Introduction to Marketing I 3e

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MKTG 1010

NSCC BUSINESS FACULTY AND LUMEN LEARNING

NOVA SCOTIA COMMUNITY COLLEGE
NOVA SCOTIA, CANADA

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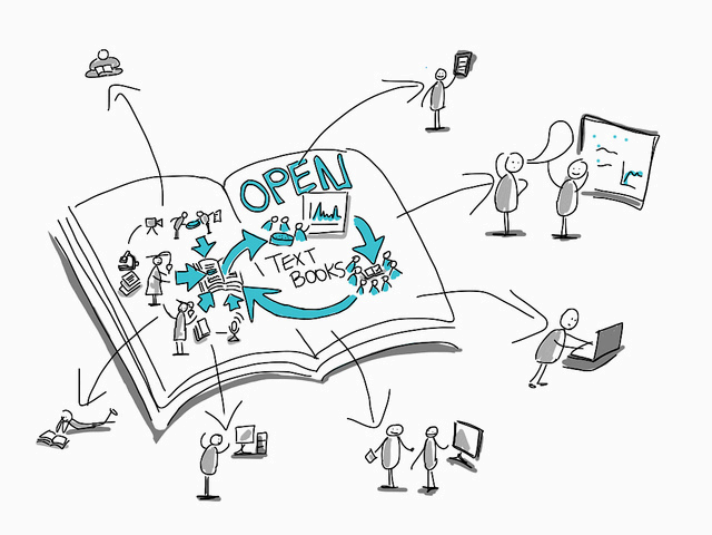
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Dedication

Nova Scotia Community College faculty join with all the contributors in dedicating this book to reducing the cost of education in business.

This book is also dedicated to the students who use it to advance their learning and to improve the quality of life in their communities.



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Nova Scotia Community College (2025 edition)

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About Lumen Learning and the Original Edition

Lumen Learning's mission is to make great learning opportunities available to all students, regardless of socioeconomic background.

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CHAPTER 1: WHAT IS MARKETING?

Learning Objectives

- What is marketing?
- Define marketing
- Identify evidence of marketing in everyday life
- Demonstrate a clear understanding of the marketing concept
- Describe the role of marketing in building and managing customer relationships
- Describe how different types of organizations, such as non-profits, consumer product (B2C) firms and business-to-business (B2B) organizations, use marketing
- Explain how marketing creates value for the consumer, the company, and society

1.1 Why It Matters: What Is Marketing?

Learning Objectives

Explain what marketing is and how it's used

When you hear the term "marketing," what comes to mind?

Based on what you know about marketing right now, what one word would you use to describe it? Take a moment to write it down. We'll come back to it shortly.

Marketing is the strategic process by which organizations build trust, shape perceptions, and influence decisions through personalized experiences, storytelling, and value creation. It combines creativity, data, and technology to engage people meaningfully and ethically, with the goal of changing behaviour, building relationships, and creating mutual benefit for customers, communities, and the organization.

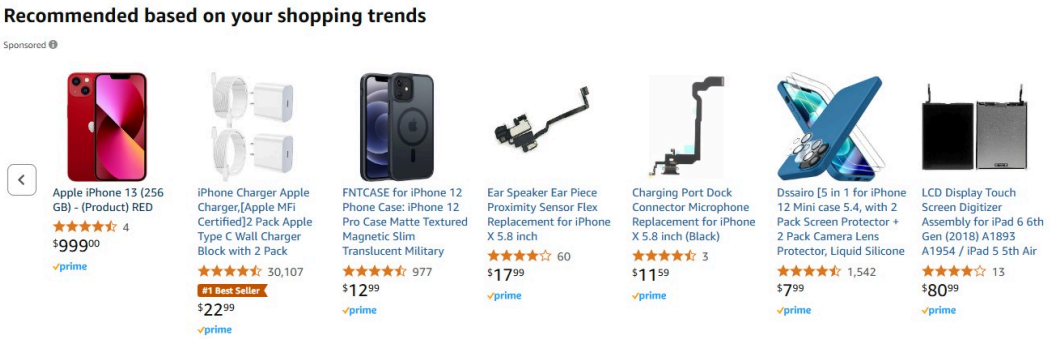
Why should you care about marketing? Marketing is an ever-present force in modern society, and it can work amazingly well to influence what we do and why we do it. Consider these points:

Marketing sells products.

Marketing informs organizations about what people want, and it informs people about products and services available to feed our wants and needs. From overt advertising to covert "recommendations" about things you might like based on other things you've purchased, marketing shows us different choices and tries to influence our buying behavior.

As you view its site, Amazon.com gleans information about you and what you're shopping for. Then it suggests other products that might interest you: items similar to what you viewed, special deals, and items other people bought who were shopping for the same things as you. The genius of this technique is that it's marketing masquerading as helpful information sharing.

Screenshot of Amazon recommendation engine when an Apple iPhone 12, 64GB is added to Amazon's Shopping Cart.



Amazon recommendations. Screenshot taken 2025-06-03.

Marketing changes how you think about things.

Effective marketing shapes people's perceptions of the world around them, for better or for worse. Marketing can cause you to think differently about an issue, product, candidate, organization, or idea. When you are attuned to marketing forces and practices, you can exercise better judgment about the information you receive.

The ad below lets you speculate about what the checkboxes might be about before revealing the truth at the very end. They shift expectations and showcase that presumptions about looks are irrelevant when it comes down to the important things in life.

https://www.youtube.com/watch?v=oV7qCMUSvBo&ab_channel=LifeSourceMN

Marketing creates memorable experiences.

Some of the most imaginative marketing is not a message or an image. Instead, it's an entire experience that gives people a deepened understanding, enjoyment, or loyalty to whomever is providing the experience.

Think about the immersive experience of Taylor Swift's Eras Tour. The concerts in each city included more than just music, they featured curated "Eras" zones inspired by her albums, exclusive merchandise areas, interactive wristbands synced to each song, and even fan rituals like bracelet trading and pre-show gatherings. With over 40 songs spanning 10 albums, each performance became a theatrical journey through time, style, and emotion. The stage design, costume changes, lighting effects, and thematic visuals all worked together to build an unforgettable brand experience. This tour is a masterclass in experiential marketing: it deepened fan connection, dominated social media, and created lasting emotional impact, all while boosting ticket, merch, and album sales.

Fans queue at the Taylor Swift Eras Tour merchandise area inside Wembley Stadium, surrounded by colorful pop art-style panels featuring Taylor Swift's portraits from various musical eras.

Fans line up at the Taylor Swift Eras Tour official merchandise booth, part of the immersive experience offered at every tour stop. (*Credit Anna Willis //www.mylondon.news/whats-on/taylor-swift-eras-tour-merch-29385077*)

Marketing alters history.

Marketing can alter history. Consider how the Terry Fox Foundation has built one of the most enduring legacies in Canada through values-driven marketing. What began as a personal journey in 1980 evolved into a national movement that continues to inspire generations. Through annual runs, partnerships, and campaigns centered on hope and resilience, the Terry Fox brand has become a powerful example of cause marketing. As of 2023, the Foundation has raised over $850 million for cancer research in Terry's name[1]

1. Terry Fox Foundation. (). https://terryfox.org/terrys-story/



Picture of Terry Fox running. [Screen capture 2025-06-03 from Terry Fox Foundation Website]

Marketing can use a variety of elements to shape perceptions and behaviour: words, images, design, experiences, emotions, stories, relationships, humour, sex appeal, etc. And it can use a wide variety of tactics, from advertising and events to social media and search-engine optimization. Often the purpose is to sell products, but as you can see from the examples above, the goal of any specific marketing effort may have little to do with money and much more to do with what you think and do.

Go back to that word you jotted down to describe marketing at the top of the page. Now that you've had a little more exposure to the concept, what word comes to mind to describe "marketing"? Is it the same word you chose earlier, or are you starting to think differently?

By the time you finish this course, you will have a broader understanding of marketing beyond TV commercials and billboards and those annoying pop-up ads on the websites you visit. You'll learn how to see marketing for what it is. You'll learn how to be a smart consumer and a smart user of marketing techniques when the need for them arises in your life.

Chapter Updates: New content added. IKEA example replaced with Taylor Swift example. Obama example replaced with Terry Fox example. Images replaced.

Creation note: This content was edited with the assistance of ChatGPT, a language model developed by OpenAI, and was subsequently reviewed and edited by the author for clarity and accuracy.

1.2 Marketing Defined

Learning Objectives

- Explain how the marketplace addresses customer wants and needs by creating opportunities for the exchange of products, services, and experiences
- Describe the role marketing plays in facilitating the exchange of value
- Define marketing

Marketing is more than just banner ads, television commercials, and people standing on roadsides dressed up like the Statue of Liberty during tax time. It's a complex set of activities and strategies that influences where we live, what we wear, how we conduct business, and how we spend our time and money. Marketing activities are conducted in an environment that changes quickly both in terms of customer demand and the methods by which consumers obtain information and make purchases. However, before you learn about these complex variables, you will need a good working definition of marketing. The following video has one (actually two).



One or more interactive elements has been excluded from this version of the text. You can view them online here: *https://pressbooks.atlanticoer-relatlantique.ca/nsccprinciplesofmarketing2e/?p=26#oembed-1*

You can view the transcript for "What Is Marketing? Two Answers To This One Question". (opens in new window)

Marketing Concept

According to Philip Kotler, one of the most influential marketing authors, the **marketing concept** holds that:

> "The key to achieving organizational goals is to identify the needs and wants of target markets and deliver the desired satisfactions more effectively and efficiently than competitors."[1]

Let's explore this definition to clearly understand how **needs**, **wants**, and **demands** differ, as they are central to the definition of the marketing concept.

1. Kotler, P., & Armstrong, G. (2018). *Principles of Marketing* (17th ed.). Pearson.

Needs	**State of felt deprivation.** • Physical, social and individual needs. • E.g. need for food
Wants	**The form taken by human needs as they are shaped by culture and individual personality.** • E.g. want a Big Mac
Demands	**Human wants that are backed by buying power.** • Willingness and ability to pay and purchase.

So if we take the above definition for need, want and demand, according to the marketing concept, a **need** is something people must have to live or function, like the need to communicate. How people choose to meet that need depends on their **wants**, which are shaped by their lifestyle, culture, and personal choices. For example, a student in 2025 might want the newest iPhone 16 or Samsung Galaxy Z Flip to stay connected, instead of just using any basic phone. When that want is supported by the ability and willingness to pay, it becomes **demand**. If the student has the money or a payment plan and really values the phone's special features, like AI tools, a foldable screen, and a great camera, they are creating demand for that specific product. This shows how marketers need to understand the difference between needs, wants, and demand to offer the right products to the right people.

Let's move ahead so that you can gain a richer definition and understanding of marketing.

Learning Activities

- Reading: Marketing Defined

Chapter Revisions: New content added. Section on Marketing Concept.

Creation notes: Chat GPT was used to update and shorten text to include current examples and create a table.

Reading: Marketing Defined

What Is Marketing?

Marketing is a set of activities related to creating, communicating, delivering, and exchanging offerings that have value for others. In business, the function of marketing is to bring value to customers, whom the business seeks to identify, satisfy, and retain. This course will emphasize the role of marketing in business, but many of the concepts will apply to non-profit organizations, advocacy campaigns, and other activities aimed at influencing perceptions and behaviour.

The Art of the Exchange

In marketing, the act of obtaining a desired object from someone by offering something of value in return is called the exchange process. The exchange involves:

- **the customer (or buyer):** a person or organization with a want or need who is willing to give money or some other personal resource to address this need
- **the product:** a physical good, a service, experience, or idea designed to fill the customer's want or need
- **the provider (or seller):** the company or organization that is offering a product (a good, service, experience, or idea) to satisfy a need
- **the transaction:** the terms around which both parties agree to trade value-for-value (most often, money for product)

Individuals on both sides try to maximize rewards and minimize costs in their transactions, in order to gain the most profitable outcomes. Ideally, everyone achieves a satisfactory level of reward.

Marketing creates the goods and services that the company offers at a price to its customers. The entire bundle consists of a tangible good, an intangible service, and the price is the company's offering. When you compare one car to another, for example, you can evaluate each of these dimensions—the tangible, the intangible, and the price—separately. However, you can't buy one manufacturer's car, another manufacturer's service, and a third manufacturer's price when you actually make a choice. Together, the three make up a single firm's offer.

Marketing is also responsible for the entire environment in which this exchange of value takes place. Marketing identifies customers, their needs, and how much value they place on getting those needs addressed. Marketing informs the design of the product to ensure it meets customer needs and provides value proportional to what it costs. Marketing is responsible for communicating with customers about products, explaining who is offering them and why they are desirable. Marketing is also responsible for listening to customers and communicating back to the provider about how well they are satisfying customer needs and opportunities for improvement. Marketing shapes the location and terms of the transaction, as well as the experience customers have after the product is delivered.

Marketing Creates Value for Customers

According to the influential economist and Harvard Business School professor Theodore Levitt, the purpose of all

business is to "find and keep customers." Marketing is instrumental in helping businesses achieve this purpose. It's a way of thinking about business, rather than just a collection of techniques. It's much more than just advertising and selling stuff and collecting money. Marketing generates value by creating connections between people and products, customers and companies.

This happens by *identifying*, *satisfying*, and *retaining customers*, which are also the main roles of marketing.

Before you can create anything of value, first you must **identify** a want or need that you can address, as well as the prospective customers who possess this want or need.

Next, you work to **satisfy** these customers by delivering a product or service that addresses these needs at the time customers want it. The key to customer satisfaction is making sure everyone feels they benefit from the exchange. Your customer is happy with the value they get for what they pay. You are happy with the payment you receive in exchange for what you provide.

Effective marketing doesn't stop there. It also needs to **retain** customers by creating new opportunities to win customer loyalty and business.



As you will learn in this course, marketing encompasses a variety of activities focused on accomplishing these objectives. How companies approach and conduct day-to-day marketing activities vary widely. For many large, highly visible companies, such as Disney-ABC, Proctor & Gamble, Sony, Toyota, and Bell Canada marketing represents a major expenditure. Such companies rely on effective marketing for business success, and this dependence is reflected in

their organizational strategies, budget, and operations. Conversely, for other organizations, particularly those in highly regulated or less competitive industries such as utilities, social services, medical care, or businesses providing one-of-a-kind products, marketing may be much less visible. It could even be as simple as a website or an informational brochure.

There is no one model that guarantees marketing success. Effective marketing may be very expensive, or it may cost next to nothing. What marketing must do in all cases is to help the organization identify, satisfy, and retain customers. Regardless of size or complexity, a marketing program is worth the costs only if it facilitates the organization's ability to reach its goals.

1.3 Marketing in Action

Learning Objectives

- Recognize marketing activities in daily life
- Explain the differences between marketing, advertising, branding, and sales
- Identify evidence of marketing in everyday life

In this section, you'll get a chance to explore the concept of marketing further and see how it's at work in the world around you. It may surprise you to discover how much the term encompasses.

Learning Activities

- Reading: Marketing in Action

Reading: Marketing in Action

Marketing is all around you. Enter a store, walk down the street, browse the Internet, or glance through your closet. Whether you realize it or not, some aspect of marketing is likely at work in each of these activities.

In the following scenarios, consider the lengths to which marketers go to identify, satisfy, and retain you as a customer. See if you can draw examples from your own experience that demonstrate marketing in action.

Scenario #1: Life on the Streets

You're walking in the mall and, on impulse, you head into a trendy-looking clothing store. Right away, you pick out the obvious signs of marketing: shop signs, posters, window displays, sale notices, product displays, and brand names. Then come the less obvious, "environmental" things: the interior design, colours, aromas, the background music, announcer messages, the pricing structure, the way store clerks approach you–or leave you alone. All these details are part of a coordinated marketing strategy aimed at creating an ideal environment to separate you from your money. You may or may not be aware of how this is happening, but rest assured it is at work.



Aritzia Boutique storefront. This file is licensed under the Creative Commons Attribution-Share Alike 4.0 International license. https://commons.wikimedia.org/wiki/File:Aritzia_Boutique_Wikipedia.png

Scenario #2: Virtual Reality

Suppose you're taking a short break from studying and doing a little online browsing—there's news to read and TikTok to check. And you need to find a birthday present for your aunt . . . What kinds of marketing are ready to intrude?

What jumps out at you immediately are the ads on the Web sites you visit: Instagram, TikTok, email, even your Google results. Annoyingly, you have trouble finding the X to close a pop-up banner ad that has taken over your screen. But that's not all.

Before you're allowed to navigate to an article you want to read, you're invited to take a "very short" user feedback survey. Back to your aunt: you head to Amazon.com to read a couple of customer reviews of the book you have in mind for her. Amazon recommends several other books, and one looks ideal. You compare prices at other booksellers, but Amazon beats them, so you place your order. In the end, you find exactly what you want, and it will be shipped that day. Thank you, marketing!



Screenshot of Amazon page for the book on Mini Farming

Scenario #3: In My Room

Now imagine you're back at home, hanging out in your room. How is "marketing" invading your personal space?



Miller Hall residence room

Even in the privacy of your own home, marketing is everywhere—you just might not always notice it. As you pour a bowl of cereal, the packaging prompts you to scan a QR code for a chance to win concert tickets or unlock a limited-time digital collectible. When you open your streaming service, ads still appear, sometimes before your show starts, sometimes in the middle, despite your subscription. Between episodes, you're shown personalized recommendations and branded content from the platform itself. As you become more aware of advertising's subtle reach, you notice all the

characters in your favourite Netflix series sipping branded drinks or using specific smartphone models. Coincidence? Probably not. This is **product placement** and **embedded marketing** in action, intentionally designed to blend into the content you enjoy.

You look at the clock and realize it's time to change for work. Opening your closet, you notice the logos on your favorite shirts. Not only do you love how those clothes fit, but you recognize an emotional connection: those clothes–and brands–make you feel confident and attractive. How's that for invasive marketing?

Marketing Is Everywhere

The purpose of this course is *not* to start making you suspicious or even paranoid about the influence of marketing in your everyday life.

In fact, marketing can play an important and beneficial role by connecting you to information, people, and things. It can make you aware of things you care about but wouldn't otherwise encounter. When marketing is working well, the new information it brings to you also aligns with what you're already interested in doing or exploring.

At times, marketing might feel more like an assault than an assist. Visual images on posters or billboards scream for your attention. Sponsor announcements persistently remind you which organizations are making your entertainment possible. Sleek product designs beckon you to try on clothing or try out gadgets. Sales promotions create a sense of urgency to spend now or lose out.

The right balance between "helpful" and "annoying" varies, depending on who you are and what type of relationship you have with the entity doing the marketing. When the balance starts to get off-kilter, it's a clue that something isn't working as well as it should in the marketing strategy and execution.

Marketing Activities

Marketing encompasses all the activities described above. It covers an entire spectrum of techniques focused on identifying, satisfying, and retaining customers. For people new to the concept of marketing, it can be easy to confuse marketing with some of the powerful and visible tools that marketers use.

Marketing vs. Advertising

Advertising uses paid notices in different forms of media to draw public attention to a company, product, or message, usually for the purpose of selling products or services.[1] While advertising is a common and useful tool for marketing, it's just one of many tactics marketers may use to achieve their goals.

1. "Advertising." The Free Dictionary. Accessed September 10, 2019. http://www.thefreedictionary.com/advertising

Marketing vs. Branding

Branding is the practice of "creating a name, symbol or design that identifies and differentiates a product from other products." [2] Brand is a powerful tool for shaping perceptions about a company or product in order to attract and retain loyal customers by standing out. Marketing processes and activities build brands, and branding is an important strategic consideration in any marketing effort. At the same time, marketing refers to a broader scope of activity than just branding.

Marketing vs. Sales

Sales refer to the process of actually selling products or services, leading up to the point where the exchange of value takes place. Effective marketing aligns well with the sales process and leads to increased sales. While marketing and sales are intertwined, the scope of marketing is generally considered broader than just supporting sales. Marketing helps identify prospective customers and prepares them to enter the sales process as informed, receptive, qualified sales leads.

This course will explore all these marketing activities in much more detail to give you a clear picture of how these tools can be employed to support an organization's broader marketing goals.

Creation Notes

Chapter Changes: Social media references updated to include current popular use. Retail image updated with Aritzia store front. Viewing behaviour updated to replace TV references with streaming examples. Wording slightly modified in Life on Streets section.

Generative AI: Chat GPT was used to help update text to include current examples.

2. "Branding". Entrepreneur. Accessed May 11, 2021. https://www.entrepreneur.com/encyclopedia/branding

1.4 The Marketing Concept

Learning Objectives

Demonstrate a clear understanding of the marketing concept

You're probably very skilled at recognizing the signs of marketing. We've all had the experience of being on the receiving or customer end of marketing efforts—whether through advertising or sales tactics. In this section you'll get to understand the marketing orientation, or *marketing concept*, from the standpoint of setting priorities and doing business. You'll learn that the marketing orientation is a mindset grounded in one thing: knowing and satisfying the customer. Not all businesses follow a marketing orientation, however—some are focused on other priorities, such as product and production. In this section you'll see what sets the marketing concept apart.

Learning Activities

- Reading: The Marketing Concept

Reading: The Marketing Concept

Company Orientation and the Marketing Concept

In every transaction between a buyer and seller, there is an underlying dynamic that governs the parties' perception of the exchange. Sometimes the exchange is very one-sided, with one party exercising most of the power and the other only in a position to react. In some cases, deception and lying permeate the exchange. Other exchanges are more equitable, with each party receiving about the same value as the other. The customer's need is satisfied, and the business makes a reasonable profit.

With the rise of AI-driven search, personalized recommendations, social commerce, and global marketplaces like Amazon, Shopify, and TikTok Shop, customers now have near-instant access to reviews, price comparisons, and competitors. Brands can no longer rely on limited options or customer ignorance to stay competitive. Today, success requires providing clear, meaningful, and relevant value—fast.

A central goal of marketing is to help organizations understand and respond to customer needs and expectations, while communicating how they can help meet those needs. When organizations embrace the marketing mindset, they commit to continuous learning about their customers. That doesn't just mean emails or surveys, it means using data, social listening, analytics, and real-time feedback to understand values, preferences, behaviours, and even moods. The most successful brands are those that track how these customer factors shift over time and adjust their strategies accordingly. These companies embrace a marketing orientation.

Although this process isn't always perfect, companies that prioritize it tend to build stronger relationships and more loyal customer bases.

The Marketing Concept

An organization embraces the marketing concept when it starts with the customer's needs and works backward to create value. These businesses prioritize delivering satisfaction over simply selling what they've already created. Product development, service delivery, communication, and strategy all stem from a deep understanding of the customer.

This is the core of customer-centric thinking that gives brands a competitive edge in a world where buyers have thousands of choices at their fingertips. Brands like Apple, Nike, and Spotify are successful not just because of innovation, but because they create offerings that reflect what their users value most.

The Product Concept

Despite the popularity of customer-first thinking, many organizations still follow a product orientation. These companies focus on creating the best or most innovative products, assuming that technical superiority will lead to customer demand. For example, companies in sectors like semiconductors, renewable energy, or consumer electronics may prioritize engineering and design above user insight. They invest heavily in research and development, launching products that are technically impressive, even if those products don't align with market needs. A notable example is Google Glass—a highly innovative product with cutting-edge augmented reality technology. While the device captured

attention for its engineering, it failed to gain traction with consumers due to concerns around privacy, design, and everyday usefulness. While a product-driven approach can drive industry leadership and profit, the risk is clear: by focusing inward instead of listening to customers, product-driven companies may miss key shifts in buyer preferences.

The Sales Concept

Other companies follow a sales orientation. These businesses emphasize the sales process and try to make it as effective as possible. While companies in any industry may adopt the sales concept, multilevel-marketing companies such as Herbalife and Amway generally fall into this category. Many business-to-business companies with dedicated sales teams also fit this profile. These organizations assume that a good salesperson with the right tools and incentives is capable of selling almost anything. Sales and marketing techniques include aggressive sales methods, promotions, and other activities that support the sale. While the sales concept can drive short-term revenue, it may lead to customer fatigue or dissatisfaction, especially if what's being sold doesn't fully meet the buyer's actual needs. These businesses tend to prioritize conversion over connection.

The Production Concept

The production concept emphasizes efficiency, scale, and cost savings. Organizations that follow this orientation try to offer products at the lowest possible price by leveraging automation, logistics, and supply chain optimization. This was the cornerstone of the Industrial Revolution and remains a powerful approach in 2025, particularly in industries like fast fashion, consumer packaged goods, or mobile accessories. Platforms like Temu or SHEIN thrive by offering low-cost goods quickly and widely. However, customers in developed markets are increasingly valuing ethical sourcing, sustainability, and personalization. Production-focused companies must now balance affordability with transparency and social responsibility.



Ford first moving assembly line 1913, Highland Park, Michigan

Orientation	Focus Area	Key Assumption	Risk
Marketing Concept	Customer Needs	Understand and deliver better value than competitors	Requires ongoing effort, research, and coordination
Product Concept	Product Innovation	A technically superior product will sell itself	May overlook changing customer preferences
Sales Concept	Sales Process & Promotions	Good salespeople can sell anything	Customer dissatisfaction if product doesn't meet needs
Production Concept	Efficiency & Low Cost	Customers prefer availability and affordability	May ignore ethics, sustainability, and quality

Seeing the Whole Picture

Smart organizations recognize that product quality, production efficiency, and sales tactics are all important, but they also understand that long-term success lies in embracing a marketing orientation.

This approach is built on three key pillars:

1. Continuously collect data about customer needs, wants, behaviours, and competitor activity
2. Share insights across all departments, from R&D to customer service to operations
3. Use this insight to deliver superior customer value, whether through better service, personalized products, or innovative experiences

When these steps are practiced consistently, organizations gain a sustainable advantage and build stronger, longer-lasting relationships with their customers.

Creation notes: Chat GPT was used to update and shorten text to include current examples and create a table.

1.5 Marketing and Customer Relationships

Learning Objectives

- Define the concept of customer lifetime value
- Explain why customer relationship building is a central purpose of marketing
- Explain engagement marketing and how it alters a customer's relationship with a brand.
- Describe the role of marketing in building and managing customer relationships

The marketing concept provides exactly the right mindset for what we ultimately want to achieve: building strong relationships with customers. Next we'll explore how marketing plays a central role in each stage of building and managing customer relationships.

Learning Activities

- Reading: Marketing and Customer Relationships

Reading: Marketing and Customer Relationships

Customer Relationship Management: A Strategic Imperative

Marketing's core purpose is to help organizations identify, satisfy, and retain customers. These three pillars lay the foundation for what is now a strategic imperative in modern marketing: customer relationship management (CRM).

CRM is more than just a tool or software platform. It's a business philosophy rooted in the marketing concept, where the entire organization is aligned around understanding and serving customer needs. Thanks to rapid advances in AI, real-time data analytics, and digital engagement platforms, companies today can create highly personalized experiences and maintain continuous, meaningful relationships with customers across multiple channels.

Platforms like Shopify, Salesforce, HubSpot, and even TikTok offer CRM tools that help companies respond to customer behaviours in real time. Loyalty programs, personalized messaging, user-generated content, and data-driven customer service are now essential components of competitive strategy.

Maximizing Customer Lifetime Value

Central to CRM is the idea of **Customer Lifetime Value (CLV)**, a prediction of the net profit associated with a customer over the duration of their relationship with a brand. High-CLV customers aren't just valuable because they buy more; they engage more, promote more, and cost less to retain.

Stages of the Customer Relationship & Key Marketing Activities

Customer Relationship Stage	Key Marketing Activities
Stage 1: Meeting and Getting Acquainted	• Identify desirable target customers, especially those with high potential lifetime value • Understand what these customers want • Build awareness and demand for your offering • Capture new business through strategic outreach
Stage 2: Providing a Satisfying Experience	• Measure and improve customer satisfaction continuously • Track how customer needs and preferences evolve • Develop customer confidence, trust, and goodwill • Demonstrate and communicate your competitive advantage • Monitor and respond to competitive forces
Stage 3: Sustain a Committed Relationship	• Convert contacts into loyal, repeat customers • Anticipate and respond to changing customer needs • Deepen relationships and expand reliance on your product or service

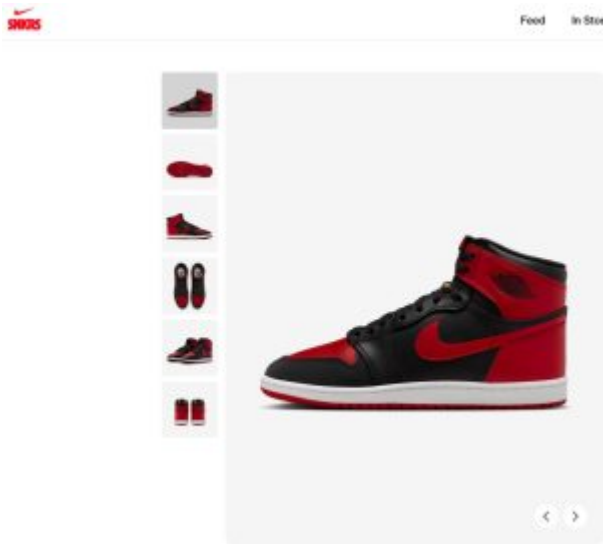
Another benefit of effective customer relationship management is that it reduces the cost of business and increases profitability. As a rule, winning a new customer's business takes significantly more time, effort, and marketing resources than it does to renew or expand business with an existing customer.

Customer Relationship As Competitive Advantage

In a global, always-on marketplace, where customers have infinite options, relationships become the reason people stay.

Consider why a customer might choose to buy a limited-edition sneaker drop from Nike instead of a generic brand. It's not just product quality, it's the connection: app alerts, stories on TikTok, collaborations with favourite athletes, and the community feel of being a Nike member.

Similarly, Zara's loyal customers return because of personalized shopping apps, fast in-store pickups, sustainable clothing lines, and helpful, consistent in-store service. These experiences lead to emotional loyalty, where customers choose the brand even when alternatives are cheaper or more convenient.



Nike's AJ1 'High '85' . Screen capture 2025-06-03 https://www.nike.com/ca/launch/t/air-jordan-1-high-85-emea

When Customers Become Your Best Marketing Tool

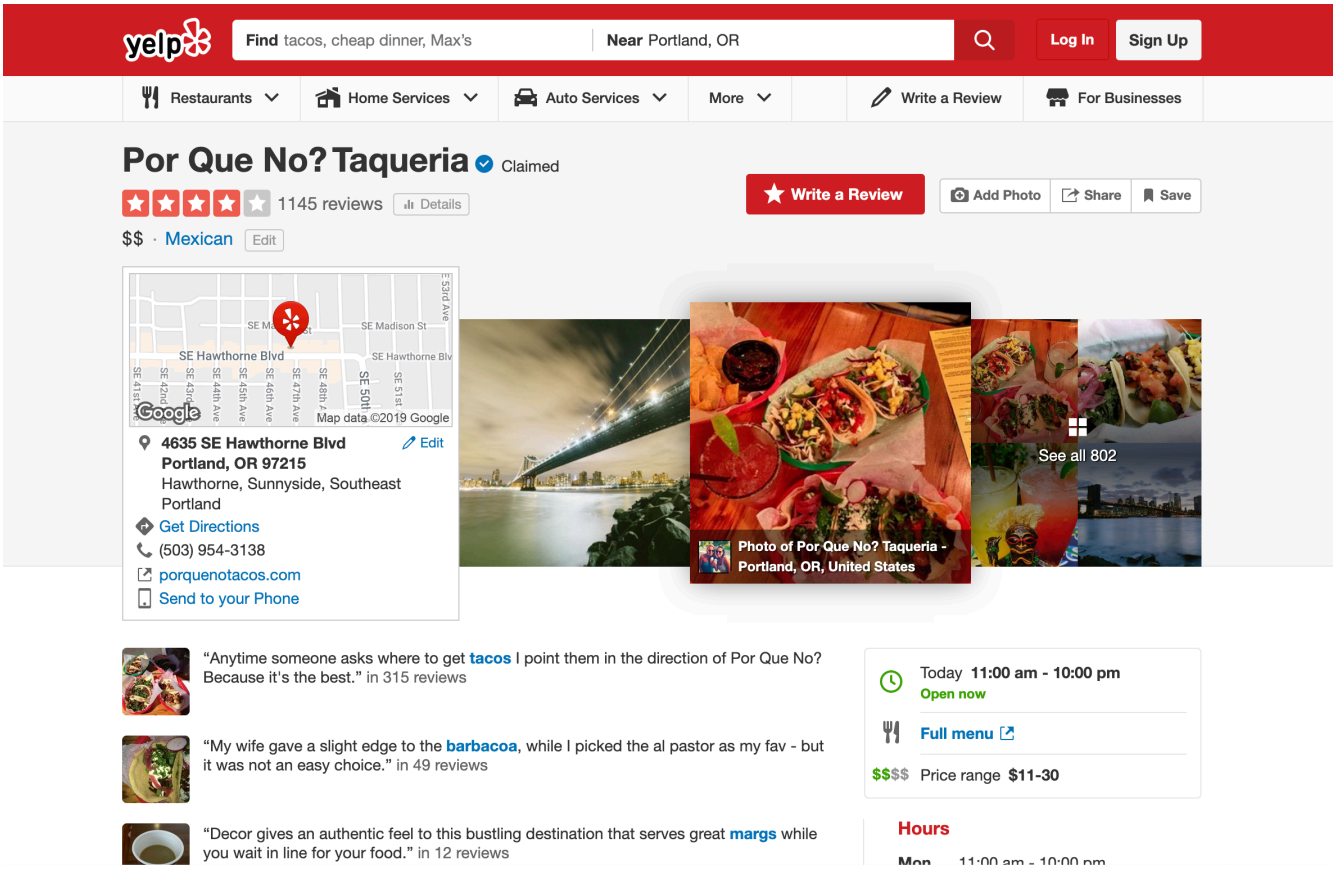
Today's marketing landscape gives customers a megaphone. With reviews, ratings, videos, and social media posts, customers have more influence than ever.

Successful companies encourage customers to:

- Leave Google, Yelp, or Amazon reviews
- Post about their experiences on TikTok, Instagram, or YouTube
- Share unboxing moments or tutorials
- Tag the brand in lifestyle content

Word-of-mouth and peer-generated content are often more persuasive than paid ads, especially for Gen Z and Gen Alpha.

Modern CRM strategies aim to empower customers as co-marketers. They don't just speak *about* your brand; they help shape it.



Engagement Marketing: Turning Customers into Brand Participants

Engagement marketing goes one step further. It invites customers to become co-creators in a brand's journey—generating ideas, producing content, and building community.

