Marketing Canada

Journal of the Canadian Institute of Marketing
La journal de l'institut canadien du marketing

Summer 2009
Volume 5, Issue 3
www.cinstmarketing.ca

Business Culture—Mind the gap

By Anthony Raman, MCInst.M., RPM., Chartered Marketer

Anthony Raman, MCInst.M., RPM

With globalization, the opportunities for marketers are increasing alongside with the implications of internationalization. It could be argued that marketers have much to benefit in exploiting opportunities, especially in the Asia Pacific market.

Relationships form a vital part of international business and involves cross cultural situations between parties from various cultural backgrounds. They play an important role in determining success. Businesses need successful relationships with individuals and organizations to thrive (MacMillan *et al*, 2000).

It is necessary for marketers to understand the cultural implications, especially with regards to business culture when dealing with other country markets. Aligning the business practices of both sides in a business relationship with each other's cultural aspects will enhance the successful interactions between both parties in a business relationship.

Generic elements of business culture are basically influenced by among other things country, locality, ethnicity, culture and industry. It also depends on industry perceptions. An industry creates a certain perception of norms and rules such as protocols, gift giving and even work ethics. For example, people in education and training have different outlook in life. Perceptions formed by the people within the industry will determine the business culture of the industry.

> It is widely acknowledged that successful organizations need to have a customer oriented business culture.

It is widely acknowledged that successful organizations need to have a customer oriented business culture (Athanassopoulos 2000; Deshpande, Farley and Webster 1993; Houston 1986; Parasuraman 1987; Shapiro 1988; Webster 1988).

Culture and Business

The relationship between culture and behaviour have been examined by social scientists for close to a century, while the complexities of cultural diversity related to business have been explored by business researchers for the past 20 years. According to Elashmawi (1998), cultural clash will continue to affect all aspects of international business as greater numbers of people are conducting business across national and cultural barriers such as language, perception, attitudes and beliefs, values and orientation towards monetary profits.

Countries differ in many ways in terms of culture in areas such as social interaction, work ethics and social statues.

...continued on page 2

Special Interests Points

- Culture
- Promotion
- Price
- Retail
- SEO
- Recession
- Media
- About Us
- New Members

Inside this issue:

Business Culture

...continued from page 1

Furthermore, every business has its own culture and this relates to organizational culture that influences the way they work. Every country has its own culture that is reflected by the way people act, their beliefs, how they communicate and systems and structures in that country determine how its people live and behave, Filho (2007).

What is Culture?

According to Aviel (1990) culture can be manifested in many ways such as dress, language, food, values, standard and manners, but the major part of cultural components such as beliefs, attitudes, standard and perceptions are less visible and much harder to detect and deal with values, assumptions and perceptions. Such manifestations may not be aligned with those of another country especially in terms of doing business, and the gap between two different cultures needs to be reduced or bridged.

Culture comes from the Latin word 'cultura' deriving from 'colere' which means 'to cultivate'; and generally refers to "patterns of human activity and the symbolic structures that give such activity significance". (On-line Compact Oxford Dictionary). The English Oxford Dictionary defines referring to customs, institutions, and achievements of particular nation, people or group.

According to Javindan, *et.al,* (2005), culture is defined as "shared motives, values, beliefs, identities, and interpretations or meanings of significant events that result from common experiences of members of collectives and are transmitted across age generations" by the project GLOBE. Project GLOBE (Global Leadership and Organizational Behaviour Effectiveness) is a research project involving 62 societies around the world with over 160 social scientists and management scholars who are engaged in this programmatic series of cross-cultural leadership studies representing all major regions of the world. Javindan, *et.al, (*2005) stressed that GLOBE provides a constructive approach to resolve cross-cultural issues and provides a rigorous tool to help managers understand the similarities and differences among the various cultures worldwide.

As Sheth (2006) quoted Lee (1996) when stating that it is increasingly necessary to avoid self reference criterion (SRC) whereby one's upbringing, values and viewpoints give an individual what is called cultural myopia. Finding out what others perceive of one's business culture will help identify any areas of gaps between two business cultures and lessen or dispel cultural myopia, assisting to avoid cultural clashes. According to Frey-Ridway (1997), increasing business conducted across national and cultural boundaries will be subjected to a greater degree of cultural clash with respect to all aspects of international business. It is vital to know of what others in the target marketplace perceive of the marketer's organization and its products or services, as it involves people who need to be understood and also how they understand us. To understand people, there is a need to have an understanding of their background that has provided them a certain culture that enables their present and future behaviour to be predicted (Hofstede, 1994).

According to Hofstede (1994), *'The word 'culture' is used here in the sense of the "collective programming of the mind which distinguishes the members of one category of people from another."* According to him the "category of people" can be a nation, region or ethnic group (national culture), a type of business, or even a family, among others, and how people identify themselves and perceive others is coloured by culture (Frey-Ridway, 1997). Thus, the business culture of a marketer's organization will be a collective programming of the minds of those in them and how they undertake to do business in the target marketplace.

There are over 160 definitions of culture alone as documented by Kroeber (1985) said Kanungo (2006) when he pointed out that the characteristics of culture are identical in almost all the instances. According to him, culture is based on languages, economy, religion, policies, social institutions, class, values, status, attitudes, manners, customs, material items, aesthetics and educations that subsequently influence managerial values and these managerial values reflected to business practice via culture. Cultural influences lead to differences in management styles and organizational behaviour Frey-Ridway (1997).

He added that Bonthos (1994) found that the primary reason for business failures is the inadequate information regarding the business environment and lack of understanding of foreign cultures. He suggests people in different cultures respond in different ways, and they have different value systems, which makes for differences in business practices. He states that culture-to-business is the key component of management practices in the changing global scenario. Javindan, et.al, (2005) stressed that culture and cultural differences have an impact in the case of tacit knowledge such as leadership skills and management know-how.

According to Dessler (2007), the GLOBE project identified nine cultural dimensions that distinguish one society from another that have important managerial implications as the following: assertiveness, future orientation, performance orientation, human orientation, gender differentiation, uncertainty avoidance, power distance, institutional collectivism versus individualism, and in-group collectivism.

...continued on page 3

Business Culture

...continued from page 2

The varying cultures of countries lead to differing managerial values and differing business practices. Marketers will need to identify, understand and take into account the difference in the business practices within their target markets to avoid cultural clashes and business failures.

Marketers need to ensure that their expectations are in line with the marketplace and that they can work alongside the expectations of the marketplace taking into account the cultural differences. There is the need to learn the cultural differences especially in the context of business. According to Zakaria (2000), cultural differences exist both at home and abroad. But, in most cases, problems are created by international interaction due to the separation of people by barriers such as time, language, geography, food and climate. She added that peoples' values, beliefs, perceptions, and background can also be quite different giving the example that in business scenarios there may be differences in the expectations for success or failure.

What is Organizational Culture
According to Rudman (2003), there is little agreement as to the nature of organizational culture and climate and how they might be assessed. He stated that perhaps the simplest definition i.e. '*the way we do things around here'* is the most helpful. Robbins, S.P.,et.al (2003) defines organizational culture as 'a system of shared meaning and beliefs within an organization that determines in a large degree, how employees act. They said that organizational culture represents the organization's members' common perception.

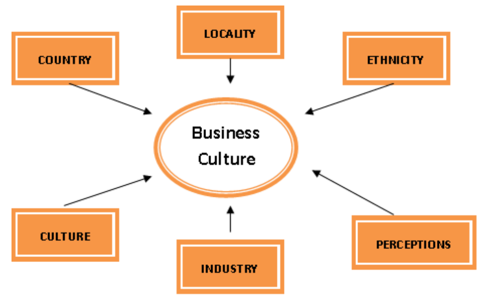
While organizational culture is described as *'the basis pattern of shared assumptions, values and beliefs considered to be the correct way of thinking about, and acting on, problems and opportunities facing the organization'* by McShane & Travaglione (2005). According to them, it defines what is important and unimportant to an organization and can be thought as the organization's DNA. Vecchio (2006), stressed '*that every organization exists in an external culture and perpetuates its own internal culture.'* He added that a precision definition of organizational culture is difficult to offer.

Vecchio (2006) states that even though there are various definitions of organizational culture, most contain several common elements and defined organizational culture as the shared values and norms that exists in an organization and taught to incoming employees.

The organizational cultures of both parties in a business relationship determine their interaction and reaction with each other. Both have their common perception of each other and business is determined by their individual organizational cultures. The degree of alignment between the organizational cultures of both parties in a business will need to be enhanced to have a greater positive impact on the business relationships between each other. There is a need for a marketer to have an understanding of the culture of organizations within their target industry in a particular country. Organizational culture determines the way an organization conducts and interacts in business, thus impacting directly on the business culture of the organization concerned.

What is Business Culture?
Business culture can be described as the way business is conducted, practiced and managed by an organization, an industry or by a country that is influenced by cultural factors. According to Elashmawi (1998), people's sense of identity and their perceptions of others are influenced by culture, while cultural influences contribute to differences in management styles and organizational behaviour. Business culture is influenced by the organizational culture of the organization conducting the business and especially when business is done across cultures and geographical boundaries; it is subjected to cultural differences and clashes.

Factors influencing the generic elements of business culture



There is a need to realize that ethnic culture plays an important role within countries and organizations where there is higher level of cultural diversity. This could impact upon both organizational and business culture as at the end of the day organizations are made up of people, and business is conducted by people within organizations who come from different and varying cultural backgrounds. Without training or extensive exposure to people different from ourselves, all of us act appropriately within our own cultural context and make assumptions that everyone we meet shares the same basic values and has the same priorities (Parnell & Vanderkloot, 1989). This is obviously detrimental to an organization or business. Training and extensive exposure can be coupled with an understanding of the perceptions held by each culture over the other in a situation will contribute greater to bridging the divide between business cultures.

Marketers must be mindful of business cultures within their markets to ensure that they align themselves well with what is required, and to minimize or work with cultural clashes. They must avoid going against the business culture of their market places.

...continued on page 4

Business Culture

...continued from page 3

REFERENCES

Aviel, D., 1990, The Manager's Response of Cultural Barriers. *Industrial Management 32,* No: 3: 9.

Dessler, G., (2007), *Human Resource Management*, Prentice Hall

Elashmawi, F.,1998, Overcoming multicultural clashes in global joint ventures. *European Business Review*, 98(4), p.211-216.

Filho, S.C., 2007, Creating and Preserving a Business Culture. *Quality Progress*40, no. 8 (August 1): p. 36- 41.

Frey-Ridgway, S., 1997, The cultural dimension of international business. *Collection Building, MCB University Press*, 16(1), p. 12-23.

Javindan, M., et.al, 2005, Cross-border transfer of knowledge: Cultural Lessons from Project GLOBE, *Academy of Management Executive*, 19(2), pg 59-76.

Kanungo, R.M., 2006, Cross culture and business practice: are they coterminous or cross-verging?. *Cross Cultural Management: An International Journal*, 13(1), p. 23-31.

MacMillan et al.2000, Successful business relationships. *Journal of General Management,*26(1), p. 69-83.

McShane, S.,& Travaglione, T.,(2005), *Organisational Behaviour on the Pacific Rim*, McGraw-Hill Irwin

Parnell,M.&Vanderkloot, 1989, How To Build Cross-Cultural Bridges. *Communication World*, July Issues, p.40.

Robbins, S.P., (2003), *Management*, Prentice Hall

Rudman, R.,(2003), *Human Resources Management in New Zealand*, Prentice Hall

Sheth, J.N., 2006, Clash of cultures or fusion of cultures?: Implications for international business. *Journal of International Management*,12, p. 218-221.

