



THE MARKETING ASSOCIATION OF AUSTRALIA AND NEW ZEALAND

- *Wolfgang Amadeus Mozart*

"I have dreamed in my life, dreams that have stayed with me ever after, and changed my ideas; they have gone through and through me, like wine through water, and altered the colour of my mind."

- *Emily Bronte*

An idea is a point of departure and no more. As soon as you elaborate it, it becomes transformed by thought." - *Pablo Picasso*

"Fill your paper with the breathings of your heart." - William Wordsworth

No grand idea was ever born in a conference, but a lot of foolish ideas have died there.

- *F.Scott Fitzgerald*

He can compress the most words into the smallest ideas of any man I have ever met.

- *Abraham Lincoln*

Heed the lion tamer school of management: Keep them well fed and never let them know that all you've got is a chair and a whip.

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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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From the Media

Australian Retail Icon Likely to Be Sold.

Reports indicated that the Australian retail sector is set for a shake-up with the expected sale of the Myer chain for up to \$800 million. Coles Myer is also intending to sell the unprofitable Megamart chain. Australia's biggest retailer posted a 13.3 per cent rise in full-year sales to \$36.3 billion. Profit for the full year is expected to meet the original forecast of between \$670 million and \$680 million.

The retailer plans to sell its nine Megamart stores, which posted full-year losses of \$35 million, as a going concern and to focus its resources on the battle with Woolworths in the \$70 billion grocery and liquor market. In the final quarter, the group's food and liquor sales grew three times faster than Myer's revenue.

Potential buyers for Myer include private equity firms such as Catalyst Investment Managers, CVC Asia Pacific and Newbridge Capital along with retail magnate and former Coles Myer chairman Solomon Lew.

"Myer operates on low profit margins and any buyer must be willing to pay a strong price and also know they can improve the margins."

A number of retail pundits suggested that the poor performance was not the result of poor management, but 'a reflection of the down turn in department stores internationally'. Results however speak for themselves - with Myer direct competitor David Jones performing much better and has Megamart competitor Harvey Norman.

Myer has been struggling to compete against rival David Jones for a few years. Same-store sales were down 1.9 per cent in the fourth quarter and rose only 0.5 per cent for the full year. In the year to July 31, 2004, Myer's earnings before interest and tax were \$60.7 million against David Jones' return of \$65 million. This was despite Myer having 70 per cent more stores.

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Law Change Could Boost Regional News

Changes to media ownership laws could help regional news services to restore local content, which has withered under the existing regime, according to a prominent regional press group. The Federal Government's proposal to scrap media ownership restrictions and introduce digital multi-channelling for the free-to-air TV networks would allow small publishers to expand into electronic media and strengthen local significance of news broadcasts.

Communications Minister Helen Coonan has met with some regional media groups to discuss the Federal Government's proposals. A spokeswoman for Senator Coonan said the government was finalising a framework for its policy on media and digital reform but it is not yet clear what changes are in store for regional media.

When the cross-media restrictions were introduced by the Labor party in 1987, newspaper companies were banned from owning a television or radio network in the same market.

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Mass Appeal V The Niche

Since Amazon owned up last year to a startling statistic in Wired that more than half of its online book sales came from outside its top 130,000 titles, thousands of digitally minded mavericks have been reassessing the potential of old and non-mainstream content.

Some of the conclusions so far are that the internet and new digital devices have kicked life back into old content - known otherwise as the back list, or the long tail - and that spells more trouble for the survival of mass markets and mass audiences.

New media whiz Richard Titus, a co-founder of digital content shop Razorfish and now president of Schematic, a Los Angeles business, predicts the rapid arrival of the "micro audience revolution" and the demise, but not death, of media and entertainment content for the masses.

Jana Bennett of the BBC agrees and says the Beeb is already tackling such issues, repackaging the BBC's back list, pre-releasing episodes online for new TV shows, allowing broadband internet downloads and internet TV simulcasts of existing free-to-air programs, and providing "hybrid" BBC content for mobile phones.

