

CHAPTER 7

Marketing

KEY TERMS

marketing
direct competition
indirect competition
target market
market research
marketing mix
brand name
trademark
packaging
labelling
channel of distribution
wholesaler
retailer
promotion
personal selling
telemarketing
AIDA
sales promotion
public relations
publicity
advertising
direct mail

Specific Expectations

After studying this chapter, you will be able to

- Describe the role and effectiveness of the following in marketing a product:
 - advertising display
 - distribution
 - research
 - packaging
 - selling methods

In this chapter, we will examine the importance of marketing and the reasons why a business must be knowledgeable about the marketing environment. Marketing involves understanding what your customer needs and wants, and demonstrating how you can satisfy your customer's expectations.

Marketing is not straightforward because there are many factors involved. Market research will reveal the demographics of your target audience, the social and cultural changes that are occurring, and whether there will be competition for your product. Understanding how your product should be packaged and advertised is also critical. These and other issues are explored in this chapter.

Cyndi Chooses a Web Developer

“You should go on the Web,” Cyndi’s brother told her. “Your party business would really grow if you were on the Web and if you had the right site. You could do all sorts of things to get people in and keep them coming—Cool Party Tip of the Week, Parties that Go Belly Up . . . you know. Grab them with humour. The point is to create a buzz around your business.”

“I have been thinking about going on the Web,” Cyndi said. “In fact, last week, I researched companies that will create a Web site for you. I stuck to the Canadian firms, but you should see how many there are and all the things they’re doing! It’s so confusing!”

“What’s confusing? You want a Web page.”

“Well, that’s just it. According to the folks who market this service, it’s complicated. There’s everything from having a simple Web page to having e-commerce or even offering 3-D virtual tours.”

“3-D Virtual Tours? You’re kidding me.

“Well, that’s just it. I don’t need the 3-D stuff, thank you very much, but I would be interested in e-commerce one day. I really have to give this serious thought.”

A few days later, Cyndi thought about the Web sites she had seen, and all the things the Web developers promised to do for her. She knew she wasn’t a very big business. She decided to make a list of all the things she wanted her Web site to be, and do. Then she carefully reviewed the Web developers’ sites one more time, this time paying attention to their “feel” as well as the content.

After making her list, Cyndi looked one last time at the sites of two Web developers. She had narrowed it down to these two. Read the captions beside the sample Web pages to find out which company Cyndi chose to develop her Web site.

My biography

A complete description of my services and prices

An on-line portfolio that shows some of the great work I’ve done

Party management tip of the week (will make my site look friendly I’m going to take my brother’s suggestion!)

Testimonials from satisfied clients

Complete contact information, including telephone, address, and e-mail

Figure 7-1 Cyndi’s Web site wish list

Figure 7-2 Cyndi continued to be in awe of this site. It just seemed to have everything, and the company did have a great online portfolio, just like the one she wanted. One other developer she had checked out offered a button for “work samples” and then told you to mail in your request for samples. Forget that! And the virtual tour offerings at Weblife 2000 were amazing. Cyndi started to wonder how one of her table arrangements would look in the “360° immersive imaging” offered by Weblife 2000. But she was fairly certain that the cost for such Web design services would be too high.

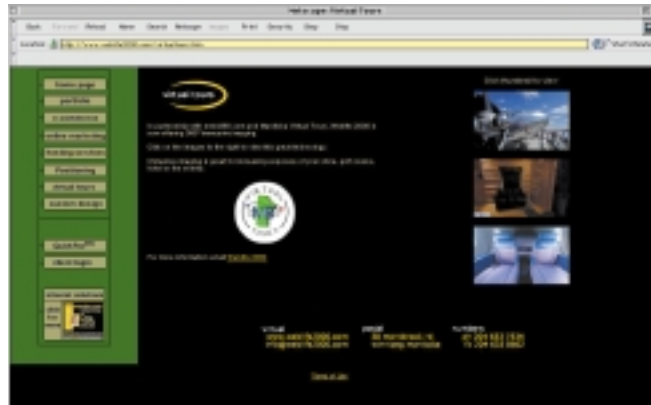


Figure 7-3 Cyndi eventually chose Blue Cat Design to create her Web site. She kept returning to the site because its image matched her image—colourful, whimsical, and a little funky. In addition, she was very impressed by all the helpful hints Blue Cat put on their site. She wanted her site to look as friendly. She also loved the individual biographies and photos of the team members, and the fact that Blue Cat’s services were clearly laid out. In addition, Blue Cat also knew how to set up e-commerce if she ever wanted to do that. She had definitely found her developer. And now she would be marketing her business more effectively, with a brand new Web site!



The Importance of Marketing

Marketing is a process that includes many activities. The goal of this process is to create an exchange that will satisfy human needs and wants. Marketing involves planning, pricing, promoting, and distributing a good, service, or idea. Every time you buy something at the store or watch a television commercial, you are involved in a marketing activity. Marketing affects you all the time.

As you read magazines, view Web sites, or listen to the radio, you are being exposed to some very persuasive marketing techniques. Learning about marketing will help you become a more informed consumer. You will have a much better understanding of how a company promotes its goods and services. Understanding marketing strategies will also help you in any career you choose because every type of job involves persuasion. A teacher, for example, has to keep his class engaged—he has to figure out the most convincing way to present a concept. A nurse, on the other hand, might have to persuade a patient to do something that he or she really does not want to do.

Marketing activities are crucial to all businesses, no matter what their size. Even if a company has no marketing department, it has to promote the goods or services that will eventually earn revenues for the business. Producing a quality product or coming up with a good idea will not necessarily result in a company's success. Consumers must be convinced that the product fills their needs or wants—just like Cyndi was assured that a certain Web developer would fulfill her business needs and wants. Goods and services are brought to the attention of consumers through marketing activities.

