase'.

The earliest manifestation of 'marketing' was the branding of animals by farmers who needed to tell the difference between the beasts when they were grazing on adjoining lands. And the earliest example of a 'trademark' appeared in the Roman Empire where blacksmiths used distinctive marks to distinguish the swords they'd made for their customers.

Production era

It wasn't until the 1860s through to the 1920s that mass production techniques increased the availability of consumer goods and kick-started a renaissance in 'marketing' thinking. This was the era of 'if you build it, they'll come' marketing. Brand owners thrived because there were few alternatives available.

Sales era

There then followed the sales era (1920–1940s) after pent-up consumer demand had been satisfied after years of war-time austerity. It's at this point that marketing started to resemble something like a management discipline as consumers started to exercise buying power. No longer could brand owners easily sell everything they produced and competition for market share intensified.

In 1928, *The Law of Success* was published, in which US business guru Napoleon Hill argued that only through real and consistent belief can a business achieve its goals. Brand owners now had to work a lot harder than they'd done before to sell their products and services. Coupled with this, products were becoming commoditized and price had become a key factor in attracting consumers.

Marketing department era

The economic boom that followed post-World War II (1940s–1960s) precipitated the emergence of the marketing department era. It was at this point that traditional manufacturers realized that the 'hard sell' approach wasn't going to work as well with the new generation of 'baby boom' consumers and a new strategy was desperately required. In addition, increasing affluence levels amongst consumers meant they had more bargaining power at their disposal.

In response, brand owners started to consolidate marketing-related activities such as advertising and direct marketing, sales and price promotions, and public relations and sponsorship into a single department or unit. These new departments battled with the drive for commoditization in market segments that was squeezing profit margins for brand owners. At the same time brand owners faced new competitive threats from low-cost producers thousands of miles away that were disrupting traditional markets for goods and services.

Marketing company era

From the 1960s through to the early 1990s brand owners started to take seriously how they created products and services around the needs of customers and clients. In essence, they'd had to up their game. The customer was now king.

This new mantra marked a turning point in marketing thinking and a break with the past where marketing's purpose had been defined as that of a sales funnel. In addition, marketing now became the brand owner's 'nervous system' in the organization that was used to touch customers, clients, prospects, users and consumers. As a result, all employees were now expected to be involved in marketing and to feel connected with its customers and clients.

Relationship marketing era

The need for connection was overtaken by the need to build relationships, and in the mid-1990s brand owners switched their thinking to building long-term, mutually beneficial relationships with customers and clients.

In 1993, Don Peppers and Martha Rogers ushered in this new era with the publication of *The One to One Future: Building relationships one customer at a time*. Customer relationship management (CRM) and data-mining became the buzz-words for marketers. Getting all systems in sync to capture information about each individual customer's behaviour became the key pursuit of brand owners like Microsoft, Dell, Google, Facebook, Visa and other global brand owners.

Collaboration era

This is where we've ended up in 2012. The art and science of marketing is now about focusing on real-time connections and social exchanges, but the big difference is that it's consumer rather than brand owner-driven. Marketers live in a world where they must earn the permission and trust of consumers to do business with them. This is the decade of information exchange, collaboration and innovation that's determining commercial success and failure as well as laying the foundations for the next phase in marketing's evolution.

Marketing's new vocabulary

Whereas CRM was the buzz-word for marketers in the 1990s, it's become almost obsolete as the power for managing purchase interactions is now in the hands of consumers rather than the brand owners.

This has come about as a consequence of changes in the legal framework on the use of data, increased privacy protection for individuals and a greater access to information online that's turned the tables on brand owners by giving more legal rights to consumers. (For a discussion on the laws and regulations that impact this area of marketing practice in the UK and Europe, see Guru in a Bottle®, *Essential Law for Marketers*, 2nd edition.)

As a result of the shift in the balance of bargaining power, CRM is giving way to vendor relationship management (VRM); where the decision to engage is the legal right of the individual rather than the unfettered discretion of the marketer. The new relationship dynamics now require the marketer to seek legal and non-legal permission for customer and prospect communication, and this can't be taken for granted. In effect 'push' marketing has been displaced by 'pull' marketing.

Consumers simply don't buy the word of marketers any more. They search for verification on social networking sites such as foursquare and TripAdvisor where peer-to-peer communication is considered more trustworthy, reliable and accurate. James Surowiecki, in his seminal book, *The Wisdom of Crowds*, observed:

> *Groups are only smart where there is a balance between the information that everyone in the group shares and the information that each of the members of the group holds privately. It's the combination of all those pieces of independent information , some of them right, some of them wrong, that keeps the group wise.*

Brand owners like American Express have made the brand journey from its 'Don't leave home without it' positioning of its brand to its current messaging about the community of consumers, merchants and small business owners it seeks to serve.

The very things that made 'push' marketing effective in the past – tight, relatively centralized operational control over a well-defined set of channels and touch-points – holds it back in the new era of collaborative customer and client engagement.

The proliferation of media channels and products requires marketers to find new ways to get their brands included in the initial consideration set those customers and clients develop as they begin their purchase decision journey. The shift from monologue to dialogue, as American Express and other brand owners have made, requires a more systematic approach to marketing.

Brand owners must now not only align all the elements of the marketing mix, which includes strategy, spending, channel management and message, with the journey those customers and clients make but also integrate those elements across the whole organization.

When marketers understand this journey and direct their marketing budgets and messaging to the moments of maximum influence, they stand a much better chance of reaching consumers at the right time and place with the right message.

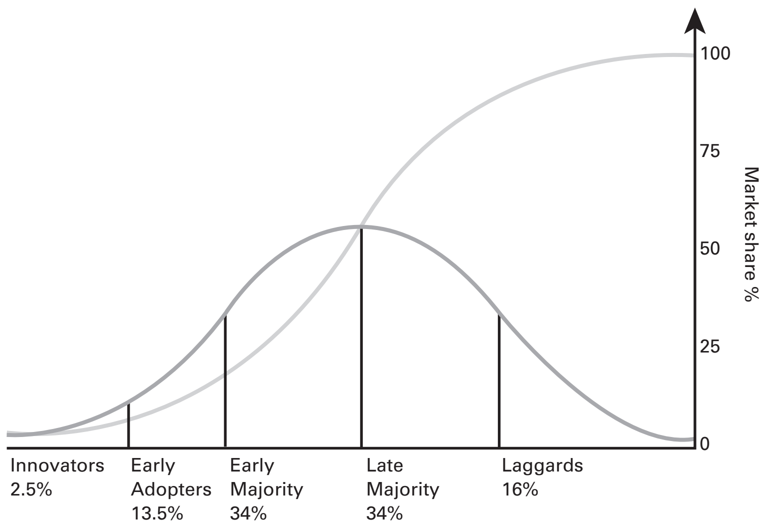
The customer and client journey

The decision to purchase a product or service is a rational as well as emotional decision for customers or clients. What's less well understood is that they also adopt new products and services at different speeds and timescales; a key consideration for brand owners in attempting to understand the various customer and client journeys that lead to the decision-making point and eventually a sale. Their different attitudes, values, beliefs and behaviours will also have a bearing on this outcome.

Diffusion curve theory

Customer and clients can be segmented into one of five categories and the rate at which each adopts an innovation is referred to as the process of diffusion (see Figure 3.1).

Figure 3.1 The process of diffusion



The rate of diffusion is a function of the rate at which sales occur and the pattern of diffusion is expressed in the shape of the curve and the size of the market. As can be seen from Figure 3.1, diffusion doesn't occur at a constant or predictable rate and it may be fast or slow. (For further discussion, see Chapter 1.)

Innovators

This segment makes up 2.5 per cent of the market and, although small, they are highly influential as they tend to kick-start the adoption process.

Typically, these purchasers embrace new ideas, are often well educated, young, confident and affluent. They are more likely to try things out and be more adventurous in their choice of products and services.

Early adopters

This segment makes up 13.5 per cent of the market and is characterized by a high percentage of opinion leaders. These buyers are very important for accelerating the adoption process of a new product or service. As a result, marketing communications need to be accurately targeted at this segment, which in turn will stimulate word-of-mouth communications to spread information and opinion. Although early adopters prefer to let innovators take all the risks, such as the use of a new software program that may have bugs, they enjoy the recognition of being 'leading edge' or 'thought leaders'. They tend to be younger than other customer and client segments, affluent and above average in education. Apart from innovators, this group reads more publications and consults more sales professionals than any other segment.

Early majority

This segment makes up 34 per cent of the market and alongside late majority makes up the bulk of the market. This segment tends to be much more risk-averse than innovators and early adopters. These buyers tend to seek reassurance that the product or service works and has been proven in the market. They are above average in terms of age, education, social status and income. However, unlike early adopters, they tend to wait for prices to come down and prefer more informal sources of information, such as family and friends, and are often heavily influenced by other people who've already purchased the product or service.

Late majority

This segment makes up 34 per cent of the market and is sceptical of new ideas and only adopts new products because of social or economic factors. They read few publications and tend to be below average in education, social status and income.

Laggards

This segment makes up 16 per cent of the market, is suspicious of all new ideas and their opinions are very hard to shift as they tend to be traditionalists and not open to change, which affects their tastes and interests.

One of the objectives of marketing communications is to speed up the rate of diffusion so that the return on investment in innovation is realized as quickly and efficiently as possible. Marketers should ensure that these variables are taken into consideration when attempting to understand and predict the diffusion process. It's likely that a promotional campaign targeted at innovators and the early majority and focused on stimulating word-of-mouth will be more successful than if these variables were overlooked.

In *The Tipping Point*, business commentator Malcolm Gladwell (2010) compares the diffusion of goods, services and ideas to an epidemic that spreads like 'an idea virus', and identifies three customer and client categories that are important in this process:

1. *Mavens*. This category has a voracious appetite for product and service information and frequently shares this insight with other communities of buyers.
2. *Connectors*. This category of customers and clients tend to have extensive social and business networks and frequently bring people together.
3. *Salesmen*. This category specializes in persuading people to adopt new goods, services and ideas.

The key challenge is identifying the group that the desired customer or client belongs to and ensuring that the marketing budget is targeted at influencing the behaviour of the group that provides the best prospects for sales of products and services.

Influencing the customer and client journey

Every marketer's goal is to reach a buyer at the very moment that will most influence the decision to buy. It's why Samsung makes sure not only the customer sees its widescreen HD TVs in stores but also that those TVs display vivid HD pictures. It's why Amazon.com nearly two decades earlier began offering targeted recommendations to online purchasers already logged on its website and ready to buy. And it also explains Procter & Gamble's decision, even further back in time, to fund radio and TV shows to reach audiences with marketing messages through the power of the 'soap opera'.

As we discussed in Chapter 1, customers and clients no longer separate marketing from the product or from the in-store or online experience. It's now all part of the total customer experience and to some extent the media channel for that communication is irrelevant.

Professional marketers have to adjust to a new era of deeper customer engagement and look at marketing as being less of a sales funnel and more as an opportunity for dialogue with customers, clients and prospects.

As we've seen in other chapters, there's been a vast amount of innovation within marketing in recent times – social networking, viral campaigns, QR codes and m-marketing. However, marketers still have a hard time trying to keep up with the changes in consumer behaviour. And it's always been that way.