You may have seen engagement marketing where fans vote on new product colours (e.g., LEGO Ideas, Nike By You), TikTok users co-creating brand challenges, gamified loyalty apps where customers earn points by participating in campaigns or user-generated content (UGC) contests where brands feature customers in ad campaigns

GoPro Case Study: User-Generated Content as a Marketing Powerhouse

GoPro has redefined modern marketing by turning its customers into creators. Through initiatives like the Million Dollar Challenge and the GoPro Awards, the company has harnessed the power of user-generated content (UGC) to build a global community and drive brand engagement.

Million Dollar Challenge: Crowdsourcing Adventure

In 2024, GoPro's Million Dollar Challenge invited users worldwide to submit their most exhilarating footage captured

with the HERO8 Black and MAX cameras. The campaign received over 42,000 submissions from 170 countries, showcasing a diverse array of adventures—from extreme sports to everyday moments .

The winning clips were compiled into a promotional video that garnered millions of views and won the prestigious Shorty Award for Best User-Generated Content. This initiative not only highlighted the capabilities of GoPro's products but also fostered a sense of community among users.



One or more interactive elements has been excluded from this version of the text. You can view them online here: *https://pressbooks.atlanticoer-relatlantique.ca/nsccprinciplesofmarketing2e/?p=42#oembed-1*

Building a Community Through Social Media

GoPro's marketing strategy heavily relies on social media platforms to amplify UGC. By encouraging users to share their content using hashtags like #GoPro and #GoProAwards, the company has created a continuous stream of authentic content that resonates with audiences.

This approach has led to significant growth in GoPro's online presence, with the brand amassing over 16 million followers on Instagram and the #GoPro hashtag being used more than 40 million times .

GoPro Awards: Celebrating Creativity

Beyond the Million Dollar Challenge, GoPro's GoPro Awards program recognizes and rewards users for their creativity. Participants submit their best photos and videos for a chance to win cash prizes, gear, and global exposure. This ongoing initiative keeps the community engaged and continuously provides GoPro with fresh, authentic content for marketing purposes .

Marketing Takeaways

GoPro's Success: Lessons for Marketers

Empower Your Audience: Encourage customers to share their experiences, turning them into brand ambassadors.

Leverage Social Proof: Authentic user content builds trust and showcases real-world applications of your products.

Foster Community Engagement: Recognize and reward user contributions to build a loyal and active community.

By integrating UGC into its core marketing strategy, GoPro has created a dynamic and engaging brand narrative that continues to inspire and connect with audiences worldwide.

Creation notes: Chat GPT was used to update and shorten text to include current examples and create a table and call-outs.

1.6 How Organizations Use Marketing

Learning Objectives

- Explain the difference between a customer and a consumer
- Define different types of organizations including B2C, B2B, and nonprofit organizations
- Provide examples of how each type of organization uses marketing
- Describe how different types of organizations, such as nonprofits, consumer product (B2C) firms, and business-to-business (B2B) organizations, use marketing

Although marketing activities come in many different forms, the fundamental principles of marketing apply, regardless of what you're trying to sell, advocate, or promote. Grounding your marketing efforts in a customer-oriented mindset and staying focused on the relationships you build with those customers will always steer you in the right direction.

At the same time, different organizations use marketing in different ways to achieve their goals. The next reading will give you more insight into how marketing supports the success of several common types of organizations.

Learning Activities

- Reading: How Organizations Use Marketing

Reading: How Organizations Use Marketing

Although we often think of marketing in the context of for-profit businesses and product sales, a wide variety of organizations use marketing to achieve their goals.

For-Profit Marketing Versus Nonprofit Marketing

For-profit organizations are typically privately owned or publicly traded companies with a primary purpose of earning money for their owners. **Nonprofit organizations** also earn money, but their primary purpose is to use these funds for a specific charitable purpose. Types of nonprofit organizations that may engage in marketing include schools and colleges, hospitals, museums, charitable organizations, and churches, among others.

As the terms denote, the difference between for-profit and nonprofit marketing is in the organization's primary objective. For-profit marketers measure success in terms of profitability and their ability to pay dividends or pay back loans. Continued existence depends on the level of profits they can generate. The primary focus of marketing is usually to sell products, services, experiences or ideas to target customers and to make these customer relationships as profitable as possible.



Left: Global Race for the Cure opening ceremony, Washington, DC. Right: Red Bull Flugtag competition, London.

Nonprofit institutions exist to benefit a stated mission or purpose, regardless of whether profits are achieved. Owing to their socially beneficial purpose, nonprofit organizations are subject to an entirely different set of laws—notably tax laws. While they are allowed to generate profits, they must use these funds in specific, philanthropic ways in order to maintain their nonprofit status. Marketing efforts focus on activities that promote the organization's mission. A school, college, or university might use marketing to attract students, improve academic reputation, and solicit donations from alumni. A museum or nonprofit theater company uses marketing to attract visitors, ticket sales, event sponsors, and philanthropic donations. Marketing for nonprofit hospitals usually focuses on attracting patients and strengthening reputation as a high quality health care provider.

Business-to-Consumer and Business-to-Business Marketing

In marketing, it's important to understand who a product is being sold to—an individual consumer or another business. This helps companies choose the right strategies and tools to reach their audience effectively.

A consumer is the person who actually uses the product, while a customer is the person or business who buys it. Sometimes, these are the same person. For example, if you buy a snack bar at a corner store and eat it, you are both the customer and the consumer. But sometimes they are different. Imagine the snack bar was made by a local health-food company. You bought it from the store, not directly from the company. In this case, the store owner is the company's customer, while you are simply the consumer.



Chimpanzee natural energy bar

A **B2B** Emphasis

Business-to-Business (B2B) marketing focuses on selling to other companies or institutions. These products or services are usually needed to operate a business or are used to create other goods. For example, a software company might sell accounting tools to a law firm, or a wholesale bakery might supply bread to a chain of cafés. In B2B marketing, relationship-building is key. Rather than advertising to the general public, B2B marketers often use personal selling, attend trade shows, and build long-term partnerships with decision-makers. These transactions are usually larger, more complex, and involve negotiating things like price, delivery timelines, and custom features.

A **B2C** Emphasis

Business-to-Consumer (B2C) marketing focuses on selling directly to people who will use the product. These marketers aim to reach large audiences and generate interest in everyday goods like clothing, food, or electronics. B2C marketing is everywhere—in social media ads, online videos, product packaging, or major TV commercials like those shown during the Super Bowl or Hockey Night in Canada. Companies like McDonald's, Apple, or Tim Hortons use B2C strategies to attract everyday shoppers and drive brand loyalty. Because B2C marketing often targets a broad public audience, it tends to rely on emotion, branding, and high visibility.



IKEA Store, Beijing

Both types of marketing use the same basic tools—promotion, pricing, and product development—but they apply them differently depending on who the customer is. Understanding whether you're marketing to a business or a consumer helps define how to communicate, what to emphasize, and where to focus your efforts.

Creation notes: Chat GPT was used to update and shorten text to include current examples.

1.7 Value of Marketing

Learning Objectives

- Explain the benefits consumers derive from marketing activity
- Explain the benefits companies and organizations derive from marketing activity
- Explain the benefits society derives from marketing activity
- Describe how an understanding of marketing makes people more informed as both consumers and participants in society
- Explain how marketing creates value for the consumer, the company, and society

For some people, marketing has a reputation as being fluffy, superficial, and light. Certainly, a lot of marketing activities have earned that reputation over the years. One goal of this course is to help you understand the important role marketing plays in business and everyday life in today's globally connected world.

Are we arguing that marketing is an inherently good thing? No, we're arguing that it is an inherently useful and potentially powerful thing.

Is marketing a matter of life-and-death importance? Generally, no.

Does marketing save lives? Actually, sometimes it does. [1]

1. Bourne, K. (2021, March 25). *Alberta has spent more than $15M on Covid-19 awareness campaigns*. Global News. https://globalnews.ca/news/7720170/alberta-government-covid-19-advertising-cost/

HEALTH

Alberta has spent more than $15M on COVID-19 awareness campaigns

By Kirby Bourne · 630CHED
Posted March 25, 2021 7:54 pm · Updated March 25, 2021 8:32 pm



An Alberta government COVID-19 awareness campaign billboard on Gateway Blvd. near Whitemud Drive in south Edmonton on March 25, 2021. **Eric Beck, Global News**

Screenshot of a Global News story posted March 25, 2021 to Globalnews.ca

Learning Activities

- Reading: The Value of Marketing

Reading: The Value of Marketing

Marketing can mobilize attitudes and behaviour around a common vision. It is a powerful medium for expression, creativity, and sharing across an increasingly global society. Marketing can be an agent of change in the diffusion of ideas and innovation. It can also be self-serving and manipulative, playing on human fears and insecurities to separate people from their money and from one another.

With all this in mind, what value does marketing provide?



Left: Lucky Strike ad, LIFE Magazine, 1936. Right: Ad promoting Product Red, a licensed brand that partners with companies like Nike, Apple Inc., Converse, and others to raise funds to eliminate HIV/AIDS in Africa. Fifty percent of the profits generated by Red products are donated to the Global Fund to Fight AIDS.

Marketing remains an active, dynamic field because it serves useful purposes for organizations, individuals, and society.

Marketing Can Benefit Organizations

As explained earlier in this module, organizations use marketing to identify, satisfy, and retain customers. Marketing helps businesses know which problems to solve and which products, services, and experiences to offer. Effective marketing drives product improvements and determines the terms of profitable transactions. Marketing efforts help organizations build and sustain productive relationships with the people and groups they serve. Without effective

marketing, companies become islands that retain no meaningful connection to their customers. When an organization loses its audience, eventually it ceases to exist.

Marketing Can Benefit People

Individuals are not just *targets* of marketing; they can also be *beneficiaries*. Marketing helps people navigate the world around them to find the things that address their wants and needs. Marketing is responsible for the creation of products that delight people, improve their productivity, and alter their quality of life. In recent years, marketing has contributed to the pervasive information now available to help people make advantageous consumer choices. Marketing reduces the friction and hassle around transactions. Imagine, without marketing you would never know that many of the products you need exist, let alone how to find them.

Marketing and Society

Because marketing is grounded in commercial, profit-seeking behaviours, some would argue that society is a net loser rather than a net winner when it comes to marketing influence. However, effective marketing helps create the conditions for healthy competition and market efficiency, where companies and consumers communicate and exchange mutual value.

Like virtually any tool, marketing can be used for noble purposes or nefarious ones. Regardless, it has a pervasive presence in the modern world. As you learn about marketing and begin to practice its principles, you will see more clearly how it influences your daily life. You will identify opportunities where marketing skills can help you become more effective at achieving your personal and professional goals. With a foundation in marketing, you will become a more informed consumer of the products, services, experiences and ideas you encounter throughout your life.

Practice Quiz Chapter 1

Check Your Understanding

Answer the question(s) below to see how well you understand the topics covered in the previous section. This short quiz does **not** count toward your grade in the class, and you can retake it an unlimited number of times.

Use this quiz to check your understanding and decide whether to (1) study the previous section further or (2) move on to the next section.

CHAPTER 2: MARKETING FUNCTION

Learning Objectives

- Why It Matters: Marketing Function
- Explain why the customer is the cornerstone of marketing
- Briefly explain the concepts of segmentation and targeting
- Describe the marketing mix
- Explain how organizations use the marketing mix (often called the four Ps) to market to their target customers
- Explain the role of a marketing plan as a guiding document for marketing activities

2.1 Why It Matters: Marketing Function

Learning Objective

Identify the primary marketing activities of an organization

It's springtime. You've just graduated from college, and the Instagram photos of you wearing your cap, gown, and huge smile are still fresh. But your mind has quickly turned to other things, or rather, to one major thing: a job.



You have a newly minted degree and a new skill set you're fired up to use (and possibly a few unpaid loans on your back). Now you just need to get an employer to notice you, pick you out of the crowd, and invite you onto the team. In other words, you need to *market* yourself.

What does that mean?

You Are the Product

What is the unique combination of skills and capabilities you provide to prospective employers? What can you offer that's different and better than other candidates? It might be a language you speak, a depth of prior experience you bring, a course of training you completed, a familiarity with the industry, great communication skills, or some combination of characteristics that make you an attractive employee.

Who Is Your Customer?

Who do you want to work for? What type of work do you want to do? Prospective employers are the customers you want to appeal to. Get to know them by researching who they are, who's hiring, what hiring process they use and what they look for, how they get information about job candidates, and what makes them take a closer look.

How Do You Reach These Customers?

How can you connect with employers? Reaching prospective employers usually involves packaging and promoting yourself through a common set of job-search tools and activities—like job fairs, résumés, cover letters, LinkedIn profiles, networking lunches, meet-ups, and other ways to get an "in." As you find pathways to an employer, how do you make a

strong positive impression? Packaging and presentation are essential. You show you're a good fit by dressing for success, sharing sample work products, showcasing your expertise, and demonstrating interpersonal skills.

What's Your Price?

When it comes to salary and benefits, what is your negotiating strategy? When discussions get serious—when you get a job offer, say—you'll want to get as much compensation as you can without pricing yourself out of the opportunity. After all, you're probably not the only candidate they are considering.

Marketing: A Life Skill

Marketing happens virtually everywhere. Job candidates like yourself have to figure out how to market themselves to employers. Companies market their products and services to customers. Nonprofit organizations market their altruistic missions and impacts to donors. Government agencies market their policies and programs to the general public. Candidates market their ideas to voters. Parents market vegetables to their finicky youngsters.

As you gain a greater understanding of marketing and its primary activities, you will see it at work all around you. You will become more adept at knowing how marketing works, and why. You will learn about marketing tools and techniques you can apply to your advantage personally and professionally. You'll appreciate the value of good marketing principles in helping you get ahead.

Of course you want to develop a skill that's so important in modern life!

2.2 Importance of Customer

Learning Objective

Explain why the customer is the cornerstone of marketing

As we dive into the mechanics of marketing, we begin by locking our focus on the customer.

"Customers" are the people or organizations with needs or wants that a business aspires to address. The act of obtaining a desired object from someone by offering something of value in return is called the ***exchange process***. Businesses live, thrive, or die based on their ability to offer value to customers through the exchange process. In other words, the customer is the primary reason for a business to exist.

All marketing centers on creating, delivering, and communicating value to the customer.

Learning Activities

- Reading: Why Customers Matter

Reading: Why Customers Matter

Who Are Customers, and Why Do They Matter?

Marketing exists to help organizations understand, reach, and deliver value to their customers. For this reason, the customer is considered the cornerstone of marketing.

With this in mind, what is likely to happen when an organization doesn't understand or pay attention to what its customers want? What if an organization doesn't even really understand who its customers are?



One of the world's best-known brands, Coca-Cola, provides a high-profile example of misunderstanding customer "wants." In the following video, Roberto Goizueta—in his only on-camera interview on this topic—recounts the disastrous launch of New Coke in 1985 and describes the lessons the company learned. Goizueta was chairman, director, and chief executive officer of the Coca-Cola Company from August 1980 until his death in October 1997.



One or more interactive elements has been excluded from this version of the text. You can view them online here:
https://pressbooks.atlanticoer-relatlantique.ca/nsccprinciplesofmarketing2e/?p=61#oembed-1

You can view the transcript for "All About New Coke" (opens in new window)

Can you think of other examples or brands that have pivoted based on consumer feedback?

A recent example is Netflix's shift in policy on password sharing. For years, Netflix tolerated the practice, but in 2023, the company began restricting account sharing to increase subscriber revenue. This move initially triggered backlash from longtime users. However, rather than reversing the decision entirely, Netflix responded by introducing a new paid feature that allowed users to officially share their account with individuals outside their household for a small fee. This strategic pivot demonstrated Netflix's responsiveness to customer preferences and changing usage patterns in an increasingly competitive streaming market.

Source: O'Flaherty, K. (2023, June 12). *Netflix password sharing crackdown—New data reveals surprising truth.* Forbes. https://www.forbes.com/sites/kateoflahertyuk/2023/06/12/netflix-password-sharing-crackdown-new-data-reveals-surprising-truth/

The Problem of Misplaced Focus

As introduced in Chapter 1, not all businesses adopt a marketing orientation. Some still prioritize internal efficiencies or aggressive selling over customer insight. Historically, companies like Texas Instruments and Otis Elevator followed a production orientation, focusing primarily on technology, cost-efficiency, and streamlined distribution. These firms operated under the assumption that a technically superior or lower-cost product would naturally generate demand.

While this strategy may yield short-term advantages, it leaves companies vulnerable in the long term to competitors who better understand evolving customer expectations or adapt faster to market shifts.

Similarly, organizations that adopt a sales orientation, such as Amway, a multi-level marketing company, tend to equate marketing with selling. This mindset assumes that demand can be created through persuasion alone, often placing more emphasis on closing a sale than understanding customer needs. When the sales process overshadows customer value, companies risk alienating consumers and missing out on opportunities to build lasting relationships. In today's marketplace, companies that fail to center the customer in their strategy risk falling behind those that do.

Staying Close to the Customer

Insightful businesses acknowledge the importance of production and sales but realize that the following three-step process is most effective:

1. Continuously collect information about customers' needs and competitors' capabilities
2. Share the information across departments, including production and sales
3. Use the information to create a competitive advantage by increasing value for customers

Thanks to the Internet and other technological advances, today's consumers have access to far more and far better information than ever before. They also have many more choices. To succeed in this environment, businesses must provide comparable levels of information to competitors, and they must deal with new competitors that are quicker, smarter, and open 24-7-365.

Organizations that employ marketing correctly know that keeping customers informed is easier if they maintain constant contact with the customer. This does not necessarily mean that they write or call regularly, although it could. Rather, it means a marketing organization knows a great deal about the characteristics, values, interests, and behaviours of its customers. It monitors how these factors change over time. It provides channels of information and communication to meet customers where they are and be accessible at any moment. Although the customer-oriented marketing process is not an exact science, there is sufficient evidence that marketers who do this well tend to succeed.



A prime guideline for marketing success is to establish customer satisfaction as a company's number-one priority. This forces an organization to measure and pay attention to customers' experiences purchasing and using its products. The drive to improve customer satisfaction typically results in improvements to products, processes, and relationship building. This approach helps organizations develop a marketing mentality that facilitates information gathering and maintains effective communication with the customers who are critical to growth, profitability, and success.

Creation notes: Chat GPT was used to update and shorten text to include current examples.

2.3 Segmentation and Targeting Introduction

Learning Objectives

- Define and explain the concepts of **market segmentation** and **targeting**
- Understand why segmentation and targeting are essential to customer-focused marketing
- Recognize how businesses use segmentation and targeting to optimize resources and improve relevance

We've already established that the customer is central to both marketing and business success. But how do organizations identify and connect with the right customers in a crowded marketplace?

There are two important realities to consider. First, every business operates with limited resources; no company can serve every customer equally well. Second, marketing efforts are most effective when they're tailored to the specific needs and interests of a well-defined audience.

This is where segmentation and targeting come in.

> **Segmentation** is the process of dividing a broader market into smaller groups of customers who share similar characteristics, needs, or behaviours.
>
> **Targeting** involves evaluating those segments and selecting the most appropriate ones to pursue with customized marketing strategies[1].

Once segments are identified, businesses can use targeting to focus their marketing efforts on the most attractive and relevant segments, those most likely to benefit from and respond to their offerings. Targeting allows organizations to align their products, services, and communications more precisely with customer expectations, resulting in more efficient marketing and stronger customer relationships.

Creation notes: Chat GPT was used to format, update and shorten text to include current examples.

Learning Activities

- Reading: Defining Your Target Market

1. Kotler, P., & Armstrong, G. (2021). *Principles of Marketing* (18th ed.). Pearson.

Reading: Defining Your Target Market

Whom Are You Trying to Reach?

Suppose you are selling automotive detailing products. Is your target "anyone with money to pay for your product?" Or are you focusing your efforts on a tightly defined market niche of people with an identified need for what you are selling? "Anyone with money" is such a broad audience that it's difficult to make any impact at all with your marketing efforts or convince very many people that they need your product. If you narrow and carefully define your target market, though, your efforts will be more fruitful because they're focused on people with a preexisting need or interest in what you offer.



Step 1: Identify the Business Need You Address

To define your total market, start by stating the needs you will fulfill: who are your products or services intended for? Who do you want to do business with? What is unique about your product? If you're selling products used in automotive detailing, your total market consists of vehicle owners—that is, all the people who could potentially buy your product. Your business will help them keep their vehicles clean and shiny.

Step 2: Segment Your Total Market

Next, break down this large market into smaller sections, using a process known as segmentation. You can use a variety of approaches to segment your total market into groups with common wants or needs. In this case, we can segment by vehicle ownership and related behaviour. Specific segments might include the following:

- People who restore classic automobiles
- People who drive old clunkers and run them through the car wash occasionally
- People who own "status" cars
- Truck drivers
- Motorcycle owners

Which of these subgroups are likely to be your most productive market niche(s)? You recognize that auto owners who don't care about keeping their cars clean and shiny probably won't be very interested in your products. Then there are those who care, but they lack the time and interest to do the work themselves; they take their vehicle to a shop. Others only worry about auto detailing only when it's time for a trade-in.



You reject these segments as unsuitable for your niche market because they probably don't care enough about what you offer. After further consideration and research, you decide that your market segment will be automobile owners who have both the time and the interest to do their own detailing work—people who enjoy puttering with their vehicles and who take pride in their vehicle's appearance.

You need to conduct research to confirm that there are enough potential customers in that group to support your business. You should also do a competitive analysis to confirm that what you are offering is not readily available to your potential customers elsewhere. With this validation, you move to step three.

Step 3: Profile Your Target Customer Segment(s)

Next, develop profiles of your target customer(s) to get a true picture of the people you're trying to serve. Describe these potential customers as fully as you can: Who will actually buy your product? What do you know about them? Where are they situated geographically? How much do they spend on car detailing? What are they likely to spend on your products? Where do they shop? What is their annual income? What languages do they speak? What kinds of automobiles do they drive? If you are selling online, what methods do they prefer for online payment? What type of websites do they visit? How do they want their product delivered?

Identify your customer profile before you conduct market planning so that your planning is a good fit for your customers' behaviour, interests, and needs.

Step 4: Research and Validate Your Market Opportunity

Now that you have fully identified your target market, conduct research to verify that there will be enough business in this group to support your company in its growth. This process confirms that the need actually exists and that it's not just wishful thinking on your part.

Use both primary and secondary sources in your research. You might consult business directories, obtain statistics regarding automobile owners and their car-care practices, or locate newspaper articles and magazine stories written on the subject. You can also conduct your own market research using techniques such as surveys, focus groups, interviews, and so forth.

Your research should also determine the size of the market opportunity in terms of revenue as well as your potential market share.

You can use primary and secondary sources to find out how many potential customers there are in the geographic area you have defined and how many businesses are directly or indirectly competing with you. Your market share will be the number of customers likely to buy from you rather than from your competition.

Having defined and validated your target market, you are now better positioned to develop a marketing plan that will reach your potential customers. Perhaps your sales will take off right away—a great problem to have!

Creation notes: Chat GPT was used to update and shorten text to include current examples.

2.4 Communicating the Value Proposition

Learning Objectives

Define and communicate an organization's value proposition in a competitive marketplace

Once you know your target market, you must have a compelling way to communicate your value proposition. This requires the marketer to answer a number of questions:

- **What is value?** Each customer will weigh the benefits and the costs of an offering differently and determine whether it is providing value. It is important to understand how customers perceive value.
- **What is the value this offering provides to the target customer?** You hope that you have selected target customers that view the value that you provide favorably, but the marketer has to test and refine the assumption that the offering is actually providing value to the target customer.
- **How is the value provided different from the value that competitors provide?** Each time a competitor shifts its offering(s), that change will have an impact on the perceived value of your offering. In a competitive marketplace, it becomes important to understand and react to changes, but also to identify the value that you provide that is most difficult for others to copy.
- **How are you communicating the promise of value to target customers?** With so many marketing channels and messages all around, customers have a very short attention span. The marketer has to grab that attention and communicate value to customers in only a few seconds.

Learning Activities

- Reading: Value for the Customer
- Reading: Communicating the Value Proposition

Reading: Value for the Customer

What Is Value?

Earlier in this module, we discussed that marketing exists to help organizations understand, reach, and deliver value to their customers. In its simplest form, **value** is the measure of the benefit gained from a product or service relative to the full cost of the item.

Value = benefit – cost

In the process of the marketing exchange, value must be created. Let's look at the simplest example: if you and I decide to give each other a $5 bill at the same moment, is value created? I hand my $5 bill to you, and you hand yours to me. It is hard to say that either of us receives a benefit greater than the $5 bill we just received. There is no value in the exchange.

Now, imagine that you are passing by a machine that dispenses bus tickets. The machine is malfunctioning and will only accept $1 coins. The bus is about to arrive and a man in front of the machine asks if you would be willing to give him four $1 coins in exchange for a $5 bill. You could, of course, decide to make change for him (and give him five $1 coins), but let's say you agree to his proposal. At that moment a $1 coin is worth $1.25 to him; how does that make sense in the value equation? From his perspective, the ability to use the bus ticket dispenser *at that moment* adds value to the transaction.

This is where value becomes tricky for marketers. Value is not simply a question of the financial costs and financial benefits. It includes perceptions of benefit(s) that are different for every person. The marketer has to understand what is of greatest value to the target customer, and then use that information to develop a total offering that *creates value*.

Value Is More Than Price

You will notice that we did not express value as value = benefit – price. Price plays an important role in defining value, but it's not the only consideration. Let's look at a few typical examples:

- **Example One:** Two products have exactly the same ingredients, but a customer selects the higher-priced product because of the name brand. For the marketer, this means that the brand is ***adding value*** to the transaction.

- **Example Two:** A customer shopping online selects a product but abandons the order before paying because there are too many steps in the purchase process. The inconvenience of filling in many forms, or concerns about providing personal information, can *add cost* (which will subtract from the value the customer perceives).

- **Example Three:** An individual who is interested in a political cause commits to attending a meeting, but cancels when he realizes that he doesn't know anyone attending and that the meeting is on the other side of town**.** For this person, the benefit of attending and participating *is lower because of costs* related to personal connection and convenience.

As you can begin to imagine, the process of determining the value of an offering and then aligning it with the wants and

needs of a target customer is challenging, indeed. Throughout this course, though, you will gain a deeper understanding of the tools and processes that marketers use to do it effectively.

Value in a Competitive Marketplace

As if understanding individual perceptions of value wasn't difficult enough, the presence of competitors further complicates perceptions of value. Customers instinctively make choices between competitive offerings based on perceived value.



Toronto, Ontario Skyline

Imagine that you are traveling to Toronto, Ontario, with a group of six friends for a school event. You have the option to stay at a Marriott Courtyard Hotel that is located next to the event venue for $95 per night. If you pay the "additional person fee," you could share the room with one friend for a cost of $50 per night. However, one of your friends finds an AirBnB listing for an entire apartment that sleeps six people at the cost of $280 per night. That takes the price down to $40 per night, but the apartment is five miles away from the venue and, since there are seven of you, you would likely be sleeping on a couch or fighting for a bed. It would have a more personal feel and a kitchen, but you would be staying in someone else's place. It's an interesting dilemma. Regardless of which option you would really choose, consider the differences in the value of each and how the presence of both options generates unavoidable comparisons: the introduction of the Airbnb alternative has the effect of highlighting new shortcomings and benefits of the Marriott Courtyard hotel room.

Alternatives generally fall into two categories: competitors and substitutes. A competitor is providing the same offering but is accentuating different features and benefits. If, say, you are evaluating a Marriott Courtyard hotel room vs. a Hilton Hampton Inn hotel room, then you are looking at *competitive offerings*. Both offerings are hotel rooms provided by different companies. The service includes different features, and the price and location vary, the sum of which creates different perceptions of value for customers.

Airbnb is a service that allows individuals to rent out their homes, apartments, or a single room. Airbnb does not offer hotel rooms; it offers an alternative to, or substitute for, a hotel room. *Substitute offerings* are viewed by the user as alternatives. The substitution is not a perfect replication of the offering, which means that it will provide different value to customers.

Competitors and substitutes force the marketer to identify the aspects of the offering that provide unique value vis-à-vis the alternatives. Marketers refer to this as differentiation. Differentiation is simply the process of identifying and optimizing the elements of an offering that provide unique value to customers. Sometimes organizations refer to this process as competitive differentiation, since it is very focused on optimizing value in the context of the competitive landscape.

Finally, organizations seek to create an advantage in the marketplace whereby an organization's offerings provide greater value because of a unique strategy, asset, or approach that the firm uses that others cannot easily copy. This is a competitive advantage. The American equivalent to the Canadian Marketing Association defines competitive advantage as "as total offer, vis-à-vis relevant competition, that is more attractive to customers. It exists when the competencies of a firm permit the firm to outperform its competitors." When a company can create greater value for customers than its competitors, it has a competitive advantage.

Reading: Communicating the Value Proposition

What Is a Value Proposition?

We have discussed the complexity of understanding customer perceptions of value. As the company seeks to understand and optimize the value of its offering, it also must communicate the core elements of value to potential customers. Marketers do this through a **value proposition**, defined as follows:

> A business or marketing statement that summarizes why a consumer should buy a product or use a service. This statement should convince a potential consumer that one particular product or service will add more value or better solve a problem than other similar offerings.[1]



It is difficult to create an effective value proposition because it requires the marketer to distill many different elements of value and differentiation into one simple statement that can be easily read and understood. Despite the challenge, it is very important to create an effective value proposition. The value proposition focuses marketing efforts on the unique benefit to customers. This helps focus the offering on the customer and, more specifically, on the unique value to the customer.

A value proposition needs to very simply answer the question: Why should someone buy what you are offering? If you look closely at this question it contains three components:

- **Who?** The value proposition does not name the target buyer, but it must show clear value to the target buyer.
- **What?** The offering needs to be defined in the context of that buyer.
- **Why?** It must show that the offering is uniquely valuable to the buyer.

How Do You Create an Effective Value Proposition?

When creating or evaluating a value proposition, it is helpful to step away from the long lists of features and benefits and deep competitive analysis. Stick to the simple, and strive for focus and clarity.

A value proposition should be clear, compelling, and differentiating:

- **Clear:** short and direct; immediately identifies both the offering and the value or benefit
- **Compelling:** conveys the benefit in a way that motivates the buyer to act

1. Twin, A. (2020, July 5). *Value Proposition.* Investopedia. http://www.investopedia.com/terms/v/valueproposition.asp

- **Differentiating**: sets the offering apart or differentiates it from other offerings

The value proposition is a message, and the audience is the target customer. You want your value proposition to communicate, very succinctly, the promise of unique value in your offering.

Learn More

Visit the link below to read a nice description of the value proposition from a marketing consultant's perspective:"How to Write a Great Value Proposition" on Quick Sprout.

2.5 Evaluating Value Proposition Examples

Learning Objectives

Evaluate examples of value propositions.

If you were asked to evaluate the solution to an easy math problem, such as 24 + 17 = 45, you could definitely say whether it's right or wrong. If, on the other hand, you were asked to evaluate a painting by a modern artist and judge it "good" or "bad," you would have to make a judgment based on your own preferences and, perhaps, after reading some reviews by experts or others (who probably wouldn't agree). Evaluating art is akin to evaluating a value proposition—it's definitely a subjective process, and others may disagree with you. That said, below are a few pointers that can help you.

It is easy to recognize when a value proposition is bad:

- If it is so general or universal that it doesn't articulate unique value.. (For years Tony the Tiger promoted Kellog's frosted flakes saying, "They're grrrrreat!" It's a cute catchphrase for a tiger, but it's not a value proposition.)
- If a value proposition has so many words that you need to read it twice—or worse, you stop reading and move on. As noted in the Quick Sprout infographic from the previous reading, it should take five seconds or less to read a value proposition.
- If the value proposition does not provide clarity about the offering to the target market. The target customer should understand exactly what is promised.
- If the value proposition for an offering mimics the value proposition of a competitive offering. In the technology industry, many critics have poked fun at Microsoft for imitating Apple's simple marketing language and presentation style. No matter how compelling the value proposition for an offering is, copying it for a competitive offering doesn't make sense or work. An offering can't be unique if it's exactly like something else.

In this section, you'll get to review some value propositions that are quite good (in our view). As you read them think about what they are doing right and how they could be improved.

Learning Activities

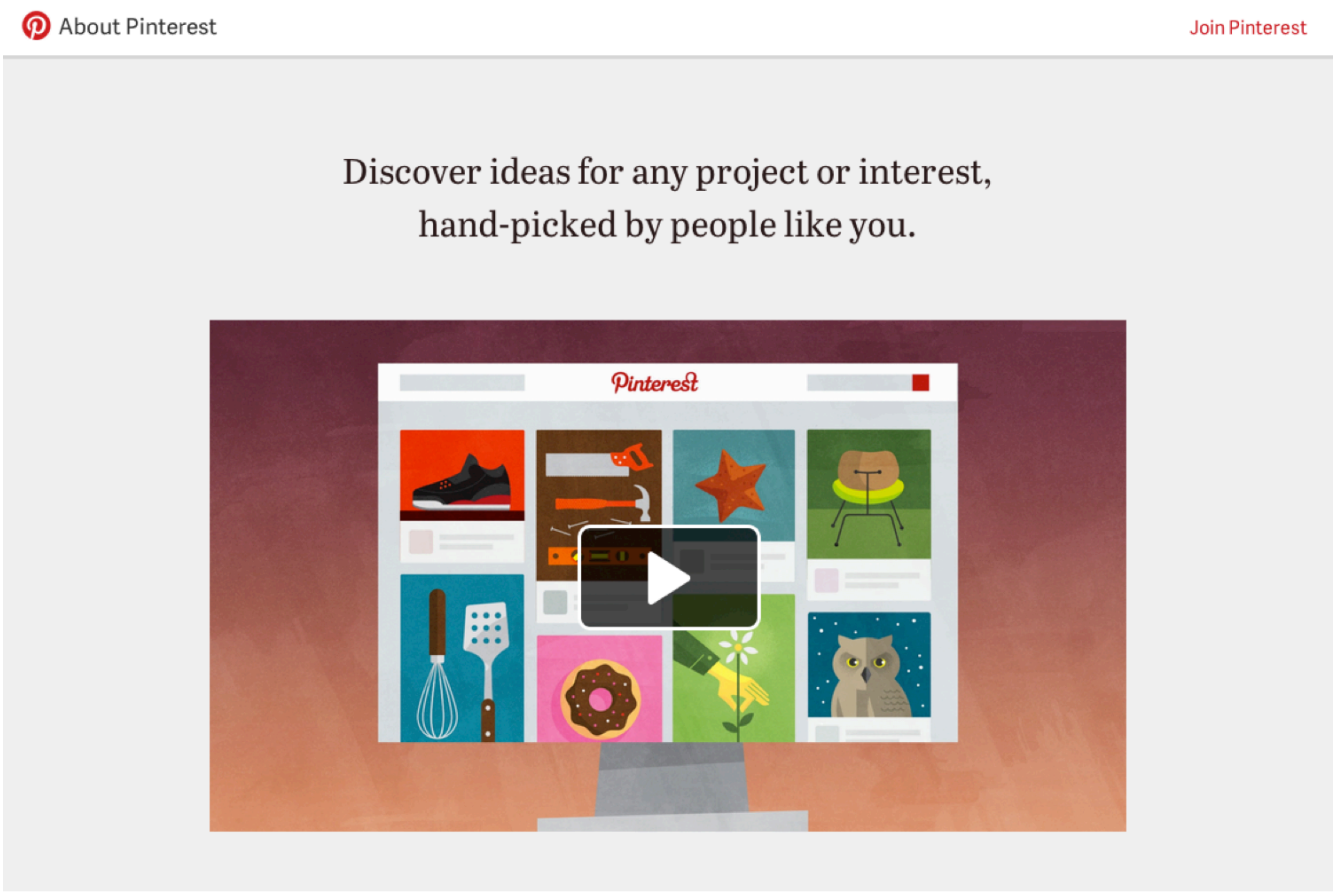
- Reading: Value Proposition Examples
- Video: Coffee Shop Marketing

Reading: Value Proposition Examples

The Value Proposition in Action

Let's take a look at some real examples and evaluate them. Are they clear, compelling, and differentiating? Keep in mind that you may not be the target market for all of these examples. Your role as a marketer is to evaluate them from the perspective of the target customer.