The Marketing Environment

We are living in a world of rapid change. We are constantly being exposed to new technology and new products. These exciting times make marketing activities much more difficult and provide businesses with new challenges. Some changes are beyond the control of the business community. Yet in order to compete successfully, businesses must react to everything that's going on around them—marketing segmentation, changing demographics and economic conditions, new competition, social and cultural change, and new technology.



Figure 7-4 The marketing process

Biz.Bites

People in the 18-48 age bracket spend more money than any other demographic group. Marketers are always interested in how this group is spending its money.

Market Segmentation

It's important for marketers to understand **market segmentation**, which is the division of a total market into specific groups relating to customer needs and characteristics. Not every consumer has the same needs and wants. Different people fall into different consumer groups.

Take the automobile market, for example. In Chapter 1, you read a feature on how women drive the automobile market. Women have specific needs and wants when it comes to purchasing an automobile. Manufacturers and retailers need to develop products and marketing plans to suit the individual characteristics of each customer group. The larger market can be divided into segments according to age, gender, income, family status, lifestyle, interest, language, and culture.

Demographics

In Chapter 4, you were introduced to the concept of demographics. Demographics are the characteristics of a population, categorized by criteria such as age group, sex, income level, and level of education. Demographic statistics help businesses target a particular group or market, for example, women between 18 and 54 or people over 65.

Canadian demographics change constantly. In the year 2000, for example, the number of people over the age of 65 was greater than the number of teenagers in the population. This kind of information helps businesses decide on the goods and services they will offer, the media they will use to advertise products, and even the price of certain products. As the population ages, it is likely that the price of retirement properties will increase, along with the supply of products aimed at people over 65. For this reason, you might expect advertisers to start using well-known older people to represent their products as a marketing strategy.

Business owners and marketers use demographics to help them understand their markets and try to predict the opportunities that might exist. If interpreted correctly, demographics can reduce the risk of business failure.

The Economic Environment

As you learned in Chapter 5, the business cycle refers to the changes in the economy as it moves from prosperity to inflation, sometimes into depression, and then to economic recovery. The economy never stays the same; it is always contracting and expanding.

When a business is engaged in marketing, it has to pay careful attention to the current stage of the business cycle. During a period of high unemployment in a recession, a business might reduce its advertising and emphasize essential goods and services for the consumer. Price is a very important factor during periods of high unemployment. People who don't have a job or who are worried about losing a job tend to become very price-conscious. During a time of prosperity, a company might emphasize the more luxurious aspects of its goods or services, especially if interest rates are low and people can borrow money easily to buy luxury items.

Competition

Competition can take many forms. **Direct competition** is the rivalry that exists when two or more businesses produce similar goods or services. For example, McDonald's and Burger King compete for customers who like hamburgers. Each chain has to persuade customers to buy its hamburgers, and not another chain's burgers. In addition, both chains compete with other chains selling different kinds of fast food, such as pizza and tacos. This is known as substitute or **indirect competition**. When developing a marketing strategy to compete for consumers, a company needs to consider the type of competition it will be facing.

Competition is good for you, the consumer. When two or more companies compete for the same market and try to anticipate your needs and desires, the end result is usually more excellence, more offerings for you to choose from, and a better price.

Social and Cultural Change

As consumers' lifestyles, values, and beliefs change, so do their needs and wants. As a result, they spend their money on different goods and services. A business needs to be aware of these changes and to be flexible in order to survive.

For example, when banks and other financial institutions introduced the first "bank machine" in the late 1970s, they were worried that customers would find these machines too impersonal. Up to this point, people had always gone to a bank teller—a real person—to make bank transactions, including



Figure 7-5 Many consumers embraced the convenience of automatic tellers.

simple deposits and withdrawals. But the banks soon discovered that people appreciated the flexibility of bank machines, and that they wanted more and more electronic services, such as telephone banking, Internet banking, and electronic debiting. There were more women in the Canadian workforce than ever before, and people were also working much longer hours. Most people welcomed the electronic banking revolution enthusiastically, even though they had to pay charges for many of the services. Banks stopped worrying about providing less personal service.

Another example of a social change occurred when gasoline prices increased dramatically in the 1970s. As a result of the price increase, consumers became more aware of the need to conserve energy. Many car drivers switched to smaller, more fuel-efficient cars. An added bonus was that these cars were more affordable than larger cars. Soon, automobile manufacturers stopped stressing the luxury of large cars and began to emphasize the affordability and fuel efficiency of smaller cars. As a result, these cars soared in popularity.

Technology

Technology has had a major impact on our lives and on the businesses that supply goods and services for our needs and wants. Many Canadian homes have a microwave oven, a videocassette recorder, and a computer. Twenty-five years ago, these appliances were not widely used or even available. Very few business people today are without cell phones, and the Internet is playing an extremely important role in marketing and advertising.

Technological breakthroughs have a significant effect on marketing:

- Technological innovations create new industries, which means new marketing opportunities. Of course, inventing a new product is not enough—the customer has to like it.
- Technological changes may alter or even destroy existing businesses. Compact discs have driven most vinyl records from the marketplace. Soon, digital may replace CD technology.
- New technologies can sometimes stimulate businesses in unrelated fields. For example, there is a direct relationship between the sales of VCRs and DVD players and the growth of the snack-food industry. Have you ever noticed how many video rental outlets sell popcorn, chips, candy, and pop?
- Technology opens the door to brand new ways of marketing, as you learned by reading about Cyndi in the Business Profile.

Check Your Understanding

Knowledge/Understanding

- 1 Explain, in your own words, why demographic statistics are important to marketers.
- 2 List two of your own examples of direct and indirect competition, and explain the marketing strategy that the competing companies use.

Thinking/Inquiry

- 3 As a consumer, why is it important for you to understand marketing?
- 4 Work with a partner to create a survey that would help a business understand the lifestyles, values, and buying habits of yourself and your classmates. Then, independently, write a one-page report describing how marketers could use the results of such a survey to promote their products or services to teenagers.