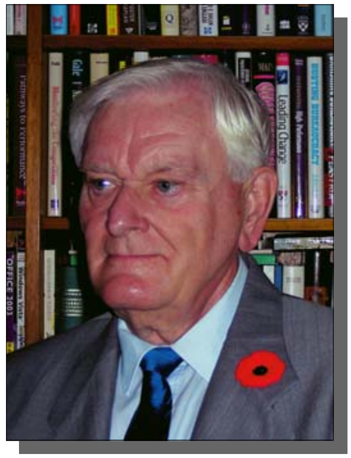
Vecchio, R.P., (2006), *Organisational Behaviour : Core Concepts*, Thomson South – Western

Zakaria,N., 2000. The effects of cross-cultural training on the acculturation process of the global workforce. *International Journal of Manpower*, 21(6), p.492-510.

Anthony Raman is based in New Zealand and involved in education, training and consultancy. He is the consultant for S.E. Asia projects with the International Centre of Waikato Institute of Technology (WINTEC) in New Zealand. He is responsible for the South East Asian market portfolio of WINTEC. Contact Anthony at anthonyraman@gmail.com

Customer satisfaction is worthless—Loyalty is priceless

By James A. Schauer, MCInst.M., RPM, FCInst.M.



James A. Schauer, MCInst.M., RPM, FCInst.M.

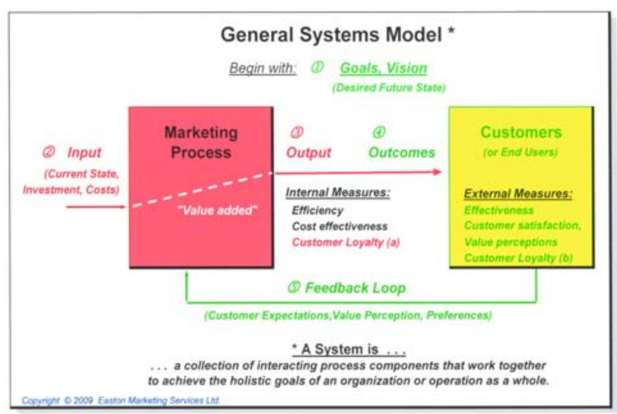
During the past two decades most businesses and public sector agencies have placed increasing emphasis on improving customer satisfaction. Many businesses have publicized their successes in satisfying more than 80% of their customers, some even claiming levels above 90%. However, the most successful visionary organizations focus on optimizing their share of *profitable* loyal customers, as experience has shown that up to 70% of "satisfied" customers are not also "loyal". As well, they now also spend more time attending to the causes of customer dissatisfaction, where the neglect of the profitable benefits from conversion of these customers into loyal supporters would be short-sighted at best.

Attracting the right customers

The first step in managing a loyalty-based business operation is finding and acquiring the right customers: customers who can be won and kept to provide a continuous profitable return on the business' investment. The "80/20 Principle" states that there is an inherent imbalance between causes and results, inputs and outputs, effort and reward, popularly quoted as "80% of sales come from 20% of customers". In practice it appears more likely that not all customers are of equal benefit, where about 50% of all profits come from the *most desirable, profitable* 20% of customers, while 60% *break-even* customers contribute 35%, and the *costly* 20% add merely 15% to profits. To accelerate initial growth in new US markets we would employ the same principle with a sliding commission scale varying from a 10% base, up to 25% for the most productive agencies.

Application of "General Systems"

Most service-oriented businesses appreciate the importance of hearing "their customers' voice" for improving customer satisfaction levels, yet often fail to exploit their feedback fully. As illustrated in the General Systems Model below, this shortcoming in developing customer loyalty as part of a holistic continuum, often the tendency is to focus on satisfaction in isolation.



While satisfaction levels are essentially tied to services actually *delivered in the past,* loyalty measures focus on customer-perceived quality and prospects for providing ongoing and *future support.* Thus, even unlikely 100% satisfaction levels merely represent data for

...continued on page 5

Satisfaction and Loyalty

...continued from page 4

the first stage within an ongoing process aimed at raising customer loyalty down the road. Question design and layout for assessing actual satisfaction and potential loyalty are quite different, although - up to a point - some questions common to both may be used within the same survey instrument.

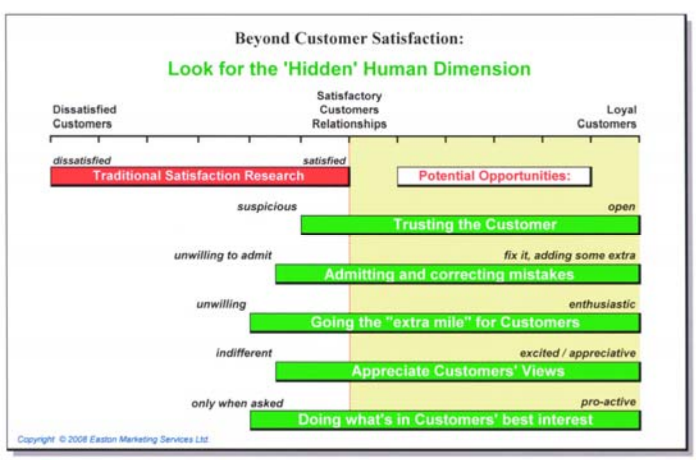
In practice the gap between satisfied and loyal customers can swallow a business. Recently, it was reported that our local YMCA fitness club is facing financial difficulties and may have to close its doors after enjoying the highest satisfaction ratings in Canada throughout its first 5 years, which sadly didn't also translate into loyal memberships. Similarly, after their dedicated staffs had achieved exceptionally high passenger satisfaction levels - without also planning for their continued loyalty, the demise of British Laker Airways (Skytrain) and Canadian Wardair became virtually inevitable in an environment of fierce competition from well-established carriers. The General Systems model simply does not permit fragmented solutions: It's all or nothing.

The language of loyalty
It is self-evident to every business that loyal customers are a good thing. Simply stated, customer loyalty is the feeling of attachment to, or affection for, a business' people in their delivery of services that meet customer expectations and value perceptions. The ultimate success of an organization reflects the ongoing interaction with customers and managements' understanding of their value perceptions. Yet often this need is overlooked.

Unlike marketing of tangible goods which can be seen, felt and touched, the delivery of intangible services like insurance, investment returns, travel and repairs involve elements of comfort through mutual understanding and trust as basis for loyalty. In return, this calls for continuous feedback to become familiar with customers' value perceptions, as well as understanding their expectations. Thus, it is important not to leave development of satisfaction and loyalty to untrained staff or third parties with their own priorities, particularly when as a cost-saving measure these are provided by offshore agencies, which invariably send wrong signals. Ideally any issues concerning customer loyalty must be given highest priority and thus involve corporate visionary leadership.

Measures of loyalty
As illustrated below the gathering of customer feedback cannot be confined to satisfaction measures alone. Especially where intangible services are involved, it has to become part of a whole process covering both customer satisfaction about past deliveries and direction about future business support.

Depending on the industry, reliable hard data relating to past loyalty may be obtained from internal sales or accounting records, but any emerging trends must be viewed with caution. Usually unique survey instruments are designed for identifying customer satisfaction, although the results may be prone to a "satisfaction gap". Not all measures obtained in this way are as dependable as the underlying 'hard' data.



Survey forms may also include questions about intent to repurchase, most beneficial among profitable "totally satisfied" customers. A very different structure of questions is, however, required to determine customers' value perception and likelihood to become repeat customers. Usually unanswered questions or ambiguous responses can be clarified during informal follow-up interviews with existing customers.

Listening to customers
Any successful strategy for developing customer satisfaction and loyalty must begin with the ability and willingness to listen to present and potential customers. Basically there are six basic methods that can be used:

1. Market Research: This is the most widely used method for determining customers' satisfaction, but it's also more challenging for determining their value perception for improving loyalty.

2. Mailing Lists: Based on the addresses of departing vacation passengers, including the date of departure, destinations and hotel, and duration - in English or French I was able to develop a unique travel services mailing list for keeping past, selectively targeted customers informed about our future travel services. This process alone resulted in 20% repeat business and, in turn, a corresponding saving in promotion costs.

3. Feedback: The effective resolution of customer complaints and related issues was found to be extremely effective for ensuring their future loyalty. Due to the high cost of major surveys, a short survey instrument was completed by passengers on their return flight,

...continued on page 6

Satisfaction and Loyalty

...continued from page 4

which provided ongoing data customer satisfaction for various aspects of their vacation, allowed us to identify service problems at hotels or airlines within 48 hours of the return flight. Almost all incidents resulting in customer dissatisfaction could be promptly investigated and resolved, resulting in loyalty from 35% of travellers, including 7% from referrals - at considerable savings of costly resources.

4. Satisfaction Indices: Plotting the results from ongoing surveys involving customer satisfaction was used to help program managers in comparing results for different times, contracted hotels, airlines, overseas locations and competition, including discontinuing the use of some "problem" hotels.

5. Frontline Personnel: Employees in direct contact with customers and agents were trained to provide superb feedback about customer likes and dislikes.

6. Strategic Activities: Although less common for services, as an alternative or addition to the above methods, some other companies would go to extremes in obtaining customer feedback, involving them in every stage of their business for pre-testing new product or reaction to advertising plans.

Some business managers tend to display a serious weakness when they fail to develop their front line staffs for identifying customers' desires or value perceptions, effectively reducing them to "order takers". Resulting problems may be concealed - until competitors enter the market with more favourable response to these needs. While most enterprises now engage in some form of market research for determining customer satisfaction levels, meaningful development of information for establishing and developing customer loyalty is still a rarity.

Shortcomings of some loyalty "programs"

In recent years loyalty programs provided by third party organizations have become very popular. Unfortunately, these services are no substitute for meaningful personal interaction between a business and its customers for increasing repeat purchases. Talking of high satisfaction levels from a vendor without local competition is meaningless since, loyal or not, their customers have nowhere else to go. Similarly, the use of loyalty programs by sales outlets holding a monopoly for liquor sales appears to be somewhat counterproductive.

Conclusion

From the above we can see that the development of customer satisfaction and loyalty are not two isolated undertakings, but both forming part of one whole continuum. Since every business is unique, not all of the above steps may apply to yours. However, adherence to General System principles must be reflected in gathering, analysis and application of feedback, where even total customer satisfaction represents merely the half-way point en route to optimum loyalty among the most profitable customers. Yet many managers continue to believe that loyalty is a myth and assume that half efforts can be effective. But, as the well-known strategist Carl von Clausewitz wrote in his 1832 book on warfare: "A small jump is easier than a large one, but no one wishing to cross a wide ditch would cross half of it first".

REFERENCES

Frederick R. Reichheld, *The Loyalty Effect – The hidden force behind growth, profits and lasting value", Chapter 3 – The right Customers;* Bain & Co, Inc., Boston Mass. USA; (1996).

Richard Koch, *"The 80/20 Principle: the Secret of achieving more with less"*; Currency/ Doubleday, New York and London, (1998).

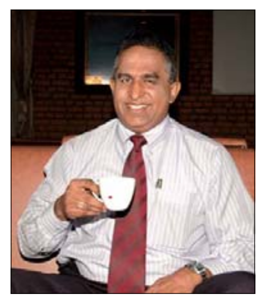
Bruce Hales-Dutton, *"Laker Airways – Gone but not forgotten"*, AIRCRAFT Magazine, August 2009, pages 70-75.

Thomas O. Jones & W. Earl Sasser, Jr., *"Why Satisfied Customers Defect";* HARVARD BUSINESS REVIEW, Nov.-Dec. 1995, pages 88-99.

Al Ries and Jack Trout, *"Marketing Warfare"* 20th Edition, page 137; published by McGraw-Hill; New York, NY, (2006).

Jim Schauer draws on his vast experience as VP Marketing and general manager for a major international tour operator, in the financial services sector, manager of major survey/mapping projects and as marketing services consultant to several Ministries in the Ontario Government. He is president of Easton Marketing Services Ltd., based in Brighton, Ontario. He can be reached at james.schauer@sympatico.ca.