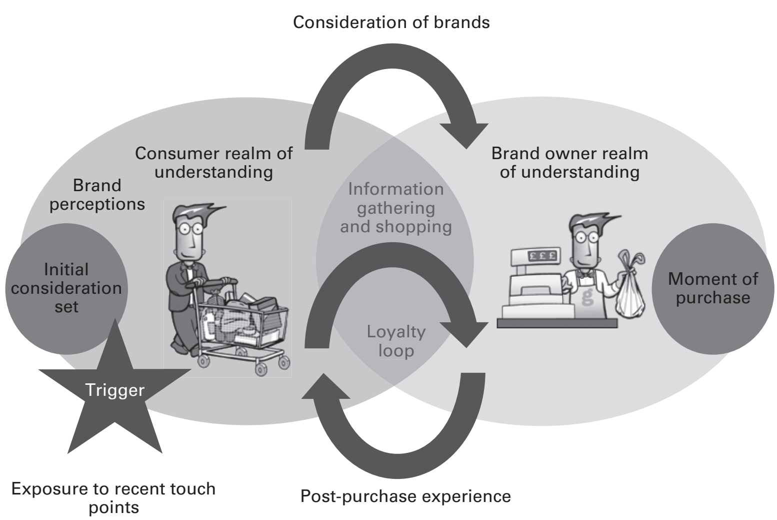
Technology has always been the great enabler of change, rather than the change itself – a point often overlooked by over-zealous marketers seduced by the pace of change with the latest consumer technology. As this chapter illustrates, globalization, changes in consumer behaviour; and permission-based marketing are rewiring our understanding of marketing and the marketing mix in this decade. Every day, customers and clients form impressions of brand owners and brands from touch-points such as 48-sheet posters, websites, TV advertising, sponsorship, media coverage, in-store point of sale, product placement, competitions and promotions. However, unless customers are 'ready to buy', much of that brand exposure looks like it's wasted.

But what happens when something triggers a consumer's impulse to buy? Those accumulated impressions stored in the consumer's memory become crucial because they shape the initial consideration set: in effect, they help to funnel the purchasing decision-making process towards a limited number of preferred brand options. (For a detailed discussion on creating a realistic sales funnel, see Guru in a Bottle®, *Art of Influencing and Selling*.)

Research shows that consumers systematically narrow their initial consideration set as they weigh up their purchasing options. The post-sale phase becomes a critical point in building long-term relationships with customers and clients because they become a 'trial period' for the purchase and what happens next very often determines the strength of customer loyalty as well as the propensity to repeat purchase in the future.

This requires marketers to be less focused on 'pushing' messages and much more tuned in to influencing the process of customer and client brand consideration and purchasing behaviour in the future. As illustrated in Figure 3.2, this is a cyclical journey that can be broken down into four phases in the pre- and post-sales experience:

Figure 3.2 How consumers make decisions



1 initial consideration;
2 active evaluation or the process of researching potential purchase options;
3 closure – when the consumer makes the purchase; and
4 post-purchase experience – when the consumer experiences those brands.

McKinsey marketing research study (2009)

A comprehensive research study involving 20,000 consumers across five different industries and three continents was carried out by global strategy management consultants McKinsey, examining the customer and client journey in some detail. The findings showed that purchasers tend to fall back on a limited set of brands when faced with a plethora of choices and communications.

Brand awareness is of course important: brands in the initial consideration set can be up to three times more likely to be purchased eventually than brands that aren't in that set. However, all is not lost for brands excluded from the first stage as the number of brands under consideration during the active-evaluation phase may actually expand rather than narrow as the consumer seeks information about a particular product or service category. Brands can 'interrupt' the consumer decision-making process by entering into the consideration set and even force the exit of rival brands from this consideration process.

The McKinsey research found that the number of brands added in later stages differs according to the market segment (see Table 3.1). The research showed that those consumers actively evaluating PCs, for example, added an average of one brand to their initial consideration set of 1.7 brands, while those in the market for a car added 2.2 brands to their initial consideration set of 3.8 car brands.

Table 3.1 Consumer decision survey across various market segments

	Share of purchases (%)			Average number of brands	
Market segment	Initial consideration	Active consideration	Loyalty loop	In initial consideration set	Added in active consideration
Automotive	63	30	7	3.8	2.2
PCs	49	24	27	1.7	1.0
Skin care	38	37	25	1.5	1.8
Telecom carriers	38	20	42	1.5	0.9
Motor insurance	13	9	78	3.2	1.4

Source: McKinsey (2008–9)

The research study indicates that a change in consumer behaviour can create an opportunity for marketers by adding touch-points within the decision-making process that can have the most impact.

In the past, as the consumer pondered brand options, marketers would turn up the dial in terms of 'push' marketing communications that included traditional advertising, direct marketing, PR, etc. However, such an approach isn't that effective where the consumer is now 'pulling' helpful information. For example, billboards alongside train tracks now struggle for attention in the rush hour when commuters are staring intently at their iPads, Kindles and smart phones before they reach their offices in the morning. (For a further discussion on market and customer segmentation, refer to Chapter 1.)

The McKinsey research showed that 75 per cent of the touch-points during the active-evaluation phase were consumer-initiated, such as reading blog reviews and getting word-of-mouth recommendations from family and friends as well as in-store interactions and recollections of past experiences. Over the past couple of years this trend has accelerated to the point where it's now part of the daily routine for millions of shoppers looking for the next bargain.

One reason is the dramatic fall in confidence in business, which some studies put as low as 14 per cent of those questioned. Not surprisingly, with this level of distrust individual consumers have left their inhibitions behind them and are now willing to share their thoughts on just about any experience they've had with a product or service – good or bad – on YouTube. The democratization of the internet has well and truly arrived.

Although traditional marketing remains important, marketers must also rethink their marketing strategy beyond 'push' media channels and influence the consumer decision-making process through more subtle means. For example, Japanese car manufacturers have for a long time focused on delivering excellent after-care service that's helped to create positive word-of-mouth and higher levels of initial consideration for their brands, such as Toyota and Lexus.

When consumers reach a decision at the moment of purchase, the marketer's work has just begun: the post-purchase experience shapes the consumer's opinion for every subsequent decision in the category, so the journey is an ongoing cycle. For example, in the McKinsey study, more than 60 per cent of consumers of facial skin care products went online to conduct further research after the purchase had been made.

Although the need to provide an after-sales experience that inspires loyalty and encourages repeat purchases isn't new, not all loyalty is equal in today's increasingly competitive, complex world. Of those consumers who profess brand loyalty, some are 'active advocates' and others are 'passive loyalists' who simply stick with the brand but don't bother to share the reason for their preference with others. It's the latter group that are most likely to switch brands should a better offer come along. The research found as much as a sixfold difference in the ratio of active to passive loyalists among major car brands, so car manufacturers have opportunities to interrupt the loyalty loop.

All marketers should make expanding the base of 'active advocates' a marketing priority and to achieve this they should focus their marketing efforts on the touch-points in the customer and client decision journey.

Aligning marketing with the consumer decision journey

Developing a deep knowledge of how consumers make decisions is an important first step. For most marketers, the difficult bit is focusing marketing and spending on the most influential touch-points.

In many cases the focus for the direction of marketing effort must change, for example away from brand advertising on the initial consideration phase to developing internet tools that help consumers gain a better understanding of the brand when they actively evaluate it. Other marketers may need to rewire their customer loyalty programmes by focusing on active rather than passive loyalists or by spending money on in-store point of sale activities or viral word-of-mouth marketing.

The increasing complexity of the consumer decision journey will force virtually all brand owners to adopt new ways of measuring consumer attitudes, brand performance and the effectiveness of marketing expenditures across the whole process (see later). Without such a realignment of marketing focus, marketers can face two risks: 1) a waste of marketing budget, and 2) using inappropriate marketing tools that aren't fit for purpose. At a time when revenue growth is critical and funding tight, traditional marketing communications will be less effective because consumers aren't getting the right information at the right time.

As we've already discussed, by trying to push products on customers and clients rather than providing them with the information, support and experience they want to reach decisions themselves, marketers could find themselves dangerously out of touch.

Strategies for addressing the realities of the customer journey

There are a number of strategies that marketers can adopt to respond to these challenges.

Prioritize objectives and marketing spend

In the past, most marketers consciously chose to focus on either end of the marketing funnel: building awareness or generating loyalty among current customers. The McKinsey research reveals a need to be much more specific about the touch-points used to influence consumers as they move through initial consideration to active evaluation and closure.

By looking just at the traditional marketing funnel's front or back end, brand owners could overlook opportunities not only to focus marketing spend on the most important points of the decision journey but also to target the right customers and clients.

In the skin care industry, for example, the McKinsey study found that some brands are much stronger in the initial-consideration phase than in active evaluation or closure. On this basis, some health and beauty brand owners need to shift focus from an overall brand positioning – already strong enough to ensure that they get considered – to efforts that will have a powerful influence on consumer behaviour or to focus on packaging and point of sale activities targeted at the moment of purchase.

More targeted and relevant marketing messages

A review of marketing messages that are delivered to customers at whatever part of the consumer journey is a useful exercise for any brand owner to undertake. An indistinctive message across all phases in the consumer journey is unlikely to be that effective and should perhaps be replaced by a series of targeted messages that address key buyer issues at specific points, such as at the initial consideration or active evaluation phases.

Take the automotive industry for example. A number of brands in it could grow if consumers took them into consideration. Hyundai, the South Korean car manufacturer, tackled precisely this problem a few years ago by adopting a marketing campaign built on protecting consumers financially by allowing them to return their vehicles if they lost their jobs. This provocative message, tied to something very real for Americans, became a major factor in helping Hyundai break into the initial consideration set of many new consumers.

Invest in turning consumers into 'active advocates'

To look beyond funnel-inspired 'push' marketing, brand owners must invest in marketing communications that let them interact with consumers as they make an informed consideration about brands. Simple, dynamic tools that help consumers decide which products make sense for them are now essential elements of the online marketing experience and brand owners shouldn't abdicate responsibility for doing this to intermediaries or price comparison websites that proliferate on the internet.

Many Fortune 500 CEOs often feel overwhelmed by the explosive growth of social media especially after witnessing the damage done by WikiLeaks. They fret about how social media tools, when placed in the wrong hands, can be used to spread false rumours, damage brands and ruin corporate and personal reputations within hours. However, none of these concerns provide a compelling reason for brand owners to completely refrain from being actively engaged in social media activities.

Procter & Gamble

Over a decade ago the senior leadership team at P&G wholeheartedly embraced these new social media tools and used them to build and sustain a meaningful dialogue with consumers. In the past, when developing new products P&G's research and development (R&D) teams used to rely on expensive, time-consuming focus groups and physical prototyping to test their new ideas. Now they use social media tools like Affinnova to test dozens of new product ideas with hundreds of customers voting online on their favourite features. As a result of this real-time collaboration with customers, P&G can swiftly weed out unprofitable product ideas early on and dedicate resources to developing product concepts that customers like the most and which will have the greatest chance of commercial success.

Marketers can also influence online word-of-mouth by using tools that spot online conversations about brands, analyse what's being said and allow marketers to post their own comments, provided that this is information-led and the identity of the marketer is transparent for all members of the online community. P&G has turned the viral marketing power of social networks to its advantage – by converting satisfied customers into 'word-of-mouth marketers' of the firm's brands. For example, it created Vocalpoint, an online community of more than 600,000 socially engaged mothers it can tap for early feedback on new promotional campaigns before launching them nationally – helping to get each marketing message right the very first time. Vocalpoint members also generate positive buzz on social networks for P&G's upcoming products. 'By embracing social media, P&G has not only boosted customer loyalty but has also established new industry-leading practices in social engagement – well ahead of its rivals,' observes Professor Jaideep Prabhu at Judge Business School, Cambridge University.

