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He said, "In my opinion, the iPad is more suited for entertainment purposes rather than business use. iPads have identical functionality to the iPhone, but they are bulkier, and also an extra device to carry around. The iPad also can't make phone calls like the iPhone."

According to Lee "the only advantage the iPad has over the iPhone for business use is that it has a larger screen and larger keyboard, which makes emailing easier.

It is true that the iPad is missing many of the things we take for granted in most new computer and communication products. For example it has no USB ports, which make it fairly limited the iPad needs a special pen for a stylus, you need a special keyboard / cradle for typing unless you lug around another keyboard separately which is Bluetooth and has its own charging issues. You simply cannot type as fast on the inbuilt touch screen as you can a laptop. It's also very difficult to print from

The iPads little brother, the iPhone dominates over iPad in terms of business use. Business people need to make phone calls, check emails and use the calendar. The more portable iPhone better fulfils their needs. ,

As just an eBook reader it is very good. When Amazon introduced the Kindle in 2007, the device was meant to offer an experience that was like reading a book or magazine -- nothing more, nothing less. However, it's unclear that consumers will continue to want a single function device. Look at the portfolio of things people do with an iPad. They can move between web surfing, books and entertainment

According to experts at Wharton, readers are at best a niche market and at worst may soon become extinct. The one advantage readers have over the iPad is that they can be read easily in daylight due to the eInk screens. I think most folk are limited in what they see currently. Everyone who says the iPad is not a notebook/netbook has missed the point. It is not a good one at the moment, but it is better than the previous lot of eBook readers.

When the next generation tablet computers arrive, complete with USB, telephone, better input/output devices or connectivity and the eInk option to read texts we are going to have a very good product with a host more uses. The more general-purpose tablet computer is going to just keep getting better on all these currently missing dimensions. I have no doubt that computer developers are aware of the weaknesses and opportunities.

Research in Motion (maker of the Blackberry) is rumoured to be making a tablet version of the Blackberry with a much better business user focus, possibly with a slide out keyboard etc.

Soon we will see some real competition for the small business user ...

## Marketing ideas from the dark side. How to spot them

"Marketing and marketers" can often take criticism from outsiders who see the methods we use as "evil". Often both the "good guys" and the "bad guys" use the same methods to succeed. If you aim to be a good guy marketer you should know the tricks used by the bad guys – and learn to be wary when you use them - if you seek credibility

Here are some ideas used for selling junk (products - ideas, services)

Tie your appeal to the customer's fears and their hope of something better.

Tie your appeal to popular culture, fashion, trends.

Have a well known/respected personality support your product. Otherwise someone who looks credible and preferably looks good

- Have multiple options to sell.
- Use social proof rather than scientific proof.
- Cite non-existent authorities and spurious research.
- Have statistics to quote. Preferably in graphical form
- Use actual statistics selectively
- Argue from a position of perceived credibility or authority rather than fact.
- Use emotion and spread it as thickly as possible.
- Treat any questioning of your position as an attack on wider (social) issues
- Treat real science as junk science.
- Trot out success stories/testimonials
- Use gullible reporters to get your message out.

Any additions? Comments? Examples?

Brian Monger

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## Quotations

To ask a question and appear ignorant makes us appear foolish for 5 minutes...To NOT ask a question to appear knowledgeable... makes us ignorant for a life time...

People who say it cannot be done should not interrupt those who are doing it. - George Bernard Shaw

Some succeed because they are destined to, but most succeed because they are determined to. If you put a small value upon yourself, rest assured that the world will not raise your price.  
A good reputation is more valuable than money. - Publilius Syrus (~100 BC)

Try not to become a man of success, but rather try to become a man of value. Albert Einstein.

A man who dares to waste one hour of time has not discovered the value of life. - Charles Darwin

The premise is wrong. It is not about what motivates the employees, it is what motivates the employee. It is about the individual, not the group. Although they may appear to be a herd or have a herd mentality, it still comes down to the individual worker and what s/he wants. What drives him or her. In spite of appearing to be altruistic, it really comes down to what's good for me (ubi est mea) and I'll worry about the herd after I know I've been taken care of. - Jim Altfeld

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## From the Media

### iAd program

Through its new iAd program, Apple is now placing ads in some of the 225,000 available iPhone applications. Look out, iPad users — you'll get your share of iAds later this year.

Introduced in April, iAd has already garnered more than \$60 million in advertising, according to Apple CEO Steve Jobs.

To make iAd advertising as effective as possible, Apple is looking to mesh interaction with emotion, as Jobs notes above. That's why Apple is reportedly "studying the buying habits" of 150 million iTunes users so it can target its mobile ads and compete with the likes of Google, known for its ability to make ads relevant.  
[www.brandchannel.com](http://www.brandchannel.com)

### Online adspend continues to rise in China

Online adspend levels increased by more than a third in China in the first quarter of this year, during which time over 3,000 products were promoted via this medium.

Nielsen has reported that internet advertising expenditure in the country climbed by 52.7% to \$30m (€23.8m; £19.8m) in Q1 year-on-year.

The research firm suggested that this result constituted a "good start" for Chinese web advertising industry in 2010.

### Twitter overhauls security practices

Twitter has consented to a radical overhaul of its information security practices in a bid to settle the privacy case being pursued against it by US regulators.

The US Federal Trade Commission (FTC) has warned that the case is only likely to be the first of many as it increasingly cracks down on data protection abuses, particularly among social networking sites.

Although most US companies are not covered by federal privacy laws, the body is currently using boilerplate assurances on web sites to go after companies that have lost customer information to hackers.

Under a tentative settlement reached with the consumer arm of the FTC, however, Twitter promised that it would introduce a comprehensive security programme that will be subject to a third party audit every other year for the next decade.

It also agreed not to mislead customers "about the extent to which it maintains and protects the security, privacy and confidentiality of non-public consumer information" and said it would amend existing notification messages, the FTC said in a statement.

### Mummy bloggers I

Brand owners such as Procter & Gamble, Asda and Vodafone are trying to engage with "mummy bloggers" in the UK, in a bid to stimulate positive word of mouth on the web.

Portals like Mumsnet, an online community specifically for this audience, are becoming more important to advertisers hoping to connect with their customers in a personalised way.

A recent "Cybermummy" event in London drew 800 women, and was backed by around 25 heavyweight sponsors including P&G, HP, Fisher-Price, Asda and Vodafone.

In the US, female bloggers are already being actively courted by specialist ad networks such asGlam Media.

### **Social networking adspend**

Nielsen, the research firm, estimates that adspend on social networking and blogging sites rose to \$108 million (€85.7m; £71m) in the US in 2009, doubling the total delivered in 2008.

### **Apple admits exaggerating signal strength**

Apple has admitted for the first time the iPhone 4 has a problem and that it has exaggerated the signal strength on its phones.

Its admission, in a letter to customers, comes after a growing row over whether its latest best-selling gadget, is faulty. More than 1.7 million of the phones, which can cost up to £599, have already been sold since they went on sale.

Many customers have claimed that holding the phone in a certain way has meant they suddenly lost reception when making calls. Apple had previously denied a problem and suggested customers should hold their phone in different way.

Now it has officially admitted that a problem exists with the iPhone 4 reception but claimed the issue is with the number of bars displayed on the handset rather than with reception itself. It said it was a software issue that affected all iPhones, not just the latest one.

### **Mobile bottling operation for DIY brewers**

British brewer Tom Wood's recently launched a mobile bottling operation for DIY brewers in the form of a well-equipped truck that can drive to virtually any UK location. Services include everything from pre-production bottle washing through a range of bottle capping options, labelling and finally shrink-wrapping.

### **U.K. government axing anti-obesity marketing campaign**

The U.K. government is axing the \$120 million Change4Life anti-obesity marketing campaign and asking marketers to take over the task of educating the public about healthy eating and exercise in return for not imposing new restrictions on food marketing. The move is part of a wider plan to cut by up to 50% the marketing budget of the cash-strapped U.K. government, currently the country's biggest advertiser.

### **EU to woo tourists using bloc's charms**

The European Union plans to improve the way the bloc's attractions are sold abroad.

With tourism revenues hit by the economic crisis and the disruption to air travel caused by the Icelandic ash cloud, the EU will propose more than a dozen initiatives to encourage member states to work together rather than just promoting their own tourist haunts.

The proposals, outlined in a European Commission report, are partly aimed at wooing tourists from markets seen as having unexplored potential, such as Japan, China, Russia, India and Brazil.

## **Mommy bloggers II**

Coca-Cola has turned to "mommy bloggers" in South Korea to create word-of-mouth communication. The company is looking for powerful bloggers who are important local "digital influencers," said Kenth Kaerhoeg, group communications director for Coca-Cola's Pacific Group in Hong Kong.

## **Spanish restaurant offers English language lessons to its patrons**

Spanish restaurant chain Fresc Co offers free English language lessons to its patrons. Fresc Co operates 40 restaurants in 11 Spanish cities, focusing on fresh ingredients and Mediterranean dishes. Last February, two of its Barcelona locations began offering two-hour sessions targeting professional workers with a focus primarily on everyday language and work situations.

## **BMW working on augmenting GPS navigation**

BMW has been working on augmenting GPS navigation for some time now, and it took another big step forward in recent weeks with the announcement of its Pathfinder "microNavigation" system. As the name suggests, that would supplement your basic navigation system with maps and directions for areas not covered by GPS -- a parking lot, for instance -- and it could be continually updated on an as-needed basis, with users able to download so-called microMaps for a specific area before they go on a trip. You'd also be able to easily jump from the in-car navigation to a navigation app on your phone to complete the final leg of your journey -- and, presumably, find your car when you're ready to leave. Of course, it is still just a prototype, but BMW does at least have a pretty good track record when it comes to actually implementing these sorts of things in its cars.

## **Bamboo bicycles**

Calfee Design is helping entrepreneurs in the developing world make locally sourced bamboo bicycles for domestic and international sale. Through the Bamboosero initiative, Calfee set up two bike-building groups in Ghana who build frames using locally sourced bamboo before shipping them to the US. The Ghanaian entrepreneurs earn about USD 150 for every frame they build.

## **Volvo sponsoring drive-Ins**

Volvo is sponsoring the Starlite Drive-In, in which British patrons pay to sit comfortably in one of a range of shiny new cars in East London and watch drive-in movies

## **Amazon launches UK grocery web site**

Online retailer Amazon has launched an Internet grocery service in Britain joining a fast-growing but competitive market. The move poses a challenge to supermarket groups Tesco, Wal-Mart's Asda and Sainsbury, as well as online specialist Ocado, though Amazon will not offer the one to two-hour delivery slots provided by these operators.

## **The first scented billboard**

A local supermarket in the USA has erected the nation's first scented billboard - it has fans which 'waft the odour of charcoal, meat and black pepper over the road' as you drive past. Harald Vogt of the Scent Marketing Institute says that 'It will definitely catch your attention because you have to breathe'.

## **Tescos singing sandwich**

Tesco has launched a singing sandwich. Its a limited edition item for the World Cup - a jalapeno chicken sandwich in a wrapper that sings ole ole ole to you when you open it.

## **ATM allows donation to NFP's**

Launched in February Choose Change ATM has developed a brand of ATMs that lets users donate US\$1 of each \$2 transaction fee to a non-profit organisation of their choice. Users select from a display of eight non-profits, supporting

causes such as disaster aid, poverty relief and human rights. The ATMs are installed at no cost to retailers and Choose Change handles all of the maintenance and refills.

