

BSB 7.0

BSBMKG435

**ANALYSE
CONSUMER
BEHAVIOUR**

BSBMKG435

Analyse consumer behaviour

Release 1

Learner Guide

Aspire Version 1.1



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Before you begin

This Learner Guide is based on the unit of competency *BSBMKG435 Analyse consumer behaviour*, Release 1. Your trainer or training organisation must give you information about this unit of competency as part of your training program. You can access the unit of competency and assessment requirements at: www.training.gov.au.

How to work through this Learner Guide

This Learner Guide contains a number of features that will assist you in your learning. Your trainer will advise which parts of the Learner Guide you need to read, and which Practice Tasks and Learning Checkpoints you need to complete. The features of this Learner Guide are detailed in the following table.

Feature of the Learner Guide	How you can use each feature
Learning content	Read each topic in this Learner Guide. If you come across content that is confusing, make a note and discuss it with your trainer. Your trainer is in the best position to offer assistance. It is very important that you take on some of the responsibility for the learning you will undertake.
Examples	These highlight key learning points and provide realistic examples of workplace situations.
Practice Tasks	Practice Tasks give you the opportunity to put your skills and knowledge into action. Your trainer will tell you which practice tasks to complete.
Summaries	Key learning points are provided at the end of each topic.
Learning Checkpoints	There is a Learning Checkpoint at the end of each topic. Your trainer will tell you which Learning Checkpoints to complete. These checkpoints give you an opportunity to check your progress and apply the skills and knowledge you have learnt.

Foundation skills

As you complete learning using this guide, you will be developing the foundation skills relevant for this unit. Foundation skills are the language, literacy and numeracy (LLN) skills and the employability skills required for participation in modern workplaces and contemporary life.

The following table provides definitions for each foundation skill.

Foundation skill area	Foundation skill description
Reading	<ul style="list-style-type: none"> Interprets and analyses text from a range of sources to identify relevant and key information
Writing	<ul style="list-style-type: none"> Prepares strategic business documentation incorporating appropriate vocabulary, grammatical structure and conventions appropriate to purpose and audience
Oral Communication	<ul style="list-style-type: none"> Gathers information through active listening and questioning Presents information using suitable words and non-verbal features
Numeracy	<ul style="list-style-type: none"> Uses mathematical skills and techniques to interpret and process data and analyse trends
Self-management	<ul style="list-style-type: none"> Complies with implicit and explicit organisational procedures and processes Adheres to ethical, legal and regulatory responsibilities relevant to own work context
Teamwork	<ul style="list-style-type: none"> Selects and applies appropriate form and mode of communication for a specific purpose and audience
Planning and organising	<ul style="list-style-type: none"> Develops plans to manage relatively complex tasks with an awareness of how they may contribute to longer-term operational and strategic goals Makes decisions by systematically analysing information, identifying and evaluating options against set criteria, and choosing most appropriate option
Technology	<ul style="list-style-type: none"> Uses a range of digital tools to access data, and to extract, organise, integrate and share relevant information

What do you already know?

Use the following table to identify what you may already know. This may assist you to work out what to focus on in your learning.

Topic	Key outcome	Rate your confidence in each section
Topic 1: Evaluate drivers of consumer behaviour	1A Source market information for a product or service according to marketing plan	<input type="checkbox"/> Confident <input type="checkbox"/> Basic understanding <input type="checkbox"/> Not confident
	1B Identify consumer attributes for market from market profile	<input type="checkbox"/> Confident <input type="checkbox"/> Basic understanding <input type="checkbox"/> Not confident
	1C Identify and compare features of product or service according to marketing plan	<input type="checkbox"/> Confident <input type="checkbox"/> Basic understanding <input type="checkbox"/> Not confident
	1D Investigate consumer needs through trend and performance analysis	<input type="checkbox"/> Confident <input type="checkbox"/> Basic understanding <input type="checkbox"/> Not confident
Topic 2: Evaluate reasons for existing levels of consumer interest	2A Analyse consumer responses to marketing communications	<input type="checkbox"/> Confident <input type="checkbox"/> Basic understanding <input type="checkbox"/> Not confident
	2B Review data and determine consumer engagement and expectations	<input type="checkbox"/> Confident <input type="checkbox"/> Basic understanding <input type="checkbox"/> Not confident
	2C Assess organisational capability and respond to consumer demand	<input type="checkbox"/> Confident <input type="checkbox"/> Basic understanding <input type="checkbox"/> Not confident
Topic 3: Recommend marketing focus	3A Outline consumer influences and present a rationale for marketing focus	<input type="checkbox"/> Confident <input type="checkbox"/> Basic understanding <input type="checkbox"/> Not confident
	3B Model consumer engagement in the digital marketing environment	<input type="checkbox"/> Confident <input type="checkbox"/> Basic understanding <input type="checkbox"/> Not confident
	3C Confirm marketing meets legal, ethical and budgetary requirements	<input type="checkbox"/> Confident <input type="checkbox"/> Basic understanding <input type="checkbox"/> Not confident



Topic 1 | Evaluate drivers of consumer behaviour

- 1A Source market information for a product or service according to marketing plan
- 1B Identify consumer attributes for market from market profile
- 1C Identify and compare features of product or service according to marketing plan
- 1D Investigate consumer needs through trend and performance analysis

1A Source market information for a product or service according to marketing plan

The concept of 'market' refers to individual consumers or organisational customers who intend to purchase and are the end-users of products and services.

A consumer (or customer) is the end-user or consumer of goods, ideas or services. This generally makes them the buyer or decision maker, as well as the end-user. Marketers study consumer behaviour to understand how buying decisions are made, what the motivation driving customer purchasing decisions is, and how consumers spend their available resources (time, money and effort) in selecting and using products and services.

Consumer preferences and business environments are constantly evolving, and marketers are required to continuously gather information on how these changes affect customer buying behaviour. They also identify emerging customer needs, and make changes in their organisation's marketing activity based on their information.

Gathering information on the company's market

Customer reviews, online surveys and focus groups can be used to gather information on frequency of purchase, or reveal customer concerns about the service. While Google Analytics can identify the online traffic, customer's level of interest and unearth new opportunities based on keyword searches.

Market refers to consumers and customers who intend to purchase goods and services for use

Product refers to anything that can be offered to the market for purchase, use or consumption to satisfy the need or want.

The sources of information may depend on the type of market (i.e. customers) that the company services. There are two key types of business and marketing strategies targeting different entities:

- Business to consumer (**B2C**): when companies sell to individual consumers
- Business to business (**B2B**): when companies provide services to other businesses

It is important to understand their buyer functions to develop suitable marketing and communication strategies.

The differences between B2B and B2C consumers are outlined in the table below.

Individual (personal) consumer market	Business market
<ul style="list-style-type: none"> ▪ Personal consumers buy products for their own use or for use of the household. ▪ Marketing activities of individual consumers may entail three different functions: <ul style="list-style-type: none"> – The end-user, the person who uses a product or service (a child riding a bicycle) – The buyer, the person who procures or pays for the service (buying a product for someone else) – The payer, the person who provides the money to obtain the product (mother paying for the bicycle) 	<ul style="list-style-type: none"> ▪ Business market consists of organisational consumers. These include commercial and not-for-profit organisations, and public sector agencies, all of which buy products or services in order to run their organisations. ▪ Organisational buyers come in several types: <ul style="list-style-type: none"> – Resellers (wholesalers or retailers) who buy from one organisation and resell to another entity (for example, wholesalers sell to retailers) – Producers, who buy from sub-manufacturers (for example, manufacturing parts) – Large institutions and government organisations buying large supplies

Customers' motivation and purchasing decisions depend on the buying environment, for example, organisational buying involves more people than individual buying. Buying decisions in organisations often require approvals and the purchasing process is longer than that in individual buying.

The definition of 'product' is not limited to tangible goods (such as a car) but also includes intangible objects:

- Services (transport, telecommunication, financial, cleaning, insurance etc.)
- Public services (education, health services, public library, emergency services)
- Events (concerts, conferences, workshops, sports)
- Destinations (travel destinations, heritage sites)

Depending on the type of the organisation, the business may be selling consumer or business products and services which can be classified into:

- B2C products and services (sought, purchased and used by individuals)
- B2B products and services (sought, purchased and used by companies from other companies).

A short summary of the product types is included into the table below:

B2C products	B2B products
<ul style="list-style-type: none"> Convenience products, such as supermarket items (toothpaste, packaged food). Shopping products (clothing, furniture, kitchen appliances) Specialty products and luxury goods 	<ul style="list-style-type: none"> Industrial products, such as materials and parts (raw materials, natural products like iron ore) bought from manufacturer or supplier Capital items such as equipment (generators, elevators, office equipment, restaurant kitchen appliances bought from supplier)
B2C services	B2B services
<ul style="list-style-type: none"> Personal banking, personal retail shopping, individual or family travel, education (enrolling into a course), life insurance, and other. 	<ul style="list-style-type: none"> Conference travel booked by an organisation from a preferred provider, business liability insurance, maintenance services for factory machinery, legal consulting, etc.

Consumer's purchasing decision making process depends on several factors, such as:

- the type of the customer
- the marketing information communicated to customers in product promotion activities
- the level of involvement and perceived risk
- other variables, such as motives, lifestyles, social and situational influences.

In essence, a consumer decision making process is a consumer problem-solving process. During this process, a consumer identifies their need and then makes a product choice from the set of options available to them.

A basic consumer decision making process consists of five key steps:

1	Need recognition	Consumers see the difference between the current state and the ideal state of affairs. Some consumer problem-solving processes can be simple and routine (the need for food), and some can be more complex. For example, a person who experiences frustration because their old car is stalling or breaking down needs to solve the problem.
2	Information search	Customers need adequate information to solve the problem, such as information on the pricing, product or style availability, functionality, newest models of cars, fuel consumption, or repair services. Consumers collect information to identify the product or service options to choose from.
3	Evaluation of alternatives	Consumers narrow down their options and evaluate the features and benefits for each. For example, a person looking to buy a new car may identify three car brands and models, and then evaluate them.

4	Product choice	Consumer chooses the preferred option because it has the most appealing features or it aligns with their values; for example, buying Australian-made products. Brand loyalty is often a determining feature, and companies invest into branding to create brand loyalty and simplify decision making process for consumers.
5	Post-purchase evaluation	In the post-purchase step, the consumer evaluates how good their choice was and makes a satisfaction/dissatisfaction judgement. Consumers assess product quality by comparing product quality and their expectations prior to the purchase.

Marketers need to understand the consumer decision-making process to develop sales and promotion strategies. The 'evaluation of alternatives' and 'product choice' stages are critical for marketers to understand, and companies often commission market research to identify the most desired features or benefits for their target market to influence a consumer's choice. Marketers need to understand customer expectations and provide accurate information about their products or services to ensure consumer satisfaction.

All marketing planning activities are outlined in the organisational marketing plan. These need to be monitored, evaluated and updated annually to respond to changing customer needs.

Marketing Plans

The purpose of a marketing plan is to help to articulate a marketing strategy for promoting products and services that meet the needs of the target market, engaging your customers and growing sales.

An effective marketing plan enables organisations to take a targeted and cost-effective approach to marketing activities, thereby increasing sales and driving revenue. The marketing plan sets the marketing objectives and defines a target market for an organisation's products and services.

The structure of the marketing plan may vary but the key components include:

Business overview	A summary, including business name, structure, and business operation overview.
Products and services	Types of products/services the company offers, including product features and benefits, and the value that the product or services creates. Anticipated demand for the product/service for the planning period (usually annually).

Target market	<p>Identification of the customer base: whom are you selling to?</p> <p>Brief summary of the target market needs and motivation: why would the customers buy your products and services?</p> <p>Market Profile (key characteristics of the target market)</p>
Environmental analysis and new opportunities	<p>External environment analysis:</p> <ul style="list-style-type: none"> ▪ external marketing factors (political changes, economic environment, social trends, demographic growth, technology trends impacting on the business) <p>Industry analysis:</p> <ul style="list-style-type: none"> ▪ Industry in which the company competes (such as telecommunications, hospitality, etc.), maturity or potential of the industry (for example, decline of brick-and-mortar stores, growth of online banking), overall market size potential and growth projections <p>Competitor analysis:</p> <ul style="list-style-type: none"> ▪ market share of competitors, value provided to customer, strengths & weaknesses of each competitor <p>Market growth opportunities:</p> <ul style="list-style-type: none"> ▪ Value to customer offers (new or improved services) ▪ Growth potential (for example, increasing market share by 2%) ▪ Anticipated demand for product or service (based on sales data)
Goals and objectives	<p>Long term goals (such as overall company profitability, market share growth, and other financial/corporate objectives)</p> <p>Marketing objectives related to marketing products and services to the target market:</p> <ul style="list-style-type: none"> ▪ Planned sales targets (quantity of products you plan to sell annually) ▪ Communication objectives for advertising and social media campaigns (for example, to increase brand loyalty by 20%, or to increase brand awareness by 50% during the planned period)
Marketing strategy	<p>Marketing activities (aligned to the marketing objectives) tailored to the specific target market:</p> <ul style="list-style-type: none"> ▪ Channels to enter or grow the market. For example, identification of the export market for a specific product ▪ Marketing communication activities (such as, social media campaigns), Unique Selling Proposition for the brand (or product) ▪ Pricing strategy. For example, introductory pricing for new services for existing customers ▪ Sales strategy (sales channels and percentage of sales per channel) For example, 50% of sales come from online sales

Finances	Specification of: <ul style="list-style-type: none"> ▪ Sales forecast (expected sales, including factoring in seasonal influences) ▪ Marketing budget required to implement marketing activities
Implementation of action plans	<ul style="list-style-type: none"> ▪ Marketing activities and milestones (online advertising, promotional strategies, social media and website marketing, etc.) ▪ Expected completion dates for all marketing activities ▪ Key success factors and indicators (how success is going to be measured) ▪ Person responsible for the implementation of actions ▪ Cost of activities

For more information on the format and contents of a marketing plan, visit: aspirelr.link/writing-a-marketing-plan

Primary research

An effective marketing plan should be based on *current and reliable* information rather than a marketer's assumptions. The best method to collect information on the market is to conduct primary research. Understanding the consumer decision making criteria, media habits and attitudes help organisations to discover new opportunities for marketing their products.

Primary research refers to data collected for the purposes of finding answers to a specific question. Such as finding the customer's personal preferences for the product features, their motivation for buying, or the effectiveness of the marketing message (measured by the success of the marketing campaign).

Methods of primary research include, but are not limited to:

- Focus groups, in person or online
- In-depth interviews
- Observation, by observing a consumer purchasing or using a product
- Surveys

In most cases, large organisations employ professional research agencies to collect customer information that they use to promote their products and services. Smaller organisations often rely on their own capabilities and resources to undertake customer research to develop marketing plans.

It is important to gain a more in-depth understanding of your consumer market, and supplement information from the marketing plan with information from other sources.

Online forums and social media channels	Visit online forums and social media channels, read consumers review comments, or read feedback on Facebook or Instagram accounts. Search competitors' social media platforms and learn different views or feedback of customers on a competitive product or service.
Talk to team members	Speak to your customer service or sales team about the customer's enquiries and feedback about the product or service. Ask what type of enquiries they receive most frequently.
Participate in industry events	Exhibitions and trade shows, such as 'Fine Food Australia' or 'Hair Expo Australia' are an opportunity to meet other industry professionals and get insights into customer needs and requirements
Search internal and external sales data	Access internal or external sales reports to gain insights into the product units or services trending among consumers. Speak to the sales team to find out the information that consumers find critical to make purchasing decisions.

Remember that the company's marketing plan is a strategic document outlining the direction of organisation's marketing efforts. This plan is your starting point to analyse the consumer market for the product or service.

Example

Accessing information on the market

Gina is starting in a new role as a Marketing Coordinator in a national bakery chain, Bread Makers. The company has retail outlets in all metropolitan and regional areas and offers a wide range of freshly baked products, including loaves, baguettes, rolls and cakes.

Marketing Manager, Tim, asks Gina to collect and prepare information on the target customer for the upcoming team meeting in preparation for the marketing campaign to promote Bread Makers' Artisan Collection.

She accesses the Bread Makers marketing plan for the current financial year and identifies two key sections in the marketing plan to source relevant information:

- The target market
- Product analysis

She learns that the Artisan Collection is one of the three product lines of the bakery production, and that it has its own target market, who are different from the Value Packs consumers. The market for the Artisan bread is characterised by the consumers' geographic location (mainly metropolitan) and connoisseur lifestyle. The product that is designed to meet their needs is a convenience product sold at a premium price.

Gina learns that every product or product line at Bread Makers is aligned to its target consumer, and those consumers are surveyed every year to update the company's understanding of their purchasing habits in order to develop effective marketing strategies and objectives.

Practice Task 1

Question 1

Which of the following statements are correct? Select yes or no for each one.

- | | | |
|---|-------|------|
| a) Market refers to customers and consumers who intend to purchase products for use | » Yes | » No |
| b) Business-to-Consumer products usually include industrial products bought from manufacturer. | » Yes | » No |
| c) Conference travel booked by an organisation from a preferred travel agency is an example of a Business-to-Consumer service | » Yes | » No |
| d) The definition of a product includes public services | » Yes | » No |
| e) Consumer's purchasing decision-making process depends on the type of consumer | » Yes | » No |

Question 2

Draw a line to match each term about the consumer decision making process to its definition.

- | | |
|------------------------------|--|
| » Product choice | » The difference between the current state and the ideal state |
| » Evaluation of alternatives | » Assessing product quality and making satisfaction judgement |
| » Need recognition | » Narrowing down the options in evaluating product features |
| » Post-purchase evaluation | » Collecting adequate information to solve a consumer problem |
| » Information search | » Decision making based on the preferred features and benefits |

Question 3

Which of the following statements relate to sources of information about the consumer market?
Tick all that apply.

- Market research on the product preference
- Market analysis included in the marketing plan
- Internal sales reports
- Marketers' assumption on the product consumption
- Consumer reviews on social media

1B Identify consumer attributes for market from market profile

A market profile represents the typical users of a product or service.

Market profiles are used to help marketers make customer-focused decisions in their organisational business and marketing strategies. To create a consumer (or customer) profile, you need to understand the context of business operation (such as industry and competition), collect customer feedback and analyse information about consumer attributes.

Organisations may take a range of approaches to develop a consumer profile, however, the underpinning principle and first step in the process is market segmentation.

Market segmentation

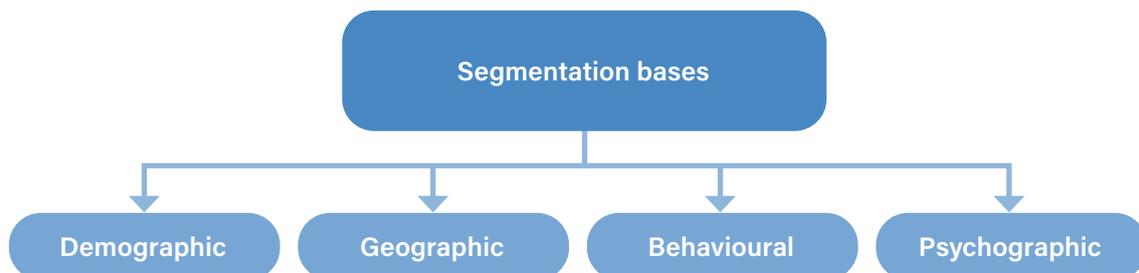
The market size and different needs of consumers make it challenging for any one company to service everyone. Therefore, companies use segmentation strategies to define a specific group of consumers that aligns with the services or products that the company offers.

Segmentation is the process of dividing a larger market into smaller groups and aggregating prospective buyers into target segments. These segments are common characteristics such as demographics, interests, needs, location and other attributes.

Segmenting the market is necessary in both consumer and business-to-business markets. There is no single way to segment a market, therefore marketers have to find the best way to view the market structure and try different segmentation variables.

Segmentation bases and variables

To segment the market, marketers decide on segmentation bases and variables:



Segmentation of business markets often uses the similar variables but can use additional variables such as purchasing approaches, situational factors or use status. For example, a credit card company may target business in three segments – corporations, small businesses and individuals – and develop marketing strategies for each segment.

The four most commonly used segmentation bases and their variables are described in the table below:

Demographic segmentation base	Dividing the market into segments based on characteristics such as: <ul style="list-style-type: none"> ▪ Age, for example, services for children ▪ Gender, for example, cosmetic brands targeting women ▪ family size ▪ Income, such as affluent consumers who buy luxury goods ▪ Occupation, such as teachers or doctors. Bookkeepers may be targeted with different software or stationery products tailored for their specific work needs ▪ Level of education, such as high school graduates or university graduates ▪ Religion or ethnicity, for example, food companies may target different ethnicity groups to promote Halal or Kosher products
Geographic segmentation base	Dividing the market into different geographical units such as: <ul style="list-style-type: none"> ▪ Nations or regions ▪ Cities or neighbourhoods Some companies localise their products, sales and marketing efforts to fit the needs of specific geographic areas. For example, Coles and Woolworths stock specialised products in different states.
Behavioural segmentation base	Buyers can be grouped according to: <ul style="list-style-type: none"> ▪ Occasions when they purchase a product. Marketers promote special product offers to increase sales for Mother's Day or Easter ▪ Benefits sought from the product. For example, convenience of use or functionality of a product, such as multifunctional furniture for those who live in small spaces ▪ User status and usage rate, for example, heavy users of mobile devices are targeted by telecommunication companies with bundle products and pricing ▪ Loyalty status, such as when consumer demonstrate high loyalty to specific brands like Apple. Marketers can learn about their company's weaknesses from customers who switch to other brands.