Pinterest



Pinterest website screenshot. *(https://www.pinterest.com/)*

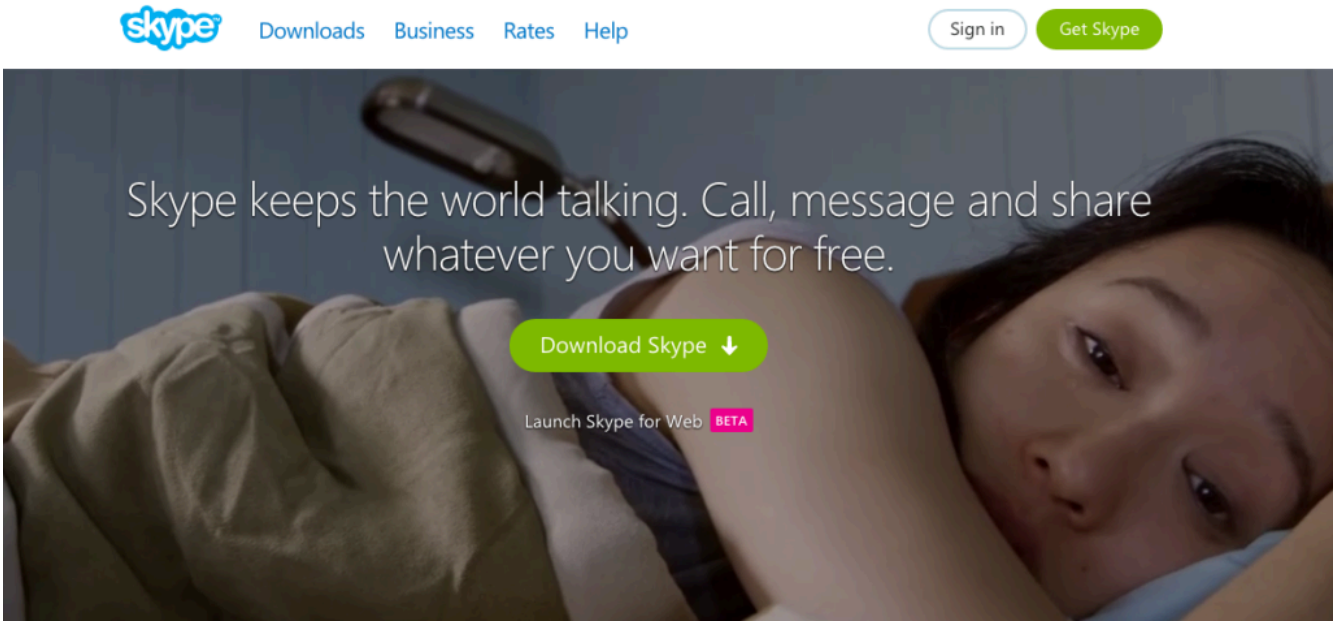
This value proposition doesn't offer a lengthy description of what Pinterest is and how it works. It simply states the benefits Pinterest provides to its users.

Notice the use of the phrase "people like you." The value proposition connects you to the site's other users through your own interests. It implies that a friendly community of "people like you" awaits you and is interested in helping you.

Is the value proposition sufficiently clear to you? Does it give you enough information to know whether the offering is of interest to you?

The greatest challenge in creating an effective value proposition is striking a balance between being clear and communicating enough value.

Skype



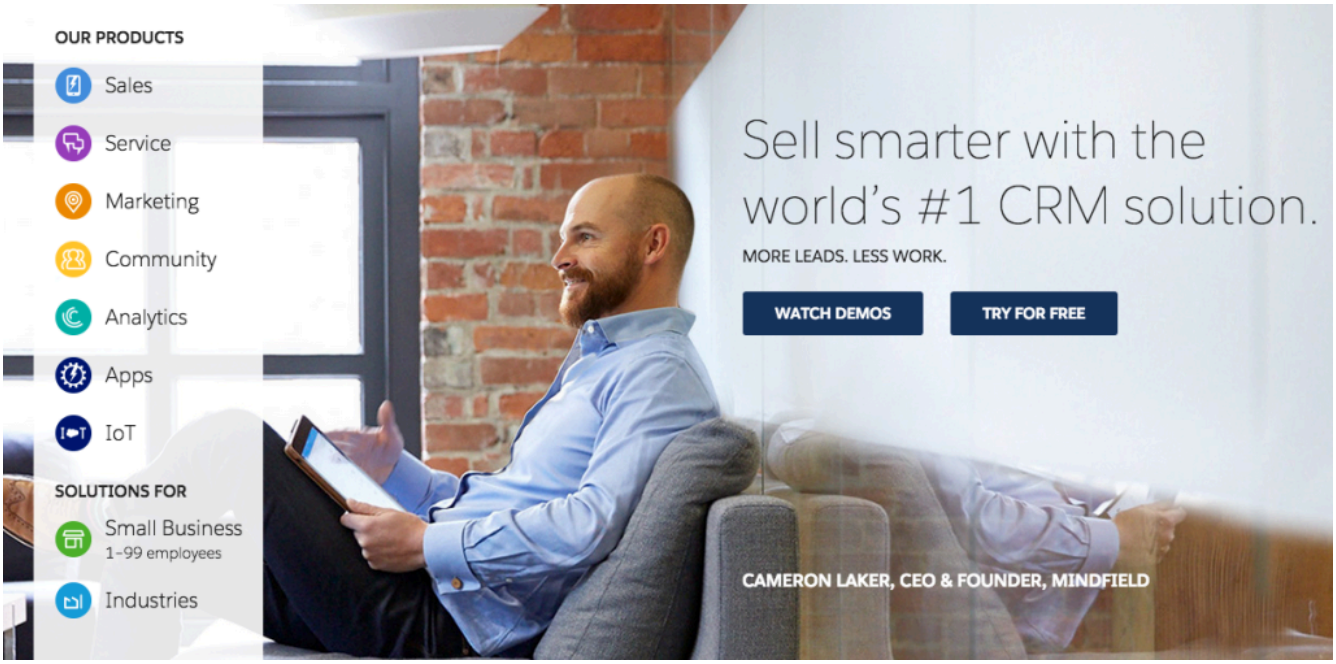
Skype website screenshot (https://www.skype.com/)

The value proposition first highlights Skype's broad use, which is an important feature for its network-based approach.

Next, it describes the offering. Skype provides more information than Pinterest does about what its offering is—and it highlights the fact that it's free. Pinterest is also free but doesn't disclose this in its value proposition. Is one approach better than the other? Why might a company want to emphasize that its product is free while another does not? In this case, it's probable that Pinterest conducted research and learned that users expect Pinterest to be free since that's the case with many other social sharing sites. In contrast, since Skype is competing with traditional paid services like cell service providers, free access is an important differentiator.

Again, notice the use of the word "you" in the value proposition.

Salesforce.com

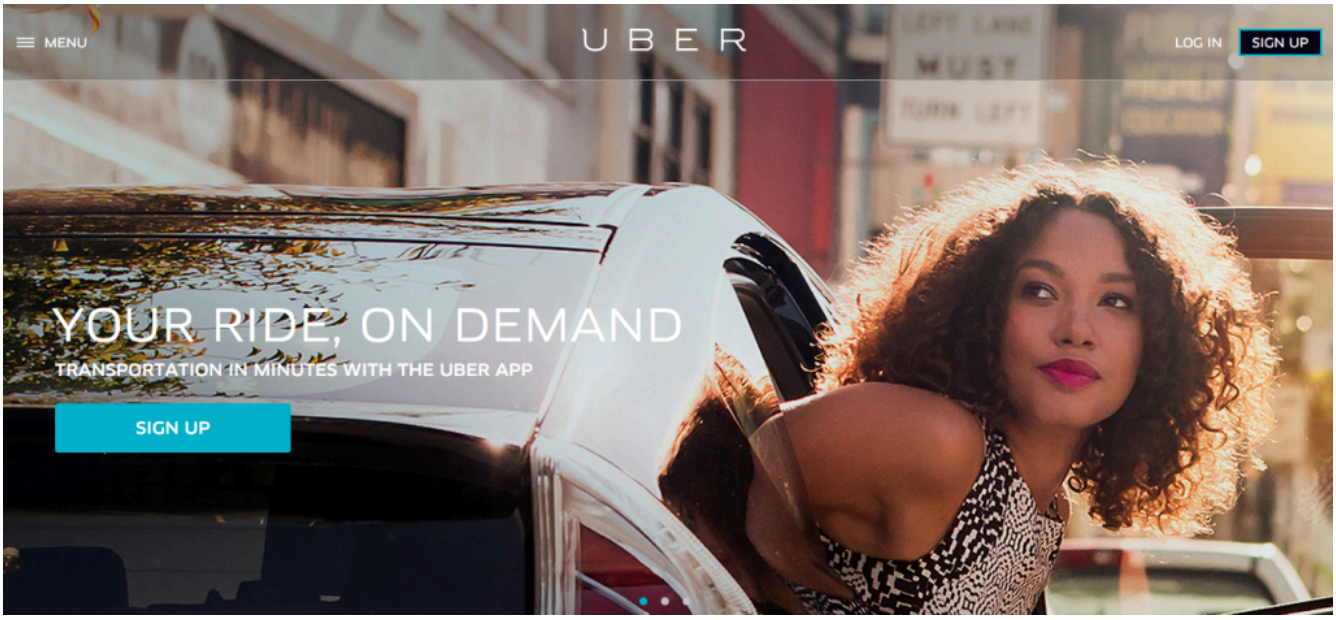


Salesforce.com website screenshot (https://www.salesforce.com/)

The value proposition for Salesforce.com includes the acronym CRM, which stands for customer relationship management software. Not everyone knows this acronym, but Salesforce.com is confident that its target customers do, and it's betting that they are seeking such a system to improve sales management processes and results.

The value proposition cuts to the offering's core benefit—improved sales results—and highlights its strong ("world's #1") market position.

Uber



Uber website screenshot (https://www.uber.com/)

This value proposition is very simple, but it says enough about the value that you may want to learn more about how it works.

In just a few words, the value proposition explains that you can get a ride when you need it using your phone. It emphasizes convenience in a number of ways by using the phrases "on demand" and "in minutes." There is also a subtle use of the word "your." Uber provides **your** ride. *You* are in charge.

Video: Coffee Shop Marketing

Starbucks is a powerful global brand that brings with it a sense of being cool and trendy. A stodgy coffee shop brand in the United Kingdom had to find a different value proposition to convince coffee drinkers that they were worth another try. Watch the video below, to see what they tried:



One or more interactive elements has been excluded from this version of the text. You can view them online here:
https://pressbooks.atlanticoer-relatlantique.ca/nsccprinciplesofmarketing2e/?p=78#oembed-1

You can view the transcript for "Coffee Shop Marketing". (opens in new window)

2.6 Marketing Mix

Learning Objectives

Describe the marketing mix

The value proposition explains why a consumer should buy a product or use a service and how the product or service will add more value, or better solve a problem, than other similar offerings. Once you get the value proposition right, you still have to actually *deliver value* to your target customer. The marketing mix describes the tools that marketers use to create value for customers.

Learning Activities

- Reading: Defining the Marketing Mix
- Reading: Components of the Marketing Mix
- Reading: Introduction to Products and Services
- Reading: Introduction to Product Life Cycle

Reading: Defining the Marketing Mix

Reaching Customers through the Marketing Mix

The value proposition is a simple, powerful statement of value, but it is only the tip of the iceberg. How do marketing professionals ensure that they are reaching and delivering value to the target customer?

Take yourself, as a "target customer." Think about your cell phone. What would make you want to buy a new one? How might the following issues affect your purchasing decision? Factors that might influence your decision include the following:

- Features: A company has just released a new phone with amazing features that appeal to you.
- Price: You're concerned about the price—is this phone a good deal? Too expensive? So cheap that you suspect there's a "catch"?
- Information: How did you find out about this phone? Did you see an ad? Hear about it from a friend? See pictures and comments about it online?
- Customer service: Is your cell service provider making it easier for you to buy this phone with a new plan or an upgrade?
- Convenience: Could you easily buy it online in a moment of indulgence?

You can see there are multiple factors that might influence your thinking and decision about what to buy—a *mix* of factors. Taken together, these factors are all part of the "marketing mix."

Organizations must find the right combination of factors that allow them to gain an advantage over their competitors. This combination—the marketing mix—is the combination of factors that a company controls to provide value to its target customers.

The following video illustrates how the marketing mix changes depending on the target customer:



One or more interactive elements has been excluded from this version of the text. You can view them online here: *https://pressbooks.atlanticoer-relatlantique.ca/nsccprinciplesofmarketing2e/?p=82#oembed-1*

You can view the transcript for "Value Creation Through the Marketing Mix". (opens in new window)

Evolving Definitions of the Marketing Mix

There are a few different ways the marketing mix is presented. During the 1950s the components of the marketing mix were conceived as the "four Ps" and were defined as follows:

1. **Product:** the goods and services offered
2. **Promotion:** communication and information
3. **Place:** distribution or delivery

4. **Price:** ensuring fair value in the transaction[1]



Today, this categorization continues to be useful in understanding the basic activities associated with marketing. The **marketing mix** represents the way an organization's broad marketing strategies are translated into marketing programs for action.

Over time, new categories of the marketing mix have been proposed. Most are more consumer-oriented and attempt to better fit the movement toward a marketing orientation and a greater emphasis on customer value. One example is the four Cs, proposed by Robert F. Lauterborn in 1990:

1. **Customer solution:** what the customer wants and needs
2. **Communication:** a two-way dialogue with the customer
3. **Convenience:** an easy process to act or buy
4. **Cost:** the customer's cost to satisfy that want or need[2]

The four Cs include a greater focus on the customer but align nicely with the older four Ps. They also enable one to think

1. McCarthy, Jerome E. (1964). *Basic Marketing. A Managerial Approach.* Homewood. McGraw-Hill Higher Education
2. Lauterborn, B. (1990). *New Marketing Litany: Four Ps Passé: C-Words Take Over.* Advertising Age, 61(41), 26.

about the marketing mix for services, not just products. While it is difficult to think about hotel accommodations as a distinct *product*, it is much easier to think about a hotel creating a *customer solution*.

You can see how the four Ps compare with the four Cs in the chart below.

The Four Ps Alignment with the Four Cs

The Four Ps Alignment with the Four Cs

Four Ps	Four Cs	Definition
Product	Consumer solution	A company will only sell what the consumer *specifically* wants to buy. So, marketers should study consumer wants and needs in order to attract them one by one with something they want to purchase.
Price	Cost	Price is only a part of the total *cost to satisfy* a want or a need. For example, the total cost might be the *cost of time* in acquiring a good or a service, along with the *cost of conscience* in consuming it. It reflects the total cost of ownership. Many factors affect the cost, including but not limited to the customer's cost to change or implement the new product or service and the customer's cost for not selecting a competitor's product or service.
Promotion	Communication	Communications can include advertising, public relations, personal selling, viral advertising, and any other form of communication between the organization and the consumer.
Place	Convenience	In the era of the Internet, catalogs, credit cards, and smartphones, people often don't have to go to a particular place to satisfy a want or a need, nor are they limited to a few places to satisfy them. Marketers should know how the target market prefers to buy, how to be there, and be ubiquitous in order to provide the *convenience of buying*. With the rise of the Internet and hybrid models of purchasing, "place" is becoming less relevant. Convenience takes into account the ease of buying the product, finding the product, finding information about the product, and several other factors.

Whether we reference the four Ps or the four Cs, it is important to recognize that marketing requires attention to a range of different approaches and variables that influence customer behaviour. Getting the right mix of activities is essential for marketing success.

Competitors and the Marketing Mix

The challenge of getting the right marketing mix is magnified by the existence of competitors, who exert market pressures using strategies defined by their marketing mix alternatives. Remember, the purpose of the marketing mix is to find the right combination of product, price, promotion, and distribution (place) so that a company can gain and maintain an advantage over competitors.

Reading: Components of the Marketing Mix

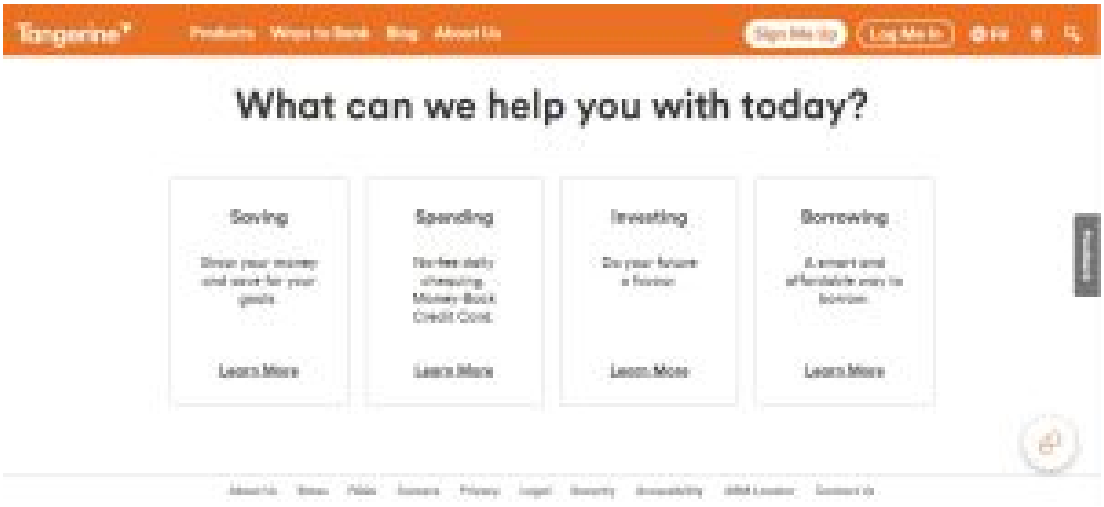
Product

In the marketing mix, the term "product" means the solution that the customer wants and needs. In this context, we focus on the solution. Products include either physical things (goods) and/or intangible things (services). Some products include both goods and services. In combination, or individually, goods and services are a solution and referred to as the product in the marketing mix. Examples of the product include:



- The Tesla Model S, a premium electric car
- A Stay at a Holiday Inn Express, a low-price national hotel chain
- Doritos Nachos Cheese, a snack food
- Tangerine, an online banking service

Each of these products has a unique set of features, design, name, and brand that are focused on a target customer. The characteristics of the products are different from competitors' products.



Screenshot of Tangerine.com

Promotion

In the marketing mix, the term "promotion" refers to the communications that occur between the company and the customer. Promotion includes both the messages sent by the company and messages that customers send to the public about their experience. Examples of promotion include:



- An advertisement in Cooking Light magazine
- A customer's review of the product on Twitter
- A newspaper article in the local paper quoting a company employee as an expert
- A text message sent to a list of customers or prospects

Marketing professionals have an increasingly difficult job influencing promotions that cannot be controlled by the company. The company's formal messages and advertising are only one part of promotions.



Marketers often run social media campaigns, rewarding customers who "Like" the company on Facebook.

Place

In the marketing mix, the term "place" refers to the distribution of the product. Where does the customer buy the product? "Place" might be a traditional brick-and-mortar store, or it could be online. Examples include:



- Distribution through an online retailer such as Amazon.com
- Use of a direct sales force that sells directly to buyers
- Sales through the company's website, such as the shoe purchases at Nike.com
- Sales by a distributor or partner, such as the purchase of a Samsung phone from Best Buy or from a Verizon store

In today's world, the concept of "place" in the marketing mix rarely refers to a specific physical address. It takes into account the broad range of distribution channels that make it easy for the target customer to buy.

Starbucks Online Ordering

How did a company like Starbucks that sells hot drinks from a storefront use mobile technology to improve distribution? Watch the video, below, to find out:

> *One or more interactive elements has been excluded from this version of the text. You can view them online here: https://pressbooks.atlanticoer-relatlantique.ca/nsccprinciplesofmarketing2e/?p=86#oembed-1*

You can view the transcript for "Starbucks Launches Mobile Ordering So You Can Skip The Line". (opens in new window)

Price

In the marketing mix, the term "price" refers to the cost to the customer. This requires the company to analyze the product's value for the target customer. Examples of price include:

- The price of a used college textbook in the campus bookstore
- Promotional pricing such as Harvey's $3 burger for downloading Harvey's mobile app
- Discounts to trade customers, such as furniture discounts for interior designers

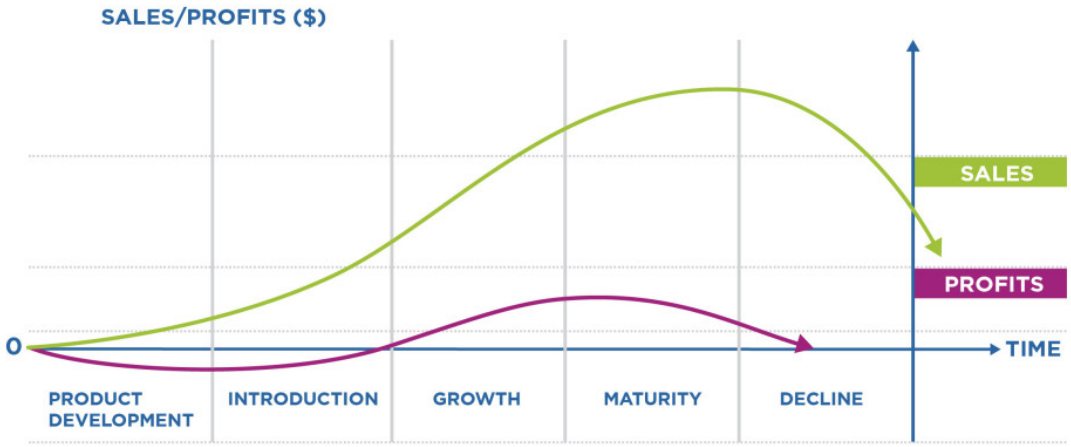


Marketing professionals must analyze what buyers are willing to pay, what competitors are charging, and what the price means to the target customer when calculating the product's value. Determining price is almost always a complicated analysis that brings together many variables.


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Reading: Introduction to the Product Life Cycle

A company has to be good at both developing new products and managing them in the face of changing tastes, technologies, and competition. Products generally go through a life cycle with predictable sales and profits. Marketers use the product life cycle to follow this progression and identify strategies to influence it. The product life cycle (**PLC**) starts with the product's development and introduction, then moves toward withdrawal or eventual demise. This progression is shown in the graph, below.



PRODUCT LIFE CYCLE

The five stages of the PLC are:

1. Product development
2. Market introduction
3. Growth
4. Maturity
5. Decline

The table below shows the common characteristics of each stage.

Product Life Cycle Stages and Common Characteristics

Stage 1: Product Development	1. Investment is made 2. Sales have not begun 3. New product ideas are generated, operationalized, and tested
Stage 2: Market Introduction	1. Costs are very high 2. Slow sales volumes to start 3. Little or no competition 4. Demand has to be created 5. Customers have to be prompted to try the product 6. Makes little money at this stage
Stage 3: Growth	1. Costs reduced due to economies of scale 2. Sales volume increases significantly 3. Profitability begins to rise 4. Public awareness increases 5. Competition begins to increase with a few new players in establishing market 6. Increased competition leads to price decreases
Stage 4: Maturity	1. Costs are lowered as a result of increased production volumes and experience curve effects 2. Sales volume peaks and market saturation is reached 3. New competitors enter the market 4. Prices tend to drop due to the proliferation of competing products 5. Brand differentiation and feature diversification is emphasized to maintain or increase market share 6. Profits decline
Stage 5: Decline	1. Costs increase due to some loss of economies of scale 2. Sales volume declines 3. Prices and profitability diminish 4. Profit becomes more a challenge of production/distribution efficiency than increased sales

Using the Product Life Cycle

The product life cycle can be a useful tool in planning for the life of the product, but it has a number of limitations.

Not all products follow a smooth and predictable growth path. Some products are tied to specific business cycles or have seasonal factors that impact growth. For example, enrollment in higher education tracks closely with economic trends. When there is an economic downturn, more people lose jobs and enroll in college to improve their job prospects. When the economy improves and more people are fully employed, college enrollments drop. This does not necessarily mean that education is in decline, only that it is in a down cycle.

Furthermore, evidence suggests that the PLC framework holds true for industry segments but not necessarily for individual brands or projects, which are likely to experience greater variability.[1]

Of course, changes in other elements of the marketing mix can also affect the performance of the product during its life

1. Mullor-Sebastian, Alicia. (1983). The Product Life Cycle Theory: Empirical Evidence. Journal of International Business Studies, (14.3), 95–105 https://www.jstor.org/stable/154692

cycle. Change in the competitive situation during each of these stages may have a much greater impact on the marketing approach than the PLC itself. An effective promotional program or a dramatic lowering of price may improve the sales picture in the decline period, at least temporarily. Usually, the improvements brought about by non-product tactics are relatively short-lived, and basic alterations to product offerings provide longer benefits.

Whether one accepts the S-shaped curve as a valid sales pattern or as a pattern that holds only for some products (but not for others), the PLC concept can still be very useful. It offers a framework for dealing systematically with product marketing issues and activities. The marketer needs to be aware of the generalizations that apply to a given product as it moves through the various stages.

2.7 Using the Marketing Mix

Learning Objectives

Explain how organizations use the marketing mix to market to their target customers.

Now that we know what tools are available to create value, how can we use them most effectively? In this section we'll cover a number of examples; later in the course we'll discuss the role of the marketing mix in the planning process and in a range of specific applications.

As you begin to understand each of the individual components of the marketing mix, remember that none of the four Ps operates independently to create value for the customer. For instance, a higher price will create higher expectations for the quality of the product or service, and may demand a higher level of customer service in the distribution process. Heavy promotion of a product can create greater awareness of the value that is expected, increasing the importance of the product delivering value. The right mix of components supporting the value proposition becomes very important.

Learning Activities

- Reading: Finding the Right Marketing Mix
- Case Study: Chobani

Reading: Finding the Right Marketing Mix



How does an organization determine the right marketing mix? The answer depends on the organization's goals. Think of the marketing mix as a recipe that can be adjusted—through small adjustments or dramatic changes—to support broader company goals.

Decisions about the marketing-mix variables are interrelated. Each of the marketing mix variables must be coordinated with the other elements of the marketing program.

Consider, for a moment, the simple selection of hair shampoo. Let's think about three different brands of shampoo and call them Discount, Upscale, and Premium. The table below shows some of the elements of the marketing mix that impact decisions by target customers.

Discount, Upscale, and Premium Shampoo Brands and the Marketing Mix

	Discount	**Upscale**	**Premium**
Product	Cleansing product, pleasant smell, low-cost packaging	Cleansing product, pleasant smell, attractive packaging	Cleansing product, pleasant smell created by named ingredients, premium packaging
Promotion	Few, if any, broad communications	National commercials show famous female "customers" with clean, bouncy hair	Differentiating features and ingredients highlighted (e.g., safe for coloured hair), as well as an emphasis on the science behind the formula. Recommended by a stylist in the salon.
Place	Distributed in grocery stores and drugstores	Distributed in grocery stores and drugstores	Distributed only in licensed salons
Price	Lowest price on the shelf	The highest price in the grocery store (8 times the prices of discount)	3 to 5 times the price of Upscale

A number of credible studies suggest that there is no difference in the effectiveness of Premium or Upscale shampoo compared with Discount shampoo, but the communication, distribution, and price are substantially different. Each product appeals to a very different target market. Do you buy your shampoo in a grocery store or a salon? Your answer is likely based on the marketing mix that has most influenced you.

An effective marketing mix centers on a target customer. Each element of the mix is evaluated and adjusted to provide unique value to the target customer. In our shampoo example, if the target market is affluent women who pay for expensive salon services, then reducing the price of a premium product might actually hurt sales, particularly if it leads stylists in salons to question the quality of the ingredients. Similarly, making the packaging more appealing for a discount product could have a negative impact if it increases the price even slightly *or* if it causes shoppers to visually confuse it with a more expensive product.

The goal of the marketing mix is to align marketing activities with the needs of the target customer.

Case Study: Chobani

In 2005, Turkish immigrant Hamdi Ulukaya bought a yogurt plant from Kraft Foods in Johnston, New York. Ulukaya had a vision of a better product: the thick, rich yogurt he had enjoyed in Turkey but couldn't find in the United States.

> *One or more interactive elements has been excluded from this version of the text. You can view them online here:*
> *https://pressbooks.atlanticoer-relatlantique.ca/nsccprinciplesofmarketing2e/?p=94#oembed-1*

You can view the transcript for "Chobani founder turns centuries old Greek yogurt into billion dollar craze". (opens in new window)

The Target Customer

Chobani started out making private-label regular yogurts for other large companies, but Ulukaya believed he could make a better yogurt than the competition. And, he had a good idea of the customers he wanted to target:

> We aimed at people who never liked yogurt. We couldn't blame them, because what was available was not what the rest of the world was eating.[1]

Further, the company chose not to target only women, a favorite target segment for the U.S. yogurt industry. Ulukaya believed that both men and women would appreciate the fresh ingredients and high protein that Chobani offered.

The Chobani Product

The recipe for Chobani is thicker and creamier than regular yogurt, with twice the protein and none of the preservatives and artificial flavors found in conventional yogurt. What's in the yogurt—five live and active cultures, including three probiotics—is as important as what's not, and Chobani turned this competitive advantage into the yogurt's slogan: "Nothing but Good." Ulukaya described the philosophy behind the product:



1. Harrison J.D. (2012, May 1) Greek yogurt maker Chobani takes home 2012 SBA Entrepreneurship Award. *The Washington Post.* https://www.washingtonpost.com/blogs/on-small-business/post/greek-yogurt-maker-chobani-takes-home-2012-sba-entrepreneurship-award/2012/05/01/gIQAZX3SuT_blog.html

> We look at our yogurt as pure, healthy, simple, and something that you enjoy tasting. That is very, very important for us.[2]

The Chobani Place

Existing Greek yogurt lines were most often sold in expensive specialty stores. Ulukaya hoped to sell his yogurt brand to a wider customer base through mass distribution channels of grocery store chains. After more than a year developing Chobani's trademark taste, in October 2007 Chobani's first shipment included five different flavors—blueberry, peach, strawberry, vanilla, and plain—which were sold to a single Long Island grocery store. From there the company expanded regionally and then nationally to grocery store chains. The demand for broader distribution was fueled by the promotion campaign.

The Chobani Promotion

Chobani worked to develop a two-way dialogue with happy customers.

> We're on all the major social media platforms. The growth of Chobani really started virally, where one person would try it, tell five friends who each told five friends, and it really became a brand people loved to discover on their own and tell other people about. In the online landscape, we just had really great success at being able to talk to our fans. I think one of the great things about our company is our relationship with consumers; it's really a lot of fun to hear what they have to say and take it to heart.[3] —Nicki Briggs, a registered dietitian and head of the company's communications team

Ulakaya also became a darling of the business press, which was persuaded by his philosophy that anything is possible with hard work. He was a frequent guest on national investment news programs and speaker at business conferences.

The company capitalized on the healthy and ambitious aspects of its brand, and in 2012 Chobani became the official yogurt of the U.S. Olympic Team. As a sponsor, Chobani followed athletes from U.S. Olympic training centers to the London Olympic Games.

Since then Chobani has also visibly committed to supporting local farmers and strengthening economic growth in the communities where it is located, which contributes to its reputation as a healthy brand.



One or more interactive elements has been excluded from this version of the text. You can view them online here: *https://pressbooks.atlanticoer-relatlantique.ca/nsccprinciplesofmarketing2e/?p=94#oembed-2*

2. Harrison J.D. (2012, May 1) Greek yogurt maker Chobani takes home 2012 SBA Entrepreneurship Award. *The Washington Post.* https://www.washingtonpost.com/blogs/on-small-business/post/greek-yogurt-maker-chobani-takes-home-2012-sba-entrepreneurship-award/2012/05/01/gIQAZX3SuT_blog.html
3. Barr Sean (n.d.) Chobani Yogurt Healthy Products Nourishing Growth. *Terrafirma Magazine.* https://www.terrafirmamagazine.com/case-studies/chobani-yogurt/

You can view the transcript for "Shepherd's Gift". (opens in new window)

The Chobani Price

When Chobani entered the market, prices for the traditional offerings in the market clustered around 65 cents per cup. Premium Greek yogurt costs $1.34 per cup. [4]

Chobani priced its product at roughly $1 per cup. This decision was based on the expectation that the product would be successful. Ulakaya set the price assuming economies of scale—that the company would gain efficiencies as sales increased—instead of trying to recover the early costs. The price factored in the higher cost of premium ingredients, which also supported the product and promotion goals. [5]

4. CBS Minnesota. (2012, April 26). Behind the hype: Costs and benefits of Greek yogurt. https://minnesota.cbslocal.com/2012/04/26/behind-the-hype-costs-and-benefits-of-greek-yogurt/
5. Durisin, M. (2013, May 3). Chobani CEO: Our success has nothing to do with yogurt. *Business Insider*. https://www.businessinsider.com/the-success-story-of-chobani-yogurt-2013-5#ixzz3l6bHLWtN

2.8 Role of Marketing Plan

Learning Objectives

Explain the role of a marketing plan as a guiding document for marketing activities.