Tea with Ravi Wijenathan, MCInst.M., RPM



Ravi Wijenathan, Director and CEO of Excel global Holdings Group Excel Restaurant (Pvt) Ltd. was interviewed by the Daily Times, Sri Lanka's National Newspaper last December. Ravi was asked about the economy, business in Sri Lanka and the global recession on the entertainment industry.

When asked about business and politics, he noted that public entities should run like private companies to provide an efficient service to the public like in Singapore and Malaysia.

Ravi is a former national rugby player and former National Rugby selector. His interview can be read at http://www.dailynews.lk/2008/12/31/bus10.asp

Strategic clarity—it begins with culture

By Ron (Doc) Halliday, MBA, M.CInst.M., RPM., FCInst.M., CMC

Ron "Doc" Halliday
MCInst.M., RPM., FCInst.M

Organizations, both new and old, often fail in their attempts to improve, not because of their passionate efforts to lead the change process, but in their critical error of not placing enough emphasis on planting, nourishing or changing their cultural foundation. A culture where hearts and minds become one throughout the entire company or organization is essential to sustain an attitude shift. Culture is a set of shared assumptions, beliefs and practices that are lived daily throughout a company or organization. Culture defines norms and standards of behaviour, and establishes the limits and possibilities of thinking. It impacts on the capability to achieve and sustain results over time in any organization. Culture is a 'competitive advantage' based on the degree to which the culture supports habits of thought and behaviour that lead to the consistent delivery of the organization's promise to its customers and employees.

The culture of a company or organization impacts heavily on the marketing of the corporate brand, as well as its products and services. Marketers need to understand its relevance and integrate its power into developing marketing and communications strategy.

Employees at every level must face customers, make costly decisions, and balance competing priorities. Previously, agreement was generated by having strict procedures and standards of behaviour, which were enforced by supervisors. Today with more empowerment and a greater sphere of autonomy for individuals, employees need to be guided not by rules or supervisors but by understanding the values and the operating philosophy that is shared and practiced by the organization every day. 'If a decision fits the values, then it is right.' Employees often are motivated, and make unconscious decisions, based on their beliefs and values which are deeply connected. If we all had the same values with the same priorities, it would be easy to work in groups. Unfortunately we do not. Personal values answer the question, what's important to me? Personal values are the deep-seated pervasive standards that influence almost every aspect of our lives including moral judgments and commitments to others.

Most companies and organizations have a diversity of values and beliefs. To improve how employees work together it is essential to establish and foster a common set of values that can be adopted and guide the 'rightness' of collective employee decision-making. Introducing world class process and procedure systems without a healthy value based culture will not motivate or incent a workforce to employ these work flow improvement tools effectively over the long term.

Employees face increasing responsibility and are called upon to make more complex and far-reaching decisions. Creating a culture of value based behavior where employees know and believe in what their company stands for will guide their decision making. Employees will see themselves as integral to the company achieving its objectives and meeting customer expectations because it is right to do so. Only when an organization's values and operating principles are in harmony with its employee's beliefs, can a culture be nourished and reach its potential. Employees are motivated to work for different reasons and want different things from each other and the company or organization. It's possible that they hear the stated objectives, vision and mission but then lapse into conflict of how to work together to achieve them because the values are not in harmony with their own. Some employees might want to work independently, some want lots of interaction, while others see the workplace as an arena for personal competition and 'winning' through good results.

Employees need to feel that what they do goes beyond the immediate activities to affect others in a positive and profound way. They need to see the connection between their actions and a greater purpose. Without shared values, the destination has been established but not the guidelines as to how the journey will be governed. When adopted by an entire company or organization, values and operating principles become the benchmark for conduct and the soul by which they are defined. Practiced values are the essence of a company's philosophy for achieving success and must be seen as the foundation on which a lasting corporate culture is built. They provide employees with a sense of common understanding of expected conduct and a guide for day-to-day behavior. The first step in creating an atmosphere of common commitment is to invite the hearts and minds of employees to participate in the purpose of the company. Employees want more participation and creative involvement in defining not just what they do, but what the company or organization is all about - its essence. When achieved, marketing the company or organization becomes a true competitive advantage.

Ron 'Doc' Halliday, CEO / Strategic Imagineer doc@twincreekmedia.com
www.twincreekmedia.com
Office: 250-762-4001
Cell: 250-718-1052

The effect of advertising on product performance in the market place

By Emmanuel Obinna,
B.Sc., ANIM., ACInst.M.

Emmanuel Obinna, ACInst.M.

Advertising is any paid form of non-personal presentation and promotion of ideas, goods or services by an identified sponsor to the public through various media aimed at persuading them to prefer a brand or a type of certain goods, services or ideas to all others in the same category and thus to move and induce them to patronize the goods and services or adopt them. It can also be said to be a way of introducing a new or existing products or services to the public for them to prefer it above others through a medium that is paid for.

Though, advertising has no specific definition, it is thus suffice to say that when little of no competition exists, advertising becomes a prominent marketing yard-stick for informing and raising purchasing power consciousness of the customers about new product or recent development about new products.

Advertising is an imperative and viable tool to use not only as means of informing customers but as a means of increasing the company's gross profit as well. In recent times, a lot of companies and organizations, both private and public, engage in one form of advertising or the other as means of competing favorably in our dynamic business environment. In our modern society, individuals, organizations and government bodies sees advertising as one the tools or strategy which people, individuals and organization use to compete in a dynamic society.

Purpose and objective of advertising

Advertising is aimed at giving or creating awareness about an existing or yet to be introduced products to customers or the intended public. This goes to say that advertising activities does not always increase the profit level of the company but mainly to create awareness about the product, and in return, get patronage from the public.

Objectives of advertising includes

- To announce the introduction of a new product or services into the market or change in price.
- To expand the market to known buyers and make enquiries, test a medium to obtain sales.
- To announce modification of an existing product and make a special offer as a way of reaching directly to the customer.
- To announce the location of stock.
- To educate and remind customers of the existing product in the market.
- To challenge competitors.
- To export goods and services to other countries.
- To recruit new staff.
- To attract investors.

Roles and importance of advertising

The roles of advertising include helping to maintain undue swing in supply and demand.

It emphasizes remarkable flexibility and range of operation, and allows for high turnover and profitability through judicious use of advertising. It increases the standard of living of the population due to their aspirations and conveys an in depth message to the customer or prospect.

Importance of advertising

It has become a public debate in our daily routine operation on the relevance of advertising to many industries producing goods or services. Its effect is best felt by customers when ads call for critical appraisal and evaluation.

Advertising contributes its quota to the profits of companies, the prosperity of the shareholders, the uplift of the wage earners and the solution of the unemployment problems in the society. Advertising helps create demand for goods and makes it possible for the introduction of mass production, installation of up-to-date machinery and consequent reduction of cost of the article. Advertising dominates the media, and is influential in shaping popular standards. It is really one of the very limited groups of institutions which calls for instilling new needs.

Some of the benefits of advertising to manufacturers are:

- It makes possible mass production and hence mass selling.
- It protects the manufacturer against unfair competition.
- It tends to stabilize the selling price and thereby creates confidence in the public
- The increasing demand caused by advertising makes possible the installation of latest plants and technological improvement.
- It brings about quality improvement and reduction in cost per unit.

To the retailer

Advertising quickens the turnover in goods. Advertising reduces risk on old stock, stabilizes price of goods, and avoids losses to the retailer through change in price.

...continued on page 9

Effect of advertising

..continued from page 8

To the consumer
Advertising acts as information services and educates the consumer. It makes possible the enjoyment of the new amenities, hence making the lives of consumers more comfortable and pleasant. It improves the consumers' social welfare.

Principles and rules of good advertising

- Advertising must attract attention.
- Advertising must be addressed to a clearly defined target audience, possibly a target customer.
- Advertising must promise a meaningful benefit to customers.
- Advertising must aim at selling one at a time.
- Advertising must be interesting.
- Advertising must be interesting and easy to understand.
- Advertising must be credible and sincere.
- Advertising must be morally, legally and culturally acceptable.
- Advertising must be consumer oriented.
- Advertising must give the brand a personality or image.
- It should make the prospective or intended consumer desire the brand advertised.
- It should invite the prospect to take action. This is the purchase action principle of good advertising.
- The style of the presentation should be contemporary or modern and focused on the target it is meant for.
- Advertising should have a comparative edge.
- Advertising should define advertising goals for measurable advertising results (DAGMAR)

Development of an advertising program
In developing an advertising program, marketing managers must always start by identifying the target market and buyer motives. Then they can proceed to make the five major decisions in developing advertising.

The Five Ms' of advertising

1. Mission: what are the advertising objectives?
2. Money: How much can be spent?
3. Message: What message should be sent?
4. Media: What media should be used?
5. Measurement: How should the result be evaluated?

Mission: The company or organization has to define its sales goals and advertising objectives, which forms the bed rock of the purpose of embarking on the ad. It could be to increase sales, introduce a new product, and change in price and so on.

Money: This has to do with the amount money set aside for the advertising program. The company establishes an advertising budget for its product or services. The company wants to spend the amount required to achieve the sales goal. But how does a company know if it is spending the right amount? If the company spends too little, the effect will be insignificant. If the company spends too much on ad, then some of the money could have been put to better use. Some critics charge that large consumer package - goods firms tend to overspend on advertising as a form of insurance against not spending enough, and that industrial companies underestimate the power of the company and product image and therefore generally under spend on advertising.

A counter argument to the charge that consumer – packaged goods companies spend too much is that advertising has a carry over effect that lasts beyond the current period. Although, advertising is treated as current expenses, part of it is really an investment that builds up an intangible value called goodwill (or brand equity). There are five factors to consider when setting the advertising budget:

- Stage in product life cycle: New products typically receive large advertising budgets to build awareness and gain consumer trail. Established brands usually are supported with lower advertising budgets as a ratio to sales.
- Market share and consumer base: Brands with high market share usually requires less advertising expenditure when compared to newly produced brands. For a new brand to have a large market share it requires high advertising expenditure.
- Competition and clutter: In a market that is very highly competitive, high advertising spending should be done to have an edge over other brands in the market place. Therefore, where there is clutter, high advertising should be done.
- Advertising frequency: This involves the repetition needed to put across the brand's message to consumers via various advertising medium. It has an important impact on the advertising budget. Repetition of the ad message involves more money.

...continued on page 10

Effect of advertising

continued from page 9

- Product substitutability: Brands in commodity classes like cigarettes, beer, toothpaste, bread, soft drinks, soaps, and detergents requires heavy advertising to establish a differential image. Advertising is also important when the product offering is unique in physical benefits and features.

Message: In developing an advertising message, it is necessary that the advertising message be properly defined. This will determine who receives it, when, how, with what influence and expected responses. For instance, a message meant to create a product awareness to a new market, it should be different from the one aimed at persuading consumers in an existing market to buy a particular product or its brand, or change their attitude towards the product of the information source. Advertising messages have different sources, therefore they have different message objectives, methods of packaging and delivery.

Based on the advertising objective, the firm needs to develop a message that will reach the target audience. It should be taken into consideration that each message depends on the audience in question, and the nature of the product. The message should be formulated in such away that it is understood by the intended audience, and it is able to influence the target to act as the advertiser wishes. A good advertising message should be able to capture the attention of the audience (attractive), create interest, should be very simple and easy to read, believed and remembered.

The features of good advertising message follow:
Attractiveness: The message must be attractive to the intended readers, listeners or views. The variables that can make a product attractive are claims, headlines, colors, background environment, and product price. However all these variables should make up what they claim otherwise the attractiveness will loose its meaning.

Creating interest: In addition to attractiveness, the message should also arouse interest in the reader. The message should be represented in such an interesting and good manner and supported with illustrations, graphs, and interesting languages, although depending on the objective of the message.