As discussed in detail in Chapter 6, e-marketing, m-marketing and direct marketing are crucial during the active evaluation phase as consumers seek information, reviews and recommendations. High impact marketing at this point in the decision journey requires a mind-set shift from buying media to developing properties that attract consumers: content on websites, programmes that foster word-of-mouth and systems that customize advertising by viewing the context and the consumer through m-marketing should all be considered.

Sophisticated content management systems (CMS) as well as online behavioural targeting techniques can let marketers create hundreds of variations on an ad served to a prospect or customer that takes account of the context where the ad appears, the past behaviour of the user and a real-time inventory of what an organization needs to promote. For example, many airlines manage and relentlessly optimize thousands of combinations of offers, prices, creative content formats and rewards to ensure that buyers looking for flights only see the most relevant opportunities.

Point of sale marketing

Given that many consumers hold off making their final purchase decision until they're in a store, merchandizing and packaging have become more important in the marketing mix.

Consumers want to look at a product in action and are highly influenced by the visual dimension: up to 40 per cent of them change their minds because of something they see, learn or do at this point – and are influenced by packaging, placement and even interactions with well informed and genuinely helpful (not pushy) sales professionals.

In skin care, for example, some brands that are fairly unlikely to be in a consumer's initial consideration set nonetheless win at the point of sale with attractive packages and on-shelf messaging. In many such situations, this could be an own-label rather than a premium brand as the sales people are trained to give advice to consumers about the similarities between products as well as the cost savings that they can benefit from an own-label variant (which incidentally, is more profitable for the retailer).

Point of sale marketing has now become an essential selling tool because consumers of these products are still in play when they enter a store. That's also true in some consumer electronics market segments (see Samsung example above).

It sometimes takes a combination of activities targeted at the moment of purchase – great packaging, a favourable shelf position, forceful fixtures, informative signage and helpful sales professionals – to attract consumers who enter a store with a strong attachment to their initial consideration set. The McKinsey research shows that in-store touch-points provide a significant opportunity for brand owners.

Integration of all customer-facing activities

Many brand owners have yet to integrate and coordinate marketing and communications across the whole organization. As a result, some of these functions remain in silos, such as the website and intranet development, customer loyalty programmes, sponsorship and hospitality and public relations. This can lead to poorly executed activity where the lack of a joined-up approach doesn't present a consistent face of the brand, product or service to the consumer and also runs the risk of duplication elsewhere within the organization, which is wasteful in terms of time and resources.

A comprehensive review of all customer-facing activities is as important for single business unit (SBU) heads as it is for the CEO and the chief marketing officer (CMO). But the full scope of the consumer decision journey goes beyond the traditional role of CMOs, who in many organizations focus on brand building, advertising and perhaps market research. These responsibilities aren't going away but what's required of today's CMO is a broader role that realigns marketing with the current realities of consumer decision making.

Brand owners need an integrated, organization-wide 'voice of the customer', with skills from advertising to public relations, product development, market research and data management. It's hard but necessary to unify these activities and it's where marketers can demonstrate 'thought leadership' to the organization.

What's in the mix

There's no quick path to success in the new era of customer and client engagement. Progress is likely to come incrementally – primarily by listening to consumers, making adjustments to marketing strategies and through old fashioned trial and error!

American Express

'We're going through a revolution a whole lot like the Industrial Revolution. The change is profound. I don't get to control what's said about us,' says John Hayes, CMO of American Express. He continues:

> *Marketing is touching so many more parts of the company now. It touches on service; it touches on product development. We need to organize in a way that starts to break down the traditional silos in the business. We're creating cross-business function groups and seeing how they work. They play a very important role in creating more fluidity, more enterprise-wide understanding and more initiatives that lead to a more cohesive outcome for our customer base. If you're not experimenting, you're not learning.*

O2

Another brand owner that's undertaking a similar marketing exercise in the UK is mobile operator O2, which is trying to be challenging in its outlook and bring a fresh perspective to its marketing that includes rewarding its customers with 'treats'. Tim Sefton, customer director at O2, explains:

> *We try to identify opportunities by looking at qualitative data and just trying to understand the insights. Quite often, what we look for is what we call 'piss off factors'. We look for things which piss customers off, the grievances they hold against the industry that we think we can do something about. For example, one of the trends we're very aware of is that trust in big institutions is declining. Because customers by and large don't trust big institutions, this has a direct impact on how they feel about us at the macro level and therefore we'll look to see what we can do that will enable us to be more trusted than our peer group.*

Zappos

This philosophy is shared by another phenomenally successful business – Zappos, the online store that has sales in excess of US$1 billion annually. 'Our view is that a company's culture and a company's brand are really just two sides of the same coin,' explains Tony Hsieh, CEO of Zappos.

The company is unique in that it empowers all its employees to be themselves and to do their best by removing many of the controls and processes that exist in many other companies. This extends to encouraging 'random acts of kindness' that allows employees to take the initiative to do things that create goodwill with customers and colleagues.

Ingredients of the marketing mix

The concept of the 'marketing mix' was developed by Neil Borden at Harvard University in 1953. The idea came from the notion that the marketer was the 'mixer of ingredients', a chef who concocted a unique marketing recipe to fit the requirements of the customers' needs at any particular time.

The emphasis was on the mix of marketing procedures and policies to create a profitable enterprise and originally this became the four Ps of marketing:

- product;
- place;
- price; and
- promotion.

In 1981, two US academics, Bernard Booms and Mary Bitner, incorporated a further three Ps into the marketing mix:

- physical evidence;
- process; and
- people.

A brief explanation of each of the ingredients in the seven Ps of marketing is given in Table 3.2.

Product

This may be tangible or intangible, depending on the circumstances. It's important to understand how consumers will want to use the product. There are typically three product forms: core, embodied and augmented (see Figure 3.3).

Core product. This consists of the real core benefit or service. This may be functional in terms of what the product will enable the consumer to do

Table 3.2 The seven Ps of the marketing mix

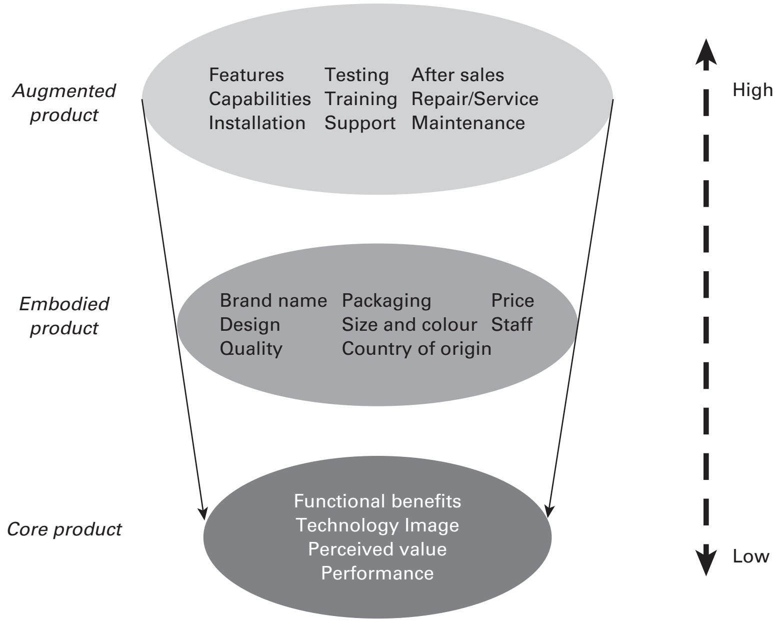
Seven Ps of the marketing mix	Explanation
Product	The offering made by the brand owner and how it meets the customer or client's needs. In a physical product context, such as a consumer good, it also refers to the packaging and labelling of the product. Within services, the product can be intangible, such as an insurance policy or a mortgage, which is recorded in a legal document provided to the customer.
Place	This is not just where the product or service is to be delivered to the customer but also the means of distributing that product to the customer and end-user.
Price	This is the cost of acquiring the product payable by the consumer and also the cost plus profits of the brand owner (seller).
Promotion	This is generally thought of under the umbrella description 'marketing communications' and describes how the product's benefits and features are conveyed to the consumer through a variety of online and offline channels.
Physical evidence	This emphasizes the tangible components of services where the consumer can't 'walk round and kick the tyres'.
Process	This emphasizes the importance of service delivery as part of the customer experience, for example, post-purchase of the product or service.
People	This emphasizes the importance of customer service within the consumer decision journey and also includes personal selling.

or it may be an emotional benefit in terms of how the product or service can make the consumer feel. For example, a raincoat is a functional product but can also be a high ticket fashion item if it's a designer brand like Prada, conferring emotional benefits on the consumer.

Embodied product. This consists of the physical product or delivered service that provides the expected benefit and consists of many factors such as features, capabilities, durability, design, packaging and brand name. Typically, these products can be desirable, such as an expensive Swiss-made watch like Omega, a Nikon camera or a pair of Nike trainers.

Augmented product. This consists of the embodied product plus all those other factors that are necessary to support the purchase and post-purchase activities. For example, with a new IT system this could include delivery of

Figure 3.3 Three levels of a product



hardware products, installation, testing, training, regular software updates and IT support. When these product levels are brought together it's hoped that they will provide the consumer with a compelling reason to buy and to keep buying.

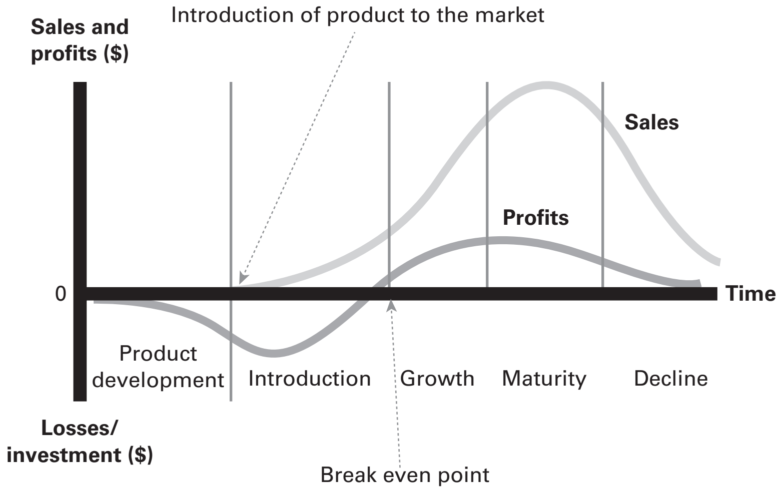
Each individual combination or bundle of benefits constitutes added value and serves to differentiate one sports car from another, one disposable camera from another. Marketing strategies need to be designed around the actual and augmented products.

The product life cycle (PLC). The basic concept of the product life cycle (PLC) can be seen in Figure 3.4, although it won't apply in every case to all products being brought to market. For example, a fashionable item of clothing can be adopted very quickly by the public, peak early in terms of sales and then decline just as fast.

The graph shows the various stages of the product life cycle, with the product development stage being the time taken to get the product to market. This is a critical point to manage, particularly in fast moving markets such as smart phones, laptops and computer games where changes within the technology can make a hot-selling product obsolete overnight.

The point at which sales start to drop off may be the time when the brand owner could consider a number of marketing strategies that could breathe new life into the product and continue to generate sales. These could include:

Figure 3.4 Typical product life cycle



- product enhancements;
- new packaging;
- repositioning of the product with new customer segments;
- reaching new users via new distribution outlets; and
- promoting new uses of the product to meet a new customer want or requirement.

Table 3.3 provides an explanation of each phase in the product life cycle mapped against the marketing mix that has strategic sales and marketing implications for the brand owner.

