

MARKETING and ADVERTISING

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2 Abstract

This document is about Marketing and Advertising. I differentiate a little bit between these two topics although they are closely related to each other and are handled together by Levinson and Godin (Levinson and Godin, 1994).

In the first part I will critically analyse the marketing aspects which are a prerequisite for defining the advertising strategy.

In the second part I will write about the pros and cons of some advertising tools which Levinson and Godin discuss in their book "The Guerrilla Marketing Handbook". I will not consider all the tools out of this tremendously interesting book, but only those which I regard as most common or most interesting.

3 Introduction

What is marketing? Marketing is not only defining some advertisement, but it is the process of defining the *strategy* to bring a product to a customer.

In chapter 4 'Marketing' I will discuss how you can bring your product successfully to a consumer. If you rethink the words "bring product to customer" then you will easily see that marketing is not something that is at the end of a production line but something that is a part of your business plan. Do not think about your marketing strategy *after* you have produced something but at the moment that you *think about producing* something. If you are an entrepreneur and you need money from a bank, then I assume that most often the bank will ask you how you plan to market your product. You see, you have to define your marketing strategy at the beginning of your business.

Advertising (chapter 4) is the moment when you directly want to attract prospects who should eventually become your customers. Probably you will think about topics like 'advertising on the television' or 'advertising on the radio'. Levinson and Godin add a new perspective. They describe around 50 tools with which you can post advertising. They consider advertising as a process of many little steps that should mutually support each other. In my opinion, small companies or entrepreneurs can benefit more from this book than large companies, due to the different markets they target. Large companies need the mass market and will most probably use television or radio to attract prospects. Entrepreneurs most often offer a niche product and therefore they need to attract a special consumer market. Levinson and Godin describe many tools that focus on these special markets and therefore I regard this book as more useful for small companies or entrepreneurs. Think about what a guerrilla tactic is. Guerrillas operate in small groups, they operate continuously, and they concentrate strictly on achieving their goal without wasting material.

You will find these three principles throughout their book. The different advertising tools, which could be used in parallel, are the small guerrilla groups working independently. Advertising must be a continuous process in order to be successful; this is the second principle. Eventually, advertising must clearly communicate the customers' benefit with a short and easy to remember message.

Successful companies will focus on following the principles mentioned above. Guerrillas do not waste material. For this reason you should only run advertisement if you are convinced that your message is clear and that you reach your prospects; otherwise you waste material and you don't act like a guerrilla

4 Marketing

*“Marketing plans undergo many changes until all the parts are internally consistent and mutually supportive of the objects.”
(Silbiger, 1999, page 3)*

According to Silbiger, Marketing is a process of seven steps:

- Consumer analysis.
- Market analysis.
- Review of the competition and self.
- Review of the distribution channels.
- Development of a marketing mix.
- Evaluation of the economics.
- Revision and extension of Steps 1-6 until a consistent plan emerges. (Silbiger, 1999, page 3)

In addition to these points, Levinson and Godin add one more point:

- Defining the Marketing Budget. (Levinson and Godin, 1994)

4.1 Consumer Analysis

Think about features

Before you think about your advertising – or even better, before you start producing a product or service - you have to analyse for which customers your product is designed or intended.

Don't make the mistake of mixing *features* with *benefit for the customer*. Finally, the benefit for the consumer must be clear and not simply a list of the features that the product offers. Keep this in mind; it is one of the main messages in this course.

Don't mix feature with the customers' benefits.

Who needs the product and who buys it?

Another topic is to find out who is buying and who is using the product. This might influence the advertising that you eventually have to create.

Do you need to segment your market?

One more point concerning 'consumer analysis' is the consumer segment. I regard this as tremendously important and partially difficult.

After I studied this issue, I tried this exercise for my ex-colleague who became an entrepreneur in the business telecommunication sector. His one-person company offers service, knowledge and installation for telephone and PC equipment. His idea is that too many different devices overload the market and that consumers (private and professionals) need independent support to find out what is best for their needs. This information looks like a consumer market of tens of thousands of people. A close look at the situation gives a different picture. My ex-colleague can only support the area around Berlin. He focuses on consumers who intended to switch from analogue to digital telephone sets. Moreover, he offers knowledge and technical information that means his prospects and customers are people who are not content with the information they get in normal stores; people who don't take the first product that fits their need. You see, the market segment is reduced to maybe one hundred people instead of several tens of thousands. The consumer segment is a niche and not a mass market.

If you have to segment your market then you have to identify whether the final consumer market is large enough to serve profitably and if your prospects can be reached efficiently by marketing efforts.

Four major segmentation variables are used in segmenting consumer markets (Silbiger, 1999):

- Geographic.
- Demographic (e.g. age, sex, income or education).
- Psychographic (e.g. life-style or personality (conservative, risk-taking)).
- Behavioural (e.g. 'purchase occasion' or 'brand loyalty').

If we look at the example given above of my ex-colleague, then we see that his consumer market was not one segment, but at least two segmentations reduced his market (geographic and psychographic). I would also take 'demographic' as a third segment into account, since experience shows that people with higher education and higher income tend to spend more time and money on informing themselves before they buy something.