Psychographic segmentation base	Dividing buyers into different segments using variables of: <ul style="list-style-type: none"> • Social class (professional or blue colour workers), • Lifestyle, such as an interest in fine dining. Some companies target consumers living active lives who do not cook at home with ready-to-cook meal packages. • Personality characteristics, for example, hiking tours may appeal to adventure-seekers
--	---

In practice, companies rarely base their segmentation on only one variable. They use a combination of bases and variables in their effort to identify their target customer groups. This approach is called multivariable segmentation. For example, a pizza restaurant in a suburban metropolitan area can merge demographic, lifestyle and behavioural data to segment their markets down to postcodes, and then target specific areas more effectively.

Although there is no one single way of segmenting the market, there are key criteria or underpinning principles for effective segmentation.

- **Measurable:** the size, profiles and purchasing power of the segments must be measurable, for example, demographic segments are easier to measure.
- **Accessible:** market segments can be effectively reached and served (data on where they live or shop)
- **Substantial:** the market segments must be large or profitable enough to serve, and worth pursuing with a tailored marketing campaign
- **Differentiable:** the segments must be distinguishable from one another and respond differently to marketing strategies

Market Profile

Profiling your customers gives the organisation the opportunity to understand a range of key information about them – including their income level, location and buying behaviour. Researching customers to create a customer profile will help you to understand who they are, so you know how best to reach them from a marketing perspective.

Creating a customer profile begins by gathering and updating information on the existing satisfied customers:

- Collecting feedback from customers to understand how they perceive your products and company, and what works.
- Conducting surveys to identify consumer interests and preference, and understand how their experience may change over the time.
- Reviewing customer journey maps to see the product or service from the customer's perspective.

Segmentation approach is the foundation for market profiling. Using variables of each segmentation base, list all your typical customer characteristics for **one market segment**.

See example below:

Target market	<ul style="list-style-type: none"> Give your target market the name to differentiate them from other segments, for example, Grey Nomads
Demographic characteristics	<ul style="list-style-type: none"> Over 55s and retired Gender non-specific Medium level income: living on personal investment and superannuation Predominantly Christian or no religious affiliation
Geographic characteristics	<ul style="list-style-type: none"> Based in metropolitan areas but not attached to geographic location Often located in areas with poor internet connection
Behavioural characteristics	<ul style="list-style-type: none"> Frequent users of campervans and camping equipment, looking for convenience, ease of use, and features such as light weight items Prefer paper-based instruction rather than the internet-based information Loyal to Australian-made brands
Psychographic characteristics	<ul style="list-style-type: none"> Flexible lifestyle Adventure seeking personalities

A more detailed customer profile template is available from the Queensland Government website: aspirelr.link/customer-profile-chart

Some companies expand customer profile into a more creative profiling and create the portrait of an ideal customer, or a persona.

A Persona description goes beyond the key segmentation variables and expands to motivating factors, their needs and challenges.

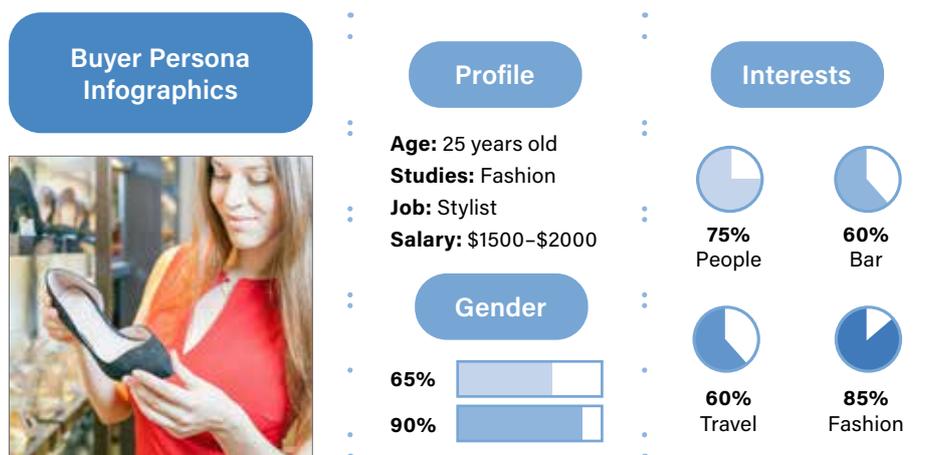
Below is an example of a B2B buyer persona:

Name and background:	<ul style="list-style-type: none"> Jason, CEO of a medium size IT company Committed to creating a sustainable business using cutting edge technologies
Behaviours	<ul style="list-style-type: none"> Tech savvy, proud owner of Apple devices Early adopter of technology and innovation enthusiast
Motivators	<ul style="list-style-type: none"> Passionate about creating more efficient processes through Artificial Intelligence Driven by increasing productivity and cost reduction

Needs	<ul style="list-style-type: none"> • Creating technology and agile teams that can adapt quickly • Increase of the Return on Investment (ROI) to drive corporate performance
Challenges and pain points	<ul style="list-style-type: none"> • Limited financial resources for innovation • Getting approvals from the company board for his experimental approaches to innovation

Personas are often presented in a creative visual format, such as:

- mind-mapping
- infographic
- or editable templates.



See more examples of editable persona templates:

- aspirelr.link/editable-persona-template
- aspirelr.link/milanote-persona

Example

Customer profile

MasterPainter is a hardware store specialising in the outdoor paints. Their customer base are tradesmen and sole traders who provide services to individual home owners in a regional town in Victoria. However, the competition from the large hardware retailers is intensifying and the MasterPainter manager Sam decides to launch a marketing communication campaign. He wants to reach his target audience with the objective to build brand loyalty. He reviews his customer feedback findings and other research data to create a customer profile for an effective communication campaign. Sam uses variables of market segmentation bases to compile a portrait of his ideal customer, Dan the Painter.

Name:	Dan
Demographic characteristics	<ul style="list-style-type: none"> ▪ Aged 35-50 ▪ Professional painter who runs his own small business earning under \$100K per year ▪ Has a vocational qualification in building and construction ▪ Lives in a household with his family
Geographics:	<ul style="list-style-type: none"> ▪ Lives in local Victorian town and works in surrounding area
Behavioural characteristics	<ul style="list-style-type: none"> ▪ Holds a bank account in a community bank ▪ Knows exactly what he wants from his paint supplier and expects service and quality ▪ Purchases paint in bulk and every two months restocks on house painting tools such as pain rollers, brushes, masking tape, drop cloths and other.
Psychographics:	<ul style="list-style-type: none"> ▪ Lives a busy life and values his independence and travels around in his Toyota Hilux Ute with a dog and a radio ▪ Has limited time free time available for shopping around and can't be bothered to drive to the "big smoke" for supplies but browses the internet for new products

Practice Task 2

Question 1

Draw a line to match each of the following variables to demographic, behavioural, or psychographic segmentation bases.

- | | |
|------------------------------------|-----------------|
| » Lifestyle | » Demographic |
| » Benefits sought from the product | » Demographic |
| » Level of education | » Behavioural |
| » Occupation | » Psychographic |
| » Frequency of use | » Behavioural |
| » Affiliation to interest groups | » Psychographic |

Question 2

Which of the following statements are correct? Select yes or no for each one.

- | | | |
|--|-------|------|
| a) A market profile is a description representing a typical user | » Yes | » No |
| b) Segmentation is the foundation of customer profiling | » Yes | » No |
| c) Market segmentation base uses only one key variable | » Yes | » No |
| d) Customer Persona is an extended consumer profile | » Yes | » No |
| e) Market segment does not need to be measurable | » Yes | » No |

Question 3

List two sources of information for creating a consumer profile.

1C Identify and compare features of product or service according to marketing plan

Features are characteristics of products or services that differentiate the company's products and deliver value to customers.

Organisations want to develop and sell products or services with features which customers perceive as valuable. It is important to remember that customers buy products because they want to solve their problem or meet a specific need.

Common features of products	Common features of services
<ul style="list-style-type: none"> Product style and design Brand Packaging Country of origin Ingredients Quality and product care details Manufacturer's warranty 	<ul style="list-style-type: none"> Capacity (how many customers can be served at once) Time and duration of service delivery Service levels or standard Physical evidence such as interior design, uniforms, signage Service processes that provide customer experience

Comparing product features to meet market needs

Consumers buy different kinds of products to satisfy their needs and wants. From the marketing viewpoint, however, a product or service is a bundle of benefits which are offered to the consumer.

Some examples of product features are listed in the table below:

Product style and design	Appearance of the product which includes size, shape, or colour, the materials used (such as plastic or metal).
Branding	Name, sign or symbol that identifies manufacturer or seller.
Packaging and labelling	Containers, wrappers, information provided on the packaging. This may include labels and price tags with information. Product labelling provides information on the product use and materials contained in the product.
Product origins	The country of manufacturing, production or design, or the country where the product was grown or where the processing has occurred.
Product ingredients	The type or origins of the ingredients in the product. For example, in food and cosmetics industry the listing of ingredients is required by law.
Use-by dates and storage, product care	Such as shelf-life of perishable products, and how the food products should be stored. Care and handling instructions for looking after the product, such as for shoes, furniture, house appliances and other.

In your marketing role, you will need to develop product knowledge – an in-depth understanding of product features that allows you to appropriately present product benefits to the target market.

Product features are characteristics that create the benefits that customers buy to solve their consumer problems. For example, a table with a metal frame (a feature) can offer sturdiness and stability to the user. A functional design of a physical product may provide benefits such as easy-to-use or a light-weight foldable construction that is easy to store. Consumers are looking for the solution to their consumer needs and problems, therefore, marketers need to align the benefits to the target customer's needs.

Some examples of how product features are transformed into benefits are listed below:

Product features	Benefits
Water-resistant backpacks with roll top zipper openings	Keeps your packed clothes and other items dry in any weather, and reliable zips will not let moisture in.
Canned fruit labelled "Product of Australia"	The food product is grown and processed in Australia, which means that it will provide high quality ingredients that meet stringent requirements. By purchasing this product consumers can be confident in quality and support local growers.
Smart phone with 5G connectivity	The 5G connectivity will provide high internet speed and consumers will be able to transfer or receive or send data quickly, which means they can do many tasks fast and in-real time.
Premium branded luggage suitcase	Premium brands (for example, Samsonite) have a reputation for quality and durability. The brand is recognisable by travellers and gives reassurance in purchasing it and a peace of mind warranty.
Biodegradable packaging for food	Biodegradable packaging is environmentally friendly, so consumers can buy the product guilt-free

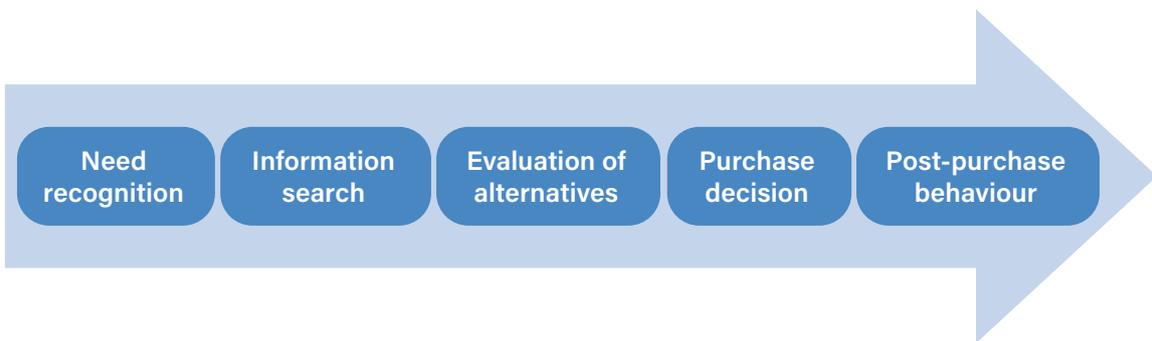
The importance of the specific product features and benefits will depend on two key factors:

- The target market characteristics (profile)
- The stage of the consumer decision making process

A target market profile that is based on the behavioural segmentation variables is often the most effective way to evaluate the features of products and services. Behavioural segmentation explains what consumers do with the product, and how they act towards or feel about the product or service. For example, the target consumer purchasing behaviour can be characterised by the frequency of purchase or use. They might buy a product for a specific occasion (such as birthday cakes) or as a daily routine (such as morning commute coffee). If a consumer is looking for a product for a special occasion,

they may be less price sensitive and more focused on the impression they can make on the recipient. If a person is buying a routine take-away coffee, they might be looking for the benefits of packaging, such as heat-absorbing cups or recyclable cups with compostable lids.

The five-stage consumer decision-making process illustrates how customers go through their buying process:



Weighting the feature-based benefits and comparing them to their product selection criteria is a determining factor in consumers' purchasing decision. Consumers search for alternatives based on features but evaluate them on mostly on benefits.

With every stage of the consumer decision-making process, the consumer may seek different marketing information on the product.

Below are examples of information on the product features and benefits, depending on the decision-making stage:

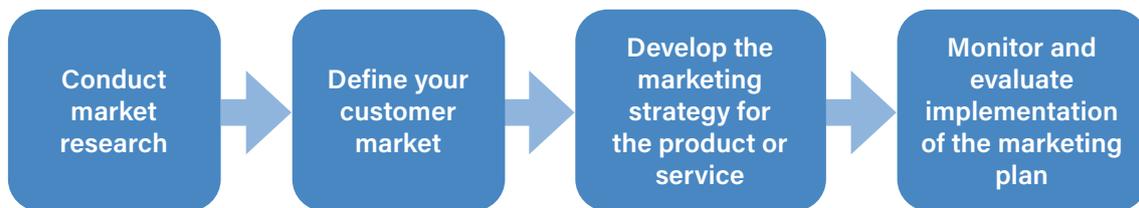
1	Need recognition	Assist consumer to recognise the unsatisfied need or offer a solution of the problem. Product features such as functionality provide a solution to the unsatisfactory product that is currently in use, or a feature of a different clothes style provides a benefit of improved personal appearance.
2	Information search	In searching for products, consumers collect information on product features such as pricing, performance (fuel consumption), availability of delivery or repair services. They create a list of options based on features.
3	Evaluation of alternatives	During this stage, consumers narrow down their options by evaluating benefits provided by the features. For example, a piece of hard-side luggage will be evaluated based on durability rather than the type of plastic, and the weight of the case will be evaluated not on the kilograms but on how easy it is to carry, and how much contents a traveller can pack in.
4	Product choice	In this stage, consumer values and brand loyalty may be a determining factor. If a customer prefers environmentally friendly products, they are likely to decide to purchase a recyclable or biodegradable product even though it may be more expensive.

5	Post-purchase evaluation	In the post-purchase stage, the consumer needs reassurance of the purchase, and product benefits of reliability and durability. Improved self-perception by using a branded product can provide reassurance and satisfaction.
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Alignment of product features and market profile in the marketing plan

Benefits of the product or service, and their value, underpin the marketing strategy.

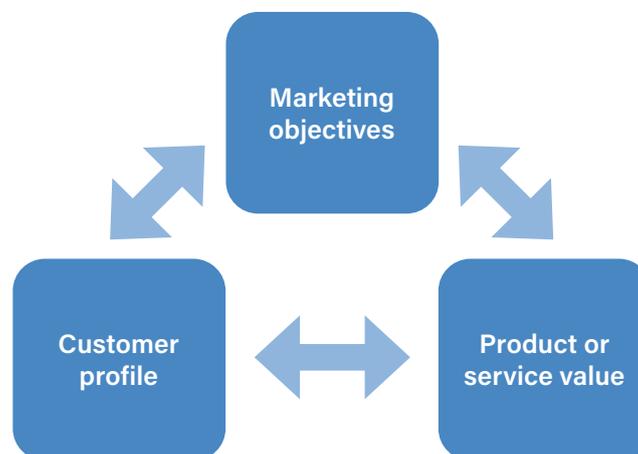
The marketing management process in the organisation is based on the four key elements:



Market research findings form a foundation for the identification of the customer base and helps to shape the consumer market profile.

- Identify the target market segment and identify their consumer needs.
- Define the value proposition to the customer based on the product offering.
- Devise marketing activities to influence consumer decision making.

The marketing plan is the strategic document that aligns product or service offering with the customer needs to achieve strategic marketing objectives:



For example: the company's marketing goal is to build brand loyalty among B2B customers, and their marketing objective is to retain at least 50% of customers in the next financial year. Customer profile in the marketing plan provides typical customer characteristics with the emphasis on buyer needs, such as speed of delivery of manufacturing parts. The marketing activities are then designed to highlight the reliability of the service to meet the buyer's needs and expectations.

Marketing objective	Target market need	Product or service value
Brand loyalty and 50% customer retention in the first year	Reliable manufacturing partner to maintain consistent production	Consistent order fulfilment and speedy delivery to B2B clients

The organisation's marketing plan should reflect a sound understanding of the customer base, product features and benefits, and the customer value that the organisation is offering. The plan should include and discuss marketing strategies based on:

- Types of products and services the company offers, and their features and benefits
- The customer value that products or services create to meet the anticipated customer demand and needs.
- Target market characteristics (consumer profile), which are based on consumer research findings. These enable an in-depth understanding of the consumer's preferences and motivation in their purchasing decision making.



Marketing Procedures

Some organisations develop a marketing procedure, which defines their marketing strategy development process. Some items in the marketing procedure (or policy) are listed below:

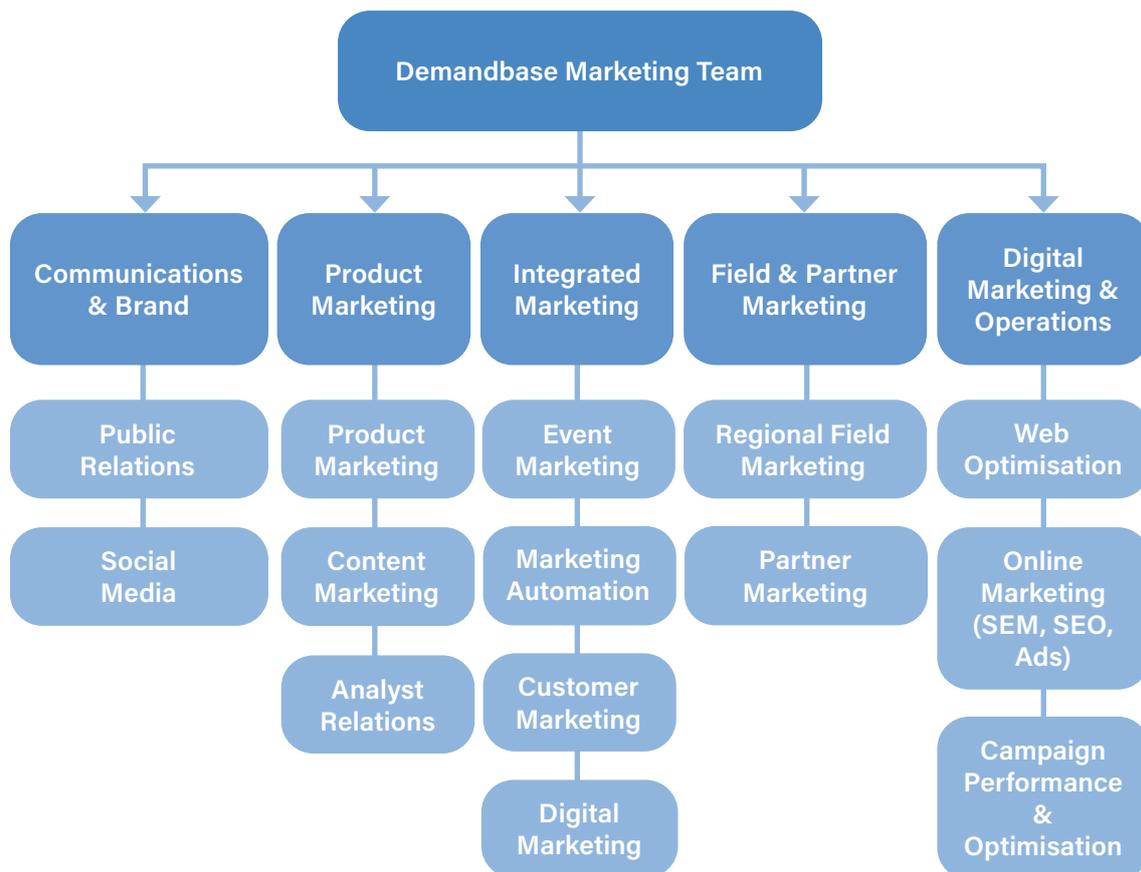
- Defined periodic planning cycles for marketing activities
- Research activities, timelines and approved providers
- Specific roles and responsibilities to conduct market analysis, development and implementation of marketing activities

- Checklists for updating information on consumer market and products
- Policy for use of social media
- Use of IP (Intellectual Property) in marketing

In your role, you will be working closely with other members of the marketing team to implement marketing strategy, while following organisational marketing policies or procedures.