How do organizations use the marketing mix to achieve results? This requires a clear understanding of the results that the organization hopes to achieve and a plan that brings the activities together.

The following reading gives an overview of the marketing planning process. In a later module we'll cover the inputs and outputs of this process in much more detail. For now, think about how planning can focus marketing efforts to deliver value to the target customer.

Learning Activities

- Reading: The Role of the Marketing Plan
- Simulation: Ice Cream Magnate

Reading: The Role of the Marketing Plan

The Marketing Plan

Effective marketing requires a plan—specifically, a marketing plan. Although customers should be at the center of any marketing plan, marketing activities do not operate in a vacuum. Instead, marketing is one function within a larger organization, and it operates within a competitive market environment. To ensure the effectiveness of marketing activities, the marketing plan must take all of these factors into account. Furthermore, once a plan is in place, it serves to guide all the marketing activities that an organization undertakes.

The marketing plan can take a variety of formats. It's often a formal document that is broadly reviewed to create alignment and support across the organization. It can also be a presentation that explains each of the objectives and strategies. Sometimes the elements of the marketing plan are presented on a company's internal website, allowing all employees to access the information and see updates.

The format is less important than the impact. The **marketing plan** identifies the marketing objectives and explains how marketing activities will help the organization achieve its broader goals and objectives. The marketing plan describes how the company will use the marketing mix—product, promotion, place, and price—to achieve its marketing objectives effectively within the competitive market environment. The marketing plan also focuses the company's resources on reaching target customers and driving them to act.


THE MARKETING PLANNING PROCESS
CORPORATE MISSION
SITUATIONAL ANALYSIS
INTERNAL FACTORS
Strengths & Weaknesses
EXTERNAL FACTORS
Opportunities & Threats
CORPORATE STRATEGY
Objectives & Tactics
MARKETING STRATEGY
Objectives & Tactics
PRODUCT
PRICE
TARGET MARKET
PROMOTION
PLACE
IMPLEMENTATION
& EVALUATION

Marketing Plan Alignment with Company Goals



The executive leadership of a company is charged with creating the framework that aligns and focuses the work of employees: the company's mission, objectives, and strategy. The company's mission describes its purpose and explains why it exists. The executive leadership defines corporate goals and the high-level strategies that marketing activities should support.

Informed by corporate goals and strategies, marketers develop marketing objectives to support the broader company goals. They may cover a variety of areas: company growth, sales, market share, profitability, customer perceptions, market penetration, and so forth. The marketing objectives represent a set of measurable goals, tied to marketing activity, that align with and move the company towards its corporate mission and goals.

For example, Bristol-Myers Squibb is a pharmaceutical company with a mission to discover, develop, and deliver innovative medicines that help patients combat and recover from serious diseases. The company's business strategy focuses on the manufacturing and distribution of medication, but it's also engaged in medical research and the discovery of new treatments. Both the mission and strategy inform the marketing plan. The company's marketing objectives and strategy should reinforce customer perceptions about the company's biotech innovation and commitment to promising pharmaceutical breakthroughs.

Marketing Plan Input: Situation Analysis

Beyond the company's purpose and focus, the marketing plan must take into account a range of internal and external factors that can be very complex. A *situation analysis* examines both the internal and external factors that might impact the marketing plan.

Internally, the company has both strengths and weaknesses that will influence the plan, such as its products, workforce, market perceptions, and other characteristics that give it advantages or disadvantages in the market. Outside the organization, there are a range of opportunities and threats such as competitors, economic forces, government regulations, and other political factors.

The situation analysis helps refine corporate goals and produce a relevant set of marketing objectives. At the corporate level, typical objectives include profitability, cost savings, growth, market share improvement, risk containment, reputation, and so on. These corporate objectives can be translated into specific, measurable marketing objectives. For example, the marketing objective "Introduce three new products" might lead marketers to support corporate goals on profitability, increased market share, and movement into new markets. A corporate goal of "Increase profit margins" might dictate marketing objectives around product innovation, quality of materials, and the price charged.

Translating Marketing Objectives into Strategies and Tactics

Once the organization has conducted a situation analysis and identified its marketing objectives, the next step is to

figure out what strategies will be most effective and the tactics that will be used to carry them out. You will learn more about the differences between strategy and tactics later on; for now, think of the strategy as the "big idea," or approach, and tactics as "the details"—the specific actions that will be taken to make the big idea a reality and help the organization reach its goals. For example, if you're a chess player, your strategy might be to "keep your opponent on the defensive," and one of your tactics might be to "take the opponent's queen as early in the game as possible." Your goal, or objective, is to win the game.

Obviously, a marketing plan needs to include actual *plans*, and that's where strategy and tactics come in. Though it's crucial for a marketing plan to be aligned with an organization's mission and mindful of its target customers, its competitors, and so on, it's just as important to have a plan of action that spells out exactly how the organization's resources will be used to reach its goals. Strategies and tactics are the key components of that action plan.

Marketing Plan Implementation and Evaluation

Once the plan is in place, the organization begins to implement the strategies. Successful marketing strategies require effective implementation. For example, if the organization has a promotional strategy to launch a social media campaign, then significant work is required to hone the message, manage social media tools, and encourage customers to engage. The strategy cannot achieve results if it is not executed well.

How will you know if it has been executed well? Marketing organizations need to identify what constitutes a successful marketing campaign and then measure the results to determine whether it had the desired impact. Did it reach the desired customers? Was it cost-effective? Did it generate the sales expected? Were the metrics for the specific elements of the campaign successful? Marketing metrics might include the number of customers viewing an advertisement, the number of social media "shares" or "likes," the number of visits to a website, the proportion of new customers vs. existing customers, customer spending levels, etc. The right set of marketing metrics depends on what you are trying to accomplish with the marketing campaign.

Marketers should capture and analyze the appropriate metrics to understand the success of marketing activities—to improve planning and future results.

Simulation: Ice Cream Magnate

Try It

Now that you've learned about the marketing mix and how it works, it's time to give it a try yourself.

The simulation below gives you a chance to take a "great business idea"—in this case, *ice cream*—and play around with the four Ps of marketing.

Try the simulation a few times to see how different choices lead to different outcomes. In a simulation it's good try out choices you think are right, as well as those you suspect are wrong, since you can learn from both. All simulations allow unlimited attempts so you can gain experience exploring and applying the concepts.



An interactive H5P element has been excluded from this version of the text. You can view it online here:
https://pressbooks.atlanticoer-relatlantique.ca/nsccprinciplesofmarketing2e/?p=101#h5p-2



One or more interactive elements has been excluded from this version of the text. You can view them online here:
https://pressbooks.atlanticoer-relatlantique.ca/nsccprinciplesofmarketing2e/?p=101

2.9 Putting It Together: Marketing Function

The Four Ps of Marketing Yourself

Now that you have a deeper understanding of the marketing function, let's return to where we began in this module: marketing yourself as a new college graduate in the job market. How can the concepts of the four Ps and the marketing mix help you market yourself to prospective employers?



Product

Product is the set of goods and services you offer. As a job candidate, you possess a unique set of experiences, interests, skills, and capabilities that make you a great match for certain kinds of jobs. These are your "product features." Your "product strategy" is to align your features with the jobs, employers, and industries you're going after. Competing effectively might mean drawing attention to the particular capabilities or features they want. Or it could mean adding a new skill set to make you a more compelling candidate.

Promotion

Promotion is how you communicate and provide information about your product. When you're job hunting, your promotional strategy is usually to show that you're the best candidate for the position. You should communicate this in all the forms that employers might be seeking information: your résumé, references, interviews, job sites, and so forth. Since each employer may be looking for something slightly different, you'll want to tailor your résumé and other tools to fit the opportunity. Communicating the right things to the right audiences is an essential part of effective promotion.

Place (Distribution)

Place means delivering your product into settings where your target audience will see and buy. For job candidates today, this generally means using all available networks to connect with prospective employers. Personal networking among friends, family, and associates can help you find out who's hiring and meet people working in your chosen field. Attending job fairs, professional meet-ups, and networking lunches is another good way to meet potential employers and people who can recommend you for professional opportunities. The "place" game is about being where your buyer is likely to find you.

Price

Price focuses on the exchange of value and making sure the exchange is worthwhile for both the buyer and the seller. In a hiring transaction, price is the compensation you receive in exchange for the labor and expertise you provide to your employer. As a job candidate, you should research benchmark salaries for recent graduates working in the position you're seeking. Such information can help you set realistic requirements around salary and benefits and know when it makes sense to ask for more. When you understand market dynamics around price, you can avoid pricing yourself out of the market and leaving value on the table.

Executing a Marketing Plan

With your marketing mix defined, you have defined strategies to help you find job opportunities that fit your goals. You have also identified essential tactics to help you take advantage of the opportunities you find. This is how the marketing function comes together. As you work through these tactics and make progress in your job search, you can evaluate what is effective and focus on the most promising activities.

In this case, your marketing success is easy to gauge: you'll know you've succeeded when you land the job you wanted!



Practice Quiz Chapter 2

Check Your Understanding

Answer the question(s) below to see how well you understand the topics covered in the previous section. This short quiz does **not** count toward your grade in the class, and you can retake it an unlimited number of times.

Use this quiz to check your understanding and decide whether to (1) study the previous section further or (2) move on to the next section.



An interactive H5P element has been excluded from this version of the text. You can view it online here:
https://pressbooks.atlanticoer-relatlantique.ca/nsccprinciplesofmarketing2e/?p=105#h5p-3

CHAPTER 3: SEGMENTATION AND TARGETING

Learning Objectives

- Why It Matters: Segmentation and Targeting
- Explain the purpose of segmentation and targeting in marketing
- Describe common segmentation approaches
- Explain the process of selecting an appropriate segmentation approach and deciding which customer segments to target for marketing activities
- Explain how targeting influences each element of the marketing mix

3.1 Why It Matters: Segmentation and Targeting

Learning Objective

Determine market segments and target customers

Suppose you have just accepted a product marketing job with a technology company called Chumber. You're excited about the company and the team you'll be working with. Chumber's main product is an automated, fully online system for checking the references of job candidates and getting feedback from coworkers about their professional skills.

After a morning orientation session and a product demonstration on the first day, your boss gives you your first assignment: spend a half-day doing research. Then come back to her with recommendations about whom Chumber should be targeting in its sales and marketing activities, and why.

After you give your boss a puzzled look, she adds, "Don't look so worried. I already know who I think we should be targeting. But with you coming in fresh, I'd like to hear what you think. We can probably learn something from each other!"

As you sit down at your new desk, the wheels start turning in your head.

Q: What problem is Chumber's product solving?

A: The hassle of checking references for job candidates and finding out who is really a good fit.

Q: Who has this problem?

A: Companies that hire people.

You recognize that this is a business-to-business marketing challenge, not a business-to-consumer issue. But "companies that hire people" covers a lot of ground. How effective will Chumber be if you try marketing and selling to every company in the world? And within any given company, which people would be most interested in using this product?

The question of whom to target is a foundational part of any marketing activity. Marketers use the tools of segmentation and targeting to answer this question. **Segmentation** helps you understand your market and divide it into groups that share common needs and characteristics. **Targeting** helps you figure out which of these groups to focus on in your sales and marketing activities.

Let's revisit the definitions from Chapter 2.

> **Segmentation** is the process of dividing a broader market into smaller groups of customers who share similar characteristics, needs, or behaviours.
>
> **Targeting** involves evaluating those segments and selecting the most appropriate ones to pursue with customized marketing strategies[1].

As you work through this module, you will learn about segmentation, targeting, and how they work. You will also learn how these tools help you shape the marketing mix to reach your target audiences effectively.

1. Kotler, P., & Armstrong, G. (2021). *Principles of Marketing* (18th ed.). Pearson.

3.2 Segmentation and Targeting Rationale

Learning Objective

Explain the purpose of segmentation and targeting in marketing

Segmentation and targeting are essential building blocks of marketing because they help marketers answer a basic question: *Who am I trying to reach?*

If you can't answer this question with a reasonable amount of certainty and detail, your marketing efforts will probably not have much impact. You'll spend a lot of time and money with little to show for it because you're not choosing marketing tactics that fit your audience.

However, when you know your target audience, you can make smart decisions about your marketing activities: why they need your product, where and how to get their attention, what to say to generate interest, and what types of offers will attract them.

In this module, first we will focus on why segmentation and targeting are so important. Then we will discuss how to conduct segmentation and targeting and use these tools to guide marketing activity.

Learning Activities

- Reading: The Purpose of Market Segmentation and Targeting

Reading: The Purpose of Market Segmentation and Targeting

What Is Market Segmentation All About?

Segmentation helps marketers answer the following set of fundamental questions:

1. To whom should I be marketing?
2. Why *them*?
3. How can I reach them most effectively?

Because marketers have finite resources, they have to make decisions about how and where to focus their efforts. Market segmentation provides useful information about prospective customers to guide these decisions and to ensure that marketing activities are more buyer-focused.

Market segmentation is the process of splitting buyers into distinct, measurable groups that share similar wants and needs. Once different segments are identified, marketers determine which target segments to focus on to support corporate strategy and growth.

For example, suppose your company produces high-performance athletic clothing. The market segmentation first identifies everyone with an interest in and need for this type of clothing. Then it identifies groups within the market that share common needs. These could include groups associated with different sports, levels of athletic activity, brand loyalty, fashion consciousness, price sensitivity, etc. As a marketer, you analyze the groups to determine which ones you want to focus on and why.



Professional tennis players are a specific segment of the market.

Defining a Market

In order to understand the purpose and benefits of segmentation, it's helpful to step back momentarily and look at markets as a whole and how segments help us understand a market. A market is a group of potential buyers with needs and wants, as well as the purchasing power to satisfy those needs and wants. These buyers might be individuals, groups, businesses, or organizations. The "total market" constitutes all the potential customers for a given product. Potential customers share a common problem or business need that your product can address, and they share other characteristics as well. In order for a market to exist, the following five criteria must be met:

1. There must be a true need and/or want for the product, service, or idea; this need may be recognized, unrecognized, or latent.
2. The person/organization must have the ability to pay for the product via means acceptable to the marketer.
3. The person/organization must be willing to buy the product.
4. The person/organization must have the authority to buy the product.

5. The total number of people/organizations meeting the previous criteria must be large enough to be profitable for the marketer.

If these criteria aren't met, there probably isn't a viable market for your product(s).

Segments within a Market

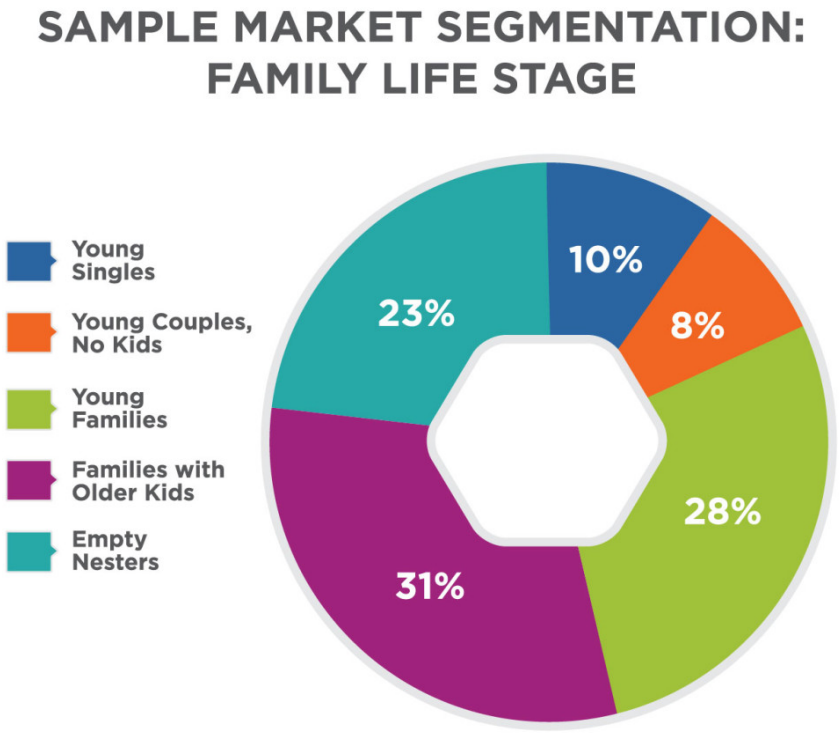
Markets are generally large entities that require significant investment to serve effectively. In fact, markets may be so large that it isn't feasible for a marketing organization to market its products effectively to all potential customers at the same time. A product provider might ask, "Given that my product will not be needed or wanted by all people in the market, and given that my organization has certain strengths and weaknesses, which target group(s) should I focus on?"

The answer to this question comes through market segmentation. Segmentation is a twofold process that includes:

1. Identifying and classifying people into homogeneous groupings, called segments
2. Determining which of these segments are viable target markets.

In essence, the marketing objectives of segmentation are:

- To improve an organization's understanding of who their prospective customers are and how to serve them
- To reduce risk in deciding where, when, how, and to whom a product, service, or brand will be marketed
- To increase marketing efficiency by directing effort toward designated segment(s) in ways that are consistent with that segment's characteristics



While, in theory, there may be "ideal" market segments for any given product, in reality, every organization engaged in a market will develop different ways of imagining market segments and create product differentiation strategies to exploit those segments. With a refined understanding of market segments, companies can differentiate their products to fit the needs of a particular segment. They can also use segmentation analysis to identify and create competitive advantages with their target audiences. A deeper understanding of their target audiences can guide marketers' choices in how they develop and promote products, how their products are delivered and priced, and so forth.

Focusing on the Target Market

It is rare that any single product will be an ideal fit for every member of an entire market. For example, no single shampoo is perfect for everyone on the planet. No single printer or cleaning service is ideal for every organization in the world. Buyers have different sets of needs. Segmentation acknowledges that different people and groups have different needs. Successful marketers use segmentation to figure out which groups (or segments) within the market are the best fit for the products they offer. These groups constitute their target market.

The target market should include only those segments of a market that are both profitable to serve and likely to be receptive to the products a company provides. Time, money, and effort spent on marketing will be most effective when it focuses on these target audiences. When organizations don't identify a target market, they dilute the impact of their marketing resources because they are spending money and effort trying to attract people who are unlikely ever to become profitable customers.

3.3 Common Segmentation Approaches

Learning Objectives

Describe common segmentation approaches

The next section of this module walks through several common approaches to market segmentation. Some approaches will probably seem familiar, or even obvious—like segmenting by gender or income level—but others, like "psychographic" segmentation, may not. These methods are common because they provide useful guidance to marketers about how to identify and reach prospective buyers.

It's important to remember that there may be more than one "right" way to segment a market. Certainly, there are more effective and less-effective approaches for different products or services. Sometimes a segmentation strategy is effective for a while, but then something shifts, and a new approach is needed. In that way, segmentation is like a compass for marketers: when your position or direction changes, you revisit market segmentation to fine-tune where you're heading and how to get there. Different segmentation approaches applied individually or together help refine a marketer's understanding of the target market.

Learning Activities

- Reading: Segmentation Criteria and Approaches

Reading: Segmentation Criteria and Approaches

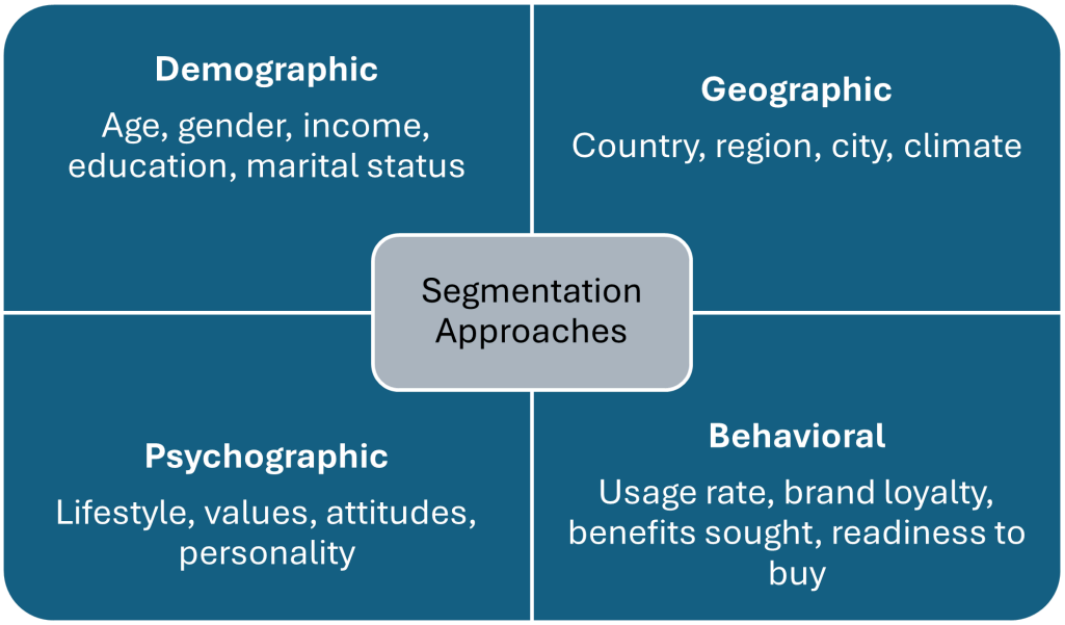
Common Approaches to Market Segmentation

Segmentation starts by identifying all the potential buyers for your product: individuals with the need and the means to buy what you offer. In most cases, this represents a large universe of people or organizations that are similar in some ways but different in many other ways. Segmentation is a process that helps marketers narrow their focus on the most promising groups within that universe.

There is no single correct way to segment a market. Defining a target consumer base can be performed using a variety of segmentation methods. Several common methods are discussed below. Marketers may apply a combination of these methods to provide greater insight into their target market and the customers they want to serve. In fact, good marketers generally try out different methods and combinations to figure out what approach is most successful to help them achieve their goals. Because people and their needs change, effective approaches for segmenting a market can also evolve over time.

The following is a list of common market segmentation approaches:

- **Geographic:** countries, provinces, regions, cities, neighbourhoods, postal codes, climate etc.
- **Demographic:** age, gender, family size, income, occupation, education, religion, ethnicity, and nationality.
- **Psychographic:** lifestyle, personality, attitudes, and social class.
- **Behavioral:** user status, purchase occasion, loyalty, readiness to buy, and decision-maker.
  Note: In both consumer and business markets, marketers often segment based on buying roles—such as decision-makers, influencers, or end users—which fall under behavioral segmentation.



Segmentation Approaches

Geographic Segmentation

Geographic criteria—countries, provinces, regions, cities, neighbourhoods–define geographic market segments. Geography represents the oldest basis for segmentation. Regional differences in consumer tastes for products are well known, such as donairs in Halifax, steak in Calgary, or a higher number of laid-back, health-conscious vegetarians in Vancouver. Geographic segmentation suggests that in St. John's NL you can sell raincoats, and rubber boots; in Toronto's hot muggy summer, you can sell air conditioners; and in Fort McMurray Alberta, you can sell down winter coats and warm winter boots with January's temperature averaging -20.7 °C.[1]



You're much more likely to sell surfboards in a location with a beach than in a landlocked location.

Geographic markets are easily identified, and large amounts of data are usually available. Many companies simply do not have the resources to expand beyond local or regional areas, so they must focus on one geographic segment only. There is very little waste in the marketing effort, in that the product and supporting activities such as advertising, physical distribution, and repair can all be directed at the customer. Further, geography provides a convenient organizational framework. Products, salespeople, and distribution networks can all be organized around a central, specific location.

The drawbacks of using a geographic basis for segmentation are also worth noting. There is always the possibility that consumer preferences aren't dictated by location—other factors, such as ethnic origin or income, may be more important. 44% of the population of Metro Vancouver are Asian [2], their preferences and buying behaviours might differ from other ethnic demographic groups, each based on their own individual cultures rather than the location that they reside in. Another problem is that geographic areas can be defined as very large, regional locations. Members of a geographic segment may be too heterogeneous to qualify as a meaningful target market.

Demographic Segmentation

Demographics are statistical data that describe various characteristics of a population. Demographic segmentation consists of dividing the market into groups based on demographic variables such as age, gender, family size, income, occupation, education, religion, political opinions, ethnicity, and nationality. Demographic segmentation variables are among the most popular bases for segmenting customer groups because demographic data are plentiful and the customer wants and needs often link closely to these variables.

1. *Fort McMurray Climate (Canada)*. (n.d.). Climate Data. https://en.climate-data.org/north-america/canada/alberta/fort-mcmurray-4623/
2. *Census Profile, 2016 Census*. (n.d.). Statistics Canada. https://www12.statcan.gc.ca/census-recensement/2016/dp-pd/prof/details/page.cfm?Lang=E&Geo1=CMACA&Code1=933&Geo2=PR&Code2=59&Data=Count&SearchText=vancouver&SearchType=Begins&SearchPR=01&B1=All&TABID=1

For example, the youth market (roughly ages five to thirteen) not only influences how their parents spend money but also how they make purchases of their own. Manufacturers of products such as toys, records, snack foods, and video games have designed promotional efforts directed at this group. "Tweens" are children between the ages of eight and twelve who are discovering what it means to be a consumer and are shaping the attitudes and brand perceptions they will carry with them as they grow up and gain more purchasing power. The elderly market (age sixty-five and over) has grown in importance for producers of products such as low-cost housing, cruises, hobbies, and health care.



Vancouver Chinatown By Xicotencatl. Wikimedia Commons. CC BY-SA

Marketing to consumers in Vancouver's multi-ethnic neighbourhoods may mean signs are not just displayed in English. Look carefully at the different signage on the Scotiabank building in Vancouver's Chinatown.

Pan-ethnic groups in Vancouver.[3]		
Total Population	2,607,010	100.0%
Total Visible Minority Population	1,420,270	54.5%
South Asian	369,290	14.2%
Chinese	512,260	19.6%
Black	41,180	1.6%
Filipino	142,125	5.5%
Arab	22,440	0.9%
Latin American	51,500	2.0%
Southeast Asian	56,815	2.2%
West Asian	64,640	2.5%
Korean	63,465	2.4%
Japanese	31,195	1.2%
Visible minority, n.i.e. (not included elsewhere)	14,750	0.6%
Multiple visible minorities	50,600	1.9%
Not a visible minority	1,186,740	45.5%

Source: *Statistics Canada, 2021 Census of Population.*

Life stage is another demographic trait associated with age, gender, marital, and family status. There is evidence that individuals and families go through predictable behavioural patterns associated with buying behaviours. For example, a young couple with one young child has far different purchasing needs than empty-nesters in their late fifties or single, middle-aged professionals.[4]

3. Statistics Canada. 2023. (table). Census Profile. 2021 Census of Population. Statistics Canada Catalogue no. 98-316-X2021001. Ottawa. Released November 15, 2023. https://www12.statcan.gc.ca/census-recensement/2021/dp-pd/prof/index.cfm?Lang=E (accessed June 10, 2025).
4. William R. Darden, W.A. French, and R.D. Howell. (1979). Mapping Market Mobility: Psychographic Profiles and Media

Income is perhaps the most common demographic basis for segmenting a market because it indicates who can or cannot afford a particular product. It is quite reasonable, for example, to assume that individuals earning minimum wage could not easily purchase a $80,000 sports car. Income is particularly useful as a segmentation input as the price tag for a product increases. It can also be helpful in understanding certain types of buying behaviour, such as which income groups are most prone to use coupons.

Similarly, other demographic characteristics can influence other types of consumer activities.

Despite the apparent advantages of demographic segmentation (i.e., low cost and ease of implementation), uncertainty exists about its effectiveness. The method can be misused. For example, it might be said that the typical consumer of Thai food is under thirty-five years of age, has a college education, earns more than $10,000 a year, lives in a suburban fringe of a moderate-size urban community, and resides in the West. While these characteristics may describe a typical consumer of Thai food, they also describe many other consumers and may paint an overly broad or inaccurate portrait of a supposed "segment." When a segment is too broad, it loses its defining characteristics and there isn't much to differentiate the target segment from the general population. In this situation, the segmentation approach does not provide much useful guidance to help marketers make effective marketing choices.

Psychographic Segmentation

In psychographic segmentation, consumers are divided according to common characteristics in their lifestyle, personality, attitudes, and social class. Evidence suggests that attitudes of prospective buyers toward certain products influence their subsequent purchase or nonpurchase of them. If persons with similar attitudes can be isolated, they represent an important psychological segment. Attitudes can be defined as predispositions to behave in certain ways in response to a given stimulus.[5]

For market segmentation purposes, personality is defined as long-lasting characteristics and behaviours of a person that shape how they cope and respond to their environment. Consumption of particular products or brands relates to consumer personality. For example, risk-seeking individuals are attracted to extreme sports and travel, and extroverts tend to dress conspicuously.

Social class segmentation identifies individuals based on a combination of socioeconomic such as education, occupation, income, family background, and attitudes related to these factors.

Exposure. Journal of Business Research, 7(8). 51-74 https://www.academia.edu/74222898/Mapping_market_mobility_Psychographic_profiles_and_media_exposure_1

5. Martha Farnsworth (1989, July) Psychographies for the 1990s. *American Demographics*, 25, 28-30.



Lifestyle segmentation refers to the orientation that an individual or a group has toward consuming products, work, and play and can be defined as a pattern of attitudes, interests, and opinions held by a person. Lifestyle segmentation has become very popular with marketers, because of the availability of consumer data, measurement devices and instruments, and the intuitive categories that result from this process.[6] As a result, producers target versions of their products and their promotions to various lifestyle segments. For example, companies like All State Insurance are designing special programs for the good driver, who has been extensively characterized through a lifestyle segmentation approach.[7]

Lifestyle analysis generally begins by asking questions about the consumer's activities, interests, and opinions. If a woman earns $100,000–$150,000 per year as an executive, is married and has two children, what does she think of her roles as a professional, a wife, and a mother? How does she spend her spare time? To what groups does she belong? What does she read? How does she use electronic devices? What brands does she prefer, and why? AIO (activities, interests, opinions) inventories, as they are called, reveal vast amounts of information concerning attitudes toward product categories, brands within product categories, and user and non-user characteristics.

Overall, psychographic segmentation tends to focus on how people spend their money; their patterns of work and leisure; their major interests; and their opinions of social and political issues, institutions, and themselves. While it can create intuitive groupings and useful insights into consumer behaviour, it can also take significant research and effort to inform a more complex and nuanced approach to defining market segments.

6. William D. Wells (1975, May). Psychographies: A Critical Review. *Journal Of Marketing Research.* 196-213. https://journals.sagepub.com/doi/10.1177/002224377501200210

7. Joseph T. Plummer (1974) The Concept and Application of LifeStyle Segmentation. *Journal of Marketing*, 38(1), 33-37. https://www.jstor.org/stable/1250164
David J. Reibstein, Christopher H. Lovelock, and Ricardo de P. Dobson (1980). The Direction of Causality Between Perceptions, Affect, and Behavior: An Application to Travel Behavior. *Journal of Consumer Research.* 6(4), 370–376. https://www.jstor.org/stable/2488738

Behavioral Segmentation



Consumers are divided into groups according to common behaviours they share. Typically these behaviours link to their knowledge of, attitude toward, use of, or response to a product.

The most common type of behavioural segmentation is around user segments. In 1964, the market researcher Twedt made one of the earliest departures from demographic segmentation when he suggested that the heavy user, or frequent consumer, was an important basis for segmentation. He proposed that consumption of a product should be measured directly to determine usage levels, and that promotion should be aimed directly at the heavy user. This approach has since become very popular. Considerable research has been conducted on "heavy users" of a variety of products. The results suggest that finding other characteristics that correlate with usage rate often greatly enhances marketing efforts.[8]

Other behavioural bases for market segmentation include the following:

- **User status:** Looking beyond "heavy users," it can also be helpful to identify segments based on a broader set of use patterns, such as non-users versus ex-users, or one-time users versus regular users. Smartphone and Android service providers examine usage patterns to create optimal plans and targeting based on specific sets of user needs: family plans, individual plans, no-contract plans, unlimited talk and data plans, and so forth. New car producers have become very sensitive to the need to provide new car buyers with a great deal of supportive information after the sale in order to minimize unhappiness after the purchase.
- **Purchase occasion:** This approach tries to determine the reason or occasion for purchasing a product and how it will be used. For example, airlines typically segment customers based on the reason for a passenger's trip: business versus personal travel. Someone traveling for business generally has different needs and wants from someone traveling for pleasure. A business traveler tends to be less sensitive about price and more focused on timing, location, and convenience.
- **Loyalty:** This approach places consumers in loyalty categories based on their purchase patterns of particular brands. A key category is the brand-loyal consumer. Companies have assumed that if they can identify individuals who are brand loyal to their brand, and then delineate other characteristics these people have in common, they will locate the ideal target market. There is still a great deal of uncertainty about the most reliable way of measuring brand loyalty.
- **Readiness:** Readiness segmentation proposes that potential customers can be segmented according to how ready they are to purchase a product: unaware, aware, informed, interested, desirous, and intend to buy. Using this approach, a marketing manager can design the appropriate market strategy to move them through the various stages of readiness. These stages of readiness are rather vague and difficult to measure accurately, but readiness may be a useful lens for understanding the customer's mindset and how to nudge them toward buying, particularly when an education process is required prior to purchase.

8. Ronald J. Frank, William Massey, and Yoram Wind (1972). Market Segmentation, *Englewood Cliffs*, N.J.:*Prentice-Hall* https://lib.ugent.be/catalog/rug01:000681240

- **Decision-maker**: This segmentation approach groups people according to who makes the purchasing decision in an organization or household. Typically there is a "primary buyer": the individual who makes the final decision about what to buy and allocates the budget for the purchase. Many purchasing decisions also involve "influencers." These are people who do not make the final purchasing decision, but they can influence the final choice about what to buy.