### Consumers in the UK can refill their water bottles for free at cafés

Not for profit & social cause GiveMeTap lets consumers in the UK refill their water bottles for free at participating cafés. Beginning in Manchester, GiveMeTap has signed up numerous restaurants and cafés willing to supply free access to clean tap water; said providers can be located via PC or smartphone using GiveMeTap's mapping service. In order to partake, consumers need to be carrying one of GiveMeTap's branded aluminium bottles, which are priced at \$8. GiveMeTap uses 70 percent of the profits from those sales to fund independent water projects in regions where they're most needed

### Major European retailers sign voluntary sustainable business code

The European Retail Round Table (ERRT) and EuroCommerce have announced a voluntary sustainable business code for Europe's retailers one year after the launch of the Retailers' Environmental Action Programme (REAP). Under the new business code, retailers commit to sustainable actions in six areas: sourcing, resource efficiency, transport and distribution, waste management and communications and reporting.

The Code for Environmentally Sustainable Business (PDF) has been signed by 17 companies including Asda Wal-Mart, Marks and Spencer, and Tesco as well as nine federations.

Other retailers that have signed the code are Auchan, Carrefour, C&A, Delhaize, Ikea, Inditex, Kaufland, Kingfisher, Mercator, Mercadona, Metro Group, Rewe Group, Royal Ahold, and Coop Switzerland.

### Yahoo, using searches to steer news coverage

The latest and perhaps broadest effort yet in democratising the news is under way at Yahoo, which will introduce a news blog that will rely on search queries to help guide its reporting and writing on national affairs, politics and the media.

Search-generated content has been growing on the Internet, linked to the success of companies like Associated Content, which Yahoo recently bought, and Demand Media, which has used freelance writers to create an online library of more than a million instructional articles.

But the use of search data has been limited more to the realm of "how to" topics like "How do I teach my dog sign language?" than questions about the news of the day like "Where does President Obama stand on corporate campaign donations?"

Yahoo software continuously tracks common words, phrases and topics that are popular among users across its vast online network. To help create content for the blog, called The Upshot, a team of people will analyze those patterns and pass along their findings to Yahoo's news staff of two editors and six bloggers.

The news staff will then use that search data to create articles that — if the process works as intended — will allow them to focus more precisely on readers.

In strictly economic terms, the power of technology that identifies reader trends is incredibly potent as a draw for advertisers. Yahoo paid more than \$100 million this year for Associated Content, which pays writers small sums to write articles based on queries like "How do I tile a floor?" or "How do I make French toast?"

### Taking a local approach to candy bars,

Nestlé recently launched 19 new Kit Kat flavours in Japan that reflect food specialties of specific districts. Each flavour is sold exclusively in the region for which it was created. The Japanese Kit Kat varieties include yubari melon and

baked corn from Hokkaido island; strawberry cheesecake from Yokohama; cherries from Yamagata Prefecture; and sweet potato, blueberry and soybean from the Kanto region.

## Starbucks to be the most popular consumer brand on the social web

A new survey of brands on social media finds Starbucks to be the most popular consumer brand on the social Web, based on an analysis that indexes consumer brands against the most popular personal brand on the planet:

### Coke thanks Facebook fans

Dusty and Michael, the fans who started Coca-Cola's Facebook page, are featured in a spot thanking Coke's 5.7 million Facebook fans - one at a time. Coca-Cola's Facebook outreach this year includes virtual goods as part of its Super Bowl marketing efforts.

### Dutch motorists association launch mobile store

ANWB, the Dutch motorists association, has launched a mobile store that will tour France this summer. The ANWB's store on wheels will stop at campgrounds across France, selling tourists items they forgot to pack, from toothbrushes and sunblock to its own maps and travel guides. It will be joined by motor care teams who'll check tire pressure, give traffic updates and clean car windows and mirrors. When drivers have finally reached their destination, the ANWB's 'Helping Hands' will pitch tents, fill jerry cans and even dry dishes

### Businesses unconcerned by the reputational risks of social media

Although three out of five business leaders believe that social media will have little or no impact on their corporate reputation over the next five years, nearly a quarter of adults are already prepared to use it to expose unethical behaviour.

These are the findings of a report entitled 'Who Cares Wins: The Rise of the Caring Corporation' published by advertising and communication services group, Havas Worldwide.

But the study also revealed that senior managers did have a clear understanding of the importance of having corporate social responsibility (CSR) policies in place. Nine out of ten respondents believed that at least some of their customers were strongly influenced by such policies, while 70% saw them as providing the organisation with competitive advantage. More than three quarters considered CSR as a necessary business expense.

### Perfume vending machines

Fragrance retailer Sephora has installed a series of machines at various Paris Métro stations dedicated to selling Calvin Klein's CK One scent in a special, portable size. Visitors to the Métro's La Défense, Charles de Gaulle-Étoile, Montparnasse and Miromesnil stations can buy a special 15ml size of CK One at an on-site "CK One Pocket Store" by Sephora.

### Gillette rolls out new campaign featuring Roger Federer

P&G's Gillette brand has rolled out a new campaign featuring Roger Federer. The Swiss tennis champ is touting the Fusion razor's benefits for sensitive skin, an untimely coincidence given his toppling yesterday at the French Open. The campaign was inspired by Gillette's recent (and, it says, first for a brand) accreditation by the British Skincare Foundation.

In the UK version of the spot, Fed is shown on a grass tennis court, while elsewhere he's playing on a hard tennis court. Federer previously co-starred in Gillette's campaigns with disgraced golfer Tiger Woods and footballer Thierry Henry.

## Meat vending machine

Spanish, butcher Izarzugaza has installed a vending machine outside its Mundaka shop that sells a variety of meats, sausages, sandwiches and other goods around the clock. Products sold within the machine vary with the season, so summer offerings might include pasta salads while the emphasis is more on meatballs and sausages in the wintertime.

## CRM systems criticised for poor customer analysis and profiling

While more than half of business leaders acknowledge that meeting customer needs is critical to developing sustainable competitive advantage, a mere one in ten CRM users believe their system is up to accurately analysing and profiling them.

Unsurprisingly, therefore, according to studies undertaken by market researcher Ipsos MORI some 44% of managers felt that one of their biggest challenges was trying to ensure that every action they took as a business was geared to meeting the needs of different types of customers. Less than a quarter said they were good at such activity, however.

Despite the fact that 72% of Chartered Institute of Marketing members with CRM applications in place believed that there has been a fundamental shift in customer behaviour and spending patterns since the start of the recession, three-quarters said that their department only had low levels of visibility into relevant enterprise-wide customer data.

## Stamps of babies' hand- and footprints

Japan's Otete & Anyo offers original stamps of babies' hand- and footprints. The engraved prints can be used not only as stamps for papers and letters, but also as lifelong mementos suitable for birthday presents, baby gifts and more. Parents or other gift-givers begin by making an ink print of baby's hands and feet, then emailing those prints to Otete & Anyo, which engraves them in real size.

## California to turn car licence plates into digital billboards?

California is proposing a new bill to enable the placement of digital adverts on vehicle licence plates in order to help cut the cash-strapped state's \$19 billion deficit.

The bill, put forward by Senator Curren Price, a Los Angeles Democrat, would enable the Department of Motor Vehicles (DMV) to commission private companies to research the idea and also manufacture the digital licence plates. It would then evaluate advertising ideas from both local and national organisations.

A further aim would be to save the state money by enabling it to streamline the registration and licensing process.

The proposed adverts would only be visible when cars have stopped for more than four seconds, for example, at traffic lights. In order to limit the possible distraction of drivers and enable people to identify the plates easily, however, the usual identifying numbers and letters could be seen whenever the vehicle was in motion.

## Messages from the grave

RosettaStone is a palm-sized stone tablet with an embedded microchip and up to six engraved symbols that can be selected to represent key milestones or affiliations in the deceased's life. The RosettaStone can be preinstalled in a new gravestone or added to an existing one to create a technologically enhanced memorial that will allow future site visitors to read the deceased's story from a mobile device.

## Customised pet food

Canadian RedMoon Custom Pet Food lets its customers design the food they buy for their cats and dogs. RedMoon offers fully customisable dry pet food based on a variety of meats, produce and supplements. Dog owners begin by choosing a base formula and indicating the activity level of their dog. They then select the size of kibble they'd like

and then a variety of supplements are available to be added. Cat owners have similar options, starting with a base food made from salmon.

### eBook readers in price competition

The price war is on in the eReader market as Barnes & Noble and Amazon.com duel to increase market share for their nook and Kindle devices, respectively.

On June 21, Barnes & Noble cut the price of its nook eReader from \$259 to \$199 and introduced a Wi-Fi-only version for \$149. Hours later, Amazon cut the price of its Kindle to \$189 from \$259. In early July, Sony joined the fray by cutting prices for its three eReaders, which now start at \$149.99. The Kindle, nook and Sony Reader are all devices that connect to online book stores allowing users to download digital content over a 3G wireless service, Wi-Fi or by downloading from a PC, and feature eInk screens, which mimic the look of ordinary ink on paper.

### AMCOR buys US plastic packaging business

AMCOR has bought a US plastic packaging business for \$US280 million (\$A326 million) as it targets healthcare and food-related industries.

The paper maker and packager will buy the assets of Ball Plastics Packaging Americas from Ball Corporation. Amcor chief executive Ken MacKenzie said yesterday the takeover was an opportunity to expand in the diversified products' market, which included personal care products, food and liquor.

### Combining tourism marketing for Australia and New Zealand?

According to the national Tourism Futures/Roy Morgan tourism industry survey, the idea of combining marketing for Australia and New Zealand has seen significant support from Australia.

Polled in the lead up to the Tourism Futures conference, 34% of industry executives backed the idea, while 16% also supported joint promotion with Pacific Islands.

"Australia and New Zealand are complementary destinations rather than competitive destinations," said Tourism Futures convenor, Tony Charters.

"Australia can't do glaciers and Fjord-lands, New Zealand can't do deserts and outback experiences. Maori culture is quite unique as is the Aboriginal and Torres Strait Islander cultures. We share many common elements – language, lifestyle, food and wine – but even those apparent similarities are quite distinctive once you take a closer look."

Both Australia and New Zealand have new leadership with Andrew McEvoy and Kevin Bowler leading respectively which Charters hopes will allow for a new era of co-operation.

"It could include marketing, quality standards, training standards and relaxation of border controls, as is seen in the ASEAN situation," said Charters.

### MAANZ Comment

Competition does not necessarily have to involve the same type of product. It can be competition for the same buyers dollar. In this case, to spend it on NZ benefits or Aust Benefits. The products are not complimentary. Just goes to strengthen my view that the Tourism Industry doesn't understand marketing really.

### The quality of some Canadian-made films poor says minister

Alberta's culture minister came under fire Wednesday for using a four-letter word to describe the quality of some Canadian-made films and TV shows while saying more has to be done to make them better.

"I look at what we produce and if we're honest with ourselves, I look at it and say, 'Why do I produce so much shit? Why did I fund such crap?'" Lindsay Blakett said earlier in the week as he participated in a question-and-answer session at the Banff World Television Festival.

"Our broadcasters, I don't think, give enough money collectively to Canadian productions versus U.S. productions."

Opposition politicians in Alberta called for Blakett's resignation.

"Frankly, this guy does not deserve to continue as the minister of culture," said NDP politician Rachel Notley. "In the two years since he's been minister, he's cut half of the funding to this area. For him to then turn around and critique the very industry that he's starving in relation to other provinces is rich."

### Smartphones projected to overtake feature phones next year

Smartphone penetration of the US mobile phone market will overtake feature phone penetration by the end of 2011, according to projections from The Nielsen Company.

Although only 21% of American wireless subscribers were using a smartphone as of Q4 2009 compared to 19% in Q3 2009 and 14% at the end of 2008, Nielsen expects smartphones to account for more than half of the US mobile phone market by 2011. Nielsen predicts smartphones will account for 24% of the US mobile phone market in Q1 2010 and rise to about 33% market share by Q4 2010.

Growth will then accelerate in 2011, hitting 40% in Q1 2011 and about 50% by Q3 2011. Based on this rapid increase, smartphones should pass the 50% mark during Q4 2011.