Place

This part of the marketing mix refers to the ability of the brand owner to distribute the optimum amount of products and services at a time and location that will optimize sales within a market segment. This is particularly important within the retail sector, such as car sales and FMCG.

Zara and Samsung

For example, fashion high street manufacturer Inditex has seen its clothing sales leap by over 25 per cent because it adds new stock in its Zara retail stores twice a week, which helps to keep its stock up to date with the latest fashion trends. It achieves this fast flow replenishment by manufacturing over 40 per cent of its garments in Spain and Portugal which means it can deliver new products across Europe and the United States twice as fast as if it had to wait for delivery of stock that was manufactured in Asia where production costs are lower but delivery times are longer.

Table 3.3 Product life cycle and strategic marketing implications of each phase

Marketing Mix	Stage of the Product Life cycle (PLC)			
	Introduction	Growth	Maturity	Decline
Costs	Highest costs per customer	High costs per customer	Low costs per customer	Low costs per customer
Customers	'Innovators'	'Early adopters'	'Majority'	'Laggards'
Competitors	None or very few	Few	Maximum number of competitors	Declining number of competitors
Marketing strategy and objectives	High product awareness and trial – need to explain nature of innovation	Maximize market share before market segment attracts too many competitors	• Maximize profit while defending market share • Motivate customers to brand switching	• Reduce expenditure and cash cow the brand • Cost control is important
Product offering	Offer a basic product	Offer product extensions, services and warranty	• Product differentiation • Diversify brands and models	• Phase out weak items • Trying to create a re-launch of the product
Price	Premium price, but possibly not able to recoup investment at this point and so not profitable yet	Price to penetrate market segment – price may decline as competitors enter the market	Competitive pricing strategies where price is matched or is less than the competition – price under pressure from distributors	Price competition and price cutting may lead to losses
Place	Build exclusive or selective distribution pipeline for the new product	Build selective distribution	Build more intensive distribution	Become much more selective and phase out unprofitable outlets for the product
Promotion	• Build product awareness among early adopters and distributors • Use heavy sales promotion to entice trial	Build awareness and interest amongst large number of customer segments	• Stress brand differences and benefits • Increase promotion activities to encourage brand switching	Reduce to level required to retain only hard core customers; alternatively, re-launch product to new customer segments

In India, Samsung partnered with the Indian Farmers Fertiliser Cooperative to distribute its mobile handsets to rural customers who wouldn't step into a showroom to purchase a Samsung product. By adopting such a distribution strategy, Samsung achieved a massive uplift in sales of its handsets amongst this lucrative consumer group, achieving 90 per cent penetration in over 600,000 rural villages in India.

The experiences of Zara and Samsung are excellent examples of how the distribution activities of a brand owner can make a direct impact on the sales and marketing of its products and services.

Relying on intermediaries to distribute products, as the Samsung example illustrates, is an important part of the marketing mix as it often provides an essential link between producers and end consumers and, as can be seen in Table 3.4, this can achieve significant benefits for the brand owner.

Price

Pricing policy is one of the most important elements of the marketing mix. The other elements all lead to costs.

The only source of profit to the brand owner comes from sales, which in turn are dictated by pricing policy. In one sense, the outcome of excellent marketing is that a consumer buys the product or service being offered and this is profitable for the brand owner. At another level, the product is the tangible (physical) or intangible manifestation and fulfilment of the rational and emotional requirements of the consumer wrapped up in the body of a product or service that the consumer is prepared to pay for.

Although price is taken to be an established indicator of quality, such a concept is increasingly under pressure as brand owners in US and European markets feel the pressure from low-cost rivals in emerging economies. For example, Chinese consumer product companies HTC and Haier are giving Nokia and Whirlpool a run for their money by introducing feature-rich cell phones and kitchen appliances at low prices that greatly appeal to cost-conscious consumers. In other markets, such as India, where 300 million people earn less than US$1 a day, many brand owners have to contend with this frugal and demanding customer base where price is a critical part of the marketing mix.

Many of these consumers either go without or are very careful about what they buy. This forces brand owners to radically rethink price points and the offerings have to be extremely affordable, not just barely so. These consumers are also very value conscious. They may be low earners, but they also are high 'yearners'. Given their high aspirations, these consumers reject new offerings that don't deliver significantly higher value than existing offerings do. This puts a lot of pressure on brand owners to develop higher value offerings at a lower price.

By relying on a 'frugal' operating model, brand owners in emerging economies not only strive to reduce their own costs but also to pass value on to consumers, unlike the thinking of brand owners in developed economies

Table 3.4 Benefits of using intermediaries as a distribution channel

Type of channel intermediary	Description of function	Benefit	Description
Agent or broker	It acts as the principal intermediary between the brand owner and a buyer by bringing them together without taking ownership of the product or service. It has the legal authority (actual, usual and implied) to act on behalf of the manufacturer. For example, universities often use agents to recruit students from India and China.	Specialist service	It offers the brand owner an accessible way to reach a desired market or customer segment where the brand owner lacks physical presence in that market. In addition, where production of a product or component takes place a long distance from the brand owner, such as the maintenance and repairs of a ship, then an agent is essential.
Franchisee	It holds a contract to supply and market a product or service to the requirements of the franchise holder or brand owner. The franchise agreement will control the way in which all sales and marketing is to be carried out in accordance with a manual provided by the franchise holder or brand owner, as well as sourcing of products and how the product or service must be delivered. Cleaning companies such as Molly Maid, McDonald's and KFC are examples of successful franchise distribution businesses.	Cost-effective and profitable	This is a successful and scalable business model for the brand owner as the franchisee will pay for a franchise and in some cases this will be 'business in a box' where everything is made really easy for the franchisee to operate a business using the brand and trademark of the brand owner. The brand owner is left to focus on marketing the brand through advertising and other means and receives a licence payment on a regular basis for delivering the support to the franchisee.

Table 3.4 *continued*

Type of channel intermediary	Description of function	Benefit	Description
Official distributor	It acts as a dealer and distributes the product or service. It offers value through services associated with selling inventory, credit and after-sales service. This arrangement is often used in B2B markets and can also be found dealing directly with B2C segments such as car distributors.	Knowledge of the products and services	Might offer specialist services, such as after-sales, maintenance, installation or training services to increase the effective use of the product. These services are best offered and performed by those closest to the purchaser or user of the product.
Wholesaler	It stocks goods and precedes retail distribution. It takes possession of the goods and legal title passes to it in those products.	Improved efficiency	Brand owners often manufacture a small range of products in large quantities whereas consumers buy a wide range of products in small quantities. A wholesaler improves efficiencies in the delivery channel by breaking down large deliveries from the brand owner into single units and sorting these into a range of goods available for retailers.
Retailer	It sells directly to consumers and will often purchase directly from wholesalers and manufacturers, such as Zara and Wal-Mart.	Accessibility and time to market	Products are available immediately from the intermediary's stock, enabling ownership to pass to the consumer within the shortest space of time.

who won't think of doing the same, who typically focus their marketing efforts in wowing consumers with the latest product features and technologies. This isn't always the most successful marketing strategy to follow, particularly when marketing products and services in developing markets. Instead, successful brand owners often pursue functionally minimalist solutions that offer superior value to their customers – often transforming their lives in the process. In this context, price needs to reflect getting more value for less cost by offering consumers quality products and services at highly affordable prices.

As pricing is part of the marketing mix, pricing decisions must be integrated with the other elements given that pricing policy can be changed relatively rapidly. The danger of changing prices quickly in response to market conditions is that brand owners may be tempted to resort to pricing action as a 'quick fix' instead of making changes in other areas of the marketing mix. 'It's important that management realizes that constant fine-tuning of prices in overseas markets should be avoided and that many problems aren't best addressed by pricing action,' advises Professor Svend Hollensen, associate professor of international marketing at the University of Southern Denmark.

Research into how consumers will respond to a given price strategy shows that they're influenced by nine factors:

1. distinctiveness of the product or service;
2. greater perceived quality of the product or service;
3. less awareness of substitute products and services on the market;
4. difficulty in making comparisons in the quality of the product or service being offered;
5. price of product or service represents a small percentage of the total expenditure of the consumer's budget;
6. perceived benefit for the customer increases;
7. the product or service is used in association with a product or service previously bought, so that components and replacements are usually priced at a premium;
8. costs are shared with other consumers/third parties, which adds to the affordability of the purchase; and
9. the product or service can't be stored for later use.

Pricing policies. In addition to the pricing factors that influence the consumer's propensity to purchase, the brand owner also has to balance its needs with what the market will bear and must take account of its competitors' pricing policies as well. In reality, the brand owner's pricing policy is also a trade-off with factors associated with competition within its market segment and includes:

- How much competitors charge for similar products or services.
- Factors associated with cost of production of the product or service.
- The cost of individual components that make up the product or service.
- Factors associated with demand for the product or service.
- The quantities that the brand owner will sell of the product or service and at what price.
- Factors associated with value.
- Which components of the product/service consumers value and how much are they prepared to pay for them.

The pricing policy the brand owner will seek to adopt in the first instance may need to be reviewed at a later stage if sales don't meet expectations or targets.

The following are some of the typical pricing policies adopted by brand owners in business to consumer (B2C) and business to business (B2B) customer segments.

Pricing policies (B2C) *Market pricing*. If similar products exist in a market segment, then the brand owner may fix the price according to the prevailing market price.

List pricing. This is a relatively unsophisticated approach to pricing where a single price is set for a product or service. For example, a travel company may charge a list price for a two-week package holiday that includes air travel, hotel accommodation and half or full board plus transfers to and from the airport on both legs of the holiday.

Penetration pricing. This isn't the same as a loss leader pricing (below) but this pricing policy is used to stimulate market growth and market share by deliberately offering products at low prices. The approach requires mass markets, price sensitive customers and a reduction in unit costs through economies of scale. The basic assumption that lower prices will increase sales will fail if other competitors follow suit, for example in a petrol price war at the pumps.

In contrast, Japanese motorbike manufacturer Honda used penetration pricing intensively to gain a foothold in the US superbike market by undercutting Harley Davidson and other more established US brands.

Loss leader pricing. This is a form of marketing that uses price to 'hook' consumers to enter the retail environment, typically a supermarket, with juicy offers on staple products like bread, milk, beer, baked beans, or toilet paper that consumers tend to buy as a repeat purchase and would be tempted with the opportunity to bag a bargain. The price is usually set at a lower level than the actual cost of production.

A brand owner will hope to recoup the loss by enticing the consumer to spend more money on other less price-sensitive items that it has increased in price. Alternatively, the brand owner may absorb the loss as a short-term promotional cost on the basis that it brings in more customers and boosts sales on more profitable product lines.

Promotional pricing. This is a popular way of creating a spike in sales where the brand owner may be linked to a specific time-bound event, such as sponsorship of a major sport or music event and during that period offers a special promotional price for its goods and services.

Alternatively, the special promotional period could be designed to capture interest and raise awareness without any other strings attached. Such a pricing approach often includes loss leaders, sales discounts, cash rebates, low interest financing (such as 0 per cent finance on a new car) and other price-based promotional incentives.

Segmentation pricing. Sometimes referred to as price discrimination – varying prices are set for different customer segments. For example, Unilever will offer the premium Ben & Jerry's ice-cream brand at a high price point within the retail area of a multiplex cinema and a low price point but higher volume ice-cream product in a supermarket.

Customer-centric pricing. This is a successful strategy where brand owners can leverage the interest of certain specific customer segments by bundling products that will appeal to them and offering them at a special price. This can work extremely well in clothing, fashion accessories, stationery and food and drink where multiple purchases can be very appealing as well as help to drive profits. It can also work well in professional services. (For further discussion on cross-selling and other techniques, see Guru in a Bottle®, *Art of Influencing and Selling*.)