Segmenting Business-to-Business Markets

All of the segmentation approaches above apply to consumer markets. There are many similarities between consumer and business behaviour, and therefore similar segmentation bases and variables apply. Common business segmentation approaches include:

- **Organization size:** segmentation according to large, medium, and small customers by revenue, by number of employees, by geographic reach, etc.
- **Geography:** organizing segments based on geographic location
- **Industry:** segmenting by the industrial sector an organization operates within—for example, manufacturing, retail, hospitality, education, technology, health care, government, professional services, and so forth
- **User status:** usage frequency, volume used, loyalty, longevity, products already in use, readiness to buy, etc. For example, longtime loyal customers with "strategic" relationships are often handled differently and receive preferable terms compared to newer customers.
- **Benefits sought:** grouping customers by common elements they look for in a product or purchasing experience
- **End use:** identifying segments based on how they plan to use the product and where it fits into their operations and supply chain. For example, an electric motor manufacturer learned that customers operated motors at different speeds. After making field visits and confirming these uses, he thought to divide the market into slow-speed and high-speed segments. In the slow-speed segment, the manufacturer emphasized a competitively priced product with a maintenance advantage, while in the high-speed market product, superiority was stressed.
- **Purchasing approaches:** organizing the market according to the way in which organizations prefer to make purchases; those preferences, in turn, determine how the seller builds the relationship with the customer and works the deal.

Combining Multiple Bases for Segmentation

Marketers may find it most useful to combine different bases for segmentation in order to create a richer picture of their target market. For example, a "geo-cluster" approach combines demographic data with geographic data to create a more accurate profile of a specific consumer. Geographic data combined with behavioural data can point companies toward locations where customers are clustered who demonstrate behaviours that make them a good target for a company's product. Overlaying demographic data onto lifestyle or behavioural segments helps marketers understand more about their target customers and how to reach them effectively with the marketing mix.

Any of these approaches may be the "right" approach for a given company and product set. It is also important for

marketers to continually evaluate what's happening in their target market and to adjust their segmentation approach as customer attitudes, behaviours, and other market dynamics evolve.

Creation notes: Chat GPT and Perplexity.AI were used to update and shorten text to include current examples and create a chart.

3.4 Segmentation Decisions

Learning Objectives

Explain the process of selecting an appropriate segmentation approach and deciding which customer segments to target for marketing activities

Now that you've learned about common segmentation approaches, how do you know when to apply them? When is geographic segmentation a better fit than demographic segmentation? When should you consider using both at the same time?

It comes down to your marketing goals: What are you trying to achieve?

This section explains the process of aligning your goals with your segmentation approach and target market.

Learning Activities

- Reading: Choosing a Segmentation Approach and Target Segments
- Case Study: eHarmony

Reading: Choosing a Segmentation Approach and Target Segments

Conducting a Market Segmentation



As you have seen, there are many different ways a company can segment its market, and the optimal method varies from one product to another. Good market segmentation starts by identifying the total market for the product: all the individuals who might conceivably need a product and have the means to purchase it. The total market for accounting software is different from the total market for Lego building sets or the total market for chewing gum for example.

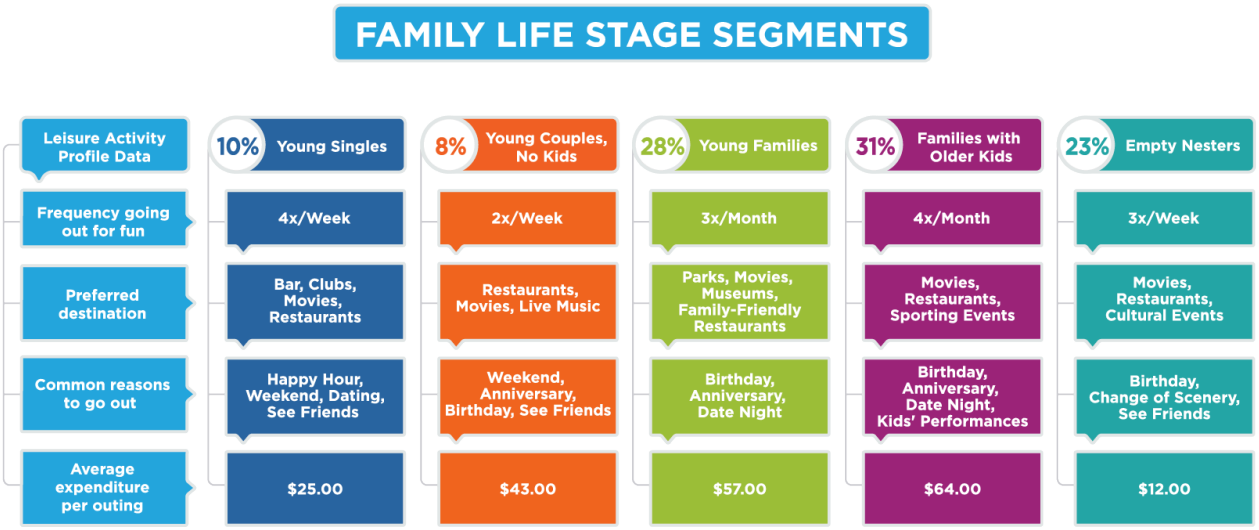
The next step is to identify marketing goals you want to achieve with the segmentation strategy. Do you want to generate awareness and sales in a local community that has never heard of your company? Do you want to get occasional customers to buy your product regularly? Do you want loyal supporters to dig deeper into their pockets and spend more of their money on your goods or services? Your segmentation approach should offer the best fit for your specific marketing goals.

Your marketing goals point you toward the segmentation criteria that will be most useful to achieve your marketing objectives. For example, if your goal is to build loyalty or increase frequency of purchase, behavioural segmentation is important to consider. If your goal is to broaden your customer base within a given region, then geographic segmentation may be useful.

As you identify segmentation criteria that will help you understand the total market and meet your marketing goals, you'll develop the basis for your segmentation approach. Next, you conduct research to collect segmentation data. Analyzing the market data can tell you whether your segmentation approach makes sense and where you may need to adjust the criteria to yield useful, valid market-segment data.

After conducting research and analysis of segmentation data, you should be able to diagram and profile different segments within your total market. A typical segmentation diagram could look like this:

SAMPLE MARKET SEGMENT PROFILES



Evaluating Your Segmentation Approach

An ideal market segment meets all of the following conditions:

- **It's possible to measure.** If you can't measure it, you can't collect data to know who the segment is or how to reach them.
- **It's profitable.** Segments must have the resources to purchase the product and be large enough to earn a profit for the company; otherwise they aren't worth pursuing.
- **It's stable.** Segments need to stick around long enough for you to execute your marketing plan.
- **It's reachable.** It must be possible for marketers to reach potential customers via the organization's promotion and distribution channel(s).
- **It's internally homogeneous.** Potential customers in the same segment must prefer the *same* product qualities and exhibit similar characteristics that are pertinent to the segmentation approach.
- **It's externally heterogeneous.** Potential customers from different segments have *different* product quality preferences and characteristics that affect their purchasing decisions.
- **It's responsive.** Segments should respond consistently to a given market stimulus or marketing mix. If they do not, then marketing efforts directed at them will not be well spent.
- **It's cost-effective.** Worthwhile market segments can be reached by marketing activities in a cost-effective manner. If too expensive to reach, then serving this segment will negatively impact profits.
- **It helps determine the marketing mix.** Ideally, when you have identified a market segment, you'll have insight into ways of shaping the combination of product, promotion, price, and place to fit that segment's needs.

If your segmentation approach fails to meet any of these conditions, you should go back to the drawing board to refine it. If any one of these factors is not in place, your market segmentation may actually undermine the effectiveness of

your marketing and business. But with all these factors in place, market segmentation will point you toward the most promising customer groups in your target market.

For example, if you're trying to launch a print services company in a large city, targeting "all business owners" isn't cost effective, and the individuals within this group are actually quite different. That means that no single marketing mix will be effective with everyone in this segment. Instead, you would be better served by researching types of businesses (by industry, size, etc.), geographic locations, and other relevant factors to help you identify and target logical segments with shared characteristics.

Keep in mind that market segmentation is an ongoing activity that needs periodic evaluation to ensure that the approach still makes sense. Since markets are dynamic and people and products change over time, the basis for segmentation must also evolve.

Selecting Target Segments

Once a practical segmentation approach is in place, marketing organizations typically follow one of two major segmentation strategies: a concentration strategy or a multi-segment strategy.

In the *concentration strategy*, a company chooses to focus its marketing efforts on only one market segment. Only one marketing mix is developed: the combination of product offerings, promotional communications, distribution, and pricing targeted to that single market segment. The primary advantage of this strategy is that it enables the organization to analyze the needs and wants of only one segment and then focus all its efforts on that segment. The primary disadvantage of concentration is that if demand in the segment declines, the organization's sales and financial position will also decline.

In the *multi-segment strategy*, a company focuses its marketing efforts on two or more distinct market segments. The organization develops a distinct marketing mix for each segment. They then develop marketing programs tailored to each of these segments. This strategy is advantageous because it may increase total sales with more marketing programs targeting more customers. The disadvantage is the higher costs, which stem from the need for multiple marketing programs that may include segment-specific product differentiation, promotions and communication, distribution/delivery channels, and pricing.



Rolex focuses on a single market segment—those who want a luxury watch—and is thus a prime example of the concentration strategy of market segmentation.

Selecting the target segments boils down the following questions, which connect to the "ideal segment" conditions listed above:

- Whose needs can you best satisfy?
- Who will be the most profitable customers?
- Can you reach and serve each target segment effectively?
- Are the segments large and profitable enough to support your business?
- Do you have the resources available to effectively reach and serve each target segment?

As you answer these questions with regard to the different market segments you have defined, you will confirm which

segments are most likely to be good targets for your product(s). These segments become your target market—the object of your targeting strategy, marketing mix, and marketing activities.

Case Study: Bumble Targets Women and Breaks Norms

Bumble was founded by Whitney Wolfe Herd in 2014 as a dating app that allows heterosexual women to take the lead when initiating conversation. Their app is helping to redefine societal gender norms.[1] What made them stand out was their BFF and Bumble Bizz mode that they released in 2016 and 2017 allowing users to seek out platonic and professional relationships as well as romantic ones. By focusing marketing efforts on these three distinct and unique needs, they were able to grow exponentially and the company is now worth $13B with its founder becoming a self-made female billionaire.[2]

Whitney Wolfe Herd was the co-founder of Tinder, so she had experience with the world of dating apps before founding Bumble and she knew the market well. Using her previous knowledge and experience she decided to create an app that did more than just host a place where people could find romantic interest and decided to challenge dating rules and norms. By allowing heterosexual women to make the first move, Bumble goes against the grain and empowers women to take the lead in a society where they are not expected to, which also benefits men by erasing the pressure of always having to initiate a conversation first. This method, however, is only applicable to heterosexual matches, for same-sex matches anyone can message first.



The Focal Project (CC BY-NC 2.0) *The Bumble app for iPhone*

Bumble's BFF mode has arguably created a new market niche, where there was previously none. Intentions behind joining a dating app are not always as clear one might think, so assumptions occur which can discourage users from engaging with dating apps after encountering people with mismatched intentions. By clearly defining the intention behind joining the app and allowing for a safe space for the individual, Bumble has cleverly stretched historical perceptions of gender and relationships in a way that is benefitting both the user and the company.

There are all kinds of different relationships, and Bumble understands that very well. As an app that is meant to bring people together, they have considered other forms of relationship besides romantic and platonic ones, namely, business relationships. Networking can be a difficult aspect of the business world that not everyone is comfortable enough with or knows how to tackle, so Bumble Bizz provided a space for that. The users can complete a business-focused profile and choose filters that make browsing easier. Once they are done setting up their profile, they can choose people they would like to connect with, and if the other person is interested too, then they are matched. This way people in business who are looking for similar things can find and connect with each other based on their tailored needs.

Breaking norms about gender and relationships enables Bumble to benefit from a wider reach, allowing their users to find the best and the most comfortable way of utilizing the app for their needs. By considering gender sub-segments and addressing them separately and uniquely, they were able to compete with other dating and networking apps gaining market share and revenue growth.

1. *Why Bumble?* (n.d.). Bumble. https://bumble.com/
2. *Bumble: Female-founded dating app tops $13bn in market debut*. (February 11). BBC News. https://www.bbc.com/news/business-56031281#:~:text=Bumble%3A%20Female%2Dfounded%20dating%20app%20tops%20%2413bn%20in%20market%20debut,-11%20February&text=Its%20Wall%20Street%20success%20made,led%20by%20a%20female%20founder

The following video has Bumble's founder explaining Bumble Bizz when it first launched and her reasoning behind it.



One or more interactive elements has been excluded from this version of the text. You can view them online here:
https://pressbooks.atlanticoer-relatlantique.ca/nsccprinciplesofmarketing2e/?p=126#oembed-1

You can view the transcript for Bumble's Founder & CEO Whitney Wolfe Herd On New Bizz- Redefines How We Think About Networking (opens in new window)

Room for improvement

Despite their innovative method of matching people for different reasons, they still use some traditional normative ways of defining relationships. An example of that would be that users are only able to find BFF matches of the same sex to "discourage misuse of the platform". The notion that different genders cannot be close friends without romance being involved is an old one. It is true that some people might misuse the BFF mode and have ulterior motives, but only allowing same-sex friendships are not only old-fashioned, they are also problematic as it was not designed with other genders besides the binary in mind. There is no denying that breaking with traditional perceptions of gender and relationships has benefitted Bumble greatly, but keeping up with continued social change will be a must for future growth.

3.5 Targeting and Marketing Mix

Learning Objectives

Explain how targeting influences each element of the marketing mix

Segmentation helps you decide who your target customers are, while targeting helps you zero in on the best method for reaching them. Your targeting strategy helps you set priorities for making an impact on your target segments and on the market as a whole. As you'll see in this section, your targeting strategy also helps you determine which combination of product, promotion, place, and price—i.e., which marketing mix—will best fit the segments you are trying to capture.

Take a moment to watch the following video, which explains how the car company Toyota used segmentation and a new targeting strategy to improve a product (the first P of the marketing mix) and give it genuine family appeal.



One or more interactive elements has been excluded from this version of the text. You can view them online here:
https://pressbooks.atlanticoer-relatlantique.ca/nsccprinciplesofmarketing2e/?p=128#oembed-1

You can view the transcript for "Toyota Appeals to Kids.". (opens in new window)

Learning Activities

- Reading: Targeting Strategies and the Marketing Mix
- Case Study: Red Bull Wins the "Extreme" Niche
- Simulation: Segmenting the Ice Cream Market

Reading: Targeting Strategies and the Marketing Mix

Using the Marketing Mix to Reach Target Segments

Once target segments are identified, the marketing manager selects a targeting strategy that will be the best fit for reaching them. Targeted marketing enables the marketing and sales teams to customize their message to the targeted group(s) of consumers in a focused manner. The targeting strategy is where the marketing mix comes together to create the right offer and marketing approach for each target segment. A summary of common targeting strategies is provided in the table below.

Common Target Strategies

Strategy	Target Market	Example
Mass marketing	Everybody everywhere	Superstore, Tim Hortons
Differentiated marketing	Large groups within the total market	Costco, Sam's Club
Niche marketing	High penetration within smaller, specialized segments	Jollytails, Cows Ice Cream
Micromarketing	Individual customers or localized microsegments	Local Farmer's markets

Mass Marketing

Mass marketing, also called *undifferentiated marketing*, involves marketing to the entire market the same way. Mass marketing effectively ignores segmentation and instead generates a single offer and marketing mix for everyone. The market is treated as a homogeneous cluster. Mass marketing aims to reach the largest audience possible, and exposure to the product is maximized. In theory, this would directly correlate with a larger number of sales or buy-in to the product.

Mass marketing tries to spread a marketing message to anyone and everyone willing to listen. Communication tends to be less personal, as evidenced by common mass-marketing tactics: national television, radio and print advertising campaigns; nationally focused coupons; nationally focused point-of-purchase displays. The success of mass-marketing depends on whether it is possible to reach enough people, through mass-communication techniques and one universal product offer, to keep them interested in the product and make the strategy worthwhile. While mass-marketing tactics tend to be costly because they operate on a large scale, this approach yields efficiencies and cost savings for companies because it requires the marketing team to execute only one product offer and marketing mix.

For certain types of widely consumed items (e.g., gasoline, soft drinks, white bread), the undifferentiated market approach makes the most sense. For example, toothpaste (such as the brands Crest and Colgate) isn't made specially for one consumer segment, and it is sold in huge quantities. The manufacturer's goal is to get more people to select and buy their particular brand over another when they come to the point of purchase. Walk through any supermarket, and you will observe hundreds of grocery products, especially generic items, that are perceived as nearly identical by the consumer and are treated as such by the producer. Many mass-marketed items are considered staple or "commodity" items. People buy new ones when the old ones wear out or are used up, and mass-marketed brand loyalty might be the primary driver when they decide which replacement product to purchase.

Differentiated Marketing

A **differentiated marketing** strategy is one in which the company decides to provide separate offerings to each different market segment that it targets. It is also called multi-segment marketing. Each segment is targeted in a particular way, as the company provides unique benefits to different segments. The goal is to help the company increase sales and market share across each segment it targets. Proctor and Gamble, for example, segments some of its markets by gender, and it has separate product offerings and marketing plans for each: Secret-brand deodorant for women, and Rogaine (a treatment for hair loss) for men.[1]

When it is successful, differentiated marketing can create a very strong, entrenched market presence that is difficult for competitors to displace because of consumers' strong affinity for products and offers that meet the unique needs of their segment. A differentiated strategy can be a smart approach for new companies that enter a market and lure customers away from established players to capture share in a large overall market. Often, established companies become vulnerable to new competitors because they don't give sufficient attention to the perfect marketing mix for any given market segment.

However, differentiated marketing is also very expensive. It carries higher costs for the company because it requires the development of unique products to fit each target segment. Likewise, each unique product and market segment requires its own marketing plans and execution: unique messages, campaigns, and promotional tactics and investments. Costs can add up quickly, especially if you are targeting a lot of unique market segments.

Chinese Oreos

For a large company such as Kraft, the cost of this kind of marketing is well worth it, since its products are sold all over the world. An example of its differentiated marketing strategy are the many surprising variations of the famous Oreo cookie developed for the Chinese market. Consumers there can enjoy Oreos with cream flavors such as green-tea ice cream, raspberry-blueberry, mango-orange, and grape-peach. All of these Oreo formulations have been heavily market tested and are based on the unique preferences of Chinese consumers. [2]

Niche Marketing

Niche marketing (also called concentrated marketing) is a strategy that targets only one or a few very defined and specific segments of the consumer population. The goal is to achieve high penetration among the narrowly defined target segments. For example, the manufacturer of Rolex watches has chosen to concentrate on only the luxury segment of the watch market.

1. Markgraf, B. (2017, November 17). *Real-world examples of effective market segmentation*. Houston Chronicle. http://smallbusiness.chron.com/realworld-examples-effective-market-segmentation-60195.html.
2. Jou, E. (2012, October 1). *The wonderfully weird world of Chinese Oreos*. Kotaku. http://kotaku.com/5947767/the-wonderfully-weird-world-of-chinese-oreos.

An organization that adopts a niche strategy gains an advantage by focusing all efforts on only one or a small handful of segments. All of their market analysis, product development, marketing strategy, and tactics concentrate on serving that select part of the market. When they do it well, this approach can provide a differential advantage over other organizations that don't concentrate all their efforts on the "niche" segment(s). Niche targeting is particularly effective for small companies with limited resources, as it does not require the use of mass production, mass distribution, or mass advertising. When a company is highly successful in desirable "niche" market segments, it can be very profitable.

The primary disadvantage of niche marketing is that it makes companies vulnerable to demand in the narrow market segments they serve. As long as demand is robust, the organization's financial position will be strong. But if something changes and demand drops off, the company has nothing to cushion it from financial hardship. Since the company has focused all efforts on one market (essentially putting all their eggs in one basket), the firm is always somewhat at risk. Such companies are especially vulnerable to small shifts in population or consumer tastes, which can greatly affect their position (for better or for worse). Large competitors with deeper pockets may choose to enter a market and use their size and resources to put smaller, niche players out of business. To insulate themselves from this type of risk, many companies pursuing a niche strategy may target multiple segments.



Ralph Lauren store, London

Luxury goods providers are a great illustration of the challenges of the niche marketing strategy. When economic recessions occur, luxury goods providers like Rolex, Chanel, and Armani routinely struggle financially because their narrow segment of "luxury" consumers has less disposable income. When fickle consumer tastes shift from Ralph Lauren to Dolce & Gabbana to Prada (and back again), the company's profitability can hang in the balance.

Micromarketing

Micromarketing is a targeting strategy that focuses even more narrowly than niche marketing. It caters to the needs of individuals ("individual marketing") or very small segments in a targeted geography ("local marketing"). Micromarketing can be very powerful by giving consumers exactly what they want, when they want it. However, to achieve large-scale success with this approach, companies must figure out how to meet highly individualized needs efficiently and profitably.

Individual marketing is sometimes referred to as "mass customization" or "one-to-one marketing." With this approach, companies offer consumers a product created to their individual specifications. For example, Build-A-Bear Workshop invites children to create their own custom stuffed animals. A child can select the type of animal, from teddy bear to unicorn, along with colour, size, clothing, and other accessories. Creators of handmade goods on Etsy.com take orders from buyers who may request variations on the individually crafted jewelry, clothing, toys, and other items displayed on the Web site. In the following video, Etsy CEO, Chad Dickerson, explains what makes the company's approach unique.

One or more interactive elements has been excluded from this version of the text. You can view them online here: https://pressbooks.atlanticoer-relatlantique.ca/nsccprinciplesofmarketing2e/?p=130#oembed-1

You can view the transcript for "Etsy Business". (opens in new window)

Achieving wide-scale success with individual marketing requires product providers to develop production strategies and an entire marketing mix that can ramp up as demand grows. Frequently this involves offering a baseline product with parameters customers can customize to fit their needs. For example, you can order custom M&M candies, selecting colours, packaging, and even custom-printed with words or images you select. The advent of digital print technologies has also made mass customization a viable targeting strategy for companies like Vistaprint and Sticker Mule. They provide custom print materials, stickers, decals and other printed products for businesses and individuals using designs created and uploaded by customers. Their primary messaging emphasizes custom products designed by and for individual customers, matching their unique needs and preferences.

Local marketing is a targeting strategy focused expressly on a small, clearly defined neighborhood or geographic area. Organizations using this technique strive to generate a strong local presence, and targets may include any person or organization within that small area.



A weekly produce share from Suzie's Farm, a CSA in California

Groupon and Shopify are excellent examples of local marketing. Both online services partner with local businesses to promote timely offers and special pricing for individuals living in a designated geographic area. Limited-time and limited-quantity deals may include restaurant meals, spa treatments, performances, recreational activities, lessons, hotel accommodations, and a wide variety of other local area products and services. These local marketing companies earn revenue when consumers purchase and redeem the special offers in their neighborhood or city. Another example is farm cooperatives and CSAs (community-supported agriculture shares), which virtually always use a local marketing strategy. They market locally grown produce and farm-fresh goods to people residing in the immediate community, and their ongoing goal is to increase local supply and demand for healthy, local, farm-fresh food and produce.

Applying the Marketing Mix to Target Segments

With any of the strategies described above, the marketing team must come together to develop a marketing mix tailored to the needs of each segment being targeted. This marketing mix is the unique combination of product, promotion, place, and price designed expressly to fit a designated market segment.



Shaping the Marketing Mix

This course will explore each element of the marketing mix in further detail in other modules. However, the following questions can help you start down the path toward shaping the marketing mix to fit your target segments.

Product

- What would make the ideal product for your target segment?
- What special features or capabilities are critical for this segment?
- What unique problems does your product help this segment solve?

Promotion

- What are the best ways to get your target segment's attention?
- What do you want this segment to remember about your product?

Place / Distribution

- Where does this segment look or shop for your product?
- What is the best way to get your product to your target customers?

Price

- What price(s) are your target customers willing to pay for your product?
- How much is too expensive? How much is too cheap?

As you consider each of these questions, you generate ideas for altering the marketing mix to appeal to your target segment.

Example: Alumni Charitable Giving



Let's see how this works in practice. A university alumni organization embarks on a fund-raising campaign to generate funding for the strategic expansion of new and existing university programs. The baseline "product" this organization sells is charitable giving: an affiliation with the university, a tax deductible charitable donation, and the honour of contributing to a worthy philanthropic cause. For the coming year, the alumni organization decides to use a niche marketing strategy. Specifically, it will target alumni with significant upcoming reunions or years since graduation: 5 years, 10 years, 15 years, 20 years, 25 years, 30 years, and so forth. The organization chooses to tailor the marketing mix as follows:

- **Product:** The ideal product for these alumni isn't just a generic philanthropic donation. Instead, it is a giving opportunity that reflects their significant anniversary. For this reason, the alumni organization introduces a new "product" or type of donation opportunity: a class legacy fund that encourages alumni to contribute with other classmates to a common fund. When they do, they can select the areas they want their donation to benefit, such as scholarships, library, technology, and endowed professorship, etc.
- **Promotion:** Getting the attention of busy alumni scattered across the world is a challenge. People are most likely to pay attention when a message is coming from someone they know personally, and so the alumni organization decides to capitalize on classmate relationships. It recruits several well-connected people from each class to post on social media and send email messages to fellow classmates about an upcoming reunion as well as the legacy-fund donation opportunity. The email message asks people to share with other former classmates who may not have heard about the reunion and class legacy fund. Hopefully, this message begins to go viral, working through pre-existing networks to spread the word. The organization also sends a letter about the class legacy fund to older alumni who are less likely to be active with email or digital technology.
- **Place/Distribution:** As people learn about the class legacy fund, the alumni organization wants to make sure the donation opportunity is easy for anyone to act on. For this reason, they offer a variety of different ways to contribute: mail a check; dial a phone number; donate on a Web site using PayPal or a credit card; donate via phone using a mobile app. People can even come to the annual reunion activities and contribute to the legacy fund in person.
- **Price:** For a voluntary donation, "price" can be tricky. On one hand, the alumni organization wants to encourage donations of any size to the class legacy funds, no matter how small. On the other hand, it also

wants to encourage alumni to consider making larger donations when possible. Based on publicly available income data, the alumni organization recognizes that most recent graduates have lower average salaries and disposable income compared to those who have been working their fields for a decade or more. Acting on this information, it adjusts the range of "suggested donation" levels for each class. Recent alumni marking a 5-year anniversary are invited to contribute between $25 and $250. Alumni marking 10- and 15-year anniversaries are invited to contribute between $50 and $500 to class legacy funds. Alumni with 20 or more years see suggested donation amounts ranging from $150 to $2,500 or more.

Thoughtful consideration of the four Ps leads to a successful launch of the alumni organization's class legacy funds. Because the alumni organization has tailored the product, promotional strategy, placement, and pricing to the interests of the target segments, the effort is much more successful than the all-purpose, generic, "please donate to your alumni organization" campaign used in the past. In this example, wise targeting strategy works hand-in-hand with the marketing mix to yield better results.

Case Study: Red Bull Wins the "Extreme" Niche

Background



Red Bull is an Austria-based company started in 1987 by Dietrich Mateschitz that sells one product: an energy drink containing taurine (an amino acid) that's sold in a slim, silver-coloured 8.3-ounce can. The drink has been an enormous hit with the company's target youth segment around the globe. In the year 2018, Red Bull boasted sales of $1.06 billion USD in the United States alone[1], and has held the majority of the energy-drink market share for years, with a 35.3% market share in 2019 (Monster Energy, their closest competitor, held 25.4%).[2] From Stanford University in California to the beaches of Australia and Thailand, Red Bull has managed to maintain its hip, cool image, with virtually no mass-market advertising.

Red Bull's Targeted Approach to Marketing

"Red Bull. It gives you wings." Over the years, Red Bull has organized extreme sports events (like cliff diving in Hawaii and skateboarding in San Francisco), parties, and even music festivals to reinforce the brand's extreme, on-the-edge image. In 2012, they sponsored Felix Baumgartner's record-setting freefall from 128,000 feet:

(Note that the following video has limited narration. Access audio description using the widget below the video.)

One or more interactive elements has been excluded from this version of the text. You can view them online here:
https://pressbooks.atlanticoer-relatlantique.ca/nsccprinciplesofmarketing2e/?p=132#oembed-1

You can view the transcript for Felix "Baumgartner's supersonic freefall from 128k' – Mission Highlights". (opens in new window)

Their grass-roots approach to reaching the youth market worked: "In terms of attracting new customers and enhancing consumer loyalty, Red Bull has a more effective branding campaign than Coke or Pepsi," said Nancy F. Koehn, author of *Brand New: How Entrepreneurs Earned Consumers' Trust from Wedgwood to Dell*. Red Bull's success has also gained attention (and concern) among beverage-industry giants, and some have tried to follow its lead: For a time Coke ran a stealth marketing campaign, packaging its cola in a slim can reminiscent of Red Bull and offering it to customers in trendy bars and clubs in New York City.

1. "Red Bull Energy Drink Sales U.S., 2015–2018." Statista. (September 25, 2019). https://www.statista.com/statistics/558082/us-sales-of-red-bull-energy-drinks/.
2. "Energy drink market share in the US in 2019." Statista. (2019, September 25). https://www.statista.com/statistics/306864/market-share-of-leading-energy-drink-brands-in-the-us-based-on-case-volume-sales/.

Simulation: Segmenting the Ice Cream Market

Try It

We've been talking a lot about segmentation and targeting and discussing how they both work in real-life marketing. Now it's time for you to give it a try.

Remember the ice cream shop you ran in a simulation earlier in the course? We're going back to that scenario: you are an entrepreneur working to building your house-made ice cream business. This time you'll explore how to use segmentation, targeting, and the marketing mix to grow the business.

Try the simulation a few times to see how different choices lead to different outcomes. In a simulation you should take the opportunity to try out choices you think are right and some you suspect are wrong, since you can learn from both. All simulations allow unlimited attempts so you can gain experience exploring and applying the concepts.

Good luck!



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3.6 Putting It Together: Segmentation and Targeting

Remember Chumber, your new employer from the beginning of this module?

Now that you've learned something about segmentation and targeting strategy, let's return to the request your boss made for recommendations about whom Chumber ought to target and why.

Remember that Chumber's product is an automated, fully online system for checking the references of job candidates. Chumber's customers are other companies. After learning about market segmentation, you know that "all companies" are too broad to be a useful target market. Even on your first day of work, you can guess that marketing to every company you can find isn't going to be a smart strategy.

Looking back at employment by industry we can use StatsCan Labour data to help you identify which industries could see some of the biggest gains in employment in the coming years.

Canada Employment Both Sexes 15 years and Over[1]				
North American Industry Classification System (NAICS)[7]	**2020**	**2021**	**2022**	**2023**
	Persons in thousands			
Total, all industries[8]	18,068.5	18,964.1	19,739.5	20,334.8
Goods-producing sector[9]	3,815.4	3,946.5	4,091.2	4,192.8
Agriculture[10]	281.1	261.8	261.7	258.0
Forestry, fishing, mining, quarrying, oil and gas[11, 12]	306.8	325.9	328.1	331.0
Forestry and logging and support activities for forestry	49.8	48.7	46.4	37.9
Fishing, hunting and trapping	19.3	19.1	16.9	15.6
Mining, quarrying, and oil and gas extraction[11]	237.7	258.1	264.8	277.6
Utilities	133.8	140.7	150.8	159.2
Construction	1,414.2	1,461.1	1,552.6	1,601.0
Manufacturing	1,679.5	1,757.0	1,797.9	1,843.5
Durables	996.6	1,042.9	1,071.8	1,121.8
Non-durables	682.9	714.2	726.1	721.7
Services-producing sector[13]	14,253.1	15,017.6	15,648.3	16,141.9
Wholesale and retail trade	2,762.5	2,879.7	2,989.5	2,989.5
Wholesale trade	637.7	657.6	690.0	699.0
Retail trade	2,124.7	2,222.2	2,299.5	2,290.4
Transportation and warehousing	945.7	986.7	990.4	1,033.7
Finance, insurance, real estate, rental and leasing	1,236.6	1,320.5	1,360.2	1,384.9
Finance and insurance	912.8	963.9	993.8	1,020.5
Real estate and rental and leasing	323.8	356.6	366.4	364.4
Professional, scientific and technical services	1,567.3	1,699.5	1,818.1	1,895.4
Business, building and other support services[14]	685.7	683.3	690.9	693.6
Educational services	1,319.5	1,450.9	1,480.1	1,515.8
Health care and social assistance	2,409.1	2,525.4	2,615.5	2,696.7
Information, culture and recreation	677.1	715.1	809.5	847.8
Accommodation and food services	947.1	962.7	1,042.2	1,129.2
Other services (except public administration)	704.6	717.0	710.2	768.3
Public administration	997.9	1,076.7	1,141.7	1,187.1

Segmenting by industry makes a lot of sense in this case because some industries clearly do more hiring than others. You decide that Chumber should focus on industries with the highest projected hiring increases in the next decade. Companies in growth industries will definitely get the most value from Chumber. Next, you want to understand more about which decision-makers in these companies will be the best targets for Chumber. Having just come through the hiring process, you know who is interested in reference checking: human resources professionals, job recruiters, and

1. Statistics Canada. Table 14-10-0023-01 Labour force characteristics by industry, annual (x 1,000) DOI: https://doi.org/10.25318/1410002301-eng

hiring managers. You email Ken, the Chumber HR person who handled your hiring process, to see if he can answer a few questions about how decisions are made in HR departments.



Ken is very helpful. Prior to Chumber, he worked in HR for a health care company and a consulting firm. He confirms that an HR manager or director of recruiting oversees the reference-checking process for new hires. This person would also be the primary decision-maker for a product like Chumber. Ken explains that the requirements for reference checking differ by industry. In health care, for instance, where people routinely handle life-and-death situations, reference checks are essential and thorough. Ken mentions a couple of features Chumber could add to fit the specific requirements of the health care industry. You take notes about product improvements that could be part of the marketing mix for this segment. When you're back at your desk, Ken sends you a list of Web sites, publications, and conferences where many HR recruiters go for professional information. This will be really useful when your boss wants to talk about promotion and place! You invite Ken out for lunch to thank him for his valuable input. You still have a lot to learn about Chumber and product marketing. But applying your knowledge about segmentation and targeting is giving you a good feel for how you might help the company succeed.

Practice Quiz Chapter 3

Check Your Understanding

Answer the question(s) below to see how well you understand the topics covered in the previous section. This short quiz does **not** count toward your grade in the class, and you can retake it an unlimited number of times.

Use this quiz to check your understanding and decide whether to (1) study the previous section further or (2) move on to the next section.



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CHAPTER 4: MARKETING STRATEGY

Learning Objectives

- Why It Matters: Marketing Strategy
- Evaluate how marketing strategies align with corporate strategies
- Explain the inputs and components of a marketing strategy
- Show how common analytic tools are used to inform the organization's strategy
- Give examples of corporate strategies
- Explain how the development and maintenance of customer relationships are an essential part of an organization's marketing strategy

4.1 Why It Matters: Marketing Strategy

Learning Objective

Explain how a marketing strategy supports an organization's corporate strategy.