Simplicity: The advertisement message should be in such away that it will be understandable, clear and not ambiguous.

Believability: An effective advertisement message should be such that it will be believed as real and not with unnecessary claims. To make the message believable some companies make use of personalities, celebrities, graph, illustrations, result of surveys, research findings, laboratory tests, certificates and guarantees depending on the message, the product and the media chosen.

Remembrance: A good advertisement should be remembered always by the audience (whether existing or potential customers of the product advertised) for a very long time. The message should have a theme that will be able to position itself in the mind of the audience, and the message should be repeated to increase the degree of remembrance and reduce the consumer's purchasing/consumption dissonance.

Media selection: The major objective of companies embarking on advertising is to reach the audience as effectively as possible, and this could be done by making use of the appropriate media. It also depends on the nature of goods and the target audience. Media selection is very important because no matter how qualitative a product is and how well constructed a message is, if they fail to reach the targeted audience because of using a wrong medium for the product and message, no work is done. An advertiser is at liberty to choose any or a combination of any of these media mix elements or vehicles– newspapers, magazines, direct mail (print media), radio (audio), television (audio-visual), and or billboard (outdoor advertising medium).

However the nature of the product will determine the type of medium to use in reaching the consumers.

The advertising media is officially defined (Wright, et.al.1977:183) as "the vehicles by which advertisers convey their message to target groups of prospects, and thereby aid in closing the gap between producers and consumers".

The advertising media can be categorized into the following:

The Broadcast Media: The radio (or audio) and the television (or audio-visual)
The Print Media: The publication media (newspapers, magazines), The direct advertising media (direct mails, specialties).
The Point of Purchase Media**:** This is most intensive in beer, cosmetics, liquor, and soft- drinks industries. Note that these are IMPULSE products. The VARIANTS of POINT OF PURCHASE materials include in-store signs, window displays, wall displays, merchandise racks and cases.
The Out of Home Media: These are outdoor advertising ,non-standardized signs, and transit advertising.
Others are skywriting, film advertising, and directory.

Advertising Media Characteristics
It is often challenging in making decision on the type of medium to use. It is necessary to know the characteristics of media. It should be noted that it

...continued on page 11

Effect of advertising

...continued from page 10

Is cost effective and this can be viewed in two perspectives:

1. Absolute cost, which is the charge for buying certain amount of time or space in a medium.
2. Relative cost, also called "net cost" is the analysis of the absolute cost with respect to a medium's audience and quality. Therefore a medium may have a high absolute cost, but with cheap relative cost.

It can be selective, and this can be viewed from two angles:

1. Geographic selectivity, which is the quality of medium to reach a specific area such as state, or region.
2. Class selectivity on the other hand, is the ability of a medium to effectively reach particular classes of persons possessing common traits. These traits could be in terms of age, sex, religion, education, and income.

It has *coverage or penetration,* and this is more precise than selectivity. It is the ability of a medium to reach a certain percentage of homes /persons, in a given area at a particular time, or persons within a given market segment (Wright, et.al.193).

Every medium has a degree of flexibility, which is seen as the ease and length of time required placing an advertisement in a medium. However, in Nigerian media parlance, this is called "the copy date". While an advertisement can be booked and aired on radio within two working days, televisions, magazines, and billboards are not that flexible for they require longer copy dates. Flexibility becomes prominent in the media choice when situations requiring urgent communication action arise.

Permanence is the ability of a message on a medium to remain durable in the mind of the prospects or be retrievable for a longer time. Advertisement messages on billboards, newspapers, calendars, flyers or hand bills, posters, and magazines have good permanency. Radio and television have poor permanency.

Production Quality is the quality of a medium to deliver magnificently, even the minutest details of an ad message, or create a mood in a manner no other medium can easily match. Credit here usually goes to colour magazines and television (except in the cases of misprint and faulty equipment that can lead to " dancing" screen images).

Trade acceptability is the degree of acceptance a medium can garner among the advertisers intermediaries.

Measurement: How should the result be evaluated? Advertising agencies employ research for both *strategic* and *evaluative* purposes. Strategic research enables the agency to better understand how consumers use a product or service and how they regard the product or service. Strategic research also determines the types of people most likely to buy the product. That group of people is called the target market.

Advertisers have limited budgets so knowing who is most likely to buy a particular product helps them spend their advertising budget more efficiently.

Evaluative research is used after the advertising has run and seeks to determine how well consumers remember the advertising message and how persuasive it was. Evaluative research is expensive, and as a result, many advertisers do not employ it. Instead, they try to measure the advertising's effectiveness by analyzing sales results.

Modern business management requires that results be measured, not in isolation, but in relation to stated objectives. After execution of a given program or action, the result should be measured to determine the level of performance.

In advertising effectiveness evaluation, the questions that would need urgent answers are what to measure, how to measure it, when to measure it, who should measure it and for what purpose? When these questions are answered and addressed properly, then the firm will be able to achieve its set objectives or goals based on priority.

However in general, researchers wishing to measure advertising effectiveness attempt to measure two major elements; *the sales response to promotional input and the communication effect of promotion.* Attempts to measure these elements in specific terms have been less successful because of the many variables that tend to influence both sales and communication. Regardless of these constraints, advertising performance helps to provide some clues for advertising researchers and practitioners. The following are some of the method that can be adopted when measuring advertising effectiveness; experiments versus surveys, pretesting, post testing and concurrent testing, limited objectives and sales-objectives tests. *The nature of the product will determine the best method to use for best result.*

Emmanuel Obinna is a business executive / West Africa Coordinator and CEO of Easyreach and Company. He can be contacted at
ceo@easyreachinternational.com or
easyema2001@yahoo.com;
T: +2348033333725.

How effective and efficient are your pricing strategies

By Oluwabamidele Daniel Adeyemi
B.Sc, MBA, MMIS, AMAMI CPM, MCInst.M, AMSIM, AMIM, AIMM

Oluwabamidele Daniel Adeyemi
MCInst.M

What is pricing?
Pricing is a method adopted by a firm to set its selling price. It usually depends on the firm's average costs, and on the customer's perceived value of the product in comparison to his or her perceived value of the competing products.

What are pricing strategies? Price planning that takes into view factors such as a firm's overall marketing objectives, consumer demand, product attributes, competitors' pricing, and market and economic trends.

The pricing strategy of a business can ultimately determine its fate. As a business owner you can ensure profitability and longevity by paying close attention to your pricing strategy.

Commonly, for many businesses, the pricing strategy has been to be the lowest price provider in the market. This approach comes from taking a superficial view of competitors and assuming one can win business by having the lowest price.

Below are some pricing strategies to consider.

<u>Competitive pricing:</u> Use competitors' retail (or wholesale) prices as a benchmark for your own prices. Price slightly below, above or the same as your competitors, depending on your positioning strategies. Note you must collect competitor pricing information by observation rather than by asking them. Otherwise, it could be seen as collusion.

<u>Cost plus mark-up:</u> This is the opposite of competitive pricing. Instead of looking at the market, look at your own cost structure. Decide the profit you want to make and add it to your costs to determine selling price. While using this method will assure a certain per-unit margin, it may also result in prices that are out-of-line with customer expectations, hurting total profit.

<u>Loss Leader:</u> A loss leader is an item you sell at or below cost to attract more customers, who will also buy high-profit items. This is a good short-term promotion technique, if you have customers that purchase several items at one time.

<u>Close out:</u> Keep this pricing technique in mind when you have excess inventory. Sell the inventory at a steep discount to avoid storing or discarding it. Your goal should be to minimize loss, rather than making a profit.

<u>Membership or trade discounting:</u> This is one method of segmenting customers. Attract business from profitable customer segments by giving them special prices. This could be in the form of lower price on certain items, a blanket discount, or free product rewards.

<u>Bundling and quantity discounts:</u> Other ways to reward people for larger purchases are through quantity discounts or bundling. Set the per-unit price lower when the customer purchases a quantity of five instead of one, for example. Alternately, charge less when the customer purchases a bundle or several related items at one time. Bundle overstocks with popular items to avoid a closeout. Or, bundle established items with a new product to help build awareness.

<u>Versioning:</u> Versioning is popular with services or technical products, where you sell the same general product in two or three configurations. A trial or very basic version may be offered at low or no cost.

Avoiding the Lowest Pricing Strategy
Having the lowest price isn't a strong position for business. Larger competitors with deep pockets and the ability to have lower operating costs will destroy any small business trying to compete on price alone. Avoiding the low pricing strategy starts with looking at the demand in the market by examining three factors:

1. Competitive Analysis: Don't just look at your competitor's pricing. Look at the whole package they offer. Are they serving price-conscious consumers or the affluent group? What are the value-added services if any?
2. Ceiling Price: The ceiling price is the highest price the market will bear. Survey experts and customers to determine pricing limits. The highest price in the market may not be the ceiling price.
3. Price Elasticity: If the demand for your product or service is less elastic, you can then have a higher ceiling on prices. Low elastic demand depends on limited competitors, buyer's perception of quality, and consumers not habituated to looking for the lowest price in your industry.

The low price strategy is best avoided by small business but there are conditions such as a price war that can drag a company into the lowest price battle.

Pricing strategies

...continued from page 12

Evading a Price War

A price war can cause havoc in any industry and leave many businesses, out of business. Care should be taken to avoid a Price war. Take these tips to evade a deadly price war:

- Enhance Exclusivity: Products or services that are exclusive to your business provide protection from falling prices.
- Drop High Maintenance Goods: There may be products or services in your business that have high customer service and maintenance costs. Drop the unprofitable lines and find out what customers don't want.
- Value-added: Find value your business can add to stand out in the marketplace. Be the most unique business in the category.
- Branding: Develop your brand name in the market. Brand name businesses can always stand strong in a price war.

Carefully, consider your price decisions. Your business depends on it.

Mr. Oluwabamidele Daniel Adeyemi, MCInst.M. is the Sales and Marketing Director with Tabura Global Energy, Lagos, Nigeria. He is responsible for business development and marketing strategies. He can be reached at dele.adeyemi@yahoo.com.

Synergy and organization structure

By Dr. Ranjan Madanayake, DBA, CPM, FCMP, FSPMgt, FSBP, MCInstM, RPM, MMA, MNZIM, MIM (SL), MSLIM

Dr. Ranjan Madanayake, MCInst.M, RPM

"If there is synergy between two or more organizations or groups, they are more successful when they work together than when they work separately; used mainly by business people" (Collins COBUILD English Dictionary definition of synergy).

The learning outcome of the meaning of the word synergy must then be unite and not divide. But is this the case in most businesses? In Sri Lanka, research shows that the slightest chance to divide is accepted with glee. A successful business unit of a company is made into a separate company without much ado. It then becomes a standalone company and a subsidiary of the holding company. Then we proudly say our holding company has so many subsidiaries. Apart from that ego, are there any other positives?

In the recent past, we saw the downfall of a holding company with over a hundred subsidiaries that folded like a deck of cards. Therefore, the decision to remain integrated or disintegrate must come from the answers to the questions—what level of synergy, sales, productivity and at what cost? Eventually, it is not only the top line and the middle line that is important but the bottom line as well – the organizations' oxygen, its profitability and sustainability. The wisdom of different models is worth examining.

The SBU Model

A multinational company will have several strategic business units – SBUs instead of subsidiary companies. Each homogenous category will be a separate SBU and not a separate company. For example, the multinational will have a Personal Care SBU, Food Products SBU, and Bakery Products SBU. The senior management of the company would be as follows:

CEO
Head of Marketing
Head of Manufacturing
Head of Human Resource Development
Head of Finance
Head of Logistics
Head of MIS

The key functional areas of the multinational will be adequately focussed like the foregoing structure. No matter what product portfolio is handled by a respective SBU the Head of Marketing will organise the marketing team to deliver superior value to their target markets by setting up the distribution, marketing communications and marketing research departments. The Head of Manufacturing will recruit different teams to meet the production challenges of the different SBUs and set up separate production units. The Heads of Finance, HR, Logistics and MIS will provide the support needed through their individual teams.

