

THE MARKETING ASSOCIATION OF AUSTRALIA AND NEW ZEALAND



Newsletter of The Marketing Association
of Australia and New Zealand

Issue #050602

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Quotations

It is not what you have lost, but what you have left that counts. -

Harold Russell

"The greatest problem with communication is the illusion that it has been accomplished."

- *George Bernard Shaw*

"Nobody counts the number of ads you run; they just remember the impression you make."

- *William Bernbach*

"A good story is like a bitter pill, with the sugar coating inside of it."

- *O. Henry*

Human beings, who are almost unique in having the ability to learn from the experience of others, are also remarkable for their apparent disinclination to do so. - *Douglas Adams*,

Note how good you feel after you have encouraged someone else. No other argument is necessary to suggest that never miss the opportunity to give encouragement. - *George Adams*

No man means all he says, and yet very few say all they mean, for words are slippery and thought is viscous - *Henry B. Adams*

New MAANZ Sponsored Events

5th Annual Integrated Branding and New Product Innovation

15th & 16th September 2005

Swissotel Sydney

Marcus Evans

With many companies embarking on a more process-driven and methodological approach to NPD, success is increasingly flowing to those who integrate and align their customer research, branding and NPD launch marketing strategies

Member Discounts Apply – save twice your annual MAANZ membership subscription

Australian Advertising & Marketing Summit 2005

21st & 22nd September, Sydney Convention & Exhibition Centre

Association & Communication Events

Very well regarded annual event that attracts many industry people

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Branding From the Inside Out

Marriott Hotel Sydney

Main conference: 25-26 October 2005

Pre- & Post-conference workshops: 24 & 27 October 2005

IQPC

In an increasingly competitive business world, companies need to differentiate themselves within the market. Brand culture is shaping business success. A company's external perception is increasingly coming from the messages and behaviour that employees portray internally. Engaging employees to act as ambassadors for the brand works to ensure increased productivity, sales and customer retention.

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Apple's popular range of iPod products is largely responsible, currently accounting for around 70 per cent of the market. Apple plans to launch its online music store iTunes in Australia soon but consumers can already download music legitimately and cheaply from several local sites, with new-release albums available for \$14.99.

Music industry commentator Phil Tripp said the revolution, with its potential for an increase in piracy, had not proved as destructive for record companies as once feared, serving instead to reignite passion for music. "The amount of interest in music at the moment is exploding," "An incredible thing is happening - a generation can get great music at any time without having to go to a store."

The Australian Music Retailers Association is putting on a brave face, arguing there will always be a market for hard copy music marketed in the right way. Spokesman Gavin Ward conceded CD sales would contract. "We're working on the principle of a six to 10 per cent business decline by 2010," he said.

The market for CD singles has been especially hard hit, falling 30 per cent over the year to a level where it now equals mobile telephone ringtones.

Mr Nemeth said the formula had boosted Fish Records sales by 15 per cent.

The Sunday Telegraph

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Business Air Fares Jump 20pc

The price of cheap business travel has been increased by almost 20 per cent on the nation's busiest routes over the past year as the airlines try to boost their profits without hitting ordinary travellers. The increases on discount economy fares are particularly noticeable on some of the major routes where Qantas low-cost offshoot Jetstar is not operating.

By comparison, the American Express Asia-Pacific second quarter review of business airfares found domestic fares in other categories rose between 4.4 per cent and 4.9 per cent.

Amex's Sydney-based head of consulting services Robert Tedesco said yesterday the increases suggested airlines were trying to close the gap between their top two fares and push business travellers towards their most expensive offerings.

He said the increases reduced the incentive for corporate travellers to move outside company travel agreements and away from the more expensive tickets. "When too many people purchase that cheaper fare, then ... yields (a measure of profitability) are going to come under attack," he said.

The increases in Australia compared with equivalent Asia-Pacific rises of 3.6 per cent in first class, 4.4 per cent in business, 3 per cent in full economy and 4.2 per cent in discount economy.

An exception was New Zealand, where changes to service quality have seen full economy fares on long-haul routes surge by up to 20 per cent.