Please let me give one last remark to the topic of segmentation. If you offer a product for which you don't have to segment the market, then it will be easier for you to reach the consumer market with your advertising. The more you have to segment the market the fewer prospects exist and the more specific and difficult your advertising must be. The advantage for a highly-segmented consumer market is that you could create a more personal advertising plan than for the mass market.

Market segmentation might reduce the number of prospects and customers and it has impact on your advertising strategy.

What is the buying process?

The buying process is also called the '*adoption process*', the '*problem-solving process*', the '*Learn/Feel/Do-process*', or the '*Attention / Interest / Desire / Action (AIDA)-process*'. (Silbiger, 1999)

For any particular product, the buying process can include one or all of the following steps: Awareness -> Information Search -> Evaluate Alternatives -> Purchase -> Evaluate.

What does this mean? If you would like to sell a product or service you have to know that consumers follow the process described above before they buy something. The separate steps differ in their importance with respect to the kind of product. For a technical product, the step 'Information Search' will be much more important than for sweets. I assume that the higher the product price is, the higher is the chance that prospects will look for alternatives.

From what I learnt, you should know that consumers go through the separate steps and you should figure out which messages will reach the prospects in all these steps. Which steps do you need to take in order to make consumers aware of your product? If it is a cheap product then you don't have to focus on information in advertising, but maybe more on feelings. If it is an expensive product then you should think about the benefits which you want to present to the consumers in your advertising. If you have competitors offering a similar product then you should be well prepared to win the 'evaluate alternatives' step.

Is it a high- or low-involvement product?

Do you offer a high- or low-involvement product? The answer has impact on the marketing philosophy:

A high-involvement product could increase the prestige of the purchaser but it poses a high financial risk for the consumer. These products are more difficult to sell and are often bound to a specific market segment.

4.2 Market Analysis

Market Analysis investigates three important questions to evaluate a market (Silbiger, 1999):

1. **What is the *relevant* market?**
2. **Where is the product in its *product life cycle*? (Introduction, Growth, Maturity, Decline)**
3. **What are the *key-competitive factors* in the industry?**

I am not sure that every producer considers the second question with the needed attention. I would like to give two examples where the product life cycle was taken into account and one where this was not done.

In my opinion, TOYOTA did not change its marketing strategy over the years. I assume the reason is that the product 'car' was already introduced and therefore TOYOTA did not intend to introduce the 'car' but intended to point out the difference to TOYOTA's cars. They did this by defining an unequivocal slogan. They offered a product in a market phase of growth or maturity and in my opinion the market phase did not change; hence no reason existed to change the marketing strategy.

In my opinion it is allowable to change the marketing strategy when the product changed its position in its life cycle. I think that advertising may differ in the introduction phase from advertising in the maturity phase. One example that underlines this theory is the advertising for mobile phone providers in Germany. Some years ago, when the product was in the introduction phase, the main message in advertising was the consumers' benefits of having *freedom*. The customers' benefit was to be able to call friends *whenever* they wanted to and *wherever* they were. Nowadays the message is different. VODAFONE-MANNESMANN recently created advertising where the message was *fun* and the information that VODAFONE connects *millions of people* around the world. You could discuss whether mobile phones are in the growth- or the maturity-phase, but it is for sure out of the introduction-phase. For this reason the advertising has changed.

The two examples given above show companies where the product life cycle was considered. A counterexample is my ex-colleague. He offers knowledge and installation service for digital telephone sets. He offers this service in a time where the whole telecommunication market is on the decline or is at least reached saturation point. I asked him at the time that he started his enterprise about his *expectations* for the future of the *market* and he had no idea what to answer. He had not considered the *product life cycle* and I regard this as tremendously dangerous with respect to the success of his business.

My message is: when you offer a product or service then evaluate in which phase the product is in its product life cycle and adapt your advertising accordingly.

4.3 Review Of Competition And Self

The first steps of marketing were to choose the consumer segment. In this chapter we start to develop a plan to beat the competition. You need to look at the competitor and yourself with the same level of objectivity.

Silbiger proposes in his book 'The Ten Day MBA' to compare your strengths and shortcomings with those of your competitors in the following areas:

- Distribution.

- New product development and introduction.
- Advertising.
- Market size and relative market share.
- Financial position.
- Historic performance and reputation.
- People.
- Technology and research.
- Sales forces.
- Cash.
- Trade relations.
- Manufacturing.

4.4 Review Of The Distribution Channels

“The choice of the distribution channels influence the price you can charge, and, consequently, the profit margins that you may enjoy.” (Silbiger, 1999, page 24)

For me it's not clear whether this point is more related to 'marketing' or more to 'pricing'. However, I would like to stress the indirect influence of the distribution costs on the marketing strategy.

The price of a product determines whether the product is expensive or cheap. An expensive product could be declared as a status symbol whereas a cheap product could not. If you have expensive distribution channels, which make your originally cheap product an expensive product, then you have to change your marketing strategy. For this reason the distribution channels indirectly influence the marketing philosophy.