It is a model of a single company handling a range of products both similar and different, but under one corporate entity. This model which I have for convenience termed the SBU model is successfully used by some local Sri Lankan companies, even though the much preferred is the flamboyant subsidiary company model. The sense of bigness, the desire for multi company ownership, and the overall image is

Synergy

...continued from page 13

what drives entrepreneurs to the subsidiary company model rather than productivity or bottom line.

The Subsidiary Company Model
What if the Personal Care SBU, Food Products SBU, and Bakery Products SBU were introduced as separate companies. The moment this happens, each of the companies will need to have senior management teams. That means three CEOs, three Heads of Marketing, three Heads of Manufacturing, three Heads of Human Resource Development, three Heads of Finance, three Heads of Logistics and three Heads of MIS. It is needless to mention the cost of this transformation.

On the other hand when it comes to sales, each company will have its own sales department and in the case of this example, there will be three sets of sales personnel visiting the same customers. The next biggest waste at this point is the additional cost of market logistics.

For homogenous product categories serving a similar set of customers, this model will be myopic and a waste. What would benefit such an operation would be the SBU model. But, for much diversified industries targeting different markets and different distribution channels, would the subsidiary company model be effective? For example, consider a mix of:

- Healthcare equipment targeting the healthcare sector.
- Retail products targeting the retail sector.
- IT solutions targeting the corporate sector.

These mixes are very distinct and different from one another. But if one takes an analytical view, they still can remain as SBUs and use the services of a single set of senior managers referred to earlier. Thus, there will be one CEO, one Head of Marketing, Finance, Logistics and so forth. But each SBU can have a SBU Manager at the level of a business manager handling the overall management of the SBU.

The centralised departments would handle the functions of Marketing, Finance, Logistics, MIS and HR, but in the case of Sales, (as the value propositions are very different) sales must ideally be handled at SBU level. The combination of the above synergies would bring about significant cost savings than having stand-alone companies.

Group Directors Model
The common feature of this model is the Group Directors. When the numbers are many, the Managing Director will have a set of top business managers at the highest level as Group Directors, and each of them according to their own business acumen and strength would be allocated one or more subsidiaries for which they are held accountable and responsible. CEOs of the subsidiary companies report to the Group Directors. This is a good thing, if the subsidiary company model is inevitable. Group Directors would eventually report to the Managing Director of the performance of their subsidiaries for which they are responsible and accountable.

Functional Group Directors Model
Another aspect is having Functional Heads as Group Director Marketing, Group Director Human Resources, and Group Director Finance, on the Board of the Holding Company. The subsidiary companies, already headed by a CEO, have their own Heads of Marketing, HR and Finance, hence what roles can the above play or what support can they contribute and achieve? Other than an advisory role and a duplication of human effort, confusion and descent from the teams of the subsidiaries, nothing else can be contributed or achieved. Therefore this model is most inappropriate and myopic and one researched at length.

The only way possible is to pull out the marketing staff of all the subsidiaries retaining only the sales staff to make sales, and setting up Group Marketing and allocating the respective marketing personnel to the Group Marketing Director. This would enable them to handle the marketing of the entire Group where they will perform Category or Brand Management and not as members of each of the subsidiaries but as members of the Group. The same can be applied to Finance, HR and MIS, as well as Logistics.

Group Marketing, Group Finance, Group HR, Group MIS, would not have personnel attached to the subsidiaries but they would all be serving the Group Directorate of the Holding Company. They would be actively engaged in doing the work of all the subsidiary companies. The Director Marketing would have a team of Category and or Brand Managers handling different categories and brands of all the subsidiaries. Finance Director would have a team of Accountants. The Director HR would have team of HR Officers and the Director MIS a team of MIS Officers. These teams would meet with the respective CEOs of the subsidiaries to plan and implement the programs.

The Ideal Model
There really isn't an ideal model. However, the SBU model seems pragmatic and cohesive for most, due to the synergies that a single company can initiate. Size, diversity and type can matter in determining the right model. If a large company (no matter how big)

...continued on page 15

Synergy

...continued from page 14

acquires controlling shares of another, the acquired company must remain an independent entity even though it is a member of the acquiring company. This is because some percentage of the shareholding is outside of its structure and has no absolute ownership.

There is very little synergy that can come from an integration of a large fast moving consumer goods (FMCG) Company and an equally large Plantation Company that is export focussed. For example, expertise in logistics and sales required by the FMCG Company is bound to differ from the needs of the Plantation Company. But Marketing, Finance, HR, MIS are some areas in which some commonality would exist. It may then be possible to have two different companies but have Marketing, Finance, HR and MIS under the Holding Company. Notwithstanding, the subsidiaries should be able to save on the long-term, as the Holding Company would have a CFO instead of two, similarly for Marketing, HR and MIS.

Conclusion

Aspects that need to be considered when deciding the model are many, some of which are diversity, sales, productivity and cost and to ascertain which of the alternatives ultimately will give a better bottom line as well as a delighted target market. As usual comments are welcome at rpmadanayake@sltnet.lk

Dr. Ranjan Madanayake is Author Strategic Marketing Plan – The 12 'P' Model, Sri Lanka. Author PCM Study Text, Sri Lanka Institute of Marketing. Co-author The Marketing Collectibles, New Zealand & Malaysia. Co-author Marketing Skills in Management, India. Co-author & co-editor Marketing Perspectives, Canadian Institute of Marketing, Canada. Honorary member of the International Academic Board, Phoenix International University. Country Director, Sri Lanka and Member of Advisory Council Global Marketing Network, UK.

CInst.M. Member gives keynote speech in Tokyo

Group photo of the Holistic Health Science Institute of Kanazawa at presentation ceremony

Canadian Institute of Marketing Member Anthony Raman, MCInst.M., RPM., was an invited special guest at the presentation ceremony of the Holistic Health Science Institute of Kanazawa held in Tokyo, Japan recently. He also gave a keynote speech titled 'Order in Disorder' during the event. The speech given by Anthony was translated into Japanese simultaneously by Yoshihiko Okabe, a Senior Lecturer at Kobe Gakuin University.

Anthony Raman (left) and Dr. Sadaka Sato President of the HSSI (right) flank a student who was presented her certificate.

His speech focused on the individual's need to seek opportunities amidst the current global and Japanese economic situation. To support and strengthen his message, Anthony used several Japanese sayings that were well received by the audience.

Anthony had previously written a joint article for the journal of the Institute with Yoshihiko Okabe. He is currently working on further articles in collaboration with Okabe for publication.

Category management—Increase profits by managing categories (Insights for retailers)

By Prasanna Perera, F.C.I.M. (UK), MCInst.M., FCInst.M., M.S.L.I.M.,
Marketing and Management Consultant, Chartered Marketer—CIM (UK)

Prasanna Perera,
MCInst.M., FCInst.M.

Marketing basics and Category Managers

We are living in the backdrop of a mad, mad, mad marketplace. Retailers and manufacturers of fast moving consumer goods are consolidating. The big are getting bigger, while the small are either merging, being acquired or going out of business.

The way out of the madness starts with a solid foundation built on the basics of marketing. Who are the customers? What do they want? Despite this new era of competition and product proliferation, business success is still about having the right product, at the right price, with the right promotional support and in the right place.

Category management emerged in the early 1990s as a method of turning marketing basics into an organized process. Category management builds on the marketing basics to help retailers and manufacturers reach consumers. Clearly, understanding how to manage categories for these groups is critical. Trading partners need to leverage the power of categories, to drive higher shopper penetration, increase shopping frequency, and encourage larger basket size. Shoppers go to the store to buy products. Retailers must figure out what categories will drive desirable behaviour in the store.

The purpose of Category Management

Category management is more than a way to manage a category as a business. It is essential to the successful retail operation. Moreover, the process can give retailers a powerful competitive advantage if executed well. The winners in the marketplace will be those companies that satisfy consumer needs by knowing how to integrate data, insights and merchandising.

Evolution of Category Management

The retailers that pioneered category management are among the largest chains in the United States. Safeway was one of the original practitioners. On the manufacturing side, Philip Morris and the Coca Cola company were early supporters of category management.

In the early 1990s everyone involved in category management focused on the data and what the numbers revealed about product movement and the category. Surprisingly, they forgot that the consumer drives what happens in the category. The biggest change in category management over the years has been more of a focus on the consumer.

Consumer centric category management

To make the category management process more consumer centric, the following components were addressed.

- Clever segmentation and targeting of consumers. This is to get the right products, in front of the right shoppers, in the right stores.
- Grouping retail stores based on the sales potential of brands or categories.
- Determining the differences between existing sales and potential sales in a category.

It must be clearly understood that consumer behaviour changes the categories. If you are not getting a fair share of the category, chances are that you are not doing a good job of understanding consumers and satisfying their needs.

Category Management beyond supermarkets

Although category management started as a process for supermarkets, it has now become clear that its benefits are applicable to other retailers as well. Borders (books) and Home Depot (home improvement) now employ category management.

Category Management and the retailer's strategy

A good retailer strategy is made up of the following components:

- Knowing who you are. The retailer must be aware of the store's position in the market.
- Know your consumers. The retailer needs to know who the shoppers are, and what they want in a store.
- Be able to execute the strategy. The retailer will be able to carry out the strategy more easily, if everyone understands the strategy and works to execute it.

Every retailer should have a mission statement. The mission statement specifies why the company is in business. Ideally, retailers carry out the mission with a well conceived strategy and effective tactics.

...continued on page 17

Category Management

...continued from page 16

The Eight Foundational Steps of Category Management

1. Category Definition – is to determine the products that make up the category.
2. Category Role – to assign the category role (purpose) based on a cross-category analysis. (Considering the consumer, distributor, supplier).
3. Category Assessment – to conduct an analysis of the category's subcategories, segments, brands and stock keeping units (SKUs).
4. Category Scorecard – to establish the category's quantitative/ qualitative measures.
5. Category Strategies – to develop the marketing, product supply and in-store service strategies for the category.
6. Category Tactics – to determine the optimal category assortment, pricing, shelf presentation and promotion tactics, to achieve the scorecard measures.
7. Plan Implementation – to develop and implement a written business plan.
8. Category Review – to measure, monitor and modify the category's progress on a timely basis.

While an increasing number of organizations are customizing or streamlining the eight step category management process, it is essential to fully understand the original eight steps, both their objectives and methods of execution.

The future Category Management
The key to sales and profits in the packaged goods industry is the consumer, who resides between the manufacturer and the retailer. To develop and optimize the relationship with consumers, trading partners have to leverage consumer touch points.

In the past, the marketplace was characterized by a push-pull effect. Proctor & Gamble (P&G) advertised a new product on TV (push) prompting the retailer to stock the product (pull). Today, media is so diverse that the push-pull technique doesn't work so well. That's because retailers have become the gate keepers of the shelf! If Wal-Mart does not list a new product from a company like P&G, the manufacturer will be in serious trouble (by missing key distribution).

Another important factor is that retailers are accumulating more consumer insights through their point of sale (POS) data and some retailers are wondering whether they even need manufacturer data anymore.

Finally, the growth of private labels will also have a major impact on category management. Retailers are producing better private label products and thereby strengthening their bond with the consumer.

Manufacturers would do well to understand the retail strategy and to align their category management efforts accordingly. If retailers and manufacturers work more closely, category management can be improved in the future, for mutual benefit.

Prasanna Perera is a Senior Marketing Consultant for several organizations and a much sought after Marketing and Sales Trainer. He won the "Marketer of the Year" Award in 2001. Contact Prasanna at prasannaperera@mail.ewisl.net.