Communication

- 5 Look through magazines and newspapers and select two automobile advertisements. Review the visual components and the words in each. Then write a paragraph comparing the market segments that are being targeted by the two advertisements.

Application

- 6 Select a product and research the strategies that are used to market that product. You could consider packaging and labelling, advertising and promotional literature, Internet Web sites, or newspaper and magazine articles about the product. Then use what you have learned to prepare an illustrated report to predict the following:
 - the demographic profile that fits the product
 - ways that the economic environment might effect marketing for the product
 - the potential or real direct competition for the product
 - social and cultural changes that should be considered in marketing the product
 - the effect of technological changes that might influence the marketing of this product

Skills Appendix

writing reports

Skills Appendix

analysing media

Career Connect Media Copywriting

When students arrive for the first day of Humber College's media copywriting program, "every one of them dreams of writing that great television commercial," observes Wilf McOstrich, one of the program instructors.

During the year at the Toronto school, students learn that writing ads is hard work—much harder than most students think. At Humber, they learn how to develop creative strategies; write ads for print, television, radio, and the Internet; present ideas to clients; and perhaps most important, put together a portfolio or "book" to show prospective employers.

The one-year course, which accepts only students with a post-secondary degree, includes a two-month summer placement at an agency that may or may not pay the student a small salary.

Writing ads involves both skill and ingenuity. For example, during a recent class on direct mail, McOstrich reminded the students that, "The envelope has three seconds to live." That's how quickly someone decides whether to open a letter or toss it, so it had better grab the person's attention in a hurry," he says.

He holds up an "exceptionally clever" direct mail piece created by a student. In large bold type on the envelope are the words "Your latest issue of incredibly boring Vistas and Views has arrived! Featuring tremendously boring stuff from around the world!"

How could anyone resist? Inside, as promised, is a booklet with mundane photographs of a highway, a toll booth, and auto parts store. The pitch? "There are 1.1 million Canadians with visual disabilities who will never witness such incredibly boring sites. Help us promote a greater understanding of blindness."

Stephen Fogel, 25, created the fundraising letter and typifies the sort of irreverent personality drawn to the Humber copywriting program. Humber expects big things from Fogel. "Steve could get up and do an agency presentation tomorrow and he'd probably win the account," says McOstrich. "He's going to be president of an ad agency one day."

True or not, Humber students have gone on to senior positions in the industry since the program started in 1993. One of them is James Lee, associate director at Palmer Jarvis DDB in Vancouver. He won a Golden Lion at the prestigious Cannes International Advertising Festival in 1999 for a humorous shampoo commercial.

Other graduates credit Humber with getting them in the door at ad agencies. In the words of Rich Cooper, who now works as a writer for Roche Macaulay & Partners in Toronto: "More than any other writing program in the country, saying that you're a Humber copywriter does pull a lot of weight."

ACTIVITIES

- 1 How does the Humber College program prepare students for a career in marketing? What skills does the program focus on developing?
- 2 Create a poster that could be used for the visual disabilities fundraising campaign described in this feature. Keep in mind the purpose you want to achieve and the audience you want to persuade. Present your poster to a small group and explain how it would achieve the fundraising goal.

The Functions Of Marketing

Marketing has two main functions. First, it helps a business determine its target markets. A **target market** is a group of consumers the business wants to reach. The members of the targeted group will be similar in some way, such as in age. Every business needs to answer the questions in Figure 7-6 in order to sell a good, service, or idea.

To answer these types of questions, businesses frequently undertake market research. **Market research** is the gathering and analyzing of data to provide a business with information on consumers' needs and wants.

For example, if a business is making a new laundry detergent, it might interview supermarket shoppers and ask what brand they buy now and why. A beverage company might conduct a taste test to determine consumers' opinions of a new product. Or an advertising agency might phone people randomly to measure the effectiveness of a new television commercial. Market research has to be carefully planned and administered to give valid results. Validity means that the company can rely on the results and make generalizations about the rest of the population.

The second function of marketing is to give consumers what they want:

- A product they want (product)
- A product they want, when they want it (promotion)
- A product they want, when they want it, where they want it (place)
- A product they want, when they want it, where they want it, at a price they are willing to pay (price)

This what is known as the **marketing mix**—product, promotion, place, and price.

Marketing Functions

Questions	Strategies
• Who will buy this product or service?	Consider consumers by sex, age, income level, rural or urban distribution, or any other defining characteristic.
• When do they want to buy?	Consider season, time of day, time of month, or if the purchase is tied to another purchase.
• Where do they buy?	Consider whether they will buy in retail stores, discount stores, or over the Internet. Consider where they live in Canada.
• Why do they buy?	Consider whether the purchase is a necessity, a luxury, a planned purchase, or an impulse buy.

Figure 7-6 What does a business need to know about your buying habits?

The Marketing Mix

The components of the marketing mix vary for each product. One of the functions of marketing is to help a company design a program to reach the product's target market. The market will determine the make-up of the mix and the way each component is weighted in the final marketing plan.

Product

Biz.Bites

Companies must do a search of pre-existing trademarks before they create one for a new product.

In marketing, the “product” is not just the good or service. The term, *product*, also includes an item's name, its packaging and labelling, and any guarantees that come with the product. Through research and development, many businesses invest a great deal of money developing products that they believe consumers want and will pay for.

Brand Names

A **brand name** is the name that identifies the goods or services of one business. It can be a word or words, number or numbers, letter or letters, or some combination of these elements. The visual elements of a brand—a logo, symbol, or other such design—are called brand marks. When these brand marks are registered so that no one else can use them, they are called **trademarks**.

Microsoft Windows' trademark is the stylized four-colour window that customers see when they open up the software. The brand name is “Microsoft Windows.” It takes many years for a company to establish a brand loyalty. However, once a brand name has consumer loyalty, it can be used for a variety of products. For example, the Ivory name is used for hand soap, laundry soap, and dishwasher soap. Kleenex is so recognizable that it is used by many people to mean any disposable tissue.