Pricing policies (B2B). The major difference between B2B and B2C is that the business buyer and seller are both trying to make the best commercial decision for their respective organizations, where the outcome is a win-win for both parties.

Relationship pricing. This is pricing based on the customer or client's needs and where the seller is seeking a long-term relationship rather than simply making a quick turn on the transaction. This may involve offering favourable financial or credit terms, longer periods for payment, discounts and other incentives. The difficulty with such an approach is that it relies on a high degree of trust and commitment between the parties, which carries with it an opportunity cost for the seller should this not be reciprocated by the buyer.

Geographical pricing. This is pricing that takes account of prevailing market conditions in different countries where price points may be different. For example, prescription drugs are sold at various prices in different countries at levels set by governments rather than the brand owner.

Discount pricing. This is where a customer or client is prepared to commit to either buying a large volume of goods or services now or in the future, or paying for it within a specified time period. With such a commitment, the brand owner may decide to reduce the price.

Economic value to the customer (EVC) pricing. The brand owner prices the product or service for the customer or client on the basis of not just the acquisition cost but also the ongoing maintenance and other ancillary costs, usually benchmarked against other suppliers in the market.

Negotiated pricing. This tends to happen when the sale involves a large and complex project and the brand owner is involved in a form of 'consultative selling' to the client.

Transfer pricing. This tends to take place within very large organizations where there is a cross charge levied on a single business unit (SBU) for the use of intellectual property (IP) rights or other assets that it doesn't control but needs for the business.

Promotion

Most textbooks speak about the four elements of marketing communications: a sender, a message, a communication channel and a receiver (audience). This is flawed because it only describes the transmit mode of communication and, as discussed in Chapter 2, effective marketing is about transmit and receive modes and increasingly it's about the latter rather than the former. It also makes good business sense. Listening to customers and clients is likely to be a more profitable exercise.

The principal channels of marketing communication are a mixture of transmit and receive channels (see Figure 3.5). A successful marketing programme is a mix of one- and two-way communication channels (see Table 3.5).

Figure 3.5 Transmit and receive channels of communication

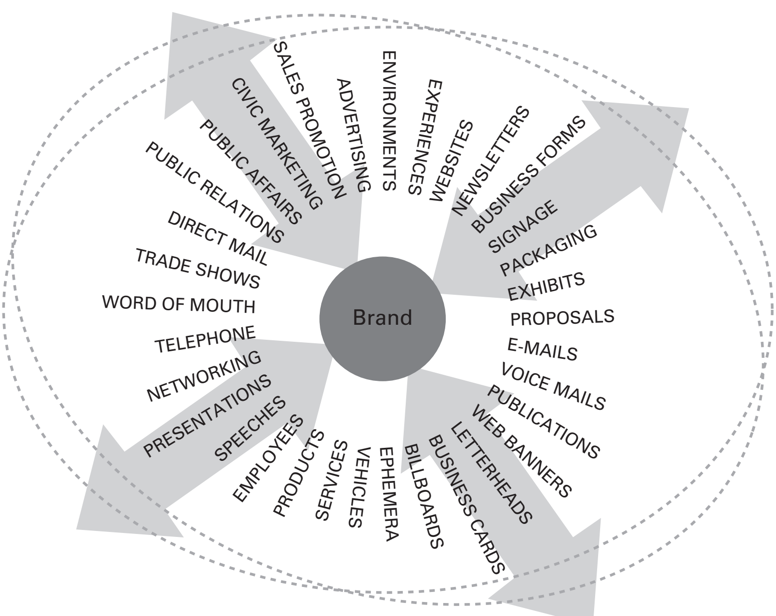


Table 3.5 Media channels segmented by one- and two-way communication

Channels used in the marketing mix		One-way communication	Two-way communication
Advertising	Newspapers	✓	
	Magazines	✓	
	Journals	✓	
	Directories	✓	
	TV	✓	
	Radio	✓	
	Cinema	✓	
	Outdoor	✓	✓
	Signs	✓	
	Ambient media	✓	
	Posters	✓	✓
	Web		✓
	Mobile		✓
	Product placement	✓	
Public Relations	Corporate image	✓	
	Media relations	✓	✓
	Public Affairs	✓	✓
	Annual Reports	✓	
	Events		✓
	Lobbying		✓
	Marketing		✓
	Community engagement		✓
	Corporate Social Responsibility		✓
	Corporate hospitality		✓
Direct Marketing	Direct mail	✓	✓
	Database marketing	✓	✓
	E-marketing	✓	✓
	M-marketing	✓	✓
	Telemarketing	✓	✓
	Viral marketing		✓
	Social networking		✓
Sales Promotion	Competitions		✓
	Prizes	✓	✓
	Incentives	✓	✓
	Rebates and price discounts	✓	✓
	Samples		✓

Table 3.5 *continued*

Channels used in the marketing mix		One-way communication	Two-way communication
	Coupons		✓
	Gifts		✓
	Catalogues and brochures	✓	
	Licensing and merchandizing		✓
Personal Selling	Sales presentations		✓
	Trade fairs and exhibitions		✓
	Face to face		✓

Two-way communication forces the marketer to listen carefully to what's being said. It's not about speed of communication: it's about listening. As part of being a good natural listener, you don't jump ahead or rush to judge what's being said. You also don't immediately start to formulate your own reply. Instead, you direct your focus on what's being said by your customer, client or prospect.

A good natural listener also listens to more than is being said, extracting the maximum information from what they hear by listening and looking between the words used and wondering why something has been expressed in a particular way. It's known as active listening because the listener's imagination is full of 'could be' and 'may be' elaborations.

The point here is that effectiveness of any tactical communication activity will require you to improve your listening skills. In short, part of a successful marketer's skill set is to help the senior leadership communicate more effectively by moving from 'transmit' to 'transmit and receive' mode.

Most marketing communication should be able to satisfy the following criteria:

- it informs;
- it engages;
- it creates feedback;
- it motivates behaviour; and
- it maintains communication with the customer, client or prospect.

Being clear about what behaviour you expect to achieve from customers, clients and prospects will help you focus on the nature of marketing communications and whether they will actually make a difference in behavioural terms, not just simply raising awareness of the brand, product or service. Maintaining communication is also important – one of the biggest areas for complaint amongst customers and clients is the lack of regular and appropriate communication.

If the marketing communication process isn't managed professionally, failure can result in a negative impact on the brand owner's reputation as well as sales.

Rational and emotional messages. In highly regulated markets, such as financial services, the tendency of marketers is to focus the marketing on product benefits and bombard the customer and client segments with information, facts, statistics and numbers. Whilst this information is important, it needs to be balanced with emotion-based messages that appeal to a deeper level of the subconscious or right-hand side of the brain, where decisions are actually made. (For further discussion on emotional-based communication, see Chapter 7.)

Marketing messages can be sorted into two groups: information-based and emotion-based. Information-based messages are rational and can appear dull and boring unless mixed with emotion-based messages. The nature of rational-based messages is contained in Table 3.6. When coupled with rational-based messages, emotion-based can be highly effective. The nature of emotion-based messages is contained in Table 3.7.

Table 3.6 Rational-based messages

Factual	Messages provide rational, logical reasons for purchase of the product or service and presented in a factual, no frills way. This is powerful stuff.
Comparative	Subject to certain conditions, comparative advertising is a powerful tool that can help differentiate the performance of one product from another as well as other benefits, such as price, compared to competitors. However, marketers must tread with caution when making such comparisons as national Codes of Conduct will apply.
Demonstration	Products are often presented in a problem-solving context, such as garden weed killer or the latest vacuum cleaner for the home and tend to highlight technical features.
Evidenced-based	This is another powerful way of engaging with a desired customer and client segment, delivering facts, figures and independent research that can validate other marketing claims.
Testimonial	Provided these are constructed so that they add value to the communication process rather than being polite platitudes that don't contain any insight, these are extremely compelling within marketing as they carry a higher level of credibility as they are the perspectives of existing customers and clients.

Table 3.7 Emotion-based messages

Visual images	Photography can deliver information more efficiently than a page of text and arguably, 'seeing is believing', so it's possibly the most powerful way of getting a message across. Linked with rational messages it's a winning combination.
Humour	This is underrated in marketing and yet humour can be extremely effective and memorable if used appropriately and within context. Of course humour isn't always appropriate, but when dealing with consumers it's likely to be successful.
Animation and cartoons	The use of animation and cartoons is extremely popular and not just with adolescents but across all ages and segments as people think in a visual way and so a message delivered like this is likely to be remembered.
'Distress sale'	Products and services that can sort out a legal, financial or personal hygiene problem rely on the 'distress' of the customer or client and so these messages need to be solutions-led rather than dwelling too long on negative issues.
Feel, touch, taste, smell, hear	It's surprising that marketers don't think of using all five senses when delivering a message. After all, they're only using 20 per cent of the communication channels available if they expect the customer or client to read a print brochure.
Attractiveness	Using attractive images is the staple diet for luxury, fashion and perfumery brands and any brand owner that wants to create a perception of desirability for its products and services.
Escapism	Travel companies don't sell seats on an aircraft and a room with a bed and cupboard – they sell holidays where the consumer can relax, enjoy and unwind.

Promotion can be segmented along the following channels within the marketing mix:

advertising	print
broadcast	digital
mobile	outdoor
public relations	sales promotion
in-store	licensed merchandise
direct marketing	personal selling.

Advertising. This is a non-personal form of communication where the brand owner pays for a message to be transmitted through a variety of media, both online and offline. In many respects, advertising is a blunt instrument as it reaches audiences indiscriminately, for example on a bus shelter or on a cinema screen. Advertising is undiluted 'brand ego' – it's about showing off by the brand owner of its products and services in a way that says 'Look, I'm famous – buy me!' Advertising usually works best when it's in support of other communications activities within the marketing mix. (For a more detailed discussion on the use of signs, posters and ambient media, see Chapter 5.)

Print. There's a lot of talk about the irrelevance of newspapers and magazines in a digital world where everyone is meant to use an iPad, Kindle or tablet device. But that view misses the point. Consumer behaviour is extremely difficult to change, particularly when it's based on a habit and that habit has been around for over 100 years. People like habits and they like reading newspapers and magazines. Print is still very effective in delivering messages as it allows the recipient to receive information that can be consumed at a comfortable pace and makes it possible to check for meaning. It's a permanent record. It's also one of the oldest forms of communication in the world and works well when personalized. (For a more detailed discussion on the use of brochures, press ads and print copy, see Chapter 4.)

Broadcast. The glamorous sister of print media, broadcast can achieve cut-through on TV and radio unlike any other medium because it's fantastic at conveying emotion and passion, which is why broadcast coverage is so important for brand owners involved in sports and arts sponsorship. It's a vital media channel within the marketing mix. (For a detailed discussion on the regulations for using broadcast media in marketing, refer to Guru in a Bottle®, *Essential Law for Marketers*, 2nd edition.)

E-marketing and m-marketing. Research over the last decade shows that e-marketing and m-marketing have an important role to play in achieving customer retention as well as driving customer lifetime value and customer equity within the business. (For a more detailed discussion on the use of e-marketing and m-marketing, see Chapter 6.)

Outdoor. There are three main formats for outdoor media:

1. billboards, such as 6-, 48- and 96-sheet posters;
2. ambient media, such as buses, taxis and the metro/tube system; and
3. street furniture, such as bus shelters, public amenities and directional signs.

