

Chapter Seventeen:

1. **Direct marketing:**

- ✓ Connecting directly with carefully targeted segments or individual consumers, often on a one-to-one, interactive basis
- ✓ A marketing channel without intermediaries
- ✓ An element of the promotion mix
- ✓ The fastest-growing form of marketing

Page-Reference:564

• **Benefits to Buyers**

- Convenience
- Ready access to many products
- Access to comparative information about companies, products, and competitors
- Interactive and immediate

▪ **Benefits to Sellers**

- Tool to build customer relationships
- Low-cost, efficient, fast alternative to reach markets
- Flexible
- Access to buyers not reachable through other channels

Page-Reference:565-566

2. **Customer database:** an organized collection of comprehensive data about individual customers or prospects, including geographic, demographic, psychographic, and behavioural data.

Page-Reference:567

- ✓ In *consumer marketing*, the customer database might contain a customer's: demographics (age, income, family members, birthdays), psychographics (activities, interests, and opinions), and buying behaviour (buying preferences and the recency, frequency, and monetary value—RFM—of past purchases).
- ✓ In *business-to-business marketing*, the customer profile might contain: The products and services the customer has bought; past volumes and prices; key contacts (and their ages, birthdays, hobbies, and favourite foods); competing suppliers; status of current contracts; estimated customer spending for the next few years; and assessments of competitive strengths and weaknesses in selling and servicing the account.

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3. The FORMS OF DIRECT MARKETING

Page-Reference:568-577

Figure 17.1 Forms of Direct Marketing



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- **Direct-mail marketing** involves an offer, announcement, reminder, or other item to a person at a particular address.
 - Is personalized
 - Gives easy-to-measure results
 - Costs more than mass media
 - Provides better results than mass media
 - Can take the form of **voice mail, text messaging, email, or snail mail.**
- **Catalogue marketing**, direct marketing through print, video or digital catalogues that are mailed to select customers, made available in stores, or presented online. **Catalogue direct marketing** involves printed and web-based catalogues.
 - *Advantages of Web-based catalogues:*
 - Lower cost than printed catalogues
 - Unlimited amount of merchandise
 - Real-time merchandising
 - Interactive content
 - Promotional features

- *Challenges of Web-based catalogues*
 - Require marketing
 - Difficulties in attracting new customers
- *Advantages of printed catalogues:*
 - One of the best ways to convince consumers to use the online versions.
 - Create emotional connections with customers
- **Telephone direct marketing** involves using the telephone to sell directly to consumers and business customers.
 - ✓ Outbound telephone marketing sells directly to consumers and businesses.
 - ✓ Inbound telephone marketing uses toll-free numbers to receive orders from television and print ads, direct mail, and catalogues.
- **Direct-response television (DRTV) marketing** involves 60- to 120-second advertisements that describe products and give customers a toll-free number or website to make a purchase as well as 30-minute infomercials, such as home shopping channels.
 - Less expensive than other forms of promotion and easy to track results
- **Kiosk marketing** involves placing information on machines in public areas, such as in stores, airports, and other locations.
 - Information and ordering machines.
- **New Digital Direct Marketing Technologies**
 - Mobile phone marketing:
 - ✓ Ring-tone giveaways
 - ✓ Mobile games
 - ✓ Ad-supported content
 - ✓ Contests and sweepstakes
 - Podcasts & Vodcasts: involve the downloading of audio and video files via the Internet to a handheld device, such as a PDA or iPod, and listening to them at the consumer's convenience
 - Interactive TV (ITV) lets viewers interact with television programming and advertising using their remote controls and provides marketers with an interactive and involving means to reach targeted audiences.
- **Online marketing** is a company's efforts to market products and services and build customer relationships over the Internet.
 - **Online companies** are the so-called dot-coms, which operate only online without any brick-and-mortar market presence.