Packaging

Packaging refers to the container or wrapper for a product, the design of the container, and the information printed on the container. The packaging must protect the product while it is on the way to the consumer and often during use by the consumer. A milk carton must not leak, even after you take it home.



The container also must attract the attention of consumers. The design of the container and the advertising printed on it can help sell the product. Packaging will often carry slogans, list special features, or provide useful information about the product, such as “fortified with vitamins A and D” or “contains no artificial preservatives.” In fact, such phrases are examples of package advertising. Displaying the manufacturer’s name prominently on the packaging is also a form of advertising.

Packaging is changing as a response to consumers’ demands for less packaging material. More manufacturers are trying to package their products in smaller or reusable containers in response to criticism that packaging contributes to the waste problem. The ideals of “reduce, reuse, recycle” will probably continue to affect packaging in the future. In some instances, however, customers may come to expect more and more visual appeal, and more packaging features. For example, the evolution in CD packaging shows how a relatively simple format can become a design extravaganza because that’s what consumers decide they want. Perfume and cosmetics are good examples of other products that attract customers because of their packaging.

Labelling

Labelling is the part of packaging that provides the consumer with information, such as product ingredients. Many foods you eat carry labels indicating how much fat they contain, and the percentage daily requirement of nutrients a serving provides. Labels may vary from country to country, and will appear in different languages, depending on government regulations and the needs of consumers. In Canada, for example, labels on all products must appear in English and French.

Figure 7-8 This mock-up for an imaginary CD illustrates how elaborate the packaging can be. What other elements are sometimes included?

A label can be as simple as the brand name “Chiquita” stamped on a banana or as detailed as a description of the recyclable products that were used to create a new product. Labels can also include information to help the consumer use the product more effectively (cooking instructions, assembly instructions, a picture of the product). Like packaging, labelling helps to sell the product.

Pricing

The price of a product will, in many cases, be determined by the demand for it. Price will play an important role in how successful the product is. Some businesses price their products low to sell more of them, and others price their products high, knowing that fewer will be sold but that a greater percentage of the selling price will be profit.

A business must always take into account the price that competitors are asking for similar products and how much consumers are willing to pay. Few consumers will pay five dollars for a doughnut, for instance.

Place

Even if consumers are pleased with a new product and its price, its success is uncertain unless it is where consumers can get it when they want it. The manufacturer’s choice of channels of distribution is extremely important. A **channel of distribution** is the path a product takes from the manufacturer to the final consumer. The four most common channels of distribution are shown in Figure 7-9.

Manufacturers make products. They sometimes sell their products to wholesalers and sometimes directly to retailers, depending on the type of product and on the size of the retailer. For example, a cereal maker sells directly to large supermarkets (the retailers), as well as to wholesalers who, in turn, sell the cereal to smaller retailers such as convenience stores.

Wholesalers buy goods or services and sell them to other businesses for resale. Wholesalers usually buy products in large quantities from the manufacturers and sell them in smaller quantities to the retailers. By buying in larger quantities, wholesalers pay less per unit for a product than an individual retailer, who buys a smaller quantity of the product directly from the manufacturer. In turn, some of the wholesaler’s savings are passed on to the retailer.

Biz. Bites

The Canadian retail industry is worth approximately \$277 billion and employs 1.74 million people.

Channels for consumer goods

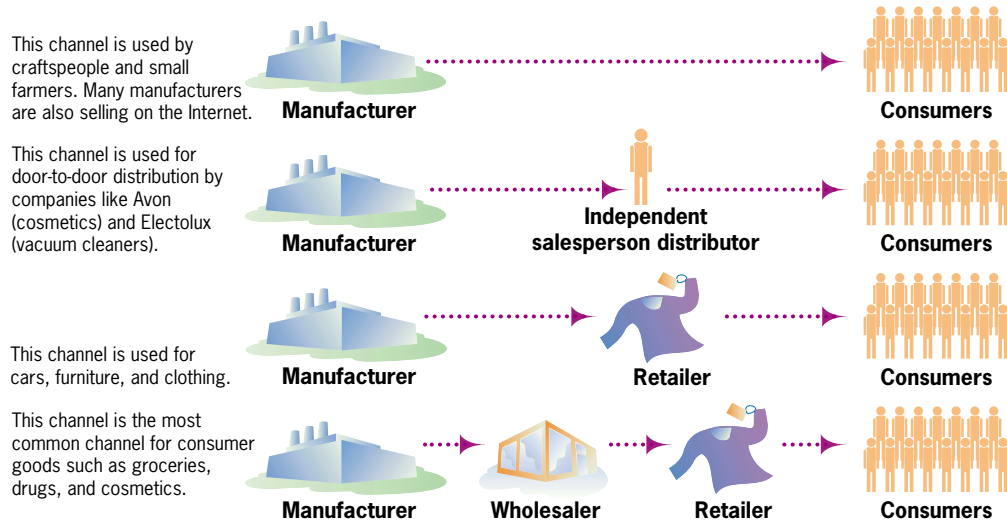


Figure 7-9

Channels of distribution for different kinds of businesses.

Retailers sell goods or services directly to consumers. Retailers come in all shapes and sizes. They can be as large as Home Depot or as small as a mobile hotdog business. The consumer is the end user of the product or service. When you walk into your favourite store to make a purchase, you are the consumer, the end of a long chain. Manufacturers fight for “good” shelf space in the retail chains. Everyone wants to get your attention first.

The increasing popularity of the Internet means that there is one other way for manufacturers to reach consumers directly. Web sites connect manufacturers with their customers 24 hours a day, and customers can browse any time they please. Through the Internet, customers can select from a range of products, order products with a credit card, and have them delivered to their home.