You have to know that each distributor wants to earn money. As a fact, each distributor automatically increases the price for your product. Different distribution channels could result in different product prices.

One more aspect: the choice of the distribution channel can influence your consumer segment. Assume you want to sell books via the Internet. At first glance the consumer segment is the whole community on earth with access to the Internet. Your analysis of the distribution channels points out that you can sell books inside the country without any costs but outside the country with high additional costs. If your market idea is to sell cheap books then you will not be able to sell these books outside the country. As a consequence, you have to find a different distribution channel for selling books outside the country or your consumer segment decreases.

I would like to point out one last thing. Assume you want to sell a product that exists already on the market but with a certain flavour (e.g. some sweets). Your upper product price is fixed and predetermined by the price for the existing products (unless you offer a

big difference). Let us assume the difference is small and you intend to sell your product at a comparable price. In that case you need to subtract from the sell-price the distribution costs and finally your production costs. The result will be your earnings. The difference in this scenario is that you are bound to a fixed maximum price and you cannot increase your price as you would like to do. In this scenario you need to *adapt the distribution channel* in order to be *profitable* at the end.

4.5 Development Of The Marketing Mix

“Marketing managers choose what mix of marketing efforts should be made. The mix is commonly referred to as the Four ‘P’s of marketing.” (Silbiger, 1999, page 28)

The topic 'marketing mix' considers the aspect of how much effort and which contents must be put on each of the following four subjects:

<i>Product <-> Place <-> Price <-> Promotion</i>
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PRODUCT

You have to gather product information - or better, the resulting consumers' benefits - which you would like to place in your marketing process. What benefits would you like to present? What styling, reliability, packaging, size, or service might be relevant for the prospects so that you will consider the related benefits in the marketing strategy?

PLACE

Where are you going to sell the product? The answer to this question might be important for you in order to determine the marketing strategy: where to place which kind of advertisement.

PRICE

At this point in time you have to define at which price you want to advertise your product. One question you will have to answer is whether you are going to point out the price in the advertisement or whether it would be better not to mention it.

PROMOTION

You also have to think about the question of how you are going to promote your product. I don't mean the pure advertisement but all the actions you have to take in addition.

Define how you are going to bring the product into the distribution shops. You have to put much effort and promotion into convincing shops to distribute your product. Or are you going to build up your own shop?

Will you distribute your product by direct selling it (e.g. Internet or personal customer visits)? Do you plan to reward people for selling your product intensively? You should answer questions like this in this section of the determination process.

4.6 Determine The Economics

In this process step you have to investigate if your product, its direct and indirect production costs and the marketing costs, results in a profitable business. You have to find out where the break-even is and how long the payback of your (and of your bank's) investment is.

Silbiger puts this topic in Marketing, but I would prefer to put this topic into a much earlier phase of a product. Questions like "Where is the break-even?" or "When do I get my investment back?" are more part of the business plan of a product than of the marketing plan. These questions are asked and answered before you start to produce a product. However, as I said in the introduction of this paper, marketing is, in my opinion, part of the business plan. Therefore the break-even and similar topics influence the business and the marketing plan.

When you plan to start your advertising campaign, then you have to evaluate whether or not the costs for the marketing process are similar to the costs you originally planned for in your business plan. If the costs are higher than in your original business plan then you have to take actions. In this case, you must recalculate the break-even and the payback times. You have to find out whether your consumer-segment is large enough to justify the marketing costs or not. You have to find out whether the break-even can be reached in an acceptable time frame or not. If your answers are negative then your marketing process starts from the beginning.

4.7 Definition Of The Marketing Budget

Marketing and Advertising are continuing processes. Therefore a regular budget for marketing should be available and should be planned for in the business plan. Levinson and Godin point out that you should answer the following question for yourself when you want to calculate the marketing budget per year: "What is the customer worth?" Investigate how much a customer buys in your business per year and you will find out how much this customer is worth to you. If you have this figure, then you can calculate the budget you can and should invest in advertising / marketing.

I was fascinated by the idea of Levinson and Godin of identifying the customers' worth. This idea was new to me and I like it. In my opinion many companies calculate their marketing budget either by defining a fixed value per year or a fixed percentage of their turnover. Neither method takes the value the customer has for the company into account.

Levinson and Godin also propose to make a monthly timetable of which kind of marketing you plan to do and what you achieved. In my opinion this is a useful idea, because it helps a company to regard marketing as being as important as the production of the product. If a company sets up a monthly (or quarterly) marketing plan, then it continually works on marketing and it does not run the risk of forgetting marketing.

4.8 Evaluate The Marketing Plan

In the last step of defining your marketing plan, you have to ensure that the outcome of your marketing strategy reaches the customer and determine whether you will be able to sell the product and make a profit. In this step you evaluate whether all your marketing efforts and different marketing strategies are mutually consistent and all steps fortify the global goal. If you detect inconsistencies, then you have to undergo the same process, or part of the process, again.