The structure of the marketing department varies depending on the size and type of the organisation. For example, a B2B company will have a different organisational structure from a small digital marketing agency, and global organisations would have a multi-layer hierarchical structure compared to start-ups or small companies.

A basic marketing department structure below illustrates different marketing functions that the company performs and marketing roles of employees.



To learn more about the marketing organisational structures, visit: aspirelr.link/marketing-department-structure

Example

Using product features for marketing strategy

Eco Pet is an Australian company manufacturing and selling non-toxic disinfectants, cleaners and odour removers to pet owners. According to an ABC news report, the pet product industry was worth \$2.8 billion in Australia in 2020, and has potential for growth. The company's target customers are environmentally-minded cat and dog owners in metropolitan areas who buy Australian-made and biodegradable household products. Eco Pet's marketing strategy is outlined in their marketing plan and includes two key marketing objectives:

- to grow their market share of the pet product industry by 10% annually
- to increase Eco Pet brand awareness by 30% among its target market in the next financial year (FY).

To develop an effective marketing campaign, the company needs to define the product value for the target market. Marketing Manager, Yvonne, decides to undertake a thorough analysis of the Eco Pet brand products in comparison to their direct competitors. She draws a list of product specification and converts them into benefits to identify the value proposition. The features of the best performing Stain & Odour Remover and Disinfectant include active enzymes, non-toxic and 100% chemical free ingredients, TGA certification and 50% more concentrated substance than other brands. The company also offers 45-day risk-free trial and 100% money back guarantee. To deliver value, Yvonne forms a value proposition based on the product benefits: Eco Pet products are safe for all pets and surfaces, and it eliminates odours permanently rather than just masking them. Yvonne aligned the values of consumers with the key benefits of the Eco Pet brand to drive sales and brand loyalty. Her marketing team can now design communication messages and develop an action plan for the promotion campaign.

Practice Task 3

Question 1

Which of the following statements relate to product features? Tick all that apply.

- Country of origin
- Manufacturer's warranty
- Service delivery standard
- Reputation for quality
- Reliability

Question 2

Which of the following statements are correct? Select yes or no for each one.

- | | | |
|--|-------|------|
| a) Benefits of the product or service and the value they provide underpin the marketing strategy | » Yes | » No |
| b) Marketing plans align product or service offering with consumer needs | » Yes | » No |
| c) The marketing plan is not intended to influence consumer decision making | » Yes | » No |
| d) During the consumer decision making process, the consumer needs different types of marketing information on product features and benefits | » Yes | » No |

Question 3

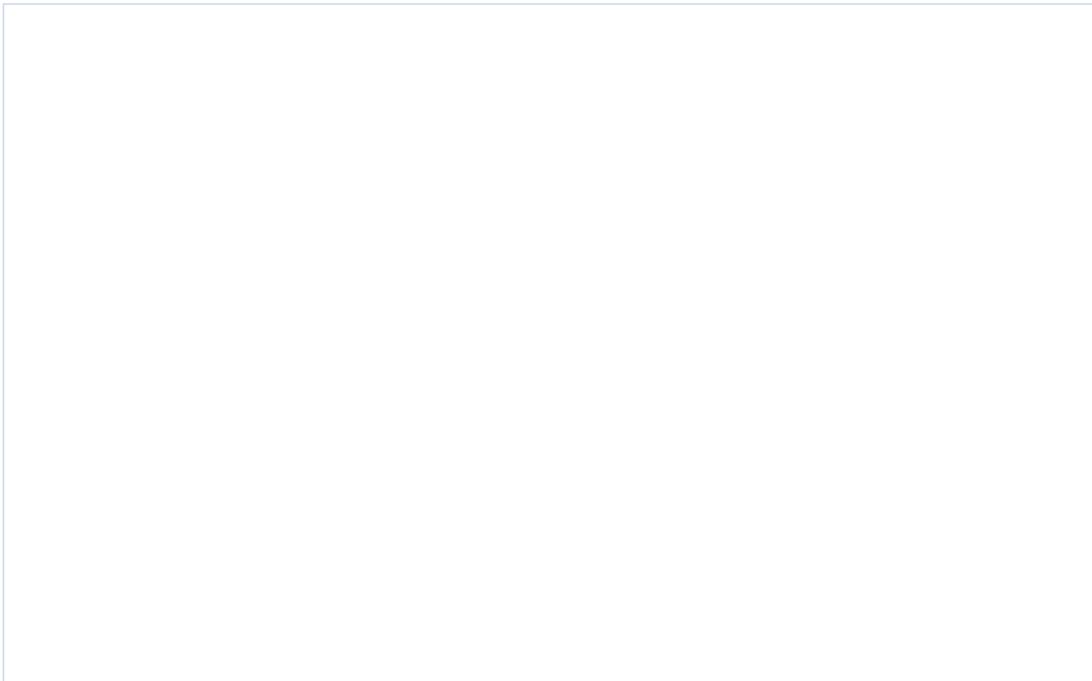
List three reasons why it is important to develop knowledge of product features.

Question 4

List two examples of how marketing roles contribute to implementing marketing activities.

Question 5

Give one example of how marketing strategy is aligned with consumer decision making and product benefits.



1D Investigate consumer needs through trend and performance analysis

Organisations undertake external and internal analysis to identify trends and factors that affect their marketing strategies and planning processes.

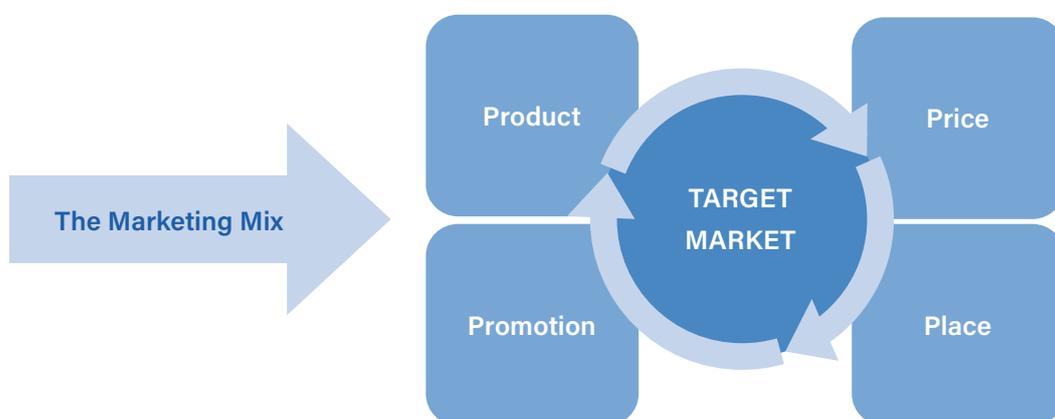
External environmental trends impact on consumer needs and preferences, and may require an adjustment of the company's marketing objectives and activities.

Business objectives guide the operation of the company, and marketing objectives state what the company needs to accomplish in delivering value to their consumers. For example:

Business objective for the FY	Marketing objectives for the FY	Target market	Product or service value
To achieve 10% corporate growth and establish leadership position in the industry	<ul style="list-style-type: none"> To maintain market share To achieve 50% brand loyalty 	Profile: B2B manufacturing company Key need: Reliable manufacturing partner to maintain consistent production	Consistent order fulfilment and speedy delivery to B2B clients

Marketing strategy includes activities related to the product, pricing, promotion and distribution channels, and should be tailored to the existing or the emerging needs of the target market.

For example, product promotion activities will use selected media channels used by the target consumer, and the distribution channels and logistics ('place') will be aligned with the customer requirements and expectations.



Trend analysis

Trend analysis includes research and identification of the changes in the external environment that affect the organisation and the industry it operates in.

Sometimes the terms external analysis and industry analysis are used interchangeably, although there is a slight difference between these two concepts:

Environmental analysis	Industry analysis
Environmental analysis is a process to identify the external and internal elements that can impact on organisational performance. It is used to align organisational strategies with its environment.	Industry analysis is a market assessment tool to understand the competitive dynamics of the industry in which the company operates. It evaluates critical factors that determine the company's success within the industry.

External factors and trends

To understand consumer behaviour and the situation in which the marketing activities take place, organisations need to be aware of the developments in the external environment. This includes powerful macro-environmental trends and competitors' actions.

The external macroenvironmental trends can be tracked by a PESTLE analysis. The key areas of PESTLE and how they relate to consumer behaviour are listed in the table below:

Political	Political factors refer to political changes in the society related to the government cycles and structures, such as the impact of the federal elections on the country's economy and social policies. These changes form responses from consumers which may impact on the business cycles (recession or prosperity). Political environment also includes the impact of political movements, such as protests against inaction on climate change.
Economic	The impact of the state of the economy, changes and fluctuations of the business cycle (for example, whether the economy is in recession or recovery). The business cycle impacts customer purchasing power as consumers purchase more products when their confidence about the future increases.
Social	Sociocultural environment reflects the cultural and social norms in the society and are constantly evolving. This factor is one of the most important external factors affecting customer behaviour and brand loyalty. Society's attitudes, values and beliefs affect the image of companies, and consumers' perception of the products and services.

Technological	Technology provides companies with competitive advantages and affect marketing activities, such as promotion and distribution. Technology provides opportunities for organisations to analyse consumer behaviour (for example, using Google analytics) more effectively, and affects consumer expectations.
Legal	Legal refers to the state, federal and international laws and regulations that affect the business and applies to business decisions. For example, introduction of a new legislation may impact the way companies do business (reduction of CO2 emissions, or recycling laws), and will impact on the consumer purchasing decision making or choice of products in the market.
Environmental	Environmental trends refer to the climate change and its impact on businesses, as well as society's sensitivity to environmental issues. These are reflected in the consumer behaviour, such as preference for biodegradable packaging.

Industry is impacted by the macroenvironmental trends (PESTLE factors). For example, technology can transform industries (such as Spotify in music industry, Uber in commuting, Airbnb in hotel accommodation).

Industry trends

An industry analysis addresses the underlying forces driving the changes in the industry; the attractiveness of the industry is usually determined by the expanding or declining market share of the product or service category. For example, the hospitality industry consists of service categories such as accommodation, travel and restaurants. The hospitality industry experienced a growth trend, until the Covid19 pandemic, with the increasing number of new travel destinations and new competitors entering the market. However, the pandemic had a negative impact on the entire hospitality industry in Australia, due to the government policy of shutting the borders during the pandemic.

Industry associations are regularly conducting research on industry trends. For example, the *eCommerce Industry Report* by Australia Post showed that the e-commerce spending in Australia has reached \$50.46 billion in 2020, compared to \$32.1 billion in 2019. To identify and analyse the trend, marketers need to compare previous and current industry data (variance) and specify the rate of growth or decline.

An example is provided below:

Industry sector	Year 2019	Year 2020	Variance	Growth or decline rate
e-commerce	32.1 billion	50.46 billion	18.36 billion	47% growth

Industry analysis encompasses all competitors competing in the product or service category (i.e. industry). Marketers have to have a clear understanding of their competition, because they compete for the consumers discretionary income (i.e. the amount of money left after paying for the necessities). Competition for the same target market by offering different products attempting to satisfy the same consumer needs creates more choices for consumers.

In summary, environmental analysis refers to conditions and factors external to the organisation that might affect its operation.

Consumer trends

Consumer trends are determined by PESTLE and industry factors. Consumer trends emerge when the customer need is gradually or suddenly boosted by an external trend which then unearths new consumer needs or wants. For example, in the music industry digital technology triggered consumers' expectation to get instant access to music.

Similarly to industry trends, consumer trends can be quantified and measured. Organisations need to monitor consumer trends to identify new opportunities or manage challenges.

For example, an Australia Post industry report (e-commerce Industry Report, 2021) suggests that online buying in Australia accounted for 16.3% of all retail spending in Australia, which was the biggest shift in Australian spending habits, ever.

With the growth of e-commerce consumer culture, companies need to navigate new retail environment to drive growth. Amazon is expanding its network of local fulfilment centres in Australia, and established platforms like eBay are launching new marketing strategies to drive growth.

Euromonitor International is an independent global market research company that provides strategy research services for the consumer markets.

Every year, the company publishes its top 10 consumer trends that may help businesses to review their marketing strategies, and reshape their products and services to build sustainable competitive advantage in the competitive landscape.

According to Euromonitor International, the most global common consumer trends that businesses and organisations need to take into consideration in the post-Covid world, include the following consumer expectations:

- Companies should protect the health and interest of society
- Companies must provide convenience of shopping and adapt their operations swiftly

- Product development strategy should encompass tranquillity of outdoor living in urban environments
- Integration of virtual processes into physical spaces to enable at-home experiences to drive e-commerce
- Provision of products and services that support mental wellbeing
- As discretionary income is declining due to economic uncertainty, consumers are prioritising value-added and health-conscious products and services, and expecting companies to offer affordable options without sacrificing quality.

To access and download an example of the consumer trends report, visit the website: aspirelr.link/consumer-trends-report

Internal analysis of marketing performance

An internal analysis looks at factors within the organisation and helps to create a full picture of how the company performs in the market.

In the marketing plan, the internal analysis is part of the situation analysis that examines the organisation's strengths and weaknesses, based on organisational capabilities and resources. The internal analysis evaluates the company's sustainability and the success of the marketing strategy. Marketers need to analyse the past performance of the company to investigate the consumer needs for the product or service and how consumer trends impact on these needs.

In essence, marketers measure the effectiveness of their marketing strategy and how it helped to achieve the strategic objectives and grow revenue. This approach can provide us with:

- insights on how consumers respond to the marketing efforts of the organisation
- the opportunity to evaluate how marketing strategies are aligned to the consumer trends impacting the organisation
- the ability to spot the changes in consumer purchasing decision making and fluctuation in demand of the product or service.
- the chance to address the emerging and acquired needs of consumers and sustain a competitive advantage.

Past performance can be measured both short-term and long-term. To measure the success of the marketing strategies in the marketing plan annually, the marketing plan should have established measures, such as KPIs (key performance indicators) for all marketing activities.

Examples of KPIs to measure short-term marketing performance may include:

- CTR (click-through-rate) on each of social media channels by week, month or quarter
- Tracking website traffic
- Tracking marketing expenditure per media channel
- Customer conversion rate per quarter
- Product sales volume per week, month, and quarter

To ensure that the implementation of the marketing plan is on track, each KPI and actual result needs to be cross-referenced against the past performance result. Marketers need to monitor the changes in consumer needs or preferences.

Indications of these changes in consumer needs and preferences may include:

Changes in preference for packaging	For example, consumers' preference for packaging may include: <ul style="list-style-type: none"> ▪ user convenience (easy to open, easy to carry) ▪ materials (such as non-sticky, heat resistant materials for reheating food or recyclable wrapping) ▪ size (portioning of individual food items) ▪ travel-friendly packaging (travel-size packs).
Changes in sales patterns	Irregular fluctuations in frequency of purchase, or changing seasonality purchasing pattern. For example, no clear patterns of holiday bookings during a school holiday season.
Declining interest in style or design	Decline in sales of specific colours of bathroom appliances, decline in demand for specific materials (such as synthetic fabrics) may indicate the changing want of consumers and would require a further investigation of the emerging consumer preferences.
Demand for new services	Demand for home delivery or changing service standard expectation with purchasing digital products. Customer service staff are the first to experience new enquiries from loyal or new customers.

To measure the long-term impact of the marketing strategy or consumer trends, organisations can calculate:

- customer retention rates; for example, the percentage of customers retained during the last year or 3-5 years. Keeping 50% of the customers may be an indicator of success
- customer lifetime value (CLV), which is the total worth of the customer to a business over the whole period of their relationship. CLV indicates how much money a customer will bring your organisation throughout their entire time as a paying customer.

Customers with high CLV are loyal customers are less likely to be influenced by competitors' offerings and they are likely to continue using the services of your organisation. This is a good indication that the company's products and services continue to meet the target customer needs and expectations.

- Keep customer profiles up to date. Update all research findings and update customer profile templates, including the purchasing habits, psychographics and societal environment.
- Survey customers on their interests to update their customer profile. The profile will change based on new customer trends and needs to be continuously monitored
- Survey customers on their product and services preferences and purchasing decision making, such as product evaluation criteria. Align products and marketing information to the shifts in customer behaviour.

Example

Investigating consumer need for the product

Lee is an experienced marketing manager in an office furniture company Desk4U servicing B2B customers. The company sells a wide range of furniture products, however, Lee noticed that the demand for standing desks is gradually declining. He checks sales reports for the last three quarters to establish that each quarter the sales of standing desks has declined by 2-3%. However, he is surprised to notice that sales of regular desks that were traditionally the "cash cows" of revenue, are also stalling. However, his B2B customer retention rate is high, with CLV of \$10K over 5 years per business customer.

To investigate this further, Lee searches for consumer trend reports online and contacts a design company, Office One, that they partner with. Office One has researched consumer experience across the furniture manufacturing industry and identified key new trends: users of office furniture want more colour and personality, rather than a mere function of a chair to sit on or a desk to work at. Consumers are expecting to work in an environment that is interesting and inspiring. Employees in offices want flexibility and relaxation zones full of greenery, with mobile walls and screens to create privacy and safety, if needed.

Lee realises that he will need to review the organisational procedure of how he orders new stock or even source new suppliers. He may need to search for manufacturers who can supply desks with more colours, shapes and patterns. He will also need to investigate introducing new product lines, such as office-friendly plants to help his clients create the experience for staff to increase their productivity. To measure the success of his new sales strategy, Lee identifies KPIs for the next financial year that are based on sales volume, which is measured by number of units sold for each product line, and implements a monitoring process reporting the sales results monthly and quarterly.

Adapted from <https://www.bureauone.com/blog/office-design-trends-2020>

Practice Task 4

Question 1

Which of the following statements are correct? Select yes or no for each one.

- | | | |
|--|-------|------|
| a) External environmental trends impact on the consumer needs and preferences | » Yes | » No |
| b) Marketing strategy includes activities related to the product, pricing, promotion and distribution channels. | » Yes | » No |
| c) An industry analysis addresses the underlying forces driving the changes in the company's organisational structure. | » Yes | » No |
| d) Industry analysis encompasses all competitors competing in the product or service category. | » Yes | » No |
| e) Consumer trends are not determined by industry factors. | » Yes | » No |

Question 2

Which of the following statements relate to measuring marketing performance of products and services? Tick all that apply.

- Tracking website traffic over the period of time
- Customer conversion rate over the period of time
- Increase in the number of customer enquiries about the product or service
- Increase in pricing of the product or service
- Customer retention rate

Question 3

Provide two examples of a consumer trend.

Question 4

- » In Australia, the online shopping for home décor products in 2019 was approximately \$300 million.
- » In 2023, the home furnishing industry in Australia is expected to be \$407.4 million.

Calculate the variance of the industry trend.

Summary

- Consumer preferences are constantly evolving, and companies need to gather information from a range of sources on how these changes affect consumer buying decisions.
- All marketing planning activities need to be outlined in the annual marketing plan, which is monitored, evaluated and updated to respond to changing consumer needs.
- Market research is essential for identifying consumer preferences, and it should be used to inform marketing strategies.
- Market segmentation enables organisations to target different consumer groups and tailor communication messages to the right audience.
- The market profile is a consumer description created to represent a typical user of the company's product or service.
- Product or service features create the benefits that consumers buy to solve their problems.
- Marketers need to explain the benefits in marketing messages to target consumer needs.
- With every stage of the consumer decision making, consumers may require different type of information on the product features and benefits.
- The marketing plan should reflect a sound understanding of the customer base, product features and benefits and align them with the marketing objectives.
- Trend analysis, such as PESTLE analysis, enables marketers to gain an in-depth understanding of the impact of the external environment on consumer buying decision making.
- An internal analysis of marketing performance looks at the factors of marketing strategy and how consumers respond to it.
- To ensure that the organisation continuously meets consumer needs, marketers need to keep consumer profiles updated based on consumer research findings.

Learning Checkpoint 1

Evaluate drivers of consumer behaviour

Part A

1. Number each step from 1 to 5 in the order you would describe the consumer purchasing decision making process.

- Product choice
- Need recognition
- Evaluation of alternatives
- Information search
- Post-purchase evaluation

2. Which of the following elements are included in the organisation's marketing plan?
Tick all that apply.

- Recruitment strategy and objectives
- Market profiling
- Anticipated demand for product
- Marketing communication objectives
- Marketing budget

3. List three consumer characteristics that you can identify from a consumer profile.

4. Provide two examples of how the marketing plan can inform your product knowledge to help evaluate consumer behaviour.

5. List two examples of collaboration when implementing marketing strategies in an organisation.

6. Which of the following is an example of a consumer trend? Tick all that apply.

- Growth in online purchasing transactions
- Decline of discretionary income
- Growing demand for recyclable packaging
- Climate change
- Decline in sales of specific product options

7. Which of the following statements relate to analysing past marketing performance?

Tick all that apply.

