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Editorial

Does the S in SOHO have to stand for "Stupid"?

We have been dealing over the years with assorted government departments and large organisations who (having looked at ABAS stats) recognise the importance of small business to the economy.

Despite the simple fact that they have no real idea about this sector they have decided it is in their interests to target it.

This generally involves two massive initial mistakes:

First - Segmentation - They do not believe this is necessary or warrants any effort. Therefore all small business is treated alike.

Second - That because they are not big they must have limited intelligence (be stupid)

Note to marketing departments in large organisations targeting small business - Get your act together. Neither of the above is a good approach.

I have not actually bothered to look at the actual size of the sector in writing this. I do remember seeing that it includes organisations that employ up to 100 staff - which seems bigger than my idea of what small is. What ever, we know it is large in terms of numbers.

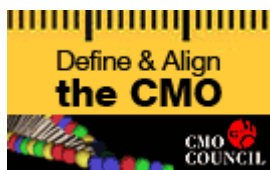
In the first part of this arrangement we are happy to be able to offer members and subscribers the “Define & Align the CMO” report (see below) released last week - a special discount. We believe this is a valuable resource. MAANZ members and subscribers will receive a special 25% discounted rate of US\$220 for the report (original cost = US\$295). To access use the following unique

http://www.cmocouncil.org/resources/define_and_align_dis_form.asp?usr=maanz

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Define & Align the CMO Report - Executive Summary



The CMO (Chief Marketing Officer) Council, a US-based peer-to-peer thought leadership and network affinity group with 3,000 senior marketers from global brands, has just released a landmark report on the attributes, skills and strategies needed for Chief Marketing Officers to survive, called **Define and Align the CMO**.

This compelling report delivers a call-to-action to all key stakeholders – chief executives, Board members, executive recruiters, and senior marketers themselves – to adopt a shared consensus on the clear definition of the role of Chief Marketing Officer and its effective alignment within the organization to ensure its sustainability and allow for its continued growth and maturity within the executive hierarchy.

Define and Align the CMO looks at the changing role of the chief marketing officer in terms of:

- Changing roles and responsibilities
- Critical success factors from a marketing planning standpoint
- Success factors from a professional development point of view

The study further investigates:

- What CEOs are expecting from their CMOs
- Critical success factors in terms of planning, strategy and personal growth of the CMO

The CMO Council, through its strong advocacy platforms, thought leadership initiatives and high profile industry involvement, has consistently championed establishment of a consensus definition of the role and its proper organizational alignments, to ensure success for the senior marketer in the enterprise. Define & Align clearly articulates the issues that confront marketers, recruiters, and chief executives and their Boards and offers a comprehensive set of recommendations and guidelines for each of these stakeholders.

ATME members can now download the full report for a special discount rate of \$US220 at:

http://www.cmocouncil.org/resources/define_and_align_dis_form.asp?usr=maanz

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Maersk could buy NZ port terminals

Global container shipping giant AP Moller Maersk is interested in buying port terminals in New Zealand.

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Good Ideas - Kidfresh

Busy moms and dads who want to provide their children with nutritious organic fare, but don't have the time or wherewithal to whip up all their meals from scratch, will love the Kidfresh concept. A children's food store, designed by a team that includes an award-winning chef and dietician as well as a pediatric nutritionist, New York-based Kidfresh offers prepared "Grab + Go" meals or "Mix + Match" selections

The company's founder wanted to create a Whole Foods for children, offering kids the same variety in prepared foods as Whole Foods does for adults. All menu items are made with fresh, all-natural and mostly organic ingredients, and represent a variety of food groups, with an emphasis on fibre, fruits and vegetables.

The store, located at 1628 2nd Avenue in New York, is extremely child-friendly, aiming to involve kids in the food buying process. Children can enter through a special doorway, and gather their groceries in pint-sized carts. Kidfresh also offers cooking classes and other events to encourage children to get into the "Kidchen" and take an interest in healthy eating. An in-store counter serves ice-cream, fruit kebabs and Parents can also shop online for Kidfresh meals or groceries. With rising concerns about childhood obesity, health- and weight-conscious parents are likely to be a profitable market to tap into.

www.kidfresh.com

www.springwise.com

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Jetstar growth effects Virgin Blue

The success of Jetstar - the Qantas low cost subsidiary - in capturing the domestic airline market has stalled the growth of Virgin Blue in both the domestic holiday market and business market, the latest Roy Morgan Single Source data finds.

Results also show the low cost carriers still have potential to grow their share of business travellers, with 48% saying they would consider flying on Virgin Blue for their next business trip, and 25% saying they would consider Jetstar.

Jane Ianniello, Roy Morgan Research International Director of Tourism, Travel & Leisure, says:

"In the last three years many Australians have been taking advantage of discount airfares and flying to their domestic holiday destination rather than driving.

"Virgin Blue and Jetstar have quite successfully positioned themselves as cheaper alternatives to Qantas. It will be interesting to see how the possible entrance into the domestic market of Tiger Airways, an ultra low cost carrier, will affect Virgin Blue and Jetstar."

www.roymorgan.com/news/press-releases/2007/626/

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Good idea-Posh Wash

Catering to outdoor happenings, from music festivals to equestrian events, Posh Wash Showers offers four and six berth shower units, all of which come equipped with power showers, wash basins and changing areas. The showers use a special pump that guarantees a powerful stream of water throughout the day and night. The cheerful showers were warmly welcomed at music festivals. New and better job for Kenny?

www.poshwashshowers.co.uk

www.springwise.com

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Tesco to play?