5 Advertising

5.1 The Rule #1

I regard the following message as the main rule concerning advertising. I had not thought about this point before I studied this course and therefore I would like to stress it.

One-Shot ads (Almost) never work (Levinson and Godin, 1994)

According to Levinson and Godin, only 1 out of 9 ads reach your target. A second statistics shows that a consumer must recognise an advertisement up to 3 times before the consumer keeps it in mind. Consequently, a company must place an advertisement 27 times before the target consumer keeps the product in mind.

These figures were new to me and I regard them as interesting and critical. However, I wonder to which kind of advertising these figures are related. In my opinion they are valid for advertising on television or in newspapers, but I think that a direct advertisement (e.g. personal selling or mail) at least guarantees that the target consumer will be reached. If this assumption is right, then you can lessen the loss by a factor of 9 using direct selling. I agree that, nevertheless, the first 1 to x attempts at direct selling will not lead to a new customer, but I think the percentage would increase.

5.2 Traditional Advertising

5.2.1 Advertisement In Remnant Space

Levinson and Godin propose getting some advertising slots for free. They state that some media have remnant spaces; these are advertising slots which are not sold (e.g. due to the unattractive time the advertising is put on radio). Newspapers sometimes have some remnant space for some advertisements. Levinson and Godin propose that you make a contract with your favourite medium (e.g. newspaper) in the way that you buy more regular advertisements than you originally wanted and in addition you get some remnant spaces for free. You cannot influence the time when the newspapers will post your advertisement because the newspaper does not know in advance when there will be some remnant space. Levinson and Godin have in mind that your contract might say, "In the next 7 days the newspaper will post the 'for-free' advertisement 4 times." The point is that you negotiate before you buy space for advertising. You often cannot reduce the price, but additional advertising for free is also very good.

In my opinion it's a very good idea to get remnant spaces in newspapers or on radio. On the one hand I can imagine that very popular magazines don't have remnant spaces, so in this case it will be difficult to negotiate something. On the other hand I assume that more traditional and serious newspapers have remnant spaces because fewer companies put advertisements in them due to the fact that fewer people read these kinds of newspapers. However, the idea is to try it.

5.2.2 Advertising Per Inquiry

Another proposal of Levinson and Godin is to make a contract for advertising where you don't pay a fixed price but per inquiry. The people who place your advertising get a certain percentage of the selling price for each item sold.

I regard this as a clever alternative for advertising. The advantage is that you don't have to pay a large amount of money in advance, when you might not have it.

If the rate of inquiry is low then the advertising was completely for nothing. The risk is that you could pay more than usual if the inquiry rate is high. Even if this should be the case, selling many items for the benefit of both parties is better than no profit at all.

5.2.3 Advertising on Radio

In my opinion the strength of advertising on radio is that you can work better with feelings and emotions than you can with an advertisement on paper.

Levinson and Godin write, "Radio is one of the best ways to reach a highly targeted market, but you have to make sure you are advertising on the right station." (Levinson and Godin, 1994, page 74)

I disagree with this statement. In my opinion radio is one of the best ways to reach a broad market, but not a targeted market. If you would like to reach all young people, you will surely find a radio station that has young people as its customers. If you post some advertisement there, then you will reach the same young people that the radio station does. There might be some special radio programs focusing on 'Country Music' or on 'household and food'. If your customer market is the same as that of the radio station or the radio programs, then you should choose to broadcast an advertisement on radio.

If you would like to reach a very specific consumer group in a city then I am not sure that radio is the best way. If you are sure that your consumer group hears this radio program (e.g. your target group is 5% of young people) then I think radio is appropriate. In this case you must make sure that you start your advertisement with something special (loud, interesting, funny, surprising, astonishing or crucial) and if you assume that you have the attention of the listener you must first inform him or her which group of listeners you would like to reach. After you have made this clear, you could give the information about your product / service and the benefit for the customer.

You have to calculate whether this way of advertising is effective or not. If you assume that the radio has 100,000 pupils as customers and you aim to reach 5% of them, then your target group is only 5,000 pupils. Is this enough and would it be cost effective compared with the cost of advertising? You have to calculate and to evaluate.

Levinson and Godin state "repetition is even more important on radio than anywhere else." I agree with this statement for another argument than that of Levinson and Godin. Assume you see some advertisement in a newspaper and you would like to contact the business in a few days. You will keep the newspaper or at least the advertisement. If you

hear some advertising on radio but you are in a car and you cannot take notes, how can you keep the information in mind? Even if you remember the message, it will be difficult to keep in mind the business name or even the business address. For this reason you must guarantee that you post your advertisement on radio more frequently (over a short time frame) than is necessary when placing an advertisement on paper. Therefore, many companies today post their advertisements one after the other with one other spot in between. They give the listeners the chance to pick up a piece of paper and take notes.