- Tracking website traffic
- Evaluating B2B customer conversion rate
- Product sales per quarter
- Promotional budget increase
- Customer loyalty and retention

Part B

Read the case study, then answer the questions that follow.

Case Study

In Australia, the popularity of non-alcoholic drinks is on the rise. Research suggests that sales of non-alcoholic drinks has increased more than 83% in 2021 compared to 2020. According to the 2021 IWSR Drinks Market Analysis, the no- and low-alcohol market outperformed regular alcohol, which registered a volume decline of -1.4% over the year. IWSR forecasts that the no- and low-alcohol volume in Australia will grow by +16% 2020 to 2024. Anheuser-Busch InBev has set the goal of 20% of its total beer volume to be no- or lower-alcohol by the end of 2025.

Retailers are capitalising on the consumer trend for non-alcoholic drinks by launching non-alcohol wine and beer online stores. CheerDrink online superstore focuses on providing the best quality of non-alcoholic drinks. The company has conducted market research and identified that 90% of their target consumers drink but they are trying to consume less alcohol to lower alcohol intake. They identified a target consumer segment that they called "Soccer dads" who are really interested in Australian craft beers.

An increase of self-care and focus on wellness during the Covid19 were other driving forces behind the low- and no-alcohol intake. There is a range of non-alcoholic beers entering the market followed by wine makers who are refining their methods to make flavoursome wine after the alcohol is removed from the product. CheerDrink offers tastings, and product manager Poh says that customers are surprised how good the drinks taste. Now they are planning to open up 20 more bottle shops around Australia in the next 3 years. Large retailers are also expanding their non-alcoholic drink range to meet the increase in demand, with BWS and Dan Murphy's planning to offer 200 new products in the next year.

Case Study compiled from <https://www.abc.net.au/news/2021-05-02/bar-specialising-non-alcoholic-drinks-opens-melbourne/100109308> and <https://www.smartcompany.com.au/industries/retail/non-alcoholic-drinks-growth-australia>

1. Poh is preparing a briefing for her marketing team to update their marketing plan. Identify one consumer trend that Poh should highlight in her report.

2. Provide two examples of methods that CheerDrink used to investigate consumer trends.

3. Identify one industry trend that was impacted by changes of consumer behaviour, using the data provided in the case study.

4. List one example of the product knowledge that Poh needs to analyse their consumer's behaviour.

5. List the target market selected by CheerDrink and suggest one approach for profiling.



Topic 2 | Evaluate reasons for existing levels of consumer interest

- 2A Analyse consumer responses to marketing communications
- 2B Review data and determine consumer engagement and expectations
- 2C Assess organisational capability and respond to consumer demand

2A Analyse consumer responses to marketing communications

Marketing communications uses integrated marketing communication channels and tools to convey messages to the targeted market segment.

To evaluate how consumers respond to the organisation's marketing efforts, organisations need to compare the planned outcomes of the marketing communication strategy with the actual results.

The marketing plan identifies the marketing communication objectives and activities, which can then be used to analyse the post-campaign data to understand the impact on consumer purchasing behaviour.

Marketing communications concepts and processes

Effective marketing communication is about retaining existing consumers and increasing their investment into an organisation's services or products.

The marketing plan is the key document that outlines the organisation's marketing communications strategy. In addition to the market performance objectives measured in sales and market share, companies develop marketing communications plans that identify marketing communication objectives and activities.



There are four key components in the marketing communications framework:

- The **target market** identified by the organisation
- The marketing communication **objectives** related to reaching and impacting the target market
- The marketing communication **messages**
- Which are communicated through the selected **media channels**

Marketing communications objectives

Marketing communication objectives serve three key communication functions:

- Informing consumers about the products or services
- Persuading consumers to try or switch brands
- Reminding consumers of the product and service

Examples of the range of marketing communication objectives are included in the table below:

Objective to inform	Objective to persuade	Objective to remind
<ul style="list-style-type: none"> • To create awareness of products or services, for example, to increase brand awareness by 20% among the target audience • To announce new services, such as free delivery • To demonstrate the use of the service or product to encourage the consumer to try the product 	<ul style="list-style-type: none"> • To compare the benefits of the product or service with the competitive offerings and convince the target audience to try the product • To influence customers to try a new product or switch brands, for example, their internet provider • To persuade the audience to act. For example, to visit a store or a website for more information 	<ul style="list-style-type: none"> • To remind the existing customers for the need of the product, for example, to remind target customers to renew their membership or insurance policies • To remind the target audience of the features and benefits of the service to reinforce their buying behaviour • To repeat information about the product to ensure brand awareness

In addition to communication objectives, companies establish media objectives for the marketing campaigns, for example to:

- generate website traffic in the first week of the promotion
- increase reach by 20% of the target market on the social media platforms
- increase the engagement of the audience on social media by 20%
- increase return visits to the company's website by 30%.

It is important to remember that the critical function of marketing communications is to build relationships with the consumers. This can be expressed in marketing communication objectives, such as to create:

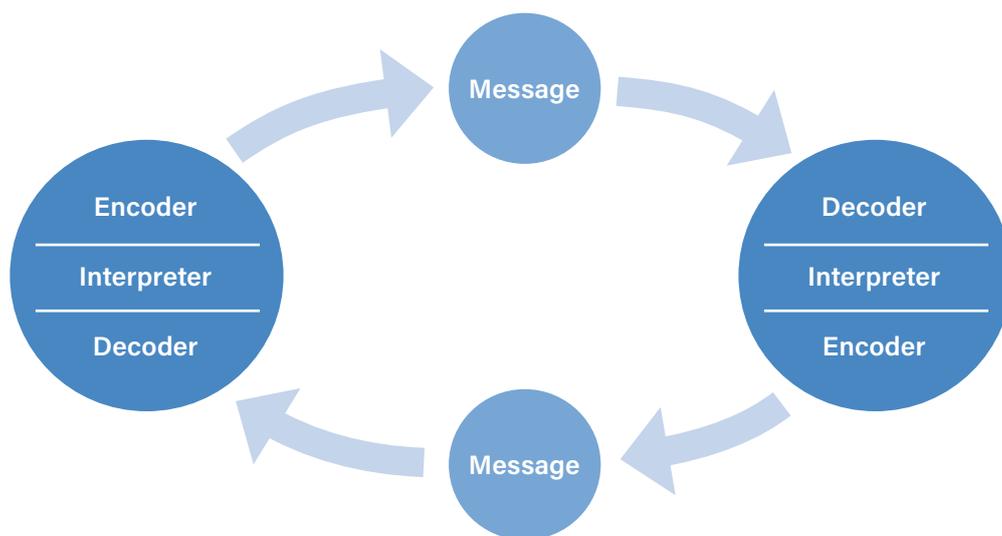
- top of mind brand awareness among 50% of the customer profile
- brand preference among the customer profile against the key competitors' offering
- brand loyalty among new consumers during the first year of subscription.

Marketing communication process

A common model of marketing communication process is based on the relationship between the Sender (Sponsor) of the marketing Message and the Receiver (the target consumer).

The traditional marketing communication channels like advertising use one-way communication, while social media channels engage the target audience and use two-way communication.

The communication model was developed by Osgood-Schramm and is illustrated below:



The model is based on the principle that the communication involves interpretation of the message by the audience, and that the message occurs in the so-called 'Noise' environment, where the Receiver may not be entirely focused on the processing of the marketing information.

This basic communication model is applied in a variety of marketing communication settings.

Marketing communication mix

Marketers use integrated marketing communications (IMCs) to create and maintain long-term customer relationships that satisfy consumer needs. IMCs are the activities that marketers use to plan, develop, execute, and evaluate marketing communications programs over time to targeted audiences.

Often concepts of the target market and target audiences are used interchangeably, however, in the marketing communication context it is important to note the differences between them:

The Target Market is the preferred segment of consumers sharing common product needs or buyer characteristics.

The Target Audience is a group of people engaged in a communication activity. They may or may not be product users but may influence purchase of use of service.

The target audience description is based on the consumer profile and includes its characteristics as well as motivation for buying.

Within marketing communications, the elements that marketers control are called the **promotional mix**. The table below describes the key elements of the promotional mix:

Advertising	A form of mass communication where the sponsor is clearly identified. It uses mass communication channels like TV, radio, print advertising such as magazines or outdoor billboards, internet banners and so on.
Sales promotion	All forms of marketing efforts to encourage immediate sales of the product. Consumer oriented promotions uses price reductions and price rebates.
Interactive marketing	A customer direct communication channel using the internet and mobile phones, making information easily accessible and measurable. Interactive marketing is a form of direct marketing, where information is sent directly to consumers.
Personal selling	The main purpose of personal selling is to educate customers and offer after-sales support.
Public relations	An organisational activity that develops goodwill between the company and its customers and promotes product exposure.

The term 'Promotional Mix' indicates that the organisation is using more than one element and combines the elements to achieve its marketing objectives. For example, advertising which is a one-way communication channel is usually integrated with interactive marketing campaigns on social media to engage the audience and build brand loyalty.

To implement IMC campaigns, organisations develop a media schedule that specifies the exact media to use for the campaign and the frequency of the message. Marketers need to consider which specific media (also called media vehicles) will be most effective for the identified consumer profile.

Consumer responses to previous campaigns

The final stage of the marketing communications process is the evaluation of the past marketing communication campaigns.

Marketers need to determine if the communications objectives were achieved and whether the communication messages are reaching the target audience. Some marketing activities are easier to evaluate than others. For example, the effectiveness of sales promotion campaigns is relatively easy to measure by sales volume over the limited period of time. Building brand loyalty by using integrated media is more difficult to evaluate as there are more than one component in play.

Components in marketing communication campaigns:

- The message: is the marketing message suitable for the consumer profile? Does it align with the consumers values and characteristics?
- The timing: is the message communicated at the right time? Is it reaching the target audience so that they can receive it and act on it?
- The media used: is the media channel or vehicle is well selected for this Consumer Profile? Are our consumers Instagram users or do they prefer receiving information via TV?
- The frequency of communication: is marketing communication sporadic or consistent? Is it realistic to achieve the objective with the number of scheduled activities?

To determine consumer response to marketing messages in media, organisations monitor their response during their marketing campaigns. A monitoring and evaluation of marketing activities should be included in the organisational marketing plan, and needs to be based on the method of collecting reliable information for the evaluation. For example, marketers need to compare the planned and the actual communication outcomes in response to marketing communications:

Marketing Communication objective	Planned outcome (projection)	Actual result
To inform 60% of target market of the new product and generate a new product trial among 20% of the target consumers	Awareness among consumers in greater Melbourne areas with a population of 1 million of the new products in supermarkets.	Increased awareness of the new product in supermarket. Over 70% of consumers reported they knew about the promotion. However, only 150,000 bundles were sold in supermarkets within the first 4 weeks.
Marketing activity	At least 200,000 have purchased a special offer within the first 4 weeks of the campaign.	
Consumer promotion activity using bundle pricing "buy 1 get 1 free" that includes a sample product. TV advertising used for media promotion.		

The actual result indicates the success of the marketing communications in terms of achieving the objective, however, may not clearly determine the reasons behind it. For example, what has caused a sluggish reaction to the sales promotion?

To get a clear picture of consumer behaviour in relation to the marketing communication effort, organisations need to:

- understand the consumer needs and expectations
- plan marketing communications using messages and media aligned with the consumer profile
- evaluate the effect of marketing communications on consumer behaviour.

The best method to collect information to be used for this analysis of customer response is to use research methods, such as:

- post-purchase surveys to measure customer satisfaction
- focus groups to investigate customer experience
- data analytics tools to measure engagement on social media
- tracking sales results for a specific service or product
- tracking response of email campaigns.

Marketers need to ask their consumers specific questions, such as:

- which media promotions or social media posts they have seen?
- how have these messages motivated them to buy?
- how was their perception of the product or service affected?

Examples of consumer responses may include:

- Preferred frequency of contact or engagement
- Preferred channel of engagement or contact (email, text messages, etc)
- Preferred range of product options
- Preferred payment or delivery method
- Options for receiving information on specific products or offers (sales, product range, promotions)

Example

Consumer response to marketing communications

Iona is a junior marketing executive in a lighting retail store, Illumina. She has just received a call from the sales team leader, Sally, who is concerned about the last quarter sales results. Sally is especially disappointed about the sales performance of the new product, a video conferencing light set, launched 3 months ago.

Iona calls a joint marketing team and customer experience team meeting to discuss the issue. In the meeting, the marketing team explains that the marketing communication objective was to create awareness of Illumina's new product using an email marketing campaign to the existing customer base.

Within the first 4 weeks of the launch, the marketing team used email tracking to analyse consumer response which showed that 80% of the email recipients received and opened the email. To the marketing team, this is a clear indication that the target consumers have a prompted awareness of the product, and this exceeds the marketing communication objective of building 50% awareness.

The customer experience team then shared their point of view on the communications campaign. According to them, at least 30% of the enquiries to the customer support call centre at the time were about the setup of the video conferencing light set. Consumers were expecting more support in adapting a clamping light into a plug-in USB drive which was not clearly explained, they said.

The customer persona developed by the marketing team profiled the target consumer as "a time poor executive", and the customer experience team argued that the low response rate to the email campaign was a result of poor messaging and insufficient customer engagement at the early stage of the product launch. The teams decided to work together in analysing consumer responses to marketing communication to meet consumer expectations.

Practice Task 5

Question 1

Draw a line to match each term about elements of marketing promotional mix to its definition.

- | | |
|----------------------------------|--|
| » Public relations | » A form of mass communication where the sponsor is clearly identified. |
| » Direct (interactive) marketing | » All forms of marketing efforts to encourage immediate sales of the product. |
| » Advertising | » A customer direct communication channel using the internet and mobile phones. |
| » Sales promotion | » An organisational activity that develops goodwill between the company and its customers and promotes product exposure. |

Question 2

Which of the following components of marketing communications are used to measure the consumer response? Tick all that apply.

- Marketing message
- Reach to the target audience
- Media channel
- Sales volumes
- Consistency and frequency of communication

Question 3

List two key functions of marketing communication objectives.

Question 4

Which of the following methods can be used to analyse customer response to marketing communications? Tick all that apply.

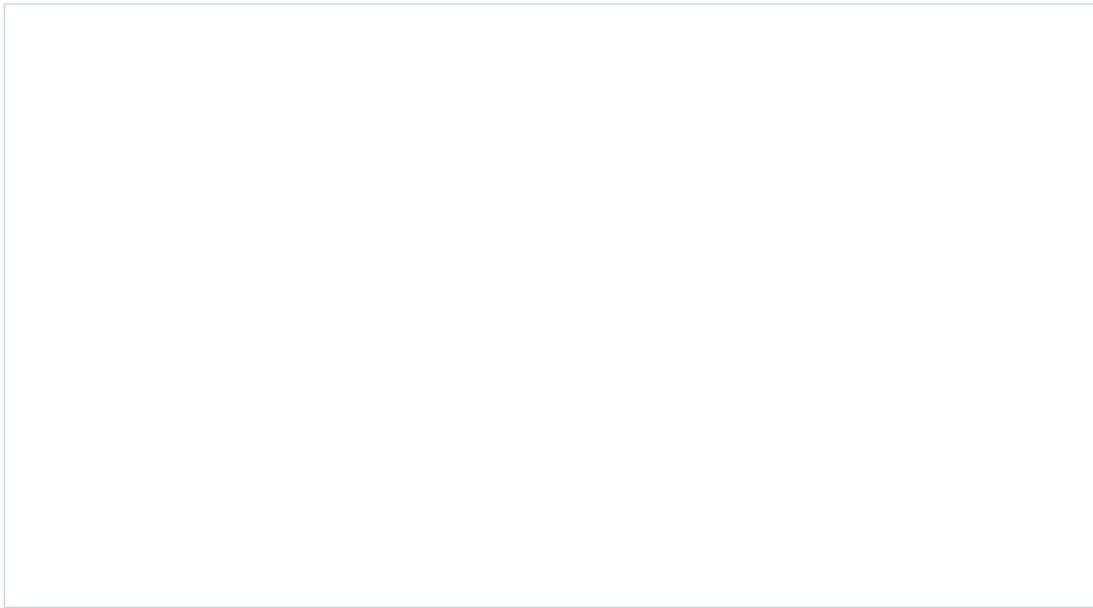
- Data analytics to measure engagement on social media
- Tracking response to email campaigns
- Testing product performance
- Tracking sales results
- Customer expectation surveys

Question 5

List two examples of potential customer response to a previous marketing communication campaign.

Question 6

List one example of how analysing consumer responses to marketing communications contributes to long term objectives.



2B Review data and determine consumer engagement and expectations

To determine the reasons for consumer interest in the product or service, marketers need to review and analyse data on the levels of customer engagement.

The data may include information collected during or after the marketing campaign, for example, record of customer interaction online. When a company launches a new product or service, the primary data may not be available. So marketers may need to collect information from secondary sources to identify potential consumer purchasing behaviour and motivation.

Primary research involves gathering data directly and includes methods such as interviews or surveys to investigate a company's problem at hand.

Secondary research involves relying on already existing data that has been collected for another purpose, and includes already published information where the method of research is sometimes unknown.

Customer digital footprint

Digital footprint information can be collected from data mining to identify information on consumer search history patterns. It can then be used for tailoring marketing communication messages to the specific interests of consumers. For example, if a consumer is frequently searching for a specific product ('office desk'), the keyword/s will be recognised by bots and will show ads across seemingly unrelated websites such as Facebook. This technique allows sites to collect the digital data and create a user profile, which in turn, allows marketers create audience segments based upon visitors that have similar profiles. This approach is called 'behavioural targeting' and enables marketers to create consumer interest with targeted communication.

Every time the internet user clicks on a website or 'likes' a post, they leave a digital footprint, which becomes valuable information for marketers. Consumers leave their unique set of a range of traceable activities and contributions on their digital devices.

Examples of digital footprints include:

- Website search and browsing history
- Text messages
- Photos and videos
- 'Likes' on social media (Facebook or Instagram)
- Comments and posts

Note that digital footprints include deleted messages and tagged photos, even those that were not intentional.

The trace of digital footprints raises ethical issues. For example, information is personally identifiable and can be traced to your real name. The main issues to be considered in relation to the consumer's digital footprints include privacy and data collection. Organisations need to adhere to legal and ethical responsibilities in accessing and analysing digital data for marketing purposes.

The Australian Government stepped up digital regulation of marketers in 2020, and consumers' digital data handling policies are constantly evolving. For more information on the insights of the ACCC (Australian Consumer and Competition Commission) findings read: aspirelr.link/ACCC-digital-regulation

Analysing relevant digital data

There are many tools and techniques to evaluate marketing communications and consumer interest using digital data.

Some methods of evaluation are listed below:

Online traffic statistics	<ul style="list-style-type: none"> ▪ Website statistics can provide data on the increase or decrease in visitors, and the types of visitors accessing the data. This allows the results of the marketing communications during a defined period of time. ▪ You can access statistics of social media platforms such as Facebook, Twitter or Instagram to check whether the audience uses the tools of engagement.
Use of coupons or codes	<ul style="list-style-type: none"> ▪ A direct response to a sales promotion can be measured by using coupons or codes when purchasing online. Consumers may or may not act on coupons because they are interested in the product during the promotion. ▪ You may also ask why consumers haven't used the coupon to get more feedback about their lack of interest.

Tracking email campaigns	<ul style="list-style-type: none"> Tracking how many emails were opened, or how long the recipient of the email spent with the email open. The software would enable you to determine how many people clicked on the links you provided.
Google analytics	<ul style="list-style-type: none"> Google Analytics provides statistics and tools for SEO (Search Engine Optimisation) and uses metrics to track interactions per visit, return visitors, page views, average session duration, and return visitor conversion or cost per conversion. The 'Audiences' tool in Google Analytics helps to identify users that can be grouped according to their attributes, and this is meaningful to businesses to explore consumer behaviour in response to the company's marketing.

Customer engagement review

Customer engagement is a process of interacting with customers through a variety of channels and developing stronger relationships with them.

Customer experience is a mix of cognitive, emotional and sensory responses during all stages of the consumer buying process. Customer engagement process begins with the first interaction or “touchpoint” and extends beyond the purchasing decision.

