

Welcome to Insight into Marketing

Thank you for choosing the “Insight into Marketing” Open Learning course from the I-Marketing Series.

Course aims

This course has been written to help you understand how marketing works, and breaks down the steps you need to take for consistent successful marketing communications. It provides you with a logical structure, guidelines, tips and practical exercises to help you develop and refresh your skills.

If you're new to the subject and want to find out how to become a professional in this industry, you'll find the contents of great value. For those already experienced in marketing, this course will provide a valuable reminder and highlight techniques that you may not have used for a while.

Learning method

We recommend that you first look at the contents, and browse through each section, to give you an overview of the material. While it's tempting to jump ahead, we recommend that you proceed step by step through the sequence of each unit.

Assessments: This course comprises of six units, each with a simple self-assessment activity. You can use these activities to test your own understanding of each section. If you're not sure, go back and look at the unit again. At the end of the course, there is a final exercise to help you summarize your learning, and develop your own action plan.

Learning Log: It's also worth keeping a Learning Log, [like a diary] to reflect on your own development, summarise what you have learned, highlight areas which you found interesting or challenging, and make notes about further actions planned, reading and research. In this Learning Log you can also make a note of your own personal objectives, so that you can check these as you go through the course to make sure that your objectives are being met.



Exercises: The exercises in this course are designed to help you:

- Understand and apply the information you have just read
- Reinforce the reading matter
- Summarise what you have learned in your own words

Course content

In the sequence of six units you are going to cover the following topics:

- What marketing is, and what it isn't
- Why planning pays
- Why you always need new business ideas
- How to win business from your competition
- How to add value without adding cost
- What makes marketing to the general public different
- How you can measure effectiveness
- How to ring up more profits
- Why some customers are more profitable than others
- When you need to love your customers
- How to put it all together to make Marketing work for you



Course structure and breakdown of topics

- Unit 1 What is Marketing?**
The management process
Briefing suppliers
Market research
Satisfying customers
Profit
- Unit 2 Marketing Planning**
SMART Objectives
Planning tools - SWOT analysis - PESTL
Where are you now?
Where do you want to be?
- Unit 3 The Marketing Mix**
Difference between Product and Service
Identifying USPs, features and benefits
Add on products and services
Product development
Product lifecycle
Boston matrix
- Unit 4 Price**
Consider the variables
Relate price to the market
BOGOF and special offers
Bundling and unbundling
Profitable customers
Mobility barriers
- Unit 5 Promotion**
What methods are there?
Measuring effectiveness
Combining your promotional mix
- Unit 6 Place (Selling)**
Identifying most profitable customers
Collecting customer data
Selling the FAB way
Building knowledge of the customer
Marketing Action Plan



Time guidelines

Experience has shown that this course will take about 14-16 hours to complete, depending on your existing knowledge.

Don't be concerned if it takes you longer than this average time. Your main objective should be to understand the methods explained, and think how you would apply the course in your working life. I suggest that you do not spend more than 2 hours a day studying.

Time guidelines:

Unit 1	One hour	30 min
Unit 2	One hour	30 min
Unit 3	Two hours	25 min
Unit 4	One hour	15 min
Unit 5	Two hours	15 min
Unit 6	Two hours	10 min
Summary/Action Plan	Three hours	



Unit 1 What is Marketing?

Question 1

Time guide: 5 min.

Please write down the most appropriate definition of marketing you have heard so far.

The Chartered Institute of Marketing defines it as “the management process of anticipating, identifying, and satisfying customer requirements profitably”.

Like all management functions, marketing includes a number of specific skills.

You can make this course more practical if you think of a real business or organisation, and use that as the context of your exercise.

Management process

Planning

Planning is one of the most important skills.

Question 2

Time guide: 3 min.

What effect do you think planning has on your attitude towards changes?

Your answer probably is that it helps you to adapt to changes because you know clearly where you are going. Besides adapting to the changes, planning also means anticipating the changes. If you plan your marketing you are pro-active, rather than reactive. Planning also means that you can make it work together so that the total equals the sum of the parts.



If you write down what you plan to do for a year, you can develop an Action Plan, month by month, so that you can set objectives according to priority. You will be able to prepare an outline-marketing plan by the end of this course.

Newspapers and magazines frequently phone companies asking for support advertising. Depending on the call, many companies agree. The amount which they allocate to preparing an advertisement, booking the space, and considering the medium as part of its marketing approach, is often wasted, because it is not part of the regular marketing plan.

It is also worthwhile setting aside resources for contingencies which arise during the year.

Budgeting

If you budget your marketing, you can make sure that it all works together, that the target audience is carefully defined and you know how much it is going to cost to reach them. Budgeting should include time, finance, people and equipment (if required).

Directing

This includes liaising with people who are working with you, depending on the organisation. By briefing the specialists, clearly and consistently (designers, copywriters, researchers, advertising agencies, PR agencies, as well as peers and staff), better results can be achieved first time.

This is a typical marketing brief for a brochure. It can also be adapted for other work.

Marketing Brief for a brochure

Title

Objective: (What is it meant to do?)

Target audience: (Who is it aimed at?)

Outcome: (What do you expect to see as a result of this brief?)

Method of distribution: (How will it be given out?)

Main message: (What is the main benefit you want to say?)

Subsidiary messages: (What other benefits do you want to emphasise?)

Tone/Style: (Is it technical, consumer, professional, friendly, serious, fashionable, complex, simple?)

Budget: (What budget have you allocated?)

Timescale: (What deadlines will you meet?)

Further information: (e.g. brochures, web-sites, competitor material)

Enquiries to: (Name and phone number/e-mail of authorised contact).



Controlling

In addition to directing the work which is required, it is necessary to control it, by stating and ensuring compliance with budgets, timescales, and creative direction.

Reviewing

This is an important part of marketing management too, because you have to establish what has worked and what hasn't, what has cost more and what has cost less, was it all co-ordinated, and how can we do it better another time.

Who are your markets? What are they going to want next?

Anticipate customer requirements

- **Research**

As they say in army circles, time spent in reconnaissance is never wasted. Companies that take marketing seriously carry out regular research, to find out who their customers are, and what they want. They also research their position in the market place, understand how new technology can help them, and run product development and test-marketing programmes.

What is Market Research and why is it important?

- Market Research can be defined as:

“the systematic collection, analysis and interpretation of information relevant to marketing decisions”

- In almost all walks of life, you can only make the right decisions if you have sufficient information on which to base your decision. For example before crossing a road I will look left and right to make sure there are no cars coming - I then have enough information to know I will cross safely. In business you will want to know that if you are investing your, or your company's money, that you will be making the right decision, so it is likely that you will investigate the likely effects of your decision; you will gather information.



This is particularly true of marketing decisions. Knowledge of your markets is your main concern - hence market research. For example you may be wanting to expand into new markets - how much do you know about these markets:

- their size?
- how much they are prepared to pay for your products or services?
- what the competition is like?
- how best to communicate with potential customers?

Gathering information like this will help you make the right decisions.

Information available via market research	
Heading	Information
The Market	<ul style="list-style-type: none"> • Total market size • Consumer profiles and needs • Trends - growing/declining? • Market segments
Market Structure	<ul style="list-style-type: none"> • Key players - what share do they hold? • Key brands • Method and structure of distribution
Consumer Perceptions	<ul style="list-style-type: none"> • Needs and wants • Perceptions of suppliers • Perceptions of brands
Products	<ul style="list-style-type: none"> • Usage and consumption patterns • Acceptance of new products • Unsatisfied product/service needs
Pricing	<ul style="list-style-type: none"> • Current pricing structures • Past trends • Predicted effects of price changes
Distribution/Retailing	<ul style="list-style-type: none"> • Sales by type of outlet • Retailer/distributor trends
Advertising & Promotion	<ul style="list-style-type: none"> • Effects of different campaigns • Media information - how to reach potential customers •

- Market research can be undertaken in all types of markets - consumer markets and 'business to business' markets. The techniques may vary but the principles are just the same.



Quantitative and Qualitative

- In market research there are two types of information - quantitative and qualitative.
- Quantitative research is all about numbers - market size, market share, number of people seeing your adverts etc. - and is usually based on some form of sampling and extrapolation.
- Qualitative research is harder to pin down, but is more about 'understanding' than just measuring. For example, advert A is recalled better than advert B (quantitative information) but how does A work as an advert and why is it more effective than B?