- **Hybrid (click-and-mortar) companies** are traditional companies that have added online marketing to their operations.
- **Online Marketing Domains:** [Page-Reference:578-581](#)

Figure 17.2 Online Marketing Domains

	Targeted to consumers	Targeted to businesses
Initiated by business	B-to-C (business to consumer)	B-to-B (business to business)
Initiated by consumer	C-to-C (consumer to consumer)	C-to-B (consumer to business)

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- ✓ **Business to consumer (B2C)** involves selling goods and services online to final consumers
- ✓ **Business to business (B2B)** involves selling goods and services, providing information online to businesses, and building customer relationships
- ✓ **Consumer to consumer (C2C)** occurs on the Web between interested parties over a wide range of products and subjects:
- ✓ **Consumer to business (C2B)** involves consumers communicating with companies to send suggestions and questions via company websites.

4. **Setting up an Online Presence:** Creating a website requires designing an attractive site and developing ways to get consumers to visit the site, remain on the site, and return to the site.
[Page-Reference:581-587](#)

Figure 17.3 Setting up for Online Marketing



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5. Types of sites:

- **Corporate (brand) website** is designed to build customer goodwill and to supplement other channels, rather than to sell the company’s products directly to:
 - Provide information
 - Create excitement
 - Build relationships
- **Marketing website:** These sites engage consumers in an interaction that will move them closer to a direct purchase or other marketing outcome.

6. Designing Effective Websites

To attract visitors, companies must:

- Promote an offline promotion and online links
- Create value and excitement
- Constantly update the site
- Make the site useful
- **The Seven Cs:**
 - ✓ **Context:** The site's layout and design
 - ✓ **Content:** The text, pictures, sound, and video that the website contains
 - ✓ **Community:** The ways in which the site enables user-to-user communication
 - ✓ **Customization:** The site's ability to tailor itself to different users or to allow users to personalize the site
 - ✓ **Communication:** The ways in which the site enables site-to-user, user-to-site, or two-way communication
 - ✓ **Connection:** The degree to which the site is linked to other sites
 - ✓ **Commerce:** The site's capability to enable commercial transactions

7. Placing Ads and Promotions Online

- **Online advertising** is advertising that appears while consumers are surfing the Web, including display ads, search-related ads, online classifieds, and other forms.
- **Forms of Online Advertising :**
 - **Banners** are banner-shaped ads found on a website.
 - **Interstitials** are ads that appear between screen changes.
 - **Pop-ups** are ads that suddenly appear in a new window in front of the window being viewed.
 - **Pop-unders** are online ads that appear in a new window that evades pop-up blockers by appearing behind the page you're viewing
 - **Rich media ads** incorporate animation, video, sound, and interactivity.
 - **Search-related ads (or Contextual advertising)** is online advertising in which text-based ads and links appear alongside search engine results.

Page-Reference:583

- **Other forms of online promotion :**
 - **Content sponsorships** provide companies with name exposure through the sponsorship of special content, such as news or financial information.
 - **Alliances and affiliate programs** are relationships where online companies promote each other.

- **Viral marketing** is the Internet version of word-of-mouth marketing and involves the creation of a website, email message, or other marketing event that customers pass along to friends.

8. **Creating or Participating in Social Networks (Web Communities):** allow members to congregate online and exchange views on issues of common interest:

Facebook
Twitter
YouTube
Flickr
Pinterest

9. **Using E-mail:** Marketers are developing “enriched” messages that include animation, interactivity, and personal messages with streaming audio and video to compete with the cluttered email environment.

10. **The Promise and Challenges of Online Marketing**

- Build customer relationships
- Improve sales
- Communicate company and product information
- Deliver products and services more effectively and efficiently

11. **Public Policy Issues in Direct Marketing:** [Page-Reference:588-589](#)

- **Irritation** includes annoying and offending customers.
- **Unfairness** includes taking unfair advantage of impulsive or less-sophisticated buyers.
- **Deception** includes “heat merchants” who design mailers and write copy designed to mislead consumers.
- **Internet fraud** includes identity theft and financial scams.
- **Invasion of Privacy:** Companies keep extensive databases about online customers’ demographics and behaviours. The concern is that marketers may know too much about consumers and use this information to take unfair advantage of unknowing customers.