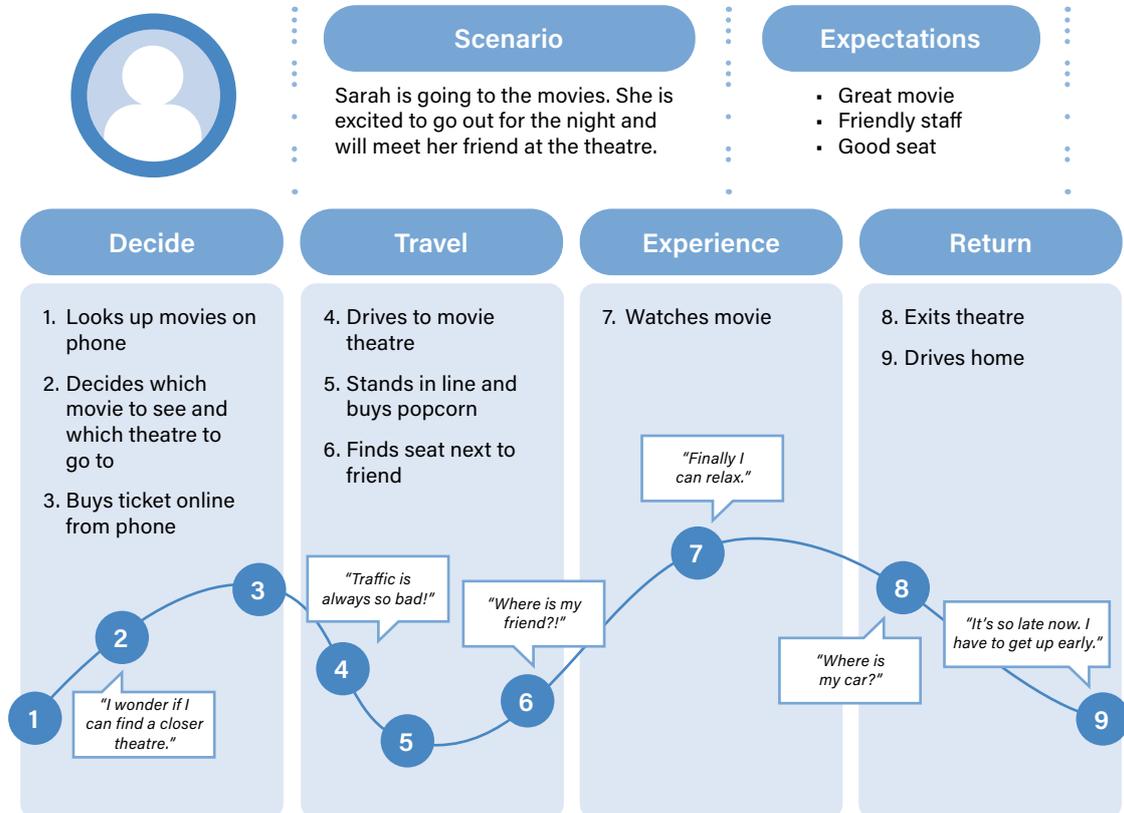
Research suggests that the average consumer now uses ten channels or touchpoints to communicate with businesses, and these touchpoints create complex customer experience processes. According to research from Salesforce, a global customer relationship management company, 80% of customers consider their experience with a company to be as important as its products. Consumers increasingly have the expectation to stay connected with the company or brand and be able to communicate in real-time. To understand changing consumer expectations and to meet their interests, desires and aspirations, organisations develop a process called customer journey mapping.

Customer journey map

A customer journey map is a visual story of the stages of a customer's journey towards purchasing the product. They are developed for each customer profile (or persona) that the company markets to.

For each mapping stage, there are challenges and hurdles to guide your customers. Firstly, the possible customer touchpoints are mapped out, starting from the initial customer contact with a salesperson or a social channel. The customer experience at each touchpoint should be included into the journey map, along with identifying what action the customer goes through and how the brand or organisation responds.

An example of a customer journey map is included below:



Source: <https://www.userinterviews.com/blog/best-customer-journey-map-templates-examples>

The customer journey map enables marketers to look at the product or service from the customer's point of view. It also allows companies to gain insights into customer pain points and improve their marketing communications.

- To read more on how to create customer journey maps, visit: aspirelr.link/customer-journey-mapping
- For more tips and free customer journey map templates, visit: aspirelr.link/lucidchart-customer-journey-map

Evaluating and reviewing customer expectations

Customer expectations are a set of ideas about a product or service that consumers hold in their mind.

For example, customers of internet service providers expect the internet service to be of consistent speed and without interruptions. Customers want these minimum expectations met for them to feel satisfied, and they may have other expectations that are not clearly expressed.

Companies need to deliver against tangible and intangible expectations. When customer expectations are met, customers are more likely to spend more after a positive experience. Understanding customer needs and exceeding their expectations becomes critical for the survival and growth of businesses and organisations.

Customer expectations are constantly changing, because:

- the power of consumers is increasing and they have plenty of alternative offerings
- technology makes it possible for customers to access online services and they have expectations of real-time service.

Research suggests the key trends of customer expectations are:

Personalisation	Customers expect personalised offers. 66% of customers expect companies to understand their personal needs for the product or service, for example, personalised shopping and styling.
Innovation	Customers expect companies to accelerate digital initiatives, especially during and after the Covid19 pandemic. This includes easy to use digital platforms, and 24/7 support across many digital channels.
Data protection	Customers expect companies to protect their digital and personal data. In 2019, 61% of the surveyed customers expressed the view that they have lost control over how their data is used. Consumers expect companies to invest in trust building.
Low-effort experience	Customers expect higher than minimum customer service standards and product performance, and that their problems or complaints are resolved promptly and effortlessly.

Based on Salesforce (2021) and M. Toor (2021) "Customer Expectations", Qualtrics.com

There are three key process steps to exceed consumer expectations:



To know your customer expectations, remember regularly to check in with your customers and ask questions about what they are looking for in your product or service. Visit online forums and social media channels, such as Facebook or Instagram, and read consumers' reviews and comments.

Collaborate with your customer service teams to remain knowledgeable about your target customer and update your consumer profile (persona) to see their experience through their eyes.

Apply the right metrics to measure their experience and align it with the desired marketing communication outcomes. The purpose of measurement is to understand what the consumer's interest and motivation is. Compare the digital footprint data with the customers feedback in the customer journey to design new marketing activities.

These actions will help organisations to improve their products and services, as well as marketing communication strategies.

Example

Digital data to determine customer engagement

Raj is a digital marketer working for a fresh juice company Juicy Smoothy. He uses Google Analytics to explore and analyse consumer behaviour in response to the company's past digital marketing activities. First, Raj needs to define his Audience based on the consumer segmentation for a new product line Fresh Pack. He is specifically interested in those customers who have purchased a Smoothy Fresh Pack during the last 12 months but not during the last two months.

Raj is aware of the prerequisites for acquiring the analytics: he needs to create his Audience first and publish the Audience to Analytics to enable Google Analytics reporting. The company has identified three different market segments, and Consumer Personas were developed for each segment.

Google Analytics Audiences report uses a range of metrics that help marketers to review consumer's digital footprints. For example, the acquisition metrics indicates the volume of website users and lets you know how well the audience works to get New Users (in percentage). The Behaviour metrics shows how well the website engages uses, and whether users are leaving after viewing a single page (Bounce Rate), whether they are browsing through the content, or whether they are spending more time on the pages that provide product information.

Raj is most keen to see the Conversions metrics that show whether users are completing transactions or generating revenue at the rate that JuicySmoothy aimed at. The analytics report suggests that the audience is delivering users in reasonable numbers, but they are not converting.

Raj analyses the data and identifies two reasons for the consumer response:

1. A disconnect between the ads they see and the site content
2. A technical issue that prevents them from converting

He decides to discuss it with his marketing manager to find out more about consumer expectations. This will help Raj to improve content creation and devote more of their marketing budget to bidding on ads for those users to increase conversion rate.

Based on Google Analytics Help, <https://support.google.com/analytics/answer/7162572?hl=en#zippy=%2Cin-this-article>

Practice Task 6

Question 1

Which of the following are examples of customer digital footprints? Tick all that apply.

- Website search history
- Customer product reviews
- Returning a product by mail
- 'Likes' on Facebook
- Unintentionally tagged photos

Question 2

Draw a line to match each digital tool with how consumer interest is measured for products or services.

- | | |
|------------------------------|---|
| » Google analytics | » Measuring increase or decrease of online visitors |
| » Email tracking | » Time spent reading direct communication |
| » Website traffic statistics | » Return visitors and session duration |
| » Use of codes | » Interest in sales promotion |

Question 3

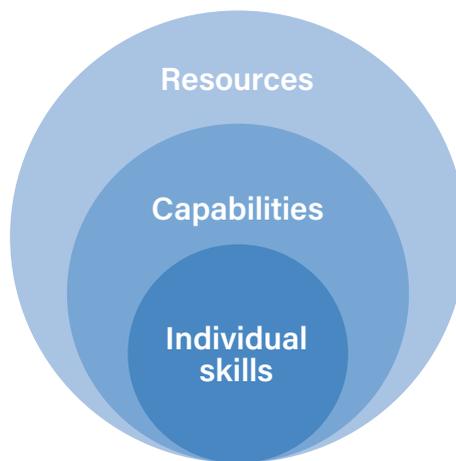
Draw a line to match each term about customer engagement to its definition.

- | | |
|-------------------------|--|
| » Customer expectations | » A process of interacting with customers through a variety of channels and developing relationships with them |
| » Customer Journey Map | » A mix of cognitive and sensory responses during all stages of consumer buying process |
| » Customer engagement | » A visual story of stages of consumer buying process |
| » Customer experience | » A set of ideas about a product or service that consumers hold in their mind |

2C Assess organisational capability and respond to consumer demand

To respond to consumer demand for products and services, organisations need to align customer expectations with organisational capabilities.

Organisational capabilities are an integral part of organisational resources.



Organisational resources include human resources, financial resources (monetary and capital), physical resources (materials) and information resources. Managers and leaders of organisations are responsible for acquiring and managing organisational resources to accomplish goals.

Organisational capabilities are intangible and include talent, collaboration, leadership, and other collective abilities.

There is no universally accepted list of organisational capabilities; however, most capabilities fall into the following areas:

Product development and manufacturing	To develop new products and services requires a strong research capability. For example, a pharmaceutical company developing new treatments requires a strong research capability of scientists and relationship in the medical community. Such organisation would also need to have a manufacturing capability to compete in the marketplace.
Innovation capability	Manufacturing capability may not be sufficient to maintain a competitive advantage without the capability of bringing new ideas to market. For example, Procter & Gamble has a strong manufacturing capability and constantly develops new products. Apple is also famous for their innovation capability and staying ahead of their competitors.

Customer relationship capability	Service companies need different capabilities from manufacturers. They need to manage large-scale projects, create and apply knowledge in a service-based environment. Most companies need to build their 'customer connectivity' capability to maintain customer relationships and loyalty.
Marketing capability	Marketing capability enables companies to create strong brand loyalty and builds on the customer relationships. The organisation often blends their creative and customer communication capabilities to develop impactful marketing campaigns.

Marketing capabilities

Organisational marketing capabilities are most relevant for assessing an organisation's ability to respond to consumer demand. These are developed by leadership by managing dedicated teams, researching the market, and analysing consumer preferences.

Every organisation may identify a different set of unique marketing capabilities; however, they can be grouped into three major categories:

Fundamental marketing capabilities	Transformational marketing capabilities	Strategic marketing capabilities
<p>Basic brand building skills that most consumer-focused companies have as operating standards:</p> <ul style="list-style-type: none"> ▪ Consumer insights to inform brand strategies ▪ Integrated marketing communication ▪ Brand management and planning 	<p>Capabilities that bring dynamics and transformations that require marketing teams to adopt new tools and introduce new ways of working:</p> <ul style="list-style-type: none"> ▪ Digital transformation ▪ E-commerce ▪ Creation of viral content ▪ Creating meaningful interaction with customers 	<p>Capabilities that create competitive edge and create competitive advantage:</p> <ul style="list-style-type: none"> ▪ Accelerating innovation ▪ Customer connectivity to create an impact ▪ "Premiumisation" or creating premium brand experience and high brand equity

To assess capabilities, the organisation needs to identify their key marketing areas (or accounts) and select metrics for evaluation. For example, viral marketing capability can be evaluated by the organisation's success in:

- creating visual content that reaches an audience larger than its target audience. This can be measured by data analytics
- creating emotional responses in the target audience so that consumers reshare social media posts. this can be measured by the percentage of re-shared information.

Consumer demand for product or service

Consumer demand for products or services is determined by consumers' willingness to spend on a particular product or service and pay a certain price.

Knowing the consumer demand can inform pricing and marketing strategies for businesses and may require marketing research. This may include industry analysis to evaluate industry growth and an increase in demand or assess potential factors of market slowdown.

In established product or service segments, consumer demand is based on the known consumer needs and is easier to predict and plan for. When launching a new product or service, companies need to explore market signals rather than hard-data evidence to respond to a potential demand for a new offering.

The key methods to explore market demand include:

- conducting surveys in social media networks to investigate how consumer communities respond to new ideas or whether they indicate there is a new need emerging. For example, at the start of the COVID-19 pandemic, the new consumer need for sanitisers emerged
- experimenting with new pricing or service variation to find out the customers' reaction. For example, adding a new turmeric flavour to take-away coffee for a limited time. This would require the business to actively interact with customers to capture the feedback
- observing the physical shopping environment and tracking digital footprints to identify trending topics and products on sites, such as Pinterest. This may offer insights into specific product features frequently sought by the target consumers.

To measure consumer demand, companies need to identify which factors they want to assess and select the metrics to measure them. For example, customer experience over time can be tracked using customer service surveys and digital footprint. Some more examples of assessing consumer demand for product information is included in the table below.

Metrics to assess consumer interest in the product or service:

- Increase of website traffic and "hits" within a period of time
- Increase of online enquiries for a specific product or service
- Customer calls about product specification or availability to call centres
- Feedback from customer service, sales team or sales reports

Assessing organisational capabilities to meet consumer demand

After evaluating levels of consumer engagement and interest, companies need to ensure that they have the organisational capabilities to match consumer demand for products or services.

A common method to assess organisational capabilities is to conduct a capabilities audit.

Below are the five key steps in the capabilities audit:

1. Decide the set of capabilities according to marketing objectives

This may include a specific department or geographic area for large organisations, however, for the purposes of consumer analysis, you may narrow down your audit. Identify marketing communication objectives and align critical capabilities to achieve these objectives.

For example, to build brand loyalty to grow repeat purchases, companies may select key capabilities such as:

- Customer connectivity
- Digital marketing
- Customer engagement capability

2. Gather data and information

Gather data for each capability, for example, conduct surveys or collect information on the current and desired capability performance.

Select metrics for measuring a specific capability, for example, number of returning visits to measure consumer interest in the product or service.

3. Identify consumer demand for product or service

From your consumer behaviour research, identify key factors that determine their purchasing decision making, for example:

- Interest in the benefits of subscription vs. pre-paid service
- The importance of free delivery service

4. Match organisational capabilities with consumer demands

Compare the level of the organisational capabilities with top consumer demands and identify gaps in marketing performance. For example, consumers' feedback may indicate they expect more customer service support or information on product use; however, the organisation may not have developed customer engagement capability to customer expectations.

5. Develop recommendations for actions to respond to consumer demands

Identify the requirements for improving marketing capabilities to meet customer demand and expectations. For example, the company may need to elevate their customer engagement on social media to respond to consumer demand for real-time customer support.

Following the organisational capabilities audit, companies need to review the resources required to meet customer demand for products and services.

The three key resources areas are listed below:

Financial resources	Human resources	Time resources
Monetary resources and access to borrowing to carry business operations. In marketing, financial resources for implementing marketing strategies are determined by the marketing budget and are included in the organisational marketing plan.	The people who make the workforce of a company with specific knowledge and skills. Individual talent, skills and expertise form collective organisational capabilities that are unique and difficult to imitate.	The time resource includes not only how much time the organisation allocates to a specific task but also how fast the organisation can mobilise their staff. A company may be able to borrow more or hire new people, however time is a limited resource and critical in business competition.

All three types of resources are interlinked and interdependent. For example, time resources are interdependent with staff availability. Financial resources are required to hire new talent or train existing staff when a gap in skills is identified.

To meet the consumer demand for a specific product or service, companies need to assess organisational capabilities and resources. For example, the organisation may need to redistribute resources or to reallocate staff to customer experience or sales teams to meet customer demand for a new service in a new geographic location.

Other actions that organisations take in response to consumer demand are:

- contract buying of merchandise of professional services (insurance, delivery, supply, etc.)
- modifying re-purchase of service or product components (scaling of internet capacity, spare parts for promotional pricing, etc.)

Assessment of the organisational resources and capabilities may be formalised in organisational policies and procedures. Some examples of organisational policies relevant to companies capabilities are listed in the table below.

Organisational policies and procedures:

- Organisational Capability Policy establishes guidelines for managing performance standards
- Customer Experience Policies manages customer service standards and feedback
- Human Resources Management policies and procedures are guidelines for managing staff and include compensation, training and development of staff and other working conditions
- Social media policy outlines how an organisation and its employees manage online interactions and protect organisation's reputation
- Marketing Management Policy and Procedure outlines key guidelines for marketing processes and use of funds in relation to sponsorships or brand reputation.

Example

Responding to customer demand for services

Home fitness is one of the industries that was positively impacted by the Covid19 pandemic and experienced rapid growth. With most gyms closed or capacity restricted, consumers were turning to home equipment, exercise bikes and personal fitness trackers to stay fit. The trend, however, is not showing signs of decline while post-covid economy recovers. The competition from personal trainers who are offering online fitness courses is increasing.

Daniel is a manager of the PowerGym chain. He reflects that although PowerGym has a stable customer base and has managed to maintain customer relationships in suburban areas, customer feedback surveys indicate a changing demand for gym services.

Daniel partners with the digital marketing agency DigitalMine, and requests a digital data analysis for Daniel's customer profile. The analysis suggests that Daniel's customers are looking for more digital transformation and integration and may no longer be content with the traditional face-to-face gym service.

Daniel conducts a capabilities audit for PowerGym and identifies that digital transformation capability in his organisation is low. There is an increasing gap between the customer expectations and what the company can offer, especially in integrating exercise apps with their personal service. Daniel needs to raise the issue with the senior management and discuss which financial resources can be allocated for the capability development to maintain the company's competitive position.

Practice Task 7

Question 1

Give three examples of organisational capabilities.

Question 2

Number each step from 1 to 5 in the order you would follow to undertake a capability audit.

- Match organisational capabilities with consumer demand
- Decide the set of capabilities, according to the marketing objective
- Identify consumer demand for products or services
- Gather data and information and select metrics for measuring a specific capability
- Develop recommendations for actions to respond to consumer demands

Question 3

List two methods to investigate consumer demand for products or services.

Question 4

Which of the following statements relate to the metrics to assess consumer interest in products or services? Tick all that apply.

- Increase of online enquiries for a specific product
- Increase of website "hits" within a period of time
- Consumer insights
- Number of comments in social media
- Increase of media spending in \$

Summary

- To evaluate how the consumer responds to the company's marketing efforts, organisations need to compare the planned outcomes of the marketing communication strategy with the actual results.
- The key four components in the marketing communication framework are the target market (audience) identified by the organisation, marketing communication objectives, the message and the selected media channels.
- Marketing communications perform three key functions: to inform the consumer, persuade them to try or switch brands and remind of the product or service to maintain their loyalty.
- Consumer responses to previous marketing campaigns includes a range of reactions such as engagement in social media, satisfaction of customer experience or increased interest in product or service.
- To determine the interest of consumer interest in the product or service marketers analyse consumer feedback and digital data.
- Consumer digital footprint is a trail of data created by the internet users and include website searches, comments and posts on social media, response to email marketing and other digital communication.
- Digital footprints can be measured by using Google Analytics and other digital analysis tools.
- Consumer engagement can be captured in a customer journey map, which is a visual analysis of all consumer 'touch points' in the purchasing decision making process.
- To respond to consumer product demand, organisations need to align their capabilities and resources consumer needs and meet their expectations.
- Organisational capabilities are intangible collective skills and expertise that is brought together to achieve organisational goals.

Learning Checkpoint 2

Evaluate reasons for existing levels of consumer interest

Part A

1. List three components in the marketing communication framework.

2. Which of the following statements are correct? Select yes or no for each one.

- | | | |
|--|-------|------|
| a) Organisations monitor responses to marketing messages to determine consumer response to communication | » Yes | » No |
| b) Consumer response to marketing must be measured against marketing objectives | » Yes | » No |
| c) Sales volume is the best criteria for measuring consumer response to marketing communication | » Yes | » No |
| d) To measure consumer response to marketing communications, organisations need to understand their needs and expectations | » Yes | » No |
| e) Identified consumer preferences for receiving information on product offers is not a valid response to marketing communications | » Yes | » No |

3. List two digital channels that are relevant to determining consumer engagement.

4. Identify two reasons for measuring consumer experiences.

5. Identify at least two types of marketing capabilities and provide one example of each.

Part B

Read the case study, then answer the questions that follow.