- **Understanding customer thinking**

Marks & Spencer monitored the increase in the number of women who were working, full or part time, and who therefore had less time to spend in the kitchen. They developed their range of quality ready meals, which required little preparation, and were quick to cook. They have since led the market in this range of food, very profitably.

- **Monitoring trends**

The chocolate manufacturers noted from UK demographic profiles that the market was saturated for conventional chocolate products. They then looked at the wider snack/pleasure market, and developed the ice cream chocolate products. Now Mars have taken this a step further again, and realising that peoples' tastes change as they mature, have launched a dark chocolate Mars bar, and, no doubt, this will be followed by a white chocolate Mars bar within a couple of years.

Identify Customer Requirements

- **Listening to customers**

It is best done by listening to people who might be customers, and thinking about why they might be customers, then asking them what they want from us.

EuroDisney noted with interest the number of Europeans visiting their sites in Florida and California. Based on this, and additional research, they built EuroDisney. This was a long-term investment, which is now proving profitable.

- **Testing to see if they really want it**

Many companies do this by sampling; in other words giving customers a trial pack free, or at a reduced rate. These tests are carried out in a representative area, and the results carefully monitored and analysed.



Mondex wanted to launch a card which acted instead of cash, for small items, and which could be 'recharged' from a number of banks. They identified Swindon as a town with a typically representative population of the type of consumer who would find this product of most interest. They then launched the test for a period of a year, to give people time to get used to the idea of paying for newspapers and car parking with a piece of plastic.

- **Thinking in terms of problem solving**

Not a case of giving them what we've got, but asking them what they want from us.

In many households washing the dishes can be a subject of heated debate and discussion, is tedious, and has to be done every day. The people who invented dishwashers, recognised that it would solve a range of problems, social, domestic, hygiene, and even aesthetic (with dishwashers to match every kitchen).

- **Thinking market needs before product**

Many companies are product driven, rather than market driven. This is actually the crux of marketing.

Body Shop looked at the market needs of teenage girls, with limited spending power, who did not want the sophisticated packaging, or any products which would appeal to their mothers. Their interest in environmental issues was also noted, and the products were therefore developed to meet these needs.

Sources of Market Information

Desk research

- Commercial/Reference libraries, both on and off line
- Trade/technical libraries
- Chamber of Commerce
- Trade publications
- Government statistics
- Directory of Employers
- Local Government statistics
- Export desk at DTI
- Internet and websites



Ad hoc research

- phone
- mail/email
- discussion group
- salesperson's feedback
- focus group

Competitor's literature

Staff knowledge



Exercise

Time guide: 20 min.

Defining market research needs

Service/information/product name: _____

1. Who the customers are. Describe in detail the typical customer for this service (e.g. Type of organisation, location, job title, size of organisation, number of decision-makers)

2. Do you know:
- a) Why they buy from you?
 - b) Recency, frequency, value patterns?
 - c) Where to find others like them?
 - d) Who your main competitor is for this service?
 - e) What else they would like to buy from you if they knew you could provide it?

3. How will you find out?



Satisfy customer requirements

Question 3

Time guide: 5 min.

What would you do to satisfy your customers? Please think of three ways.

- **Giving value for money and exceeding people's expectations**

Satisfied customers buy more, so if they think they have had good value for money then they will come back, and will also tell their friends.

- **Setting and maintaining service standards**

You can see this in supermarkets, where they are all attempting to differentiate themselves by high service standards, and putting in extra staff to minimise queues at the checkouts.

- **Conferring status**

Why else do people pay £80-£90 for a pair of branded running shoes, when other footwear available for £20 would serve their purposes equally?

- **Meeting their perceived needs**

Not your impression of what their needs are, but what they perceive their needs to be. This requires deeper investigation and research, but once established, is the route to success in marketing.

Profitably

And finally we've got to do it profitably.

- **It's the reason for doing it in the first place**

As Robert Townsend said in *Up the Organisation*, "If you are not in business for fun or profit, what are you doing there".



Fund future developments

You need to get a return on your investment, in order to be able to fund future developments. And profit is not always measured directly in terms of money, you might want to measure it in terms of other benefits.

Question 6

Time guide: 4 min.

Can you think of other terms than money, in which profit can be measured?

For example a government owned training organisation might look for a benefit of an increased skilled local workforce, or lower unemployment, which attracts more business to the area, or an increase in export revenue generated in the area.

- **Must always be measured**

Whatever the profit, whether in monetary terms or other benefits, it must always be measured. If you don't know whether you are making a profit or not, then you don't know whether to invest any more of your time in the project. If you don't know whether you can continue to make a profit over the next one, two, three, five years, you will not know how much extra time and money to invest in developing the product or service.

Long-term relationships are the most profitable.

Mark McCormick's international management group also work on the basis of long-term relationships with their sports' stars, developing sponsorship opportunities for them.



Outline Research Plan

Time guide: 15 min.

Objective:

Target sample:

Research method:

Timescale:

Budget:

Resources:

To summarise, marketing is a business process which looks at customer needs.

Well done – you deserve a break



now!



Assessment to Unit 1

Time guide: 45 min.

The purpose of this assessment is to establish a “diagnosis” of your company on its current framework of the marketing process.

In Units 2 and 3 you will learn why certain marketing tools work best and how you can plan and apply them, once you are clear on the process.

Use this space to make an inventory of actions that describe the management process of your company, in terms of:

Planning

Budgeting

Directing

Controlling

Reviewing

You do not need to go into details, just prepare a list of the things of which you are aware.



2 Based on what you've learnt in this unit, would you say your company.....

Anticipates

Identifies

Satisfies

.....customer requirements?

Please explain your answers.

3 In what terms do you measure profit?



Unit 2 Marketing Planning

Planning

- SWOT Analysis - the tool
- What to include in the analysis
- Other factors to consider

What is marketing?

Now we are going to look at Marketing Planning. You will find there are three 4-letter words that are used in this chapter, plan, test and free and, although small, they are all very important words.

The first one being 'plan' and you all know the phrase, 'fail to plan and you plan to fail'. If you just react then your marketing will not work in harmony. You will not feel you have control over it.

The first thing to decide is where am I now and, secondly where do I want to be. There's a tool called SWOT analysis which helps you work this out.

The first part of planning is to set your goals, or objectives.

Marketing objectives should be SMART. i.e. Specific, Measurable, Achievable, Realistic and Timebound.

For example, an objective could be:

“To increase sales of ladies fashions by 10% in value terms, based on current sales, within the next 12 months”

or

“To win 5 new customers (worth £1,000 per year) in the Swansea area by end December”.



Marketing Objectives

Time guide: 20 min.

Now write down your Marketing Objectives here:

What is your marketing budget? (finance/time/other constraints)

SWOT Analysis - the tool

SWOT stands for **strengths, weaknesses, opportunities, and threats**.

Strength and weaknesses are internal to you and your organisation. For example a strength could be knowledge of a market, knowledge of a language; weaknesses could be lack of modern technology, or a less than full understanding of marketing.

Opportunities may be new markets, new trends identified in your research, while threats may be competition, a change of government, or new tax legislation.



Exercise A

Time guide: 25 min.

Write down your SWOT analysis here. You may want to do this with a friend or your client.

SWOT Analysis

Strengths

- 1. _____
- 2. _____
- 3. _____
- 4. _____
- 5. _____
- 6. _____
- 7. _____
- 8. _____
- 9. _____
- 10. _____

Weaknesses

- _____
- _____
- _____
- _____
- _____
- _____
- _____
- _____
- _____
- _____

Opportunities

- 1. _____
- 2. _____
- 3. _____
- 4. _____
- 5. _____
- 6. _____
- 7. _____
- 8. _____
- 9. _____
- 10. _____

Threats

- _____
- _____
- _____
- _____
- _____
- _____
- _____
- _____
- _____
- _____



PESTLE FACTORS

Another planning tool is to look at the PESTL Factors. These can affect your marketing activities.

Which of these will affect your plans to market your services? How will you handle them?

1. Political

2. Economic

3. Social

4. Technical

5. Local environment



What to include in the analysis

Before getting introduced to my list, I'll ask you about your ideas.