In this module, you'll learn about the important role that marketing strategy plays in supporting corporate strategy. When a company has a mission and a set of corporate-level objectives, the marketing strategy must support those goals, which is perhaps the most important lesson that the following companies—and many others like them—failed to learn:

10 Lessons I Learned From Burning Through $50,000 on a Hardware Project That Bombed

> *"With Kolos, we did a lot of things right, but it was useless because we ignored the single most important aspect every startup should focus on first: the right product."*

VoterTide Postmortem

> *"We didn't spend enough time talking with customers and were rolling out features that I thought were great, but we*

> *didn't gather enough input from clients. We didn't realize it until it was too late. It's easy to get tricked into thinking your thing is cool. You have to pay attention to your customers and adapt to their needs.*"

[My Startup's Dead! 5 Things I Learned]

> "*What I didn't understand was, you charge not for how much work it is for you. You charge how much the service is worth.*

As these companies attest, a lot of things can go wrong in the startup world, and learning the hard way can mean going out of business. Take a look at the following 2021 list from CBInsights, which reveals the major reasons startups fail:



Source: CBInsights https://www.cbinsights.com/research/report/startup-failure-reasons-top/#:~:text=the%20CB%20Insights%20data%20treatment

Many businesses go under because their products are inferior or don't match a need, because of poor pricing strategy,

poor marketing, or because of other issues related to product, price, promotion, or distribution. In essence, they fail to have a good plan that supports the goals of the company.

It is exceptionally difficult to get marketing strategy right. It is easy to get busy doing the work of the company, rather than planning the work that will ensure the company's survival and success. Successful companies have a good corporate strategy that is supported by an effective marketing strategy. In this module, you'll begin to understand why that's so important.

4.2 Evaluate Alignment of Marketing Strategies

Learning Objectives

- Define strategy, tactics, and objectives
- Describe how to align mission, strategy, and objectives
- Explain the role of marketing strategy in corporate strategy
- Evaluate how marketing strategies align with corporate strategies

Introduction to Chapter 4: Strategy, Objectives, and Tactics

In this chapter, we explore the key elements of marketing strategy and the tactics organizations use to bring that strategy to life. But how do you know if you have the right strategy?

Every organization starts with a **mission,** a clear statement of its purpose or reason for existing. To fulfill this mission, companies develop broad **strategies** that guide how they use their resources. These strategies are supported by specific, measurable, and time-based **objectives** that help leaders track progress and success.

Within this structure, marketing plays a critical role. The marketing team creates its own strategy that aligns with the company's overall objectives. This involves understanding the **target customer** and choosing the right mix of product, pricing, promotion, and place (distribution) to deliver real value.

To measure success, marketing also sets its own objectives and uses a variety of **tactics,** the day-to-day actions that execute the strategy and move the organization closer to its goals.

Creation notes: Chat GPT was used to format, update and shorten text.

Learning Activities

- Video: What Is Strategy?
- Reading: Strategy and Tactics
- Reading: The Mission Statement
- Reading: Strategy and Objectives

Video: What Is Strategy?

A strategy is a directed course of action to achieve an intended set of goals.[1] A tactic is the means by which a strategy is carried out. [2]



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https://pressbooks.atlanticoer-relatlantique.ca/nsccprinciplesofmarketing2e/?p=146#oembed-1

You can view the transcript for "What is Strategy?". (opens in new window)

Strategy answers the following four questions:

1. Where do we compete?
2. What unique value do we bring to customers?
3. How will we use our capabilities to provide unique value?
4. How will we sustain our unique value and position?

1. Mintzberg, H. Ahlstrand, B. & Lampel, J. (1998). *Strategy safari: A guided tour through the wilds of strategic management.* Prentice Hall, Upper Saddle River.
2. Mutabazi Patrick (2016, March 15) What is The Difference between "Tactics" and "Strategy"? *Linkedin* https://www.linkedin.com/pulse/what-difference-between-tactics-strategy-patric-mutabazi/

Reading: Strategy and Tactics

Definitions

A **strategy** is a directed course of action to achieve an intended set of goals.[1]
A **tactic** is the means by which a strategy is carried out.[2]

Background

Long before the word *strategy* had meaning in business, it was used in the context of war. In that context, it came to mean the battle plan devised by one side in order to gain an advantage or victory over an opponent. The term *tactics* referred to the specific short-term actions taken by soldiers on the battlefield to support the strategy.

Military strategy and business strategy have many things in common; both include uncertainty, making it more challenging to achieve desired results and often, there are many variables or factors that will interact in unpredictable ways. Finally, there is a combative or competitive aspect that drives both kinds of strategies: the participants keenly watch the events unfold and adjust their strategies and tactics along the way in order to win. Whether it's a battle or an economic downturn, the complexity and unpredictability of events underscores the need for a broad strategy that factors in as many contingencies as possible.

A business strategy must take into account the changing environment and identify a plan that will use the company's resources most effectively to achieve its mission and goals.

Differentiating Strategy and Tactics

Let's look at some specific characteristics of business strategy and consider how strategy differs from tactics.

Strategy Identifies Where We Will Compete

The strategy determines which markets we will pursue, where we will sell our goods and services. It focuses efforts on a specific target market. Tactics indicate specific actions that we will take in those markets.

1. Mintzberg, H. Ahlstrand, B. & Lampel, J. (1998). *Strategy safari: A guided tour through the wilds of strategic management*. Prentice Hall, Upper Saddle River.
2. Chaffey, D. (2021, February 15). *Marketing strategy vs tactics – why the difference matters.* Smart Insights. https://www.smartinsights.com/marketing-planning/marketing-strategy/marketing-strategy-vs-tactics-difference/

Strategy Describes the Unique Value for Customers

When developing a strategy, the aim is to identify unique benefits in the products or services that customers value and that differ from what competitors offer. A strategy should define and clarify the unique value. Tactics include the tasks of creating, delivering, and expanding the value.

Strategy Explains How the Company's Assets Will Create Unique Value

How do the company's activities interact and reinforce one another? For an organization to define a strategy that creates a unique and valuable position, it must bring together and align the various capabilities and resources of the business.

Tactics are planned to reinforce this unique value. Effective tactics, or specific actions, must support the strategy in order for the customer to have a consistent experience with the product or service that aligns with the unique value that the company is seeking to deliver. Strategy determines how the company will sustain unique value.[3]

Over time, competitors will try to eliminate the company's advantage or copy the areas where it is successful. How will the company continue to provide unique value and protect or expand the areas in which it has an advantage? As the company refines its strategy to retain or expand its advantage, the tactics must also be adjusted to execute the strategy effectively.

Strategy and Tactics in Practice

In each case, strategy defines the high-level plan. Tactics include the steps taken to execute that plan. The following examples show how strategies and tactics are employed by real businesses.

3. Kryscynski, D. (2015, January 5). *What is strategy.* [Video]. Youtube. https://youtu.be/TD7WSLeQtVw

Strategy and Long-Term Planning: Southwest Airlines

Background

Southwest Airlines Co., more commonly referred to as Southwest, is a major airline in the United States and the world's largest low-cost airline.[4] The company's long-term planning and strategy is comparable to the Canadian airline WestJet.



A Southwest Airlines Boeing 737–700 landing at San Jose International Airport, shown in the company's Canyon Blue livery.

Strategy

In its early days, Southwest Airlines' strategy focused on being the low-cost airline of choice for leisure travelers. Prior to 2008, the company recognized that without expanding its target market, it could not sustain growth. The company expanded its target market to include business travelers, without compromising the low cost and inviting brand that appealed to leisure travelers.

Tactics

Two programs provided tactics to support this shift. The company began to offer a Business Select service, which includes perks such as early boarding, priority check-in, and a free alcoholic beverage for those purchasing a premium fare. Early Bird Check-in provides automatic check-in, which allows the customer to board early.

According to CEO Gary Kelly, Southwest does "Six percent or seven percent of our boardings by Business Select, [and] probably more than double that by Early Bird." The combined direct revenues from the programs were nearly $295 million in 2013.[5]

4. Bailey, J. (2019, July 29). *How Southwest Pioneered The Low-Cost Carrier Model.* Simple Flying. https://simpleflying.com/southwest-lcc-model/

5. Bashkara, V. (2014, April 22). *Southwest Airlines opens for business – Customers.* Forbes Magazine. http://www.forbes.com/sites/airchive/2014/04/22/southwest-airlines-opens-for-business-customers/

Reading: The Mission Statement

A Mission Statement Explains Why an Organization Exists

The mission statement guides the corporate strategy, which, in turn, guides the marketing strategy and planning. All marketing activities should relate to and support the company's mission.



In the marketing planning process diagram shown above, the planning begins with the mission statement. The mission statement doesn't change. The strategy and tactics might shift—and, indeed, after an implementation and evaluation process, they often do—but the company's mission remains fixed. For instance, if a company discovered that its product design was creating new opportunities in an adjacent market, that might spur the development of a new corporate-level strategy to expand into the new market, but it wouldn't change the fundamental mission of the company.

Google's Mission Statement

> Google's mission is to organize the world's information and make it universally accessible and useful.[1]

The mission statement is clear and direct, and it gives the company an enormous opportunity to make an impact.

How does Google's mission statement drive the company's strategies? Let's look at it from several different angles.

Google's Target Market

Google's target market is the world. For most companies that would seem overly ambitious, right? In effect, the company has chosen not to target and not to segment. Why does such a decision make sense for Google? The company's mission demands a comprehensive, global focus, and therefore so does its targeting.



Google's Strategy

Google has defined a set of strategies that support its mission, one of which is the product strategy. There are two core components of Google's product strategy: its search engine and the advertising platform that is fed by the search engine. Both of these products are not only designed to serve the world but they become more and more powerful as they gain users. If Google were to narrow its focus to a segment of Internet users, it would hamper the company's ability to achieve its mission—and, at the same time, make Google less successful and profitable.

Google's Tactics

Google uses a range of tactics to execute its strategy. One tactic is to create promotional videos, such as the one below, that convey the power of Google's mission and align the mission with the specific benefits of the Google search engine.

One or more interactive elements has been excluded from this version of the text. You can view them online here:
https://pressbooks.atlanticoer-relatlantique.ca/nsccprinciplesofmarketing2e/?p=151#oembed-1

You can view the transcript for "Google — Year In Search 2014". (opens in new window)

1. Google. (n.d.). Mission statement. http://www.google.com/about/company/

Through the course of the ad, Google suggests that its search engine connects us to:

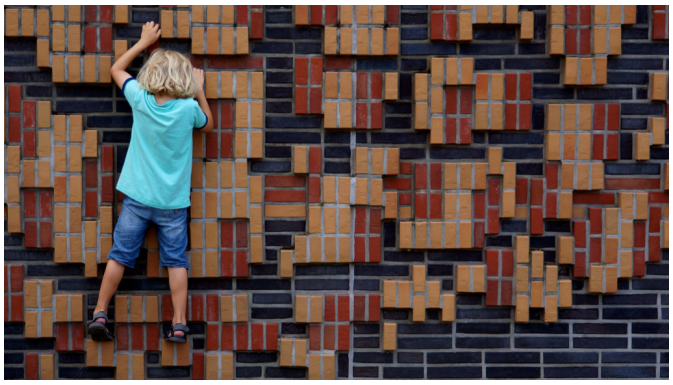
- Hope more than fear
- Science more than fiction
- Things we love
- Greatness
- Hope
- Memories
- Inspiration

In what ways does this promotional tactic align with the company mission and support the product strategy? From this example you can begin to see that:

- The mission statement functions as an important guide for all aspects of company strategy.
- When the strategy and tactics support the mission statement, they are more effective because they reinforce one another.

Reading: Strategy and Objectives

The Need for Objectives



As we discussed before, a business strategy must take into account the changing environment and identify a plan that will use the company's resources most effectively to achieve its mission and goals. Businesses define and communicate their goals using objectives.

Objectives specify measurable outcomes that will be achieved within a particular time frame. Objectives help individuals across the team to understand the goals and to determine whether the strategy is effective and the tactics are being well executed. Objectives are used to align expectations and plans, coordinate efforts, measure progress, and hold teams accountable for achieving results.

Companies often have long-term strategies but create objectives based on a quarterly or annual plan. Clear, measurable objectives enable the company to track progress and adjust tactics (and, sometimes, strategies) to improve the chance of success.

Creating Effective Objectives

In general, effective objectives meet the following criteria:

- They are *specific*. They identify what must be accomplished in language that is clear and easy for the whole company to understand.
- They are *measurable*. They help managers ascertain whether the objectives have been achieved in very concrete terms.
- They have a *time frame*. The objectives specify when they are to be met so that others can count on the results being available at a certain time.

Below are some examples of good objectives:

- Implement a new customer loyalty plan in 20XX
- Increase market share for the product by 2 percent during 20XX
- Execute marketing campaigns that result in 2,000 qualified leads for a new product by June 1

Using Objectives to Align Company Activities

Companies do not have a single strategy. At any time they are executing a range of different strategies. A company

might simultaneously execute strategies to enter a new market, grow market share in an existing market, and improve organizational efficiency. Moreover, strategy at the corporate level will guide the development of strategies for each function, including marketing. Remember, a business strategy must identify a plan that will use the company's resources most effectively to achieve its mission and goals. Likewise, the marketing strategy must identify a plan that will use the marketing function's resources and expertise most effectively to achieve its mission and goals.

We will discuss the process for developing and executing the marketing strategy further, but first, let's focus on the alignment of the marketing strategy. How can the marketing function make sure that its strategy and tactics support the corporate-level objectives? How does it know if it is on track to achieve results? During the marketing planning process, the organization creates its own marketing objectives that support the company objectives. These marketing objectives must also specify measurable outcomes that will be achieved within a particular time frame.

Let's take a look at some examples of typical corporate and marketing objectives. At the corporate level, objectives include profitability, cost savings, growth, market-share improvement, risk containment, reputation, and so on. All of these corporate objectives can imply specific marketing objectives. Below are two common corporate-level objectives and the marketing objectives that would support them effectively.

Example: Annual Objectives

1. Company Objective: Increase profitability by 6% over prior year
    - Marketing Objective: Increase the average selling price of the product from $186 to $198
    - Marketing Objective: Complete end-of-life process for three products with profit margins below 3%
    - Marketing Objective: Increase sales of start product by 30% over prior year
2. Company Objective: Increase market share in one key market by 4%
    - Marketing Objective: Implement a competitive-positioning campaign relative to a key competitor
    - Marketing Objective: Introduce two new products to market
    - Marketing Objective: Introduce major enhancements in two product lines
    - Marketing Objective: Bring two new distribution partners on board to expand coverage to new major markets

As you can see, if the marketing organization achieves its objective to introduce new products to market, then it will support the company's objective to grow market share. If the marketing organization does not introduce new products, then the other objectives will need to be adjusted or the company is unlikely to show the market share growth that is part of its strategy.

So to review the difference between **mission**, **objectives**, **strategy**, and **tactics** covered in this chapter, these are essential tools for planning in marketing and business. Here's a clear and simple breakdown of how these terms relate to one another and can be used by a sustainable clothing company:

Element	Definition	Example
Mission	The purpose of the business – why it exists and what it stands for.	To make sustainable fashion accessible to everyone.
Objectives	Specific, measurable goals the business wants to achieve.	Increase online sales by 15% over the next 12 months.
Strategy	The overall plan for how the business will meet its objectives.	Focus on Gen Z shoppers by improving mobile shopping and launching influencer partnerships.
Tactics	Specific actions used to implement the strategy day-to-day.	Run TikTok ads, offer app discounts, host Instagram live demos.

Key Takeaways

Mission = Why we exist

Objectives = What we want to achieve

Strategy = How we plan to achieve it

Tactics = What we will do day-to-day to make it happen

Creation notes: Chat GPT was used to to include current examples and create a table.

4.3 Marketing Strategy Mechanics

Learning Objectives

- Identify the inputs to the marketing strategy
- Describe how a marketing strategy optimizes the marketing mix
- Discuss the role of budget, implementation, and evaluation in the marketing strategy

The company strategy and objectives provide direction for the whole company, but they don't specify how the company will get the most benefit from marketing resources and capabilities. That is the role of the marketing strategy. The marketing strategy defines how the company shapes its product, promotion, pricing, and distribution to provide unique value to its customers and to support the broader company goals.

Throughout this course we will delve more deeply into the strategies, tools, and processes that a marketer uses, but this module emphasizes the planning process itself. How does the marketing function create an effective plan and execute it successfully? That planning process is the focus of this module.

Learning Activities

- Reading: Creating the Marketing Strategy
- Reading: Optimizing the Marketing Mix
- Reading: Implementation and Budget
- Reading: Evaluating Marketing Results

Reading: Creating the Marketing Strategy

Inputs That Inform Marketing Strategy

Developing a marketing strategy often follows a process similar to creating corporate strategy. However, the key difference is that marketing strategy is shaped not only by the company's overall direction but also by other internal functions. Therefore, marketers must continually monitor and adapt to shifts in corporate goals and strategic priorities.

For a marketing strategy to be effective, it needs to leverage both internal resources and external market conditions. A useful tool for evaluating these factors is a **situation analysis**, commonly known as a **SWOT analysis**. This framework helps identify:

- **Internal strengths and weaknesses** (within the company)
- **External opportunities and threats** (in the marketplace)

We'll explore the SWOT analysis—and other strategic planning tools—in more detail later in this module.

Centering on the Target Customer

Centering on the Target Customer

A strong marketing strategy outlines how the marketing mix—product, price, place, and promotion—will be used to support the broader corporate goals. At the heart of this strategy is the **target customer**. While corporate strategy may include operational goals or market positioning tactics, every component of the marketing strategy should be designed with the target customer in mind.

To define and understand your target customer, follow these key steps:

1. Identify the business need your product or service addresses, as aligned with corporate objectives.
2. Segment the total market by breaking it into meaningful subgroups based on shared characteristics.
3. Select and profile your target customer, focusing on demographics, behaviors, preferences, and needs.
4. Research and validate the market opportunity to ensure there is real demand and a clear path to value creation.

Focusing on the customer may seem obvious, but many organizations lose sight of this in pursuit of internal priorities, innovation goals, or product features. When companies fail to prioritize the customer, they risk losing relevance—and ultimately, customers may turn to competitors who better understand and meet their needs.

Aligning Corporate and Marketing Strategies

As discussed earlier, well-defined objectives help create alignment between corporate and marketing strategies. When corporate objectives are clearly communicated, they serve as a valuable reference point throughout the marketing planning process.



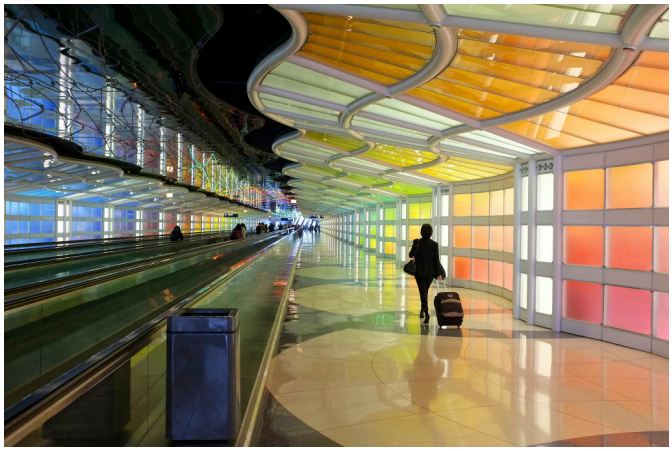
How do strong corporate-level objectives inform marketing decisions? Consider the following examples:

- After conducting market segmentation, you identify a promising target segment. Choosing to pursue that segment will depend on whether it's large and profitable enough to meet the company's growth objectives.
- Determining how many new products to launch in a given year should be guided by corporate goals for growth, innovation, and profitability.
- If marketing proposes a customer relationship management (CRM) campaign to increase loyalty, the decision to proceed should weigh the campaign's cost and expected return against the company's financial and strategic priorities.

These examples illustrate how corporate objectives provide essential direction for marketing decisions. In turn, **marketing objectives** clarify the specific goals of the marketing strategy, ensuring they are actionable, measurable, and aligned with broader organizational outcomes.

Creation notes: Chat GPT was used to format, update and shorten text to include current examples.

Reading: Optimizing the Marketing Mix



From Corporate Strategy to Marketing Mix Decisions

Once corporate objectives are clearly defined, marketers must determine which strategies and tactics will best support them. This isn't a simple task. Markets evolve rapidly, and consumer behavior is highly complex. Marketers must evaluate all elements of the **marketing mix—product, price, promotion, and place (distribution)**—to decide which combination will be most effective.

Interdependence of Marketing Mix Elements

Decisions about the marketing mix are interrelated. Each element must be coordinated with the others to ensure consistency and effectiveness. For example, imagine a firm has:

- Two product types: *deluxe* and *economy*
- Two price points: $6 and $3
- Two promotional approaches: *advertising* and *coupons*
- Two distribution channels: *department stores* and *specialty stores*

This yields 16 possible marketing mix combinations. Some may be incompatible, such as a "deluxe" product paired with a low price, while others may better support the brand's positioning and customer expectations. The challenge intensifies when competitors are added to the mix. Ultimately, the organization must identify a marketing mix that creates a differentiated advantage in the market.

Case Study: Southwest Airlines Aligns Strategy with the Four Ps

Consider Southwest Airlines, which set a corporate strategy to expand its target market to include business travelers. One key objective was to increase revenue and market share by appealing to this segment.

To support this corporate strategy, Southwest had to answer a series of questions related to the **four Ps** of marketing:

- **Product:** Do we need new offerings tailored to business travelers?

- **Price:** Are business travelers willing to pay more for added convenience?
- **Promotion:** How should we communicate value to this audience?
- **Place (Distribution):** How do business travelers book flights? Are new distribution channels needed?

These questions are tied not only to corporate strategy but also to customer insight. To deliver value, Southwest needed a clear understanding of who the business traveler is and what they care about most.

Southwest's Strategic Response

Product Strategy
Southwest created time-saving and convenience-focused programs, aligning with business travelers' priorities, which typically center on efficiency over low cost.

Pricing Strategy
They introduced premium add-on services for business travelers—offering more convenience than no-frills leisure fares but still priced slightly below competitors' full-service business fares.

Key Takeaways

In this example, Southwest's **marketing strategy directly supports the corporate strategy**, focuses on delivering **unique value to the target customer**, and effectively applies the **marketing mix** to fulfill both sets of goals. The success of such a strategy hinges on a deep understanding of the customer and disciplined coordination across all elements of the marketing mix.

Creation notes: Chat GPT was used to format, update and shorten text to include current examples.

Reading: Implementation and Budget

Implementation



Even the best-designed marketing strategy can fail without proper execution. **Implementation** refers to the specific actions and tactics used to carry out the marketing plan. This includes decisions like where to promote a product, how to deliver it to consumers, and how to compensate the sales team.

Effective implementation requires timely, coordinated task management. In most marketing organizations, a project or campaign plan outlines:

What needs to be done

Who is responsible for each task

When tasks are due

How the budget is being spent

What outcomes are being achieved

Careful monitoring allows marketers to spot delays or inefficiencies early—well before they threaten the overall strategy or performance outcomes.

Faster, Smarter, Measurable

Today's marketing tactics are implemented and adjusted far more quickly than in the past, thanks to real-time data and digital tools.

Consider the difference:

- A billboard near a store exit may generate high impressions, but it's nearly impossible to track how many people saw it, whether they were in the target market, or whether it drove them to act.
- In contrast, a targeted Facebook or Instagram ad gives marketers immediate data: who saw it, who clicked, who purchased, and how often they return.

This digital feedback loop allows marketers to adjust campaigns in **hours—or even minutes—**based on performance. As a result, implementation today is more data-driven, responsive, and precision-targeted than ever before.

Budget

Each element of the marketing mix must be evaluated within the context of an overall strategy—and that includes budgeting. The marketing budget represents the financial plan that supports all elements of the mix: product development, promotion, pricing, and distribution.

For example, the budget may include allocations for:

- Advertising (e.g., social media, search, video, print)
- Sales promotions (e.g., discounts, samples, loyalty programs)
- Personal selling (e.g., commissions, sales training)
- Product development and distribution logistics

Budgeting with Purpose

The key question isn't, "*How much should we spend?*", but rather, "*What are we trying to achieve?*"

Budgeting should be driven by marketing objectives, not just spending norms or competitor benchmarks. While it's helpful to understand industry averages, focusing too much on what others are spending can lead to a "keeping-up-with-the-Joneses" mindset. This not only risks misallocation, it assumes competitors are spending effectively.

Instead, organizations should start by identifying goals, whether that's increasing awareness, driving conversions, or entering a new market, and then work backward to determine the most effective, efficient use of marketing funds to support those goals.

Creation notes: Chat GPT was used to format, update and shorten text to include current examples.

Reading: Evaluating Marketing Results



No marketing program is ever executed perfectly. Most marketing managers will tell you they encounter unexpected outcomes and surprises along the way. To keep performance aligned with strategic goals, marketers must build in control mechanisms, tools and processes that allow them to monitor results and make necessary adjustments in real time.

Marketing control involves several key decisions:

1. **What to monitor** – Some organizations track their entire marketing program, while others focus on specific components such as advertising effectiveness, digital campaign performance, or sales team results.
2. **What standards to use** – These might include performance benchmarks like market share, sales growth, profitability, or engagement metrics.
3. **How to measure performance** – Data collection is essential for comparing actual outcomes against expectations. This includes gathering sales data, tracking campaign analytics, and collecting customer feedback.
4. **How to respond to discrepancies** – When actual results fall short of planned objectives, marketers must revise tactics, reallocate resources, or adjust the overall strategy.

Even after implementation, marketers must actively monitor outcomes. This means collecting and analyzing data on:

- Sales trends
- Profit margins
- Customer behavior and satisfaction
- Competitor activity

This ongoing evaluation enables marketing teams to identify new challenges, uncover emerging opportunities, and stay agile in a constantly evolving market.

Return on the Marketing Investment (Marketing ROI)

One of the most critical performance metrics today is **return on marketing investment (ROI)**. This measure evaluates whether marketing activities are generating value relative to the resources spent.

As discussed earlier, strategy is about using limited resources to achieve meaningful outcomes. ROI gives marketers a way to quantify that effectiveness and justify continued investment in specific tactics.

Let's look at an example of how marketing ROI is calculated and applied in practice.

Example: Marketing ROI

A retail store launches a digital campaign to boost online sales. The company tracks all related costs, such as digital ad spend, creative design (images, copy, and video), platform fees, and staff time. These are the **marketing investments**. Let's say the total cost of the campaign is **$10,000**.

To evaluate results, the store monitors key performance indicators (KPIs), including:

- Page views of the promotional content
- Click-through rates (CTR)
- Conversions (actual purchases made)

As a result of the campaign, the business generates **$100,000 in additional sales**.

The **marketing ROI** is calculated as:

> **Marketing ROI = Revenue Generated / Marketing Investment**
> **= $100,000 / $10,000 = 10**

This means the company earned **$10 for every $1** spent on marketing, a strong return.

While revenue is a core metric, marketing ROI can also include:

- Cost per customer acquired
- Customer lifetime value (CLV) increases
- Market share growth
- Lead conversion rates

These additional indicators help align ROI with broader strategic goals.

Why ROI Matters

In today's data-driven environment, marketing leaders are under increasing pressure to demonstrate the value of their efforts. ROI provides a clear, quantifiable answer to the question:

> "*What do we get from our marketing budget*?"

Being able to show tangible returns helps justify budgets and guide smarter decisions.

Thanks to advancements in marketing technology (MarTech), marketers now have access to powerful tools that provide

real-time data, predictive analytics, and precise tracking. These capabilities make measuring, analyzing, and optimizing ROI easier and more effective than ever before.

The video below provides an excellent example of the evaluation of a marketing campaign:

One or more interactive elements has been excluded from this version of the text. You can view them online here: https://pressbooks.atlanticoer-relatlantique.ca/nsccprinciplesofmarketing2e/?p=163#oembed-1

You can view the transcript for "The Ad Campaign That Saved Old Spice – Cheddar Examines". (opens in new window)

Think about the following questions regarding the ad campaign in the video you just watched:

- What were the goals of the campaign?
- How did the target customer influence the campaign and the goals?
- Was it successful?
- What metrics were used to determine the success of the campaign?

Creation notes: Chat GPT was used to format, update and shorten text to include current examples.

4.4 Strategic Planning Tools

Learning Objectives

- Conduct a SWOT analysis and describe how it informs the organization's marketing strategy
- Explain how businesses use the Boston Consulting Group matrix to inform growth strategies
- Explain how businesses use the strategic growth matrix to inform growth strategies

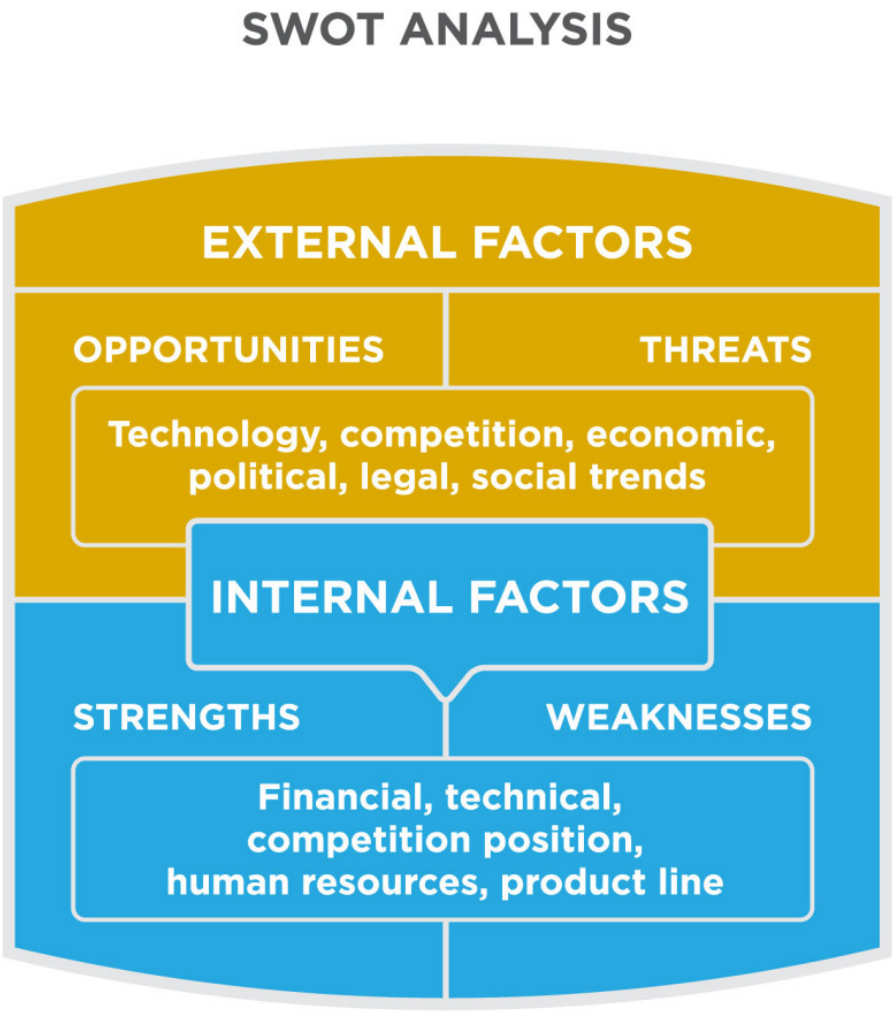
When a company is developing its strategy, it is faced with a vast array of considerations and choices. It needs to take into account its resources and capabilities, the strength of existing customer relationships, the competitive landscape, the economic and legal environments, important societal trends—the list of inputs goes on and goes on. Then, based on that information, it must devise a plan—a strategy—that contains the best options for addressing the inputs. But which inputs are most important, and which options should be included in the strategy? To answer these questions, businesses have at their disposal a number of strategic planning tools that help to simplify, organize, and focus both the inputs and the possible strategy options. In this section you'll learn about three: the SWOT analysis, the Boston Consulting Group matrix, and the strategic growth matrix.

Learning Activities

- Reading: SWOT Analysis
- Reading: BCG Matrix
- Reading: Strategic Opportunity Matrix

Reading: SWOT Analysis

A situation analysis is often referred to by the acronym SWOT, which stands for *strengths*, *weaknesses*, *opportunities*, and *threats*.



Essentially, a SWOT analysis is an examination of the internal and external factors that impact the organization and its strategies. The internal factors are strengths and weaknesses; the external factors are opportunities and threats. A SWOT analysis gives an organization a clear picture of the "situation" in which it operates and helps it identify which strategies to pursue.

Internal Factors

Strengths and weaknesses include the resources and capabilities within the organization now. Since the company has the most control over internal factors, it can craft strategies and objectives to exploit strengths and address weaknesses. Examples of internal factors include the following:

- Financial resources
- Technical resources and capabilities
- Human resources
- Product lines

All of these are controlled by the organization. Competitive positioning can also be a strength or a weakness. While competitors' strategies and tactics are external to the company, the company's position relative to the competitors is something that it can control.

External Factors

External factors include opportunities and threats that are outside of the organization. These are factors that the company may be able to influence—or at least anticipate—but not fully control. Examples of external factors include the following:

- Technology innovations and changes
- Competition
- Economic trends
- Government policies and legislation
- Legal judgments
- Social trends

While a company can control how it positions itself relative to the competition, it can't control competitors' actions or strategies.

Benefits of a SWOT Analysis

A SWOT analysis benefits organizations in two key ways:

The SWOT Analysis Encourages Realistic Planning

Imagine a growing company that is able to attract new customers more easily than the competition because it has a strong reputation and visible leader. These strengths should be considered and exploited in the strategy. Now imagine that the company also has a poor history of delivering on customer commitments. If this weakness is not addressed, it will not only make it difficult to retain customers but also likely damage the reputation of the company and its

leader—which would eliminate key strengths. By conducting a situation analysis, the company is more likely to consider both of these factors in its planning.