Web Connect

<http://www.mcgrawhill.ca/links/exploringbiz>

Visit the Retail Council of Canada’s Web site to read what retailers are saying about current consumer trends, developing technologies, and changes in the shopping environment.

Promotion

Promotions inform consumers about a product or service and encourage them to buy it. Promotion involves personal selling, sales promotion, publicity, public relations, and advertising.



Figure 7-10 Face-to-face selling involves paying close attention to the customer. Some experts have described it as “getting inside the customer’s head.”

Personal Selling

Personal selling is any one-to-one communication of information that tries to persuade a customer to buy a good, service, or idea. The owner of a corner store is using personal selling when he or she asks you if you need any help and then proceeds to sell you something. The sales representative, who tries to sell books to your teacher, is using personal selling. The representative of a charity, who asks you to make a donation, is using personal selling.

Personal selling often starts with “selling an idea.” It may later lead to the purchase of a product. For example, a salesperson in a bicycle store may try to sell you on the idea of road safety first. Once he has sold you on the importance of safety, you are more likely to buy a helmet.

Personal selling has several advantages. First, it is a flexible method of promotion. Sales presentations can be tailored to suit the needs of individual clients. Second, sales efforts are focused on prospective buyers, eliminating unproductive efforts. Third, sales can be finalized immediately while the customer is interested in the product. Finally, the personal contact found in this type of selling can help a salesperson develop a long-term relationship with a customer.

However, personal selling also has several disadvantages. First, it’s expensive to maintain a qualified sales staff. Studies have shown that the cost of one sales call can be as high as \$200. This cost includes such items as salary and traveling expenses. Second, many companies have trouble finding and keeping qualified, competent sales staff. Selling is a high-stress job because there is the constant pressure to perform. Many people get burned out by personal selling and have to quit after a couple of years. These disadvantages have forced some businesses into considering alternatives to personal selling. Some stores and services have moved to self-serve operations such as those found at many gas stations. In return for not receiving personal attention, consumers often pay less for the good or service.

Alternatives to Personal Selling

Telemarketing is a popular alternative to personal selling. It uses telephone technology, including fax machines, to maintain regular contact with customers. Household services, such as carpet cleaning, duct cleaning, or window installation, are often promoted by telemarketing.

Another alternative to personal selling is the use of mail order. Some businesses, either by the nature of the business or the type of product being sold, use this form of selling. These businesses do not have retail stores. Potential customers are sent the catalogue, order their goods by mail or phone, and receive the goods by mail.

The AIDA Selling Formula

Many sales training programs teach those who do personal selling participants to use the **AIDA** formula. The word is made up of each of the first letters in the four steps of the basic selling approach:

- attract *attention*
- hold *interest*
- arouse *desire*
- take *action* to close the sale

The salesperson's first objective is to attract your attention. The salesperson must be sensitive to your needs and find some way of arousing your interest, perhaps by generating curiosity about the product. Once you're paying attention, the salesperson must hold your interest to explain the benefits of the product and create a desire in you to have the product or service. When the salesperson feels you have an interest in the product, he or she should start to close the sale. Before a sale can be closed, however, the salesperson has to overcome any objections you might have about the product or service.

Sales Promotion

Sales promotion covers all the activities designed to stimulate you to buy. Free samples, discount coupons, rebates, in-store displays, in-store demonstrations, and contests are examples of sales promotions. Some promotions, such as free samples left in your mailbox, are designed to get you to try the product. Free samples are usually products that are necessary household items, such as laundry detergent or shampoo. Other promotions are designed to get you to switch from a competitor's product to another company's product. One popular tactic is to challenge you to find a better price for the product and

Figure 7-11 Since its earliest days, the McDonald's Corporation has been highly skilled at using sales promotions like the one shown in this photograph, to stimulate the public to buy the company's products.



for the promoter to match the lowest price. Still other promotions, such as in-store displays, remind you of all your unfulfilled desires and may introduce a new product, sometimes at a special price.

Public Relations and Publicity

Public relations includes all the activities by which a business tries to maintain its good reputation and promote good will with the public. Public relations does not involve actually selling products. Instead, for example, a business becomes involved in charitable activities or sponsors local (or even national) sports teams. Large companies usually have a public relations department. Smaller companies contract out their public relations activities to a firm specializing in this area.

Publicity is the act of bringing company activities to the attention of the public. Publicity is not controlled or bought by the business and can be either good or bad. A business that is in the news for contributing money to a residence for senior citizens receives positive publicity. A business that is in the news for polluting a town's only source of drinking water receives negative publicity.

Check Your Understanding

Knowledge/Understanding

- 1 Briefly describe, in your own words, the four components of the marketing mix.
- 2 How does packaging and labelling influence consumer purchasing decisions?
- 3 In chart format select three products that you use everyday and identify the following: the product name, the manufacturing company's name, and the brand name.

Thinking/Inquiry

- 4 Research the marketing mix for a product that you are interested in purchasing. Explain how the four components of the marketing mix would contribute to influencing your purchasing decisions.

Communication

- 5 Using current media reports, identify a real-life situation where an individual, organization, or company has experienced some bad publicity. In

small groups, develop a public relations plan to deal with the situation and to get some positive publicity for the person or group. Present your group's ideas to the class.

Application

- 6 Develop a poster, radio, or television advertisement for a new product idea. Be sure that the advertisement clearly illustrates the following: the appropriate elements of the marketing mix, the target market, the AIDA formula, the brand name, and the trademark.

Skills
Appendix
analysing media

Advertising

Advertising is any paid use by an identified sponsor to inform a target market about a product, service, idea, or organization. The presentation of the message—the advertisement—can be oral, visual, or a combination of the two.