Case Study

Elle is a Marketing Manager in a food catering company KwikMeals. Over the last few months Elle undertook an extensive market research project to explore their consumers response to the launch of their new quick meals solutions. She also created a Customer Journey Map. Overall, the research showed that KwikMeals customers appreciate the quality of ingredients, but they prioritise the convenience of ordering online and expect no-fuss and speedy delivery.

The company is launching a new marketing campaign and needs to inform their target consumer about their new mobile App with real-time tracking. The app was developed by the IT team at KwikMeals.

Elle's strategy is to follow the marketing plan and focus on the established marketing objectives to build brand loyalty. The communication objective is to create awareness of the new service benefits to generate orders.

Her marketing assistant Anika has just started in the company and is enthusiastic about the job. She has many ideas, and one of them is to introduce new packaging to make it more colourful. Anika even came up with a new slogan "Put more colour into your lunch!".

Elle asks Anika to analyse the digital footprints on their website and social media and inform their consumers about the mobile app. Currently, Anika is the only team member assigned to this task due to a limited marketing budget.

1. Identify one marketing and one communication objective for KwikMeals.

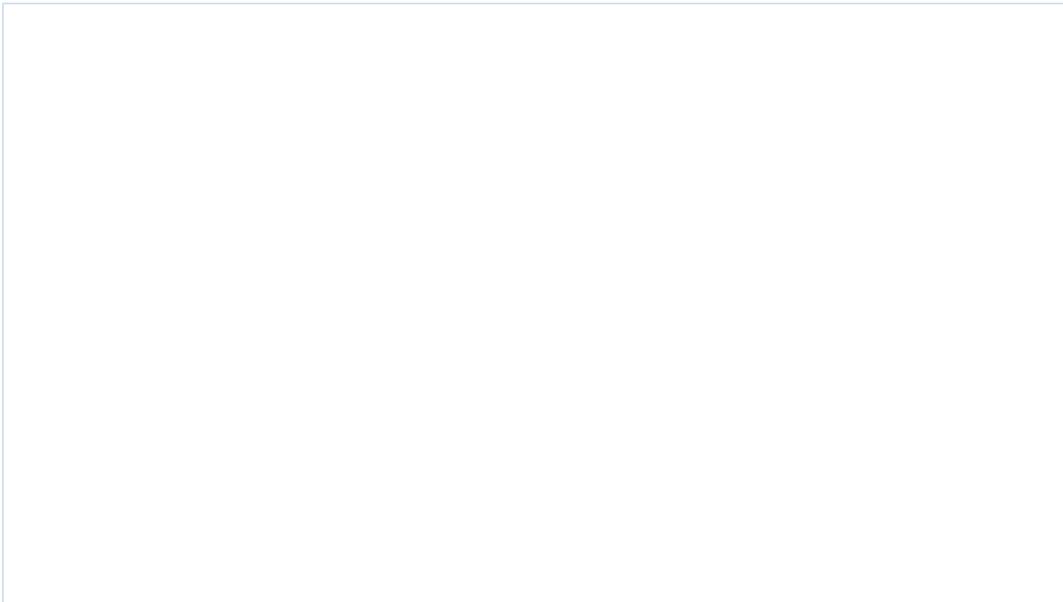
2. What should Elle say to Anika to respond to Anika's ideas about the new slogan and packaging for KwikMeals? Give at least two suggestions.

3. Give three examples of digital analysis methods that Anika can use to evaluate consumer's digital footprint.

4. Provide one reason why a customer journey map is important.



5. List two examples of KwikMeals marketing capabilities and how they are used to respond to consumer demand to services.





Topic 3 | Recommend marketing focus

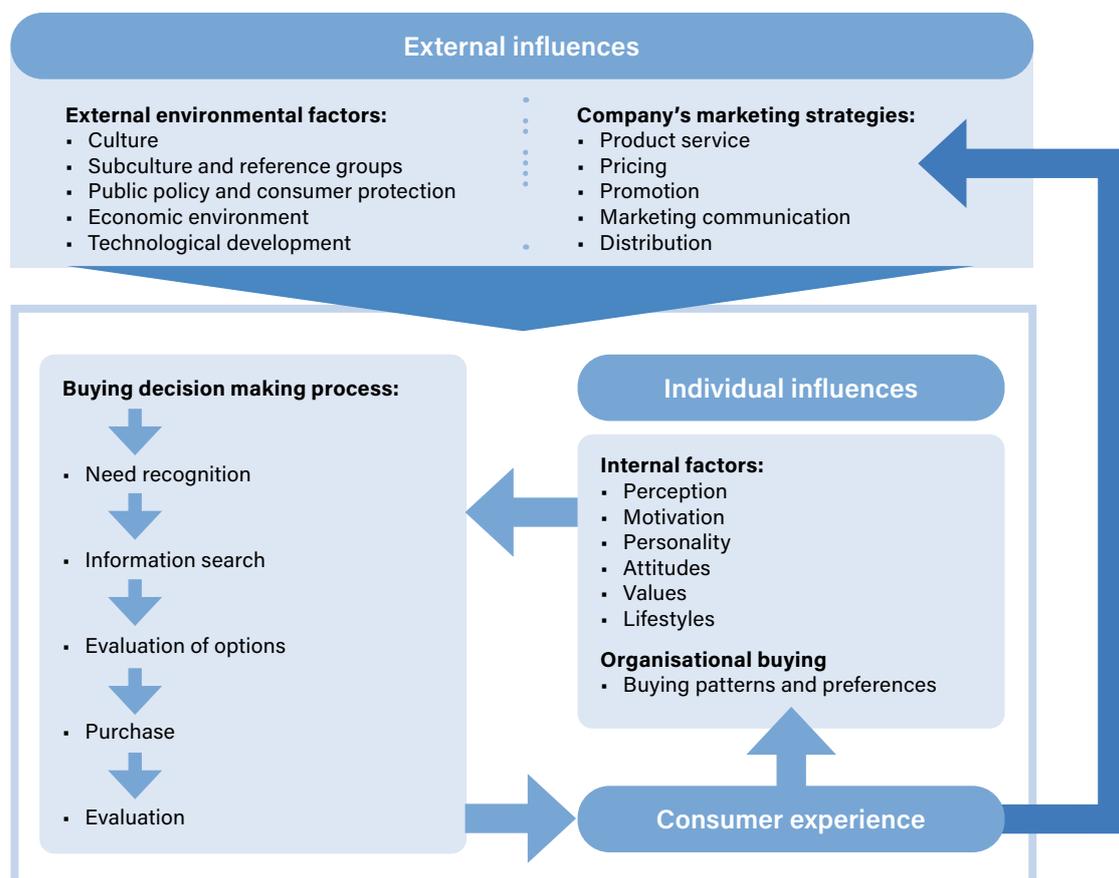
- 3A Outline consumer influences and present a rationale for marketing focus
- 3B Model consumer engagement in the digital marketing environment
- 3C Confirm marketing meets legal, ethical and budgetary requirements

3A Outline consumer influences and present a rationale for marketing focus

As consumer preferences are constantly evolving, companies need to understand this changing behaviour to design effective marketing strategies.

Consumer decisions are affected by external and internal factors. For example, organisations marketing strategies and macro-environmental factors impact on consumer's needs; while the post-purchase experience contributes to the consumer's perception of value, which then forms new purchasing habits.

A model depicting the environmental impact on the consumer decision making process is illustrated below:



Influences on consumer behaviour

Consumer behaviour influences are the factors that impact consumer purchasing decision-making as well as their post-purchase experience.

To produce effective marketing strategies, marketers need to understand what consumer behaviour influences are, and how they affect the processing of marketing communications.

Consumer influence factors can be grouped into three categories:

Internal	Social	Situational
<ul style="list-style-type: none"> ▪ Perception ▪ Motivation ▪ Learning ▪ Attitudes ▪ Personality ▪ Lifestyle 	<ul style="list-style-type: none"> ▪ Culture ▪ Subculture ▪ Reference groups ▪ Opinion leaders ▪ Social class 	<ul style="list-style-type: none"> ▪ Physical surroundings: ▪ Place (décor, smells, lighting music) ▪ Timing (time of purchase or time available for shopping)

Internal influences

We try make sense of information from the external world and interpret physical qualities of objects using our sensory system. Consumer perceptions affect their actions and buying habits, and marketers create and shape consumer perceptions to create brand value proposition and differentiate their products from competitors' offerings.

Consumers' buying behaviour is driven by the desire to satisfy their wants or needs, and marketers activate that need by messages tailored to the target market. Maslow's hierarchy of needs theory categorises consumer motives according to the levels of importance. For example, the need for survival is satisfied by food or shelter, and the need for self-actualisation can be expressed by purchasing status-indicating items, such as branded accessories. Needs-driven human activity never ceases, because new needs emerge when the old needs are satisfied.

Consumers continuously learn about new products and services, and due to this, their purchasing behaviour changes over time. Learning about products can happen deliberately or happen as the result of connections that form between events that they perceive. For example, positive consumer response may encourage marketers to create new product lines for the same brand to reinforce consumer's perception of quality of the brand.

Perception, motivation and learning influence how consumers receive and interpret information, however, the interpretation of the marketing communication message depends on unique consumer characteristics, such as attitudes, personality, age or lifestyle.

Depending on the nature of the product, consumers may be influenced by different components in their attitudes, such as emotions or desire to act. The consumer's response to marketing can be determined by their personality, such as being adventurous and willing to try a new taste, fashion or a test-drive. Consumers buy products that are extensions of their personality, and marketers tend to create brand personalities that appeal to different types of people, for example, when marketing perfume. Age can also be an internal influence of purchasing behaviour, therefore, marketing strategies appeal to different age groups, such as teenagers, or pensioners (such as Australian Pensioners Insurance for over 55s).

A lifestyle reflects consumers values and preferences for activities. Marketers often segment consumers based on lifestyle preferences, rather than age, using psychographic segmentation. For example, a growing emphasis on environmentally friendly materials feeds consumers need for recyclable packaging and influence their product choice. Consumers may share the same demographic characteristics (age or gender) only these do not reveal *why* they may be buying the same products.

Below is a description of key internal consumer influences:

Perception	Receiving information through our sensory system, eyes, ears, nose, mouth and fingers. Perception involves three vital processes: <ul style="list-style-type: none"> ▪ Sensation to the stimuli in the environment ▪ Selection of stimuli that we pay attention to ▪ Interpretation of the stimuli (what we hear, see, smell)
Motivation	Motivation is an internal state that drives customers to satisfy their needs. The fulfilment of those needs or wants can motivate them to make repeat purchases or switch brands, for example, switching to another internet providers with high internet speed. Needs can be stimulated by physiological condition (thirst), emotional arousal (dreaming of holidays), or rational thinking.
Learning	Learning is a change in behaviour caused by information or experience. Learning theories focus on how consumer behaviour changes by external events and stimuli.
Attitudes	Attitudes are lasting evaluations of a person, an object or an issue. It is a learnt predisposition to respond to a product (object or service) in a positive or negative way. Attitudes has 3 components: affect (overall emotional response), cognition (knowledge) and behaviour (intention to do something).

Personality	<p>Personality is a set of unique psychological characteristics that influences how a person responds to situations in the environment. Personality traits that are relevant to marketing strategies include:</p> <ul style="list-style-type: none"> • Innovativeness (willingness to try) • Materialism (emphasis on ownership of products) • Self-confidence (positive evaluation of their own abilities) • Sociability (the degree of enjoyment of social interaction)
Lifestyle	<p>A lifestyle is a pattern of living that determines how they spend their time, money and energy. Lifestyle reflects consumers' values, tastes and preferences for activities. It is very important for marketers to profile consumers in terms of their passion and how they spend their time and not merely on their age, gender or income.</p>

Social influences

Social influences incorporate social motives and the impact of other people around us, and these influence our purchasing decision making and consumption. Families, friends, co-workers may influence our purchasing decisions, and our close social environment is part of a larger culture or social environment.

Definitions of social influence factors are listed in the table below.

Culture	<p>Culture is the values, beliefs and customs practiced by a group of people. Cultural rituals or values impact on buying decision making.</p>
Subculture	<p>A subgroup in a larger culture within a society whose members share a distinctive set of beliefs, characteristics or common experiences.</p>
Reference group	<p>A collection of social role models who affect consumer behaviour and who become a point of comparison for an individual in forming general or specific values, attitudes and a guide for behaviour.</p>
Social class	<p>A division of members of a society into a hierarchy of distinct status classes, so that members of each class have relatively the same status, for example, relatively the same wealth, power and prestige.</p>

A consumer's culture influences their buying decisions. Cultural consumption patterns are demonstrated in consumption rituals, for example, weddings or celebrations. Cultural expectations are deeply engrained, and marketers adapt or modify their product offerings to cater to cultural values and norms.

Ethnic groups are subcultures meaningful for marketers in designing their marketing strategies, as well as other subculture groups such as bikers, vintage cars enthusiasts, vegans, wine connoisseurs, etc. For example, marketers promote products or services that appeal to a sense of identity such as vegan leather accessories, boutique wine club memberships, Chinese New Year Asian tea drinking ceremonies, and so on.

Subculture influence is closely linked to reference groups and opinion leadership of influencers. In purchasing and consumption decisions, individual consumers may seek information from and can be influenced by reference groups, such as virtual communities of travellers. Marketers attempt to use the influence of reference groups and opinion leaders to increase the credibility of their marketing communication message. For example, a celebrity endorser increases trustworthiness and positive perception of the product among the target audience. Social class membership can also serve as a reference group for the development of an individual consumer's attitudes and behaviours. Consumers may purchase certain products because they are favoured by their own or a higher social class (for example, luxury watches).

Situational influences

Situational influences are about the time and place of buying, i.e. when, where and how consumers shop. Physical surroundings and time pressures shape consumers' choices. Physical surroundings and factors such as décor, smell, lighting, music and temperature may impact on consumption.

In general terms, consumers can perceive their surroundings as dull or exciting, pleasant or unpleasant. For example, music in a retail store may impact on how much time consumers spend in the shop, while Starbucks has found using round tables encourages people to stay longer. Marketers use media to influence consumers, for example, the Sky Bus plays tourism messages during the 15 min commute from the airport to the Melbourne CBD.

Time of the day or season of the year is another important situational factor. Time is a limited resource, and marketers use responsive strategies such as hospitality drive-through or downloadable materials to save consumers' time.

Target marketing strategy

Instead of trying to sell something to everyone, companies select a targeting strategy on the basis of target market characteristics.

Most companies decide to target one or two customer segments and use separate marketing communication approaches for these different audiences. Such targeting strategy is called differentiated marketing.

Other common targeting strategies are concentrated and customised marketing, and are summarised in the table below.

Differentiated targeting strategy	Concentrated targeting strategy	Customised targeting strategy
A company develops products or services for each customer segment and communicates differently with each market segment.	A company focuses its efforts on one product or service to a single target segment. This strategy is often used by small companies with limited resources.	A company defines the target market and meets unique needs of consumers, for example, providing specific service options.

The marketing plan specifies the target market for the organisation’s products and services, and often includes a consumer profile (or persona).

Target marketing strategy is often referred to as STP strategy and can be illustrated by a three-step process that companies undertake: segmentation, targeting and positioning.



Positioning

Positioning is a target marketing strategy process aimed at influencing how a target consumer (persona) perceives a product or service in comparison to the competition. It is about differentiating yourself from your competitors and connecting with your consumers in a unique way.

Developing a positioning strategy entails gaining a clear understanding of the criteria that target consumers use to evaluate competing products and then convincing them that the company’s product meets their needs and wants.

Some examples of brand positioning are included below:

		
<p>A family friendly low-cost restaurant in the fast food business.</p>	<p>The new technology for new energy</p>	<p>Imaginative, innovative and creative technology</p>

For more examples, visit: aspirelr.link/brand-positioning

A company's positioning statement is communicated by creating a marketing appeal. The appeal is the central idea or an advertising idea and can be based on emotional or rational approaches

There are a range of creative strategies for communicating the appeal (or idea).

Examples of common creative formats to communicate the marketing appeal:

- Product demonstration to prove product performance (test drive)
- Testimonials by using celebrity or 'influencer' endorsers
- Slice-of-life advertising showing 'real' people using the product
- Humorous appeals to break through the communication clutter and draw attention
- Jingles or slogans as memorable devices (such as Mazda's 'zoom zoom')
- Using fear to highlight the negative consequence of not using the product (anti-dandruff shampoo)
- Sex appeal to connect the brand with the target market profile (advertising perfume)

However, the most important factor for developing the appeal is to base it on the key product benefit or advantage. This focused approach is called the Unique Selling Proposition (USP). It focuses on the consumer's need and how the product and service can solve it.

The USP is the foundation of a marketing strategy for any company or organisation, and it forms the foundation for all marketing communication content:

- Website landing pages
- Social media content, podcasts, etc.
- Slogans, keywords, messages
- Advertising

Note that the USP is based on positioning and is not the exact slogan or tagline. For example, BMW cars are positioned on their performance and German engineering, however, the advertising slogan the company currently uses is “The Ultimate Driving Machine”.

In summary, the success of a target marketing strategy depends on the organisation’s ability to profile the market, understand the perception of the consumer in relation to competitive offerings, and provide the reason why consumers will perceive the product as better than the competition. Companies need to align their products and services to a specific consumer market. Products should deliver benefits that the target consumer values at the price that the consumer will pay and correctly communicate the offer. Marketers also need to continuously evaluate their market’s responses and modify strategies as needed.

Target marketing strategy success factors:

- Segmenting the market and selecting the most suitable target consumer
- Developing their perception of the consumer based on the in-depth understanding the reasons of buying decision-making
- Developing the USP based on the unique brand benefits in relation to competitors’ products
- Delivering the value communicated for the price that consumers will pay
- Allocating organisational capabilities and resources to marketing activities to achieve objectives

Rationale for the marketing focus

To implement a marketing strategy, organisations need to research their target consumer, understand the impact of internal and external influences on their decision making, and align this with the key brand benefits.

Marketers should be able to explain their chosen marketing strategies by providing a clear rationale.

Below is a table with guidance questions that can assist in presenting the rationale:

How was the market segmented?	Explain the reasoning of segmenting the market. For example, why was geographic segmentation was selected rather than demographic? Why was gender-based segmentation decided on for mountain bikes and not lifestyle segmentation?
--------------------------------------	--

Why was this target consumer chosen?	Justification for choosing a specific target market and how the data about their purchasing decision making was collected. Explaining the insights into consumer influences on their consumption or purchase. For example, are these influences coming from peer pressure groups or are they lifestyle or values based?
What is the key benefit of the product or service?	Clearly identify the key benefits (USP) and how they differ from the competitor's offering, as well as how the target consumer perceives the differentiation and responds to it.
How is the USP communicated?	What is the marketing message communicated to the target audience and does the audience interpret it as intended? How do the selected media channels match the consumer's media usage behaviour? Do these marketing messages reach the consumer effectively?
How well does the marketing focus align with the marketing objectives?	How well does the marketing message reflect the USP? How effective are the marketing communication channels in reaching the target audience? How do the message and channels fit the communication objective? Are the target audience responses indicating that achieving the marketing objectives are on track?
How well does the marketing focus align with long-term organisational objectives?	How well does the marketing appeal fit into the values of the organisation? How do the marketing objectives fit the long-term organisational objectives, such as market growth or innovation?

In your rationale, remember to explain your consumer behaviour insights based on research of influences to draw conclusions about the suitability of the marketing focus.

Consider how the consumer's motivation influences their decision making, and which specific influences are most compelling.

- Motives for purchasing a new product may stem from the social influences, such as desire to be seen as a high status user (for example, purchasing an expensive car)
- The urgency of purchase may be influenced by an emergency situation or when a new buying situation emerges (for example, a wedding)
- Personal influences, such as lifestyle or values, may determine the product or service choice regardless of its price; for example, an environmentally conscious consumer may prefer an equivalent product in a paper packaging instead of plastic packaging

Present your rationale

In your role, you may need to present your reasoning to your marketing team and make recommendations.

This communication task is two-fold:

- You will need to structure the content.
- You will need to use effective presentation skills.

Key principles and guidance for your presentation are outlined in the table below:

Target audience of your presentation	Whom are you presenting to?
Presentation purpose	What is the purpose of this presentation and how is the information going to be used? By Whom?
Presentation format	Identify the presentation format: <ul style="list-style-type: none"> ▪ Written document in a report format ▪ Oral presentation using presentation aids ▪ Virtual presentation using digital tools and channels
Presentation contents body structure	The key message and the key points: Introduction Topic: Marketing strategy focus <ul style="list-style-type: none"> ▪ Target market profile justification ▪ Insights into consumer behaviour influences ▪ USP of the product and service ▪ Communication channel ▪ Message or appeal Recommendation
Communication skills	Using written communication techniques: <ul style="list-style-type: none"> ▪ appropriate grammatical structure of sentences ▪ language conventions that are appropriate (for example, whether to use metaphors or figures of speech) ▪ use of passive or active voice ▪ use of plain English (clear and concise messages) Using verbal and non-verbal communication techniques: <ul style="list-style-type: none"> ▪ Voice pitch and pace of talking suitable for the audience and environment ▪ Maintaining eye contact or using gestures for expression ▪ Listening and questioning to clarify understanding

Remember that non-verbal communication may impact the effectiveness of your oral presentation. Be aware of your body language and observe the body language of others.