### Smartphone Users Show Loyalty

In a piece of good news for smartphone carriers, smartphone users demonstrate a good amount of wireless operator loyalty. In the last six months, roughly 77% of new smartphone buyers remained loyal to their wireless operator, while 18% switched to a new provider to get their new smartphone with the remaining percentage made up of first-time smartphone buyers. Interestingly enough, the percentage of people who switched carriers and got a new smartphone is not higher than that of the average wireless subscriber.

This indicates that the portfolio of the wireless carriers in general is robust enough to prevent any wide-spread smartphone flight from one carrier to the other, with very few exceptions. The added bonus for wireless carriers is that smartphone owners are significantly more satisfied (81%) with their device than feature phone owners (66%).

Other Insights

- \* Fourteen percent of feature phone users only use their phone for voice communications, compared to 3% of smartphone users.
- \* Five percent of feature phone users have Wi-Fi, compared to 50% of smartphone users.
- \* Slightly more males (53%) than females (47%) use smartphones.
- \* Two-thirds of smartphone users are personal users and one-third are business users.
- \* Hispanic Americans and Asians are slightly more likely to have a smartphone than what their share of population would indicate, which is a trend Nielsen observes in the adoption of other mobile data services.

### Smartphones drive web 2.0

The increasing popularity of smartphones will be a key driver in the expected growth of the web 2.0 market to almost \$19 billion by 2014, according to Juniper Research. Juniper sees the mobile phone as a central catalyst for web 2.0 (which encompasses social web, geolocation and presence), because it is carried with the user at most times, is ideally placed to capture information at its source, and is a key enabler of user-generated content and social web interaction.

## Gerry Harvey takes a swipe at his peers

Retail king Gerry Harvey took a swipe at his peers at a conference. According to media reports, he accused them of complaining about how tough things were when Australia was in the middle of a boom. The other executives on Harvey's panel – Woolworths CEO Michael Luscombe, Peter Davis of Bunnings, Mark McInnes of David Jones and Ian McLeod of Coles – were by implication among the Chief Whingeing Officers of Australian retail. And all are guilty as charged. These sourpusses should perk up and get real.

Characterising the economy as booming is, of course, a bit rich. And with zero sales growth at Harvey Norman's Australian stores in the first quarter it isn't certain that even Harvey believes in all his belligerent rhetoric. However, Harvey, like his counterparts on the panel, would be aware of how much the large retail chains in Australia gorged themselves on the Rudd stimulus. Before they arose reluctantly from the dining table last July, they had pigged out on close to \$5 billion of stimulus money in two sumptuous courses. Stevens suggested that Australians might have entered a new phase of conservatism in which

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## Ads and Events

### Marketing Manager

\$70,000 + superannuation  
City location (Melbourne)

Professional services (partnership) firm seeks a dynamic individual to step into a newly developed and expanded Marketing role.

To be a successful applicant you will have:

- experience in both sourcing tender opportunities and writing tender applications,
- had experience within a professional services environment,
- experience in researching the market and preparing and presenting reports,
- strong interpersonal skills to enable effective relationships with Partners and Staff alike,
- advanced negotiation and influencing skills to ensure plans can be implemented,
- tertiary qualifications preferably in business, marketing or economics discipline,
- a passion for innovation and research,
- an ambitious career-minded approach.

Advanced writing skills and a creative mind, will see you develop and edit top-notch content for all manner of marketing channels such as client newsletters, websites and social media. Business acumen coupled with a genuine interest and curiosity about our professional work will see you ensure our reputation and brand stays one step ahead of the competition.

Challenging key role in a niche legal industry  
Supportive work environment with focus on work-life balance.

Your application may be emailed in confidence to  
[information@techip.com.au](mailto:information@techip.com.au)



# Marketing Extr@

Newsletter of The Marketing Association  
of Australia and New Zealand

Further inquiries:  
Tel: 03 9523 7207

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## Business Development Consultants

### Law Firms (Melbourne, Sydney, Brisbane, Adelaide, Perth, Canberra)

- tender preparation
- managing the bid
- writing other marketing content (eg content for website, brochures, client updates, staff profiles)
- information research, collection, analysis and reports: re industry, competitors, prospective clients
- managing and enhancing the client, and prospective client, database
- developing and arranging client events
- identifying new client opportunities as well as opportunities for enhancing relationships with existing clients
- assisting with the developing and implementation of business development plans
- assisting with marketing strategy and its implementation
- understanding the needs of clients and prospective clients
- increasing awareness and encouragement of staff to actively business develop
- assisting with the enhancement of relationships with clients, prospective clients, staff, colleagues and others

Marketing, business development or similar experience in a professional services environment required. Genuine interest and enthusiasm for marketing. Excellent research and writing skills. Attention to detail and organisational skills. Excellent interpersonal skills. Confidence and professionalism. Tertiary qualification.

For further information:  
Recruitment Agent - TECH IP Professional Development  
Tel: 03 9523 7207  
Email: [information@techip.com.au](mailto:information@techip.com.au)

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## Digital Signage World Australia

21-22 July  
Sydney Convention Centre  
<http://www.terrapinn.com/2010/digital/>

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## Customer Connectivity – 2010 and Beyond

Melbourne 29-7-10 7.30AM – 9.45AM  
Sydney 31-8-10 7.30AM – 9.45AM  
<http://www.retaildoctor.com.au/media-center/news/64-customer-connectivity-0-2010-and-beyond.html>

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hunting down more gems. The website went on to draw thousands of visitors from around the world, bringing in over 75,000 in 2009.

Now Goldman has written a new book called *Slurls*, which includes more than a hundred websites along with relevant facts, observations and internet trivia.

Here are some of his favourites:

[www.ipwine.com](http://www.ipwine.com) - Could you trust them for a bottle of Chardonnay?

[www.effoff.com](http://www.effoff.com) - Effective Office Environments plans and manages interiors for working. Not such a welcoming URL though...

[www.mp3shits.com](http://www.mp3shits.com)- MP3 downloads. But is the music any good?

[www.actionpaintballsac.com](http://www.actionpaintballsac.com)-Action Paintball Games in Sacramento, California.

[www.childrenslaughter.com](http://www.childrenslaughter.com)-Despite a URL that doesn't sound child friendly, The Children's Laughter Foundation supports charities that fight abuse and neglect, improve children's medical treatment, and advance children's educational and emotional development.

[www.graphicartsexchange.com](http://www.graphicartsexchange.com)- Graphic Arts Exchange emphasises it is the "world's premier internet destination for selling printing and graphic arts equipment" - and nothing more.

[www.swissbit.ch](http://www.swissbit.ch)- a manufacturer of high-quality computer memory chips

[www.therapistfinder.com](http://www.therapistfinder.com)- Therapist Finder is a directory of nearly 8,000 licensed mental health professionals in California.

[www.goredfoxes.com](http://www.goredfoxes.com) - The sports team of Marist College, New York, are known as the Red Foxes. Go Red Foxes!

[www.nobraces.com.au](http://www.nobraces.com.au)- Effective orthodontic and dental treatments from the nobrace centre in Australia.

## Feeling unsocial

Social media has changed marketing. But despite new media experts' urgent calls to 'join the conversation,' some are starting to wonder if social media over-promises and under-delivers

To get marketers ready for the inevitable future of hyper-connectivity and consumer-controlled media, social media strategists are using some pretty strong language to try to bring the industry up to speed. At new media conferences across North America, marketers are constantly urged to "be brave" by advocates such as Seth Godin, founder of Squidoo.com and author of *All Marketers Are Liars*.

Godin preaches that the age of interruptive marketing is over. It will be communities of people forming direct, one-to-one relationships with brands that market products in the future.

Godin is just one of a great many high-profile gurus calling for a total media paradigm shift. It's nearly impossible to go to a marketing conference of any sort without speakers updating attendees on the Facebook head count to prove how much the world has changed, or pointing out the explosive growth of Twitter or the massive popularity of videos that "went viral" on YouTube. But for every success, how many other attempts at going viral have stagnated?

The consensus is that online and social media marketing does work when it's done well, and that the Godins of the world know what they're talking about. Media and society have changed and they saw it first. But if you look closely and listen carefully you'll discover some doubters asking whether this change is as massive as billed. Is it so wrong for marketers to try to figure out social media before diving in, leaving all they've previously known behind?

Social media has exploded and people seemingly love it, but do they really want new and different relationships with brands too? Will people upload videos about how much they love Coke to sites like StickyBits.com just because they want to? Will they have conversations with brand reps who become their "friend?"

To use Godin's words as but one example to make a point (though many use the same words), are marketers who aren't "brave" enough to discard old media habits setting themselves—and their brands—up for failure? Inevitably as with any trend, some of this may be good old human backlash, but in the past few months, a few still-lonely voices have made a good case for a more cautious approach, suggesting the promise of social media has become far greater than the reality. "The hype right now exceeds the reality," said Larry Chiagouris, a marketing professor at Pace University in New York. Chiagouris was speaking to the Wall Street Journal for an article that cited a study of 500 American small business owners. It reported that "just 22% made a profit last year from promoting their firms on social media, while 53% said they broke even. What's more, 19% said they actually lost money due to their social-media initiatives."

Nigel Hollis, chief global analyst at Millward Brown points out in *Social Media; Fans and Followers Are an End, Not a Means*, traditional media played a huge role in this campaign's success. "The Rage Against the Machine campaign would likely have languished unnoticed by the vast majority of people if the traditional media had not picked it up and publicised it. The same is true of some of the classics of viral marketing: Burger King's Subservient Chicken benefited from widespread media support, and Dove's Evolution was boosted by a strong PR campaign from Edelman New York. Integration of mass media and social media helps transcend the disparate personal connections that drive social media in order to achieve critical mass."

Hollis says "A lot of A-list bloggers are hyping social media to the point of hysteria in terms of what it can do for your business. You can certainly have a social-media-only campaign, but if you really want traction for any investment, you do need to tie into strong PR or advertising campaigns," he says.

Tara Hunt author of the *The Whuffie Factor* urges companies to get value out of the "social currency" they generate in consumer communities. Her work as a consultant to brands looking for success online led Fast Company to call her "one of the most influential women in technology." But she sees little marketer value in social media channels.

"Social media are not marketing tools, first and foremost," Hunt says. "Companies who have found success get that. They understand that online communities are about people making connections. They understand that people would rather get recommendations from, or connect with, their friends." Hunt says companies are almost never welcome in conversational media because people understand their motivations are commercial and outside of whatever community they've snuck into. Conversations are for people, she says, and companies act like, well, companies. "There's a big freaking gap between human values and business values" that Hunt contends keeps marketers and CEOs from thinking like "real people."

Robert Kozinets, a marketing professor at York University's Schulich School of Business, author of *Netnography* and co-editor of *Consumer Tribes* comments:

When consumers need information about tainted meat, for example, they want to connect to people—not press releases—for information. However, this is not to be confused with a desire to become friends with a bologna company. "It's not about having a relationship with a brand," Kozinets said, adding that some of his colleagues have started to research the staunch brand advocate consumers. Early indications are that, "aside from Harley Davidson, Star Trek, Apple and a handful of other brands," such relationships are proving rare.

A separate 2009 study from Dynamic Logic supports these findings. It reported that only 13% of people actively engaged in social networks "use the networks to follow or keep up with brands... They do so to gain access to information, discounts and giveaways."

"It's incumbent on the brand to understand the editorial platform it wants to talk about beyond the ad campaign, because consumers are clearly uninterested in talking to a brand about its advertising campaign, or its product or

self-serving message,” says Dave Bigioni, brand director for Molson Canadian. “But if the brand is a well-rounded person with likes and interests, then it can talk to those things and find common points among drinkers on those shared points of interest.”

[www.marketingmag.ca](http://www.marketingmag.ca)

## Competitive Advantage

When a firm sustains profits that exceed the average for its industry, the firm is said to possess a competitive advantage over its rivals. The goal of much of business strategy is to achieve a **sustainable competitive advantage**.