Advertising has three objectives:

- **Inform** The main purpose of informative advertising is to tell you about the product, its features, its unique attributes, how it works, and how to use it effectively. Informative advertising is often used to promote a new product or to suggest new uses for an existing product.
- **Persuade** Persuasive advertisements try to convince you to buy one particular company's product or service instead of the competitor's product. Persuasive advertising can appeal to your emotions, such as love, pride, or fear. An example of an emotional appeal would be a chewing gum ad that appeals to your concern about having bad breath. Some persuasive advertisements use testimonials in which a well-known celebrity or a member of an association endorses a product. For example, Silken Laumann, the Canadian Olympic bronze medallist in rowing, endorses Brooks Sports athletic wear. People who buy endorsed products hope that some of the celebrity's success will "rub off" on them.

Figure 7-14 Milk marketing boards in Canada and the U.S. have raised their profile among consumers by producing eye-catching, humorous advertisements designed to gently persuade people to buy their products.



Connecting Business with *Art*

Graphic Design

Graphic design is a growing field that includes illustration, type design and typesetting, formatting, and photography. Since 1975, when IBM produced the first laser printer, computer technology has revolutionized the way graphic designers work. However, technology is no substitute for talent.



Figure 7-12 The lips that didn't work

Marketers and advertisers rely on the skill of graphic designers every day. Through the use of memorable graphics and eye-catching typography, these designers make sure that you remember what you see. With so many products for sale, the challenge is to create advertising that is memorable. How do graphic artists rise to the challenge?

Here's how one Canadian design firm approached an assignment. The task was to create an animated character that would act as a guide during a three-minute video for a shopping mall that was getting a facelift. The character had to walk, talk, and look happy.

Simon Tuckett, the designer, began by thinking of a concept. He had an "idea of a 3D smiley face," which he sketched out on paper with a pencil because "I can't design directly on the computer. I always feel so constrained there."

Then he used a computer program to model the character in 3-D, creating a head, eyes and eyelids, and skin texture. Tuckett also used the computer program to ensure that the eyes had just the right sparkle and the mouth moved. He created the lips in a separate file, but when he moved them to the face, he realized they would need adjustment: "I was looking at one of those



Figure 7-13 The final product

horrible images of an astronaut in training, straining against G forces," he said.

After completing the face, Simon created arms and legs. Because the legs would have to move, he created a skeleton using another computer program. The skeleton showed how the limbs would move, bone by bone. Next, he tested how the character moved to ensure it was realistic. He added flesh to the bones, and refined the appearance and colour so that the final character would be appealing. During this phase, Tuckett shared his progress with his client and asked for feedback.

ACTIVITIES

- 1 Why would the animated smiley face be effective as a video host? What sort of marketing appeal would this character have?
- 2 What did Simon Tuckett do to ensure that the character he created would be an unforgettable marketing tool?

- **Remind** Many advertisements are designed to keep the product or organization visible to the public. This method of advertising is often called institutional advertising; its main purpose is to promote goodwill for the company. Advertisements for charitable organizations, such as World Vision, are one example of reminder advertising.

Once marketers know what they want from their advertising campaign, they choose a type of medium to carry their message. Should the company use radio, television, the Internet, newspapers, magazines, billboards, direct mail, or other media? Each medium has its advantages and disadvantages.

Types of Media

Newspapers

Newspapers provide advertisers with a timely and flexible medium. Advertisers can select which among many regional and local newspapers appeal to their target market. A business that operates only in London, Ontario, might advertise in the *London Free Press*, whereas a national business would run advertisements in the daily newspapers of all large cities.

Newspapers offer advertisers the advantage of responding quickly to local economic and social conditions and being able to change their advertisements on very short notice. For example, as interest rates change, banks and mortgage loan companies can advertise the new rates to potential customers. The cost of producing a newspaper advertisement is relatively low, but its life is quite short since papers are normally discarded a day or two after they have been read.

Magazines

Magazines offer advertisers a high-quality medium for their advertising. Compare an advertisement in the newspaper with one in a magazine printed on glossy paper. What do you notice about the visual effect of the two advertisements? How clear are they? How vivid are the colours?

Because many special-interest magazines exist, advertisers can be selective and can focus advertisements on target markets. For example, a garden equipment manufacturer would likely advertise in *Canadian Gardening* rather than in a news magazine such as *Maclean's*.

Magazines are usually read in a leisurely fashion, so an advertiser can send a lengthy or complicated message to the reader. People usu-

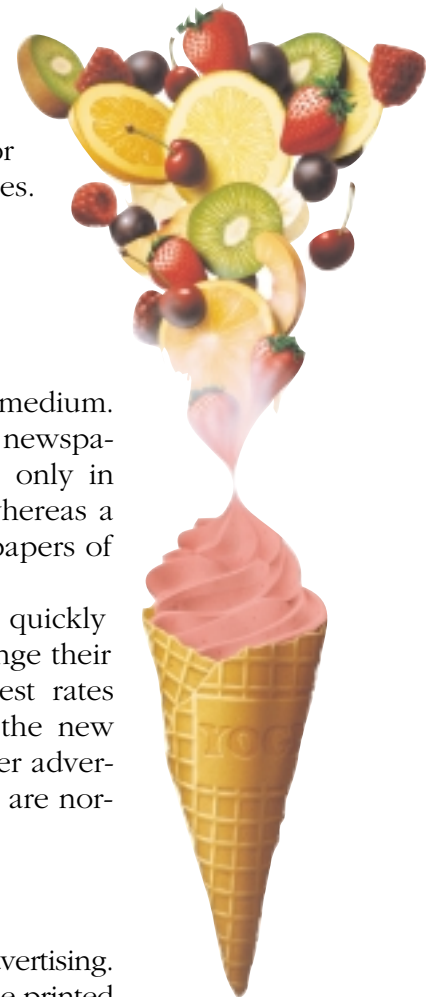


Figure 7-15 Yogen Früz's brilliantly coloured magazine advertisements are very carefully designed to take the best advantage of high-quality paper and colour production values.

Biz.Bites

Advertising can be national, regional, or local.