Courier Mail

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Virgin's Tickety-Blue

Virgin Blue is positioning itself to grab a bigger share of the inbound tourism market using a world-first technology that allows it to more easily forge alliances with overseas airlines.



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New codeshare technology developed for the airline's Open Skies reservations system will be used to launch a wide-ranging codeshare with sister airline Virgin Atlantic.

The move means Virgin Atlantic customers coming to Australia can buy tickets and travel beyond Sydney to destinations such as Melbourne, Brisbane, Adelaide, Cairns, the Gold Coast and Coolangatta using a single reservation code.

Virgin Blue has been pushing to change the software - used widely by the world's low-cost carriers but unable to communicate with global distribution systems - for at least two years. It had also been talking to overseas airlines about codesharing possibilities but was unable to efficiently carry through without the software changes.

The Australian

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Australia Could Be Entering an Economic U-Turn

A record current account deficit, slower retail sales and lower export volumes reveal an economic reversal of fortune.

Figures show banks repaid more than \$10 billion of foreign debt in the March quarter, annual credit growth slowed again in April, while the hottest April for 50 years sent department stores into free fall.

The signs of a slowing in Australia's debt-led consumer boom came as the Bureau of Statistics revealed that the current account deficit hit another record in the March quarter, mounting to a seasonally adjusted \$15.6 billion, or 7.1 per cent of GDP.

Treasurer Peter Costello forecast a better result for the June quarter, with exports lifted by last month's sharp rises in coal and iron prices. The March trade deficit was \$7.1 billion, just below December's record.

The Bureau of Statistics said exports had risen just 4 per cent since 2001 while imports swelled 50 per cent.

Net foreign debt rose by just \$3 billion to \$425 billion, roughly 50 per cent of GDP, as the banks pulled back from derivatives positions and repaid more foreign debt than they took on - a sharp change after borrowing a net \$50 billion in 2004.

Even without seasonal adjustment department store sales declined in what is usually a bumper month. By contrast, sales by all other retailers rose 1.2 per cent in raw terms and 0.4 per cent after seasonal adjustment. Which may explain why Coles Myer and DJs decided to launch this year's July sales in May. Even in smoothed trend terms, department store turnover has risen just 0.7 per cent in the past year.

In sharp contrast, sales jumped 7.4 per cent in household goods stores, 4.3 per cent in clothing stores and 6.7 per cent in recreational goods stores.

The Age

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Free Trade, a Con

It is two years since the US and Australia signed a free trade agreement, and it is nearly 60 years since George Orwell introduced the concept of "newspeak", which describes how politicians often subvert language to make it mean the opposite of what it says

"US-Australia free-trade agreement" is a perfect example. If this agreement were truly about free trade we would not need a 500-page document outlining exclusions, clarifications and timeframes. There has been a lot of publicity about some of Australia's non-subsidised agricultural products, such as sugar, being prohibited from the subsidised US market, or about the Americans' attempts to subject our pharmaceutical benefits scheme to their own drug company-friendly pricing structures. There has been much less comment on the provisions the FTA makes for copyright and the protection of so-called "intellectual property" (IP).

The US is a net exporter of IP and Australia a net importer. The US will use the IP provisions of the free trade act to impose its views and its laws on Australia, where IP laws are a little less draconian.

In the US there is a whole industry built around suing software developers for copyright and patent infringement, and in using the legal system to suit the requirements of the rich and powerful. We've seen evidence of this in recent attempts by US computer companies to bully the CSIRO into giving up the rights for wireless communications technology.

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New Bloke is No Joke

A new breed of ultra-feminine straight men has arrived that make the metrosexual look like a rugged caveman.

Variously called "mirls" - male girls - or "hermaphrodites", they're not afraid to carry a manbag, wear feminine jewellery, spend a fortune on fashion or work in traditionally female jobs. Yet when it comes to romance they remain committed to pursuing the opposite sex.

While metrosexuals could be identified by their pink T-shirts and occasional moisturiser, hermaphrodites take it a step further, wear pink scarfs and work in women's fashion and lingerie shops.

In recognition of the mirl revolution, female fashion chain Sportsgirl released a line of "boy jewellery" specifically for guys.