Retail giant Tesco is believed to have made overtures to senior managers in takeover target Coles Group, suggesting its goal is to acquire people rather than the business.

While Tesco has reportedly been given the go-ahead to start looking at Coles' books, retail industry sources have suggested its interest in the impending sale is possibly driven by the need to attract staff before an ambitious expansion into the US and India.

Sources close to Coles claimed that at least five general managers — those who report to division managing directors — had been approached by Tesco about joining its business, which has expanded into 12 countries including parts of Europe, Japan and Malaysia.

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Perhaps not so super after all?

A month-long junk food binge featured in documentary film Super Size Me has been recreated by scientists - and given them a big surprise.

Many of the healthy twenty-something students showed very little change in the amount of cholesterol and fatty chemicals swimming around in their blood after stuffing as much as 6,000 calories per day.

And some put on much less weight than expected - even though all their meals had to come from fast food outlets such as McDonald's.

The 18 volunteers - twelve men and six women - were allowed breakfast at home but it had to be a large bacon-and-eggs meal. Exercise was totally ruled out.

After a month the students gained between 5-15% extra weight. But none of the students reported Super Size Me maker Morgan Spurlock's "mood swings" or liver damage.

Professor Fredrik Nystrom, who led the research at Linkoping University in Sweden, is puzzled about why Spurlock had such an extreme reaction - musing he could perhaps have had an undiagnosed problem with his liver.

He suggests the body is a lot more adaptable than we believe.

Surprisingly the volunteers' most common niggles were not about food at all but about the lack of exercise. Although few were fitness freaks in their normal lives it seems they missed cycling and walking more than they missed being lean.

Another regular and surprising complaint was about feeling full all the time – clearly the sensation of hunger is something we don't appreciate until it has gone.

Prof Nystrom cannot disclose the full results of his experiment until the study is published later this year. Even then it will take years of analysis to coax the detailed implications from all the data.

But New Scientist can reveal some unexpected early results.

Not only did many of his subjects show very little change in the amounts of cholesterol and other fatty biomolecules circulating in their bloodstream, some of them even had less low-density lipoprotein – "bad cholesterol" – and an increase in the "good" form, high-density lipoprotein.

It's not clear why a junk-food diet should improve your blood lipids, but it may be down to the precise composition of the diet.

With receipts for all the food his volunteers bought Prof Nystrom has the means to find out whether there is any correlation between certain foods and blood fat levels.

The big mystery, though, is weight gain. Why do some people pile on so much more than others while consuming the equivalent amount of food?

Prof Nystrom's hunch is it is down to variations in metabolism – some of us are simply better at handling calories than others.

If you are lucky, your body can adapt to cope with an extra cream doughnut or even a blow-out dinner by burning off the excess energy in the form of heat.

He suspects many of his volunteers fall into this category because they were all slim on their normal diet and because they often commented on feeling warm all the time while overeating.

Prof Nystrom said: "They certainly looked hot and sweaty when they came to me for more money."

Most research into obesity is done on people who are already overweight – in other words, those who are least resistant to calories.

The ability to turn excess food into fat has been an adaptive advantage throughout most of human evolutionary history when our ancestors had to deal with alternating feast and famine.

But the erratic availability of food has not been the only factor influencing the evolution of human metabolism.

Prof Nystrom said: "In cold areas people might have adapted more to cope with temperature and so be more likely to burn off excess calories as heat."

People with this type of metabolism seem better able to cope with today's "obesogenic" world and Prof Nystrom hopes by studying them he will be able to identify new approaches to tackling the obesity epidemic.

"Because we have such a huge amount of data we should be able to start teasing apart some of the influences that make some people more susceptible to obesity than others," he said

Moral of the story? Just because you thought it was true, doesn't make it true

Online ad spend to continue in 2007

Roy Morgan Research: Internet Advertising Intentions and Attitudes Survey

Major advertisers report that they will invest close to 22% of their total advertising dollars online in 2007, according to the latest emitch / Roy Morgan 'Internet Advertising Intentions and Attitudes survey'.

Major advertisers allocated 16% of their advertising dollars to Internet advertising in 2006, the same percentage reported during last financial year.

A majority of advertisers have now embraced the Internet with 64% of advertisers surveyed having invested in online advertising during the past 12 months, up 5% from January 2006. This latest survey found that general online advertising continues to be the dominant type of Internet advertising purchased.

Ninety-eight percent of advertising agencies surveyed had placed advertising online during the past 12 months. This was a 15% increase from the 83% reported in January 2006 and a 4% increase from July 2006.

Advertisers, agencies and publishers were optimistic about the role the Internet plays as a part of the overall media mix, with the majority of advertisers, agencies and publishers (82%) agreeing that "the Internet will be a vital component of my company's marketing strategy over the next three years".

www.roymorgan.com/news/press-releases

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Smaller internet providers up to speed - Telstra V Optus

When comparing Internet Service Providers (ISPs) in Australia, WestNet and Chariot customers are the most satisfied with their ISP, according to the latest Roy Morgan Research Single Source survey of more than 24,000 Australians aged 14 and over.