"We are not consuming mass market content like we used to," Titus told the annual Screen Producers Association conference on the Gold Coast on Monday. "The more we're allowed to have opportunities to consume content away from the mainstream, the more our taste develops in that direction. As an audience we are moving away from the centre."

Titus reasons the shift to micro audiences is down to software tools like the "recommend" features on sites such as Amazon, Netflix and music streaming service Rhapsody - all of them, he says, are seeing intensifying public demand for more diverse and older content, thanks to software systems which make broader suggestions to Amazon customers based on the purchasing habits of like-minded people.

"Some strange things are starting to happen," Titus says. "Fifty per cent of revenues for Amazon are from non-hit content. Specifically, for books, half the sales are from books no longer available in retail shops. That defies most of the laws of economics when I was at school. Only 10 of the top selling 100 albums of all time are from the past decade."

Titus says "hybrid content" is another area to watch, citing DJ Danger Mouse's giant-killing, illegal "mash-up" of The Beatles White Album and Jay Z's Black Album to create what Danger Mouse called The Grey Album.

"This record is the most downloaded in the world," says Titus. "You can't purchase this record anywhere. He's been sued in 148 territories and he lost every single case. Everyone knows you've got \$250 million movies being created right now but what we don't talk about is the mutation happening in the content world."

Titus warns content boundaries will only c

ontinue to blur and the BBC's Bennett concurs: "We have to work out how we meet the new generation's expectations of such rapid access to content," she told SPAA delegates. "The next step for us is TV becoming more mobile, convenient and available on demand. There's a lot we don't know about what viewers really want. We have to be very humble and respectful in the way we find out in the experiments we are doing."

Ultimately, Titus says, businesses will be forced to wait longer for profits as micro audiences gain the ascendancy.

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Articles

More than ever, Brands purport to interact through our social and emotional sensibilities to make personal connections and build trust with us. Whatever the Brand sector, our senses will either respond positively, negatively or not at all, impacting our level of interaction and desire for the Brand offering.

Today, an entire industry has been built around tactile and visual processes involved in understanding and building Brands, from graphics to the semiotics of names, from packaging to colour.

There is no shortage of graphic and visual design firms specialising in these practices, as well as agencies and consultancies handling tactical execution of promotions and global research companies giving feedback on consumer response levels. With the executions of all these regimens subjected to critical company policy and benchmarking, it is no surprise that these organisations and their gurus have become critical components to a Brand's essence, ensuring that their marketing strategy delivers the level of trust and focus that consumers expect and require.

Brands In Relation To Music

Brands invest a great deal of energy and money on comprehensive research to fortify their evolving trust -relationship with consumers. They do this because they understand that if this trust is violated or misused, the customer/client is gone.

Good marketers know that the key to maximising the effectiveness of any campaign is to identify the primary targets and speak to them in a clear and original way. When Brands want to use music in commercial enterprise and really engage with its target market, context, motives and influencers that support their own profile, values and personal relationship with their consumers, are important factors to established prior to investing in elaborate mechanics, artist endorsements, sponsorships or even music for advertising commercials..

On closer analysis of many Brands' music usages, it would seem that their music strategies are almost as varied as the genres of music selected, with the focus on the mechanics and a back rationalisation for the final choice of track(s). The reality is that the delivery platform itself - the format of the end mechanic- often decides the music content, because it is held hostage to budgets and other parties' agendas, not to a set of music criteria attributable to the Brand. If we can affirm that that music is an integral part of a Brand's essence then we can affirm to construct a strategy by which these are realised.

If by definition, communities are made up of people who share values and if music embodies values, then music communities are made up of people who share values. When a Brand uses a style of music because it wants to appear cool to a specific target market, but does nothing else to put itself in the value set of that music, the result could be a community that will question not only the intention, but also a Brand's integrity! An effective alternative would be to use music that enhances the fit between the values of the music, the Brand and the consumer's values.

|If we are to maximise the role of music in our branding we must fully acknowledge and understand the power of music and how it's role is significant in our marketing. It is tempting when time is short to rely on the creative choices of a colleague simply because they love music and have a great CD (iPod) collection. But is this really good enough and would we take this approach in developing and

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protecting other areas of the brand collateral?