Six years ago a new shop opened in Berlin which announced cheap TV and radio devices. I remember that this shop strictly followed the repetition-rule. Their advertising ran on radio for 3 weeks, 5 days per week, up to two times each hour between 6am and 6 PM. The next 2 months you did not hear any advertising. After a year's quarter they started a massive radio advertisement again, with the same bunch of aggressive advertisements day after day. You see, they concentrated on one medium and repeated the advertisement in tabloid form over a short time frame. By the way, this was very successful advertising and the shop is still active despite the tremendous competition it faces.

5.2.4 Advertisement on Television

In my opinion, an advertisement on television is useful for products where the consumer market is wide spread.

SIEMENS, a German company, uses television advertising to *announce* a new household device or to *remind* the consumer of the leading position of this company in this business area. SIEMENS posts its advertisement most often in December – closely related to Christmas.

The automobile industry is another market which uses television as an advertising medium. Conversely, motorcycles are rarely advertised on television, probably because the percentage of people watching television and buying motorcycles is much smaller than for buying cars.

Advertising for mobile phones is an interesting example concerning advertising on television. I don't remember strong advertising for mobile phones on television. I am discussing the phones itself and not the related providers. I remember some small amount of advertising from SIEMENS and some from NOKIA, but this advertising was not pushed. All other producers did not put advertising on television. Isn't it surprising? Mobile phones were foreseen for a mass market so why didn't the producers advertise on television?

ALCATEL, a French company, stormed the market late, but successfully. Even this company rarely used television advertising. I assume that all companies focused on printed advertisement distributed in the shops which sold mobile phones. The companies knew that the desire for mobile phones existed and that they did not have to create this desire. They just had to wait for the customers coming to shops. In my opinion, the mobile phone producers focused their marketing strategy on promotion

(they promoted the sellers) and advertising on inquiry (the distributors earned a certain percentage from the products sold).

Levinson and Godin write that an advertisement on television should be entertaining, clear, visual, of high quality, and calling the consumer to action. (Levinson and Godin, 1994, page 80-81).

From my point of view, it is possible to follow this advice, but today just a few successful advertisers follow it. Have a look at the advertising for Toyota. The slogan is "Everything is possible". I think that TOYOTA pushed this slogan strongly and as a result everybody knows it. I wonder what TOYOTA intends to tell the consumer? Is it possible to have a cheap car with all the extras? If you expect this and go to Toyota, you will be disappointed. Do you get all the high-technical possibilities at Toyota? Again, you will be disappointed. Compared with Daimler-Chrysler, TOYOTA offers less high-quality technical equipment.

In my opinion, today's television advertisement focuses on entertaining the consumer (point one of Levinson and Godin) and visualising a life-style feeling (point three of Levinson and Godin). Often, the customers' benefits are not given and the happiness is overstated.

5.2.5 Advertisement In Newspapers

Here is a list of points, which Levinson and Godin tell their readers, which I regard as most powerful for advertisements in newspapers. The list of Levinson and Godin is around twice as long, but I would like to concentrate on the strongest information.

- Run your advertisement up to 27 times (or more) before you remove it.
- Don't remove your advertisement just because your family or your friends tell you they are bored. As stated above, maybe your prospects just read it once out of the 27 times and they are bored much later than your family and friends.
- Run ads on days your store is open.
- Target your market. Select newspapers or magazines with which you reach many of the potential customers.
- Place your advertisement in some different newspapers and magazines.
- Make sure you have a strong headline.
- Emphasise the word FREE.
- Show a picture of your products or service in action.
- Make an offer. You could offer a product for an extra cheap starter-price or you could offer a service for free for customers buying the service in the first three months of your business.
- Put a border around your ad.
- Try adding colour to your ad.

As I wrote before, I regard these pieces of advice as very powerful, but they don't help you if the contents of your advertising are not clearly targeting the customers and if they do not specify the customers' *benefits*. The advertisement should concentrate on telling the customer about the *benefits*, not the features, of the product.

One year ago a former colleague of mine started his own one-person business. He placed some advertisements in magazines and wondered why he got no response. I had some ideas about what the reasons might have been after I read the list given above.

First of all, he gave up too early. He stopped the advertisements after 10-15 attempts, but this is only half as long as Levinson and Godin propose. Either he found out that he had chosen the wrong newspaper or he did not know that he should try it longer.

Second, he placed his advertisement in a newspaper that only appeared on Sundays. This contradicts the proposal of Levinson and Godin. However, I think this was not a disadvantage for the entrepreneur, as his business focused on prospects who use Sunday, their only free day, to upgrade their business technology. His prospects study the Sunday magazines and catalogues to find out what the best product is for them. Since the business of my colleague is to help these people to find the correct product, he placed his advertisement on a day when his prospects get confused because of too little information – and he offered to help them out of this lack of information. It was, in my opinion, a good strategy.

Third, his market was bound to Berlin and Berlin's surroundings. For this reason it was logical that he selected a local newspaper. The disadvantage was that too few readers of this paper were prospects. Maybe just 1% of the readers were interested in his offers. In my opinion he would have needed a magazine which focused on his business segment (telecommunication) instead of a newspaper.