Michael Porter identified two basic types of competitive advantage:

cost advantage  
differentiation advantage

### Cost advantage

A competitive advantage exists when the firm is able to deliver the same benefits as competitors but at a lower cost (cost advantage), or deliver benefits that exceed those of competing products (differentiation advantage). Thus, a competitive advantage enables the firm to create superior value for its customers and superior profits for itself.

Cost and differentiation advantages are known as **positional advantages** since they describe the firm's position in the industry as a leader in either cost or differentiation.

A resource-based view emphasises that a firm utilises its resources and capabilities to create a competitive advantage that ultimately results in superior value creation.

### Resources and capabilities

According to the resource-based view, in order to develop a competitive advantage the firm must have resources and capabilities that are superior to those of its competitors. Without this superiority, the competitors simply could replicate what the firm was doing and any advantage quickly would disappear.

Resources are the firm-specific assets useful for creating a cost or differentiation advantage and that few competitors can acquire easily. The following are some examples of such resources:

- Patents and trademarks
- Proprietary know-how
- Installed customer base
- Reputation of the firm
- Brand equity

Capabilities refer to the firm's ability to utilise its resources effectively. An example of a capability is the ability to bring a product to market faster than competitors. Such capabilities are embedded in the routines of the organisation and are not easily documented as procedures and thus are difficult for competitors to replicate.

The firm's resources and capabilities together form its distinctive competencies. These competencies enable innovation, efficiency, quality, and customer responsiveness, all of which can be leveraged to create a cost advantage or a differentiation advantage.

Competitive advantage is created by using resources and capabilities to achieve either a lower cost structure or a differentiated product. A firm positions itself in its industry through its choice of low cost or differentiation. This decision is a central component of the firm's competitive strategy.

## Differentiation Strategy

A differentiation strategy calls for the development of a product or service that offers unique attributes that are valued by customers and that customers perceive to be better than or different from the products of the competition. The value added by the uniqueness of the product may allow the firm to charge a premium price for it. The firm hopes that the higher price will more than cover the extra costs incurred in offering the unique product. Because of the product's unique attributes, if suppliers increase their prices the firm may be able to pass along the costs to its customers who cannot find substitute products easily.

The risks associated with a differentiation strategy include imitation by competitors and changes in customer tastes. Additionally, various firms pursuing focus strategies may be able to achieve even greater differentiation in their market segments.

## Focus strategy

The focus strategy concentrates on a narrow segment and within that segment attempts to achieve either a cost advantage or differentiation. The premise is that the needs of the group can be better serviced by focusing entirely on it. A firm using a focus strategy often enjoys a high degree of customer loyalty, and this entrenched loyalty discourages other firms from competing directly.

Firms that succeed in a focus strategy are able to tailor a broad range of product development strengths to a relatively narrow market segment that they know very well.

Some risks of focus strategies include imitation and changes in the target segments. Furthermore, it may be fairly easy for a broad-market cost leader to adapt its product in order to compete directly. Finally, other focusers may be able to carve out sub-segments that they can serve even better.

## Vertical integration

The degree to which a firm owns its upstream suppliers and its downstream buyers is referred to as vertical integration. Because it can have a significant impact on a business unit's position in its industry with respect to cost, differentiation, and other strategic issues, the vertical scope of the firm is an important consideration in corporate strategy.

Expansion of activities downstream is referred to as forward integration, and expansion upstream is referred to as backward integration.

The concept of vertical integration can be visualised using the value chain. Consider a firm whose products are made via an assembly process. Such a firm may consider backward integrating into intermediate manufacturing or forward integrating into distribution

Two issues that should be considered when deciding whether to vertically integrate is cost and control. The cost aspect depends on the cost of market transactions between firms versus the cost of administering the same activities internally within a single firm. The second issue is the impact of asset control, which can impact barriers to entry and which can assure cooperation of key value-adding players.

## Benefits of vertical integration

Vertical integration potentially offers the following advantages:

- Reduce transportation costs if common ownership results in closer geographic proximity.
- Improve supply chain coordination.
- Provide more opportunities to differentiate by means of increased control over inputs.
- Capture upstream or downstream profit margins.
- Increase entry barriers to potential competitors, for example, if the firm can gain sole access to a scarce resource.
- Gain access to downstream distribution channels that otherwise would be inaccessible.
- Facilitate investment in highly specialised assets in which upstream or downstream players may be reluctant to invest.
- Lead to expansion of core competencies. (see notes later in section)

### Drawbacks of vertical integration

While some of the benefits of vertical integration can be quite attractive to the firm, the drawbacks may negate any potential gains. Vertical integration potentially has the following disadvantages:

- Capacity balancing issues. For example, the firm may need to build excess upstream capacity to ensure that its downstream operations have sufficient supply under all demand conditions.
- Potentially higher costs due to low efficiencies resulting from lack of supplier competition.
- Decreased flexibility due to previous upstream or downstream investments. (Note however, that flexibility to coordinate vertically-related activities may increase.)
- Decreased ability to increase product variety if significant in-house development is required.
- Developing new core competencies may compromise existing competencies.
- Increased bureaucratic costs.

### The following situational factors tend to favour vertical integration:

- Taxes and regulations on market transactions
- Obstacles to the formulation and monitoring of contracts.
- Strategic similarity between the vertically-related activities.
- Sufficiently large production quantities so that the firm can benefit from economies of scale.
- Reluctance of other firms to make investments specific to the transaction.

### The following situational factors tend to make vertical integration less attractive:

- The quantity required from a supplier is much less than the minimum efficient scale for producing the product.
- The product is a widely available commodity and its production cost decreases significantly as cumulative quantity increases.
- The core competencies between the activities are very different.
- The vertically adjacent activities are in very different types of industries. For example, manufacturing is very different from retailing.
- The addition of the new activity places the firm in competition with another player with which it needs to cooperate. The firm then may be viewed as a competitor rather than a partner

### Alternatives to vertical integration

There are alternatives to vertical integration that may provide some of the same benefits with fewer drawbacks. The following are a few of these alternatives for relationships between vertically-related organisations:

- long-term explicit contracts
- franchise agreements
- joint ventures
- co-location of facilities
- implicit contracts (relying on firms' reputation)

## Core competencies

In their 1990 article entitled, *The Core Competence of the Corporation*, C.K. Prahalad and Gary Hamel coined the term core competencies, or the collective learning and coordination skills behind the firm's product lines. They made the case that core competencies are the source of competitive advantage and enable the firm to introduce an array of new products and services.

According to Prahalad and Hamel, core competencies lead to the development of core products. Core products are not directly sold to end users; rather, they are used to build a larger number of end-user products. For example, motors are a core product that can be used in wide array of end products. The business units of the corporation each tap into the relatively few core products to develop a larger number of end user products based on the core product technology.

The intersection of market opportunities with core competencies forms the basis for launching new businesses. By combining a set of core competencies in different ways and matching them to market opportunities, a corporation can launch a vast array of businesses.

Without core competencies, a large corporation is just a collection of discrete businesses. Core competencies serve as the glue that bonds the business units together into a coherent portfolio.

## Developing core competencies

According to Prahalad and Hamel, core competencies arise from the integration of multiple technologies and the coordination of diverse production skills.

There are three tests useful for identifying a core competence. A core competence should:

- provide access to a wide variety of markets, and
- contribute significantly to the end-product benefits, and
- be difficult for competitors to imitate.

Core competencies tend to be rooted in the ability to integrate and coordinate various groups in the organisation. While a company may be able to hire a team of brilliant scientists in a particular technology, in doing so it does not automatically gain a core competence in that technology. It is the effective coordination among all the groups involved in bringing a product to market that results in a core competence.

It is not necessarily an expensive undertaking to develop core competencies. The missing pieces of a core competency often can be acquired at a low cost through alliances and licensing agreements. In many cases an organisational design that facilitates sharing of competencies can result in much more effective utilisation of those competencies for little or no additional cost.

To better understand how to develop core competencies, it is worthwhile to understand what they do not entail. According to Prahalad and Hamel, core competencies are not necessarily about:

- outspending rivals on R&D

- sharing costs among business units
- integrating vertically

While the building of core competencies may be facilitated by some of these actions, by themselves they are insufficient.

### The loss of core competencies

Cost-cutting moves sometimes destroy the ability to build core competencies. For example, decentralisation makes it more difficult to build core competencies because autonomous groups rely on outsourcing of critical tasks, and this outsourcing prevents the firm from developing core competencies in those tasks since it no longer consolidates the know-how that is spread throughout the company.

Failure to recognise core competencies may lead to decisions that result in their loss.

By recognising its core competencies and understanding the time required to build them or regain them, a company can make better divestment decisions.

### Core products

Core competencies manifest themselves in core products that serve as a link between the competencies and end products. Core products enable value creation in the end products.

The core products are used to launch a variety of end products.

Because firms may sell their core products to other firms that use them as the basis for end user products, traditional measures of brand market share are insufficient for evaluating the success of core competencies. Prahalad and Hamel suggest that core product share is the appropriate metric. While a company may have a low brand share, it may have high core product share and it is this share that is important from a core competency standpoint.

Once a firm has successful core products, it can expand the number of uses in order to gain a cost advantage via economies of scale and economies of scope.

Prahalad and Hamel suggest that a corporation should be organised into a portfolio of core competencies rather than a portfolio of independent business units. Business unit managers tend to focus on getting immediate end-products to market rapidly and usually do not feel responsible for developing company-wide core competencies. Consequently, without the incentive and direction from corporate management to do otherwise, strategic business units are inclined to under-invest in the building of core competencies.

If a business unit does manage to develop its own core competencies over time, due to its autonomy it may not share them with other business units. As a solution to this problem, Prahalad and Hamel suggest that corporate managers should have the ability to allocate not only cash but also core competencies among business units. Business units that lose key employees for the sake of a corporate core competency should be recognised for their contribution.

### Generic strategies and industry forces

Generic strategies each have attributes that can serve to defend against competitive forces. The following table compares some characteristics of the generic strategies in the context of the Porter's five forces.

### Value creation

The firm creates value by performing a series of activities that Porter identified as the value chain. In addition to the firm's own value-creating activities, the firm operates in a value system of vertical activities including those of upstream suppliers and downstream channel members.

To achieve a competitive advantage, the firm must perform one or more value creating activities in a way that creates more overall value than do competitors. Superior value is created through lower costs or superior benefits to the consumer (differentiation).

## The value chain

To analyze the specific activities through which firms can create a competitive advantage, it is useful to model the firm as a chain of value-creating activities. Michael Porter identified a set of interrelated generic activities common to a wide range of firms. The resulting model is known as the value chain

The goal of these activities is to create value that exceeds the cost of providing the product or service, thus generating a profit margin.

Inbound logistics include the receiving, warehousing, and inventory control of input materials.

Operations are the value-creating activities that transform the inputs into the final product.

Outbound logistics are the activities required to get the finished product to the customer, including warehousing, order fulfilment, etc.

Marketing are those activities associated with getting buyers to purchase the product, including channel selection, advertising, pricing, sales etc.

Service activities are those that maintain and enhance the product's value including customer support, repair services, etc.

Any or all of these primary activities may be vital in developing a competitive advantage. For example, logistics activities are critical for a provider of distribution services, and service activities may be the key focus for a firm offering on-site maintenance contracts for office equipment.

These five categories are generic and portrayed here in a general manner. Each generic activity includes specific activities that vary by industry.

## Support activities

The primary value chain activities described above are facilitated by support activities. Porter identified four generic categories of support activities, the details of which are industry-specific.

**Procurement** - the function of purchasing the raw materials and other inputs used in the value-creating activities.

**Technology Development** - includes research and development, process automation, and other technology development used to support the value-chain activities.

**Human Resource Management** - the activities associated with recruiting, development, and compensation of employees.

**Firm Infrastructure** - includes activities such as finance, legal, quality management, etc.

Support activities often are viewed as "overhead", but some firms successfully have used them to develop a competitive advantage, for example, to develop a cost advantage through innovative management of information systems.