The key characteristic associated with outdoor media is that it reaches desired consumers outside of their home and place of work. Outdoor media is an excellent way to complement print and broadcast media activities in the marketing mix. (For a more detailed discussion on the use of signs, posters and ambient media, see Chapter 5.)

Public relations. PR is one of the most cost-effective techniques in the marketing mix; the primary purpose is the management of the reputation of the brand owner, its products and services. Increasingly, the skill of PR is to manage communications on the web as well as offline channels and to engage customer and client segments in a two-way dialogue. (For a detailed discussion on best practice in this area, see Chapter 7.)

Sales promotion. Sales promotions are growing in importance; they offer a direct incentive to buy a product or service and can be targeted at consumers, distributors, agents and a sales force. Key forms of sales promotions include sampling, coupons, deals, premiums, competitions, sweepstakes and trade discounts. (For a detailed discussion on the regulations for using sales and prize promotions, refer to Guru in a Bottle®, *Essential Law for Marketers*, 2nd edition.)

In-store. The two main forms of in-store media are point of sales (POS) and packaging.

Retailers and manufacturers have a vested interest in getting consumers to purchase more products and both these methods are used to capture the attention of shoppers and stimulate further sales. Typical POS techniques include window displays, floor and wall racks, display merchandise, posters, information cards, counter displays and displays at the check-out. (For a detailed discussion on effective approaches to prospective customers and clients, refer to Guru in a Bottle®, *Art of Influencing and Selling*.)

Licensed merchandise. A rapidly growing area of promotional activity is licensed merchandise that allows fans and consumers to literally consume the brand through a variety of products and services. This is particularly a key part of the promotion in any major sponsorship arrangement. (For a detailed discussion on the use of intellectual property rights, refer to Guru in a Bottle®, *Essential Law for Marketers*, 2nd edition.)

Direct marketing. The primary purpose of direct marketing (DM) is to influence behaviour and drive a response from the recipient. This is a highly targeted and personalized communication technique that works well online and offline and, when done well, has a better response rate than other forms of communications in the marketing mix. The brand owner will use DM to create and sustain personal contact outside the intervention of an intermediary. (For a more detailed discussion on the use of DM, see Chapter 6.)

Personal selling. This involves interpersonal communication through which information is provided, positive feelings are developed and purchasing behaviour stimulated. Within a personal selling context, the sales professional is increasingly seen as an expert on the details of the sale, for example a qualified optometrist that sells high-end spectacle frames and glasses. This is one of the most powerful channels within the marketing mix as it can help to build trust and confidence extremely quickly as well as engender a high degree of loyalty over a long period of time. (For a detailed discussion on effective sales approaches to prospective customers and clients, refer to Guru in a Bottle®, *Art of Influencing and Selling*.)

Physical evidence

This part of the marketing mix emphasizes the importance of tangible components of services. For example, students applying from outside of the country in which they wish to study will request materials such as a prospectus and brochure of the academic or professional institution to help in deciding whether they wish to apply.

Process

This part of the marketing mix emphasizes the importance of the service delivery. For example, when processes are standardized, such as FedEx or Hertz, it's easier to manage customer expectations. The delivery of the product and service is deliberately standardized as that's what's expected from its desired customer and client base.

People

This part of the marketing mix emphasizes the importance of customer service personnel rather than just sales professionals. For example, this is particularly important within the travel sector, where the internet has allowed consumers to by-pass the traditional travel agent or 'bucket shop' in search of a cheap deal.

Travel agents now are highly specialized, demonstrate a deep understanding of a particular customer segment and have expertise in a range of travel, accommodation, leisure, sporting and culinary options for the discerning traveller. As Chris Goossens, global customer experience director with logistics and transport group TNT, explains:

> *As we saw the first signs of the recession, what we all agreed on was that in a growth scenario you focus both on retention and on bringing in new business, either through acquisition or through organic growth. But in times of a recession, what's absolutely paramount is to focus even more on your existing customers, to make sure they don't defect. So the recession actually confirmed and reinforced our commitment to customer experience as our differentiation strategy.*

Budget considerations

The process for setting marketing budgets begins at the corporate level and generally filters down so that the marketing department then prioritizes spending at a campaign level. The corporate executives deliver the budget with the expectation of achieving revenue and profit goals for the enterprise.

Typically, the budgeting process is based on benchmarks such as the previous year's budget or a standard percentage of sales as a starting point. Financial projections are then run to determine how funds should be adjusted from previous benchmarks.

It's preferable to use last year's actual results as a basis for comparison. Some commentators argue that a prediction of future performance based on the assumption that the business will operate in the same way as it's done in the past is a reasonable approach to adopt, often referred to as the 'baseline forecast'. Very often, brand owners start with the presumption that budgets will be similar to the previous year; although this should be kept under continuous review to account for changing circumstances within the business.

A marketing budget that's derived from a promotional strategy must have adequate resources allocated to meet the performance objectives of the strategic marketing plan. (For guidance in writing a marketing plan, see Chapter 2.)

Typically, an estimate of market and profit performance is made for each year of a three-year strategic market planning horizon. There are three ways of building a marketing budget that's based on a specific strategic marketing plan:

1. *Top down budget.* A new marketing budget based on projected sales objectives is determined and is based on past marketing expenses as a percentage of sales.
2. *Customer mix budget.* The cost of customer acquisition and retention and the combination of new and retained customers are used to derive a new marketing budget.
3. *Bottom-up budget.* Each element of the marketing plan is budgeted for.

An example of a marketing budget based on the customer mix approach can be seen in Table 3.8.

Table 3.8 Marketing budget template

	Q1			Q2			Q3			Q4			TOTAL		
Marketing Expenditure	US$ Budgeted	US$ Actual	Chg	US$ Budgeted	US$ Actual	Chg	US$ Budgeted	US$ Actual	Chg	US$ Budgeted	US$ Actual	Chg	US$ Budgeted	US$ Actual	Chg
ADVERTISING															
Newspapers															
Magazines															
Journals															
Directories															
TV															
Radio															
Cinema															
Outdoor															
Signs															
Ambient media															
Posters															
Web															
Mobile															
Product placement															
ADVERTISING SUB-TOTAL															

PUBLIC RELATIONS															
Corporate image															
Media relations															
Public Affairs															
Annual Reports															
Events															
Lobbying															
Marketing															
Community engagement															
Corporate Social Responsibility															
Corporate hospitality															
PUBLIC RELATIONS SUB-TOTAL															

Table 3.8 *continued*

	Q1			Q2			Q3			Q4			TOTAL		
Marketing Expenditure	**US$ Budgeted**	**US$ Actual**	**Chg**	**US$ Budgeted**	**US$ Actual**	**Chg**	**US$ Budgeted**	**US$ Actual**	**Chg**	**US$ Budgeted**	**US$ Actual**	**Chg**	**US$ Budgeted**	**US$ Actual**	**Chg**
DIRECT MARKETING															
Direct mail															
Database marketing															
E-marketing															
M-marketing															
Telemarketing															
Viral marketing															
Social networking															
DIRECT MARKETING SUB-TOTAL															

SALES PROMOTION															
Competitions															
Prizes															
Incentives															
Rebates and price discounts															
Samples															
Coupons															
Gifts															
Catalogues and brochures															
Licensing and merchandising															
SALES PROMOTION SUB-TOTAL															
PERSONAL SELLING															
Sales presentations															
Trade fairs and exhibitions															
Face to face															
PERSONAL SELLING SUB-TOTAL															

Table 3.8 *continued*

	Q1			Q2			Q3			Q4			TOTAL		
Marketing Expenditure	US$ Budgeted	US$ Actual	Chg	US$ Budgeted	US$ Actual	Chg	US$ Budgeted	US$ Actual	Chg	US$ Budgeted	US$ Actual	Chg	US$ Budgeted	US$ Actual	Chg
SALES FORCE															
Motivation programmes															
Recruitment															
Training															
Compensation															
Benefits															
Professional memberships															
Subscriptions															
Communications															
Sales tools/supplies															
SALES FORCE SUB-TOTAL															

MARKETING RESEARCH															
Computing															
Salary															
Benefits															
Supplies															
Communications															
Travel															
Tools (software)															
MARKETING RESEARCH SUB-TOTAL															
OTHER															
Item 1															
Item 2															
Item 3															
OTHER SUB-TOTAL															

Table 3.8 *continued*

	Q1			Q2			Q3			Q4			TOTAL		
Marketing Expenditure	**US$ Budgeted**	**US$ Actual**	**Chg**	**US$ Budgeted**	**US$ Actual**	**Chg**	**US$ Budgeted**	**US$ Actual**	**Chg**	**US$ Budgeted**	**US$ Actual**	**Chg**	**US$ Budgeted**	**US$ Actual**	**Chg**
CUSTOMER/CLIENT SEGMENT															
Segment A															
Segment B															
Segment C															
Segment D															
Segment E															
CUSTOMER SEGMENT SUB-TOTAL															
TOTAL MARKETING BUDGET															

Marketing measurement

Microsoft co-founder Bill Gates is often quoted as saying: 'If you can't measure it, you can't manage it' and of course he was absolutely right.

Key principles

When considering how to go about measuring the value of marketing communications, there are several key principles that are worth bearing in mind:

- Develop metrics and scorecards to measure what matters most to deliver business performance.
- Allocate marketing budgets and capital investments on the basis of what will deliver the best short- and long-term results.
- Seek to capture the value of brands, customer and client relationships and innovation.
- Marketing metrics should attempt to connect people and teams with activities and resources.
- Identify where and how to improve marketing performance as well as the quick wins and strategic marketing priorities.
- Attempt to capture the real value of marketing in boardroom reporting and the annual report.

All of the above are one way or another concerned with improvements to the bottom line. But there are also non-financial metrics that should be considered as part of the marketing measurement exercise and these include:

- Measuring the complete customer experience, not just customer satisfaction.
- Regularly gathering feedback from the front line of the organization on how the customer experience can be improved.
- Focusing on employee and customer satisfaction, not just the bottom line.
- Measuring the upstream indicators that drive results.

Successful brand owners may measure a host of things but fundamentally they focus on a few, and these tend to be the ones that are most closely aligned with their vision and purpose.

In addition to the financial metrics, many leading brand owners also factor in non-financial metrics into the mix. For example, O2 measures 'fandom' – fans of the brand, which is an extreme form of customer advocacy. In contrast, Burberry measures the 'Burberry experience' by using mystery shoppers across all its stores, and TNT Express measures the retention of its brand champions. However, none of these measures are meaningful unless they lead to successful financial outcomes such as incremental sales and sustainable profits.

A balanced scorecard approach will look at what the brand owner wants customers and clients to see, what employees must do to excel in that endeavour and how the organization can continue to learn and grow, as well as its financial performance.

A marketing balanced scorecard

On the basis of the above, a marketing balanced score may include the elements listed in Table 3.9.

Table 3.9 Marketing balanced scorecard

Marketing metric	Description
Marketing spend to marketing activities	How much is spent on marketing communications (above and below the line).
Marketing activities to purchase drivers	How marketing communications address the priorities of customer and client segments, for example, quality, functionality, price and image.
Marketing activities to customer attitudes	How marketing communications drive increased brand preference and perceived value.
Customer attitudes to purchase behaviour	How perceived value translates into price premium for the brand owner's products and multi-purchases.
Sales results to financial results	How sales and margins translate into operating profits and growth.
Financial results to shareholder value	How a brand owner's profits and growth translates into future cash flows and business confidence.