Fourth, he made the big mistake that he announced his services, but he forgot to tell the readers their benefits. He did not concentrate on the major topic of his advertisement: *tell the consumers their benefits and don't list features!*

Finally, he did not offer a free-of-charge period. I think this is normal for products but seldom for services. If someone offers free-of-charge *services* at a beginning period, then this would be innovative and creative and it would attract prospects.

5.3 Mini Media

5.3.1 Business Cards

Levinson and Godin compare business cards with small billboards and I think the comparison is not farfetched. They propose to use this medium intensively for distributing information about your business. Give a card to all customers and they will remember you. Furthermore, a business card could be given from one customer to another one and from a contented customer to a prospect.

I learnt two very interesting things from Levinson and Godin:

First, they propose to use also the reverse of a business card to post information. This side is almost for free and if you don't use it, it's wasted space. Guerrillas hate to waste expensive space and thereby money (Levinson and Godin, 1994).

Second, think about using so-called info-cards. These cards have the same size as business cards but they consist of several slides glued together at one end. So info-cards are mini-brochures at a size of business cards. I never saw such cards but I like the idea,

because it shows creativity and offers the possibility of putting much information on the size of a credit card so that prospects have no problem putting it into their wallets.

5.3.2 Brochures

“Brochures offer the best opportunity to provide great detail about your product or service. People expect a lot of information from a brochure, so you should give it to them. This is not an invitation to be boring, but it is a hint that you can – and should- be very informative.” (Levinson and Godin, 1994, page 118).

In this statement Levinson and Godin describe, in a compressed form, what brochures are. They inform prospects. A prerequisite is that prospects have contacted your business and asked for more information. For that reason I regard brochures as an advertising medium that tries to bind the prospect to your company *after* other advertising has brought the prospects to you.

Levinson and Godin also made clear that brochures are small steps that help the prospect to become familiar with your business without being afraid of making a mistake. They call it “small steps”. I like the description because it says exactly what I feel. The prospects’ anxieties of making mistakes are, in my opinion, a big problem for sellers. If sellers are too aggressive they lose prospects instead of gaining new customers. Brochures can overcome this anxiety by taking a small step in the direction of making a later contract. However, don’t expect that the brochure will automatically lead to a contract. Often sellers have to have another face-to-face talk before the prospect becomes a customer, but the brochure helps to break the ice between both parties.

Levinson and Godin have, on page 122 of their book “The Guerrilla Marketing Handbook” , a list of brochure tips. This list tells us nothing about how many brochures per product or company are ‘good’. What I mean is the following. Assume you would like to inform yourself about mobile phones from NOKIA and you ask in a shop for brochures. What do you prefer? Do you prefer to get 10 brochures for 10 different mobile phones or one brochure considering all different devices from NOKIA– at best with a comparing table? In my opinion, it is better ~~is~~ to have one brochure. Brochures should be of high quality and with accurate information. If companies want to have different brochures for different *products* then I propose that the brochures should have an identical format and presentation and the same introducing logo. A company should only offer *one* brochure for *one* product, even if this product consists of *several variants*.

5.3.3 Printed Newsletters / Fliers

“Newsletters are a cheap and efficient way to remind the consumer of your company and to gain credibility if the newsletters show your customers that you have deep knowledge in your business.” (Levinson and Godin, 1994, page 138)

I like the use of newsletters. They differ from brochures in the way that brochures document the products and/or services that you would like to sell. Newsletters should give other information, e.g. what a customer can do with your products. Levinson and Godin put the example of a fish-market that distributes newsletters with information about recipes and tips (Levinson and Godin, 1994).

I see the following small restrictions. If you sell products then you can offer some free knowledge or service in newsletters. If you sell services or know-how then it would not be clever to distribute this knowledge via newsletters. If I use the example of my ex-colleague, who now runs his own business that sells knowledge about telephone systems, then I wonder what he could put in newsletters. In my opinion it would not be to his benefit if his newsletters were to contain special bargains if these special bargains could be purchased in other shops, too. In my opinion newsletters could contain technical information about new products which arise on the market. If the newsletters reach his consumer market then he can inform prospects about new products and the advantage of the new product relative to other products. Prospects interested in the new products would contact him in order to get more information and in order to get the new products that might not be available in the large shops which focus on mass-produced products.

5.3.4 Gift Certificates

In my opinion gifts are a useful advertising tool. Many people like to receive presents if they can use them. Useless presents are no fun and your business will not benefit from giving useless gifts.

If you think about producing or buying some gifts that you can give to your prospects or customers, you should think about how and when to present them. One way (in my opinion an effective way) is to have the presents locally in your shop (e.g. matchsticks or ballpoints). Customers in your shop will probably take such things and automatically distribute your name. These physical presents are more useful for customers who already come to your shop.

If you want to mention gifts on fliers and hope that prospects will 'travel' to your shop in order to get a ballpoint, then I regard this as a useless strategy. Gifts on fliers and circulars should be different. One example, you could offer a 10% discount on every sale based on the flier.