## Value chain analysis

In order to better understand the activities leading to a competitive advantage, one can begin with the generic value chain and then identify the relevant firm-specific activities. Process flows can be mapped, and these flows used to isolate the individual value-creating activities.

Once the discrete activities are defined, linkages between activities should be identified. A linkage exists if the performance or cost of one activity affects that of another. Competitive advantage may be obtained by optimising and coordinating linked activities.

The value chain also is useful in outsourcing decisions. Understanding the linkages between activities can lead to more optimal make-or-buy decisions that can result in either a cost advantage or a differentiation advantage.

## Research finds consumers in Brazil and Mexico use internet differently

Forrester survey finds opportunities for mobile marketing to cell phone addicts  
Roxana Strohmenger

A digital divide still persists in Latin America, where 56% of metropolitan Brazilians and Mexicans are online. Understanding their differences in behaviour and level of engagement is critical for marketers seeking an effective media allocation mix for Latin America.

Here are some highlights from a new Forrester Latin American Techno graphics survey of more than 6,000 urban consumers in the 12 largest metropolitan regions in Brazil and 10 in Mexico:

Broadband adoption is emerging but at different rates. While 45% of Brazilians -- 50 million metropolitan adults -- connect to the internet via broadband, Mexicans are adopting at a much slower rate of only 28%, or 16 million metropolitan consumers.

Similar to what we've seen in other countries, the low adoption numbers are not influenced by consumers using at-home dial-up instead of broadband. Rather, these consumers do not have home computer access in the first place.

Degree of online engagement is not similar -- Brazilians are more active and social. Although online Brazilians and Mexicans are on par with the fundamentals like emailing, online Brazilians demonstrate higher levels of online engagement overall. The biggest difference is in social media. Brazilians are fanatical about social media: 63% of them regularly use social networking sites, adding up to 40 million metropolitan consumers. This is in stark contrast to Mexico, where only 22% of online metropolitan Mexicans -- 7 million people -- use social networking sites.

Many offline consumers find the internet mysterious. In markets where the internet is relatively new, such as Brazil and Mexico, many consumers are still trying to understand what it will add to their lives. This is reflected in the fact that 66% of offline Mexicans and 44% of offline Brazilians say they aren't online because they just don't know enough about the internet. Furthermore, about one-third of offline consumers in both countries say that they will never go online.

Roxana Strohmenger is a senior survey manager at Forrester Research. More Latin American data from Forrester can be found on their website.

## A world of inspirational problem-solving, savvy brands and smart marketing

Ann Marie Kerwin

It's surprising what you can learn about local marketing from the parochial approach of South African chicken chain Nando's as it expands into three continents. Or how customer service can be the differentiator that makes an upstart brand like Brazilian airline Azul. Or how to keep your cachet even when moving into second and third-tier markets as Swedish retailer H&M has done in its aggressive global expansion.

### World's hottest brands

They are among the World's Hottest Brands, an Ad Age Insights global report that tells the stories of 30 brands succeeding on a global, regional and local level.

The goal was not to create a list of the largest global marketers or rank the brands that contribute the most to their company's market value -- plenty of others tackle those lofty questions. Rather, we sought to chronicle the brands percolating at the local and regional level; sometimes great marketing lessons can happen in your backyard, sometimes halfway around the world.

But talk about a tough time to identify the world's hottest brands. Categories from banking to automotive to retail were slammed as unemployment went up and consumer spending took a nosedive. Some marketers got by on the brand equity they've spent years building, others had to find a way to create demand for their products.

Take, for instance, Banco Hipotecario, which faced an arguably more devastating loss of consumer confidence in 2001. That was the year Argentina's economy spectacularly collapsed, leaving a legacy of mistrust for all institutions. Over the past two years, Banco Hipotecario set out to win back consumers' trust through smart marketing. The bank's ads celebrated the idea of ownership, and reminded consumers why a relationship with a bank is more than a necessary evil.

Auto brands had an especially tough 2009. But BMW managed to record a late-year uptick in sales, which it attributed to the growing market for luxury autos in China and coupling its long standing tagline, "The Ultimate Driving Machine," with a new element: Joy.

This information can be found in the latest Ad Age Insights 66-page, digital global report includes 30 case studies examining brand strategies as well as 32 videos of ads and viral content. The full report, as well as a preview, is available at [AdAge.com/whitepapers](http://AdAge.com/whitepapers).  
[adage.com](http://adage.com)

## Keeping brands relevant

### How brands deliver value

**Good Marketing is about adding value** – To build a brand, you have to focus on what you do that adds value for customers. Do you deliver on the promise of your value offer - on time, every time? Do your clients get value by investing in you?

Branding integrates quality, customer service, marketing communication and value to present a unified message about the organisation, its products.

Your brand will integrate all your marketing around a core idea and vision. As a result, you will find it easier to sell yourself, because your message will be uniform and powerful.

Brands represent a cluster of benefits to both the supplier organisation and the buyer/consumer. Brands create value for organisations and buyers through the following:

- As Legal Identifiers – a legal mark of ownership
- By Creating Identity, Uniqueness, Image and Personality
- By Providing the Focus for a Relationship - between supplier and buyer
- By Providing the Organisation with Vision – the reason for the brands existence
- By Assisting Marketing Communication – a brand is a shorthand description of the many positive (and negative) elements that a value offer/product represents

Brands act as risk reducers (performance; financial; time, psychological) when buyers can identify their previous purchases

Because buyers can express preferences for a brand, organisations can better forecast demand and plan production and distribution

Over the years, many brands have met untimely deaths. Many more have steadily declined into oblivion, while others have been revived. When a brand dies, significant investments that were made to build the brand are also lost. Unfortunately, even the strongest brands with high net worth are not immune from brand decline and subsequent death.

Why do marketers wait until their brands are in decline before they do something? Good marketers are looking at renewing their brands while they are strong and growing. They look for changing market dynamics and address them as opportunities.

Keeping a brand relevant by reviving it may very well be a more attractive strategy than launching a new brand. As Aaker (1991) pointed out, "the revitalisation of a brand is usually less costly and risky than introducing a new brand, which can cost tens of millions and will more likely fail than succeed". Sometimes dying or dead brands may still have significant brand equity in terms of high brand awareness and a strong brand image.

Brands will decline as a result of a wide variety of factors. While the ultimate death of a brand typically receives a lot of attention, it is often preceded by a slow, debilitating decline over a prolonged period (Semans, 2004)

Brands decline and die as part of normal brand evolution. The popular product life cycle (PLC) framework identifies four stages—introduction, growth, maturity, and decline. The alternative, extended MAANZ Offer Life Cycle OLC adds development, launch and eventually elimination. The simplicity of these framework is appealing.

Another, more evolved form of the PLC framework—the product evolutionary cycle (PEC), proposed by Tellis and Crawford (1981)—offers additional insights into how a brand grows. This framework implies that a brand can evolve, and is not predestined to die.

Managerial actions, both strategic and tactical, play a vital role in determining a brand's future. Thus, in the context of brands, managerial and entrepreneurial activities constitute the generative force, the market environment acts as the selective force, and competitors' actions and responses to marketing initiatives constitute the mediative force.

The ultimate sign of an impending brand decline and ultimate death is a significant drop in sales over a sustained period. While sales can fluctuate in response to the market dynamics and competitors' actions, a prolonged decline is a clear warning sign.

## Brand neglect

A successful brand can lull its management into complacency. The sheer success of a brand becomes its own undoing. When a brand becomes popular, inaction creeps in. Even successful brands need constant nurturing. However, management can lose sight of this, start looking at its core brands as cash cows, and neglect to invest in them (Aaker, 1991).

## Brand neglect elements

The following are some of the key elements that highlight brand neglect

### Differentiation

Differentiation is the anchor of a brand's equity. Without differentiation, a company cannot charge a premium, nor can it sustain a brand. After all, how a brand is differentiated is at the core of any persuasive marketing message by a company to urge customers to buy its brand. Lack of differentiation will likely lead to decline.

### Environment

Markets are dynamic in nature and will be influenced by the larger environment they operate in. They can undergo major transformations, which in turn, have an impact on the various companies in an industry and their brands.

### Competition

In most market, a brand faces competitors. This can become particularly problematic if the competitors develop better strategies.

### Target market dissatisfaction

When the target market moves away from the brand, the brand will move into decline.

### Lowered brand awareness

Brand awareness is the most widely used gauge of brand knowledge. If brand awareness is falling, this could be a serious long-term problem. Typically, a popular brand will have very high aided recall and high top-of-the-mind (and unaided) recall—both indicators of brand awareness. However, aided recall levels tend to decline more gradually; so, managers' reliance on (high level of) aided recall can be misleading. Special attention, therefore, should be paid to the top -of-the-mind recall. When a brand's top-of-the-mind recall starts slipping, it is likely getting pushed into the background.

### Fixing weak brand elements

Addressing the weak element can help capture the equity that remains in the brand that would otherwise be lost, and put the brand back on course to get appropriate returns from investment. The following guidelines should be helpful to managers. Understanding these elements enables brand managers to see opportunities to credibly renew the brand.

### Take a long term perspective

Branding is a long term exercise. Most brands take a long time to build, and a long time to die. Reviving a brand is also a long term exercise, typically lasting more than a year or two.

A long term perspective is important even if that means taking losses in the interim. This long term vision then has to be followed by a well thought-out strategy and its execution. The process is started by addressing the causes of the decline, understanding the brand's promise (and why it may have failed to maintain its relevance), adjusting it if necessary, and educating the market about it.

### Research

Marketing research should be an integral part of this exercise to assess and track brand awareness and brand image

## Resist the temptation to “milk” the brand.

If a brand is to be revived, the management has to invest in the brand.

## Develop a total understanding of your brand

A total understanding of the current brand, one that is target segment(s) focused and with a vision of the brand's future are crucial. Typically, you need an understanding of the brand's heritage, personality, iconography, customer benefits, physical features and perceived value in the minds of customers, intermediaries and supporters.

## Carefully differentiate and reposition the brand

A brand's promise plays a major role in differentiating the brand from the competitors. If a brand is not viewed as different from others in the market, then its future growth is likely to be in question.

## Look for target segment changes

Brand managers need to be able to spot trends early by tracking their target segments closely.

In particular the brand manager needs to keep in touch with the key segmentation variables that form the key factors for targeting the particular chosen markets

What are the key situational variables for the Target Market? Are they changing?

What are the key benefits sought? Are they changing? What other benefits are now being sought – since this brand now delivers them? What benefits offered by competitors are now considered important?

How are lifestyles and general attitudes changing?

Be sensitive to trends with the potential to cross segments

What trends are becoming important to the TM?

## What are the key issues?

Not every brand issue is an important competitive one, but proactive brand managers are much more likely to understand and distinguish among different types of threats and respond accordingly.

Marketing strategist David Aaker lists these threats as commoditisation, brand lethargy, and changing customer dynamics:

**Commoditisation** is characterised by increasing price competition, entry of low-cost competitors, and narrower margins.

**Brand lethargy** is often a problem for category leaders who fall into the trap of repeating past success factors rather than updating the brand and keeping it fresh and alive.

Brand relevance underlies **customer dynamics** issues. Changing technologies, lifestyle patterns, or attitudes typically cause a brand or a category to become less relevant to peoples' lives.

## Reconsider strategies

A good strategy may be a simple concept but it is rarely reliant on only a single marketing mix factor. Too many marketers think only in terms of a Promotional or Pricing strategy.

Of course Promotion is an important component to building differentiation, energising a brand, or building relevance. But alone it is not likely to be effective. Good brand communications and pricing reflect fundamentally different strategies to cope with differentiation, brand energy, or relevance. Pricing is also a key component of a good strategy. The other standard marketing mix elements will also need consideration in an effective brand strategy.

## Pricing

**Price Increases** If a company continues to raise prices without offering a corresponding increase in benefits, sooner or later consumers will start to abandon the brand.