Question 1

Time guide: 3 min.

What do you think are the most important factors to consider?

Analysis of your product/service

Think about what is good about it and what is not so good about it. What is unique, what is the Unique Selling Proposition (the USP). Have a look at the markets in which it operates.

Analysis of your company

Where are they in the market, what are they good at?

Analysis of markets, both existing and potential (e.g.: export)

Who are their customers, why do their customers buy from them, who else might want their goods/services.

Skills audit

Do you have, or can you get all the skills that you need to achieve objectives? Do you have the languages, for example? Do you have the computer skills? Do you have the marketing skills? If you don't, does somebody else in your organisation have them? If you don't have the skills what are you going to do about it?

Competitive analysis

Who are the competition and what are they up to? Even if the competition is from an in-house function, it should be regularly monitored, and if possible quantified.

A consultant visited a business start-up, which had been formed by three ex-army personnel, to make and sell wheel clamps for cars, caravans and boats. When asked about their competition, they showed a complete dossier, with details of all of their competitors, their brochures, their price lists, and the areas in which they worked. They explained it was their army training - 'know the enemy'. The consultant was able to help them to identify what made their product unique, and how to position it in the appropriate market place.



Other factors to consider

What do you need to know to plan better?

If you are thinking of launching a product, you need to know more about the costs of re-packaging, how the distribution system works, any additional costs that may be incurred. Most problems with decision making come as a result of too little information being available. If you know what information you will need in order to make the best decision, you can then plan to find out, and build it in.

What will happen if I do nothing?

What do you think will happen if you do nothing? While you are doing nothing, your competitors are all busy doing other things, building their brands, selling their products or services, and taking your customers.

Put it all together

So having done all this analysis, which takes time, you need to put it all together, and then develop an Action Plan as a result.

Regular review and adjustments

Having done the SWOT analysis, prepared a marketing plan, structured an action plan and budget, it should then be used, reviewed, changed, in the light of new information and treated as an organic part of your business.

CASE STUDY

Time guide: 30 min.

You are the Managing Director of a bakery which produces 20,000 bread rolls a day (Monday to Saturday). You could put on a night shift to double your output, if you could increase the market for your rolls. The reduced cost of bulk buying your ingredients would balance the night shift labour rates. Each roll costs you 1p to produce, and you sell them to bakery shops for 4p.

1. What other markets could you investigate for the extra rolls?



2. Could you make other products which would be complementary to your rolls?

3. Who are your competition and what are they doing?

4. What research would you commission as part of your marketing planning?

5. Is there a new use for rolls which the customer is just about ready for?

6. Provide a brand name for the rolls.



Here are some model answers.

1. What other markets could you investigate for the extra rolls?
Schools, restaurants, supermarkets, hospitals.
2. Could you make other products which would be complementary to your rolls?
Different sorts of rolls (wholemeal, corn, etc.), sweet bakery products, ready-made packed sandwiches, special packaging, delivery.
3. Who are your competition and what are they doing?
Bakeries, kitchens of institutions producing their own bakery products (in hotels, hospitals, schools, universities). Bakeries produce, package and deliver, while the latter produce and in some cases package.
4. What research would you commission as part of your marketing planning?
 - I'd check into the regional breakdown of roll consumption to decide what geographical areas are better to target and trace potential markets.
 - I'd investigate what people buy as a substitute product for rolls.
 - I'd test my ideas listed in point 2 on a representative group of customers first (questionnaire, tasting in retail outlets).
 - I'd examine the financial feasibility of the project: what additional costs it would mean to realise my ideas, how much I'd earn on it.
 - I'd study what my competitors are doing.
 - I'd identify my USPs as opposed to competition e.g. delivery: "fresh from the oven, first in the morning", wide range of bio-products: healthy life-style.
5. Is there a new use for rolls that the customer is just about ready for?
In my opinion as a result of the accelerated life-style ready-made sandwiches are in demand, as well as bio-products are very much popular these days.
As far as my direct customers, the retail outlets or institutions are concerned, they will appreciate my complementary services of packaging and delivery.
6. Provide a brand name for the rolls.
It depends on my USPs. If it is freshness and early delivery: "Crack of dawn", if it is being healthy: "Bio family", if it is sandwiches: "Picnic", "Bite Buns", "Rock'n' rolls" are other possibilities.



Well done – you deserve a break now!



Exercise

Time guide: 45 min.

Please, prepare a SWOT Analysis by focusing on a particular product/service of your company that you'd like to develop. You are going to centre your marketing plan around it during the course, by being guided through the steps of this process.

<p>STRENGTHS</p>	<p>WEAKNESSES</p>
<p>OPPORTUNITIES</p>	<p>THREATS</p>



Unit 3 The Marketing Mix

Definition

In Units 1 & 2, you've looked at what marketing is, and how to plan marketing. Now you'll analyse the elements of the marketing mix, which helps you to pull it all together.

The Marketing Mix comprises of, traditionally, four P's, but in this case we will use five P's - Product, Price, Place, Promotion, and People. This unit looks at product or service.

What is the product? Is it really a service?

Let's take a close look at the product first. A real understanding of your product or service is essential for good marketing.

Unique Selling Propositions

Identify the USPs - these are the factors which makes your product different to other people's. If you don't understand your product/service you can't explain it to potential customers.



Exercise A

Time guide: 15 min.

FAB Exercise

Features of a product are what it does.

Advantages are what it does better than before/competitor's

Benefits are what it does for the customer.

Write down the Features, Advantages and Benefits of your product/service.

Features

Advantages

Benefits

Example:

Kettle boils in 90 seconds

Quicker than competitors

Saves time

Computer has sophisticated sound system

Improved sound

Increased enjoyment

Car has air conditioning

Uses less energy

Keeps the driver cool and comfortable in summer

_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

Marketing position

Look at your marketing position, where your product is in relation to other services or products.

MacDonalds defined their marketing position very clearly, as a low cost, consistent standard, fast food. Other American diner type operations such as TGI Fridays sell hamburgers, at a much higher cost, where the eating is only part of the dining experience, a more leisurely environment, and a much higher price.

Many companies define their role by committing to a "Mission Statement". This is a brief statement about what market sector they are targeting with which product/service.



Exercise B

Time guide: 5 min.

Write down in 17 words or less your Mission Statement:

Other markets

Look at other markets too. As we discovered in the bread roll exercise, there may be other markets which we can identify and in which our products can be sold.

A recruitment agency which was experiencing considerable difficulty attracting and keeping temporary staff, developed a new market for part time work for the over 65's, who are traditionally more reliable, and more people orientated.

Add on products or services

Question 1

Time guide: 2 min.

When did you last buy a pair of shoes? Did they try to sell you anything else when you were buying the shoes?

My experience shows that in most shops they would probably try to sell me polishes, brushes or shoe trees. Shoe shops identified that this was the point at which more people were likely to buy maintenance equipment for their shoes, and realised it was a profit opportunity for them.

A similar example is the electrical chain which offers guarantee extensions, when buying major electrical products.



Product development

Businesses which look ahead evaluate what is working and what return you can get and then work out how to do more. We have already talked about the Mars ice cream, but you can see this also in cars, where developments such as air bags, safety features, central locking, and in-car entertainment, are all product developments.

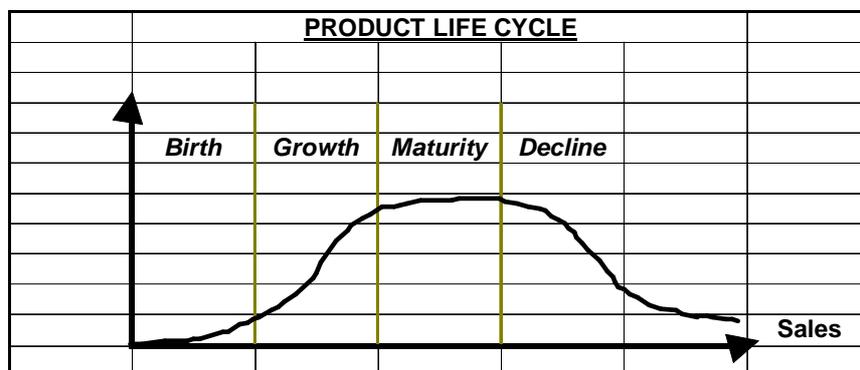
Post-it notes. The glue on the back of post-it notes was developed by 3M, but abandoned because it was a glue that did not stick. However, creative thinking came into play and it was resurrected 10 years later, for a different market. Now we use post-it notes regularly in business life.