If you offer a discount or a service for free, then I agree with Levinson and Godin that this should not have a cut-off date. I hate gifts bound to a cut-off date. I received mail four times in the last six months from a big department store. They offered a cup of coffee, a piece of cake and a 10% discount on some furniture at two selected weekends (remember, after one cut-off date was over, the next mail came). When I read these fliers I put them directly into the rubbish bin, because I was annoyed about the cut-off dates. When I received the next mail with a similar contents and again with a cut-off date, the department store lost its credibility.

I disagree with Levinson and Godin that a gift for a series of bought products is worthwhile – unless it is very profitable for the consumer. I know some hairdressers who offered a \$5 bonus after they cut your hair 10 times. Please calculate. Ten times haircutting is a very long time frame (maybe around a year). \$5 is around a 1.5% bonus. That's almost nothing. If you consider that there are some hairdressers with cheaper prices than you charge, then you should ask yourself if the long-term gift is useful for gaining new customers. My message is clear: don't make long-term gifts if the customer feels cheated and if the time frame is too long.

5.4 Targeted Media

This chapter describes the advertising media that directly contacts the customer or prospect.

5.4.1 Customer Lists

In my opinion Levinson and Godin are right when they point out the importance of having a list of your customers. Your customers keep your business alive and you should know as much as possible about them.

Levinson and Godin propose (Levinson and Godin, 1994, page 170) that you:

- Collect telephone numbers if somebody calls you.
- Collect addresses of everybody to whom you send a brochure or other information material.
- Install a suggestion box in your store. On the forms you ask for customers' telephone numbers or addresses. You should collect these data.
- Create a free newsletter or catalogue and offer it to anyone who gives you his/her address and/or phone number.
- Put a fishbowl on your counter and invite your customers to throw their business card in to win something from your store.

Levinson and Godin forgot to mention that collecting these data is only useful for small shops with a personal touch. The practice is inappropriate to shops selling mass-produced products with thousands of customers per day.

What could small shops do with the collection of all these data? According Levinson and Godin (1994, page 171):

- Send a greeting (a remark from me: or condolences) cards
- Send a thank you note after any particular big purchase.
- Start a company newsletter.
- Send magazines to subscribers.

Maybe you noticed that the functionality is not directly aimed at gaining new customers but more on keeping the 'old' customers. Establishing a personal touch and personal connection to them does this.

Please don't underestimate this effort and its benefit.

I was astonished when I received a thank-you letter after a big purchase. I was even more astonished when a furniture store called me and asked whether the delivery and the constructions of all products were to my satisfaction. This was customer care and I appreciated it. The costs for this service were very low and I will go again to the shop. That is a pure guerrilla tactic.

The next example also shows the benefit of having customer lists. A bank read in a newspaper that a customer died. They had personal contact with him and sent a condolence letter to his relatives. Months later the relatives attended the branch and asked to move their account from their *old* bank to the *bank which sent the condolence* letter.

I would like to stress that the condolence letter was sent because of the personal relationship and not because the bank wanted to acquire new customers. It was the personal handling of the branch and not the bank's philosophy to do so. The letter had cost \$1 and the new customers brought capital of \$250,000 with them because they appreciated the personal touch.

Of course, you will not always make \$250,000.00 from \$1, but you should keep in mind that economising on money for customer care is shortsighted. By the way, the branch which sent the letter was ordered to reduce its costs, and was explicitly told not to send any birthday or condolence cards anymore. The bank did not learn from its own branch – probably others will learn.

5.4.2 Direct Mail

Before I studied this subject, I was convinced of the effectiveness of advertising via direct mail. After I read the book 'The Guerrilla Marketing Handbook' I feel that my view has been confirmed.

I am convinced that direct mail guarantees that you reach your consumer market. Levinson and Godin agree, but they write "Direct mail is expensive and the response rate is one or two percent." (Levinson and Godin, 1994, page 174).

The response rate was new and surprised me as I had expected the rate would be higher. I disagree with the statement that direct mail is expensive. Compared with advertising on television, direct mail is, in my opinion, inexpensive.

To make direct advertising effective, Levinson and Godin propose the following:

- Use postcards instead of letters, because customers don't have to open postcards and the chance that prospects glance over postcards is higher.

- Postcards are cheaper than letters.
- Use full-colour postcards.
- Pay attention to the colours you test. They may double your sales.
- Make an offer.
- Call for action.
- Be creative.

These statements explain why my ex-colleague was unsuccessful in his direct mail advertising. First, he used letters, which were not colourful but black and white. He did not use postcards so he is not sure whether his prospects really read his advertising. Finally, he just contacted around 50 prospects and got no response at all; after this rare feedback he changed his marketing strategy – in my opinion too early.

If I were in his position then I would do the following: First of all, advertising must be continual, so I would contact the same prospects again, if I were convinced that they represented my consumer market. Second, I would change to postcards and test whether colourful postcards increased the feedback. Third, I would inform myself about which colours are more useful for advertising; I could get this information out of literature or I could contact students who studied art or advertising.