Westnet and Chariot recorded the highest satisfaction ratings with 81.5% and 80% respectively saying their provider "exceeded" or "mostly met" their expectations in 2006. Of all Internet users, 70.5% say their provider "exceeded" or "mostly met" their expectations in 2006.

Good ideas - Hitching not taxi hopping in the big apple

Take a cab to or from the airport and it ends up costing almost as much as airfare. Which is why smart New Yorkers are starting to plan their airport commutes via Hitchsters.com. Founded by New York attorney Terry Crawford and wife Gloria, Hitchsters.com is a combination of a social networking and a ride matching site. Hitchsters' software connects travellers scheduled on the same flight and living in the same area of the city so they can save money by sharing a taxi. Customers can also specify their preference for a male or female co-rider and make a new social connection. Would-be co-riders enter their first name, cell phone number, cellular carrier and email address into the Hitchsters' system. Hitchsters makes the match and facilitates a cell phone number and email exchange so co-riders can coordinate their trip to the airport. No information other than cell phone number and email is ever revealed to the co-rider, and Hitchster maintains a database of cell phone numbers as a security precaution.

The company has a few rules: customers must be over the age of eighteen and the first person to get dropped off pays 60% of the fare and tolls to make sure the second rider doesn't get stiffed for the tip. Hitchsters suggests rock paper scissors to minimize arguments over who gets out first. Customers who stand up other riders risk being banned from the system. Currently, Hitchsters is in beta in New York, and scheduled to launch soon in Brooklyn and Boston. The service is free, but the Crawfords hope to generate revenue by attracting advertisers to the site.

www.hitchsters.com
www.springwise.com

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Good ideas - Foonzing

Boston-based Foonz is a service that lets anyone call a group of friends or colleagues with one phone number, charging only the cost of one call. How does it work? Customers go to www.foonz.com, create an account, and enter cell phone numbers for specific groups: family, carpool group, daughter's hockey team, etc. Once the group has been entered, the customer can dial the group's allocated number from their cell phone, and all the people in the group are contacted by text message with a number to dial for the group call. It brings the ease of conference calling to consumers; perfect for planning get-togethers, send a message to team members, or just chatting with a group. Foonz splits revenues with the phone company that calls are made through. One to start up outside the United States?

www.foonz.com

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Coke cannibalised by Zero

Coca-Cola Amatil's mainstream brand, the iconic Coke drink, has suffered a sizeable fall in its share of the cola market, with much of the drop in sales due to the launch of Coke Zero.

Coke's market share has fallen from 53.2 per cent in the 2005 financial year to 47.2 per cent last month, according to the company's own figures — down 6 percentage points or a real loss of 11 per cent.

Diet Coke's share of the market is down by a smaller 5 percentage points to 17.1 per cent as consumers have been lured away by the much hyped release of Coke Zero, but this represents an even more pronounced market-share loss of 22 per cent.

However, the pain for the beverage giant has been eased by the rapid acceptance of the no-sugar Zero drink, which has secured 12.6 per cent of the Australian cola market.

According to figures released last week as part of a strategic review of the company, Coke Zero has produced a small rise in Coca-Cola Amatil's share of the overall cola market.

This was achieved with a record \$18 million having been spent on the launch of Coke Zero, the biggest promotion of its kind since Diet Coke hit the market in 1983.

Fifteen months after its release, Coke Zero has increased Coca-Cola Amatil's overall hold on the cola market by 1.7 percentage points.

Since the launch of Coke Zero in January last year, sales have reached \$100 million. CCA chief Terry Davis has predicted this figure will rise to \$300 million within three to five years — making it as popular as CCA's No. 2 brand, Diet Coke.

<http://www.ccamatil.com.au>

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Beatles to iPod

The Beatles have finally settled their legal action with record label EMI, over disputed royalty payments. It is suggested that this, following the dispute with Apple Corps over the Apple recording label, was the final hurdle before the group's songs could be made available for download. Such is the popularity and profusion of Beatles tracks, that the long-defunct group could dominate the download charts for weeks, if not months, should their back catalogue become available.

<http://news.bbc.co.uk/1/hi/entertainment/6548035.stm>

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Top nutrition in the can

A Choice (Australian Consumer Association) magazine study has found that canned and frozen vegetables can be more nutritious than their fresh counterparts.

The consumer magazine tested frozen, canned, week-old and fresh vegetables, both cooked and uncooked, for the contents of certain nutrients.

With the exception of broccoli, all canned and frozen vegetables tested contained more or equal percentages of vitamins and anti-oxidants. Canned tomatoes contained about five times more lycopine, which is believed to prevent heart diseases and prostate cancer, than fresh ones.

Accordingly, canned green beans and carrots were more nutritious than their fresh counterparts, and there was little difference between canned and fresh corn.

www.choice.com.au

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Mobile DJ's

Patrons at select pubs and restaurants in Israel, France and Australia no longer need to worry about change for the jukebox or bugging a DJ to play their favourite tunes—they can queue up their music choices via text message from their cellphones.

SMS jukebox technology, such as c|station by Australian Rippamedia and SMS DJ by Israeli YCD Multimedia, puts song selection literally at customers' fingertips. Customers simply select from a menu of available tunes—which may be promoted on menus, coasters or other collateral throughout an establishment—and send in their requests via SMS for a small fee. The service plays their requests over the in-house speakers and can even complement the music with videos, or promotions to download ringtones. Once a customer has sent a request, he or she can also access the full library of available songs. YCD launched their version in cooperation with network operator Orange in Israel and France, splitting revenues from the premium text message service between the mobile operator, the owner of the location, and YCD.