Competitors

It is essential to monitor your competitors to see what they are doing. You can then present your product/service to highlight the benefits of yours over theirs.

Product life-cycle

Also remember, that each product has a life cycle, with a birth, growth, maturity and decline stage.



Here is an explanation of each stage in a product's life-cycle.

Birth or introduction stage: The offer is new and there are very few or even no competitors. The main objective is to make the market aware of its existence and interest the "early adopters". Price is often but not always higher- see mobile phones for examples.

Growth: Sales start to take off, economies of scale apply, promotion is strong, and market followers have built up a trust. New applications and new markets can be introduced.

Maturity: Demand levels off, and further market stimulus is required to maintain volumes.

Decline: The product or service has lost its appeal, everyone has one, the competitors have brought out a better one. Needs more marketing support and may result in less profit.



Question 2

Time guide: 10 min.

What do you think the four stages mean in terms of competition and sales?

Birth: _____

Growth:

Maturity:

Decline:



In the birth stage costs are high, and take -up is uncertain. Research and development costs are higher, and promotion can be higher, too.

In the growth phase, people are aware of and purchase the product so the company earns high revenues (of course dependent on the intensity of competition).

In the maturity stage many companies compete and some of them are even looking to get out as the sales of the product cannot be increased any further.

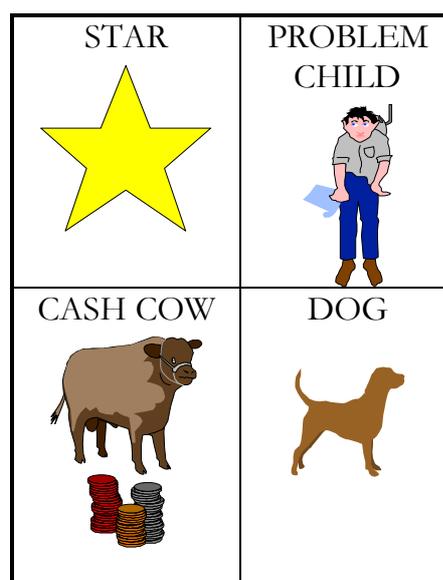
In the decline stage there's no longer a demand for the product and the best business decision would be to sell it off, stop producing it or transform it into a new product.

The most notable example of these is the soap powders. In that very competitive market they are aware that products have to be continually updated, even when it means launching new brands which compete with their existing brands.

It's not enough nowadays to have simply a product that washes whiter; it also has to be biological, environmental, good with colours, including a fabric conditioner, and who knows what next? The only thing we can be sure of is that there will be another product development as a result of life cycle monitoring.

Boston Matrix

This product analysis tool helps a business to classify products into categories, especially when launching a product or evaluating a range of existing products. The Boston Matrix indicates whether something gives a significant return on its investments by determining the cost and profit of each launch.



Starting in the bottom left-hand corner, a product that gives a reasonable return for a low investment, is very often a mature product and can be thought of as a 'Cash Cow'. By this we mean that it delivers cash, with a bit of attention but not a lot of investment.

The next product - the one where we wish all our products or services fitted, is a 'star' product. This is where the investment is low but the return is high.

Moving across, we have a product where the investment is high and the return is high. These are known as 'problem child' products or services. If we can reduce the investment while maintaining the return, we could move them into the star category. However, if we reduce the return, they move into the 'dog' category. A dog is a product which has a high investment and a low return.

Marketing people tend to study any products in the 'dog' category, carefully working out how to reduce the investment, while maintaining a return, to move into the 'Cash Cow' category, or eventually decide to abandon the product.



Well done – you deserve a break now!



Assessment to Unit 3

Exercise

Time guide: 60 min.

Think of the product/product group/service that you have chosen to include in your marketing plan in Unit 2. Now you are asked to analyse it by using the aspects you've learnt about in this chapter.

How is it positioned in the market?

Are there other potential markets for it?

What is the philosophy of your product development? How would you categorise your product now, what would you like to achieve with it and in what timeframe? Please, think of the product life-cycle scheme and the Boston Matrix.



Product/Service

1. Write down the unique selling propositions for your product/service:

2. What do your competitors do better than you?

3. What do you do better than your competitors?

4. Define your brand values:

5. What add-on products and services can you offer your customers (be creative)?

6. Draw a Boston Matrix for the current products/services offered:



Star	Problem Child
Cash cow	Dog

7. Could you offer other services that would be complementary to those you currently offer? If so, what? How will you find out what your customers want, or if they would like it if you could offer it?

8. Who are your competition and what are they doing?

9. How recently did you look at your competition? What information can you share with colleagues? How will you record competitor information in the future?

10. Which is your most profitable type of work? Which is your most regular type of work?



Unit 4 Price

“A loaf of stale bread is worthless at a feast, but priceless in a famine.” Many companies believe that the best way of selling a product or service is to reduce the price.

There are a number of factors that affect how prices are set. The sections below look at the main factors. However, when setting prices they should all be considered and a balanced view taken.

Cost of production and distribution

You will be unlikely to sell a product for long, if it costs you more to produce and sell than it brings in income. Some markets operate on known cost/income ratios, and if you are working in one of these, you should always try to meet or beat those standards.

Building societies measure the cost of delivery of their products as an efficiency guide. The most efficient have been the first targets for privatisation, as they are likely to be the most profitable.

What the market will bear

Utilities are an excellent example of what the market will bear, having relatively little competition, they are able to fix their prices to provide a dividend for shareholders, as well as investment for the future.

Competitors' prices

When setting a price, it is important to know where your product fits in comparison with other competitors. If your product has more features and benefits, and is aimed at a more affluent target customer base, then you would naturally charge more.

Supply and demand

This is a founding principle of economic theory, which applies everywhere.

A student who worked part time as a lighting engineer found that he was being booked regularly by discos and amateur dramatic companies. He therefore increased his price, so that he was doing less work for the same amount of money.



When new computer games consoles were introduced, they were only available through limited distribution channels, and a heavy PR campaign was launched in advance. This was aimed at two groups, the Innovators, and the Early Adopters. As the products were used by them and admired by others, the cachet increased, and when launched in normal retail outlets, sales were very strong.

Premium product price

These are often presented as gifts, for example, perfumes, luxury chocolates. The fact that they cost more means that they are perceived to be worth more and all promotions are related to imparting this message.

Snob value/Labels

This takes premium product pricing to a new high. Some markets e.g. youth, are very susceptible to snob values and the right label. The product may be very little different from the basic one, but the label adds value through brand perception.

Niche markets

This technique will be illustrated by a case study where you are actually asked to find out what happened and why finding the niche markets is so important to survive in the competition.

Case Study

Time guide: 12 min.

Three driving school instructors in a town found there were 600 driving schools in the area. They thought that they would have to compete by lowering price.

Susan was a mature woman who had recently lost her husband. The second was Peter, a young man who lived in the country. The third driving school instructor, Brian worked on the principle that, in the town, he would get business by recommendations.



How could they compete effectively other than by lowering their prices?

Who do you think Susan targeted to have a niche market?

What USP would you build your offer around if you were Peter?

Would it make more sense for Brian to target individuals or target groups of people with special characteristics?

The ideal solution was for each of them to find a different segment in the market to which they offered their specialised services.

- 1 Susan was able to and decided to target a niche market of mature women such as herself, who felt that she would understand their fears about driving.
- 2 Peter- The USP of his offer was that he was able to offer a door-to-door service, even in the remotest parts.
- 3 Brian offered a range of packages for groups of friends to learn together.

Each of these people was able to maintain a realistic price, while developing the niche market so that direct competition was excluded.

Differential pricing for different markets

There are times when you have to look at price in relation to the markets in which you are operating. For example, many goods/services bought on the Internet are cheaper than the same item bought through other channels.



Discounts and limited offer periods

This is a means of reducing price, without devaluing the product or service. For example, an introductory discount when a new product or service is launched, a reduction if three or more products is taken at the same time, or if payment terms are adjusted.