The key aspects of non-verbal communication include the following features of body language:

Eye contact	Facial expressions
Enables the speaker to establish a connection with the audience and adjust the content or style if required.	A key non-verbal communication that expresses emotions such as excitement or confusion. Facial expressions come naturally and need to be read to ensure the engagement with the audience.
Gestures	Body movement
Using arms and the head to express meaning or reinforce key points. Can be misinterpreted in different cultural environment.	Body movement, such as leaning forward or moving close to a member of the audience, can support the communication message, or it can distract from it. Standing still may create an impression of boredom or anxiety from the speaker.

On some occasions, you may be required to work as a team and present your ideas to senior management for higher-level marketing management decisions. Advantages of working and presenting as a team include:

- Working together to articulate the marketing focus
- Allocating content according to a person's area of expertise, for example, social media planning
- Sharing ideas and the workload
- Collaborating and learning as a team

Example

Using consumer influences in marketing strategies

Bunnings Warehouse (Bunnings) is the leading home improvement retailer in Australia and New Zealand with a market share of 35.2% within the hardware and building supplies industry. In 2018, Roy Morgan research agency undertook large-scale research of Bunnings consumers, conducting face-to-face interviews with over 50,000 Australians in their own homes and 9,000 who shopped in the hardware store. Their research provided insights into the influences into consumer behaviour that affected their purchasing decisions, and it showed that 89.5% of Bunnings' customers were satisfied with the service provided.

Bunnings segmented the market and identified three key consumer segments: tradespeople, commercial businesses and DIY enthusiasts. The “DIY Enthusiast” consumer is mostly influenced by personality and lifestyle factors in their purchasing decision-making. They are adventurous, have a desire to innovate and are willing to try their hand at DIY home improvement projects. DIY customers are more likely to be influenced by situational factors when shopping in-store, as they are relying on expert advice before making their final purchase decision. However, all target groups are price sensitive and knowledgeable consumers who know what they want before they set their foot inside the store. This reflects the growing consumer trend towards pre-planned purchases among hardware customers.

Bunnings’s marketing focus is on providing customers with the widest range of products at everyday lowest prices. The rational pricing appeal is blended with experiential value added through employee participation. All Bunnings communication strategies highlight the price-beat guarantee policy, as it exists as a branding point of difference for Bunnings when compared to its competitors. Bunnings marketing activities reinforces the brand’s vision to “build the best” and earn the right to serve our customers tomorrow and into the future, and contribute to the primary business objective “to deliver a satisfactory return to shareholders”.

Compiled from Roy Morgan 2018, Guastelgname, 2018, “Bunnings communication strategy analysis”, Gardiner, 2019 “Smarter Shoppers in Hardware” and Westfarmers 2020 Annual Report.

Practice Task 8

Question 1

Draw a line to match each term about consumer influences to its definition.

- | | |
|--------------------------|--|
| » Internal influences | » The factors that impact consumer purchasing decision making and their post-purchase experience |
| » Social influences | » Physical surroundings and time pressures that impact consumer buying |
| » Consumer Influences | » Motives associated with the influence of others on purchase and consumption |
| » Situational influences | » Sensory interpretation of physical qualities of products that affect buying habits. |

Question 2

Which of the following relate to internal influences? Tick all that apply.

- The time of buying
- Motivation
- Attitudes
- Lifestyle
- Membership in a biker club

Question 3

Which of the following statements are correct? Select yes or no for each one.

- a) Companies do not target all consumers with their marketing activities. >> Yes >> No
- b) The aim of a customised target strategy is to meet specific customer needs. >> Yes >> No
- c) Positioning of a product or service refers to the location of the product or service. >> Yes >> No
- d) The USP is a creative format of communication. >> Yes >> No
- e) Profiling the market is not as important as a marketing appeal. >> Yes >> No

Question 4

List two key principles of developing a marketing focus.

Question 5

Give one example of how product positioning helps to achieve long-term organisational objectives.

Question 6

Give two examples of formats that you can use to present the rationale for a marketing focus.

Question 7

List two benefits working in a team to present a rationale for a marketing focus.

3B Model consumer engagement in the digital marketing environment

The digital environment has changed how consumers make purchasing decisions and interact with businesses. For companies, these changes create opportunities and challenges.

Digital marketing environment refers to any marketing effort that uses electronic communication or the internet. The most common digital marketing channels include:

- Email
- Social media
- Mobile apps and messaging
- Websites
- Blogs

There is a multitude of social media platforms like Facebook, Instagram, Twitter, LinkedIn, Pinterest and many new platforms that are emerging.

Research by global consultancy McKinsey suggests that consumer responses to Covid have sped the adoption of digital technologies by several years. In the Asia-Pacific region, this digitalisation was accelerated by 10 years, compared to 7 years globally.

For more details, visit: aspirelr.link/mckinsey-covid19-digital-transformation

The role of the consumer in the digital marketing environment

Digital footprints allow marketers to communicate with consumers in a personalised way and to intervene in their decision-making process.

In the digital space, consumers move back and forth between the decision-making stages, rather than follow a traditional linear process. Consumers are influenced by online technology, where digital marketing can intervene at any point of the customer journey. For example, a social media retargeting technique can alter consumer behaviour by intervening and redirecting them to the products that they browsed online and showed an interest in.

This is an interdependent relationship: while digital technology is changing consumer behaviour, consumer interaction is shaping digital marketing.

Therefore, the role of the consumer in the digital environment is transformed. Instead of being a receiver of the marketing message, the consumer becomes continuously engaged in customer-company interaction through email, messaging or social media.

Consumer engagement in the digital marketing environment is about encouraging them to get involved in experiences with your brand or organisation from the first point of contact throughout the consumer journey. Digital engagement involves interacting with consumers through digital channels to build relationships with the brand

Social media provides many opportunities for engagement. It involves proactive interactions online in the platforms that consumers frequently use to search for information or share experiences. By understanding consumer engagement, marketers can identify key social media strategies and create better interactions with clients.

Effective engagement results in brand loyalty and increased profitability.

Digital engagement interventions

Options for digital interventions include the following common approaches:

Personalisation	Using available consumer data to determine patterns in purchasing behaviour, and then direct specific content to customers at different stages of their customer journeys.
Real-time support	Building in live chat to observe and respond to consumer behaviour and inform their future consumer journey map. This technique helps to increase the relevance of future interactions.
Self-service options	Self-service options, including tools and services such as: <ul style="list-style-type: none"> ▪ Chatbots (Artificial Intelligence) ▪ FAQ knowledge base ▪ Multimedia resources
Connect across channels (omnichannel experience)	Using platforms that allow companies use real-time targeting. For example, Optimove platform considers consumer actions across all channels, allows communicate at a personal level and addresses customer concerns immediately.
Build digital community	Engage consumers by providing them a digital place (forum) that focuses on your product or service and allows them to interact with your organisation. Effective digital platforms post DIY tutorials and enable consumers to create their content, and answer questions. For example: <ul style="list-style-type: none"> ▪ Sephora Beauty Insider with nearly 5 million members aspirelr.link/sephora-community

Companies need to adapt to consumer needs and expectations. To enable meaningful engagement interactions, organisations must be well informed about specific media habits of their clients. This approach will help to drive engagement by providing valuable blogs, text messaging, videos and other digital content that is relevant to their needs in a timely manner.

Consumer feedback is crucial to the success of the digital engagement strategy. The feedback can indicate the triggers in consumer purchasing decisions and what drives their values.

Modelling engagement conversations

Social media is the best method of communication to demonstrate digital conversations and make genuine connections. Conversational marketing involves dialogue between a brand or company and its consumers.

Many of the consumer-company conversations are digitally mediated. Research suggests that almost 90% of consumers prefer communicating via messaging because it is fast, easy and feels personal. As consumers use mobile messages, conversational marketing can deal with routine inquiries or can route consumers to other service areas. The technology enables a more authentic interaction with consumers in real-time in many digital channels.

The goals of conversation marketing include:

Selling:

- Achieving higher conversation rates through offline channels provided by human interaction through chatbot

Speaking:

- Enabling enquiries to be resolved more rapidly than static web pages

Serving:

- Improving customer satisfaction ratings

Saving:

- Saving costs when fewer support staff interactions are needed

Experiencing:

- improving brand experience with personalisation

Adapted from <https://www.davechaffey.com/digital-marketing-glossary/conversation-marketing>

To engage with your target consumers and make them feel listened to and appreciated, you can use the following conversational techniques and channels:

Questioning

- Asking open and closed questions
- Asking probing questions for more information

Live chats	<p>Using conversational language conventions appropriate for the audience:</p> <ul style="list-style-type: none"> • Verbal expressions • Symbols • Emojis <p>Engaging in live conversations, such as:</p> <ul style="list-style-type: none"> • Q&A sessions are an opportunity for customers to ask questions in the moment using platforms such as Facebook Live or Twitter Chats • Messaging in real time
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Questioning for engagement

To interact with your potential or existing customers, ask them questions they want to answer.

- If you work for an internet provider, ask them about their use of the internet at different times of the day.
- If your company is selling professional cameras, ask the users about the settings that they use for dark spots, and so on.

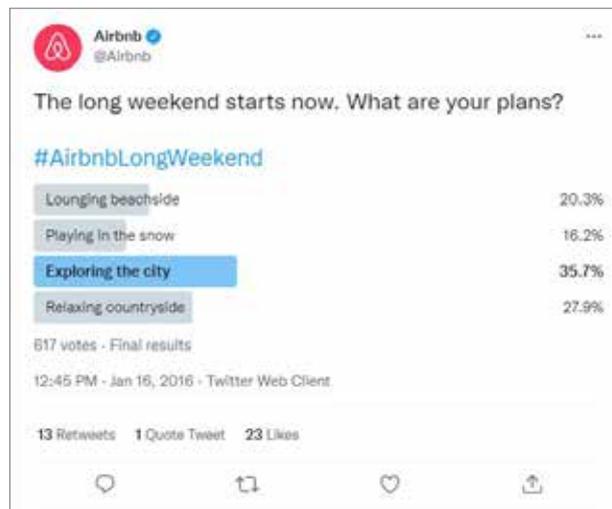
Heavy internet users will want to know about data speeds, and professional photographers will want to share their knowledge and advice.

The question type used influences the kind of response you will receive. Open questions are more effective in building interactive communication and rapport.

Closed questions	<p>Closed ended questions have a choice of 2 responses, for example, Yes/No or True/False</p> <p><i>Do you want to speak to a sales consultant today?</i> <input type="checkbox"/> Yes <input type="checkbox"/> No</p>
Open questions	<p>Open ended questions require a respondent to elaborate on their answer. They are used to probe for more information and usually start with <i>What? How? What else?</i></p> <p><i>Where do you want to fly today?</i></p> <p>Open questions can include scaling from 'strongly disagree' to 'strongly agree':</p> <p><i>I enjoyed my takeaway coffee today</i> 1 2 3 4 5</p>

To engage your audience, you can use an open question to ask a polling question. For example, if the company operates in a travel or hospitality industry, ask brand-related questions such as:

- *“The long weekend starts now. What are your plans?”*
- *“What’s the #1 travel destination on your bucket list and why?”*
- *“What three items would you bring to an island getaway?”*



For more tips on how to ask questions on social media, visit: <https://heyorca.com/blog/social-media-strategy/142-engaging-social-media-question-ideas-with-tips-examples/>

Visuals in text

Another effective method is including visuals into the online conversation. Visuals get viewed, “liked”, commented on and shared more than text-based posts.

For example, you may decide to encourage the audience to ask questions in a video post on Facebook Live, Instagram or Snapchat to create a human connection with the customers.

See an example below:



Source: Gary Vay-Ner-Chuk on Instagram

Live platforms

Q&A sessions is an opportunity for customers to ask questions in the moment using platforms such as Facebook Live or Twitter Chats. Customers want to be entertained, and marketers need to use appropriate language conventions for the target audience. Language conventions refer to written and spoken language used to express ideas and interact with others.

In digital marketing, conversational language features are often used to create personal impact. Remember that text complexity and use of vocabulary needs to match the audience's preferred language style to create impact.

Examples of language convention
Spelling, grammar and punctuation
Complexity of text
Features of language, such as sentence structures and vocabulary
Figurative language, such as using metaphors, irony, exaggeration and comparisons
Use of passive or active voice ("Product delivery was performed by our fulfilment team" vs. "Our team will deliver your order")

Empathy with the audience is the key. When marketers are empathetic, they are able to nurture and connect with the consumers on an emotional level and build the relationship.

To connect using text messages, you can use persuasive verbal techniques such as emotive words and phrases. Emotive words in marketing highlight a solution to a consumer's problem, such as "easy", evidence-based claim such as "proven technique", or phrases to ignite curiosity.

For example:

- "**Easy** dinner recipes for all family"
- "**Proven** technique to clean your bathroom in 5 minutes"
- "**New** collection in our product line"
- "**Want more** out of our new delivery service?"

In digital conversations, marketers use symbols # and @ to make it easier to engage in more strategic conversations. See an example below.



The Hashtag #	The User Tag @	Use of Emoji
# allows contribution to conversations that other users may be having about a topic or sharing their thoughts	@ allows communication with a specific user in the network, for example, on Facebook, Instagram or LinkedIn.	Pictograms, logograms, ideograms and smileys used in electronic messages and web pages to express emotions in a visual way

Some brands use Emojis in social media marketing to attract attention, stimulate interaction and enhance the experience of consumers. For many, emojis express more than words and help to substitute the missing tone of voice, body language or facial expressions in written communications.

For internet users, having access to emojis conveys the emotions that are difficult to put into words. They can also enhance communication when customers do not speak the same language.

For marketers, emojis can increase engagement in conversations and help to connect with the target consumer.

Research shows that:

- Using emojis on Twitter updates can increase engagement by 25%
- Using emojis on Instagram increases engagement by 48%
- Facebook posts with emojis received 57% more likes and 33% more comments and shares

Emojis can be used to encourage consumers to ask questions in a fun way. See examples below:

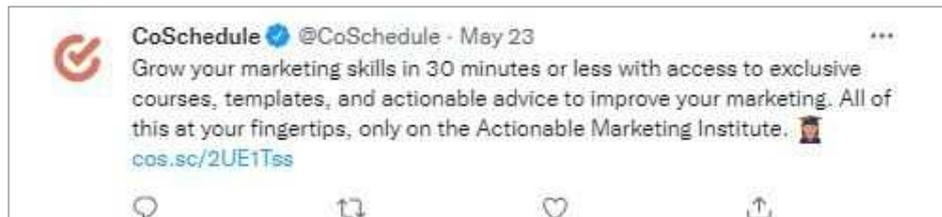


Many consumers use emojis in their product or service reviews, which helps to attract more consumers. While engaging consumers on social media, marketers need to be able to interpret emojis used by the audience and respond to their expressed emotions.



Content ideas for digital engagement

An effective approach to engage consumers in digital conversations is to share digital content and use it as a base for questions and feedback.



Topics for conversations may include current events and asking your audience on social media their opinion on the topic. For example, if your organisation or brand is sports-related, you may want to ask consumers how they feel about the AFL finals or the Olympics. This would help to engage them in the conversation and build relationships with your organisation, growing long-term brand loyalty.

Ideas for sharing content on social media include:

- Sharing the company's blog on social media platforms. Make sure the content connects with your target audience.
- Posts showing your company's culture and talking about the company's purpose.
- Industry news, sharing something that your consumer may be interested in
- Content of others that is relevant to your organisation or products
- Quick tips and advice
- Contests, encouraging consumers to participate
- Starting conversations with industry leaders or influencers
- Sharing links to resources, such as DIY ("Do it Yourself") videos

To deliver consumer engagement outcomes in digital marketing environment, marketers need to ensure that the messages are consistent with the marketing communication objectives outlined in the marketing plan.

Remember that effective consumer engagement techniques are based on empathy with the consumer using their language style and visual cues that communicate emotion and build relationships.

Communication skills

To effectively contribute to the marketing strategy and work with the team, you will have to use your interpersonal communication skills.

You may need to clarify the communication objectives for digital marketing activities, as well as clarify responsibilities and functions in your marketing team.

This will help you to avoid misunderstandings, reduce errors or resolve conflicts, and build trust. To do this, you will have to use your communication skills:

Active listening skills	Questioning skills
Active listening help to provide clarification, as well as resolve potential misinterpretation of what was said. This is by listening to both the words and intonations and observing body language.	Questioning is used to obtain information, as well as clarifying or checking for understanding of specific details.

Active listening is about listening and giving responses to acknowledge the person who is talking. For example, using verbal nods (such as *“Ah”*, *“I see”*), using short phrases and encouraging to continue (*“This is a great selection, what else do you like?”*) or reflecting back (*“I understand this task is almost done”*).

Questioning includes asking open-ended questions to gain more understanding, such as for the task ahead (*“What are consumer preferences in delivery?”*). While closed-ended questions can be effectively used for checking-in during a progress report meeting, for example: *“Does anyone have questions about the brand positioning before we discuss implementation?”*

When working in a team on a marketing activity, you may need to gain clarity or follow up on some activities in progress. Probing questions are suitable for clarifying, double-checking or narrowing down the options. For example, *“Out of these media platforms, which one is most suitable for our consumer Persona to communicate about the new offer?”*.

Paraphrasing comments or questioning back helps to ensure that your team members or consumers understood your message (for example, *“Would you like me to reconfirm the order?”*)

Example

Modeling digital engagement conversations

Rita is a social media coordinator in a small company Country Gift, which sells prepared gift boxes to individual and corporate consumers. The company uses only Australian regional produce and is proud to be able to help clients to find the right gift with provenance.

Social media and customer engagement is critical for Country Gift's success, and Rita sees the role of consumer not merely as an end-user but as a member of a community passionate for local produce. Building customer relationship is a core strategy for CountryGift operating on a small budget.

Rita uses two key digital platforms, Instagram and Facebook, because they are the two main digital channels used by the company's individual and corporate customers. She interacts with the audience on Instagram by posting occasional motivational quotes such as *'Don't wait for opportunity... create it'*, but her most successful conversational strategy is using questions, for example *"Are anyone else dreaming of an escape? We're keen to hear where you'd love to be right now?"*. Combining questions with stunning rural images generates emotional response from the audience *"I wish I was there"*.

To gain support for small their business Rita uses Facebook and encourages customers to participate in online retailer awards and win Qantas points *"VOTE AND WIN! Want to add 250,000 @qantas points to your wallet? Vote for us and support small business, and you could also win a holiday!"*. She adds emojis to express emotion and connect with their audience.

Practice Task 9

Question 1

Which of the following statements relate to the digital marketing environment? Tick all that apply.

- Email promotion campaigns
- Mobile app messaging
- Cold calling
- Blogging
- Tweeting

Question 2

Which of the following statements about consumer behaviour in the digital environment are correct? Select yes or no for each one.

- | | | |
|--|-------|------|
| a) In the digital environment, the consumer decision-making process is no longer linear | » Yes | » No |
| b) Digital marketing intervenes at any touchpoint of consumer journey. | » Yes | » No |
| c) Digital interventions should make consumers adapt to company's processes | » Yes | » No |
| d) The aim of conversational marketing is about communicating company's USP to consumers | » Yes | » No |
| e) Questioning techniques are critically important in digital interventions | » Yes | » No |

Question 3

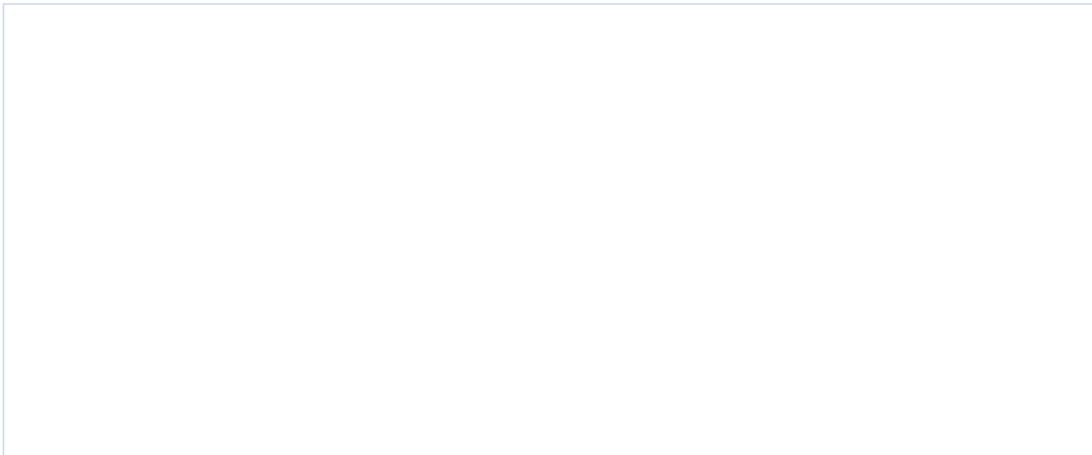
Give two examples of digital language conventions commonly used in customer engagement online.

