

Marketing in the century flashcard



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Personalized Marketing Personalized marketing (sometimes referred to as one-to-one marketing) Is the marketer attempt to provide the customer individual attention through a variation of methods. Personalized marketing is a strategic approach which involves tailoring products differently for each and every consumer while retaining the principles of mass production. One-to-one marketing is attributable to two converging phenomena: the interactive flow of information made possible by robots and Just-in-time Inventory (Lempel & Meltzer, 1996, p. 1). In order for a company to be effective In personalized marketing, the company must be able to gather Information on the target individual. Today, with the power of technology this is a widespread practice on the Internet. The Internet provides a medium to make one-on-one personalization practical for a variety of firms (Exhibited, 2001). For example, a web page may establish cookies and track the buying habits of the customer. Based on the customer buying habits, advertisements are geared towards that Individual.

An example of personalized marketing Is something I witness on a regular bases, but did not realize It was referred to as personalized marketing. I consistently purchase items through Amazon. Com, in which I typically purchase books. Amazon. Com routinely sends me emails, informing me of sales or populates my home page with advertisements relating to certain categories of books I typically purchase. As pointed out by Vegans, (2007), developments in information and communication technologies have opened up new opportunities to collect and analyze data and Implement personalized marketing (p. 09). In today's market there Is an Increase In customer satisfaction. In order for businesses to succeed and be competitive

they must be in tune to the customer needs and wants. Marketing to the individual customer can be profitable to the company as long as the method of gathering the data and establishing personalization is not complex. As studied by Goldsmith ; Friend (2004), data warehouses allow companies to store trillions of bytes of consumer Information. Computer controlled factory equipment , and Industrial track parts and products.

The Internet ties it all together and makes it easy for a company to interact with customers, learn about their preferences, and respond. Personalize marketing can benefit some companies; however it would be much more official for a store to personalized catalogs, pamphlets, or fliers for each of its customers, by proposing deals, rebates and reductions based on the customers shopping habits. Not only would it be difficult, but it would not be cost effective for a company to engage in this type of personalization.

Personalization can take many forms, from the customization of Web sites to the customization of products.

Whatever the extent of it, it is an expensive and time-consuming activity.

While Amazon is the leader in this type of customization, few others are succeeding (Goldsmith ; Friend). Dynamic Pricing Dynamic pricing is broadly defined as the buying and selling of goods and services in markets where prices are free to adjust in response to supply and demand conditions at the individual transaction level (Garbanzo ; Lee, 2003, p. 495). From a business point of view, dynamic pricing is a profitable concept in personalized marketing. For example, a customer may go to a car dealer and do not see the car they would like on the lot.

Therefore, a car is ordered with exact specifications and because of the specialty requirements the price of the car increases, making the transaction profitable for the business. Dynamic pricing enables the business to increase the price on an item; strengthen customers' allegiance, along with enhancing customer satisfaction. Carroll & Coates (1999) state that economics define price discrimination as the practice of charging multiple prices for the same good where the difference in price is based on a difference in demand rather than cost.

There are three degrees of pricing models commonly used in the retail marketplace: * First-degree price discrimination – different prices are charged based on what the buyer is willing to pay * Second-degree price discrimination – offers a variety of pricing options * Third-degree price discrimination – market- segmentation pricing (Garbanzo & Lee, p. 498).

From a business stand point, first-degree price discrimination is more profitable because it obtains the maximum value of the item. However, from a consumer stand point second-degree price discrimination can offer more value to the customer.

It allows customers to choose the pricing option that will work for them, based on their desires and requirements. Online Retailers versus Offline Retailers The metallization of online retailers is compelling retailers to reassess their cuisines practices and the use of technology. Integrating online and offline channels are very much on the minds of retailers, and it is forcing them to understand how to manage relationships across multiple channels. Retailers need to understand who their customers are, understand

their behavior, and execute seamlessly across those channels (Beasts, 2006).

Online retailing is the fastest growing channel in which consumers purchase products. Integrating online retailing with offline retailing comes with numerous problems. The consumer may see a product in the store for one price and see that same item online at a different price. Retailers compete nationally and locally on prices and products. Someone in Florida may not want to purchase the same products as someone in Washington D. C. Or you may have a that can utilize the web. According to study by Beasts, (2006), you mainly see this problem when consumer purchasing is based primarily on price.

For example, a Palpitation is a Palpitation no matter where you purchase it, but saving \$20 makes a big difference to customers. Another example is a few years ago Circuit City gave one price online, another price in their ad, and a different price in the store, all for the same item, without any explanation as to why (Para.). This leaves the consumer frustrated, confused and a lack of understanding. Francis, (2007) studies states that one size does not fit all in the Internet retailing marketplace.