Limited offer periods allow for testing a product, testing demand at different price levels in different areas, and the offer period can be adjusted to suit the organisation.

BOGOF (Buy one, get one free) is a popular price discount techniques.

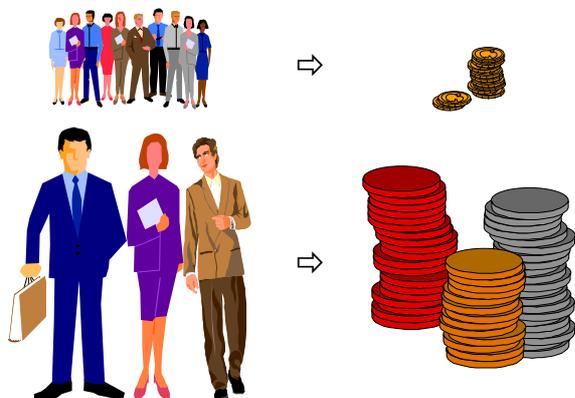
Bundling and unbundling

This can be seen in supermarkets where they offer a range of ingredients to make a particular recipe, or a discount is offered if you buy 'the sugar as well as the cereal'.

Bundling works where you have several products, which can be related, and you want to aim at a higher unit sale.

Unbundling works where you have a complex product, and it may be too expensive for your new market, so therefore you unpackage it into manageable, saleable, elements.

Profitable customers



Pareto's law says that 80% of your customers will bring you 20% of your revenue, and 20% of your customers will bring you 80% of your revenue.

Therefore it is important to concentrate on the profitable customers, not necessarily excluding those which provide the bread and butter, but aiming your efforts at your main target area.

Mobility barriers

These are built in means of maintaining a price level, and maintaining a relationship with a customer. Requiring payment by direct debit, which requires some effort to change, is one. So is arranging a contract over a particular period, during which the cost of sales can be recouped.



Question 1

Time guide: 15 min.

Please write down what pricing technique is applied in each of the cases below.

1. An Indian cook prepared delicious curry sauces for sale to private individuals, and also sold them to local Indian restaurants. The price she charged the local restaurants was significantly less than the price charged to the consumers, as they were buying in much larger bulk, and provided 80% of her business.
2. People wear their designer brands on the outside of their clothes, actively seek the luxury and exclusive imported cars, and are prepared to pay more for anything exclusive, so long as other people could recognise and value the product as such.
3. Car companies sometimes invalidate their warranty if a car is serviced at non franchise outlets.
4. All the supermarkets monitor each other's prices on a very regular basis. They nominate a product (or products) which act as a 'loss leader', to attract people in so that they buy more of the higher priced goods.
5. Many telemarketing companies that are quiet during the month of August and December, offer their services at a significantly lower rate then. They have the same overheads, so any increase in business during these traditionally quiet periods is welcome.
6. Two training companies were offering PC training, both concerned that they may be competing with each other. However, as one training company aimed at large multi-nationals, while the other aimed at business start-up units, they could tailor their products and prices accordingly.



Exercise A

Time guide: 25 min.

Price

a) Carry out a survey and find out the pricing structures of 3 competitors

b) Can you identify a way to charge a premium price for any product?

c) What discounts and limited offer periods would you suggest to attract more business?

d) What discounts and limited offer periods would you suggest to attract new markets?

e) Suggest ways of bundling various products on offer:

f) Suggest mobility barriers to maintain customer loyalty:

Well done!
You deserve a break now.



Assessment to Unit 4

Time guide: 30 min.

Please think of your chosen product or service and fix a price for it.

What factors will you consider when setting the price?

How do they influence your decision?

Factors to consider:

Their influence on the price of my product:

Price applied:



How can we promote the product/service?

There is a raft of promotional techniques which any marketer can use, and I have listed the main ones below. Which you use will depend on your budget, your objectives and your target market.

Advertising

Advertising, whether it's done in the smallest local newspaper, the smartest high gloss fashion magazine, on the Internet, on the local radio station, or across five continents in an international TV campaign, is done for one of two reasons. Response or awareness.

Response

Currently less than 3 out of five of the advertisements on UK television carry either a telephone response function, or a website, twitter, facebook, or email, or a combination of these. All response advertisements in any media should have a phone number, coupon, e-mail address clearly noted.

Campaigns which are planned and run to co-ordinate with other promotional activities are usually designed to increase awareness, whether of the product, the brand name, the company, or the message.

If going for awareness you will need to book a series of advertisements to build your brand/message.

When booking display advertising, it is worth booking a series of advertisements, to get a discount. Other ways of getting a discount includes saying that you are a first time advertiser, or book it at the last minute (always assuming that they have material available to slot in), this is called 'distress space' advertising.

For maximum response/awareness in display advertising, follow these rules:

- a) Try to book an early right hand page. People look at right hand pages more than left hand pages, and the first pages more than later pages.
- b) Expect to pay more for prime sites, e.g. inside front and back covers, outside back cover, opposite contents page.
- c) Always ask for a discount – the closer you are to the print deadline the more chance you have of getting one.
- d) Try to go for an outside edge corner, especially if you have a coupon.



- e) A full page will not give you twice the response of a ½ page, so test different sizes.
- f) Always check what publications/websites/blogs your customers actually read. You will sometimes be surprised.

Direct mail/email

Direct mail uses databases to build customer relationships. This medium gives the opportunity for explaining more complex products and services in more detail, it is measurable, and controllable. With the increased cost of postage, email is more popular in many instances. However, post works better for something that feels personal, can be felt and touched, with good quality photographs and persuasive copy.

Leaflet distribution is a form of direct mail which is not personalised, but by analysing areas according to neighbourhood, leaflets can be targeted at the customers most likely to buy.

The rules of effective direct mail are

1 Attention

- People read mailshot letters in a different way to the way they read a personal letter. The first thing they look at is who is it addressed to. Then they look at who signed it; then they look at anything else which catches their eye.
- Many a good direct mail campaign has been lost because it is not written to a specific person and the name is not spelt correctly. The other important factor to realise is that people like to receive letters; a) from a person and b) from an important person. That is why all letters should be clearly signed, and the person sending the letter should have an important title.

There are a number of techniques for attracting attention.

Question 1

Time guide: 8 min.

Several of them are illustrated below. Please match the cases with the relevant technique:

1. Question 2. Challenge 3. Curiosity 4. Fear of loss 5. Chance of gain

Situation

A. A communications training company mailed out a letter with a tea bag attached. They suggested that the Managing Director should drink the tea and take a test on the seller's website, and then receive a report relating to his business. This produced a very significant response, which was tracked and followed up.



B. This is where the offer comes in - the chance to win a million pounds on the Reader's Digest draw, or a free trial/Which subscription. Read any mailings you receive and see how they paint word pictures of the luxury lifestyle, improved knowledge, or cost savings you will enjoy, if you respond.

C. Some of the best direct mail letters work on the principle that you might lose out if you don't read on. A computer training company used this technique in a mailshot, when it indicated that most people only use 30% of the power of their software packages, but with appropriate training, they could double their productivity.

D. You can attract attention by generating curiosity with a 'lumpy' envelope, or a well thought out subject headline in your email. You can arouse curiosity by an enigmatic question printed on the envelope. Envelope messages usually lift response by giving an intriguing clue about their contents.

E. "Do you want a cheap holiday in the sun?" - A Spanish villa rental company used this to generate a response, where the answer is likely to be YES.

Interest

So having got their attention we now have to get them interested.

This is where you build benefits. Benefits are what the product or service can do for the reader. Benefits are reasons to buy. Benefits should be tangible, should create word pictures, and should relate most importantly to what the person reading the letter is likely to want. Think about the saying, "a stale loaf of bread is worthless at a feast, but priceless in a famine."

Having built benefits we now have to **make the offer**. This can be in the form of money off / multi-buy (offering a free additional product or service), a free trial, a meeting at which they could learn something, or a prize draw. Packaging the offer so that it looks new, different from anything else in its industry, but is still understandable, is part of the creative technique.



Question 2

Time guide: 5 min.

Match the number to the situation by placing a number in the most relevant box.