Customers can take advantage of SMS messaging to promote their own events to customers who have used the service. The music industry should take note as well: how about sponsoring the jukeboxes at a bar, letting customers pick from a range of new tracks at no cost?

www.rippamedia.com.au/news/sms-jukebox.htm

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A smooth save on a rough ride

Gillette is producing an ABC prime-time reality TV series starring a group of NASCAR rally drivers and celebrities. It uses the same drivers in its TV ads and online marketing.

http://www.usatoday.com/money/advertising/2007-04-10-gillette-usat_N.htm

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Ads with animals work best on animal planet

A recent IAG study commissioned by Animal Planet found ads containing animals -- live, animated or otherwise -- produce a higher brand recall among pet owners than they do among those sans-pet. And even though including a pet in a 30-second spot for Iams or Purina is obviously all but required, advertisers who aren't so endemic to that environment are able to benefit, too.

"It's important to show them, 'Look, you're going to reach an audience on Animal Planet of people who are most likely pet owners,'" said Rachel Mueller-Lust, exec VP-networks at IAG. "They're very receptive to ads that have animals in them, and that probably also ties well with particular products focused toward pets."

So that there is an ad where Ellen Degeneres gives herself raccoon eyes. Viewers aged 18-to-54 who owned pets were more likely to remember the spot was for American Express.

MAANZ Notices and Adverts

New Benefits for MAANZ members

MAANZ has secured a new member benefit with the prestigious Emerald Publishing Group.

First: Members will be able to subscribe to a number of top level international marketing journals at a special rate.

Second: Members can receive, free of charge two articles from these journals, that will be offered each month.

The first of these articles to be offered appear below

The relationship marketing process: communication, interaction, dialogue, value

Christian Gronroos

Journal of Business and Industrial Marketing (JBIM) 15 pages

The objective of the article is to discuss a framework of central processes in relationship marketing. The framework includes an interaction process as the core, a planned communication process as the marketing communications support through distinct communications media, and a customer value process as the outcome of relationship marketing. If the interaction and planned communication processes are successfully integrated and geared towards customers' value processes, a relationship dialogue may merge.

Advertising to children: A changing media landscape

Suzanne Edmond, Food Advertising Unit, investigates the response of advertising agencies to calls from the government to curb food-drink advertising to children 5 pages

If you are a member and would like one or both of these articles, just send us an email to info@marketing.org.au quoting "Emerald articles" in the subject line

Emerald Marketing Collection Partners with MAANZ -

Free articles to download on MAANZ website and offer of special subscription rates to all MAANZ members

Emerald is pleased to offer to all MAANZ members free articles to download on MAANZ website and special subscription rates to all Emerald Marketing journal titles. To find out more, please contact MAANZ at info@marketing.org.au.

The 14 journals in the **Emerald Marketing Collection** offer the essential resource for all academics, students, managers involved in marketing and business.

The journals provide forward-thinking research, latest techniques and practical case studies, covering a wide range of areas - international marketing; brand management; market research; direct marketing; European marketing; B2B marketing; marketing intelligence; consumer, finance, services, youth, healthcare, fashion and wine business marketing.

Throughout 2006, **Emerald Marketing Collection** received over 2.6 million full text article downloads. A number of Emerald titles are Thomson Scientific ranked journals, including European Journal of Marketing, International Marketing Review and Journal of Business and Industrial Marketing.

Emerald Marketing Collection includes the following titles:

- Direct Marketing: An International Journal (new 2007 launch)
- European Journal of Marketing
- International Journal of Bank Marketing
- International Journal of Pharmaceutical and Healthcare Marketing (new 2007 launch)
- International Journal of Wine Business Research
- International Marketing Review
- Journal of Business & Industrial Marketing
- Journal of Consumer Marketing
- Journal of Fashion Marketing and Management: An International journal
- Journal of Product and Brand Management
- Journal of Services Marketing
- Marketing Intelligence & Planning
- Qualitative Market Research: An International Journal
- Young Consumers

If you wish to receive a free sample copy of any journals, please email us at journals@emeraldinsight.com quoting "MAANZ sample copy" in the subject line.

We also welcome article submissions. To find out more information about our journals, including author guidelines, please visit:

<http://www.emeraldinsight.com/journals.htm>

Emerald Launches Two New Marketing Titles

Emerald is delighted to announce the launch of the following new titles:

- ***Direct Marketing: An International Journal***
- ***International journal of Pharmaceutical and Healthcare Marketing***

Direct Marketing: An International Journal is specifically produced for academics, business practitioners, and others engaged in direct and multi-channel marketing activities. Edited by Dr Bruce Keillor, University of Akron, Direct Marketing: An International Journal combines basic academic research with practitioner-focused "best practices" application-based content

International Journal of Pharmaceutical and Healthcare Marketing is dedicated to advancing theoretical and empirical understanding of marketing pharmaceutical products and healthcare services. Edited by Professor Avinandan Mukherjee, Montclair State University, International Journal of Pharmaceutical and Healthcare Marketing highlights cutting edge research and fresh practical ideas and initiatives in the pharmaceutical and healthcare industries

To celebrate the journal launches we would like to give you two weeks **FREE** online access to these inaugural issues. Please email journals@emeraldinsight.com with the text "MAANZ- free trial to DMIJ first issue" or "MAANZ-free trial to IJPHM first issue" in the subject line. We will then email you back the login details. Be quick as this offers ends on 04 June 2007!