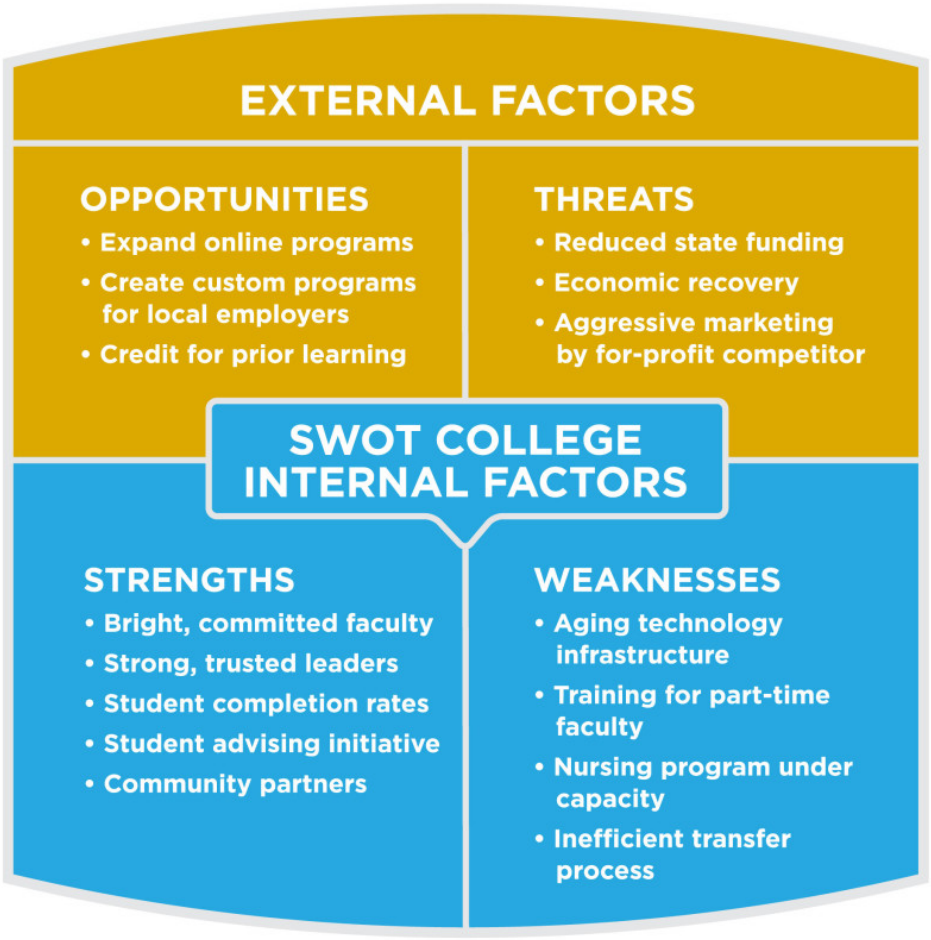
The SWOT Analysis Improves Ability to Forecast Future Events

What's the worst thing that could happen to your business? Most organizations can answer this question because they have assessed the environment in which they operate. For instance, perhaps they know of pending legislation that might adversely affect them. Or perhaps they recognize legal risks or unique challenges from past economic cycles. By considering threats and "worst-case scenarios" during the planning process, organizations can take steps to avoid them, or minimize the impact if they do they occur.

SWOT Analysis Example

A situation analysis, often in the form of a SWOT analysis, is a valuable strategic tool for any organization. Below is a fictional example based on a mid-sized community college. Even a high-level analysis like this one can reveal important strategic issues to address.

SWOT ANALYSIS 2



Even this rudimentary analysis highlights some strategic issues, discussed below, which the college needs to consider.

Internal

The college has a number of strengths. Committed faculty and trusted leaders have collaborated to build academic programs that are showing high completion rates among students. The student advising program is also contributing to that success. Also, the college has excellent relationships with businesses in the community.

Among the weaknesses, the technology infrastructure is outdated. The college also employs a large number of part-time faculty members but doesn't provide them with adequate training or support. Nursing, one of the more expensive programs at the college, is not attracting enough students to keep it full. Also, the college has learned from some of

its recent graduates that students are not receiving transfer credit at the local university for all of their courses taken at the college. The students wonder if the college faculty and advisers really understand their academic goals or the requirements of the four-year degree programs at the university.

By completing a SWOT analysis, the college can shape its strategies and objectives to align with both the internal resources and capabilities it has, as well as the external factors it faces.

External



The college leadership is feeling pulled by conflicting economic factors. The region has been through an economic downturn, which resulted in cuts to state funding. At the same time, an economic recovery has just begun. During the previous economic recovery, college enrollment dropped when students who were pursuing additional education returned to the workforce. How might the timing of those two funding issues work out? The college is also being affected by a local institution that is aggressively marketing to its students—especially students in the nursing program.

Still, there are opportunities. Students have expressed interest in more online courses and programs. That might also slow the local competitor, though it would also require the college to address its aging technology infrastructure. The college has identified a number of innovative programs that would enable students to earn degrees more quickly and at the same time expand its partnership and collaboration with local businesses.

Creation notes: Chat GPT was used to update and shorten text.

Reading: BCG Matrix

Purpose

When a company offers a wide range of products or operates in multiple lines of business, strategic decision-making becomes more complex. The organization must conduct a situation analysis for each business unit and determine where to focus its resources. To support these decisions, the Boston Consulting Group developed the BCG Matrix (also called the Growth-Share Matrix) in 1970. This tool helps companies identify which products or business units warrant continued investment and which may be phased out.

The BCG Matrix evaluates each product or business based on two key dimensions:

1. What is the current market share?
2. What is the market's growth potential?

Market Share

Market share refers to the percentage of total sales in a market accounted for by a specific product or company. It can be calculated using either units sold or revenue generated. For example, imagine your lemonade stand sells 200 glasses of lemonade each summer, and there are two competitors selling 50 and 150 glasses respectively. Out of 400 total glasses sold, your share is 50 percent.

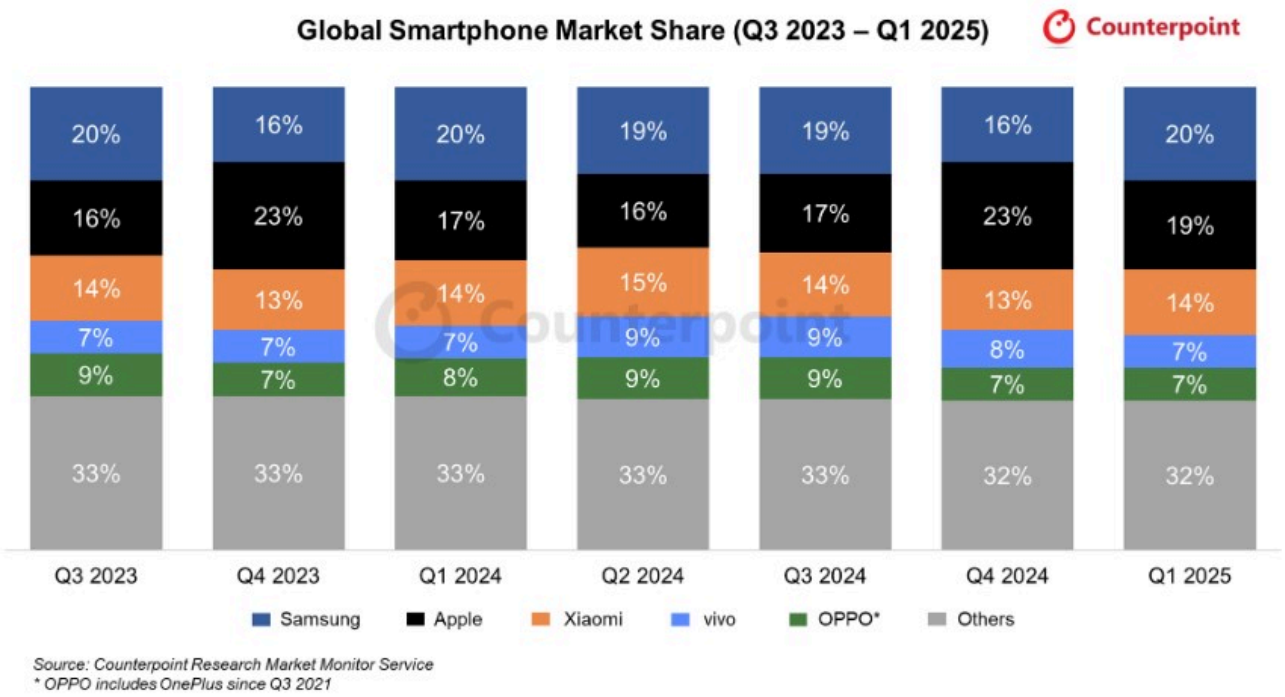
Companies closely monitor market share to assess their competitive position and inform strategic decisions. In the global smartphone market, Android and iOS continue to dominate the landscape, but recent trends show important regional and brand-level shifts.

In Q1 2025, global smartphone shipments grew by 2% year-over-year, with much of the growth driven by emerging markets. The Asia-Pacific region accounted for more than half of global shipments, while Japan stood out with a 29% increase—largely due to rising demand for Apple and Samsung devices. North America also recorded strong growth, with an 8% year-over-year increase, as manufacturers accelerated shipments to reduce exposure to rising tariffs.

Samsung led the market with a 20% global share, followed closely by Apple at 19%. The recent launches of the Galaxy S25 and iPhone 16e fueled sales momentum. Apple experienced the fastest growth among the top five brands, posting a 12% increase in shipments, bolstered by strong performance in North America, Japan, and India. Xiaomi held third place, with a 2% growth year-over-year, while vivo and OPPO ranked fourth and fifth, respectively, driven by success in the mid-tier market and government subsidies in China.

While these results reflect short-term gains, industry analysts caution that the global market may soften later in 2025 due to shifting consumer sentiment and continued macroeconomic uncertainty, including tariffs and supply chain pressures.[1]

1. Counterpoint Research. (2025, May). Global smartphone shipments grow 2% YoY in Q1 2025 as Samsung and Apple lead recovery. Retrieved from https://www.counterpointresearch.com/



Global Smartphone Market Share. *Source: Counterpoint Research Market Monitor Service.* (2025-06-11). *Screenshot. https://www.counterpointresearch.com/insights/global-smartphone-share/*

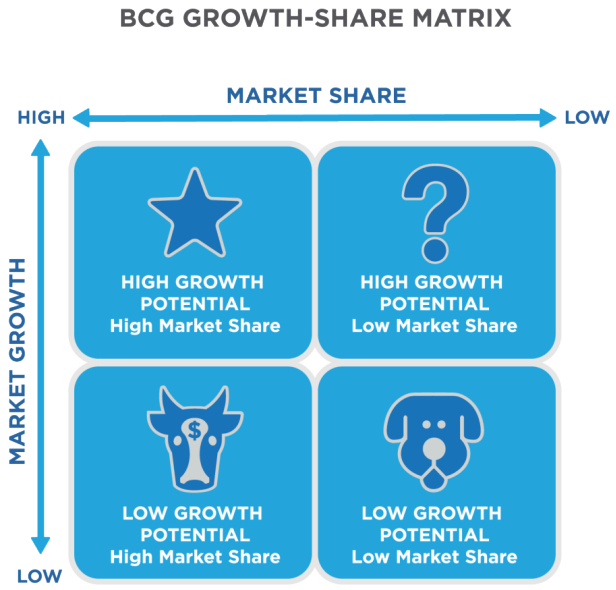
Market-Growth Potential

Market growth potential is more difficult to measure but is equally important. It reflects the anticipated expansion or contraction of a market. For example, Procter & Gamble markets a wide range of products, including bathroom tissue. This category sees minimal growth, largely tied to population trends. In contrast, the market for high-end skincare products—especially those appealing to aging baby boomers—continues to grow as this generation remains active with disposable income.

Growth potential is typically based on industry trends, demographic data, and consumer behavior. Though somewhat speculative, it provides valuable insight into the likely trajectory of a market.

Applying the BCG Matrix

The BCG Matrix classifies products or business units into four categories, based on high or low market share and high or low market growth. Each quadrant serves a specific strategic purpose.



Dog

A dog is a product or business with low market share in a mature or declining industry. Since growth is limited, further investment is usually not recommended.

Cash Cow

A cash cow has high market share in a slow-growth industry. It generates more revenue than is needed for maintenance, making it a reliable source of funding for other areas of the business. However, it requires minimal reinvestment.

Question Mark

A question mark represents a product with low market share in a high-growth industry. It is uncertain whether it will succeed. These products require close attention, as they could evolve into either stars or dogs depending on market response and strategic action.

Star

A star has both high market share and strong market growth. These products are typically profitable and have the potential to become cash cows as growth stabilizes. Stars are ideal targets for continued investment.

Strategic Value of the BCG Matrix

The BCG Matrix supports portfolio management by guiding investment toward the most promising areas of the business. Over time, as industries mature, products will naturally transition into either cash cows or dogs. The matrix encourages companies to maximize returns by investing in stars and potential stars, while minimizing exposure to low-performing areas. This strategic balance helps fund future growth and sustain long-term success.

Creation note: This content was drafted with the assistance of ChatGPT, a language model developed by OpenAI, and was subsequently reviewed and edited by the author for clarity and accuracy.

Reading: Strategic Opportunity Matrix

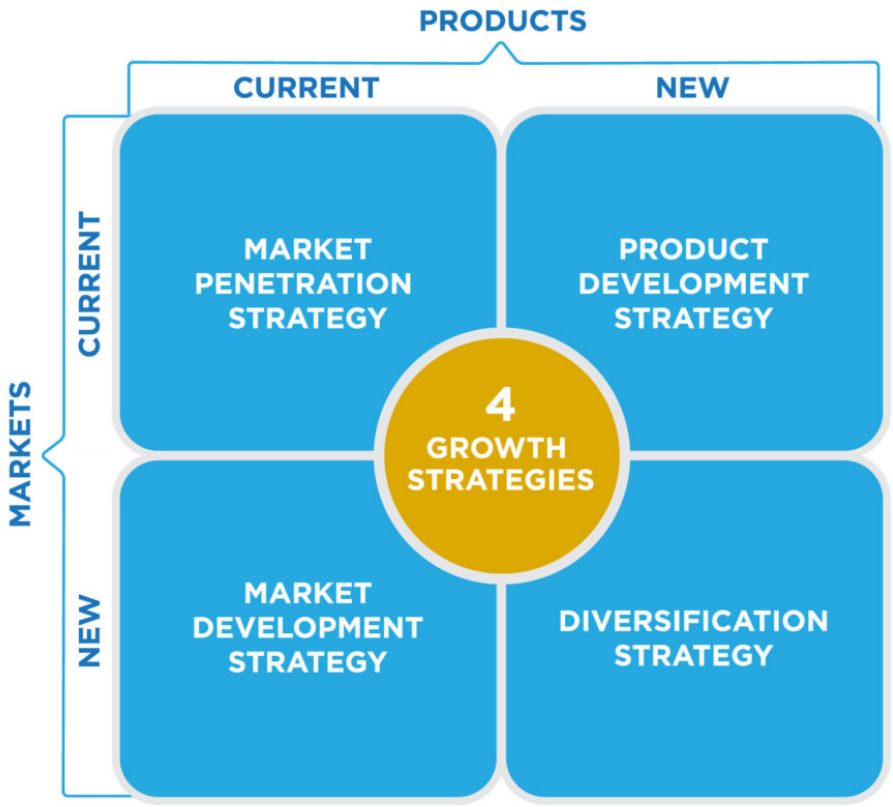
The final strategic framework we will explore is the Strategic Opportunity Matrix, also known as the Ansoff Matrix, named after its creator, Igor Ansoff. While a SWOT analysis helps identify opportunities in general, such as new markets or product ideas, the Strategic Opportunity Matrix specifically outlines four growth strategies based on combinations of new and existing markets and products.

The Strategic Opportunity Matrix helps organizations evaluate how to grow by asking two key questions:

- Should we focus on **existing or new markets**?
- Should we offer **existing or new products**?

By examining these dimensions, the matrix provides a structured way to assess potential growth paths and the risks associated with each.

STRATEGIC OPPORTUNITY MATRIX



Each quadrant of the Strategic Opportunity Matrix represents a different growth strategy:

1. **Market penetration**: focus on current products and current markets with the goal of increasing market share
2. **Market development:** use existing products to capture new markets
3. **Product development:** create new products that can be sold in existing markets
4. **Diversification:** create completely new opportunities by developing new products that will be introduced in new markets

Each strategy entails a different level of risk. Market penetration has the lowest risk since it emphasizes known markets and existing products. Diversification has the highest risk because it involves the development of new products and taking them to new markets. The company must consider whether it can achieve the desired returns without risking a move into new markets or introducing new products. Often, though, higher risk leads to a higher return.

Which strategy should the company pursue? The answer can be informed by a SWOT analysis, which takes into account the strengths and weakness of a company's existing products, as well as the opportunities and threats in the competitive market.

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4.5 Examples of Corporate Strategies

Learning Objectives

Be able to give some examples of corporate strategies

It can be challenging to get a handle on an abstract concept like "corporate strategy" unless you can see what it means in the context of a real business. The goal of this section is to deepen your understanding of corporate strategies—particularly the ones described by the strategic growth matrix—by doing just that.

Learning Activities

- Reading: Market Penetration Example
- Reading: Market Development Example
- Reading: Product Development Example
- Reading: Diversification Example

Reading: Market Penetration Example

Under Armour

Market penetration: focus on current products and current markets in order to increase market share

Market Penetration



Under Armour promotes its products through sponsorship agreements with celebrity athletes, professional teams, and college athletic teams.

Market penetration strategies aim to increase market share using optimized pricing, promotion, and distribution efforts. While this can sound straightforward, successful execution requires consistent alignment across all aspects of the marketing mix.

A strong contemporary example is Under Armour. In recent years, it surpassed Adidas to become the number-two athletic-wear provider in North America, focusing aggressively on performance apparel, footwear, and accessories. Its success stems from:

- Strategic distribution through enhanced retail partnerships and a stronger e-commerce presence
- Targeted promotions and inspiring brand messaging—often featuring top male and female athletes
- Consistency in product innovation that supports brand positioning

The following video campaigns illustrate how Under Armour leverages targeted marketing, using both men's and women's athletic icons, to continuously strengthen its market share.

Anthony Joshua in "Forever Is Made Now" (AI-powered male athlete ad):

One or more interactive elements has been excluded from this version of the text. You can view them online here:
https://pressbooks.atlanticoer-relatlantique.ca/nsccprinciplesofmarketing2e/?p=176#oembed-1

During 2024–25, Under Armour rolled out its "*Let Them Talk*" campaign, showcasing elite basketball athletes in compelling video narratives that emphasize resilience and performance. This high-impact promotion helped energize audience engagement and reinforce brand identity.[1]

1. Under Armour. (2025). Marketing campaign archives and press releases. Retrieved from https://about.underarmour.com/en-us/stories

Under Armor Debuts “Let Them Talk” Campaign (RDCWorld & women’s basketball)



One or more interactive elements has been excluded from this version of the text. You can view them online here:
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Creation note: This content in this chapter was updated with the assistance of ChatGPT, and was subsequently reviewed and edited by the author for clarity and accuracy.

Reading: Market Development Example

Tim Hortons

Market development: use existing products to capture new markets

Market development involves introducing existing products into new geographic regions or new customer segments. An example of this is Tim Hortons, which has been expanding its footprint in the United States beyond its traditional strongholds.

In early 2025, Tim Hortons announced plans to open at least 10 new locations in Howard and Carroll Counties, Maryland, marking another phase in its U.S. growth strategy.[1]



Tim Hortons storefront. This file is licensed under the Creative Commons Attribution 2.5 Generic license. Attribution: Tupungato.

This move shows the company extending its established coffee, donuts, and "Double-Double" branding into new suburban markets where it can position itself against competitors like Dunkin' and Starbucks.

By entering Maryland, Tim Hortons is leveraging its existing product lineup and brand identity to capture new customers. Its expansion strategy involves:

- Launching under the familiar "Tim Hortons" experience (coffee, Timbits, baked goods).
- Opening drive-thru suburban locations to match regional preferences for convenience.
- Maintaining consistent pricing and product offerings aligned with Canadian brand value.

This is classic market development: the company uses what it already does well—its menu and brand—and carries it into unfamiliar territories where it previously had limited presence.

Creation note: This content was drafted with the assistance of ChatGPT, and reviewed by the author for accuracy and instructional clarity.

1. Willeford, J. (2025, April 23). *Coffee competition: Popular Canadian chain that's 'better than Dunkin' to open 10 locations in same state*. The U.S. Sun. Retrieved from https://www.the-sun.com/money/14090726/tim-hortons-opening-maryland-better-dunkin/

Reading: Product Development Example

Cove Kombucha[1]

Product development: create new products that can be sold in existing markets

Product development involves creating new products to meet the needs of existing markets. Nova Scotian, Cove Kombucha, expanded into the functional beverage category with the launch of "Cove Gut Healthy Soda."



Co-founders John and Ryan MacLellan launch Canada's first zero-sugar, functional soda, Cove Gut Healthy Soda under their umbrella brand Cove Gut Healthy Drinks. (CNW Group/ Cove Kombucha)

In early 2023, Cove Kombucha—originally known for its probiotic kombucha, introduced a line of zero-sugar, probiotic sodas in flavours like Orange, Grape, and Lemon-Lime[1]. The new product extended the brand's appeal to its health-conscious customer base while responding to growing consumer interest in functional, wellness-oriented beverages.

By leveraging its existing kombucha followers and distribution in Sobeys, Loblaw, and Costco, Cove was able to introduce the new soda seamlessly into the same retail channels. This strategy reflected a smart product-development move: the brand built on its heritage while offering fresh products that respond to evolving consumer preferences, for example, low-sugar options with gut-health benefits.

Creation note: New Cove Kombucha reading added. Content was drafted with the assistance of ChatGPT, a language model developed by OpenAI, and reviewed by the author for clarity and accuracy.

1. Cove Gut Healthy Drinks. (2023, January 31). Canada's first zero-sugar, functional soda made with probiotics. CNW Group. Retrieved from https://www.newswire.ca/news-releases/cove-gut-healthy-drinks-launches-canada-s-first-zero-sugar-functional-soda-817762852.html

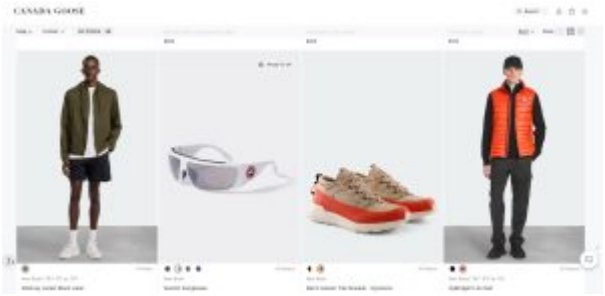
Reading: Diversification Example

Canada Goose

Diversification: create new opportunities by creating new products that will be introduced in new markets.

Diversification is a growth strategy in which a company launches new products for entirely new markets. This approach takes businesses beyond their core offerings and familiar customer base, letting them explore new revenue streams and reduce dependency on existing lines.

Canada Goose is a Canadian company traditionally known for its performance outerwear like heavy parkas, the brand shifted dramatically to diversify its offerings and appeal to a broader market. In 2024, Canada Goose introduced new product lines—including t-shirts, polos, rain boots, sneakers, and lighter outerwear—to target customers in warmer climates and tap into fashion and urban lifestyle segments[1].



Canada Goose Website Products. Screen capture 2025-06-11. https://www.canadagoose.com/ca/en/shop/new-arrivals-unisex/shop-new-arrivals-unisex?offset=20

These new products allowed Canada Goose to enter new market segments—urban consumers seeking premium, all-season apparel—while maintaining its premium brand positioning. This strategic move illustrates diversification by creating new products for markets outside the company's traditional cold-weather niche.

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1. "Canada Goose, Known for Heavyweight Parkas, Leans Into T-Shirts and Shorts." *The Wall Street Journal*, August 2024. Retrieved from https://www.wsj.com/articles/canada-goose-known-for-heavyweight-parkas-leans-into-t-shirts-and-shorts-d22d93e7

Creation note: This content was drafted with the assistance of ChatGPT, a language model developed by OpenAI, and reviewed by the author for clarity and accuracy.

4.6 Customer Relationships

Learning Objectives

- Describe how businesses use buyer personas to better understand the target customer
- Define customer relationship management
- Explain how the development and maintenance of customer relationships are an essential part of an organization's marketing strategy

If you're starting to realize that developing marketing strategies, setting objectives, and executing tactics is a complex process, you're absolutely right. Companies must juggle a range of variables, from product design and pricing to promotional channels and growth metrics. In the midst of all this planning, it's easy to lose sight of the most important element: the customer.

Let's take a step back and bring the customer into the conversation. Earlier, we explored how companies assess new market opportunities. Consider Canada Goose, a brand traditionally known for high-end winter parkas, expanding into new segments with lightweight jackets, sneakers, and seasonal streetwear. Now imagine the customer standing in a store or browsing online. They're not buying outerwear for a polar expedition, they're looking for something stylish, functional, and aligned with their identity.

That customer might be preparing for a fall city commute or a weekend getaway. They're not thinking about corporate market segmentation models or the company's diversification strategy. What matters to them is whether the product fits their lifestyle and reflects who they are. In that moment, the decision is emotional, practical, and personal.

In this section, we'll explore how marketers like those at Canada Goose design strategies that keep the customer, not just the product, at the heart of the planning process. Understanding real customer stories helps brands create value that goes beyond utility and connects on a human level.

Creation note: This content was drafted with the assistance of ChatGPT, a language model developed by OpenAI, and was subsequently reviewed and edited by the author for clarity and accuracy.

Learning Activities

- Reading: Customer-Relationship Strategies
- Video: Harley Davidson Customer Relationships

Reading: Customer-Relationship Strategies

A situation analysis can reveal whether a company's relationship with customers is a strength to be exploited or a weakness that needs to be addressed. In many cases, it's a bit of both. For instance, a company might have loyal customers in one demographic but fail to hold the attention of customers in another demographic.

The question, then, is how do companies evaluate the quality of their customer relationships, and what approaches do they use to develop and maintain strong customer relationships? We will explore the answers to these questions in greater depth throughout this course. For now, we'll touch on an approach that companies use to incorporate their customers in strategic planning and some of the tools they use to connect with them.

Buyer Personas

Building strong customer relationships begins with understanding the people you want to reach. Just as meaningful personal relationships require genuine knowledge and connection, marketing relationships depend on understanding your audience in a detailed and human way.

However, most companies never get the chance to meet each of their customers personally—let alone connect with every member of their target audience. This is where **buyer personas** come in.

Buyer personas are fictional, research-based profiles that represent a company's ideal or typical customers. They help marketers view customers as real people with distinct needs, preferences, goals, and challenges. By developing these personas, businesses can tailor their messaging, products, services, and experiences more effectively to different customer groups.

Rather than delivering a one-size-fits-all message, marketers can create targeted content for each persona—messages that align with their values, interests, and stage in the buying journey. For example, a lifestyle apparel brand might have different personas for urban professionals, outdoor adventurers, and eco-conscious students—each requiring distinct messaging and engagement strategies.

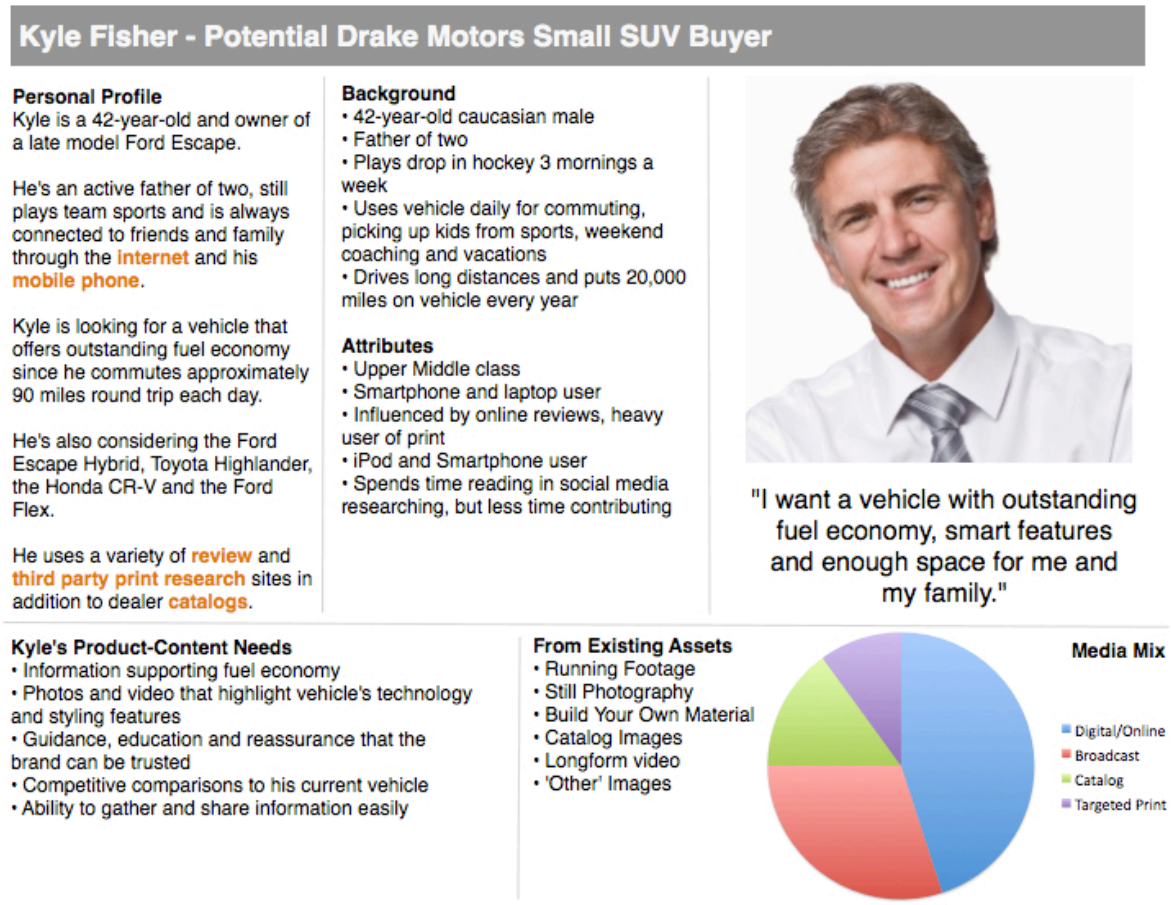


Figure 1: Sample user persona Drake Motors Ltd

Sample Buyer Persona: Drake Motors Ltd

Typically, a buyer persona includes a name and a backstory to make the profile feel relatable. It describes how this fictional person spends their time, their goals, challenges, lifestyle habits, and what they expect from a company's product or service. These elements guide the creation of more personalized marketing plans and customer experiences.

The most effective buyer personas are grounded in research. This includes analyzing available market data as well as gathering insights through surveys, interviews, focus groups, and customer behavior tracking. Together, these insights help marketers craft strategies that truly reflect their audience's needs.

> "The strongest buyer personas are based on a combination of market research and real customer feedback. They give marketers the clarity to create strategies that feel personal—even at scale."[1]

1. Vaughan, P. (2020, June 4). *How to create detailed buyer personas for your business [free persona template]* [Blog]. HubSpot. https://blog.hubspot.com/marketing/buyer-persona-research ↩

Creation note: This content was updated with the assistance of ChatGPT, a language model developed by OpenAI, and was subsequently reviewed and edited by the author for clarity and accuracy.

Video: Harley Davidson Customer Relationships

Once a company understands its buyer personas, how can it match those to real people who will buy its products or services? Today, companies use significant amounts of data and complex technology systems to create the right match in what it offers to individuals and groups of buyers.

The American Marketing Association defines customer relationship management in the following way:

> A discipline in marketing combining database and computer technology with customer service and marketing communications. Customer relationship management seeks to create more meaningful one-on-one communications with the customer by applying customer data (demographic, industry, buying history, etc.) to every communications vehicle. At the simplest level, this would include personalizing e-mail or other communications with customer names. At a more complex level, customer relationship management enables a company to produce a consistent, personalized marketing communication whether the customer sees an ad, visits a Web site, or calls customer service.[1]

Customer relationship management brings data and technology together with the marketing mix to increase the personal connection with the customer. Let's look at an example. Harley Davidson has a famously strong brand. This video provides a glimpse into the relationship that customers have with the brand and shows how a new technology is assisting the company in expanding its connection with customers.



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https://pressbooks.atlanticoer-relatlantique.ca/nsccprinciplesofmarketing2e/?p=191#oembed-1

You can view the transcript for "Harley Davidson – Community, Brand, IBM". (opens in new window)

What are some elements of the Harley Davidson buyer persona?

How is technology being used for customer relationship management?

1. Moore Karl, Pareek Niketh (2010) *Marketing the basics* (2nd ed.) Routledge

4.7 Putting It Together: Marketing Strategy

Southwest Airlines

Since Southwest Airlines is a familiar example by now, let's do a more complete review of its strategy to help with your assignments in this course.

In this module we have focused on the following aspects of marketing planning:

- Evaluate marketing strategies for alignment with the organization's corporate strategies
- Show how common analytic tools are used to inform the organization's strategy
- Explain inputs and components of a marketing strategy
- Give examples of corporate strategies
- Explain how the development and maintenance of customer relationships are an essential part of an organization's marketing strategy

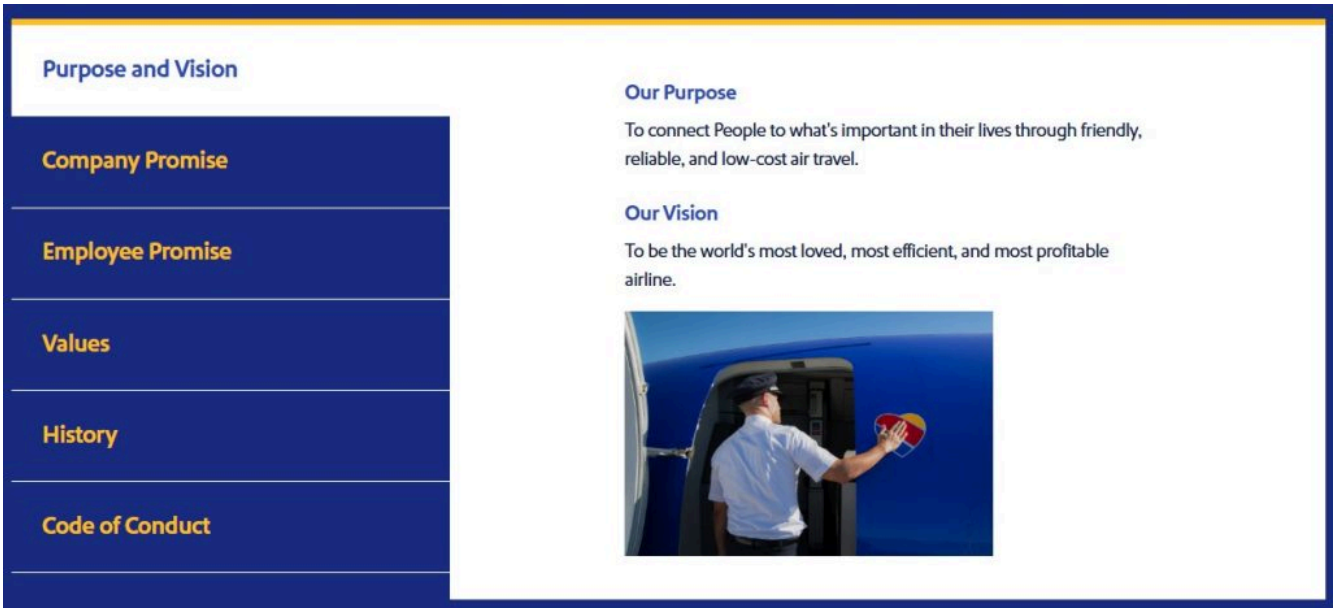
The summary below shows one analysis of the planning process for Southwest Airlines:

Corporate Strategy

Southwest Airlines' corporate strategy continues to be grounded in its enduring purpose:

> *Connect people to what's important in their lives through friendly, reliable, and low-cost air travel.*[1]

This mission reflects a broader commitment to customer-centric service, not limited to leisure or budget travelers. It underscores Southwest's focus on building meaningful connections through accessibility, simplicity, and warmth across every segment of air travel.