1. Money-off 2. Free trial 3. Meeting 4. Prize draw 5. Multi-buy

Number

Situation

- An estate agent offered a free valuation of property, to consumers who were likely to move house within the next 2 years.
- A mortgage company offered a reduced rate for 2 years for people who switched to their mortgage.
- Many business to business organisations offer a free consultation, (which sounds worth more than a meeting or an appointment) as there is the chance that they will learn something to their advantage.
- 'Which' and other subscription publications regularly offer a free trial for 3 months, working on the principle that having tried the product/read the magazines, for that period, the reader will be much more likely to want to continue to receive the publications.
- Reader's Digest has prize draws among those of their subscribers who renew their subscription for the coming year.

Desire

Having attracted their Attention, and created Interest we now have to make them want the product/service, and this is done by re-phrasing the offer. People do not read the letter in the same way as a personal letter, so they may not have read all the way through so far - they will skip about - so that's why you need to rephrase the offer.

This is then the point where you should re-enforce any fear of loss or chance of gain (see chapter for Attention), in the reader's mind.

A successful mailshot was sent to school bursars, who had recently taken on the task of handling the complex insurances of the school and property. This letter focused on the fear of loss, by indicating that perhaps they were paying too much for their insurance, and that company X would be happy to guide them through the difficulties. This produced a 14% response.



Question 3

Time guide: 3 min.

Sum up below what you do in this phase of the marketing process.

If you wrote rephrase the offer and reinforce any fear of loss or chance of gain in the reader's mind, you have mastered the idea!

Commitment

The next step in the letter is **commitment**. At this stage you reinforce their need to do whatever it is you want them to do; fill in the form, phone the number, send for the goods, etc.

Anticipate any objections that they might have and then deal with them, so that they are no longer objections.

- “You may think that your training needs are fully catered for at the moment, but our free skills analysis will help you to know for sure”.
- Objections about cost: “It represents value for money”, “think of cost of not doing it”.
- Objections about existing suppliers: “Free consultation to be sure you are getting best deal”.

Action

This is like Closing when you are doing a sale and it's one of the things that people fall down on when writing mailshot letters. They let things drift off into the ether. What you have to do is get them to respond.

- You tell them what's going to happen next.
- You tell them that you are going to phone them and you're looking forward to speaking to them.
- You give them a deadline - say the offer is only open for another 2 weeks and therefore they are going to miss out if they don't reply soon.
- You give them incentives so that if they reply within the next 2 weeks they get a free copy of the book 'how to write direct marketing letters', which of course is what they've always wanted, on top of whatever else you are selling.



Make it easy for them to respond.

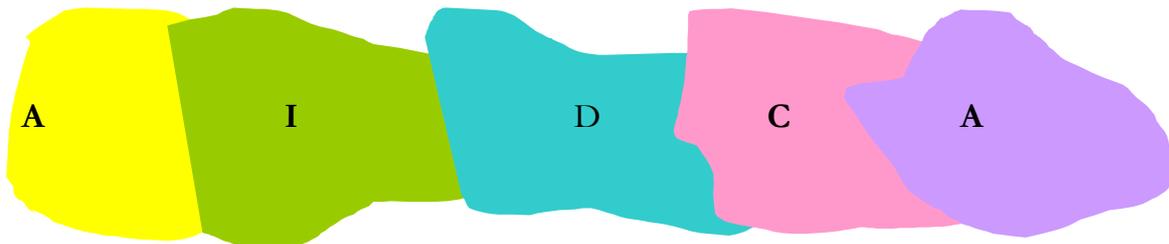
- Give consumers a Freephone or local number, and offer email as well.
- If they have to fill in a form, suggest that they can attach a business card (if it's business to business). Most people would rather do that than actually write things out.
- Print your phone number and email in large letters, because then people can see 'oh I just need to read that, I don't need to read through the whole lot to find the number'.
- Have the customer's contact details completed on the reply form so that they don't have to fill that part in.
- If posting, you may want to provide them with an envelope, and include reply paid postage.

But, whatever happens, don't forget to tell them what to do next.

Question 4

Time guide: 3 min.

Please, write in the rules, what AIDCA stands for, in the puzzles.



When to use long copy and when short

Now that you have looked at the content of the letter, we'll go on to the layout tricks.

- Pre and post scripts can be very effective, depending on the market.
- Pre script is something that looks like a headline or may appear to be 'hand written'. Those tend to work best for consumer mailings.
- Post scripts are essential. Post scripts should be used to reinforce the main benefit, or add an air of urgency to the response technique. They must not be used to introduce a new benefit.
- Most letters should not be right justified. Psychologists have done tests which show that people find text which is left and right justified very formal, and have an instant resistance to it.



- Psychologists have found is that short sentences and short paragraphs work better. They say that the optimum length of a sentence is 17 words. By introducing short paragraphs, remembering that people's eyes skip about the letter, there will always be something which will be of interest to them.
- Use of bold and underlining. This can be used with discretion, more on consumer letters than on business to business.
- Written by somebody important. Good letters are written by somebody with a real name you can relate to, and not just a department or a company, where you don't know who to ask for when you have a query, or want to place an order.
- Folding - letters should be folded as little as possible.
- Whether to use long copy or short. The rule of thumb is that if you've a lot to say and you say it in an interesting way, people will take the time to read it. If you're writing in a slightly apologetic way then nobody will read that, and you've probably wasted your stamp as well. By following the rules, and assuming that you have a number of benefits, you are more likely to write a two page letter than a one page letter.
- Tailor the copy to the reader's knowledge and jargon. Every industry sector has its own jargon, and therefore by using a little of that, you create a link with the reader, which implies that you know what you are talking about.
- Other formats. Sometimes a postcard can do the job equally effectively, an e-mail, sometimes it's a letter and a brochure, sometimes it's several pieces in an envelope all at once.
- Consumer direct marketing often uses a device called a lift letter. What this means is a letter which is in a separate envelope inside the main pack and says 'open only if you're not intending to reply'. That then involves the reader, and really works to lift response, by dealing with objections and reinforcing fear of loss, or chance of gain.

An interesting mailshot was a foam bar in the shape of a house brick, wrapped with a letter, and held together with string. It certainly attracted attention, although the letter lost some of its impact by the fact that it was very creased.

Envelopes. These are more important than you might think. According to research, 67% of business managers open their own mail, and therefore the envelope gives them an idea of what is likely to be inside. It is another surface on which you can put a selling message, even if it's only produced by a rubber stamp.



Public relations

Public relations is all about perception, and is not restricted to press releases. Companies, large and small, use public relations to good effect, especially when they co-ordinate the public relations efforts with other marketing activities. PR costs comparatively little but can give you big rewards in terms of awareness of your company and brand values.

The annual anti-drink driving campaigns, are seen not only on television, are discussed on the news, in the newspapers, and supported with leaflets, posters, etc.

Public relations include press relations, as well as other publics such as staff, investors, neighbours, suppliers, and customers.

Silent salesmen

These are otherwise known as promotional gifts or give-aways, which can be used to sell your product, or brand identity and values, long after your salesmen have gone home. These can include pens, pencils, coasters, mugs, rulers, and notepads. The best silent salesmen are the ones which are used regularly, and earn their keep on your customer's /prospect's desk.

Brochures

Brochures should be designed to spell out benefits, use pictures or photographs or illustrations where relevant, and be appropriate to the target audience. Brochures vary from high colour, high gloss productions for high value products and services, to simple A4 folded into three, produced on a laser printer. Brochures should be written clearly, without too much text, spelling out benefits, and using illustrations where possible.

Website

Your website has to work as a shop window, the brochure, and sometimes a sales counter all at once. Set objectives, so that you know exactly what your website is intended to do. Make sure it creates a good first impression and reflects your core values, as well as delivering your brand with confidence. Use the language of your target audience, explain any abbreviations and aim for a consistency of style. Make it easy for people to contact you, by phone as well as e-mail, after all, that was probably one of your objectives. Add news stories regularly, so that your website builds content and keeps moving. Check the links occasionally, to make sure they're working.

Image

It is part of promotion too, and does not mean only the company logo. Many companies now have a corporate identity manual, which is used as the benchmark for any material produced. When deciding the company image, care should be given to where the image is likely to be used, for example, on T-shirts, on letterheads, on pens, on faxes. Company image can be augmented by things such as clean reps cars, smart company uniforms, the



way the company's telephone is answered, the location of the company's premises, simple things such as pots of plants and flowers at the entrance, or staff standing on the fire exit, smoking, as the building is now a non-smoking area. Image is the responsibility of every member of staff.