In my opinion, direct mail or direct mail postcards are both perfect guerrilla tools for advertising. Both contact the prospect directly and they focus on a small target. If you use these methods then you don't focus on acquiring a mass market but you point out the customers' benefits if they purchase your products / services compared with the larger suppliers. One main aspect is that the prospects feel appreciated because you contact them directly. They are personally attended to and personally informed. This is something customers don't receive in large stores.

5.5 Advertising By Using Employees

Levinson and Godin forgot one important tool for advertising – the company's own employees.

In my opinion, a company can make successful advertising by using its own employees. If you produce mobile phones, isn't it a good marketing strategy to give every employee a mobile phone for free or at least very cheap compared to the official prices? If it is illegal to sell products 'too' cheap (equivalent laws exist in Germany) then a company can present products to their employees either for Christmas or as a reward. In any case I regard this as an extremely useful marketing tool. Think about how many relatives, neighbours and relationships each employee has and all these people could be prospects. Additionally, please don't forget the aspect of motivation. If you receive a present or a price-reduced product from your company, then you feel motivated and bound to the company, but that's another story and not part of this paper.

Please don't misinterpret me. Advertising by employees does not make sense for every product, but if your consumer market is wide spread (as it is for mobile phones or household equipment) then I regard this kind of advertising as very successful.

I would like to give two examples. First, mobile phones are one of ALCATEL's products. Nobody in my surroundings understands why no employee gets mobile phones cheap or as a present / reward. It is unusual in this company. I assume the reason is that ALCATEL is a French company and the French leading style is conservative and strict. In my opinion, ALCATEL misses an opportunity of good advertising.

Second, SIEMENS produces household appliances. They offer their employees a rebate on their purchases of the company's products. Please realise, SIEMENS gives only a small rebate on their normal selling price, but SIEMENS normally sells their products to distributors and these distributors increase the final selling price. SIEMENS's employees therefore save much more money than just the small rebate; they additionally save the distributors' profits. I am convinced of this 'almost for free' advertising strategy for the arguments given above.

5.6 Advertising And Internet

This paper would not be complete without an extra chapter about advertising on and over Internet. This topic is unfortunately not part of the course literature.

The Internet has certainly gained importance in the last few years. There is almost no company (large or small) which doesn't have its own homepage in the Internet. I am a fan of this medium because it offers quite a lot of opportunities for relatively low costs.

Why should, and how could, a company use the Internet for marketing or advertising? First, the costs are relatively low. It just costs a few dollars a month to purchase the space to store a homepage on the Internet. It costs more to maintain this page and I need to point out that I regard it as tremendously important to keep the homepage contents up to date. If prospects or customers struggle with the wrong information or dead links on it, then you and your company will certainly have lost customers.

If you build up your WebPages professionally then you can be sure that your WebPages will be accepted by search-engines. If you achieve this then you can be sure that prospects searching for a product might find your homepage and then you might gain new customers.

What information could you present on your homepage? In my opinion, your homepage offers unlimited possibilities. You can store *detailed product and price information*. I regard it as very useful to establish at least one *communication interface*. The minimum is that you leave your email address under which the prospects could contact you in order to get more information. A more professional solution would be WebPages with a *form which the prospects are asked to fill out*. This form could contain questions about the products the prospects are interested in. I also appreciate the chance to make some *improvement*

proposals. One more – very effective – tool is the offer to subscribe to an *electronic newsletter*. Prospects can be informed very cheaply about upcoming products or services.

Finally, if you own a homepage you could and should mention it in all your other advertisements.

6 Final statement

This paper focused on giving you guidelines for marketing and advertising. You can regard this as a framework. It focused on telling you *what to do* and *not how to do it*. I did not aim to tell you the technical aspects of successful advertising (e.g. ‘letter-size’, ‘how to speak’, ‘which colour to be used in television advertising’ and similar aspects). If you run a business and this paper helped you to set up a marketing plan, then this paper fulfilled its first purpose. If you were able to find out which media you like to use for your advertisement, then this paper fulfilled its second purpose.

In order to limit the size of this paper I did not write about the following topics:

- Yellow Pages.
- Infomercials.
- Billboards.
- Mid-air Advertising.
- Inserts.
- Card Decks.
- Promotion.

If you would like to know more about advertising and the technical aspects of all the topics described above (and more) then I advise you to read the book ‘The Guerrilla Marketing Handbook’ from Levinson and Godin. Writing about the technical details was beyond the scope of this paper.

This paper will not give you the creativity and the experience you need to produce successful advertisement, but it gives you everything you need to define your marketing and advertising strategy. If you feel unsure about the advertisement itself, then I advise you to purchase external and professional help.

Silbiger writes:

“There is a great deal to be learnt in marketing classes, but no amount of schooling can teach you the experience, the intuition, and the creativity to be a truly gifted marketer.” (Silbiger, 1999, page 2)

I would like to finish by giving the messages that I found most important:

“Don't invest too much money without first *testing* your product, your price, and most importantly, your advertising.” (Levinson and Godin, 1994, page 186)

Generate *continuous* advertising. One-shot advertising will not work. (Levinson and Godin, 1994)

Be consistent and tell the consumers their *benefits*. (Silbiger, 1999)

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7 Bibliography

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