If Brands are really to get to grips with music branding, the content - the music itself and the carrier - which is everything from sponsored download to TV commercials, embedded CDS, audio logos, games, ring-tones, call holdings, etc, must be separated.

The essence of the music itself, its integrity, what it says and what it means must become a priority.

Brands have to be able to measure the role of the music, the influence of cultural differences both on the commercial front and consumer facing, demographics, the impact of music activity and how all of these affect their ROI..

To get a great and sustained performance, Brands will need to make an initial investment to really understand their 'style, audience and venue'. They will need to find a conductor that can identify all the players, knows the total music score, not just one of the parts. If it is hard enough obtain answers to the questions you are currently asking, and we are to really integrate music usages into the Brand's collateral, it is really important to know and understand what questions we should be asking about music. Without this filter, Brands will continue to get hazy research that simply addresses music recall and likes or dislikes. We need not only to be looking at what music people are listening or even to where, but how and why.

Those Brands that really invest the time to understand all aspects of the "sound of their brand" and the whole language of music, will communicate in an unmistakable voice with their audience. Using Music will become more than a series of disparate tactical music executions. Awareness and impact will increase because market gaps will be strategic not opportunist knee jerks to competitors' activity or an Artist's schedule, enabling procedures and practices for purchase decisions to be made with a sense of clarity that will improve cost benefits. Brands will be able to develop music policies that give defined shapes for all who want to use music to add a dimension to the branding. By identifying their needs, Brands will find themselves with music communications that congruently and consistently reflect the Brand's core values endorsing their Brand differentiation.

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Successful Brand or Also-Ran Commodity? Your Choice

A commodity is by simple definition an undifferentiated value offer. That is buyers cannot discern any point of differentiation between it and other offerings - except usually on the basis of price. This results in commodities being sold purely on the basis of low price and low margin.

Another definition of a Commodity is a product with a poor marketer. No value offer needs to be a commodity. There is no value to anyone in the market to market a commodity.

The following are notes from a forthcoming training package developed by the Marketing Association on **the Elements of Successful- Product and Brand Management**

Most organisations are now realising the importance of creating strong brands that provide real customer benefits so they can avoid the vicious practice of continual price slashing and cost reduction due to the downward pressure that exists in commodity markets. They're discovering that it is desirable to compete on more than just price and volume.

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The Trend Toward Brands

Organisations on a global scale now realise that one of the most promising paths to long term longevity, a prosperous organisation, and healthy profits is to create and manage strong brands for their products and services.

Definition of Commodity

Commodity products are largely undifferentiated products that offer little or no perceived differences between competitive offerings. These are lowly differentiated value offers with high levels of substitutability and straightforward price discovery.

With little-to-no perceived difference, consumers shop for commodities primarily on a low price basis.

Producers of commodities are driven to compete on low price and high volume. In general, the product life cycle is at the point where significant customer education and assistance is not required, customers have widely adopted the product, the market is mature enough to have attracted multiple competitors, and the market expands while prices decline as consumers demand price concessions.

How to Move away for Commodity Thinking

First off you need to identify or devise ways to create unique attributes and unique promises of value offered solely by your organisation and your product offering(s). This distinction as to why your brand is unique in your category is usually referred to as your **unique selling proposition**.

Your unique selling proposition (USP) tells your target segment the main and most important reasons they should choose your brand over competing offerings. Your USP is a claim of a unique set of benefits not found anywhere else. Once you have defined your most important unique selling proposition, then you begin to build your brand based on it.

Let's take a closer look at steps to effective value offer branding

Step #1: Analysis - Conduct a comprehensive audit

Launch a marketing audit (the steps in undertaking a marketing are also part of a MAANZ training Package in Marketing Planning and Strategy) to understand how your current buyers perceive you and your value offer. Conduct a brand audit with primary and secondary research to understand why your prospective customers choose your value offer or your competitors Value offer. Commodity marketers are often very surprised to learn from customers that price is rarely not the most important factor - let alone the only factor.

Study your competition and examine market trends. How are your competitors products positioned? What are their brands' or products' strengths and vulnerabilities? How does your position compare with competitive positions and how will those positions be affected by market trends?