A successful marketing communications programme should therefore impact:

- *customer engagement:* customer awareness, customer preference, customer affinity;
- *market impact:* market share, customer retention, channel penetration;
- *marketing improvement:* product innovation, brand building, market development; and
- *financial performance:* sales revenue, profitability and growth.

The marketing evaluation framework

The evaluation framework (see Table 3.10) looks at three distinct performance areas for the marketing programme: brand value, commercial value and customer and client relationships. Each area has a broad definition of possible objectives and some suggested ways of measuring performance against them.

Table 3.10 Marketing evaluation framework

		Marketing measurement methodologies Part 1: Building the Brand			
Brand objective	**Marketing objective**	**Research type: qualitative**	**Research type: quantitative**	**Other methods**	**Outline**
Awareness	Create/increase/maintain awareness or recognition of the brand		✓		• Market research among desired customer and client segments, exposed and not exposed to the marketing programme
			✓		• Unprompted recall of the brand among desired customer and client segments compared to competitor brands
Association	Create/increase/maintain awareness of the brand and customer and client segments		✓		• Unprompted recall of the brand among desired customer and client segments compared to competitor brands
			✓		• Market research among desired customer and client segments, exposed and not exposed to marketing programme
Image Perception	Change/enhance brand image by transfer of image and values from marketing communication activities		✓		• Market research comparing relevant brand values as perceived by those who are aware and those who are unaware of the marketing programme
		✓			• Online focus group research to further understand differences in brand perception between aware/unaware groups

Table 3.10 *continued*

		Marketing measurement methodologies Part 1: Building the Brand			
Brand objective	**Marketing objective**	**Research type: qualitative**	**Research type: quantitative**	**Other methods**	**Outline**
Favourability	Create/increase/maintain level of preference for the brand compared to competitor set		✓		• Market research where members of desired customer and client segments identify their preferred brand from a pre-determined competitive set, comparing those exposed and those not exposed to the marketing programme
Relevance	Create/increase/maintain perceived relevance of the brand to lifestyle of desired customer and client segments	✓			• Use online focus groups to understand how relevance may be affected by the marketing programme
			✓		• Market research to establish absolute relevance of the brand in comparison with stated levels for its competitive set
Consideration	Increased likelihood that desired customer and client segments will consider the brand when next making a purchase decision		✓		• Use qualitative research to explore key drivers of consideration for those customer and client segments exposed to the marketing programme and how to apply these more widely
				✓	• Establish stated consideration levels in comparison with stated levels for the brand's competitive set
Trial or sampling (where relevant)	Encourage brand product trial via sampling or incentivized initial purchase		✓		• Establish stated trial levels for the brand in comparison with stated levels for its competitive set
				✓	• Sampling programme with in-store redeemable offer
				✓	• Sales of trial-size product stock keeping units (SKUs)

Loyalty	Increase/maintain customer loyalty to the brand – customer and client segment to purchase the brand to fulfil 60 per cent or more of total need for this brand product		✓		• Quantitative research to ascertain claimed purchase levels, comparing those customer and client segments exposed and not exposed to the marketing programme
		✓			• Qualitative research to contextualize differing levels of loyalty between customer and client segments exposed and not exposed to the marketing programme
				✓	• Loyalty programme purchase behaviour tracking
				✓	• Share of wallet tracking via purchase panel membership
				✓	• Retention rates of distributors/retailers on contract renewal between those exposed and not exposed to the marketing programme
Bonding	Create/increase/maintain perceived 'friendship' between customer and client segments and the brand		✓		• Ascertain stated bonding levels for the brand in comparison with its competitive set among those customer and client segments exposed/not exposed to the marketing programme
		✓			• Investigate how desired customer and client segments talk about the brand as an integral part of their life
Advocacy	Generate positive brand recommendations by customer and client segments to non-customers and clients in desired buyer segments	✓			• Claimed referral levels among those customer and client segments exposed/not exposed to the marketing programme
			✓		• Qualitative research to contextualized drivers of advocacy among customer and client segments exposed compared with not exposed to the marketing programme
				✓	• 'Recommend-a-friend' scheme activity levels, comparing exposed with those not exposed to the marketing programme

Table 3.10 *continued*

Marketing measurement methodologies
Part 2: Commercial Objectives

Commercial objective	Marketing objective	Research type: qualitative	Research type: quantitative	Other methods	Outline
Product sampling (where appropriate)	Allow desired customer segments to experience the product(s) to increase likelihood of purchase			✓	• Number of samples distributed/used/consumed at marketing events such as a sponsored event compared with sampling at other locations
				✓	• Number of coupons redeemed compared with other promotional coupons
				✓	• Measure pre- and post-event sales among desired customer segments compared with a control group's behaviour during the same period
			✓		• Where there's a sponsorship programme, exit poll interviews versus control group interviews sampled in non-sponsorship environment
Product showcasing (where appropriate)	Demonstrate the product(s) capabilities to increase likelihood of purchase		✓		• Tracker study: cross tabulate those customer and client segments exposed to the marketing programme versus not exposed on intention to purchase
			✓		• Number of visitors to retail outlets when marketing featured versus not featured
			✓		• Where there's a sponsorship programme, exit poll awareness of key product attributes compared with control group where the products are in a non-sponsorship environment

			✓	• Number of qualified sales leads gained via marketing-associated channels versus other marketing initiatives
Increase sales	Increase product or service sales, either for new product(s)/service(s) or to boost established product/ service lines		✓	• New brands: sales data, but with limited scope to differentiate between marketing-related sales and sales related to other marketing initiatives
			✓	• Established brands: sales data compared to previous figures and trends, to establish impact
		✓		• Stated purchasing among those exposed/not exposed to the marketing programme
		✓		• Purchase panel information on those exposed versus those not exposed
			✓	• Increased requests for product(s) received (especially if specifically coded against the marketing programme)
			✓	• Increased footfall, especially of those customer segments presenting a marketing-related/coded leaflet/flier
			✓	• Sales of product(s) based on a marketing-related offer
Increase market share	Increase/maintain market share		✓	• Coupon redemption patterns – those distributed in marketing environment versus non-marketing environment
			✓	• Market place analysis – growth, trends, dynamics, competitors
			✓	• Market penetration – number of customers versus potential total

Table 3.10 *continued*

Marketing measurement methodologies
Part 2: Commercial Objectives

Commercial objective	Marketing objective	Research type: qualitative	Research type: quantitative	Other methods	Outline
				✓	• Customer 'quality': level of customer scores against key 'quality' parameters (comparing those introduced via marketing to those introduced via other channels)
				✓	• Stated share of wallet information (exposed versus not-exposed to the marketing programme)
				✓	• Market share data
			✓		• Additional shelf space/other marketing exposure negotiated to display product(s) with marketing-related promotions
Sales promotion platform	Increase sales of related product(s) over the promotional period			✓	• Response to marketing-related sales promotion compared to other promotional platforms
			✓		• Stated preference for marketing-related promotions versus others
				✓	• Response to marketing-related promotions versus others
Database building	Capture contact details and opt-ins for future marketing communications			✓	• Number of records captured through marketing-related sources (such as web links, postcards, competitions, promotions and corporate hospitality) versus other sources
				✓	• 'Quality' of brand owner's database compared with other list sources measured by level of gone-aways/returned e-mails

Loyalty programme enhancement	Provide merchandise and activities to enhance customer loyalty programmes			✓	• Number of marketing-related rewards redeemed as a percentage of total redemptions, benchmarked against pre-marketing rewards
			✓		• Stated interest in spending towards acquiring marketing-related rewards versus other rewards offered by the marketing programme
				✓	• Redemption rates of similar items, for example, a marketing-related ‘goodie’ bag versus a similar non-marketing related ‘goodie’ bag
Distribution and supply chain incentives	Incentivize desired behaviour up and down-stream, for example, improved credit terms and increased shelf space			✓	• Desired behaviour achieved post-marketing related engagement, based on benchmarks agreed with finance/sales/purchasing departments
		✓			• Feedback on impact of the marketing engagement on influencing change of behaviour among supply chain elements
Direct sales opportunities	Secure a new sales channel directly associated with the marketing programme, such as exclusive new product(s) at a marketing event or selected retail outlets			✓	• Sales revenue/profit generated by marketing-related sales channels
				✓	• Sales revenue/profit generated by bespoke product(s) made for customer segments/marketing event (such as a sponsorship event)
Innovation catalyst	Shorten new product development cycle and/or increase number of developments made			✓	• Number of marketing-related product developments achieved
				✓	• Relative speed or creativity of marketing-related NPD teams or previously accepted norms in achieving both incremental and breakthrough innovations

Table 3.10 *continued*

		Marketing measurement methodologies Part 2: Commercial Objectives			
Commercial objective	**Marketing objective**	**Research type: qualitative**	**Research type: quantitative**	**Other methods**	**Outline**
Tax benefits	Benefit from tax advantages where these exist			✓	• Savings accrued
Advertising alternative	Gain brand exposure more cost effectively than by purchasing advertising space				• Media cost comparison between cost of purchasing marketing rights (such as sponsorship) and estimated costs of advertising to gain equivalent level of brand exposure
			✓		• Level of brand awareness generated
			✓		• Level of brand awareness and awareness of associated brand attributes among key customer and client segments
					• Extent to which these were generated by individual marketing channels
Defensive marketing tactics	Prevent competitor brands from achieving same level of leverage, for example, product placement on a TV show or sponsorship of a sports event			✓	• Breadth of category and extent of exclusivity clause in marketing agreement, as evidenced by degree of absence of competitor brands
				✓	• Competitor response
				✓	• Market share of those brand(s) benefiting from such marketing activities compared with those brands that don't have such marketing support

Competitive differentiation (where relevant)	In a sponsorship programme, the alignment with a rights holder to secure a unique and defendable competitive advantage	✓	✓	• Revenues generated for products/services through the rights holder's network • Perceptions of products/services within the brand owner's competitive set between those customer/client segments exposed to the sponsorship versus those customers/client segments not exposed
'Licence to operate'	Provide a corporate social responsibility (CSR) platform that meets local 'investment' requirements and as a result secures the brand owner a 'licence to operate'		✓	• Number of key stakeholders engaged via the corporate social responsibility (CSR) programme
New market entry	Invest in a marketing platform that portrays the right social, political, cultural and sporting approach to facilitate entry into a new market		✓	• Number of new markets entered where the marketing programme is active
Employee development	Use the marketing programme as a source of job-related training opportunities		✓	• Level of skill among those utilizing marketing-related training versus employees using traditional training platforms to develop similar skill sets

Table 3.10 *continued*

		Marketing measurement methodologies Part 3: Building Relationships			
Relationship objective	**Marketing objective**	**Research type: qualitative**	**Research type: quantitative**	**Other methods**	**Outline**
Reputation Management	Use marketing to enhance the reputation of the brand owner across all desired market and customer segments			✓	• Positive media coverage for the brand owner as a result of public relations activities
			✓		• Stated perceptions of the reputation of the brand owner and its competitors between those exposed and not exposed to the marketing communications programme
Government lobbying	Use marketing programme to enable effective lobbying on relevant issues			✓	• Number of contacts made using the marketing as an introductory platform
			✓		• Compare levels of support among key stakeholders such as politicians engaged via the public affairs activities versus control group
				✓	• Frequency of invitation and level of requests to engage on key decisions/policies affecting the brand owner
				✓	• Number of favourable legislative outcomes/NGO policies further to marketing-related engagement
Community relations	Convince those local to the operations of the brand owner that it's a good neighbour			✓	• Reduction in the number of complaints received from local communities
			✓		• Stated preference for the brand owner as a good local employer by those exposed versus not exposed to marketing communications
				✓	• Increased requests to engage with local community events