12. **A Need for Action**

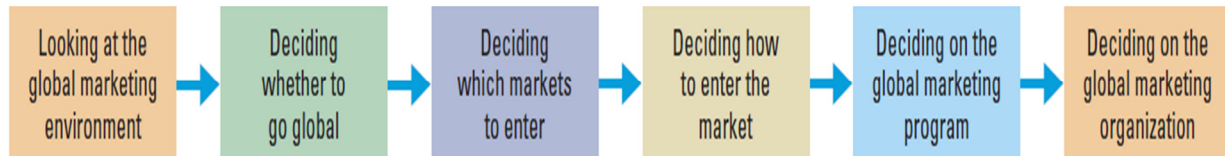
- **PIPEDA**—The Personal Information Protection and Electronic Documents Act—is based on four principles:
 - Consumer knowledge and consent
 - Limitations
 - Accuracy
 - Right to access

Chapter Nineteen:

13. A global firm: Page-Reference 626-627

- Operates in more than one country
- Gains marketing, production, R&D, and financial advantages not available to purely domestic competitors
- Sees the world as one market
- Minimizes the importance of national boundaries and develops global brands
- Raises capital, obtains materials and components, and manufactures and markets its goods wherever it can do the best job

14. Major International Marketing Decisions Page-Reference:628-635



a. Looking at the Global Marketing Environment:

- **The International Trade System:**
 - ✓ **Tariffs** are taxes on certain imported products designed to raise revenue or to protect domestic firms.
 - ✓ **Quotas** are limits on the amount of foreign imports a country will accept in certain product categories to conserve on foreign exchange and protect domestic industry and employment.
 - ✓ **Exchange controls** are a limit on the amount of foreign exchange and the exchange rate against other currencies.
 - ✓ **Nontariff trade barriers** are biases against bids, restrictive product standards, or excessive regulations.
- **General Agreement on Tariffs and Trade (GATT):**
- **World Trade Organization**
- **Regional Free Trade Zones (EU, NAFTA, EFTA)**
- **Economic Environment (Industrial structure, Income distribution)**
- **Political-Legal Environment :**
 - Country’s attitude toward international buying
 - Government bureaucracy
 - Political stability
 - Monetary regulations

- **Countertrade** is international trade involving the direct or indirect exchange of goods for other goods instead of cash. **Countertrade** takes several forms:
 - ✓ **Barter** involves the direct exchange of goods or services.
 - ✓ **Compensation** or **buyback** is the sale of a plant, equipment, or technology and payment is in the resulting products.
 - ✓ **Counter purchase** (the most common form of countertrade) is when the seller receives payment in cash and agrees to spend some of the money in the other country.

- **Cultural Environment**

b. Deciding Whether to Go Global: Page-Reference:635

- Can the company learn to understand the preferences and buyer behaviour of consumers in other countries?
- Can it offer competitively attractive products?
- Will it be able to adapt to other countries' business cultures and deal effectively with foreign nationals?
- Do the company's managers have the necessary international experience?
- Has management considered the impact of regulations and the political environments of other countries?

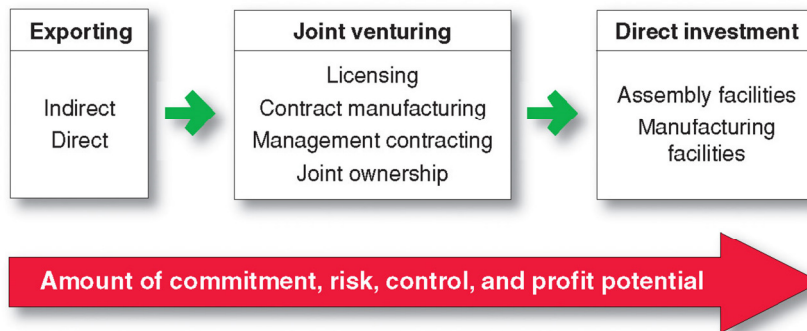
c. Deciding Which Markets to Enter Page-Reference:636-637

- Define international marketing objectives and policies.
- Determine foreign sales volume.
- Decide how many countries to market to.
- Determine types of countries to market to based on: Geography, Income and population, Political climate
- Rank potential global markets based on:
 - Market size
 - Market growth
 - Cost of doing business
 - Competitive advantage
 - Risk level