The author categorized Internet retailing as follows: * Offline goods – items such as, books, groceries, and CDC are purchased and the consumer disengage from the web site and wait for their order to be delivered * Offline services – consumer pay for or book services, such as, travel, event tickets, and hotels online than travel to an offline service deliver location * Electronic-goods – the consumer purchase and download their products,

such as software, Apps, and digital books directly from a website; and *
Electronic Services – the consumer purchase, co-produce, and consume the core service, such as banking, brokerage, chat/dating services via a web site.

Online retailers must recognize the difference variations in online shopping and ensure customers' requirements are effectively and properly addressed. Traditional methods of advertising include billboards, TV commercials, radio ads and posters. Companies still use the traditional methods of advertising , but they use the Internet to their advantage by incorporating new advertising with traditional advertising. The habits of today's consumer dictate the method of advertising for a company to stay competitive. The invention of the TV digital video recorders (DVD's) and the consumer fast-forwarding through commercials makes TV advertising less effective in today's marketplace.

To remain relevant and competitive companies have a multitude of different formats of online advertising, such as banner ads, pop-up ads, floating ads, streaming sidebar ads, pull banner ads, and text ads, just to name a few. In addition, many companies ask you to “ like” their link, in which the company's page is now on your Facebook or Twitter page. This enables Facebook or Twitter to determine your shopping habits, and you can visit a company's site right from your social media page. Offline stores have responded to the competition of online retailers by sending out a variety of advertisements, such as direct-mail flyers, catalogs, television, via mobile phones, and the Internet.

In addition, offline stores have responded by increasing their presence on the web as well as creating appealing experience within the offline store. Today, many offline stores are dominating the online market with their presence. Even though, online shoppers experience a delay in receiving their reduce, online stores are continuously improving the delivery turnaround time. In addition, most online stores do not charge taxes, include free shipping, and offer free returns or exchanges. However, some online companies may charge a low-price for an item, but compensate by charging higher prices for shipping and handling. Nevertheless, most online stores are growing faster than offline store.

The expansion of the Internet has increased the variety of pricing models available, for example: * Per-user model – involves either a flat fee per user or a tiered fee structure based on he level of use * Per-transaction model – a rate structure is developed to account like the per-transaction model in that the monthly fee will fluctuate as the level of activity changes; it differs, however, in that the model is tied to the amount of revenue the user generates each month * Fixed-fee model – a lump-sum monthly fee that covers products and services specified in the contract. Fixed-fee pricing models typically appeal to organizations that want costs to be predictable (Tourist, 2000). The online retailer has to determine which pricing model fits their needs and which pricing model will benefit the company financially and satisfy the consumer.

In addition, the company must also consider their overhead and their anticipated growth. Globalization Influence and Marketing Trends Even though, globalization has brought benefits between nations, it has also

brought universal problems between nations. According to Carney, (2003), “September 11 was a gruesome vindication of the argument that global integration had widened the gap between the haves and have-nots”. The author further argues “that the persistence of al Qaeda underscores how hard it is for governments to stamp out stateless, decentralized networks that move freely, quickly, and stealthily across national borders to engage in terror”.

Marketers need to recognize the pros and cons of globalization, utilize the benefits, and do not become submerge with complex situations that come with globalization. Authors Reedy & Was (2004) reviewed 10 pros and cons associated with globalization from a marketing perspective. The pros included: economic growth, rapid technology transfer, more countries becoming democracies, the rapid spread of free enterprise system, unification of culture, living standards, and work ethic, increased communication through the Internet and other media, instant news worldwide, worldwide improvement of health and living conditions, people living longer, and multinational corporations.

The cons included: increased unemployment in developed countries, increased trade deficit in developed countries, terrorism, loss of competitiveness in developed nations, poorer nations feel taken advantage of by advanced nations, increased economic gap between the rich and poor nations, some countries feel their norms and religious practices are violated, comparisons with rich nations make poorer nations unhappy, increased pollution through manufacturing and transport worldwide, the spread of Aids,

West Nile virus, and various kinds of flu and other diseases. Globalization is regarded with much criticism, however, globalization will continue.

There may be some containment of rapidity because of tightening of the borders, demands for intellectual property protection, setting up firewalls for Internet communication, but the movement continues (Reedy & Was, 2004, p. 169). Firms and governments that are aware of the positives and negatives involved with globalization will be able to develop a better approach towards globalization. Influence of Online Today's technology has changed communication and the way marketers get their message out to the consumer. The rapid diffusion of multipurpose smart phones, broadband and wireless Internet connections, and ad-skipping DVD's have eroded the effectiveness of the mass media (Kettle & Keller, 2012, p. 476). Marketers were able to reach consumers via three television channels 80% of the time in the ass.