Automobile manufacturers might use national advertising to cover all regions, areas, and markets in the country.

A major department store in a city might use regional advertising to cover the district where its customers come from.

A smaller retail establishment—a dry cleaners or hair salon—might advertise in a local newspaper or on a local television channel.

ally keep their magazines longer than they keep newspapers. Magazines are also often read by a number of people. Because magazines are published less frequently than newspapers, more time is available for the preparation of the advertisement, but the flexibility associated with newspapers is lost.

Radio

Radio is a popular advertising medium. It is relatively inexpensive and allows advertisers to reach a target market because individual stations cater to specific groups of people. An advertiser can place a message on a station aimed at teenagers, a country-and-western station, or a station that plays classical music. A rock concert might be advertised on a radio station that plays rock music, but a 10 kilometre run to benefit a youth orchestra might be advertised on a classical music station.

Radio is a medium that reaches people anywhere, which is an attractive feature for advertisers. People can listen to the radio while sitting on the beach, while jogging, or while driving in their cars. Advertisers pay a lot of money for airtime in the morning and evening rush hours.

Although most radio advertising is not expensive, advertisers must repeat their message frequently. Many listeners tend to use the radio as background and do not really concentrate on what is being said. People also tend to remember what they see better than what they hear.

Television

Television is the only medium that offers the advertiser a combination of sight, sound, motion, and colour. The people who create advertisements for television can use a wide range of effects to attract the viewer's attention.

Because people tend to remember what they see, advertisers ensure that their product appears in the commercial.

Its method of use or application can be demonstrated, sustaining the viewer's interest. Television also allows the advertiser to select demographic markets. A negative aspect of television for the advertiser is the high cost of producing commercials and advertising, so this medium tends to be used primarily by large corporations.

Web Connect

<http://www.mcgrawhill.ca/links/exploringbiz>

Take a look at the Canadian Code of Advertising to see some of the challenging issues faced by consumers and businesses in today's multi-media advertising environment.



Figure 7-16

McGraw-Hill Ryerson's banner ad at its Web site contains the company's logo and name. The ad appears at the top of each page at the company's site.

Internet

Advertising takes a twist on the Internet, where new gimmicks can attract the attention of even the most seasoned media watcher. What would you do if you were on the World Wide Web and a box suddenly appeared that looked like your personal e-mail? What if it said you had one new message? You would probably open it—only to find that it's a marketing pitch. Messages that claim you've just won something are also marketing pitches from companies that want you to order more of their products. In both instances, the advertisers anticipate your behaviour on line.

Banner ads are advertisements that appear at the top or bottom of a Web site. They may “scroll” or flash with a series of different boards. The latest high-tech banner advertisements function as mini-Web sites and let customers order products without having to go to another Web site. As a result, marketers on the Internet are increasingly able to target people when they have the impulse to buy. This is the one huge advantage of advertising on the Internet.

An inviting home page is also an effective form of Internet advertising. Companies can sell their products on line, and buyers can access reviews and testimonials about products, for example, the editorial and customer book reviews offered by Indigo.com, which distributes toys, books, videos, and music.

Advertising is generated on the Internet every time someone reaches a Web site, so it's always in a company's interest to be listed in the search engines. Since the top 3 percent of the search engines generate 90 percent of traffic on the Web, companies are advised to focus their attention on the big search engines, such as Yahoo, Google, Lycos, and other top performers.

Web Connect

<http://www.mcgrawhill.ca/links/exploringbiz>

Review some of the current forms of advertising being used on the Internet. Watch for changes in techniques and features of these advertisements.

Why is it that some of the most interesting and advanced media techniques are developed for advertising?

Direct Mail

Advertising pamphlets, brochures, leaflets, and flyers that are delivered in the mail make up a medium called **direct mail**. Because direct mail can be selective, the advertiser can tailor the advertisement to its target market. A business that buys the subscription list of a fashion magazine

to market mail-order clothing knows that the magazine subscribers are more likely to be interested in fashion than people who do not subscribe to fashion magazines. As well, direct mail gives the advertiser a way to distribute samples of their products to potential customers. However, direct mail can be expensive and is sometimes considered as “junk mail.” It is often thrown out without being read. Also, mailing lists can quickly go out of date.

Biz.Bites

There are almost 40 000 outdoor ad spaces in Canada, up from about 29 000 spaces in 1995.

Outdoor Advertising

Billboards, bus-shelter ads, and advertisements on public transit and on the sides of trucks are forms of outdoor advertising. These advertisements tend to be seen by people on the move who are not focusing on the advertisements around them. It is a medium most appropriate for short messages. An advantage is that outdoor advertisements are seen by a large number of consumers, but a drawback is that it is impossible for advertisers to target their market.



Figure 7-17 Mobile Vision is a Canadian company that specializes in creating advertising for trucks and tractor trailers. The company developed its own vinyl product that allows billboards and vehicles to be “wrapped” in a fraction of the usual time, and at a low cost.

Check Your Understanding

Knowledge/Understanding

- 1 Identify and describe the three objectives of advertising.
- 2 Using an organizer, identify the advantages and disadvantages of using each media type for advertising and marketing.

Thinking/Inquiry

- 3 Compare one form of Internet advertising with advertising in a different medium. Chart the advantages and disadvantages of each medium and explain the type of products and services best suited to each medium.

Communication

- 4 Create an advertisement that would convince an employer to hire you. As you plan your advertisement, keep your purpose—to market yourself—and your audience in mind.
- 5 Work with a small group of students to plan and design an advertising campaign for a local retailer, charity, or club. Be sure that your campaign covers the objectives of advertising. Decide which media type would help you reach your objectives.

Application

- 6 Develop an advertisement for a product that you enjoy using for a hobby or a sport. Identify the medium you would use for your advertisement. Create your advertisement as a storyboard, a layout for a print or Web page, or a script for a radio commercial.