- background in retail and channel focused research
- superior skills in quantitative customized research
- previous experience leading multi-national projects with high complexity
- report writing and presentation skills
- tertiary qualifications.

Whilst not essential, experience in technology markets and exposure to qualitative and secondary research will be an advantage. Candidates with less experience will be considered for the position of Project Director.

This key, Executive position will be based in Hong Kong with regular travel to other regional and global locations. An outstanding remuneration package and career development will be negotiated with the successful candidate.

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Events /MAANZ Endorsed Events

Consumer Insights 2007 *Actioning Insights For Business Improvement*

Conference: 30 - 31 May 2007; Mid and Post-Conference Workshops: 30 May & 1 June 2007
Venue: Crown Plaza Darling Harbour, Sydney

IQPC's 4th Annual Consumer Insights Conference 2007 will show Insights Manager the most efficient way to action insights for targeted product ideas and marketing strategies, so they can positively impact the bottom line of their organisation through increased sales.

This quality Australian conference, the only event of its kind specifically targeted to the needs of consumer insights and market research professionals, will provide more opportunities for networking and profile-raising through peer-to-peer discussions, case studies and more.

Click [here](#) for more information
www.iqpc.com

The 2007 Marketing Director Congress

June 5 - 6, 2007, Four Points by Sheraton, Sydney

Building competitive advantage through the strategic alignment of marketing with corporate vision and goals

Today's marketing professionals are facing common challenges ranging from increased competition to rapidly changing market trends to globalisation. Optimal ROI relies on the seamless integration of marketing direction and corporate strategy gearing towards ultimate competitive advantage. At this summit, marketing directors and professionals will explore new, innovative and strategic marketing solutions and explore the trends shaping the industry developments.

Includes presentations from:

JP Morgan Chase Bank
Westfield
Tourism Australia
Plan International
Manpower
Jetstar
Nudie Foods
Zuji
Mater Health Services
Victoria Racing Club



THE2007
Marketing Director
Congress

A substantial discount exists for MAANZ members booking prior to 24 May. Save up to 50% of the regular booking fee.

Strictly limited positions. For more information contact Orkestrate CSGI on

O2 9492 4700

Or e mail : info@csgj.com.au www.csgj.com.au

<http://www.csgj.com.au/events/md/>

6th Australian Advertising & Marketing Summit 2007

June 19-20, 2007 Dockside, Sydney

Join the nation's leading minds as they share their insights in productive discourse focusing upon the three themes: tomorrow's consumers, tomorrow's channels and tomorrow's challenges.

In this constantly evolving environment the competitive advantage is gained from quelling the uncertainty of tomorrow – join us and sidestep the rhetoric to the questions you may not have considered and the answers you need to have.

Speakers include:

Richard Kimber Regional Managing Director - Google
 Jack Matthews CEO Fairfax Digital
 Harold Mitchell Chairman, Mitchell & Partners
 Gavin Coombes CEO Asia Pacific Futurebrand

Anne Parsons CEO Mediacom
 Rebekah Horne GM Fox Interactive Media myspace.com
 Paul Richmond Managing Director ACNielsen
 Piers Hogarth-Scott Founder & CEO Asia Pacific Yooster
 More information [here](#)

Return on Branding and Marketing Investment

July 2-3, 2007 Bangkok Thailand

Key topics:

Half-day workshop on technical means of measuring and using ROBI and ROMI in business operations
 Dissecting the strengths and weaknesses of top and mid-range Asian brands in the world market
 Impact on ROBI and ROMI of every activity looked at in each session
 Innovations in B2B marketing and customer decision-making processes examined and applied to other companies
 New, automated market definition and segmentation procedures and tools
 This event will target Presidents/(Executive) Chair, CEO, COO, CFO, CIO, (Executive) Vice President, Managing Director, Head and (General) Manager of Advertising, Sales & Marketing, Product Development, Brand Management, Business Development, Market Research/Business Intelligence, Corporate Communications/Public Relations, Customer Relations, and Brand Planning within the industry of Alcohol manufacturers, Banking & financial services, Airlines & automobiles, Large retailers, Pharmaceuticals/healthcare, Consumer electronics, FMCG, and Restaurant chains
 More information [here](#)



Effective Channel Partner Management

Managing and growing relationships for the future

Supported by MAANZ

6th & 7th August 2007, Sydney

9th & 10th August 2007, Melbourne

Designing optimal marketing channel systems, formulating innovative distribution strategies, and managing marketing channel systems effectively are no simple tasks.

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Articles

Focus on a Trade, Not on Discounts

by Kelley Robertson

Smart buyers will always ask for a better price. Unfortunately, too many sales people and business owners automatically think that reducing their price is the most effective way to respond to this request.

However, negotiating is not always about price. Although price is a factor in virtually every sale it is not usually the primary or motivating factor. Everything you say and do from the first contact with a prospect affects the value of your product or service in their mind. That's why I believe it is important to look at the negotiating process differently in order to achieve better results.