Question 4

List one example of an effective use of questioning technique for consumer engagement.

Question 5

List three interpersonal communication techniques that will help you to work with the marketing team on digital interventions.



3C Confirm marketing meets legal, ethical and budgetary requirements

Companies must ensure that all marketing practices demonstrate integrity and meet the legal, ethical and organisational requirements.

The term 'legal requirement' refers to any law or regulation issued by a government authority. 'Unethical behaviour' are actions that do not meet acceptable standards of business practices. In an illegal activity, the decision-making factor is the adherence to the law, while an unethical action may be against morality but not against the law. For example, exaggerating customer positive feedback may be not against the law but is unethical.

Ethical requirements

Unethical marketing focus can send wrong signals about the organisation's products and services and damage company's reputation.

The first step to ensure that the marketing strategy meets the legal and ethical requirements is to identify and recognise unethical practices.

Common examples of unethical marketing practices to be avoided are included into the table below:

Making exaggerated or unverified claims	To compel consumers to buy their products or services, some companies use exaggerated statements about product benefits. This is common in the weight loss industry where brands can promise easy and fast results or health benefits.
Distortion of facts	Some companies use potentially confusing claims about the products, for example, saying that the product is sugar-free, although the product may contain unprocessed sugar or a sugar substitute, such as maple syrup.
Concealing side effects of products or services	Making claims such as "made from natural ingredients" implying that such products will not have side effects on consumers. However, these products may have side effects in a prolonged use. It would be more ethical to make a statement that there are no known side effects.
Demeaning messages or images	Using sex appeal and images of nudity to attract attention to the product or service without relevance to the brand's key benefits.
Fear tactics	Putting consumers under pressure to boost sales by saying that this is a limited-time offer or urging them to buy, by stressing the limited availability when it is not accurate.
Plagiarism and imitation	Copying and imitating competitors' creative execution and marketing messages.

In Australia, the advertising and marketing industry is self-regulated and is managed by the AANA (Australian Association of National Advertisers) policies and Code of Ethics. Self-regulation is a system by which our advertising, marketing agency and media industry set voluntary rules and standards of practice that go beyond their legal obligations.

In Australia, the self-regulation system operates to the highest governance and integrity standards, delivering for all in the marketing industry and for the Australian community.

The aim of AANA's self-regulation is to maintain high ethical standards and ensure consumer trust and protection.

AANA collaborates with associations and regulators, such as:

- ADMA (Association for Data-driven Marketing and Advertising)
- Australian Food and Grocery Council
- Brewers Association
- Media Federation of Australia

Marketing codes of practice are defined by ADMA. They aim to minimise the risk of breaking legislation laws, by promoting a culture of best practice in data-driven marketing. The ADMA Code of Practice guides companies to make responsible decisions about data, technology, creativity, content, and customer experience.

Some of marketing tactics fall in the 'grey area' of ethics and can be controversial, especially in digital marketing. For example:

- **Online spamming.** Email anti-spam laws require companies to obtain the receiver's consent, identify the sender and contain an 'Unsubscribe' facility. The definition of 'consent' is problematic, however. Finding a consumer on a shared directory does not constitute a user's consent, the consent must be expressly stated.
- **Consumer data collection.** Facebook and Google have received backlash over privacy issues and the Australian Government has reviewed privacy regulations to protect consumers. Australian privacy law sets out what personal information companies can collect, however, what the interpretation of data that "is reasonably necessary for their work" is being argued. Companies may argue they need consumer data to analyse their purchasing behaviour.
- **Comparative advertising.** Where a product or service specifically mentions a competitor by name for the purpose of showing why the competitor's product is inferior.

Companies must ensure that their marketing strategies meet ethical guidelines. This applies to:

- The marketing focus (brand positioning and the USP), including the marketing message or tagline
- The target consumer
- The media channel used (advertising or social media platforms)

Sometimes it is challenging to prove that the marketing focus or consumer appeal is illegal. When a company designs their marketing strategy focus around the superior quality of the product, it is difficult for consumers to argue against the claim if evidence-based data about the brand is not accessible. The same may apply to brand positioning based on a low price. For a consumer to prove that the product is sold for “50% off from before”, a consumer must have evidence of “before and after” product price. Such practices are unethical, although it may be difficult to prove they are illegal.

Examples of ethical guidelines established by AANA and ADMA are listed below:

Guidelines for ethical marketing strategies:

- Alcohol advertising cannot target young people under 25 years of age, and cannot promote alcohol as a mood booster, therapeutic solution or contributor to success.
- Marketing communication to children must not use popular personal or celebrities to endorse, or recommend or promote products in a manner that obscures the distinction between commercial promotion and social media content.
- Weight loss product marketing focus should not be based on unsubstantiated claims, such as health benefits
- Advertising should not employ sexual appeal where images of minors are used or in a manner which is degrading to any individual or group of people

More information on the ethical and legal responsibilities in marketing therapeutic goods, visit: aspirelr.link/tga-advertising-requirements

Legal obligations

Making unsubstantiated claims in brand positioning statements or advertising slogans is one common area where companies fall short of meeting their legal obligations.

Volkswagen had used an environmentally friendly marketing focus for its diesel vehicles. In 2016, a lawsuit was filed against VW which claimed that the car company had deceived customers by promoting its “Clean Diesel” vehicles. In 2015, it was exposed that VW had been cheating emissions tests on its diesel cars in the US for seven years and were selling more than 550,000 cars based on false product claims. (businessinsider.com)

Organisations must comply with legal obligations in planning and implementing marketing strategies.

Examples of legislative requirements that apply to marketing strategies are listed in the following table:

Work Health and Safety Act 2011 (Cth) and state WHS Acts

The WHS Acts provide frameworks to protect the health, safety and welfare of all workers. It also protects the health and safety of all other people who might be affected by the work. WHS impacts many aspects of marketing activities, such as public events or trade fairs. For example, the safe use of electric equipment, including wiring and extension leads, ensuring there are evacuation procedures from the venue, and not exceeding capacity of attendees

Privacy Act 1988 (Cth)

All personal information must not be made public or used for marketing purposes, including digital marketing, without the consent of the individual. Distribution of information or promotional materials should protect privacy (for example, contact details or images).

Anti-discrimination Acts

Anti-discrimination Acts such as the *Commonwealth Age Discrimination Act 2004*, *Racial Discrimination Act 1975*, *Disability Discrimination Act 1992* and the *Sex Discrimination Act 1984* ensure that all written, verbal and nonverbal interactions are free from derogatory, abusive and harmful words relating to age, race, gender, abilities or sexual orientation.

These legislations impact written and oral language used in marketing communications, selection of images, and portrayal of social or racial groups in advertising.

Copyright Act 1968

Copyright refers to the legal right of the owner of intellectual property. It applies to reproduction and work such as visuals, sound and text, and requires seeking authorisation to reproduce such work. Images and citations need to be correctly attributed to the authors. Copying advertising slogans or images to promote products and services can be prosecuted.

Australian Consumer Law (ACL)

The law deals with competition, fair trading and consumer protection. It states that organisations must not mislead or deceive clients, hinder legitimate competition, make false claims or use bait pricing.

Under the ACL, consumers have specific rights regarding of any other warranty provided by a manufacturer. It also requires that manufacturers give a warranty to goods or defects for a certain period of time. Promoting extended warranty (which is above the consumer guarantee rights) as manufacturer's warranty as a unique feature is illegal, as manufacturer's warranty are required by law.

The ACL guarantees that all goods and services match the description, sample and demonstration model, do not have undisclosed securities, and other provisions.

Organisational requirements

Organisational requirements refer to operational systems, processes and standards to assure quality of product or service. Examples of organisational requirements include but are not limited to:

- WHS processes and procedures
- Confidentiality and security requirements
- Resourcing procedures and policies
- Service standards

The key document that guides organisational ethical behaviour is a Code of Ethics or Code of Conduct.

Code of Conduct (Code of Ethics)

A set of rules, behavioural norms and practices that are unique to the organisation. The Code defines how employees should act on a daily basis and reflects core values and culture of the organisation. Code of Conduct defines communication processes and is consistent with antidiscrimination, copyright and privacy legislation.

Budgetary requirements

Financial resources for implementing marketing strategies are determined by the marketing budget and included in the organisational marketing plan.

To implement marketing strategies and to achieve their marketing objectives, companies need to assess their resources, this includes:

- Human resources (talent, skills and expertise)
- Financial resources

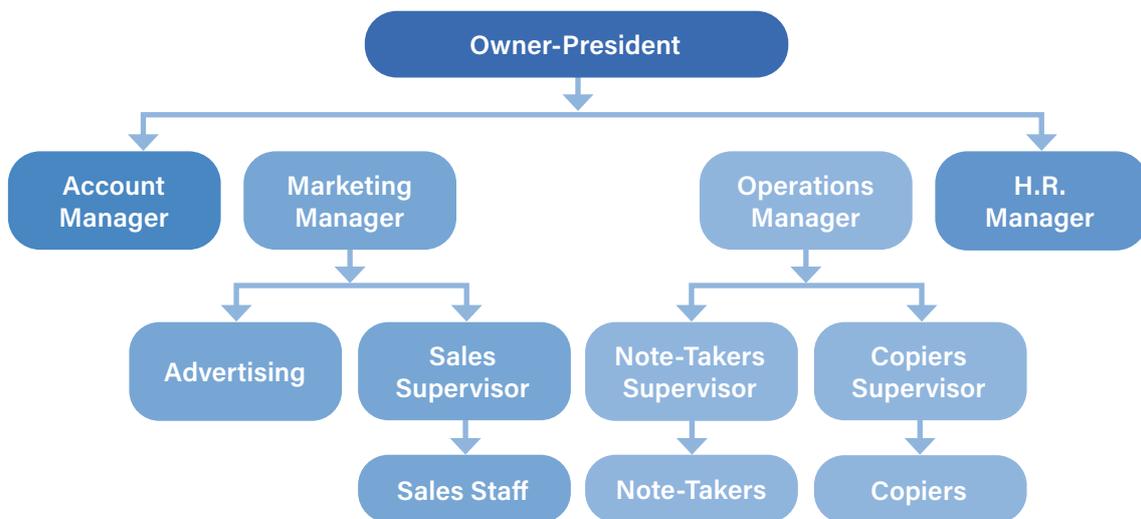
The marketing budget outlines all the money the business plans to spend on marketing activities and includes expenses such as:

- Web content development
- Software (such as marketing automation)
- New marketing staff
- Consumer research

Below is an example of a monthly marketing budget:

MASTER MARKETING BUDGET						
[COMPANY LOGO]						
	Jan-19		Feb-19		Mar-19	
	Budget (\$)	Actual (\$)	Budget	Actual	Budget	Actual
Market Research	60.00	40.00	60.00	90.00	60.00	40.00
Owned Media (Blog)	20.00	20.00	20.00	0.00	20.00	10.00
Video Advertising (YouTube)	160.00	130.00	160.00	100.00	160.00	270.00
Social Media Advertising (Facebook)	40.00	36.00	40.00	50.00	40.00	32.00
Marketing Platform (HubSpot)	50.00	50.00	50.00	50.00	50.00	50.00
Creative/Design Software (TBD)	20.00	20.00	20.00	10.00	20.00	0.00
Recruitment (Freelance)	40.00	40.00	40.00	40.00	40.00	40.00
Recruitment (Full-Time)	8,300.00	9,100.00	8,300.00	9,100.00	8,300.00	9,100.00
Hardware	150.00	150.00	150.00	150.00	150.00	150.00
TOTAL	\$ 8,840.00	\$ 9,586.00	\$ 8,840.00	\$ 9,590.00	\$8,840	\$ 9,692.00

To ensure that the marketing focus of appeal has the required funding and access to budgetary resources, you may need to seek budget confirmation from your marketing manager. Depending on your organisation’s marketing department structure, you may be reporting to the Marketing Team Leader or Manager.



Source: <https://www.ozassignments.com/solution/hi5017-managerial-accounting-paper-editing-Services>

You will need to work within your department or team structure and follow relevant marketing procedures.

To evaluate how the marketing focus developed to appeal to target consumers meets the budgetary requirements, access organisational procedures and consult with your marketing team.

Examples of organisational policies and procedures related to marketing activities:

- Organisational Capability Policy establishes guidelines for managing performance standards
- Customer Experience Policies manages customer service standards and feedback
- Human Resources Management policies and procedures are guidelines for managing staff and include compensation, training and development of staff and other working conditions
- Budget and Financial Policies and procedures clarify the roles and responsibilities for essential budget management activities and decisions
- Marketing Management Policy and Procedure outlines key guidelines for marketing processes and use of funds in relation to sponsorships or brand reputation.
- Social media policy outlines how an organisation and its employees manage online interactions and protect organisation's reputation

For example, you may contribute to the implementation of the B2B marketing strategy, which has modified the positioning (the USP) of the company. The organisation targets corporate B2B clients and its new positioning strategy is using a rational appeal of credibility. To implement the strategy, the corporation needs to update their Corporate Style Guide so that it conveys the image of credibility in its visual communication to clients. Your task would be:

- To ensure you follow the Marketing Management Procedures and Corporate Style Guide
- To confirm the budget allocation for the activity
- To follow budgetary requirements for marketing spending (hiring designers, etc.)

Corporate style guides outline the principles and rules of visual and written communication for websites, press releases and communication with clients. Brand guides govern verbal and visual brand communication, including specific colours, fonts, layouts, imagery, iconography.

To confirm that the marketing appeal meets all organisational requirements and budgetary allocation, seek your manager's approval and clarification, if required.

To confirm your understanding, remember to use your interpersonal communication skills:

- Active listening skills to resolve potential misinterpretation
- Questioning skills to check for understanding

To check for direct confirmation, you can use effective questioning techniques listed below:

Paraphrase and question back	<ul style="list-style-type: none"> • <i>"Would you like me to email you the budget breakdown for the social media promotion activities?"</i> • <i>"Do you mean \$xxx for advertising or does it include billboard production as well?"</i>
Using non-directive language	<p>Using phrases in the form of statements:</p> <ul style="list-style-type: none"> • <i>"It sounds that by 'guide' you mean 'style guide' and not 'procedure' "</i>
Summarising	<p>Summarising works well when combined with probing questions</p> <ul style="list-style-type: none"> • <i>"I hear that everyone is clear on the resources. Regarding talent hire, what is the most critical task that we need a designer for?"</i>

Example

Ethical and legal requirements in marketing

An Australian drug manufacturer promoted their paracetamol brand, Herron, using a Country of Origin appeal. They used comparative advertising to compete with the foreign owned GlaxoSmithKline brand, Panadol. Herron ads urged consumers to buy Herron, saying it is Australian-owned, meanwhile Panadol is foreign-owned.

Panadol revealed it lost 5% of its market share as a direct result of the ads, which Herron has then gained in market share. Herron's counter argument was that the ads were based on fact. But Panadol's makers, GlaxoSmithKline, took Herron to the Federal Court claiming the ads were misleading, and demanded damages, as they claimed that saying Herron was Australian-owned implied it was also Australian-made, and 30% of Herron's product range was imported.

Herron's owner Euan Murdoch argued that *"Australians want to barrack for Australian-owned business, but the trouble is they don't know often that the foreign products that they're buying are actually owned by foreign companies."*

Practice Task 10

Question 1

Which of the following statements relate to ethical guidelines and standards? Tick all that apply.

- Self-regulation of marketing and advertising
- Code of Ethics
- Corporate Style Guide
- Marketing code of practice
- Privacy Act

Question 2

Give three examples of legal requirements that organisations need to comply with in planning and implementing marketing strategies.

Question 3

Give two examples of organisational requirements in planning and implementing marketing strategies.

Summary

- As consumer influences are constantly evolving, companies need to gain a better understanding of consumer behaviour that impacts their decision making.
- Consumer behaviour influences are factors such as internal motivation, attitudes or lifestyle, social culture and subculture, and buying situations.
- Consumers continuously learn about products and services, and due to their learning, their purchasing behaviour changes over time. Interpretation of marketing information depends on the consumer's characteristics, such as attitudes, personality or lifestyle.
- The impact of social influences on purchasing decision making can be illustrated by engagement in virtual communities, following celebrities and imitating their purchasing habits.
- Target marketing strategy is often referred to STP (Segmenting, Targeting and Positioning) and is underpinned by the segmentation and customer-centric approach.
- A marketing appeal is aimed at communicating key superior product benefits to the target consumer and is commonly known as the USP (Unique Selling Proposition).
- To substantiate a marketing focus, you may need to develop and present a rationale. It needs to include your consideration of the target consumer, key benefits or appeal, and link with the organisational marketing and long-term objectives.
- The role of a consumer changes in marketing environment as consumers are no longer following a linear decision-making process. Companies intervene by using digital engagement techniques and channels, such as live chats, bots, and creating omnichannel experience.
- To engage consumers and build a relationships with them, marketers engage in digital conversation marketing using questioning and visual techniques.
- Companies need to ensure that all marketing practices meet legal, ethical and organisational requirements. Unethical behaviour are actions that do not meet moral expectations, but they are not necessarily illegal.

Learning Checkpoint 3

Recommend marketing focus

Part A

1. Which of the following statements about consumer influences are correct? Select yes or no for each one.

- | | | |
|---|-------|------|
| a) Learning is a change in behaviour caused by customer experience. | » Yes | » No |
| b) Consumer's response to marketing can be determined by reference groups. | » Yes | » No |
| c) Consumers tend to buy products that are extension of their personalities. | » Yes | » No |
| d) Culture is a division of society into a hierarchy with relatively same wealth. | » Yes | » No |
| e) The values and beliefs practiced by a group of people is called a reference group. | » Yes | » No |

2. Number each step from 1 to 6 in the order you would follow to create a marketing appeal.

- Profile the target consumer.
- Create a marketing appeal.
- Divide a larger market into groups with similar characteristics.
- Select the target segment.
- Evaluate if market segments are measurable, accessible and distinguishable.
- Develop a positioning statement differentiating the brand from others.

3. Which of the following statements relate to digital engagement interventions?
Tick all that apply.

- Personalisation according to consumer buying patterns
- Live chat for real-time support
- Self-service checkout in a retail store
- Omnichannel experience
- Product brochures with order coupons

4. Identify two reasons why ethical practices are important in marketing.

5. List three actions that you can take to clarify how marketing focus meets organisational requirements.

Part B

Read the case study, then answer the questions that follow.

Case study

Jason is a Digital Marketing Manager in a company Food & Heart. The company operates in a 'lifestyle business' industry category and offers styling, recipe development and accessories for their customers who are enthusiastic home chefs. Their customers preferences fluctuate all the time, and the company has to follow consumer influences very closely to adjust their marketing focus to meet their needs.

Sacha has other four digital marketing specialists in his team, and she occasionally hires freelance consultants for urgent jobs.

Food & Heart marketing plan has a budget provision for a new communications campaign, and Sacha decided to target a young and enthusiastic home cook group that she calls "Private chefs". They are active on Instagram sharing recipes with their peers, and are driven by creativity and learning.

Sacha asks Content Specialist Alma to write up a rationale for a marketing focus to the team. Alma's experience with the target group suggests that Private Chefs respond to interactive content and their need is an exposure to potential sponsors and community at large. Food & Heart can be the bridge helping them to achieve their dream.

Sacha's business strategy is to increase the membership numbers to generate revenue and grow the business. Recent audience analysis conducted by analyst Marina indicates that the chefs spend time on Food & Heart web but the rate of conversion to membership is relatively low. The website is rather static and does not generate feedback. Sacha asks Marina and Juryi to work together to enhance digital interventions and engagement in social media.

1. Identify the key consumer influences motivating Food & Heart target customers.

2. Write two examples of marketing objectives for Food & Heart.

3. Suggest two digital intervention options that Alma and Juryi could use to engage consumers. Give one example of a digital engagement conversation technique.

4. Complete the table below to help Alma to develop a rationale for the marketing focus. Use your own ideas if necessary to supplement the case study scenario.

» Base for market segmentation	» Social media platforms, such as Instagram and Facebook
» Insights into consumer influences	» To communicate membership benefits to the target customer
» Selection of the target market	» To grow membership to increase revenue
» Key product or service benefit (USP)	» Psychographic segmentation Behavioural segmentation (benefits sought)
» Channel of communication	» Driven by creativity and learning Need a community for sharing Need for exposure
» Marketing communication objective	» Enthusiastic home chefs
» Organisational objectives	» A community for learning and connecting

5. Suggest a document format to Alma to present her rationale. Give three examples of appropriate communication techniques suitable for the audience.

6. Explain one key difference how the role of the consumer changes in digital environment.

7. Give one example of how Alma, Juryi and Marina can benefit working as a team.

8. Identify two organisational requirements relevant to the proposed marketing focus strategy.