***Indicators of Market Potential**

<p>Demographic characteristics</p> <ul style="list-style-type: none"> Education Population size and growth Population age composition <p>Geographic characteristics</p> <ul style="list-style-type: none"> Climate Country size Population density—urban, rural Transportation structure and market accessibility <p>Economic factors</p> <ul style="list-style-type: none"> GDP size and growth Income distribution Industrial infrastructure Natural resources Financial and human resources 	<p>Sociocultural factors</p> <ul style="list-style-type: none"> Consumer lifestyles, beliefs, and values Business norms and approaches Cultural and social norms Languages <p>Political and legal factors</p> <ul style="list-style-type: none"> National priorities Political stability Government attitudes toward global trade Government bureaucracy Monetary and trade regulations
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d. Deciding How to Enter the Market Page-Reference:638-640



- **Exporting** is when the company produces its goods in the home country and sells them in a foreign market. It is the simplest means involving the least change in the company’s product lines, organization, investments, or mission.
 - **Indirect** exporting involves working through independent international marketing intermediaries.
 - **Less involvement, less risk**
 - **Direct exporting** is when the firm handles its own exports.
 - Greater involvement, greater risk, greater potential return
 - Can be done BY::
 - Setting up a domestic export department
 - Setting up an overseas sales branch
 - Sending home-based sales people abroad
 - Exporting through foreign-based distributors or agents

- **Joint venturing** is when a firm joins with foreign companies to produce or market products or services.
 - Licensing
 - Contract manufacturing
 - Management contracting
 - Joint ownership
- Joint venturing differs from exporting in that the company joins with a host country partner to sell or market abroad.
- **Licensing** is when a firm enters into an agreement with a licensee in a foreign market. For a fee or royalty, the licensee buys the right to use the company's process, trademark, patent, trade secret, or other item of value.
- **Contract manufacturing** is when a firm contracts with manufacturers in the foreign market to produce its product or provide its service. Benefits include faster startup, less risk, and the opportunity to form a partnership or to buy out the local manufacturer
- **Management contracting** is when the domestic firm supplies management skill to a foreign company that supplies capital. The domestic firm is exporting management services rather than products.
- **Joint ownership** is when one company joins forces with foreign investors to create a local business in which they share joint ownership and control. Joint ownership is sometimes required for economic or political reasons.
- **Direct investment** is the development of foreign-based assembly or manufacturing facilities and offers a number of advantages including:
 - Labour
 - Logistics
 - Control
 - Lower costs
 - Raw materials
 - Government incentives
- e. **Deciding on the Global Marketing Program:** Page-Reference:641-649
 - ✓ **Standardized global marketing** is an international marketing strategy for using basically the same marketing strategy and mix in all of the company's international markets.
 - ✓ **Adapted global marketing** involves adjusting the marketing strategy and mix elements to each international target market, bearing more costs but hoping for a larger market share and return
- f. **Deciding on the Global Marketing Organization** Page-Reference:649-650

International divisions are organized in a variety of ways.

- *Geographical organizations*: Country managers who are responsible for salespeople, sales branches, distributors, and licensees in their respective countries.
- *World product groups*: each responsible for worldwide sales of different product groups.
- *International subsidiaries*: each responsible for its own sales and profits.

15. Global firms ask a number of **basic questions**:

- What market position should we try to establish in our own country, in our economic region, and globally?
- Who will our global competitors be, and what are their strategies and resources?
- Where should we produce or source our product?
- What strategic alliances should we form with other firms around the world?

16. **Five Global Product and Communication Strategies** Page-Reference:641-645



Five strategies exist allow for adapting product and marketing communication strategies to a global market

Product

- **Straight product extension** means marketing a product in a foreign market without any change.
- **Product adaptation** involves changing the product to meet local conditions or wants.
- **Product invention** consists of creating something new for a specific country marke

Promotion

- **Communication adaptation** is a global communication strategy of fully adapting advertising messages to local markets.
- **Dual adaptation** involves adapting both the product and the advertising messages to the targeted foreign market.

Price Page-Reference:648

- **Uniform pricing** is the same price in all markets but does not consider income or wealth where the price may be too high in some or not high enough in other markets.
- **Market-based pricing** is the price the market can pay but does not consider actual costs.
- **Standard markup pricing** is a price based on a percentage of cost but can cause problems in countries with high costs.