First of all, invest time gathering information about your prospective customer, his needs, situation, and buying motives. The more information you have the more prepared you will be to negotiate later in the sales process. Regardless of what you sell, and to whom, information will help you negotiate more effectively. Many of my clients tell me that their customers care only about price, but upon further exploration, other issues usually arise. Uncovering the key issues your customer is facing is critical to your negotiating success.

The second most important step is to establish the value of your product or service to your customer. Positioning is an important factor and will affect the price your customer is willing to pay. What pain does your product or service eliminate? How does it solve a problem they are experiencing? How do your products and service differ from your competitors? Most of my clients sell premium products at a premium price. In exchange, their customers receive better than average service, faster response times, or higher quality products. What is your leverage and how can you use it to increase the value of what you sell?

You have executed the above steps but price is still an issue for your customer. What do you do now? Instead of conceding to their request and giving them a discount, focus on creating a trade. This means you should ask for something in exchange for making a concession. What can you trade or ask for? Almost anything!

A longer contract, a bigger order, more add-on items, an introduction to another key decision-maker in the company, access to their mailing list or client database, or payment terms. You can negotiate for products and services that the other person or company offers such as consulting, office equipment, computers, furniture, business services, etc. I once worked for an electronics company and my boss offered a big-screen as payment for services to a potential vendor. I was shocked when the vendor eagerly accepted because I always had the impression that business people focused strictly on cash.

Here are a few ways you can effectively position this request.

"If I could do that price for you would you be willing to extend the length of the contract for an additional three months?"

"If I could work that out would you be prepared to give me advertising space?"

"The only way I could give you that is if you add one more line of products."

2. PERCEPTIONS -How people view antecedents in relation to themselves will determine how much conflict they feel in the situation.

3.FEELINGS -People's perceptions of their situation bring about emotional reactions.

4.BEHAVIOURS -The conflict will result in a variety of behaviours - some subtle and indirect and others open and aggressive.

5.OUTCOMES -In terms of performance and satisfaction.

When in a Conflict Situation:

- Keep objectives clear.
- Allow for feelings to be 'ventilated'.
- Seek positive outcomes.
- Keep the communication open.
- Explore causes of conflict and differences in perceptions.
- Use the problem solving cycle.
- Seek the common ground for agreement.
- Affirm the agreement.

Brian Monger

Protecting your business

Today's business environment isn't getting any easier, nor will it get easier anytime in the future. Business never gets simpler. More competition, shrinking profit margins, increases in fixed and operating costs are just a few of the issues we deal with everyday. You can lament this fact or, you can take proactive measures to bullet-proof your business. Here are few strategies that can help:

Clearly define your business. The most successful business people know what they are in business for. They have one or two areas of specialty or expertise and they stick to what they're good at. They avoid the temptation to try to become everything to everybody. In many fields, specialists tend to do better than generalists.

Have you found a niche market for yourself? Is your niche viable in your location/city/town/market? Are you the best at what you do in your trading area? Do you stick to what you're good at or do you stray from this when revenues are lean?

Create and maintain customer loyalty. In today's competitive environment, many business owners think that consumers are concerned only with getting the lowest price for the product or service they are buying. So, they spend money trying to attract new customers based on price which means they constantly erode their profit margins. Although price is a factor in every sale it is not always the most important factor. It is much more effective, not to mention profitable, to create and maintain customer loyalty. Here are a few questions to consider:

- Do you stay in regular contact with them?
- Do you know and use your customer's names?
- Do you give them a reason to continue doing business with you?
- Do you know what your customers want or expect?

The benefits of investing your time, effort, energy and money to create loyalty include: more referral business, higher margins, and reduced advertising costs. It's important to note though, developing customer loyalty is not something you do once in a while, it is the way you conduct and run your business.

Deliver outstanding customer service. Virtually every business recognises the importance of delivering excellent customer service. Yet, few actually consistently execute. The excuses run from "I have to reduce my head count" to "My employees are just here to collect a paycheque" to "I can't be in the store twenty-four hours a day." Again, it comes back to why you are in business. Obviously, if you want to deliver great customer service on a consistent basis you won't be the lowest priced vendor; it's economically impossible to achieve this goal.

To deliver outstanding customer service you need to **get personally involved**. You need to determine what great service means to you and, even more critical, what it means to your customers.

Improve your selling skills. Constant refining of your sales skills will help you close more sales and/or increase the value of each sale. I don't suggest you adopt or use aggressive, hard selling tactics. Instead, develop your skill at uncovering your customer's needs, suggesting solutions that are appropriate to their needs, and overcoming objections. Learn how to engage the customer in the sales process and how to ask for a referral.

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The Service Experience and Designing the Service Setting

Unless you are inextricably wedded to the Lyn Shostack concept that a service is something diametrically opposed to a product (sic) you may find it useful to think of services as the way value is added to any product. This can be defined in two basic ways:

1. The Bundled Service Product - Any and all products that are normally classified as a tangible (goods or manufacturer based/focused) but in reality, a group of services being offered in a bundle.

2. The Performed Service Product - Any product that is normally classified as a service sector product, where the main activity (service) is a performance between supplier and the buyer/user/consumer.

Both are primarily composed of primary value added/adding services. **Auxiliary or supplemental services** can be added to both of the preceding types.