**Price Cuts:** Conversely, when a company cuts prices in desperation to increase sales, it can also damage the brand.

## Product quality

When compromises in product quality for cost-cutting reasons do not impact brand loyalty in the short run, managers mistakenly conclude that consumers are willing to accept "or live with" it. However, when the customers' experience with the brand does not live up to their expectations, the brand eventually starts to decline.

## Product differentiation

Successful differentiation in increasingly commoditised categories will always require finding a variety of methods to provide more emotional reasons for customers to prefer the brand. Emotional leverage enhances consumer credibility and trust in innovations that drive big margin gains. Emotional bonds provide a platform to charge more despite the competition.

Whatever the issue, there is always going to be one central truth – It is customers which must drive brand decisions. Brand managers must understand the brand through customers' eyes, track how different customer segments are changing, identify the different issues customers have in their lives, and link the brand to customer needs.

## 100 Top marketing blogs

[Seth's Blog](#)

[\[chrisbrogan.com\]](#)

[Search Engine Land](#)

[Econsultancy's Internet Marketing Blog](#)

[Online Marketing Blog](#)

[Search Engine Watch](#)

[PSFK](#)

[Brian Solis](#)

[Marketing Pilgrim](#)

[Search Engine Journal](#)

[Search Engine Roundtable](#)

[SEOMoz Blog](#)

[ShoeMoney](#)

[John Chow dot Com](#)

[HubSpot Internet Marketing Blog](#)

[Copyblogger](#)

[ProBlogger](#)

[I believe in adv](#)

[adfreak](#)

[Social Media Examiner](#)

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# Marketing Extr@

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- [Jims Marketing Blog](#)
- [Cherryflava](#)
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- [Affiliate Marketing Blog by Shawn Collins](#)
- [The Michel Fortin Blog](#)
- [Damn, I Wish I'd Thought of That!](#)
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- [NevilleHobson.com](#)
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## Value? What is it?

As the economist Henry George pointed out over 100 years ago, there are two basic types of value:

- exchange value - what something is worth in a simple buyer-seller transaction - measured in money.
- utility value - what something is worth to its user as it used - measured in money.

In this way, the exchange value of a painting by Picasso, for example, equals the amount it can fetch at an auction. Its utility value might lie in its ability to create prestige by contributing artistic merit to the room in which the painting is hung.

The market establishes the exchange value of products through supply and demand.

- Supply comes from the ability of a provider to satisfy demand profitably.
- Demand lies in the will and the ability of buyers to make a payment (not just money, but also other forms of value), based on their want and need; typically based on their perception of utility value.

The market establishes the price and that price reflects the utility value of the "last" or most "marginal " buyer. All the other buyers gain a surplus from the transaction the difference between their utility and the market price.

Same applies to suppliers. The "last" supplier gets a reasonable return. The other suppliers get a surplus - the difference between what they are willing to take and the exchange price. In the case of suppliers we call that surplus a "rent". And that's where the "Resources Rent Tax" that brought down Rudd comes from

The following list indicates the fundamental source of value:

- reduced stress
- reduced cost
- reduced risk
- convenience
- pleasure
- increased profit
- importance or prestige
- entertainment or enjoyment
- respect or validation
- security
- comfort
- sense of advantage.

Awareness of the nature of value makes it easier to evaluate and establish a price.

## Event planning

### An on-Site program room management checklist

#### A. Speakers

1. Provide a preparation room where speakers may practice presentations in advance of a session.
2. Ask speakers to gather in the preparation room at least 1 hour in advance of their scheduled presentations. This will provide enough time for their presentation to be uploaded to their specified Conference room.
3. Ensure there is a nominated Conference Chair at each session. This will ensure time guidelines are met and each speaker is professionally introduced.

#### B. Signs

1. Signs, with print visible from distances, should be outside every room used for sessions and ancillary functions such as offices, press rooms, speaker prep etc.
2. Signs stating the title or topic of the session should be affixed to lecterns with heavy-duty, double-stick tape or Velcro (with the venues' permission).
3. Speaker tent cards, if used, should be printed in minimum 42-point type and placed on head tables, except when there is a talk-show-style set, in which case speakers are seated informally in chairs and there may not be a table appropriate for the purpose.
4. All signs and tent cards should be collected at the close of each session, and changed if another session is to follow in the same room.

#### C. Audio-Visual

1. Check the placement and test the working order of all equipment when it is first set and again before a session begins.
2. Pay for technicians to be available for AV tests, and to be in each session room or nearby to assist with sound levels and, if needed, to lower and raise lights or operate equipment for a speaker.

3. Have light bulbs that are directly over screens taken out. Most lights can be left on for presentations, but the ones over screens create a washed-out look.
  4. Back-up batteries for wireless equipment (microphones, pointers, etc.) and spare bulbs for data projectors should be readily available.
  5. Wires and cords should be taped down.
  6. Markers for use with overhead projectors or flipcharts should be new.
- D. Miscellaneous Logistics
1. Establish the times at which doors to session rooms will be unlocked, lights turned on, and temperature raised or lowered appropriately.
  2. Full water pitchers, glasses, pads and pencils, handouts and evaluations should be on tables or in the room.
  3. Announcements, including exit locations and emergency procedures, should be typed and available to the session moderator or other session official.
  4. If using a room after a break, ensure the time it will be cleaned and refreshed, and if necessary re-set.
  5. Monitor each session continuously — and correct when necessary — for:
    - a. Sound bleed from other rooms.
    - b. Equipment needs: more chairs, audiovisual breakdowns, or any spontaneous speaker needs.
    - c. Physical/structural problems
    - d. The general comfort of participants and speakers.
- <http://conferencebureau.wordpress.com/>

## How ambush marketing ambushed sport

### Ambush marketing in action

- 1984: Kodak sponsors TV broadcasts, despite Fuji being Los Angeles Olympics' official sponsor. Fuji returns favour at Seoul 1988 Games
- 1992: Nike sponsors news conferences with the US basketball team. Michael Jordan accepts the gold medal for basketball and covers up his Reebok logo
- 1994: American Express creates runs ads claiming Americans do not need "Visas" to travel to Norway for the Winter Olympics
- 2000: Qantas Airlines' slogan "Spirit of Australia" coincidentally sounds like games slogan "Share the spirit" to chagrin of official sponsor Ansett Air

Sponsorship is big business, both for the brands splashing out and sporting governing bodies cashing in - meaning that so-called "ambush marketing" has itself become a huge growth industry.

And sport fans in the UK can expect to witness even tougher anti-ambush measures as a result of strict legislation passed by Parliament ahead of the 2012 London Olympics.

"Events like the Olympics and the World Cup are hugely expensive to put on, so they need big-money sponsors and this in turn means that the organisers must protect aggressively against ambush marketing," says intellectual property barrister Phillip Johnson, a visiting senior fellow at Queen Mary, University of London.

"But this means there is potentially huge exposure for anyone who manages to outwit them."

During the 2006 World Cup in Germany, dozens of Dutch men watched the Netherlands play in a Stuttgart stadium in their underwear after stewards ordered them to remove orange lederhosen bearing the Bavaria name.

And this was only the latest in a long line of ploys executed by firms shut out of sponsorship arrangements.

One of the most notorious - or audacious, depending on your viewpoint - examples saw Nike buying up billboard space around venues in the 1996 Atlanta Olympics, constructing Nike Village next door to the athletes' village and distributing flags bearing the company logo - swamping the visibility of Reebok, ostensibly the Games' official sports footwear patron.

Indeed, according to Simon Chadwick, professor of sport business strategy and marketing at Coventry University Business School, Nike has made a conscious decision to eschew event sponsorship and cast itself as the plucky underdog in contrast with the likes of Adidas.

"What you're now starting to see is all these consultancies emerging advising on how to pull off an ambush," he says. "There's a mini-industry on both sides, with official sponsors and governing bodies not wanting to take any chances."

The organisers of the 2012 Olympics have already taken the precaution of booking almost all the city's billboard space during the games.

The London Olympic Games and Paralympic Games Act 2006 created the London Olympic Association Right (LOAR), which gives the games' organisers the power to grant licences to authorised sponsors to use the symbols, words and logos of the event.

It also prevents any advert or merchandise with the combination of words and symbols which could create an unauthorised association with the games.

There are two lists of prohibited expressions, with marketers falling foul if they use any two words in list A, or any word in list A with one or more of the words in list B.

Companies deemed to have broken the rules could face fines of up to £20,000.

"Those hoping to bask in London's moment in the sun may be surprised at how restrictive the provisions of the Olympics Act are," says David Thorp of the Chartered Institute of Marketing (CIM).

A CIM paper entitled *The Event That Dare Not Speak Its Name* warns that the legislation could be a potential "time bomb" for businesses, with an Ipsos MORI poll suggesting that 42% of practitioners in the industry expect to undertake "some Olympics-related marketing activity".

However, a spokesman for the London Organising Committee insisted that the Games could not go ahead without sponsorship and that it had a duty to protect those brands that were shelling out.

"We will take a firm but pragmatic approach to ambush marketing at Games time and deal with any issues on a case-by-case basis," he added. "Any action will depend on the nature and intent of the ambush."

Whatever happens, it appears inevitable that plenty of organisations will be setting out to identify their brand name with the event - whether they play by the rules, or engage in rather less sporting behaviour.

## The top 10 most powerful words

According to the psychology department at Yale University, some words in the English language are more powerful than others. And their top 10 most powerful:

1. You -- Listed as the #1 most powerful word in every study reviewed. Because of the personal nature of advertising copywriting, you should use "you" in your headline, opening line and as often as possible. In fact, many copywriters will throw out a headline if "you" is not in it.
2. Results -- Works in rationalising a purchase.

3. Health -- Especially powerful when it applies to a product.
4. Guarantee --Provides sense of safety at time of purchase.
5. Discover -- Presents a sense of excitement and adventure.
6. Love -- Continues to be an all-time favourite.
7. Proven -- Helps remove fear from trying something new.
8. Safety -- This could refer to health or long-lasting quality.
9. Save -- We all want to save something.
10. New -- It's part of basic human makeup to seek novelty.

ANNOUNCING  
 BARGAIN  
 CHALLENGE  
 COMPARE  
 DISCOUNT  
 DISCOVERY  
 EASY  
 EXCLUSIVE  
 HURRY  
 IMPORTANT  
 IMPROVEMENT  
 MIRACLE  
 PLUS  
 PRACTICAL  
 YOU  
 ABUNDANCE  
 ACHIEVEMENT  
 CHARITY  
 CONFIDENCE  
 CREATIVITY  
 ENERGY  
 FREEDOM  
 GRACE  
 GUIDANCE  
 HAPPINESS  
 HARMONY  
 HEALTH  
 HONESTY  
 INSPIRATION  
 INTELLIGENCE  
 KINDNESS  
 LIFE

LOVE  
MEMORY  
PEACE  
PERSISTENCE  
POISE  
POWER  
PURPOSE  
RESOURCEFULNESS  
SERENITY  
STRENGTH  
SUCCESS  
VITALITY  
WISDOM  
FREE  
YOU  
NEW  
HOW

## Marketing Practise – From Naïve to Advanced

### What is marketing?

If you think the concept of marketing is well understood, take a look at some of the discussions in places like LinkedIn on the topic(s) what is marketing?

Basically there are three sets of views:

1. The naïve one – Marketing is there to support selling
2. The simplistic one – Marketing is making sales
3. The marketing concept one – Marketing is putting customers desires as the primary function

Term 1 is simply naïve and wrong. It identifies that the person making the statement has no idea of the overall nature of marketing and that (personal) selling is (perhaps) a function within any marketing activity. Marketing can exist without personal selling.

Much to the chagrin of “modern, business school trained marketers” the second version is in fact correct. The term marketing refers to any form of the exchange of value. The second view is termed simplistic because it does not recognise that the marketing concept (view 3) is the logical advance on any number of basic forms of marketing (eg Product based or sales/promotion based)

The third view – the marketing concept based view, is what all “trained marketers understand. It has been written about for at least forty years.