Sportsgirl spokeswoman Prue Murphy said the line of wood and bead necklaces, bracelets and leather chokers and wrist straps had sold well.

"Girls would buy them for their boyfriends or a guy might come in with his girlfriend and see them and take an interest," she said.

Herald Sun

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Laying the Foundations

Optimizing the opportunity for the brand comes down to maximizing and maintaining the key brand variables - Positioning, Personality, Brand Name and Identity. Establishing clear and strategic foundations is fundamental to underpinning the development of any brand. The blueprint of great brands can be seen to meet four key criteria:

Relevance. Understanding the existing brand dynamics of the market segment(s), the unmet needs in the market, the hearts and minds of both retailer and target consumer, is crucial to determining the relevance of the window of brand opportunity.

Credibility. The paradigm shift in consumer power has created a compelling push-pull dynamic, which has forever changed the way in which a brand is brought to market. Brand cues and communications, therefore, need to be taken into consideration and be credible across all target audiences. Brands need to speak the markets language.

Differentiation. It is vital that the branding foundations being put in place are defined for differentiation vis-à-vis the future brand context, as much as the current brand context.

Stretch. Ultimately, those branding foundations should be sufficiently flexible, to accommodate changes in the market and for the life of the brand.

Getting the branding right will never compensate for a poor product; but getting the branding wrong, or failing to unlock the true potential of a brand, can make the difference between good brand recognition and loyalty and great brand recognition and loyalty - thus impacting on the bottom line in terms of the difference between good ROI and great ROI.

Increasingly, organisations should think about ways in which they can start to take ownership of "white space" around the brand in the lead-up to launch, leveraging branding that shapes the perspective of the market. Leveraging the power of language surrounding the brand can play a critical role in helping to shift mindsets and influence behaviour.

In the past, organisations had a tendency to operate by taking the rising stars of the pipeline to market in cruder terms - a trademark was secured, an advertising campaign rolled out and a brand was born. Clearly, we have progressed from those days. Yet, for global brands to become a more effective and efficient, long-term commercial reality, an approach to brand-building must be adopted that is as much inside-out as outside-in.

Despite substantial progress having been made "outside-in" in a better understanding of and engagement with the dynamics of a rapidly changing market, with an increasingly enfranchised end-user - are we, nevertheless, missing opportunities for our brands by not understanding the role of brand "inside-out"? Is the external window of opportunity for the brand being undermined by lack of internal buy-in and integration of brand within the organization, by insufficient structures and systems to ensure that branding begins at the "right" time? A clear understanding of brand and a well-entrenched framework for brand development is a basic, but crucial platform for ensuring that the brand is optimized for launch.

For example, carrying out the legal, linguistic and regulatory due diligence required to secure the global brand name alone is becoming increasingly challenging and time-consuming. Starting the brand development process too late can be a make or break point when it comes to hitting launch on time.

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Equally, having a clearly defined brand in place pre-launch means nothing unless it is rolled out consistently and effectively across all manifestations and touch-points of the brand, ensuring that brand messaging and communications are clear and consistent - from advertising, PR and sales-aids, down to use of colour and shape on the product itself. Clarity of brand proposition and consistency in communicating that proposition are the watchwords of good branding. With global brands fast becoming a strategic imperative, organisations have to move equally fast to make them a reality.

Critically, there needs to be greater consensus within organisations on the branding of products - from a fundamental understanding of why brand matters, to practical issues of when the brand development process should start, who is responsible for that process and how it is going to be implemented.

Brand Maintenance

Optimizing opportunity for the brand is something that should never go out of focus throughout the lifecycle of the brand. Whilst considerable time and investment are made in creating and developing a brand in the lead up to launch, important consideration needs to be given to maintaining and managing the opportunity for that brand following the launch. Faced with faster and newer entrants to the market, how do you ensure that your market-leading brand does not fall victim to pretenders to the throne?