Point of sale

If you have an operation which provides services directly or indirectly through a public sales area, you can use point of sale very effectively.

The credit card companies know this, and find well merchandised point of sale dispensers for application forms give high returns at very low cost.

Sales promotion

This promotional tool is used where a product has reached a certain point in its lifecycle, which requires a boost.

Sales promotion works very effectively, in the case of the supermarkets e.g. Sainsbury's, who launched their loyalty cards, as a means of increasing spend and loyalty, while additionally gathering information about their customers.

A sales promotion which went wrong. Hoover launched their free flights to America based on a previous test of a sales promotion where free European flights were offered to customers who bought smaller appliances. Based on the figures gathered from this promotion, they launched their free flights to America campaign.

The company underestimated the interest which this would generate, and the number of people who would work their way through all the small print, to satisfy the conditions. Although in the short term the Hoover factories had increased their output, it was not as a result of a good innovative product, but the promotion itself. When the company's name featured regularly at trading standards offices, and consumer advice programmes in the media, the promotion and the company ran into severe difficulties, culminating in the European division being sold.

Traffic building

For companies which want to generate custom attracting people through their doors, traffic building exercises can be undertaken.

A department store in Scotland delivered scratch cards, which had to be compared to a board in the newly opened branch store. Customers were invited to look round the store and incentivised to open an account.



Sponsorship

It can be anything from sponsoring a local football team, to Richard Branson's balloon flights across the Atlantic. Sponsorship works when it relates to your target market, when it is managed pro-actively, exploiting as many opportunities as possible for demonstrating the relationship, and where the activity is likely to be media worthy.

Seminars, conferences and exhibitions

Many business to business organisations run seminars and conferences, or attend exhibitions, in which they examine the market place, while also promoting their own products and services. Always set objectives, fix budgets and review results afterwards.

A computer training company runs a number of mini-seminars, to demonstrate tips and tricks of new software, which it then uses to encourage delegates to attend the full course.

Customer magazines/e-newsletters

Customers like to know what is happening in your organisation, and how it could benefit them. As part of relationship marketing, customer magazines provide a means of imparting that information, in an appropriate manner. Consumer magazines are now based on a lifestyle approach, which is trying to indicate that selecting the financial packages offered, will fit in with their perceived lifestyle.



Question 5

Time guide: 8 min.

Below you'll find various promotional tools selected from the raft of techniques discussed. Please, match each statement with the promotional tool referring to it.

- | | | | |
|--------------------|---------------------|---------------------|---------------------|
| 1. Sales promotion | 2. Direct Marketing | 3. Traffic building | 4. Advertising |
| 5. Company image | 6. Sponsorship | 7. Silent salesman | 8. Public Relations |
| 9. Point of sale | 10. Website | | |

- The objective of it is to generate response or awareness.
- It gives the opportunity to explain more complex products and services in detail, besides it's measurable and controllable.
- It's all about how your company, products or services re perceived among staff, press, investors, suppliers, customers, neighbours.
- Otherwise known as promotional items, they promote the sales of your product or services, brand identity and values.
- It's the responsibility of every member of staff.
- You can use it effectively if you have an operation which provides services directly or indirectly through a public sales area.
- A good example of it is the petrol stations where you are often encouraged to collect points or stamps for free gifts.
- Where potential customers often look to find out more.
- You can recognise this tool in the following example. An estate agent ran a competition for children, where parents were encouraged to visit the estate agent to view the children's work.
- It works best when it relates to your target market and where the activity is likely to be media worthy.



Measuring effectiveness

In order to know what has worked, and what has not, you can use the following matrix. Keeping good records, and measuring responses, is essential to help with future planning and fine tuning of your Marketing Plan.

Exercise A

Time guide: 5 min.

Cost effectiveness maths

Number of contacts to generate a sale:

Average cost per contact:

Cost per sale:

Profit per sale:

Exercise B

Time guide: 40 min.

Promotion

From the following list, suggest a range of promotional activities, which will help you meet your objectives. Suggest how you will measure each. Check out the cost.

a) Advertising (where?) _____

b) Web site/E-commerce (how?) _____



c) Direct mail /email (lists?)

d) Public relations (where?)

e) Silent salesmen (what?)

f) Brochures (do they work?)

g) Image (consistent?)

h) Point of sale (relevant?)



i) Sales promotion (needed?)

j) Traffic building (relevant?)

k) Sponsorship (relevant?)

l) Leaflet distribution (relevant?)

m) Seminars and conferences (follow-up)



n) Customer newsletters/e-newsletters/tweets/facebook updates (frequency?)

o) Corporate hospitality (who, what?)



Well done – you deserve a break now!



Unit 6 Place (Selling)

Place is the marketing term for selling and distribution.

“Make a better mousetrap and the world will beat a path to your door”. Or will it?

The most profitable customers

We talked about the 80/20 rule earlier. Analyse your customers by size, turnover, and potential turnover with you, perhaps by industry type. Then you will know which companies, consumer types, geographic areas, or industries on which to concentrate your efforts.

Building customer relationships

Good organisations concentrate on developing more business out of the existing relationship, than the costly and time taking effort required to look for new customers. You need to know more about your customer’s needs in order to sell effectively.

The more you know about your customers the easier it is to sell to them. You can also profile them, i.e. find other customers who are similar and make your sales offer to them.

While you can keep track of around 20 customers if you have more, you will probably need a database to record useful information about them.



Exercise A**Time guide: 25 min.**

a) List the top 10 sources of sales leads

1. _____
2. _____
3. _____
4. _____
5. _____
6. _____
7. _____
8. _____
9. _____
10. _____

b) Now list your top 5 customers, and which services they take. Analyse the gaps.

Customer	Products/Services						
1.							
2.							
3.							
4.							
5.							



For a database to be effective, it must be kept up to date. It should also be registered in accordance with the Data Protection Act. Look at http://www.ico.org.uk/for_organisations/data_protection for more information. If everyone who has contact with the customer puts their information into the database regularly, it will be much more useful.

Integrating customer data – Action Plan

Goal: _____

Person responsible: _____

Team responsible: _____

Budget: _____

Deadline: _____

<u>Activity</u>	<u>Deadline</u>	<u>Owner</u>	<u>Cost</u>

Product knowledge, sales training

“A car, a sharp suit and a briefcase do not a salesman make.”

While the outer trappings are fine, the important factor for any selling operation is product knowledge and sales training. Provide your sales force with these essential tools, and they will repay their investment.

Understand the product

Check Benefits. FAB = Features, Advantages, Benefits

Features are properties of the product/service, which describe how it works, what it's made of, what it can do.

Advantages are where it is better than standard/previous/competitors products

Benefits are those features and advantages turned into what it can do for the user.

Establish their needs at the earliest possible time. Get the respondent involved early in conversation by talking about what interests him and his business, his products and his problems. E.g. “do you use computers in your workplace, Mr Smith”; “do you feel that you are getting as much out of them as you possibly can”; do you think that if you knew a little bit more about some of the software functions, you could save yourself a lot of time”.

The idea is to get him/her to say yes as much as possible during the early stages of the sales visit.

Interest them in benefits. Most benefits are variations on a theme, saving time/money/hassle

Decide which of the benefits you are going to focus on, and be prepared to mention the others, in well thought out phrases.

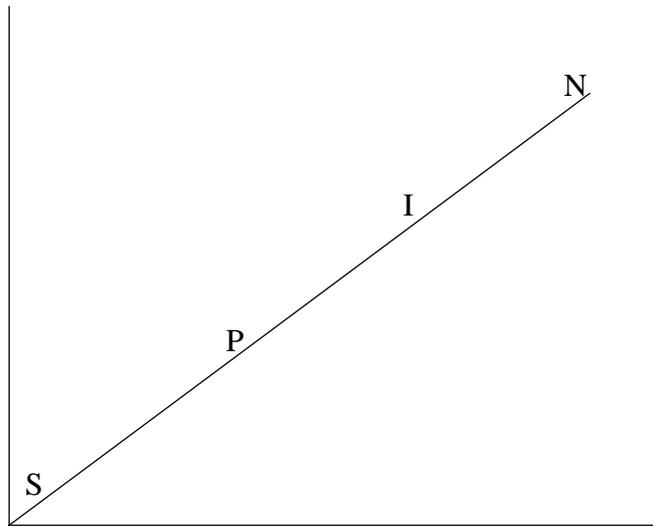
Build a case for a sale. For example you are making them an offer, a free consultation, a brochure containing valuable information, specific information which would be of value to their company, but is only available from our highly trained professional adviser.