Mohawk College hosting OCMC 2009

Every year in November, Ontario's top college marketing students get together to see who can do the best in a set of events designed to test students on the practical, under-thegun skills that faculty strive to inspire in them. The 2009 competition will be hosted by Mohawk College in Hamilton. The Canadian Institute of Marketing is a sponsor of the annual competition.

The event was initiated in 1980 among 6 colleges. In 1986, the event was hosted by Mohawk College in Hamilton which reached beyond the original six, inviting every college to Participate.

OCMC 2009 will take place November 19 and 20.
The first day will be at Mohawk College and the second at the Sheraton Hamilton.

Create web site copy that speaks to your target audience

There's more to Search Engine Optimization than tags and rankings

By Scott Warne, MCInst.M., RPM, President and CEO, Alison Grenkie, Account Coordinator, Sue St. Denis, Web Developer—Warne Marketing & Communications

Scott Warne, MCInst.M., RPM

Your new web site has been up and running for several months now. Traffic is high, thanks in large part to the Search Engine Optimization (SEO) consultant you employed. Your keywords have been extensively researched, your Meta tags and Title tags are in order, and your site is achieving top 10 results in most search engines for your keyword phrases. In short, you've done everything right. So why is your increase in traffic not being converted to an increase in sales?

One unfortunate trend in SEO is the tendency to overlook the importance of professional, well-written marketing copy. The root of the problem lies in a common misconception – the belief that the copy needs of search engines and site visitors are at odds. This is not the case. It is absolutely possible to create copy that speaks to site visitors while also appealing to search engines. There are several techniques that can be used to ensure customer-focused copy that is also search engine friendly.

Reframe your objectives
SEO consultants are under pressure to deliver, and nothing delights their clients like top 10 search engine rankings. But does this type of online presence translate into profit? Unfortunately, the answer is "not necessarily." Don't obsess over rankings when what you really want is conversions. A conversion is a visitor who takes action once on your site – makes a phone call and files out a forms. It may be rewarding to see your site in the top 10, but untargeted traffic is meaningless. Forget about those search engines for just one moment, and optimize your web site with your target audience in mind.

Enlist a professional copywriter
To maximize the effectiveness of your web content, you need to find someone whose specialty is writing good marketing copy. This is a writer who will use your target audience analysis to connect with the people who find your site.

Traditionally, the focus of SEO copywriting has been on integrating your keyword phrases. But even as copywriters have been perfecting this technique, search engine algorithms have been evolving. Your site's relevance is now being measured by third parties, such as those who may bookmark or link to your site. Search engines are able to take your site's reputation into account. This means that, now more than ever, it is crucial that your web site have quality content that appeals to site visitors.

Include quality content
What exactly is quality content, you ask? It is descriptive, well-crafted copy that outlines the benefits of your product or service. It is copy that is written for real people, not algorithms. Just as you are encouraged to "dance like no one is watching" and "sing like no one is listening," you must, in a sense, "write like no one is ranking." It's harder than it sounds.

This doesn't mean you should discard your keywords and phrases. Instead, use them when it seems natural, and use synonyms and variations like you would anywhere else. Search engines recognize that "school," "education," "educators," and "teachers," share a common theme. Don't repeat the same keyword or phrase more than three times in the body of your page, or you risk damaging your site's reputation with the search engines.

Shine a spotlight on keyword-rich copy
Make sure that the search engines can "see" this content. Having great copy that can't be found by search engines is a bit like spending millions of dollars producing a film that goes straight to video. Simply put, it's a waste of resources.

Keywords and key phrases are not the be all and end all, but they are still an essential part of a well-optimized site. Make sure that, whenever possible, they appear: in the heading of the page; in the first sentence of the first paragraph; and near the bottom of the page.

Lastly, avoid this tragic pitfall: do not conceal your keyword-rich copy with graphics or flash. Remember, search engines need to be able to read this copy for you to benefit from it. It may come as a surprise, writing good SEO copywriting is ultimately about knowing your customer. It sounds deceptively simple. Of course, it's not that easy. It is more difficult to create unique, well-written content than it is to simply jam in keywords and rely on your Meta tags. But keep these SEO copywriting strategies in mind and you'll soon see your investment paying off.

Scott Warne can be contacted at scott@warne.com

Do marketers hold the key to end the recession?

By PP. Rtn. Nimal Wirasekara MSLIM, MCIM, DipM (CIM UK), HMIMM (SA), HFASMI (Aus)

Guest Spot

Nimal Wirasekara, Executive Director, Sri Lanka Institute of Marketing

Economists say that a true recession is when there is a negative GDP (Gross Domestic Product) growth for a minimum of two consecutive quarters. While the above definition can be accepted, some economists do not support it completely as this definition does not consider other important economic change variables such as current national unemployment rates or consumer confidence and spending levels.

Other challenges faced by this definition is that the roots of a recession and its starting point can be seen in several quarters of positive but slowing growth, or even positive growth interlaced with negative growth, before the recession cycle begins.

The National Bureau of Economic Research, or NBER in the US defines a recession as a "significant decline in economic activity lasting more than a few months." It is actually a common phenomenon that countries around the world experience mild economic recessions frequently. Recession is a natural result of the economic cycle and will adjust for changes in consumer spending and consumption or increasing and decreasing prices of goods and labour. Experiencing a multitude of these negative factors simultaneously can lead to a deep recession or even long economic depression.

An economic recession is primarily attributed to the actions taken to control the money supply in an economy. The Central Bank and in the global scenario the Federal Reserve (Fed) in the US is the organization responsible for maintaining the delicate balance between money supply, interest rates, and inflation. When this delicate balance is tipped, the economy is forced to correct itself.

The Central Bank or more specially the Fed in the global scenario, sometimes dumps—dumping huge amounts of money supply into the money market to control these situations. This helps to keep interest rates low, even as inflation rises.

Inflation is the rise in the prices of goods and services over a period. So, if inflation is increasing, it means that goods and services are costing more now than they did before. There can be many factors contributing for inflation such as increased costs of production, higher costs of energy, and/or the national debt. Where inflation is prevalent, people tend to cut out things like leisure spending, spend less on things they usually indulge in, and start saving more money than they did. As people and businesses start finding ways to cut costs and derail unneeded expenditures, the GDP begins to decline. This will lead to higher unemployment rates which will rise because companies start laying off workers to cut more costs, as consumers are not spending like before. It is these combined factors that manage to drive the economy into a state of recession.

One could say that a recession is actually caused by factors that might stunt the growth that is available from the short term benefits to an economy that can be brought about by such things like rising oil prices. And while these are very short term in nature usually, they have been known to correct themselves quicker than the full blown recessions that have happened in the past.

Effects of an economic recession

An economic recession can be predicted before it actually hits by observing the changing economic landscapes in quarters that come before the actual onset. You will still see GDP growth, but with signs like high unemployment levels, stock market losses, and the absence of business expansion. When an economy sees more extended periods of economic recession, it goes beyond a recession and is declared a state of depression.

The only real benefit of an economic recession is that it will help to reduce inflation. In fact, the delicate balancing act that a Central Bank pursues is to slow the growth of the economy enough so that inflation will not occur, but also so that a recession will not be triggered in the process. Now, the Central Bank performs this balancing act without the help of fiscal policy. Fiscal policy is usually trying to stimulate the economy as much as is possible through such things as lowering taxes, spending on programs, and ignoring account deficits.

History of US economic recessions

Economic recessions have occurred all throughout the history of modern economics. The US suffered its first recession in the years between 1797 and 1800. It was called the panic of 1797, and it was primarily caused by the deflating effects of the Bank of England. This disrupted commercial real estate markets in the US. Britain's economy was in a bad state already, due the French Revolutionary wars. This shows how the effects of recession on one country affect another.

...continued on page 20

Marketeers

continued from page 19

Economists all agree that what effects one country, especially a key country, will affect the rest of the world in at least to a certain extent.

The next recession occurred in the years between 1807 and 1814, and was called the Depression of 1807. This depression was the affect of the Embargo Act of 1807. This act destroyed a good part of the shipping related industries.

The Panic of 1819 soon followed. This was the first major financial crisis of the relatively new U.S. economy. This panic brought with it widespread foreclosures, failing banks, huge unemployment rates, and a gigantic slump in manufacturing and agriculture that caused havoc among Americans.

Economic recessions in America continued with the Panic of 1837 followed by the Panic of 1857. Considered part of the modern economic system, no one can really escape recession in the long run. Economists say that Germany is in for what might be the biggest recession in all of German history not too far down the road. The Japanese recession, just like economic recessions in America, can be linked to the dreadful cycle of imbalanced inflation, money supply, and interest rates that keep things in balance, rolling, and functioning properly.

The collapse of the dot.com bubble as well as the attacks that occurred on September 11th on the World Trade Center Towers in New York City was truly the cause of the recession in 2001. Accounting scandals also ran rampant, contributing to the overall downward financial spiral that America faced.

Recently, the world has been hit by what has been called the Late 2000s recession. The collapse of the housing market really set this one off on a bad note, and it, coupled with bank collapses in the U.S. and Europe, have caused consumer confidence and credit availability to plummet to new lows.

Producers and consumers

Broadly speaking, a nation's economy is the production and consumption of goods (food, clothes, cars) and services (repairs, transport, haircuts) in that nation. Anybody producing or consuming things in a country (and that's just about everybody) plays some role in the economy.

Production and consumption are intertwined. For people to consume things, someone has to produce those things. And to produce things, you need to consume things.

Supply and demand

The ultimate goal of producers is to make money, more money than they spent producing the product. Consumers may want to satisfy their wants and needs by buying products, or they may buy products to make money (by reselling the products or by using the products to produce other products). In any case, consumers generally want to pay as little for goods and services as they can.

In a market, the actions of producers and consumers determine the value of goods and services. Producers are the ones who actually set prices, but they do so based on the behaviour of consumers. If nobody buys a product at a particular price, the producer knows the price is too high. If some consumers buy it, but not enough to buy everything produced, producers must either decrease the price or decrease the supply. The willingness of consumers to pay for products is known as demand. Even if there is constant high demand for a product, individual producers need to keep the price down or consumers will just buy it from a competitor.

Going up and coming down

There are various factors that can change the course of an economy, just as there all many factors that can change the demand for a particular product. In some cases, a recession might start by over-production -- a situation in which the supply exceeds the nation's ability to consume.

One factor that generally plays a role in a recession, whether or not it is the cause, is the confidence level of the millions of consumers and producers. If consumers stop feeling confident about their job security or the value of their investments, they won't buy as much stuff. In the current recession, a lot of people who have been laid off are spending as little as possible, and many people who fear they may be laid off are also saving their money.

Just as in an expanding economy, things tend to snowball in a contracting economy. There are thousands of different elements in this downward spiral; you can see the snowballing effect in any number of specific situations.

The difference between recession and depression

There is an old joke among economists that states: A recession is when your neighbour loses his job. A depression is when you lose your job. The difference between the two terms is not very well understood as there is no universally agreed upon definition.

...continued on page 21

Marketers

continued from page 20

If you ask 100 different economists to define the terms recession and depression, you would get at least 100 different answers. However both terms and the differences between them can be explained in normal terms and not academically.

Recession: The standard definition
The standard definition of a recession is a decline in the Gross Domestic Product (GDP) for two or more consecutive quarters. This definition is unpopular with most economists for two main reasons. First, other variables are not considered. Second, by using quarterly data it difficult to pinpoint when a recession begins or ends.

Recession: The NBER definition
The National Bureau of Economic Research (NBER) in the US provides a better way to find out if there is a recession is taking place. This committee determines the amount of business activity in the economy by looking at things like employment, industrial production, real income and wholesale -retail sales. They define a recession as the time when business activity has reached its peak and starts to fall until the time when business activity bottoms out. When the business activity starts to rise again it is called an expansionary period. By this definition, the average recession lasts about a year.