Today, marketers would have to run the same information on at least 100 channels to get the same results. Marketers are using technology to reach a broader audience, they are receiving numerous ads that have no bearing on their lives. Internet users are taking advantage of new software to block spam and pop-up ads (Ensues & Merrier, 2007) and telemarketers are being stopped by caller ID and the "Do not call registry" to prevent disruptions at home. Marketers are answering back by applying alternative solutions. Per Ensues ; Merrier (2007), there are four strategies available to companies that want to reach broad groups of people without breaking their marketing budget. Bottlenecks – places where people cannot help being stopped, such as subway, elevators, airplanes, or bathroom * Trojan horse approach –

placing advertisements on frequently encountered materials, such as coffee cups and pay stubs * Get the attention of consumers at play outside their homes – placing advertisements on adult play thing, such as a golf cart * Extends the third strategy – seeks to get people to play along, using interactive technology in public spaces (p. 64). These types of tactics can target a broad range of consumers with various forms of advertisement that cannot be turned off. The Internet has affected retailers approach to advertising and promoting their products or services. It s vital for companies to develop an effective brand to gain competitive advantage in the marketplace.

The Internet opens up opportunity for the consumer to provide feedback regarding products and services, which has a significant impact on the retailer, whether the feedback is positive or negative. The Internet also allows the retailer to be more creative based on feedback from the consumer in a number of online communities. The communication channels to the consumer have expanded in number as well as complexity with the global expansion of the Internet and related information technology based products and services. Information technology has dramatically changed how consumers process (or avoid) information delivered by marketing professionals and has eroded the effectiveness of media advertising.

The reason for this erosion is due to fragmentation of retail audiences caused by the introduction enhanced media sources such as cable television, blobs, video-on- demand, webmasters, video games, websites, digital video recorders, and multi- functional communication devices (cell phones). The result of these technological and media advancements creates a shift in

bargaining power give consumers choices about how, when, and where they consume information (SUCH Management Consultants, 2011). The evolution of the Internet has altered the way the consumer and the marketer relate to one another and also how the consumer purchase products and services. The consumer today is more educated, more income at their disposal, and have multiple ways to obtain information; therefore the Internet cannot be disregarded by the retailer.

According to SUCH Management Consultants, (2011) retailers seeking to expand their brand into the online environment will need to invest in the online experience, as part of a multinational strategy, to reinforce and implement the in-store experience. For example, if customer service is a key differentiator in a retail store, then the experience should be replicated by providing interactive help, rich media (video) demonstrations, and product comparisons. Consumers will demand the ability to order online and retrieve/return the product at the supplier's storefront or other distribution points. The retailer that understands the art of engaging with the customer via the Internet has a better chance of relationship. Integration of Direct and Interactive Marketing New technologies have emboldened marketers to engage consumers in two-way immunization by direct marketing.

Direct marketing is the use of consumer-direct (CD) channels to reach and deliver goods and services to customers without using marketing middlemen (Kettle & Keller, 2012, p. 535). Direct marketing give marketers a variety of ways of reaching the consumers, such as, web sites, cell phones, kiosks, catalog, mailing directly, interactive TV, and telemarketing. Direct marketing is rapidly becoming very popular with the business world utilizing the

traditional direct marketing network, such as, catalogs and direct mail or utilizing direct-mail sales, such as consumer market sales or charitable institutions. As outlined below, there are numerous benefits associated with direct marketing. Market demagnification – consumers short of time and tired of traffic and parking headaches appreciate toll-free numbers, always-open Web sites, next-day delivery, and direct marketers' commitment to customer service * Seller benefits from demagnification – direct marketers can buy a mailing list consisting of almost any group of people, such as, overweight people, left-handed people, and millionaires. Marketers can customize and personalize the messages and build a continuous relationship with the consumer * Alternative – marketers can test alternative media and messages to find the most cost-effective approach. Also, the direct marketer's offer and strategy is less visible to competitors * Responses – direct marketers can measure responses to their campaigns to decide which have been the most profitable (Kettle & Keller, 2012, p. 536). Selling products electronically is the latest and fastest growing network.

Interactive marketing includes Web site, search ads, display ads, and emails. Even though, the Internet offers consumers and marketers greater interaction and individualizing, there are advantages and disadvantages associated with interactive marketing. * Advantages – marketers can build online communities, reach people based on their keywords from search engines, and buy ads on sites related to the marketer's offerings * Disadvantages – the consumers can screen out the majority of messages received, bogus clicks can be generated by software-powered Web sites, and

advertisers can lose some control over their online messages if hacked or vandalized (Kettle ; Keller, 2012, p. 40).