Corporate social responsibility (CSR)	Ensure all stakeholders perceive the brand owner as investing in the well-being of the wider stakeholder community		✓		• Rating of brand owner as a good corporate citizen in pools/omnibus surveys
		✓	✓		• Marketing-related comment in web chat rooms and blogs
		✓			• Analysts commentaries relating to marketing and good corporate citizenship
			✓		• Customer feedback via focus groups comparing those exposed/not exposed
		✓			• Research among each stakeholder group to assess perceptions comparing those exposed to those not exposed
		✓			• Input from Community Panel members
B2B relationships	Develop relationships with key B2B customers and clients to encourage positive purchase decisions			✓	• Within the context of corporate hospitality, the number of guests invited versus refusals compared with non-hospitality related invitations
		✓			• Systematically collected anecdotal feedback from account managers regarding impact on B2B customer/client relationships and sales
				✓	• Increased number of preferred supplier agreements arranged with entertained B2B customers versus levels among those not entertained/engaged with the marketing
				✓	• Increased referrals by B2B marketing-related corporate hospitality guests versus those not entertained
				✓	• Stated preference for doing business with the brand owner versus its competitors
				✓	• Sales data tracking

Table 3.10 *continued*

Marketing measurement methodologies
Part 3: Building Relationships

Relationship objective	Marketing objective	Research type: qualitative	Research type: quantitative	Other methods	Outline
Co-sponsor alliances (where appropriate)	In the context of sponsorship, create value through interaction with other sponsors involved with the same rights holder			✓	• Number of projects undertaken as a result of being a co-sponsor
				✓	• Value of projects undertaken as a co-sponsor
Employee engagement	Improve productivity, reduce turnover, increase employee satisfaction, increase integration of the marketing communications team within the organization as a whole		✓		• Levels of marketing awareness and understanding of rationale for the marketing programme via internal questionnaire
				✓	• Percentage take-up of marketing-related programmes
			✓		• Detailed questioning on marketing communications and the role it plays in retention of customers/clients, driving preference, consideration and sales among different employee groups
		✓			• Enhanced understanding of how the marketing programme affects different groups and of what could be done to increase the benefits accruable
				✓	• Productivity, quality output levels between those motivated by the marketing and those not motivated by the marketing

			✓	• Regular tracking of key employee metrics comparing those highly engaged with the marketing programme versus those less/not engaged, including employee turnover
Potential employee perceptions	Persuade pool of potential employees of brand owner's leadership as an employer		✓	• Number of applicants responding to a job advertisement that includes marketing-related imagery/messages versus non-marketing-related advertisement
		✓		• Stated interest in being employed by the brand owner compared with competitors cross-referenced against awareness of the marketing programme
			✓	• Number of positive mentions of marketing in relevant trade press, including marketing-related awards won
		✓		• Number of new hires surveyed who admit an attraction to the brand owner as a result of a specific marketing programme
			✓	• Number of additional high-quality speculative approaches – especially those who mention the marketing and impact on recruitment agency costs

To use the framework effectively, you must first outline three to five (max) key objectives. You can then locate these within the framework and review the recommended measurement methodologies before deciding which of them are most appropriate for your specific requirements. The list of measurement methodologies isn't exhaustive but should cover most mainstream marketing objectives.

Some methodologies that can apply to a range of objectives may only feature once, in the interests of reducing repetition. It's therefore well worth reviewing all the suggested methodologies to see if there's a technique under an 'irrelevant' objective that might in fact be a relevant measurement methodology in a specific circumstance.

References

Books and articles

Baines, P, Fill, C and Page, K (2011) *Marketing*, Oxford University Press
Gladwell, M (2010) *The Tipping Point*, Little, Brown and Company
Kolah, A (2013) Guru in a Bottle, *Essential Law for Marketers*, 2nd edition, Kogan Page
Kolah, A (2013) Guru in a Bottle, *The Art of Influencing and Selling*, Kogan Page
Hollensen, S (2011) *Global Marketing*, FT Prentice Hall
Lenskold, J (2003) *Marketing ROI*, American Marketing Association
McKinsey Quarterly (2009) 'The consumer decision journey'
McKinsey Quarterly (2010) 'Beyond paid media'
Meerman Scott, D (2010) *The New Rules of Marketing & PR*, Wiley
Prabhu, J, Radjou, N and Ahuja, S (2012) *Jugaad Innovation*, Jossey-Bass
Smith, S and Milligan, A (2011) *Bold*, Kogan Page
Surowiecki, J (2007) *The Wisdom of Crowds*, Abacus

Websites

Affinnova is a new media tool used by Bayer, Chase, Kraft Foods, Mars, Johnson & Johnson, Nestle, Pepsico, P&G, Unilever and Wal-Mart: http://www.affinnova.com (accessed 29 April 2012)
Brand Republic: http://www.brandrepublic.com (accessed 29 April 2012)
Tremor is a word-of-mouth software developed by P&G that combines wide-ranging marketing expertise with key techniques from cognitive science: http://tremor.com (accessed 29 April 2012)
Vocalpoint is an online community of 600,000 socially engaged mothers who P&G uses as a sounding board for new product ideas: http://www.vocalpoint.com (accessed 29 April 2012)
World Advertising Research Council: http://www.warc.com (accessed 26 April 2012)

10

Top 10 ways to save money in marketing

In this chapter:

1 Seek an opportunity in adversity
2 Do more with less
3 Think and act flexibly
4 Keep it simple
5 Use the web
6 Avoid dependency relationships with external agencies
7 Spend less than others say you should on marketing
8 Don't just market to people you know – network
9 Collaborate with your customers and clients for profit
10 Know your ends from your means

Introduction

The philosophy of Guru in a Bottle® is that with the right tools and know-how, you've the ability to be successful. Very successful.

We believe that anyone with enough enthusiasm and determination can make millions out of nothing more than a simple idea. Marketing will help get that idea to market. And then you need to sell it – profitably.

A secret to saving money in marketing is obviously not making cock-ups that are costly in terms of the amount of capital invested or indeed in missed sales. And that means being prepared to learn from others. It also means being prepared to experiment with leadership and innovation where your competitors fear to walk. Far from being risky, it could be brilliant. And save you money, too.

1. Seek an opportunity in adversity

Reading the writing on the wall is a great place to start to save money. You avoid wasting it.

Inertia, complacency and over-confidence are your inner demons. Get rid of them. They'll cost you money.

Too many marketers pay insufficient attention to the early warning signs of big shifts in demographics, technology and regulation. As a result they miss out on a great opportunity to proactively innovate their business and their marketing to take advantage of these shifts.

Successful marketers know how to turn adversity on its head and get it to work in their favour. The key is to translate challenges into opportunities and use constraints to spur innovation. It's about seeing the glass as half full, not half empty.

2. Do more with less

Being resourceful in a resource-scarce world should become second nature to most marketers. But it isn't.

Successful marketers don't necessarily have multi-million dollar marketing budgets. In fact some of the most successful marketers on the planet are able to get more from less by applying frugality to every activity they perform at every step of the value chain.

They're frugal in how they design products, how they produce them, how they deliver them and how they perform after-sales or after-care. Their frugality shows up not only in their parsimonious use of capital and natural resources but also in how they maximize their limited time and energy. Rather than driving everything themselves, which can be very costly, they rely extensively on partners to perform various operations, saving resources, time and money.

Try to reuse and combine rather than create something new from scratch.

3. Think and act flexibly

Try walking across a road in Mumbai, India. You'll only make it to the other side if you're prepared to think and act flexibly! And there's no point thinking the Highway Code is going to be your saviour when you're behind the wheel. It won't. Linear thinking won't always help.

The same is true in marketing. Western brand owners and their leaders often operate in a black-and-white world that confers a sense of predictability on the order of things. For example, competitors are 'bad' and partners are 'good'. Regulations are typically 'bad' for business whereas protectionist policies are 'good'. And although some brand owners may like 'doing good' as part of their corporate social responsibility initiatives, they worry primarily about 'doing well' financially. Yet such binary thinking that's anchored in deep-seated assumptions prevents brand owners from reconciling priorities, a process that could yield creative, innovative and highly cost-effective marketing solutions.

The sheer diversity, volatility and unpredictability of global markets demand that marketers are flexible. Inflexibility will result in failure and a waste of resources. Marketers must think laterally, out of the box. They should experiment. They should improvise.

There are really just two stark choices: adapt or die. In many respects, this diversity, volatility and unpredictability empowers flexible thinking and action.

4. Keep it simple

In the Western hemisphere we seem obsessed with the bigger and the brighter approach to marketing.

Marketers often get seduced by the power of technology, yet the vast majority of consumers in the developing world are put off by complexity. Complicated and elaborate marketing that is costly and employs gimmicks isn't what's required. Equally, Western consumers are 'down-shifting' and opting for simpler, more meaningful lives.

Brand owners that respond to these attitudes, values, beliefs and behaviours will benefit in the long run. All that glistens isn't gold.

5. Use the web

Marketing methods that attract new customers and clients need not cost anything. Being part of the community, being yourself, being transparent, being a great listener and a genuine problem solver builds trust, and the fastest way to do this with the biggest community of like-minded people is on the web.

6. Avoid dependency relationships with external agencies

Fact: agencies exist to make money. *Fact*: no matter how good they are, they'll never have your best interests at heart. *Fact*: it's in their interests to do everything on the clock. It's chargeable time. It's a great way of ensuring that each agency person's utilization rate is maximized profitably.

From the client perspective, it's not the only way to procure powerful marketing support. The answer to your challenges could be much closer than you think. It could be you.

7. Spend less than others say you should on marketing

Anyone who's ever been into a car showroom to buy a new or used car will know that having an idea of what you want to spend can evaporate in the presence of a convincing salesperson who knows how to pull the emotional levers and customize the product 'just for you'.

It's not just alloy wheels or a nicer in-car entertainment system, but it's the extended warranty, freedom of not worrying about the gap in resale value when you go to sell the car at the end of the payments period and other 'extras' that all come at a price. One that's invariably not the same figure as the one you started with.

The same is true in marketing, particularly when it comes to designing and building a website. Beware of buying extra bells and whistles. Chances are, you don't need them.

8. Don't just market to people you know – network

Marketing to people you have a connection with is how pyramid selling works. Yes, it can be profitable. But what happens when you run out of people you know and who you think may want to buy the product or service you're peddling to them?

Networking is by far more effective in the long run. For one thing, building a new relationship with a customer or client could unlock marketing and sales opportunities well beyond the spending constraints of those who you already know.

Effective marketing increasingly depends on word of mouth. And the best way to stimulate effective word of mouth is to network. And the best bit is that it doesn't have to cost you anything if you join a relevant social networking group where you are free to exchange thoughts and ideas.

9. Collaborate with your customers and clients for profit

Why use expensive market research to come up with insights and answers to some of the most challenging marketing issues when you can collaborate with your customers and clients and get them to help you design your products and services?

After all, if they like them, they'll want to buy them. Isn't that the point of marketing?

10. Know your ends from your means

Winston Churchill, one of the greatest statesmen that ever lived, once said: 'However beautiful the strategy, you should occasionally look at the results.'

The best marketing plans and investment in a range of marketing activities will all turn to dust if they don't deliver the outcomes you're looking for. Being outcome-focused rather than output-driven means that you know your ends from your means. And that's by far the most profitable place to be.

References

Harris, M (2008) *Find Your Lightbulb*, Capstone

Prabhu, J, Radjou, N and Ahuja, S (2012) *Jugaad Innovation*, Jossey-Bass