Conduct an internal audit in addition to your external audit. Find out what all stakeholders think and feel about your Value offer. What do they value in your offer? What guides their perceptions and behaviour? What brand promises do your employees and distributor employees feel they must deliver on? Are their goals in line with the brands goals (as well as your organisation and your stated mission?)

Also conduct a **marketing communication audit** to uncover the real messages you are sending to your internal and external stakeholders. Are your marketing communications saying the right things in the right ways consistently over time and across all media? Are your internal communications to

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employees and shareholders doing the same?

If you discover some inconsistencies and liabilities during this phase, don't fret - fix. Remember, the most important goal to accomplish at this point is to emerge with an accurate picture of the current state of affairs, be it pleasant or unpleasant. Only once you have accurately diagnosed any illness can you begin to prescribe the cure. Remain objective and seek to define things how they really are.

Step #2: Find and define points of differentiation in your value offering

Once you have conducted your audit and surveyed the competitive landscape, then you can make a list of all the ways you are or can be unique.

Provide other reasons than rock-bottom prices as to why you are (or can be) different and why people should buy your value offers. Even in markets where buyers say, "all of the products from us and our competitors are the same," we can find differentiation/branding opportunities.

Sometimes obvious differences will be defined in your product offering by this point. Other times not.

What can serve as the basis for differentiation?

Uncover hidden differentiators: Many things can serve as the basis of differentiation for and subsequent branding of your offer. These attributes can apply to your core offer, your satellite or add on services, your organisation, the support you offer, or other intangible buyer benefits that are (or can be made to be) unique to your total product offering.

What makes your organisation unique and preferred in the mind of the prospect might be something in the product, something in the processes, or maybe some corporate belief or philosophy.

What can be used as points of differentiation?

- **New features**

Look for ways to create new product features that certain customers will value. Innovate and redesign your offer to include new and unique features.

- **+ 1 features**

"+ 1 features" are small, incremental differentiating features in products. By adding incremental features into your value offering, your brand may offer value not found anywhere else. Be wary, however, once this practice is common in any competitive environment there will come constant pressure to add + 1 features while continuing to cut price. This can be a good strategy in high volume markets that are expected to last indefinitely.

This + 1 strategy is often found in high technology markets where manufacturers will add + 1 features such as additional software pre-installed on computers, new ring tones for mobile phones, digital cameras in phone models, or Internet service providers who offer spam blocking software or personal Website storage space as part of the purchase in addition to their core product offering.

- **Value Bundling**

Bundling several options, features, or benefits into your package can significantly increase the value of your offering. You may be able to find ways to offer several features, services, or options and package them together to create a "bundled", value-added package. I've seen organisations offer extended warranties, a supply of relatively inexpensive consumable items as "starter kits," and enhanced support packages in order to offer greater desired value to their customers and reduce the overall cost of ownership.

- **Payment Terms and Longer Guarantees**

Does everyone in your industry offer net 30 terms and 30-day guarantees? If so, then by offering

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options or even more generous terms and longer guarantees you might be able to increase the value you offer without investing significant capital toward new product features and value-added "giveaways."

- **Better value and quality**

Increase the value you offer your customers will increase by improving reliability. Increase Quality (remember here that quality is defined by customers not engineers and production departments) - seek to reduce your defect and return rates.

- **Reduce buyer risk and uncertainty - increase certainty with guarantees**

You will find different levels of risk-aversion amongst different customers. Offer guarantees or other means to reduce risk and dissonance to make it easier for prospective buyers to trust you such as money-back guarantees. Other ways to reduce or reverse risk are to offer free trials, lengthen money-back guarantees, promise free repairs or replacements, offer "try before you buy" evaluations, 100-percent-satisfaction-no-questions-asked return policies, free financing, or delaying your invoicing.

- **Really Understand Your Customers - in depth**

Segment your markets (potential customers) to gain better insights that you can use to build better value offers. Create different levels of value offer to different customers such as a Bronze, Silver, and Gold levels of support packages available. This will help meet the needs of those who value additional assurance while proving a low cost option for those most driven by price alone.