Direct marketing and interactive marketing are more effective if integrated. Per Kettle ; Keller (2012) direct marketing companies, such as Eddie Bauer, Lands' End, and the Franklin Mint made fortunes building their brands in the direct marketing mail-order and phone-order business and then opened retail stores. They cross-promoted their stores, catalogs, and Web sites, for example, by putting their Web addresses on their shopping bags (p. 536).

Managing the ups The ups of marketing is a group of acceptable marketing strategies used in to satisfy the consumer in their target market. To satisfy the customer requirements, the ups can be utilized globally and online in any combination.

The ups include the following: * Product – What are the desired components of the product? Will they change over time? Introduce a brand name, design the packaging, and develop after sales service * Promotion -Informs the customer about the product which raise awareness of the product. These activities include advertising, sales promotion, personal selling, available where it is needed in the desired quantities * Price – Partly dictated by consumer demand and perceived value for money. Consideration must be given to integration pricing, premium pricing and price skimming strategies * People – Make products and services available in the market place.

People reflect the level of customer service and advice available (Miller, 2001). To maximize earning potentials online and globally organizations must have a profound perception of the local culture, in addition to other

cultures. Organizations can benefit by understanding regional laws and having their site translated into other international languages. In addition, organizations have to choose the right combination of search engines depending on local usage. For example, Google and Yahoo are a couple of search engines utilized in the U. S. , however; that may not be the case internationally. Organizations should enhance their web site design by allowing flexibility for international users.

Organizations can capitalize on reaching their local and global audience by social media for various languages, such as Backbone, Twitter, and Youth. An organization ultimate goal is to broaden their targeted audience and make it easier for access to their products. User-Generate Innovation User-generate innovation can work in a company favor by a user creating a unique dead that can benefit a company. In many instances, users are more creative in innovation because the user understands what they what and what they are looking for. Von Hippie (2007) found “ when users can innovate for themselves to create precisely what they want, rather than being restricted to a set of options on offer that have been created by others, their satisfaction is significantly higher”.

One of the main benefits in the eyes of a manufacture using user-generated contents is its ability to form a two- way conversation with the consumer while giving them some ownership of the brand (Busses, 2009, Para.). For example, a few years back Doris formed a two-way conversation with consumers by offering a \$1 million prize in a competition for a Super Bowl commercial. The commercial highlighted a man getting hit in the crotch with a snow globe. The twist was the spot was created by two out of work brother

who entered the competition and walked away with the \$1 million (Busses, 2009, Para. 3). The Doris commercial was the best of Super Bowl CHILI. There are some who questioned whether this would qualify as a two-way conversation because a cash prize was involved.

There are some that say if you have to pay so much for something, then it is not quite a two-way relationship – consumers are not doing it because they like the brand but because they are trying to win money. Therefore, it only works if there is a real benefit to the consumer (Busses, 2009, Para. 13).

Doris goal was to win the Super Bowl winning ad by topping the prestigious USA Today Ad Meter. This was Doris third attempt , and on the previous attempts they placed 4th. Therefore, by going outside of the company and soliciting user-generated ideas helped them fulfill the goal they were pursuing. Companies are aging user-generated innovation seriously even though the creative quality may be good or bad. At the same time, companies are trying effective ways to retain the idea and keep it fresh.

Incorporate Customers into New Product Development Companies are going outside their limits to recruit ideas from a variety of people/ groups, such as customers, professionals, channel members, marketing agencies and being heightened by companies connecting with the consumer to create innovations. As studied by Kettle & Keller, (2012) companies are increasingly turning to “ scrounging” to generate new ideas or to create consumer-generated marketing managing. Crowd sourcing is inviting the Internet community to help create content or software, often with prize money or some other type of incentive (p. 575). Crowd sourcing help creates companies such as Youth and Wisped. The consumers unmet needs or

technology advancement is a great opportunity to appeal to consumers for creative and useful innovations. In addition, a company co-creating with the consumer can positively influence the consumer view of the company.

Kettle & Keller (2012) documented seven ways to draw ideas from your customer: Observe how the customer is using your product Ask customers about their problems with your products * Ask customers about their dream products * Use a customer advisory board to comment on your company's ideas * Use Web sites for new ideas * Form a brand community of enthusiasts who discuss your product Encourage or challenge your customers to change or improve your product (p. 576). Managing Marketing Mix Variables Companies can sustain competitive advantage in the marketplace by implementing approaches that can solidify their position competitively. Companies can personalized email messages instead of using a general salutation, segment managing instead of mass-marketing, modify language to address a particular segment, and involve the company in social media, such as, Backbone, Linked, Twitter ; Google+. In addition, companies should ensure a human is responding to inquiries submitted by consumers through social media or email. Companies cannot win by standing still.