

ADDING MORE MARKETING TERMS TO YOUR VOCABULARY

Once upon a time, marketing was, well, marketing. It consisted of a few principles based on common-sense theories about consumer behavior.

No more. Today, multiple theories of behavior and motivation abound. And technology has given marketers—your clients—the ability to analyze and segment their customers in a variety of ways. The result: many different approaches, each designed to capitalize on a unique facet of human behavior.

Being at least conversant with the most common of these approaches is important if you are to be taken seriously by clients with marketing assignments.

MARKETING OR SALES?

This is the first thing to remember: *marketing and sales are not the same thing*. Although often confused, and sometimes used interchangeably in small organizations, marketing is a much broader function.

Marketing is one of the major divisions of most organizations, along with product development, manufacturing, finance and administration. Typically, marketing includes research, strategy, distribution, advertising, sales and customer service.

Sales, on the other hand, is usually considered to be only the activity directly associated with getting an order.

A GLOSSARY OF TERMS

With the above reminder of the differences between sales and marketing in mind, here's a primer on currently popular marketing approaches. (For more general information on marketing, see "Marketing 101" in the July/August 1993 issue.)

After marketing—activities designed to sell customers again.

They usually focus on goods and services related to the initial purchase, and increase its utility. Individuals purchasing computers, for example, might be subjected to an after marketing campaign to purchase a service contract or additional memory.

Cause marketing—efforts designed primarily to benefit a worthy cause, but which also publicizes the sponsoring business' involvement. Includes fund raising events, charitable traffic-building promotions, and underwriting social and environmental programs.

Cohort Marketing—a form of direct marketing that keys off some significant event or stage in a prospect's life. These programs often make use of historical events or imagery common to a select group of prospects. For example, a real estate promotion for retirement homes might reference events or experiences prospects encountered in the years following World War II.

Continuity marketing—activities that build response through a "subscription" or "negative option" ordering program. Customers receive a new product automatically unless they indicate otherwise. Continuity marketers typically include book and record clubs and companies that sell collectables by mail.

Cooperative marketing—promotional and advertising programs supplied by a manufacturer, and personalized and implemented by a local dealer. Sometimes called "co-op" programs. Only minor changes are allowed to the materials supplied. Media and distribution costs are usually split between the two parties.

Cyber marketing—activities primarily conducted over the

internet. The potential is enormous, but so far the lack of universal access and the inability to easily target specific prospects has kept this from being a mainstream activity. Most success thus far has been in customer information and service applications and in filling orders for customers who have already made up their minds.

Database marketing—programs driven by an extensive computer data base of prospect information, often including biographic and purchasing data, and lifestyle preferences. Many large, and nearly all sophisticated mailing programs are database marketing efforts.

Desktop marketing—a catch-all phrase for the variety of marketing efforts that can be initiated within an office, on a computer, without the aid of outside help. It can encompass on-line market research, the production of promotional materials, and communications with prospects and customers through the use of e-mail.

Direct marketing—when a manufacturer goes direct to customers without middlemen. Usually refers to telephone, mail or electronic solicitation and sales in consumer and business areas; in industrial areas, usually refers to situations in which manufacturers do not use dealers or independent agents.

Direct response marketing—often the same as direct marketing except that a means for the prospect to respond is included. Typically this is a business reply envelope or card in a mailer, or a coupon in an ad.

Electronic marketing—also called "e marketing" and sometimes used synonymously with "interactive marketing." It is a catch-all phrase for the marketing use of a broad range of electronic tools. Includes promotion, ordering and customer service programs offered via the internet, diskette, audio, video and CD-ROM.

Image marketing—generally refers to efforts designed to foster a specific perception of a business, or “position” a company or product in the minds of customers. Corporate ads are the most common examples of image marketing.

Integrated marketing—several activities purposely designed to complement each other. For example, a national mass media ad campaign that asks prospects to look for an upcoming mail offer which, in turn, is backed up by simultaneous promotions at local retailers.

Interactive marketing—activities that involve prospect participation. Traditional interactive marketing often involves contests and sweepstakes. Newer efforts are often focused on interactive CD-ROMs and computer disks. And open-ended customer response forums on the internet are also becoming popular.

Intercept marketing—efforts to introduce products or services to people while engaged in another activity or traveling. A colorful kiosk placed strategically right in the traffic flow at the entrance of a mall is an example.

Lifestyle marketing—attempting to match products and services with the hobbies, ideologies, recreations, and personal interests of prospects. It usually makes use of sophisticated computer databases containing demographic and psychographic information on prospects to target very specific promotional efforts.

Mass marketing—attempts to influence customer behavior through mass-circulation newspapers, periodicals or broadcast media. Only appropriate for products or services with very broad appeal. Has fallen out of favor recently as the availability of selective media alternatives has made market segmentation and “niche marketing” more cost effective.

Multi-level marketing—can be what the name implies, any effort taking place on several lev-

els. But more commonly used to describe a system where independent distributors purchase the right to sell products and additional distributorships within geographic territories. Usually used for in-home sales by firms such as Tupperware, Avon, Amway, etc. This process is sometimes also called “network marketing.”

Niche marketing—more or less the opposite of “mass marketing.” Efforts directed at several highly defined groups of prospects, rather than one generally-defined group. For example, running several specifically-targeted ads to different types of home owners in vertical media rather than running one general ad to all homeowners in mass media.

Outdoor marketing—typically refers to billboard advertising, but can also refer to roadside signs, transit cards or air advertising (skywriting).

Relationship marketing—maintaining close contact with customers and prospects with known buying preferences, habits and activities. In the business-to-business and industrial areas, usually means a service orientation, and tailoring services to meet customer needs. In the consumer area, using database technology to regularly inform qualified prospects of appropriate products or services.

Saturation marketing—an attempt to stimulate sales or enhance the awareness or image of a product by blanketing a geographical area or prospect constituency. Often used to obtain quick awareness when introducing a new product, or to respond to a specific market opportunity.

Strategic marketing—a general term used to describe marketing activities based on a carefully-crafted strategic plan.

Target marketing—generally, activities directed toward a very specific prospect group or geographic area. More specifically, it is frequently used to describe those activities directed at

specific individuals, usually through the mail. Sometimes also used to describe promotional efforts leading to increased awareness of a newly introduced product among a specific target audience.

Teaser marketing—a gradually-unfolding campaign intended to tantalize the prospect. For example, a series of newspaper advertisements that bring increasingly complete parts of the message with each new ad.

Telemarketing—selling goods and services over the telephone. Can include “outbound” calls directed at prospects, or “inbound” calls from prospects responding to other marketing efforts, such as advertising. Activities ranging from cold calling (the annoying calls that always seem to come at dinner), to occasional follow-up calls on large accounts. Not surprisingly, the largest practitioners seem to be long-distance phone companies.

Test marketing—the process of testing one or more approaches on a small segment of a larger population. For new consumer products, test market programs are generally conducted by a national speciality firm before the product is widely available. Geographic locations are selected that are believed to be broadly representative of the market as a whole. For existing products, test marketing is often done to compare the relative effectiveness of marketing approaches—e.g., two ads with different creative.

Two-tier marketing—an increasingly-popular modification of mass marketing. It divides most mass markets into two tiers—higher and lower price/quality. Similar products under different brand names are manufactured and marketed to each. For example, a clothing manufacturer may have two similar lines of apparel, one sold only through expensive specialty shops, the other sold primarily through mass merchants (discounters).