Are recessions good for the economy?
Recessions are not good for the economy. Joseph Schumpeter argues in his book Capitalism, Socialism and Democracy that recessions are a necessary evil in capitalist societies. The idea that recessions are a necessary evil is still around today. The "job" of a recession is to clean the "fat" out of the system, mop up excess, and pave the way for the next expansion. Until that process is complete, there isn't much from which a legitimate expansion can arise.

Recessions put weak companies out of business. In so doing, resources (skilled workers, capital) are freed up to be deployed more efficiently elsewhere. For example, Wall Street analysts who touted bankrupt Internet stocks are redeployed at local fast food restaurants to serve people in a capacity for which they are much better suited.

Stronger businesses that have used the contraction to firm up their bottom lines and grow more efficient are able to take advantage of these resources during the ensuing expansion. The economy emerges from a recession leaner, more efficient and in good shape for the next wave of growth and progress.

While the logic seems sound, it doesn't seem to match the data. If recessions were necessary to "clean the fat out of the system", we'd expect there to be a lot of bankruptcies and firm closures during recessions and little during booms. The data, however, does not support this. We do not see great differences in firm closures between periods of high growth and periods of low growth. While 1995 was the beginning of a period of exceptional growth, almost 500,000 firms closed shop. The year 2001 saw almost no growth in the economy, but we only had 14% more business closures than in 1995 and fewer businesses filed for bankruptcy in 2001 than 1995.

It is correct to say that firm closures are a necessary part of capitalism since it allows resources to be freed up to be deployed more efficiently elsewhere. When we look at the data, though, we see that we do not need recessions for this to occur; firms do not close that much more frequently in busts than in booms. So at least in this regard, recessions are not necessary at all.

Do changes in stock prices cause recessions?
Many people examine the stock market to find out how the economy is doing. It's long been known that if the stock market is in a period of decline, the economy is sure to follow. However, there is little evidence that the stock market causes the economy to rise or fall. The stock market does not directly affect the economy. It is simply a mirror of people's generally correct beliefs about what is about to happen in the economy.

Any person with a basic understanding of economics will say that for most goods, if the supply increases in the short run, then the price of the good should decline. For example, if the car companies suddenly doubled their supply of cars, then we would expect the price of cars to fall.

If we want to understand why the economy tends to move in the same direction as the stock market, we'll have to consider the demand for stocks. To do this, we'll need to understand what motivates an investor's decision to buy or sell shares. Many investors evaluate their stock portfolios on their inherent value which is the total expected earnings of the company over a period, discounted by the fact that a Rupee today is not worth as much as a Rupee tomorrow. When investors believe that a recession is coming, then they will believe that company earnings will be less in the future, which will decrease the inherent value of the stock. When the inherent value of the stock is far below its current price, investors will sell the stock, driving the price of the stock down. The trend in reversed in an economic boom.

A large number of investors act on this inherent value principle making the stock market mirror the economy. Investors are often right when they

...continued on page 22

Marketers continued from page 21

predict the future growth rate of the economy. As a result, they often sell off their shares before the economy goes into a decline making it look like the stock market is causing a recession. In reality the causality runs the other way because the two things that causes price to change are changes in supply or changes in demand.

Marketing and the mind
Marketers strive to strike a balance between customer satisfaction and profits, where the company will make adequate profits while the consumer will be happy with the price paid for a particular good or a service.

To achieve this end, the marketer used many tools such as pricing, distribution, product, physical evidence and more in addition to one of the key items in the marketer's armoury, "branding".

Branding is carried out by positioning the brand in the consumer's mind, and thereafter building an emotional relationship between the brand and the consumer. A good example of a strength of a brand is the "i phone". There are various mobile phones which are far superior to the i phone and those are cheaper too. However with the relationship built with the brand the "i phone" can charge a premium for the feel good factor of using the phone. The feel good factor has no link to the physical features of the product. However it is "Hip" to carry an i phone. This is one example of the importance and the strength of a brand and its value. There are certain brands valued in millions of dollars, and these brands are not tangible assets. But it draws a premium price for products under its portfolio.

Marketers and the recession
If marketers can attract a premium price for an ordinary product using human psychology, then the marketer can use this skill also to change the negative mindset of a consumer who is in an economy which is in recession. A simple example of a mini economic boom can be seen during the Christmas season. People get their bonus payments and start to spend on food and gifts and other material which is usually not in their shopping lists. This requires more production, thus the manufacturing companies will have to produce more. This results in more raw material being required to produce finished goods.

These products are sold to wholesalers who sell to retailers who serve the customer. The whole chain becomes active and money circulation reaches a high. This mini boom brings out the black money as every business requires more money to increase production. Everyone benefits.

The job of the marketer will be really exciting and challenging creating such a Christmassy environment where everyone is happy, and there is enough money to go around. The government can also use marketing expertise to create such an environment. Marketing specialists from national marketing bodies would be willing to support their governments by providing marketing inputs to the national economy.

Mr. Nimal Wirasekara is Director, Sri Lanka Institute of Marketing. He is a Diplomat and a full member of the Chartered Institute of Marketing of the United Kingdom, an Honorary Member of the Institute of Marketing Management South Africa, an Honorary Fellow of the Australian Sales and Marketing Institute, and a Full Member (Ordinary Member) of the Sri Lanka Institute of Marketing.

P.U.: Phrasal Unpleasantness

Here are several troublesome terms and phrases too frequently used in contemporary writing, to the detriment of the nerves of many people who listen to language and consider its effects.

***In this paper I will*:** We would rather have heard your idea(s) than have our consciousnesses drawn to the physical fact of the foolscap by such self-referential announcements of intentions.

***everyday*:** The term is fine as an everyday adjective, and incorrect as it is used by Burger King, Toyota, Dave Matthews, Cheryl Crow, Rite Aid, and most television commercials these days, that is: "low prices everyday." They mean *every day*. Similarly, *in order*, *in case*, *even though*, *some way*, *never mind*, *each other*, and *other hand* are not single words.

***Reason being, / Meaning, / Matter of fact,*:** You can't start sentences with these. Slight rewording may not help: "The reason is because..." or "The reason being..." just results in more sentence trouble. Instead, try: "The reason for the misconception is that..." or "In fact, more people save...."

***could of / should of*:** You *could of* passed this class if you had correctly written *could have*. You certainly *should have*.

***thing / something / everything / stuff*:** Your writing is too vague if you are using these terms. "When the viewer sees something in an ad, that thing can represent anything and everything that viewer wants the thing to be." Don't use *thing*; it's the single most vague noun. *Stuff* runs a close second.

About Us

Geerish Bucktowonsing, MCInst.M.

A slogan competition was organized by the Youth and Sustainable Development Committee of MACOSS under the chairmanship of Geerish Bucktowonsing. The competition was intended for the 250 Member Affiliates of the Council on the theme, The Role and Challengers facing the Youth in the Development of an Efficient and Sustainable NGO Sector.

The main objective of this competition was to develop a slogan in view to incite and motivate the youth to join volunteerism and ensure the long life of Mauritian NGOs. The competition culminated with the prize giving ceremony held in July 2009 at the University of Mauritius, Réduit.

A shield was given to the Mouvement d´Aide à la Maternité, winner of the competition with the slogan "Enrichis ton Coeur, Apprends à Servir les Autres".

Susan Hughes, MCInst.M, a Councillor with the Institute, has joined ATB Financial as Senior Marketing Manager - Card Services
ATB Financial in Edmonton Alberta. She can be contacted at shughes@atb.com

Sanjay Chaudhary, M CInst.M., will be relocating to Canada by November 2009. Sanjay is experienced in the field of marketing & product management via his association with leading consumer electronics brands including Samsung and Hitachi. As a Skilled professional in the multifaceted product lines, he has worked in leading leadership roles by identifying the growth and business opportunities in international business and building a strong brand equity for Samsung in Zambia. He is a marketing and business professional with more than 14 years of experience in channel management, strategic business planning, relationship management and customer services .He has worked with a range of clients in the telecom, electronics, automotive and financial services sectors.

Please welcome Sanjay to Canada. In November, he will be ready to continue his professional career in Canada. He can be contacted at chaudhary_sanjay@hotmail.com

---

A. Grant Lee MCInst.M., RPM., FCInst.M has been invited to attend a meeting of La Asociación de Fabricantes de Tubos de Concreto, A.C. in Huatulco, Mexico, October 22 to 24, and present a paper on the evolution of concrete pipe in the USA and Europe.

Lee has worked in the concrete pipe industry since 1992, and currently serves the industry as Manager of the Canadian Concrete Pipe Association and a marketing consultant to the industry. He can be reached at glee@aglmarketing.com

Start blogging on cinstmarketing.ca

The Canadian Institute of Marketing has upgraded the functionality of its Web site and is now able to venture into the blogosphere to test and challenge commonly accepted concepts and ideas, and to introduce new notions about marketing.

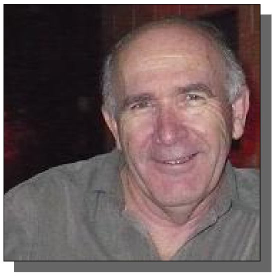
A **blog** (a contraction of the term "**weblog**") is a type of website, usually maintained by an individual with regular entries of commentary, descriptions of events, or other material such as graphics or video. Entries are commonly displayed in reverse chronological order.

The Institute blog provides commentary or news on a particular marketing subject. A typical blog combines text, images, and links to other blogs, Web pages, and other media related to its topic. The ability for readers to leave comments in an interactive format is an important part of many blogs. Most blogs are primarily textual. See http://www.cinstmarketing.ca/blog/

The Canadian Institute of Marketing is also on social networks Facebook and LinkedIn. The Facebook site at http://www.facebook.com/group.php?gid=8099252591 is managed by Chair Ranil Herath. The LinkedIn site at http://www.linkedin.com/groups?gid=105823&trk=hb_side_g is managed by Executive Director, Grant Lee. Check these out and start blogging...

Media and the new economy

By A Grant Lee, MCInst.M., RPM
AGL Marketing Limited



A. Grant Lee
MCInst.M., RPM., FCInst.M

Marketers who have taken the time to understand what is going on around them, and how clients receive information, and expand their knowledge about their clients, are successful in the new economy.

Magazines and newspapers will remain prized resources in an economy dominated by Internet-based technology and services. What has become known as social networks is building upon the long-established infrastructure of print to find its place in everyday business.

Business Web sites that are central to corporate integrated marketing communications plans that are linked to leading industry magazines and micro sites such as Facebook, LinkedIn, and You Tube. Web logs (blogs) and RSS feeds are becoming more important for keeping abreast of breaking news affecting a business, and keeping in touch with active and past clients, and prospects. Effective Web sites are major interactive marketing tools for making money and/or influencing behaviour, and social networking is good for business.

Good marketers have feet planted firmly on principles, standards and ethics, a vision of what is to come based on knowledge, and a solid understanding of what worked well in the past, what didn't and why. Taking advantage of social networks will enhance the relationship that a business should have with its clients, industry publications, and prospects. If top execs of a business are not prepared to manage content of Web and micro sites that engage with clients, prospects and detractors on wall postings, and blogs, they are in old school watching competitors take the lead.

In setting up the Web presence of an integrated marketing communications plan, the site needs robust functionality that can accommodate additional applications, as they become known. Much of the technology and software that we will be using in marketing a few years from now is not yet known. The site needs content in languages of choice that enhances search engine optimization, and compatibility with the screens of mobile communication devices. Web sites must be rich in links to sites of industry magazines and newspapers, government agencies that regulate and approve standards, professional and industry associations, and allies in the industry. In addition, sites must have blogs, archived newsletters and magazines, and photos with detailed file names and captions.