In this section we are focusing on **the service encounter or Performed Service Product**

Understanding and then developing service experiences begins with identifying those factors that contribute to customer responses to services. Some aspects of the service experience are more obvious than others (such as courtesy as opposed to wall colours), and not all experiences involve the same aspects. Nevertheless, meaningful factors can be isolated, allowing description and analysis of service experiences.

Components of the Service Experience

Any service experience can be categorised into four components:

- **Service workers** include those who interact with the customer (such as waiters or bank tellers) and those

- who contribute to the service delivery out of the customer's sight (such as chefs or bank accountants).
- **The service setting** includes both the environment in which the service is provided to the customer and areas of the organisation to which the customer normally has little access. The service setting is often instrumental in enabling the service worker to do a good job and in promoting a positive mood in the service customers.
- **Service customers** are the persons receiving the service. Some services require the customer to play a larger role than others, in that the customer's commitment and involvement is vital to the success of the service experience. Such services require more attention, participation and honesty from the customer.
- **The service process** is the sequence of activities necessary to deliver the service - that is, the various actions by both customers and the organisation that comprise the experience. The service process may enhance or detract from the customer's experience.

Encounter Oriented Service Strategy

The core of the performed service product or service encounter is the series of **Moments of Truth**, where the customer and the organisation (the brand, the employee, supported by systems and technology and physical resources) meet and interact. If customers are not well taken care of, the **Perceived Service Quality** (service quality as perceived by the customer), is damaged, and the service provider may lose business. The main focus in experienced service competition is the continuous management of the series of moments of truth in service processes. If the moments of truth are well taken care of, the service encounters will turn out well, and the relationship will probably develop satisfactorily and lead to continuous business.

Value for customers is not, of course, entirely produced in the service encounters. Apart from the services embedded in all products, much of the value experienced as part of the exchange process may have been pre-produced by the supporting part of the organisation. The final value for the customers emerges in the consumption or usage of the service.

The Moments of Truth and Quality

A term that was introduced into the service management literature by Normann.

The "moments of truth" concept literally means that this is the time and place in which the service provider has the opportunity to demonstrate to the customer the quality of its services. It is a true **moment of opportunity**. In the next moment the opportunity will be lost, the customer will have gone, and there are no easy ways of adding value to the Perceived Service Quality. The moment of opportunity is gone. If a quality problem has occurred, it is too late to take corrective action. In order to do so, a new moment of truth has to be created. The service provider can, for example, actively contact the customer to correct a mistake or to at least explain why things went wrong.

This is, of course, much more troublesome and probably less effective than a well-managed moment of truth.

In reality, the customer will experience a whole series of moments of truth when patronising a service organisation. When using the services of an airline, the passenger goes through a number of such moments, beginning with arrival at the airport and ending with baggage claim and transportation away from the airport.

The service process must always be planned and executed so that no badly handled moments of truth take place. If such situations go unmanaged there is an evident risk that unexpected quality problems may occur. In particular, the functional quality of the process will be damaged and cause quality deterioration.

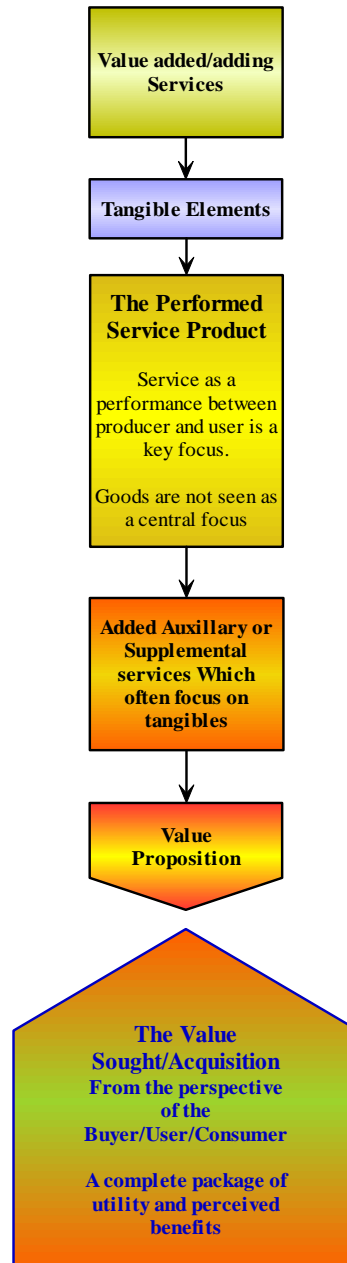


Figure 1. The Performed or encounter focused Service Product

Fulfilling Expectations

Fulfilling the expectations or promises in the buyer–seller interactions of the service encounters is one major aspect of an interactive marketing process. The customer contact employees are most often the key to success. Although the role of the employees is most often paramount, it should not be over-emphasised. Other elements such as information systems, operational systems, physical resources, and other customers influence interactive marketing performance.

There are many situations where customers interact only with systems and physical resources. Using an ATM, making a local telephone call, sending a text message from a mobile phone or making a purchase on the Internet are examples of such situations.

Employees need a service-oriented operational system and proper computer technology, customer databases and other physical resources to be able to create positive moments of truth.

The material support of support personnel and functions, as well as management support, are critical to the service orientation of the customer contact employees and systems of the visible part of the service process. Furthermore, customers' experiences in service encounters are influenced by the corporate and/or local image of the service provider.