30% of the time in a sales call is spent asking questions.

70% of the time in a sales call is spent listening to answers.



SPIN Technique



Situation Questions:

- What is nature of your business?
- What is your current situation?

Problem Questions:

- What are you trying to do?
- What do you want for the future?
- What is missing?

Implication Questions: (get feelings/emotions attached)

- What happens if problems are not addressed?
- What costs are incurred?

Need Questions:

- What benefits do you need?



Open and Closed questions

Use 'open' questions when you want to involve him/her in dialogue.

Open questions require a more detailed response.

Closed questions require a yes/no answer.

For example:

Open

“When do you expect to renew your computer servicing contract Mr Smith?”

“How do you currently plan your training budget Mr Smith?”

“In your opinion Mr Smith, which of your branches is the most profitable?”

Closed

“Do you have a service contract for your computer hardware, Mr Smith?”

“Do you want to save 40% of your computer servicing costs, Mr Smith?”

Tailor the conversation and words to suit the individual. Technical jargon may be over their heads and simply irritating for some people, while you need to be able to show that you know some of the technical points in their business, and introduce them where appropriate.

Next is to listen for signals. In any sales environment, it is the most important thing you can do. Really concentrate on what the speaker is saying. If we listen very hard we can hear things which are being said and we now understand the difference between hearing and listening.

Overcome Objections

What sounds like an objection is often a buying signal. For example the listener says “I am very busy right now” - what he's really saying is he wants to talk to you but not right now; you reply “when would be a good time to contact you Mr Jones - Tuesday pm or Thursday am”.

Objection - “we don't need any more training at the moment” Key words are “at the moment” - your response “well may I ask Mr Smith when do you review your training needs, can I send you our information anyway so that you can see what we do, and then you could maybe think about it, when you're planning your next training review”. Very few people will say no.

Another typical objection - “we already have a supplier” and your reply “well I'm very pleased to hear that Mr Jones, and I know that if you are working well with him you don't really need anybody else at the moment. But if at any future time you want comparative information then I would hope that you would come to us, may I send you our details?”.



Objection - “not doing anything for a couple of months”. Reply “that’s the best time to talk to us, Mr Jones, before you commit to any investment which might be inappropriate and cost you money’.

Other things to listen for: “Well it’s not my decision” - “whose decision is it Mr Smith?”

“We are going to review it all in 6 months anyway”. Say you’ll ‘phone back in about 5 months to check if they need any help - make a diary note.

“That sounds very complicated”. “It isn’t really, Mr Smith, we take away the hassle, and leave you free to concentrate on your business”.

Using his knowledge to test yours (this does happen) your reply would be “I’ve not had the full technical training Mr Smith but I know that our sales manager will be able to answer your questions - would you like me to make an appointment to come and see you and you can ask him that/other technical questions which he is very well equipped to answer”.

Don’t make false promises - if you need to ring/call back, make sure you do so at the time you said, even if you’ve not been able to sort out the problem.

Another signal is “not interested in product X, but what else do you do?” This is a very good buying signal - they are trying to find out other information - you have already established a relationship with them and they now want to find out other information about what other products you have. The reply is “well we offer a tailored service. Can you tell me a bit about a particular application, then I can suggest our best product”. So you’ve now got a dialogue going.

Closing

The Confirming Close “Well thank you very much for your time Mr Smith, I’ll make sure that I’ve got a brochure in the post together with a firm quotation”.

The Assumptive Close “Thank you very much for your time Mr Smith, I think the next stage would probably be better if we arranged for our Mr Jones to come and talk to you because he knows much more about the ins and outs of all this and he can give you prices, so why don’t I arrange for him to come and see you”.

The Alternative Close ‘Would you prefer Tuesday am or Friday pm Mr Jones?’ This removes the option to decide not to have any appointment at all.

The Add-On Close “is there anything else you need from us at this stage”? It gives them a chance to think about what other things they might be looking for.

Finally in closing, confirm what happens next - “I’ll call you again in 5 months” /”Mr Jones will be coming to see you on Tuesday 23”/”I’ll put a brochure in the post today”.

Prepare, open positively, establish needs, build a case, listen for signals, overcome objections and don’t forget to close!



The power of the telephone

Organisations can use the telephone for research, for identifying the right people to talk to, for maintaining the relationship, for inbound telesales, for appointment making, for a whole host of sales activities. By using the telephone, sales visits can be reduced where appropriate, and the sales operation becomes more cost-effective. However, ownership of the telephone is not normally a sufficient qualification to be able to use it successfully, and training can make a significant difference.

Alternative distribution

Distribution is a very important part of getting the goods sold to the customers. It may not be necessary to run your own sales force - sometimes customers can be persuaded to sell your products on your behalf, while some suppliers may also sell your products for you.

Direct insurance companies decided that not everybody needed to visit a broker in order to obtain relatively simple forms of insurance. They now sell direct by telephone.

Franchises

The last 15 years has seen a significant boom in the number of franchise operations, everything from print to funerals. Franchises tend to work when the formula is straightforward, the brand name is well promoted throughout the area, and consistent standards are set and maintained.

Franchises work very well with personal services, such as domestic cleaning, printing, shoe repairs, as well as High Street names like the Body Shop and MacDonalds.

Consultative sell or order taking

To understand selling it is important to understand the difference between a consultative sell and order taking. Some operations require detailed technical knowledge, advice about the best solution to the problem, and evaluation of the options, while others wish to streamline the operation and simply take orders. When choosing sales techniques, it is important to be aware which type of sale you will be looking for.

Negotiating skills

These should be inherent in any customer facing staff, and can be learned. Negotiating boundaries should also be firmly set, so that everyone knows how far they can give to get.



Customer Knowledge Database

You may wish to use the Customer Knowledge Database template to help you set up an effective database.

Customer Knowledge Database	
Company/organisation Name:	_____
Address:	_____

Post Code	_____
Phone:	_____
Fax:	_____
E-mail:	_____
Web:	_____

<u>Contact names/title/position/function/personal notes</u>		
1	2	3
4	5	6

How do we add value to their business?

Their credit status? _____

Where did they come from? _____

What products/services have they:-

Bought? _____

Expressed interest in? _____

Expressed no interest in? _____

What do they like about us? _____

Recency

Last contact date: _____

Details: _____

Frequency

No. of orders this year? _____

Value

Sales Turnover this year _____



Exercise B

Time guide: 40 min.

Place (Selling and distribution)

1. Name your 3 most profitable customers:

2. What can you do to build customer relationships?

3. What do you need to know to be able to sell?

4. What could you do on the telephone to increase business?

Well done –



you deserve a break now!



Assessment to Unit 6

Time guide: 45 min.

Now check what you know about how sales are made

1. What does FAB mean?

2. What does SPIN mean when talking about the Spin Technique?

S - _____

P - _____

I - _____

N - _____

3. What are the 4 main types of 'closing'?

1. _____

2. _____

3. _____

4. _____

4. What is the difference between an 'open' and a 'closed' question?

Open - _____

Closed - _____



Your golden rules of marketing for success

- Plan, plan, plan and study the market.
- Think about your market in relation to your product and not the other way around.
- Use price strategically as well as tactically.
- Keep the cost of the sales down and productivity up and make all your promotions work together.
- Finally, understand your customers and they will buy more.

Congratulations on completing the Insight into Marketing course.



How to obtain your certificate

If you have completed this course, please send a copy of:

- a) Your completed Unit Assessments
- b) Your Personal Action Plan

To: The Assessment Centre
I-Marketing Services Ltd
10 Valiant Way
Christchurch
Dorset
BH23 4TW

Together with your name and address.

Our assessors will check the standard of your work and if satisfactory, an I-Marketing Services Ltd Training Certificate will be issued.