And if you get excited about planning a standard Web presence, it gets better when you plug in the social networking functions. On the home page, place links to social network sites. Facebook and LinkedIn are popular mini sites for businesses that build their own fans

Fans. Followers of micro sites want to hear directly from executives and see news about new and old products and services. These sites are important for building one-on-one relationships with clients.

Blogging is becoming more comfortable for business execs who what to control messaging, and at the same time post feedback from bloggers that cast the company in a favourable light, or rate deliverables through testimonials and opinions. Blogging can be used to impact notions about industry issues, and the products and services of competitors. It is highly likely that if a company isn't blogging to protect its own identity and market interests, then someone else is taking care of their business for them!

Really Simple Syndications extracts information posted on the Internet and formats it for easy distribution to subscribers. If an organization were to register to receive topic-specific feeds, people with access to the feeds could obtain intel on competitors and market opportunities, before the news hits mainstream media. A few hours head start in a competitive marketplace may have advantages.

Email is the most powerful of all electronic business communication tools, although texting and mobile marketing platforms are in the sights of most contemporary marketers. What other means exists today for efficiently distributing information to qualified prospects and clients at a very low cost – or none at all?

These are exciting times for marketers who must quickly learn new ways of using tried and true principles for marketing professional services. If the President of the USA has time and knowhow to reach out regularly to his "clients," then there is little excuse for Canadian execs to not become fully engaged in the media of the new economy.

New Members and Membership Upgrades* (to October 2009)

Professional Member	No. 860	W.R. Milroy Fernando	Saskatoon, SK
Professional Member	No. 861	Julian C. Harry	East Malaysia
Associate Member	No. 859	Adesakin Adeniyi Adedokun	Nigeria
Associate Member	No. 862	Taiwo T. Yusuf	Ireland

Registered Professional Marketers (Certificate of Registration Renewals to September 09)

Patrick Campbell, MCInst.M., RPM	No. 342
Gert De Beer, MCInst.M., RPM	No. 744
Gary Boydell, MCInst.M., RPM	No. 514
Dennis A. Carisse, MCInst.M., RPM	No. 17
Lubaina Galely, MCInst.M., RPM	No. 674
Grant Lee, MCInst.M., RPM	No. 168
Kevin Palmer, MCInst.M., RPM	No. 801
Shiv Seechurn, MCInst.M., RPM	No. 639
David Smith, MCInst.M., RPM	No. 256
Jocelyn Visco, MCInst.M., RPM	No. 729
Ravindranath Wijenathan, MCInst.M., RPM	No. 760

Canadian Institute of Marketing Council

Ranil Herath	Chair	DeVry Institute of Technology, Calgary
Ron Halliday	Vice Chair	Twin Creek Media, Kelowna
Joshua Caplan	Past Chair	Marketing Consultant, Toronto
Tareq Ali	Past Chair	St. Michael's Hospital, Toronto
Shiv Seechurn	Registrar	Canada Revenue Agency, North York
Oswald Emmanuel	Secretary/Treasurer	Trillium Health Care, Mississauga
Réal Chabot		Marketing Consultant, Lévis
Suzen Fromstein		Investment Funds Institute of Canada, Toronto
Kevin Palmer		Superior Image Communications, Thunder Bay
Susan Hughes		ATB Financial, Edmonton
Prasanna Perera		Marketing Consultant and Trainer, Sri Lanka
James Schauer		Easton Marketing Services Ltd., Brighton
Faythe Pal		Hands of Time Inc., Toronto

Scribbles from Council

Following are notable projects and issues that are being addresses by Council and the Institute's Executive Director.

- Educational webinars
- Colleges and Universities marketing programs accreditation
- Registered Professional Marketer promotion
- Ontario Colleges Marketing Competition
- National Universities Marketing Competition
- Code of Ethics review
- Strategic alliances
- Web site upgrade
- Member services (lapel pins, insurance, membership cards)

Membership Requirements

Professional Member (MCInst.M):
A) Has held an acceptable marketing position for 5 years, the last 2 at senior management.

B) Holds a recognized qualification in any of the following, or mature entry instead.
- A diploma of an Institute of Marketing;
- BA, MA, or Doctorate degree with marketing specialization;
- Diploma or University Postgraduate Diploma in Management Studies, or Business Administration with marketing specialization;
- Other educational or professional qualification of equivalent or higher standard with marketing input – approved by the Canadian Institute of Marketing or one of its affiliated marketing institutes.

Registered Professional Marketer (RPM)
A candidate must meet the following requirements:
A) Be a Professional Member (MCInst.M)

B) Acceptance by Registrar of written case study or examination demonstrating competence in marketing knowledge of industry issues and ethics.

Associate Member (ACInst.M):
A candidate must meet the following requirements:

A) Has held an approved marketing position for 3 years, the last in marketing management at a lower level than for full membership.

B) With one of the following Academic qualifications:
- A Certificate of an Institute of marketing or, subject to its marketing component being approved by the CInst.M., a BA or MA in a business-related subject;
- Diploma or University Post graduate Diploma in business Administration or in Management Studies;
- Other educational or professional qualifications of equivalent or higher standard approved by CInst.M.

Graduate Member (GCInst.M):
A candidate must meet the following requirements:

A) Have successfully completed an approved Marketing Certificate or Diploma programme from a Recognized learning institution, or posses a business-related Bachelor degree.

B) Be elected by the Institute.

Student Member:
A candidate must meet the following requirements:

A) Be registered in a Marketing Certificate or Diploma programme;

B) Be registered in the final year of a degree programme with Marketing specialization. The Marketing component must be approved by, and the learning institution accredited with, the CInst.M.

Fellow (FCInst.M):
- Ten years of membership in good standing (exception rule in place)
- Vote of College of Fellows, Past Presidents and Board based on nomination and application and review.
- Based on leadership, knowledge, experience and sustained membership.

Affiliate (Corporate) Member
Organizations that wish to be Affiliated with the CInst.M. This Category of membership does not carry the right to vote at Canadian Institute of Marketing meetings, or carry a professional designation.

Marketing Programs Accredited by The Canadian Institute of Marketing

Marketing Programs Accredited by The Canadian Institute of Marketing

FANSHAWE COLLEGE

Business – Marketing and Business Administration – Marketing Business – Marketing

1460 Oxford Street, East,
P.O. Box 7005
London, ON N5W 5H1
T: 519.452.4430

www.fanshawec.ca

GEORGIAN YOUR COLLEGE · YOUR FUTURE

Business Administration—Marketing Diploma
Two-Year Business—Marketing Co-op Diploma

705-728-1968

www.georgianc.on.ca

GEORGIAN YOUR COLLEGE · YOUR FUTURE CANADIAN AUTOMOTIVE INSTITUTE

Business Administration – Automotive Marketing 3 Year Diploma)

Business Administration – Automotive Marketing (Bridge to the Degree, One Year)

Business Administration – Automotive Marketing (4 Year Applied Degree)

http://thecai.georgianc.on.ca

GEORGE BROWN COLLEGE

Business Administration Marketing

P.O. Box 1015, Station B
Toronto, Ontario M5T 2T9
T: 1-800-265-2002

www.georgebrown.ca

LINCOLN BUSINESS SCHOOL

Higher Diploma in Marketing

Management Diploma in Marketing Management

420 North Bridge Road, #02-20
North Bridge Centre, Singapore 188727
T: +65 6820-2038 F: +65 6725-8153

www.lbs.edu.sg info@lbs.edu.sg

McMaster University Inspiring Innovation and Discovery

Diploma in Marketing

Centre for Continuing Education
Downtown Centre, 1280 Main Street W.,
Hamilton, ON L8S 4L8
T: 905-525-9140

www.mcmaster.ca

MOHAWK COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Diploma Program in Marketing

P.O. Box 2034,
Hamilton, Ontario L8N 3T2
T: 905-575-1212

www.mohawkcollege.ca

NAIT Northern Alberta Institute of Technology

Marketing Program

11762 106 Street
Edmonton, Alberta, T5G 2R1
T: 780.471.7400

www.nait.ca

NIPISSING UNIVERSITY
100 College Drive, Box 5002
North Bay, Ontario, Canada
P1B 8L7
Tel: 705.474.3450

Bachelor of Business Administration (BBA Honours – Four-Year Program, Marketing Stream)

www.nipissingu.ca

RED RIVER COLLEGE OF APPLIED ARTS, SCIENCE AND TECHNOLOGY

Business Administration –Marketing

2055 Notre Dame Ave
Winnipeg, Manitoba, Canada, R3H 0J9
T: 204.632.3960

www.rrc.mb.ca

Sait POLYTECHNIC

Business Administration Marketing Diploma

N502 Senator Burns Building
1301 – 16 Avenue – NW
Calgary, AB – T2M 0L4
T: 403.284.7248

www.sait.ab.ca

Professional Programs Carleton University Sprott School of Business

Management Certificate Program in Marketing

1125 Colonel By Drive
710 Dunton Tower
Ottawa, Ontario K1S 5B6
T: 613-520-2388 F: 613-520-4427

www.sprott.carleton.ca

Professional Marketers Consulting Services Directory

Principals of the companies listed are members of the Canadian Institute of Marketing

MARKETING ADVANTAGE INTERNATIONAL

Marketing Advantage International develops products and markets for the food and beverage industry. MAI can develop branded and private label products to fit the needs of targeted markets.

11 Sherk Crescent
Ottawa, ON K2K 2L4 Canada
T: 613.592.1468 F: 613.592.0375
dennis.c@rogers.com
http://marketingadv.com

AGL marketing ltd.

Technical services marketing for the built environment

205 Miller Drive
Halton Hills (Georgetown) ON L7G 6G4
T: 905.877.5369 F: 905.877.5369
glee@aglmarketing.com

www.aglmarketing.com

kevin Palmer

kpalmer@tbaytel.net
807 986 3545
www.superiorimagecom.com

TWIN CREEK MEDIA
EXPECT MORE. Internet & Traditional Marketing
CIM PROFESSIONAL MARKETER

Ron 'Doc' Halliday, CEO
Strategic Imagineer

doc@twincreekmedia.com

www.twincreekmedia.com

WARNE

65 Overlea Boulevard, Suite 112
Toronto M4H 1P1,
Tel: 416-927-0881 Fax: 416-927-1676
www.warne.com

THE WRITE CONNECTIONS INC.
COMMUNICATION INNOVATIONS

Suzen Fromstein, President

Advertising Marketing Graphic Design
Media Relations
Humour (Relatively Speaking Division)
416.699.2949
Persuade Motivate & Make Things Happen

www.writeconnections.to

THIS SPACE COULD BE YOURS

careerbuilder CANADA

The Canadian Institute of Marketing and Careebuilder Canada have entered into an agreement to help people develop careers in marketing.

See **www.careerbuilder.ca** and **www.cinstmarketing.ca** for information.

CIM

www.cinstmarketing.ca

205 Miller Drive
Halton Hills (Georgetown)
Ontario Canada L7G 6G4
T: 905.877.5369
F: 905.877.5369
info@cinstmarketing.ca

To be recognized by business, governments and academia as the governing and standards-setting body for professional marketers in Canada.

Marketing Canada is published four times a year by the Canadian Institute of Marketing and distributed to members. Marketing Canada provides editorial coverage of marketing principles, standards and ethics in Canada and abroad. Information contained in Marketing Canada has been compiled from sources believed to be correct.

Marketing Canada cannot be responsible for the accuracy of the articles or other editorial material. Although the information contained in this journal is believed to be correct, no responsibility is assumed. Articles in this journal are intended to provide information rather than give legal or other professional advice. Articles being submitted for review should be emailed to:

Grant Lee, Editor
info@cinstmarketing.ca
Canadian Institute of Marketing
205 Miller Drive
Halton Hills (Georgetown)
Ontario, Canada L7G 6G4
Tel: (905) 877-5369