Rules of Service Competition

In order to emphasise the common characteristics of the customer relationships in most organisations in service competition, the following guidelines have been prepared. These rules are general and tend to overemphasise the role of the employees for some situations.

The rules are:

- The general approach.
- Demand analysis.
- Quality control.
- Marketing.
- Technology.
- Organisational support.

The General Approach

It is principally **people** who develop and maintain good and enduring customer contacts. The importance of service elements in customer relationships grows over time and customers - business customers as well as individuals - increasingly demand individual and flexible responses from the service provider. Success in the market requires that the firm can offer advice and guidance. If employees are authorised to make their own judgements and have the knowledge needed to do that, and in addition have a service-oriented approach to their job and to their customers, and if the firm is competitive in other respects, this will give good results in the marketplace. In spite of automated service systems, the increased use of information technology and the Internet, the creativity, motivation and skills of people are still the drivers behind successful development of new services, the implementation of service concepts and recovery from service failures that are occur from time to time.

Demand Analysis

Services are either rendered directly to people or organisations, or they are services on equipment owned by people (or organisations). In all cases representatives of the customer are present, extensively or occasionally, when the service is produced and delivered. Direct interactions between customer contact employees and customers occur, and in such situations immediate actions may have to be decided upon and taken by the contact person; or the contact person may have to give some information or change the way of doing the job according to the needs of the customer. Nobody, other than the person who produces the service, can recognise the shift in the needs or wishes of the customer, if corrective actions are to be taken immediately.

The customer contact personnel producing the service in contact with customers will have to analyse the needs, values, expectations and wishes of the customers at the point and time of service production and consumption.

Quality Control

Everyone, in manufacturing as well as in service production, has a responsibility for quality. Producing good quality is based on the idea that things will have to be done correctly the first time. Because of the characteristics of services and the nature of service production and consumption, postproduction control cannot prevent failure; it can only be observed that bad service quality has been produced and was consumed by the customer. If things are not done correctly the first time, the cost of correcting quality problems, which have occurred either in the back office or in the buyer-seller interface, is frequently high. As the quality goal is often less than 100 per cent and mistakes are therefore tolerated, these costs easily become "hidden costs" which are taken for granted and considered a necessary evil. It is not possible to have a separate quality control unit following every production step; instead, all employees have to control the results of their work.

Services are, to a large extent, the result of cooperation or interactive relationships between the customer and the service provider. This makes quality management even more complicated than in manufacturing. In service production, the specifications may change during the service process. The customer may have a change of mind. Technology may break down, or almost anything may happen to change the situation and demand new or unforeseen actions.

Marketing

In service focused competition, the nature of marketing changes. The traditional means of competition are used not only to establish new customer relationships, but to also maintain and strengthen them. In order to develop existing customer relationships, the exchange of goods, services, and information, as well as the interpersonal exchange, are of critical importance. In service competition every contact between a contact person and a customer includes an element of marketing. These contacts are the moments of truth, or the moments of opportunity, where the success of the service provider is determined, and re-sales and cross-sales opportunities can be utilised. Badly handled service encounters - that is, negatively experienced moments of truth - damage customer relationships and lead to lost business.

Any service organisation has a large number of "part-time marketers". Their main responsibility is the usual organisational task they are set to perform. They see marketing as only their second responsibility. If the marketing aspect of their job is missing, customers will perceive the quality of the service more negatively. In almost every service organisation the part-time marketers outnumber the full-time marketers and salespeople.

The marketing impact of what they do and how they perform their tasks has to be recognised by management, because their role in the total marketing process is critical. This is the essence of a services focused marketing competition.

Technology

The impact on customers' ability and willingness to use technology, systems and physical resources (of any kind), as well as the impact of such resources on the employees in interactive and supporting parts of the organisation, and on their ability and willingness to serve customers have to be taken into account when investments in such resources are made, so that the service quality perceived by customers is not affected in a negative way.

Information technology is becoming more important for service processes. If a Web site is designed so that users find it complicated or uninteresting, or if people using a Web site do not get a quick response to their inquiries, they soon lose interest in the firm and its offerings; it is so easy to jump to the next Web site. Information technology should also enable contact employees to get easily retrievable and reliable information about the customers they are serving. If that is not the case, interactions between contact employees and customers are affected and bad perceived quality created.

Other kinds of technology and physical resources used in services processes must also be customer-friendly and reliable.

Organisational Support

A good organisation structure support is needed. Contact employees or departments which have to interact with each other in order to produce a service may be geographically or physically far apart in the organisation. Often decisions concerning even minor details are made too far away from the service encounter, which, of course, can have a negative impact on the perceived service. Internal regulations may restrict the flexibility of the contact staff.

In many manufacturing firms, service elements are considered to be low priority.

Managers and supervisors have to be true leaders, not simply technical managers. Managers have to be able to motivate their people to be service-oriented and customer-conscious. Unclear visions and/or badly defined or undefined service concepts (one or several) make it difficult for managers and their subordinates to decide in which direction they should go, what leads to fulfilling goals, and what is contradictory to the objectives of the organisation. If service concepts are not well stated, no clear goals can be set. In such situations there will be chaos both in planning and in the everyday implementation of plans.

Dr Brian Monger
Services Marketing Course Notes 2007

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