Skills Appendix

analysing media

Skills Appendix

building an argument

Marketing to Children

Marketing to children poses some unique opportunities and some serious ethical challenges. As marketing has grown, so have concerns about society's responsibility for its children's health and safety.

In the United States, parents and educators are becoming more and more critical of Channel One, a marketing company that "delivers two minutes of advertising and ten minutes of news" to about 8 million students in 12 000 schools every day, according to Commercial Alert, a watchdog group.

Canadian schools have so far managed to keep out Youth News Network, a 12-minute educational program that comes with two minutes of commercials. The Canadian firm that created Youth News Network offered schools free computers, televisions, and VCRs if they picked up YNN, but teachers, parents, and students "just said no."

Exclusive contracts between soft drink companies and school cafeterias are also becoming popular. The school gets a percentage of the money from the soft drink sales, if it promises to sell only that brand name in the school. In the United States, the number of exclusive soft drink contracts in schools has increased 300 percent in the last two years. In Canada, many schools have opted for soft drink vending machines and are benefiting from exclusive contracts with soft drink companies.

Promotion of the brand name is also an important marketing strategy. In both the United States and Canada, it is illegal to aim cigarette advertising directly at young people. The result has been that cigarette companies often promote messages *other than smoking*, but rely on the association of their brand name *with smoking*.



Figure 7-19 A student drinks coke sold at a vending machine in a Vancouver school

In the United States, Phillip Morris recently distributed 13 million schoolbook covers as part of an anti-smoking educational campaign. *Advertising Age* noted that the design of the cover looked "alarmingly like a colorful pack of cigarettes." The textbook covers also promote the Philip Morris brand name—synonymous with tobacco and smoking—to children.

According to Commercial Alert, branded book jackets are an effective way to increase brand recognition among schoolchildren. "When Philip Morris promotes its name among children, it increases its brand recognition, and builds a relationship with them that can help sell tobacco products," says Commercial Alert. "This is especially troubling given that Marlboro, a Philip Morris brand, is the Number One brand of cigarettes among children."

While some parents are concerned about specific products being marketed to youngsters, others are more concerned about children's privacy

in an age of electronic marketing techniques. Most of this concern focuses on the Internet.

Recently, the Canadian Marketing Association amended its Code of Ethics to “better guide its members and protect the interests of children.” The CMA noted that some marketers collect far too much personal information from children on the Internet by asking them questions directly. The CMA now requires its members to

- obtain consent (given explicitly, either orally or in writing) from a child’s parent or guardian before collecting, retaining or transferring a child’s personal information, e.g., a name, address or telephone number.
- use clear and simple language that takes into account a child’s inexperience and credulity.

In additional guidelines for parents, “Protecting Children’s Privacy in the Information Age,” the CMA pointed out that “most children are more cyber-savvy than their parents. They tend to have a trusting and curious nature that can lead them to give up their personal information without realizing it.”

Another danger involved in on-line marketing is the ability of marketers to track children’s behaviour on-line. “Cookies” are files that are automatically placed on a computer when someone is browsing. These files allow companies to create profiles of people who visit their sites. As a result of this profiling, marketers



Figure 7-20 Children may be more cyber-savvy than their parents, but they may also give up more personal information willingly.

learn what children are interested in and can aggressively pitch products to them. You can eliminate “cookies” by changing the options in their browser so that a Web site must get permission to place a “cookie” on their computer.

ACTIVITIES

- 1 What are some of the ways that companies market their products to children?
- 2 What policies has the Canadian Marketing Association put in place to protect children while they are on the Internet?
- 3 Working with a partner, research the issue of privacy on the Internet. Create a concept web or other diagram to demonstrate the complexity of this issue. Post your visual on a bulletin board or school Web site along with a caption that offers a possible solution for this problem.

Chapter Review

Points to Remember

- Marketing is the process of discovering what customers want and need and then providing them with products that meet or exceed their expectations.
- A marketing environment results from the influence of several factors.
- The four components of the marketing mix are product, price, place, and promotion.
- A channel of distribution is the path a product takes from the maker or developer to the final consumer.
- The promotional mix is made up of a variety of approaches.
- Advertising informs the target market of goods and services and tries to persuade it to buy them.
- Advertising media includes print and electronic media as well as outdoor advertising.

Activities

Knowledge/Understanding

- 1 Create a comparison chart to demonstrate the advantages and disadvantages of the following types of advertising media: newspapers, magazines, radio, television, direct mail, and outdoor advertising.
- 2 List and give examples of the four Ps of the marketing mix.
- 3 List the three main objectives of advertising and explain their purpose in your own words.

Thinking/Inquiry

- 1 Select two packages from similar types of products. One package should illustrate your idea of packaging that is not harmful to the environment. The other package should illustrate what you consider to be packaging that is harmful to the environment. Discuss the reasons for your selections and suggest ways to improve the harmful packaging.

Skills
Appendix
analysing media

- 2 Collect examples of sales promotion material that you receive at home over a one-week period. Bring the examples to class. With a partner, evaluate their effectiveness. Would you or your family buy any of the advertised products? Why?

Communication

- 1 Collect examples of sales promotion material that you receive at home over a one-week period. Bring the examples to class. With a partner, evaluate their effectiveness. Would you or your family buy any of the advertised products? Why?

Application

- 1 Work with a small group of students to brainstorm a list of questions that could be included in a survey to determine which brand of shoes young consumers use most. Include questions that might help you find out why they prefer one brand over another.
Prepare a one-page summary of the outcome of the survey, showing the brands available, consumers' choices, and the reasons for their choices. Which is the most popular brand for each product? And why?

Skills Appendix

critical thinking

Internet Extension

- 1 Work with a partner to write a slogan and draft of a marketing plan for a new brand of product with which you are familiar. Research different kinds of slogans on the Internet and decide which one you think would be most effective for the kind of marketing your product will need.