But marketers need to understand that Marketing can be seen in many ways. For example:

1. Engaging in the design, promotion, distribution and sale of products (goods and services).
2. Buying and selling products

3. Dealing in a marketplace (physical and virtual)
4. Turning something into a commercial proposition
5. Exchanging data in a two way traffic with a market target with the aim of selling a product.  
(more later)
6. Marketing is those activities used to gain a desired response.
7. Organised action taken to generate a sale or other predefined result
8. Various definitions based on marketing being a concept that puts the customer first (more later)

### Marketing is basically about exchanges.

Any exchange can be classified as a marketing exchange where a maker and/or supplier exchanges something of potential value with a recipient/buyer in exchange for some form of value as a payment as in Figure 1

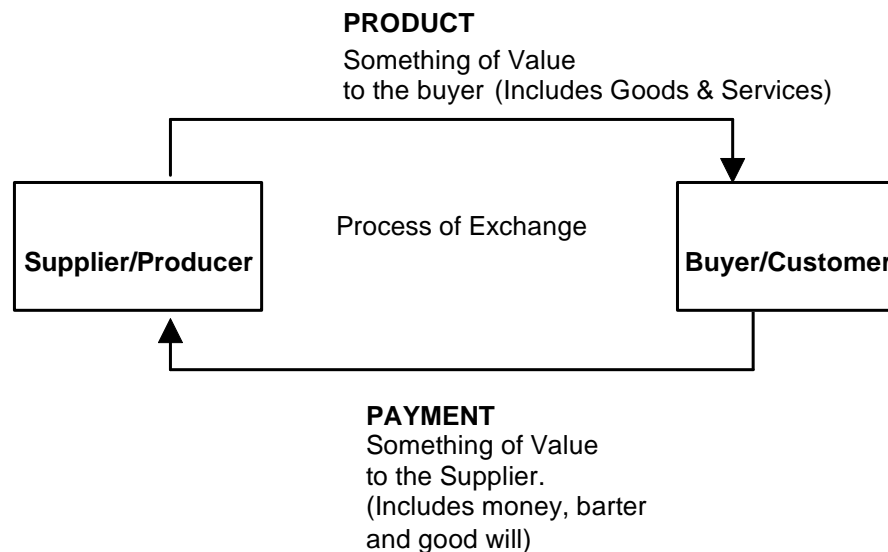


Figure 1 Marketing Exchange This illustrates the process of a marketing exchange. The arrows indicate that the parties communicate; that each has something of value available to exchange. The Business (e.g. supplier, seller, originator etc) has a Product (e.g. idea, goods, place, services, technology etc.) and they want to get something back for it – Payment (e.g. money, barter, goodwill, applause, more business, etc.) from a Buyer (e.g. the market – buyer, customer, and consumer). Note, that even though an exchange may take place marketing activities still have occurred.

### The term Marketing is often used used...

1. **As a description for some part of the company's organisation or a person's job title**, such as the 'marketing department' or 'marketing director'.
2. **To describe certain functions within an organisation.** Such activities as advertising, market research, merchandising, sales or product management, can be conveniently described by the collective term 'marketing' to distinguish them from other activities coming under the heading of production, finance and other sub-divisions of an organisation company.
3. **To describe the activities involved in the exchange of products** (goods, services, property) from seller (provider or vendor) to buyer (customer or purchaser) for an agreed upon value (usually money or money equivalent)

or the promise to pay same plus). Thus we can describe any exchange (simple or complex) as a marketing exchange if there is an exchange of value between two parties

4. **To indicate a particular business philosophy or approach to business, or a management attitude,** in relation to customers and their needs. This 'business philosophy' has become known as the 'marketing concept'.

An exchange is the provision or transfer (sale, hire) of something of value- a product (goods, services, ideas) in return for a payment (something of value, including money, time, risk)

The something of value held by the two parties are most often products and/or financial resources, such as money or credit. When an exchange occurs, products are traded for other products or for financial resources.

"The core concept of marketing is the transaction. A transaction is the exchange of values between two parties. The things-of-value need not be limited to goods, services, and money; they include other resources such as time, energy, and feelings. Transactions occur not only between buyers and sellers, and organisations and clients, but also between any two parties. Marketing is specifically concerned with how transactions are created, stimulated, facilitated and valued. This is the generic concept of marketing..." **Philip Kotler**

## A Product?

Anything may be regarded as a product may be involved in a marketing exchange. We assume only that individuals and organisations expect to gain a reward in excess of the costs incurred.

## Everyone markets

All organisations perform marketing activities to facilitate exchanges. Businesses as well as non-business organisations, such as colleges and universities, charitable organisations, community theatres, and hospitals, perform marketing activities. For example, colleges and universities and their students engage in exchanges. To receive instruction, knowledge, entertainment, a degree, the use of facilities, and sometimes room and board, students give up time, money, and perhaps services in the form of labour; they may also give up opportunities to do other things. Likewise, many religious institutions engage in marketing activities to satisfy their "customers". Even the sole owner of and worker in a small corner shop decides which products will sell, arranges deliveries to the shop, prices and displays products, advertises, and serves customers.

For an exchange to take place, four conditions must exist. First, two or more individuals, groups, or organisations must participate. Second, each party must possess something of value that the other party desires. Third, each party must be willing to give up its "something of value" to receive the "something of value" held by the other party. The objective of a marketing exchange is to receive something that is desired more than what is given up to get it, that is, a reward in excess of costs. Fourth, the parties to the exchange must be able to communicate with each other to make their something of value available.

## Customer concept based definitions of marketing

Whilst there are many definitions of marketing, all modern (customer concept) definitions focus primarily on customer orientation, and satisfaction of customer needs.

**William J. Stanton** - "...the marketing concept is a philosophy of business which states that the customer's want satisfaction is the economic and social justification of a company's existence. Consequently, all company activities in production, engineering, and finance, as well as in marketing, must be devoted first to determining what the customer's wants are and then to satisfying those wants."

**Peter Drucker** - "It is the customer who determines what a business is. It is the customer alone whose willingness to pay for a good or service converts economic resources into wealth, things into goods. What the business thinks it produces is not of first importance - especially not to the future of the business and to its success... What the customer thinks he/she is buying, what he/she considers value, is decisive - it determines what a business is, what it produces and whether it will prosper."

Marketing is the process of planning and executing the conception, pricing, promotion, and distribution of ideas, goods, services to create exchanges that satisfy individual and organisational goals. (Kotler, Keller, '05)

Marketing is both a set of activities performed by organisations and a social process. Micro-marketing is the performance of activities that seek to accomplish an organisation's objectives by anticipating customer or client needs and directing a flow of need satisfying goods and services from producer to customer or client. (Perreault and McCarthy '05)

Marketing is the process of planning and executing the conception, pricing, promotion, and distribution of ideas, goods, and services to create exchanges that satisfy the perceived needs, wants and objectives of individuals and organisations. (Arens, Weigold, Arens: 2008)

**The American Marketing Association:** Marketing is a function and a set of processes for creating, communicating, and delivering value to customers and for managing customer relationships in ways that benefit the organisation and its stakeholders. (July 2010)

**The Marketing Association of ANZ:** The marketing concept is a philosophy. It makes the customer, and the satisfaction of their needs, the focal point of all business activities.

Marketing is a philosophy and a process involving all the activities designed to generate and facilitate any exchange intended to satisfy human needs and wants

Marketing is essentially about effectively managing the resources of an organisation so that they meet the (changing) needs of the target market (customer) on whom the organisation depends, in a way that best satisfies the objectives of that organisation.

### The marketing concept

In its fullest sense, the marketing concept is a philosophy of business which states that the customer's want satisfaction is the economic and social justification of a company's existence. Consequently all company activities in production, engineering and finance as well as in marketing activities, must be devoted to first determining what the customer's wants are and the satisfying these wants while achieving their goals. The marketing concept holds that firms can gain more by being oriented outward toward the market instead of inward toward the products

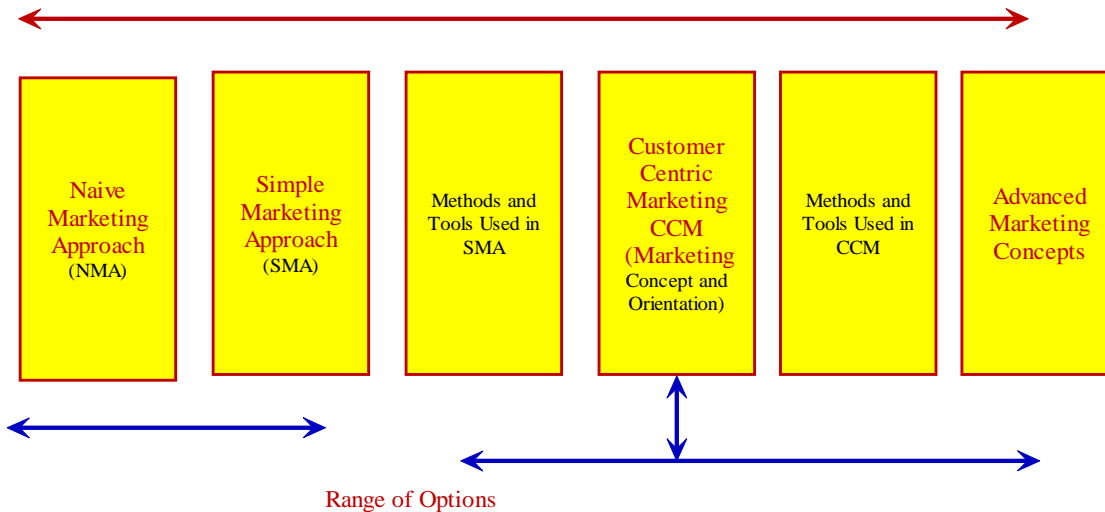
In this definition, an exchange is the provision or transfer of goods, services, and ideas in return for something of value. Any product may be involved in a marketing exchange. We assume only that individuals and organisations expect to gain a reward in excess of the costs incurred.

### The marketing continuum

Because marketing extends from the Naive and Simple to the Customer oriented concept, and even an advanced (societal) marketing concept, marketing can be seen as a continuum of practise,

The following continuum, shown in Figure 2 shows this graphically.

## Marketing Practise Continuum



**Figure 2 The Marketing Practise Continuum**

In this diagram:

A **Naïve Marketing** approach is an exchange that takes place without any real concept that marketing methods (see below) are used. The first example would be a salesperson who has no concept that what they are doing is part of a more extensive activity. A second example would be a son asking his father for a loan of a car with the father agreeing – if the son washes it. An exchange of value and a form of negotiation has been present. But neither is aware of marketing as a factor in the exchange process.

A **Simple Marketing** approach is probably still the most common form of marketing and is one of the earliest of planned and organised social activities. It is most likely to be a commercial exchange and conscious effort that has been applied by the seller in the use of marketing methods or tools to affect a sale. An example would be someone having some tools which they will exchange with someone else in return for a payment. Both parties are aware it is a form of selling and buying. This form of marketing is regarded as “Inside-out marketing” where the seller’s internal perceptions and ambitions are all important. It is now regarded as the old style of marketing thinking

The Simple Marketing approach can use a variety of marketing tools to develop a strategy which in the modern Customer Centric or Marketing Concept approach would be called the marketing mix. Usually however there will be a prime focus on using one tool. The standard tools will involve either the Product (Product centred) or Promotion (advertising or Personal selling)

**Customer Centric Marketing** is regarded as a modern business concept as it has been extensively written about over the past four decades. This modern concept has the fundamental idea of marketing that organisations survive and prosper through focusing primarily on meeting the desires (needs and wants of customers) in return for something of value. This approach or perspective is commonly known as the Marketing concept. This form of marketing is regarded as “Outside-in marketing” where the potential buyer’s viewpoint and satisfaction is considered paramount

This approach will use an integrated marketing mix to develop a marketing strategy for each customer group (target segment/target market) The most commonly accepted marketing mix is known as the four P's (Product; Price; Promotion; distribution) where the mix is varied to match the desires (needs and wants) of target segments)

The **Advanced Marketing** approach covers the use of advanced tools and concepts, but still keeping the primary business focus on satisfying customers. The advance refers to adding other stakeholders to be important considerations. The best known form of this is the societal approach.