Distribution Channels Page-Reference:648

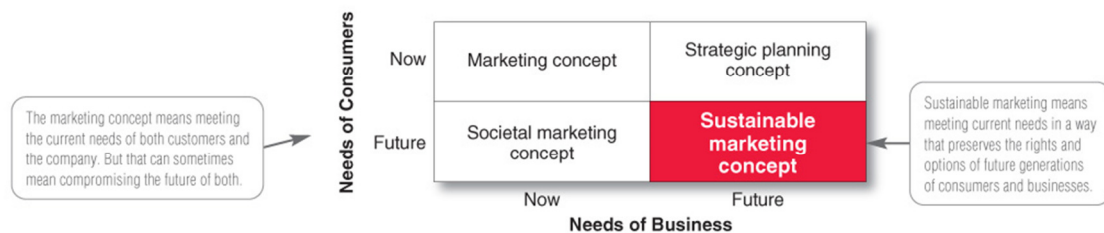
- **Channels between nations** move company products from points of production to the borders of countries within which they are sold.
- **Channels within nations** move the products from their market entry points to the final consumers.

Chapter Four:

17. Sustainable Marketing

Meeting needs of consumers while preserving the ability of future generations to meet their needs Page-Reference:108

Figure 4.1 Sustainable Marketing



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- The **marketing concept** recognizes that organizations thrive from day to day by deterring the current needs and wants of target group customers and fulfilling those needs and wants more effectively and efficiently than the competition. It focuses on meeting the company’s short-term goals by giving customers what they want now
- Whereas the **societal marketing concept** considers the future welfare of consumers and the **strategic planning concept** considers future company needs, the **sustainable marketing concept** considers both.
- **Sustainable marketing** calls for socially and environmentally responsible actions that meet both the immediate and future needs of customers and the company.

18. Marketing's Impact on Individual Consumers Page-Reference:109-116

- **High Prices**
 - High Costs of Distribution
 - High Advertising and Promotion Costs
 - Excessive Markups
- **Deceptive Practices**
 - **Pricing:** practices such as falsely advertising “factory” or “wholesale” prices or a large price reduction from a phony high retail list price.
 - **Promotion:** practices such as misrepresenting the product's features or performance or luring the customers to the store for a bargain that is out of stock.
 - **Packaging:** exaggerating package contents through subtle design, using misleading labeling, or describing size in misleading terms.
- **High-Pressure Selling**
- **Shoddy, Harmful, or Unsafe Products**
- **Planned Obsolescence**
- **Poor Service to Disadvantaged Consumers**

19. Marketing's Impact on Society as a Whole Page-Reference: 116-118

- False Wants and Too Much Materialism
- Too Few Social Goods
- Cultural Pollution

20. Marketing's Impact on Other Businesses Page-Reference:118-119

- Acquisitions of competitors,
- Marketing practices that create barriers to entry, and
- Unfair competitive marketing practices.

21. Consumer Actions to Promote Sustainable Marketing Page-Reference:119-

- **Consumerism** is the organized movement of citizens and government agencies to improve the rights and power of buyers in relation to sellers.
- **Environmentalism** is an organized movement of concerned citizens, businesses, and government agencies to protect and improve people's living environment. Environmentalism is about generating profits while helping to save the planet.

* companies can use to gauge their progress toward environmental sustainability through:
Page-Reference:121-122

- **Pollution prevention** involves not just cleaning up waste but also eliminating or minimizing waste before it is created.
- **Product stewardship** involves minimizing the pollution from production and all environmental impact throughout the full product life cycle.
- **Design for environment (DFE)** involves thinking ahead to design products that are easier to recover, reuse, or recycle.
- **New clean technologies** involve looking ahead and planning new technologies for competitive advantage.
- **Sustainability vision** is a guide to the future that shows the company that the company's products, process, and policies must evolve and outlines what is needed to get there

22. Enlightened Marketing Principles: Page-Reference: 126-129

- ✓ Consumer-Oriented Marketing
- ✓ Customer-Value Marketing
- ✓ Innovative Marketing
- ✓ Sense-of-Mission Marketing
- ✓ Societal Marketing

23. Marketing Ethics Page-Reference: 131-133

- Who should guide companies?
- Can you give examples of ethical use of the 4 Ps?
- Can you think of any examples where a company's use of the 4 Ps was questionable?