- **Deliver Value**

Actually delivering the value promised by your brand is what you are basically in business to do.

Actually getting your product to your customer in the most effective and efficient way is also basic. Find a way to get your value offer to your customers better or faster. Often by increasing your distribution network you can offer faster response and reduced delivery time. Overnight shipping, staggered shipments to meet your customers' inventory needs, more secure shipping, or available backup delivery methods might be things you can explore. Sometimes just being the person in your industry with the highest on-time delivery or fulfilment rate can make the difference.

- **Improve Design and Packaging**

Often innovative or eye-catching design or packaging of a product can serve as a strong differentiator and help become a part of the brand's essence. Innovative, unique, and appealing packaging can alone be the only point of differentiation you need in order to start building a powerful brand.

- **Improve your Marketing communication**

Brand communication is an essential part of building a strong brand for your offer. Commodity-prone products require unusually clear communication of the value offered in both economic and emotional terms.

Highly targeted and sharply focused communication must take place within the framework of an integrated marketing communications plan that includes one or more parts of the marketing communications mix: personal selling, sales promotion, direct marketing, advertising, and publicity. The brand value must be communicated clearly and consistently over time and across all chosen communications channels.

Communicating your brand promise clearly, concisely, and consistently across all marketing communications channels will enable you to build strategic awareness. Strategic awareness occurs not only when your customers recognise your brand, but also when they understand the distinctive qualities that make it better than the competition. Strategic awareness occurs when you have positioned and differentiated your brand in the mind of your market.

Only when strategic awareness is established can you hope to create brand preference within your market. Once brand preference is created, then you can increase your price.

Define and communicate the value in your offer (the core plus peripherals such as delivery, installation

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and training, and technical support etc.). What can you promise that none of your competitors are willing to put in writing? That, in and of itself, might make you unique in your industry... just be sure you deliver on your promises.

- **Customer-driven added value**

Ask your customers what they wish you could offer or what they would like to see and often they will tell you exactly what you can do that cannot be found anywhere else. Customers have a way of knowing what unmet needs there are and they are usually happy when a organisation comes along and asks them how to serve them better. They are comparing you against your competition constantly and will often have insights and data that you don't.

Have a clear understanding of what your customers want and need before tying your brand to what you perceive to be a customer value. Don't try to guess what your customers might respond to. Ask them! More often than not they'll tell you. Just make sure you do it in a way that is valid and statistically significant through research. You might just uncover a benefit that you never would have thought about on your own.

- **Look outside you industry for ideas and examples**

Intel looked to examples of component (or ingredient) branding in other markets such as NutraSweet, Teflon and Dolby for its inspiration.

Step #3: Choose the most compelling and unique point of differentiation to create a strong position for your brand

Perhaps even more important than defining points of differentiation for your brand is to make sure these points offer customer value for which your targeted customers recognise the value offered. Differentiators are nice, but not worth anything to you if your buyers don't recognise them or see any value associated with them.

Why should somebody choose you over your competition other than price? The answer to this question might help you choose the best position upon which to build a strong brand. There may be many possible positions for your brand but it is important to choose the one that is most defensible, least likely to be copied, most compelling, and most unique. Do not try to incorporate so many points of differentiation in your positioning that your customers become confused or overwhelmed. This might cause competition with yourself, cannibalise sales of your higher profit offering(s), and be very difficult to manage.

- **Your Brand Must Be different!**

Find a way to offer something unique that cannot be found anywhere else. Your most important, unique, and least easy-to-copy point of differentiation should be the unique selling proposition for your brand and serve as the basis for your branding efforts.

Step #4: Eliminate the reasons for your customers not to purchase from you

Often organisations can unwittingly offer certain things or behave in certain ways that turn potential customers away. Be honest and seek to uncover and understand the reasons customers choose to not do business with you.

In the computer and software industry we often see customer resistance to purchasing from vendors who "lock in" customers through proprietary systems and software. Other reasons people will not buy from you might be confusing billing and/or payment terms, poor post-sale support, unfriendly sales staff, or simply your location. Identify the reasons people avoid choosing you and eliminate these reasons if you can.