### A Simple Marketing Approach (SAM)

In the concept of a Simple Marketing Approach, we find organisations focusing primarily on internal activities to gain success in marketing exchanges. The main approaches focus on the Product; Promotion (advertising and personal selling) and Price.

Some organisations focus on a **Product Approach**. They try to develop a technically superior value proposition (product). This approach is used by many technology/engineer driven organisations. The concept is that the supplier is the expert and if it produces a product of technical superiority, then the market will buy it. For example in the mobile communication and home computer markets, new products are developed just because there is new technology available. Whilst a well designed product is often valued, there are many other factors buyers will consider in deciding whether or not to purchase.

The second approach is **Promotional (primarily Advertising or Personal Selling) approach**. This is where organisations decide that customers can be **persuaded** to buy their products. Persuasive communication is a useful aspect of marketing, but it is not enough on its own to guarantee success.

A third style or approach is perhaps the most persistent of all non customer centric marketing approaches. This is the **Low Price is the Answer to all Problems** approach. This is basically about getting **business at any price in order to maintain production**. This is usually associated with having a large investment in equipment and being focused on using it to its maximum.

Price is indeed an important factor in marketing; but it is only one factor and rarely well understood outside of the Value based marketing approach that this book takes. It is a simple fact that **not everyone wants the product with lowest price – but everyone wants the best value**. The Value Based Marketing Model is much more complex and realistic than just a simplistic low price approach.

### Customer centric marketing (Marketing concept and orientation)

All good management is focused on where, when and how to best apply our skills and resources. The key elements of a successful business activity are to focus on where your income is coming from - your customers. This is customer centric marketing or the Marketing Concept.

The Marketing Concept is a goal-oriented, integrated philosophy practiced by producers and suppliers of products (goods and services) that has a primary focus on satisfying the needs of consumers over the (secondary) needs of the producing/supplying organisation.

The marketing concept holds that the desires and needs of the target market must be determined and satisfied in order to successfully achieve the goals of the producer.

It is a fundamental idea of marketing that organisations survive and prosper through meeting the needs and wants of customers.

The marketing concept is about matching a company's capabilities with customer wants. This matching process takes place in what is called the marketing environment.

## Advanced marketing concepts

Advanced marketing takes the position that marketing is even more than putting the customer first.

**Relationship marketing** takes the view that the customer is not only the primary target of marketing efforts, but is also a real partner and co-creator of the product.

The **societal marketing** concept is an enlightened marketing concept that holds that a firm should make good marketing decisions by considering consumers' wants, the company's requirements, as well as society's long-term interests. It is closely linked with the principles of corporate social responsibility and of sustainable development.

The concept has an emphasis on social responsibility and suggests that for a company to only focus on exchange relationship with customers might not be suitable in order to sustain long term success. Rather, marketing strategy should deliver value to customers in a way that maintains or improves both the consumer's and the society's well-being.

Societal marketing should not be confused with social marketing. The societal marketing concept was a forerunner of sustainable marketing in integrating issues of social responsibility into commercial marketing strategies. In contrast to that, social marketing uses commercial marketing theories, tools and techniques to social issues. Social marketing applies a "customer orientated" approach and uses the concepts and tools used by commercial marketers in pursuit of social goals like Anti-Smoking-Campaigns or fund raising for NGOs.

## New marketing terms for the MAANZ glossary

The following new terms will be added to the MAANZ Marketing Glossary this month.

Any further suggestions for new terms or alternative definitions gratefully received and acknowledged.

<b>Vuvuzela marketing</b>	Being part of the crowd. Does not stand out. Just a drone in the background of the main marketing competition
<b>Goldilocks pricing</b>	Commonly used to describe the practice of providing a "gold-plated" version of a product at a premium price in order to make the next-lower priced option look more reasonably priced; The name derives from the Goldilocks story in which Goldilocks chose neither the hottest nor the coldest porridge, but instead the one that was "just right". This form of pricing exploits the general cognitive bias of aversion to extremes. This practice is known academically as "framing".. See aversion to extremes; Price framing
<b>Product sabotage</b>	A practice used to encourage the customer to purchase a more profitable product (goods and services) as opposed to cheaper alternatives. It is also the practice where a company attempts to aim different prices at different types of customer. There are several methods used in achieving this: Cheap packaging This method is commonly used in supermarkets, where their cheapest products are packaged in a cheap and basic packaging. These products are normally displayed alongside the more

	<p>attractively packed and expensive items, in an attempt to persuade richer customers to buy the more expensive alternative instead. Omitting products from advertisements. Not advertising the cheaper alternatives. An example of this method is Coffee companies, who hide or downplay the cheaper drinks in the hope that customers will buy something pricier. Duplicate manufacture. Manufacturing two versions of the same product at different prices. In the hi-tech world it is common for companies to produce a high-specification product, sold at a premium price, and then sell the same product more cheaply with some of the functions disabled. See Deceptive marketing; Thana marketing</p>
<b>Choice - Aversion to extremes</b>	<p>The likelihood that a buyer will choose the middle of a range of options</p>
<b>Price framing</b>	<p>Manipulative pricing method aimed to motivate the consumer into choosing a middle choice For example, encouraging customers to see business-class airline seats as good value for money by offering an even higher priced first-class option. By providing three options (i.e. small, medium, and large; first, business, and coach classes) you can manipulate the consumer into choosing the middle choice and thus, the middle choice should yield the most profit to the seller, since it is the one chosen most often. More technically, this form of pricing exploits the general cognitive bias of aversion to extremes.</p>
<b>Nine laws of price sensitivity</b>	<p>In their book, <i>The Strategy and Tactics of Pricing</i>, Thomas Nagle and Reed Holden outlined 9 laws or factors that influence a buyer's price sensitivity with respect to a given purchase: 1. Reference Price Effect Buyer's price sensitivity for a given product increases the higher the product's price relative to perceived alternatives. Perceived alternatives can vary by buyer segment, by occasion, and other factors. 2. Difficult Comparison Effect Buyers are less sensitive to the price of a known / more reputable product when they have difficulty comparing it to potential alternatives. 3. Switching Costs Effect The higher the product-specific investment a buyer must make to switch suppliers, the less price sensitive that buyer is when choosing between alternatives. 4. Price-Quality Effect Buyers are less sensitive to price the more that higher prices signal higher quality. Products for which this effect is particularly relevant include: image products, exclusive products, and products with minimal cues for quality. 5. Expenditure Effect Buyers are more price sensitive when the expense accounts for a large percentage of buyers' available income or budget. 6.. End-Benefit Effect The effect refers to the relationship a given purchase has to a larger overall benefit, and is divided into two</p>

	<p>parts: . Derived demand: The more sensitive buyers are to the price of the end benefit, the more sensitive they will be to the prices of those products that contribute to that benefit. . Price Proportion Cost: The price proportion cost refers to the percent of the total cost of the end benefit accounted for by a given component that helps to produce the end benefit (e.g., think CPU and PCs). The smaller the given components share of the total cost of the end benefit, the less sensitive buyers will be to the component's price. 7. Shared-cost Effect The smaller the portion of the purchase price buyers must pay for themselves, the less price sensitive they will be. 8. Fairness Effect Buyers are more sensitive to the price of a product when the price is outside the range they perceive as "fair" or "reasonable" given the purchase context. 9. The Framing Effect Buyers are more price sensitive when they perceive the price as a loss rather than a forgone gain, and they have greater price sensitivity when the price is paid separately rather than as part of a bundle.</p>
<b>Reference price effect</b>	Buyer's price sensitivity for a given product increases the higher the product's price relative to perceived alternatives. Perceived alternatives can vary by buyer segment, by occasion, and other factors. See Nine laws of price sensitivity
<b>Difficult comparison effect of pricing</b>	Buyers are less sensitive to the price of a known / more reputable product when they have difficulty comparing it to potential alternatives. See Nine laws of price sensitivity
<b>Switching costs effect of pricing</b>	The higher the product-specific investment a buyer must make to switch suppliers, the less price sensitive that buyer is when choosing between alternatives. See Nine laws of price sensitivity
<b>Price-quality effect of pricing</b>	Buyers are less sensitive to price the more that higher prices signal higher quality. Products for which this effect is particularly relevant include: image products, exclusive products, and products with minimal cues for quality. See Nine laws of price sensitivity
<b>Expenditure effect of pricing</b>	Buyers are more price sensitive when the expense accounts for a large percentage of buyers' available income or budget. See Nine laws of price sensitivity
<b>End-benefit effect of pricing</b>	The effect refers to the relationship a given purchase has to a larger overall benefit, and is divided into two parts. Derived demand: The more sensitive buyers are to the price of the end benefit, the more sensitive they will be to the prices of those products that contribute to that benefit. Price Proportion Cost: The price proportion cost refers to the percent of the total cost of the end benefit accounted for by a given component that helps to produce the end benefit See Nine laws of price sensitivity

<b>Price proportion cost</b>	The price proportion cost refers to the percent of the total cost of the end benefit accounted for by a given component that helps to produce the end benefit (e.g., think CPU and PCs). The smaller the given components share of the total cost of the end benefit, the less sensitive buyers will be to the component's price. See Nine laws of price sensitivity
<b>Shared-cost effect of pricing</b>	The smaller the portion of the purchase price buyers must pay for themselves, the less price sensitive they will be. See Nine laws of price sensitivity
<b>Fairness effect of pricing</b>	Buyers are more sensitive to the price of a product when the price is outside the range they perceive as "fair" or "reasonable" given the purchase context. See Nine laws of price sensitivity
<b>Complicated tasks</b>	Tasks that have many interlocking steps, but the path is generally predictable. See Complex tasks
<b>Complex tasks</b>	Tasks that require dense, layered coordination with many unknown variables in a fluid environment of constant change. See Complicated tasks.
<b>Generic top-level domain (gTLD) name</b>	The current (2010) 21 gTLD domain names.
<b>Introvert firms</b>	Firms with no social marketing programs
<b>eReaders</b>	eBook reader hardware (eg Kindle, iPad)
<b>eInk screens</b>	eInk is a specific proprietary type of electronic paper manufactured by E Ink Corporation, founded in 1997 based on research started at the MIT Media Lab. It is currently available commercially in greyscale only and is commonly used in mobile devices such as eReaders and to a lesser extent mobile phones and watches.
<b>Slurl</b>	A badly named URL, innocently chosen by a real businesses
<b>Drumming gorilla</b>	A British advertising campaign launched by Cadbury Schweppes in 2007 to promote Cadbury Dairy Milk-brand chocolate. The 90-second television and cinema advertisement, which formed the centrepiece of the campaign, was created and directed by Juan Cabral and starred actor Garon Michael. The campaign itself, which comprised appearances on billboards, print newspapers and magazines, television and cinema spots, event sponsorships and an internet presence, was handled by advertising agency Fallon London, with the online segment contracted out to Hyper.
<b>Brand name types</b>	Brand names come in many styles. These include: Acronym: A name made of initials such as UPS or IBM. Descriptive: Names that describe a product benefit or function like Whole Foods or Airbus. Alliteration and rhyme: Names that are fun to say and stick in the mind like Reese's Pieces or Dunkin' Donuts. Evocative: Names that evoke a relevant vivid image like Amazon or Crest. Neologisms: Completely made-up words like Wii or Kodak. Foreign word: Adoption of a word from another language like Volvo or Samsung. Founders' names: Using the names of real people like Hewlett-Packard or Disney. Geography: Many brands are named for regions and landmarks like Cisco and Fuji Film. Personification: Many brands take their names