Again, the goals of Relevance, Differentiation, Credibility and Stretch should be applied continually to check and monitor the health of a brand. As the market changes, brand managers need to be proactive in pre-empting and responding to those changes, anticipating and accounting for new competitors and laying the foundations for new indications and formulations. The essence of brand lifecycle management, therefore, increasingly needs to take the form of brand "guardianship," with responsibility for managing, maintaining and extending the potential of that brand throughout its lifecycle.

As much as systems and structures need to be in place to determine and develop the brand opportunity, these systems and structures should be established with a view to the long-term management of brand lifecycles

Building brand lifecycle management into the fabric of an organisation necessitates a concomitant change in our approach to the value of brands in the industry - no longer with a sense of resignation in the face of patent expiry, but with a clear and strategic vision for the long-term, commercially viable potential of that brand. Brands are by no means and can never be a panacea for better products coming to market with improved benefits, nor, for generic entrants offering a cheaper alternative. Brand equity, however, can play a considerable and substantial role in helping to maintain a premium position and, ultimately, in slowing erosion of sales and market share by subsequent entrants.

Extending the Brand

Managing the lifecycle of a brand means anticipating and preparing for brand "after-life." Line extensions, innovative methods of delivery, next generation products are fast becoming the new "after-lifeblood" of the industry. Let's not forget the importance of the one element that will remain constant throughout the lifecycle of a brand: the brand name.

Positioning, packaging and communications are all subject to variance and change but the brand name will endure. A great name encapsulates the brand, ignites consumer recognition, helps define personality, and differentiates from competitors in the marketplace. As the first public act of branding,

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Five key points to look for:

1. An organisation that can move quickly to help you stay ahead of your competition;
2. An organisation that's flexible enough to answer your questions whatever they may be, one that will not just fit you into their format, but provides you with an understanding of a variety of issues in a short period of time;
3. An organisation, which by testing a myriad of issues at one time, is capable of providing you both a thorough understanding of your initiatives and detailed answers and recommendations;
4. Predictive measurements so you know that you can take your results "to the bank"; and
5. One that will give you clear recommendations, so there is no guessing what your next steps should be.

Your market research supplier needs to be capable of moving quickly enough to keep a constant supply of good ideas moving forward. Market research should not only rate the success potential of your ideas and advertisements, but should also be able to help pinpoint opportunities for improving products, ads and promotional pieces while you keep these moving forward. Good ideas are often no longer good when you wait months for results. To have data back within a week with detailed recommendations keeps you ahead in the competitive race.

The market research company you choose should be flexible enough to deal with all of your research issues among whatever key customer groups are important to you. Whether you have issues to explore, product ideas to describe, print materials to show or advertising to expose, your research supplier should be able to conform to your needs, providing the necessary testing among your target customer group to provide a complete evaluation of your total campaign if that is part of your objectives. Flexibility means reacting to your problems, whatever they are, with creative and sound solutions.

Your market research company needs to also be proactive in answering a variety of questions and issues, with detailed, yet simple to understand answers. Not only should it understand the strategy behind your ideas and ads, but more importantly how best to approach the issues that will provide the best possible research to help turn your problems into actionable next steps.

Your research company should be creative enough to think outside the box and apply both its experience and knowledge to each and every research need. Market researchers should know the best approach to address your issues, as well as the advantages and disadvantages of various research solutions. As there is little difference across consumer offerings in the banking industry, your researcher should provide you with key customer insights as to how respondents feel about your brand whether or not it is on the right track. Questions might include:

- * What do customers want?
- * How do they feel about my brand?
- * How can I differentiate myself in the marketplace?

The ability to thoroughly understand your issues (and to combine them into one piece of research when possible) will not only give you a more holistic answer, but will save you time and money. Most importantly, market research results should be predictive. The last thing you want to do is to test and not be confident in your results. Look for a research company with a methodology that has been validated to be predictive of actual marketplace results. This enables you to understand the market



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potential of your new ideas such as: Is the idea something that your general target customer would try; or, should it be focused against a specific segment or niche group?

By understanding the consumer segment that is most interested in your ideas or ads, you can estimate sales and/or revenue more easily to determine whether or not the idea is worth pursuing. The key is finding a research methodology that not only identifies these potential segments, but also does so in a statistically significant way. You should not have to guess to whom your ideas are appealing.

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