Southwest Airlines Purpose and Vision

A recent industry analysis from *Airline Weekly* summarizes the company's positioning:

> *"Southwest remains unique among U.S. carriers—not just in its low-cost origins but in how its corporate culture translates into tangible value for customers. In a landscape of upselling and nickel-and-diming, Southwest offers two free checked bags, no change fees, and a level of brand trust unmatched by its competitors."*[2]

Southwest has built a legacy on operational efficiency, employee engagement, and exceptional service. From its modest beginnings in 1971, flying between Texas cities with a few aircraft, the airline has grown into one of the largest domestic carriers in the United States. In 2023, Southwest flew over 129 million passengers and maintained one of the highest customer satisfaction ratings among U.S. carriers.[3]

However, Southwest has not been immune to industry pressures. Following disruptions in late 2022 and growing competition from ultra-low-cost carriers, the airline sharpened its focus on digital transformation, fleet modernization, and enhancing the customer experience.

A key corporate objective heading into 2025 has been to regain operational trust and to grow revenue through increased loyalty and digital self-service tools. The airline is also doubling down on business travel by expanding its corporate booking tools and simplifying fare structures to better meet business customer needs.

While past objectives included increasing the share of business travelers from 35% to 40% between 2014 and 2019, the current goal is to rebuild and diversify its customer base following pandemic-era declines. As CEO Bob Jordan noted in 2024:

> *"We're moving fast to restore customer confidence, modernize our operations, and drive long-term growth—while staying true to our roots."*[4]

Analysis Tools

In order to achieve the company objective Southwest needs to bring its strengths to new customers in a way that addresses both its own weaknesses and those of competitors (which create opportunities).

SWOT Analysis

Southwest's SWOT analysis, below, identifies a number of opportunities and challenges:

Strengths

- Strong balance sheet and liquidity (approx. US $12.5B in cash reserves)
- Industry-leading low-cost carrier with competitive fare value
- Well-known for a positive, employee-centric "LUV" culture; strong employer reputation
- High brand recognition; consistently ranks among most admired U.S. companies

Weaknesses

- Limited international and long-haul route network compared to competitors
- Dependence on a single aircraft type (Boeing 737), reducing operational flexibility
- Persistent IT infrastructure issues, including outdated scheduling systems
- Recent introduction of bag fees and layoffs may erode long-standing customer loyalty

Opportunities

- Expansion of fare options (e.g., assigned seating, Business Select upgrades)
- Increased focus on corporate travel through the SWABIZ booking platform
- International growth through new codeshare agreements (e.g., with Icelandair)
- Sustainability initiatives could attract ESG-focused travelers and partners

Threats

- Volatility in fuel prices and rising labour costs strain margins

- Major airlines aggressively targeting high-margin business travelers
- Legal and regulatory scrutiny over service disruptions and fee changes
- Repeated IT outages or scheduling failures may continue to damage reputation

Strategic Opportunities Matrix

In recent years, Southwest Airlines has sought to expand its appeal to higher-yield business travelers in an effort to diversify its customer base and boost revenue. While the airline has traditionally served cost-conscious leisure travelers, this strategic shift represents a **market development** approach, introducing its existing product to a new customer segment.

Rather than overhauling its core offering, such as adding premium cabins or luxury amenities, Southwest has focused on refining elements of the **marketing mix**, specifically **pricing, promotion, and distribution**, to attract business travelers. Examples include enhanced fare classes like Business Select, expanding SWABIZ, its corporate booking tool, and forging new codeshare partnerships to increase flight flexibility for corporate clients.

This strategy is well aligned with Southwest's mission of providing friendly, reliable, and affordable air travel, and it allows the company to extend its well-regarded customer service into the business segment without compromising its low-cost model.

The move also leverages key strengths identified in Southwest's SWOT analysis, such as brand loyalty, strong balance sheet, and customer service culture, while addressing weaknesses like low revenue per passenger, limited long-haul service, and operational bottlenecks. However, the strategy must be executed carefully, given ongoing threats from increased competition, rising labor and fuel costs, and potential disruptions in technology infrastructure.

4 Growth Strategies: The Strategic Opportunities Matrix

The following is a list of the four growth strategies in the Strategic Opportunities Matrix:

- **Market Development Strategy:** New market and current product
- **Diversification Strategy:** New market and new product
- **Market Penetration Strategy:** Current market and current product
- **Product Development Strategy:** Current market and new product



Components of the Marketing Strategy

In order to appeal to corporate customers, Southwest must focus all elements of the marketing mix on a new target customer that is less cost-conscious and less patient with the inconveniences of travel.

Marketing Mix

Southwest Airlines has not approached each of the four Ps—product, price, promotion, and place—as isolated strategies. Instead, the company has bundled these elements into integrated initiatives designed to support its entry into the higher-yield business travel market, while maintaining its strong position among leisure travelers.

Business Select Offering

Southwest's Business Select fare continues to offer enhanced value for time-sensitive and convenience-focused business travelers. This service tier includes early boarding, priority check-in and security access, complimentary premium drinks, and bonus frequent-flyer points. The product is not a luxury experience, but rather a targeted value proposition—offering speed, flexibility, and efficiency at a price point that remains lower than most competitors' business-class options.

By refraining from adding first-class cabins or drastically altering its aircraft configuration, Southwest preserves its low-cost structure while using pricing and packaging to differentiate the offering. In a post-pandemic environment, where flexibility and reliability are prized, the Business Select strategy allows the airline to charge a premium without alienating its core customer base.

SWABiz and Expanded Distribution Channels

Historically, Southwest has preferred to sell directly to consumers through its own channels: website and customer service centers, avoiding third-party travel platforms. However, recognizing its low visibility among corporate travel managers, Southwest expanded its distribution strategy.

SWABiz, a dedicated booking and expense management platform for corporate clients, now offers companies an easy way to book travel, monitor expenses, enforce travel policies, and access exclusive pricing. In addition to SWABiz, Southwest has partnered with major corporate travel management systems like SAP Concur, allowing business travelers to view and book Southwest flights alongside those from competitors—effectively breaking down a long-standing barrier to business market entry.

These distribution enhancements are supported by targeted **promotional efforts**, including digital campaigns and partnerships that specifically highlight Southwest's reliability, value, and customer service for business audiences.

Southwest's integrated marketing mix, combining upgraded service tiers, refined pricing, broader distribution, and strategic promotion, reflects its commitment to customer-centric growth. It supports both short-term business acquisition goals and long-term brand equity by reinforcing the airline's reputation for friendly, efficient, and affordable service.

Evaluation

Are these strategies successful? Southwest Airlines continues to actively monitor its progress in attracting business travelers while adapting to changing market conditions. As with most long-term strategies, the results are mixed, and there is ongoing pressure to refine and innovate.

CEO Bob Jordan remains optimistic about the airline's evolving approach to corporate travel, though he acknowledges ongoing challenges. In April 2025, Jordan stated, "We've seen a steep drop-off in business travel demand—it's probably the most that I have seen absent COVID."[1] This comment came as Southwest was rolling out initiatives like new fare tiers, expanded distribution partnerships, and product enhancements designed to better serve business travelers.

Despite current headwinds, the airline is making strategic moves to reposition itself for future growth. New routes are being added at major airports, digital tools are being upgraded to support corporate bookings, and customer experience upgrades—such as improved seating options and streamlined check-in—are being implemented across the fleet.

These efforts reflect a continued commitment to competing more effectively in the business travel segment. Still, as Jordan's comments suggest, success in this space requires ongoing evaluation and flexibility. The work of defining, implementing, measuring, and adjusting strategy is never finished.

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1. Southwest Airlines. (n.d.). *Purpose and Vision.* ↩
2. *Airline Weekly*. (2023, October 12). *Why Southwest Still Stands Out in the U.S. Airline Industry.* ↩
3. Southwest Airlines. (2024). *Annual Report 2023.* ↩
4. Southwest Airlines. (2024, April 25). *Q1 Earnings Call Transcript*. CNBC. ↩
5. "CNBC. (2025, Apr 24). Southwest CEO: There is definitely economic weakness on the consumer side.

Creation note: This section was drafted with the assistance of ChatGPT, a language model developed by OpenAI, and reviewed by the author for clarity and accuracy.

Practice Quiz Chapter 4

Check Your Understanding

Answer the question(s) below to see how well you understand the topics covered in the previous section. This short quiz does **not** count toward your grade in the class, and you can retake it an unlimited number of times.

Use this quiz to check your understanding and decide whether to (1) study the previous section further or (2) move on to the next section.



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CHAPTER 5: ETHICS AND SOCIAL RESPONSIBILITY

Learning Objectives

- Why It Matters: Ethics and Social Responsibility
- Ethical marketing issues
- Define ethics in the context of marketing
- Identify common ethical issues and their impact on individuals and organizations
- Identify ethical issues introduced through new marketing channels
- Explain the role of social responsibility in marketing

5.1 Why It Matters: Ethics and Social Responsibility

Why learn about regulations and ethics?

Generally speaking, students believe that there are two primary reasons to act ethically:

- Acting ethically is the right thing to do from a moral perspective,
- If you act unethically, then you might get caught and be punished.

Businesses need to make decisions to act. How are they guided? Laws or regulations are the constraints and considerations that define what you CAN do and MUST be followed to operate your business within an industry, geography, or jurisdiction. Marketers have many legal considerations as we will explore in 5.3. Business ethics are what you SHOULD do. Ethics and laws are linked within society by creating standards and rules. Society has many stakeholders. Business ethics is the social obligation a business has to its stakeholders, including employees, customers, institutions, and communities. Under the umbrella of business ethics, Corporate Social Responsibility (CSR) began to emerge in the 1950s and took hold as a brand consideration and management concept in the 1970s. CSR has evolved into Environmental Social Governance (ESG), which holds companies accountable not just for their intentions but for measurable impact. ESG affects a company's access to capital and brand value.

In most cases, strong ethical behaviour leads to strong business results. Behaving ethically is actually good business. Let's look at two different auto companies whose track records on ethical behaviour have had very different outcomes.

Tesla and Social Responsibility



Tesla, Inc. was founded in 2003 by a group of engineers who set out to prove that electric vehicles could outperform traditional gasoline-powered cars. They aimed to create vehicles that offered power, comfort, and style without compromising environmental sustainability. From the beginning, Tesla committed to making each new generation of electric vehicles more affordable, advancing its mission to "accelerate the world's transition to sustainable energy."[1]

To meet this goal, Tesla developed a range of proprietary technologies that initially gave the company a competitive edge. In 2014, Tesla made a surprising move by opening access to its patents. CEO Elon Musk explained that this decision aligned with the company's core purpose. "Tesla Motors was created to accelerate the advent of sustainable transport. If we clear a path to the creation of compelling electric vehicles, but then lay intellectual property land mines behind us to inhibit others, we are acting in a manner contrary to that goal."[2]

Tesla has positioned its mission as a form of corporate social responsibility. Analysts and consumers have pointed to this as a key brand differentiator. Investment publication *Seeking Alpha* noted:

> Companies like Toyota and Honda continue to invest in hybrid and electric vehicles, seeking greater fuel efficiency and sustainability. Tesla is not driving this change alone, but it remains a central figure in the movement to reimagine what a car can be. The company challenges traditional views of luxury, redefines vehicle manufacturing, and envisions a more integrated and sustainable energy ecosystem.[3]

However, Tesla's reputation for social responsibility has become more complex in recent years. Critics have pointed to labor rights concerns, the environmental impact of lithium extraction, and public controversies involving leadership. As of 2025, Tesla remains a high-profile example of how ethical and environmental goals must be balanced with transparency, governance, and stakeholder trust.

Volkswagen and Ethical Behaviour



Volkswagen, part of the larger Volkswagen Group, has long stated its goal is "to offer attractive, safe, and environmentally sound vehicles that can compete in an increasingly tough market and set world standards in their respective class."[4]

In September 2015, the U.S. Environmental Protection Agency revealed that Volkswagen had installed software in its diesel vehicles designed to cheat emissions tests. The software detected when a vehicle was undergoing emissions testing and temporarily reduced emissions output, giving a false impression of regulatory compliance. CEO Martin Winterkorn resigned, and the company's stock dropped nearly 30 percent overnight.

Since then, Volkswagen has paid more than $30 billion in fines and settlements. The "Dieselgate" scandal became a case study in the high cost of unethical behavior. As of 2025, Volkswagen is investing heavily in EVs and carbon-neutral production, but the scandal continues to affect its brand image.

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Tesla Today and the Global Auto Market

As of 2025, Tesla remains the world's most valuable automaker by market capitalization, reaching approximately $1.4 trillion.[5] Despite this, Tesla's global sales performance declined in early 2025. In Q1, U.S. deliveries dropped by 8.6 percent, and European sales fell by 43 percent amid competitive pressure and backlash against company leadership.[6][7]

Meanwhile, the global EV market is shifting. BYD now leads with 21 percent of global EV sales, followed by Tesla at 16 percent, and Volkswagen at 7 percent.[8] Market dynamics are now shaped by regulation, cost, reputation, and global supply chains more than just brand prestige.

According to US News, Tesla has the highest Market Capitalization in May 2025.

Car Company	Market Capitalization*
1. Tesla Inc. (TSLA)	$1.1 trillion
2. Toyota Motor Corp. (TM)	$238.7 billion
3. Xiaomi Corp. (OTC: XIACF)	$169.3 billion
4. BYD Co. Ltd. (OTC: BYDDY)	$166.1 billion
5. Ferrari NV (RACE)	$88.9 billion
6. Volkswagen AG (OTC: VWAGY)	$57.9 billion
7. Mercedes-Benz Group AG (OTC: MBGYY)	$56.4 billion
8. Bayerische Motoren Werke AG (BMW.DE)	$53.1 billion
9. General Motors Co. (GM)	$48.4 billion
10. Maruti Suzuki India (MARUTI.NS)	$47.8 billion

Source: US News. 2025-06-11 https://money.usnews.com/investing/articles/the-10-most-valuable-auto-companies-in-the-world

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5. Dey, Esha. "Tesla Adds 14 Billion A Day To Valuation As Big Money Dives In," Bloomberg, July 6, 2020, https://www.bloomberg.com/news/articles/2020-07-06/tesla-adds-14-billion-a-day-to-valuation-as-big-money-dives-in
6. "The biggest winners from Tesla's sales slump," Business Insider, April 2025, https://www.businessinsider.com/tesla-sales-slump-automakers-winning-gm-vw-byd-2025-4
7. "Tesla sales have 'significantly underperformed' in all key regions, analyst says," MarketWatch, February 2025, https://www.marketwatch.com/story/tesla-sales-have-significantly-underperformed-in-all-key-regions-analyst-says-41d8e507
8. "Global top 10 EV automotive groups' sales share Q1 2025," Counterpoint-Techloy, April 2025, https://www.counterpointresearch.com/global-ev-sales-share-q1-2025/

Creation note: This content was updated with the assistance of ChatGPT, a language model developed by OpenAI, and was subsequently reviewed and edited by the author for clarity and accuracy.

5.2 Ethical Marketing Issues

Learning Objectives

Describe the types of ethical issues that marketing must address.

We will begin by introducing definitions to clarify ethical terms and then turn to the issues that marketing professionals most often encounter.

Business ethics promote conduct based on integrity and trust, but more complex issues include accommodating diversity, privacy and governance that are consistent with the organization's core values. According to the 2019 Global Business Ethics Survey[1] 25% of employees still feel that their senior managers do not have a good understanding of key ethical and compliance business risks across the organization.

Ethical challenges in marketing are not new. In 1977, 70% of managers were concerned about marketing issues. Common worries remain but the priorities and complexities have changed. The top three ethical issues in 1977 were bribes, price discrimination and unfair pricing, and dishonest advertising. In 1977, digital marketing did not exist. [2] With e-marketing creating real-time feedback and interaction, professionals today face additional questions including privacy, security and storage, anti-spam, and most recently content management with the tension between hate and free speech, online harassment and bullying.

Wish to learn more?



Listen to podcast

Listen to the CBC podcast Can an ad boycott fix Facebook's hate speech problem?

Facebook is facing a growing advertising crisis with the boycott of over 800 companies. Do

1. ECI. (2019). Global differences in employees' views of E&C program maturity: 2019 global business ethics survey. https://www.ethics.org/wp-content/uploads/2019-ECI-GBES-Global-Differences-Employee-Views-of-E-C-Program-Maturity.pdf
2. Brenner, S. N, & Molander, E. A. (1977). "Is the Ethics of Business Changing" *Harvard Business Review* 55: 57-71

Facebook and Google have too much power and know too much about us? Do we need to create laws to regulate Facebook?[3]

Today with digital marketing, technology, and globalization, the list of ethical marketing demands has evolved. The Canadian Marketing Association's (CMA) Canadian Marketing Code of Ethics and Standards attempts to create guidelines to follow but the reality is ethical practices often lag behaviours and rules.

In this section, you'll learn more about these issues and the challenges in overcoming them. As with ethics in general, the line between ethical behaviour and unethical behaviour can be very fine indeed.

Learning Activities

- Reading: Defining Ethics
- Reading: Common Ethical Issues in Marketing
- Reading: New Challenges in Marketing Ethics
- Reading: Corporate Social Responsibility

3. CBC. (2020, July 5). *Can an ad boycott fix Facebook's hate speech problem*? Frontburner. https://www.cbc.ca/player/play/1760602691910

Reading: Defining Ethics

Ethics is the set of moral principles or values that guides behaviour. There is a general recognition that many, if not most, business decisions involve some ethical judgment.



Each participant in a marketing transaction brings a set of expectations about how the relationship should function and how the transaction should unfold. For example, as a consumer purchasing from a retailer, you may expect to be treated fairly, pay a reasonable price, receive the product in the promised condition, and find that it performs as advertised. Unfortunately, these expectations may not always align with those of the retailer. A salesperson may not prioritize customer service, the definition of a "reasonable" price may differ, or advertising may be misleading. These gaps in expectations can raise ethical questions that are not always easy to resolve.

Canadian Marketing Code of Ethics

To promote clarity and accountability for marketing professionals, the Canadian Marketing Association (CMA) has established the CMA Code of Ethics and Standards. This framework includes 18 components that address common ethical concerns in marketing, including consumer protection, transparency, consent, and responsible data use.

The CMA Code provides structure for professional conduct and supports self-regulation within the marketing community. It is mandatory for all CMA members and serves as a benchmark for best practices in Canada. Government bodies and regulators often reference the CMA Code when developing legislation, and media outlets regularly cite it as a standard for ethical business practices.[1]

To understand the ethical expectations placed on marketers, it is also important to examine the foundation of ethics itself. **Norms** are widely accepted standards of conduct that are shaped by society and professional bodies. Norms may evolve over time, while **values** tend to be more stable. Values represent what communities consider desirable, important, and morally appropriate. They guide how we evaluate our own actions and those of others, and they are often expressed as beliefs.[2,3]

The exchange process between a company and a customer is built on a foundation of trust. The CMA's Statement of Ethics supports this relationship by reinforcing transparency, fairness, and accountability at every stage of the marketing process.

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1. Regulatory Framework and Best Practices for Marketing. (n.d.). The CMA. https://www.the-cma.org/regulatory/code-of-ethics
2. Social Norms. (2011, March 01). Stanford Encyclopedia of Philosophy. https://plato.stanford.edu/entries/social-norms/
3. What are social values? (n.d.). Environics Research. https://environicsresearch.com/what-are-social-values/

Creation note: This content was updated with the assistance of ChatGPT, a language model developed by OpenAI, and was subsequently reviewed and edited by the author for clarity and accuracy.

Reading: Common Ethical Issues in Marketing

Let's start by taking at look at a hypothetical business situation:

Examples

You're a member of the marketing team for a B2B company that sells software to restaurants. Your product is a point-of-sale system that manages orders, menus, and staff scheduling. While it generally works well, there are sometimes glitches that cause it to drop orders, and the system goes down more often than you would like. You are marketing the system to a major restaurant chain, and they've asked for a list of references from current customers. The marketing and sales teams sit around a table reviewing the current customer list trying to decide which references to provide. First, the team screens out those who have complained most vocally about the glitches with the product. There is one customer who told his account manager, "These things happen with all systems," so the team thinks he would be a good reference. There's also a new customer who started using the system recently and hasn't yet experienced the system downtime that other customers have. The team selects that restaurant, as well, and prepares to send the two names to the sales prospect.



Question

Is that ethical? Is it fair and honest to cherry-pick the customer references, selecting only the ones that are unlikely to share negative experiences about your product? To be sure, there's a range of customer feedback, and not all of it is positive. Are you expected to give a full picture of customers' experience—warts and all—so the restaurant chain will know exactly what it's buying?

Answer

In general, when prospective customers request customer references, they expect to receive favorable ones, and doing so is not a violation of their trust. It's a lot like a prospective employer's request for a job candidate's work references. When you're marketing yourself for a new job, you name the references who are most likely to report your talents and strengths—you don't include a crabby boss who never had good things to say about anyone.

The question becomes more challenging when the customer relationship is more complicated. In every case—even the simplest—it's a judgment call. Suppose your company compensates customers for providing references. A company might give some small thank-you gift to acknowledge that taking reference calls requires time, and that the company appreciates the client's support. Is that unethical? Possibly. On one hand, it's reasonable and desirable to express your appreciation to the customer, since part of maintaining the customer relationship is letting customers know that you value them and their time. On the other hand, there's a risk, especially if the gift is large, that the customer might be influenced or even induced to give your company or product a favorable review. There is a point where the compensation begins to distort the customer dialogue and relationship, and then it's clearly unethical—and if you're *inducing* a customer to alter their behaviour in exchange for a gift, it's bribery.

Marketing professionals face regularly face questions of this kind. Where the organization appreciates a close partnership with a client, a thank-you gift may well be appropriate. The challenge is to choose one of the right sizes that expresses appreciation but doesn't compromise the integrity of the client or the marketing organization.

Difficult Ethical Issues Marketing Professionals Face

The world of marketing is continually evolving, and so are the challenges faced by marketers. In a 2025 article by Jeremy Taylor on TrinityP3, he highlights what TrinityP3 sees as the challenges today: "that businesses act as responsible corporate citizens, positively impacting communities, society and the planet. In the absence of a formal code". [1] He quotes Marc Benioff, the CEO of Salesforce,on ethics in marketing and business in general: "*What really defines 'success' in today's business world? Is it just about growth, profits and market dominance? Or is it about what good we do for our people and the planet? Should we aim for profit or to be prophets?*"

The following is a summary of the top 10 ethical issues in marketing in 2025.

1. Taylor, J. (2025, August 15). Top 10 ethical issues in marketing for 2025. TrinityP3. Retrieved [Date you accessed it], from https://www.trinityp3.com/ethics-in-marketing/top-ethical-issues-for-marketers/

Challenge	Key Focus	Best Practice / Ethical Approach
1. AI and Automation	Risks of bias, misinformation, and loss of oversight.	Ensure transparency, human oversight, fairness, accountability, and protect consumer privacy.
2. Cultural Sensitivity	Avoiding offensive or stereotypical messages.	Respect cultural values, avoid appropriation, tailor campaigns to diverse audiences.
3. Data Ethics	Collection and use of consumer data.	Obtain informed consent, provide opt-outs, secure data, avoid discriminatory targeting.
4. Environmental Sustainability	Impact of marketing practices on the planet.	Reduce emissions, use sustainable materials, promote eco-friendly products, advocate responsible consumption.
5. Fair Pricing	Risk of discriminatory or exploitative pricing.	Set reasonable, justifiable prices; avoid targeting vulnerable groups; be transparent on pricing.
6. Influencer Marketing	Lack of disclosure and misalignment with brand values.	Ensure transparency in sponsorships, select ethical influencers, promote responsible messaging.
7. Misleading Advertising	False or exaggerated claims that mislead consumers.	Use accurate, evidence-based claims; fact-check; provide clear disclaimers; update content regularly.
8. Privacy Concerns	Misuse or mishandling of personal data.	Collect only with consent, secure data, provide opt-outs, avoid third-party selling without consent.
9. Social Responsibility	Growing demand for brands to align with social/environmental values.	Engage in cause marketing, support inclusion, fair treatment of stakeholders, reduce marketing footprint.
10. Targeting Vulnerable Populations	Harmful or exploitative targeting of children, elderly, or disadvantaged groups.	Respect boundaries, avoid harmful products, prioritize consumer well-being and accurate information.

Take the challenge. How ethical are you?

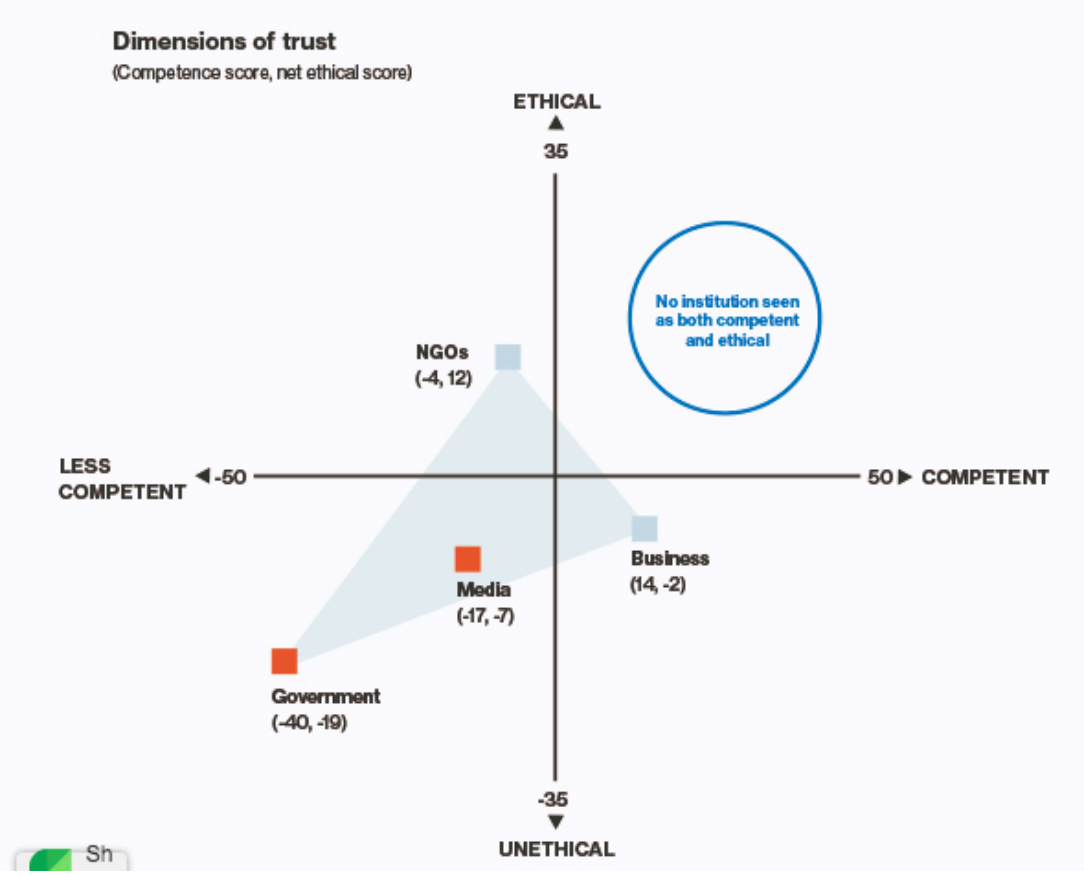
It is imporatant to understand how you may act in ethical dilemmas? Read the case studies in the short article How Ethical Are You?[2]

Creation note: This content was updated with the assistance of ChatGPT, a language model developed by OpenAI, and was subsequently reviewed and edited by the author for clarity and accuracy.

2. Ovans, A. (2012, November 12). *How Ethical Are You?* Harvard Business Review. https://hbr.org/2012/11/how-ethical-are-you

Reading: New Challenges in Marketing Ethics

New marketing channels create opportunities for new tactics, but sometimes these developments bring new ethical challenges. Eventually, society may establish what is acceptable behaviour and what is not, but that process takes time. The 2020 Edelman Trust Barometer Study[1] found that customers increasingly expect brands to "place customers ahead of profits and have ethical business practices," and Interbrand's 2018 brand study noted that successful businesses are those who are willing "to simultaneously look through a microscope and a telescope, to have the courage to intercept the future, not just flow with it, and, to take decisive action that makes a real impact."



Edelman 2020 Trust Barometer shows where companies are ranked based on competency and ethics

Societal expectations are changing at a faster rate due to technology. Below are three case studies that show the evolution within the few years and how corporations respond.

Case Study 1: Pepsi and the Kendall Jenner Ad (2017)

1. 2020 *Edelman Trust Barometer*. (2020, January 19). Edelman. https://www.edelman.com/trustbarometer

In 2018, Pepsi's advertisement featuring Kendall Jenner quickly went viral, and impacted the brand Pepsi. The ad depicted Jenner joining a protest and seemingly resolving tensions between demonstrators and police by handing an officer a can of Pepsi. Within hours of release, the ad faced intense backlash on Twitter, Facebook, and other platforms. Critics argued that it trivialized serious social justice movements, such as Black Lives Matter, by suggesting complex issues of racial inequality and police violence could be solved with a soft drink. The campaign was accused of tone-deafness and exploiting social justice imagery for profit.

The social media firestorm forced Pepsi to pull the ad within 24 hours and issue a public apology. The incident demonstrated how quickly ethical missteps can escalate in the digital age, where social media users amplify critiques in real time. Pepsi's reputation suffered as the company became the subject of countless negative headlines and online ridicule, highlighting the risks of failing to read cultural sensitivities accurately before launching global campaigns.

The long-term impact was a cautionary tale for corporations: Pepsi faced reputational damage and lost credibility in aligning with social causes. Although the company eventually recovered, the backlash underscored the necessity of authentic, informed engagement with social issues. The case remains a textbook example of how not to approach cause-related marketing. [2]



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Case Study 2: Meta and Data Privacy (2021–2025)

Over the past few years, Meta (formerly Facebook) grappled with mounting pressure over data privacy concerns, particularly from users and regulators in Europe. In early 2025, the company settled a case with the UK's Information Commissioner's Office (ICO), agreeing to stop targeting an individual with personalized advertisements, setting a broader precedent for users' rights to opt out of ad tracking. Meanwhile, Meta introduced its controversial "consent-or-pay" model, requiring European users to either accept personalized advertisements or pay a subscription fee to avoid them. This approach was later ruled noncompliant with the EU's Digital Markets Act, resulting in a €200 million fine in April 2025.

2. Victor, Daniel. "Pepsi Pulls Ad Accused of Trivializing Black Lives Matter." The New York Times, April 5, 2017. https://www.nytimes.com/2017/04/05/business/kendall-jenner-pepsi-ad.html

In response to intensifying regulatory scrutiny and changing societal expectations, Meta has also invested heavily to rebuild its privacy infrastructure. In January 2025, the company disclosed that it had poured more than $8 billion into its privacy program since 2019, strengthening policies and tools for user control over data. These included internal "privacy reviews" and new compliance platforms to increase accountability. Additionally, Meta launched the Federation Platform along with a method called "Privacy Waves"—scalable tools designed to streamline and operationalize privacy compliance across its services.

These developments underscore how rapidly evolving technology has escalated societal expectations around data privacy, forcing corporations like Meta to overhaul their approaches. Intensified public awareness—spread widely via digital platforms—combined with stringent regulation, has compelled Meta to pivot sharply toward more transparent, accountable data practices, while exploring subscription-based options and improving user autonomy.[3]

Case Study 3: Nike and Racial Justice (2018–2023)

In 2018, Nike launched its now-famous "Dream Crazy" campaign featuring former NFL quarterback Colin Kaepernick, who had become a symbol of the racial justice movement after kneeling during the national anthem to protest police brutality. The decision was controversial and sparked heated debate across social media, with some consumers threatening boycotts and even burning Nike products. At the same time, the campaign struck a chord with younger, more socially conscious consumers who saw Nike's stance as authentic and aligned with their values.

The challenge for Nike was navigating the polarizing political climate while staying true to its brand identity. Instead of backing down, the company leaned into the message of social justice and freedom of expression, reaffirming its commitment to diversity, equity, and inclusion. This approach carried risk, but it was consistent with Nike's long-term strategy of embracing bold cultural narratives and connecting with consumers through shared values.

The results demonstrated clear advantages. Nike experienced a surge in social media engagement, a reported 31% increase in online sales in the days following the campaign, and a boost in market value of around $6 billion. More importantly, the campaign reinforced Nike's brand loyalty among Millennials and Gen Z, cementing its reputation as a brand willing to take a stand on pressing social issues. [4]

3. Wikipedia. (2025). "Consent or Pay." https://en.wikipedia.org/wiki/Consent_or_pay

4. Greenbook. (2019). "When Big Brands Take Social Stances: An In-Depth Analysis of Nike's Colin Kaepernick Ad." https://www.greenbook.org/insights/brand-strategy/when-big-brands-take-social-stances-an-in-depth-analysis-of-nikes-colin-kaepernick-ade.

Creation note: This content was updated with the assistance of ChatGPT, a language model developed by OpenAI, and was subsequently reviewed and edited by the author for clarity and accuracy.

Reading: Corporate Social Responsibility

So far we have focused on ethical dilemmas in terms of risk. If a company acts unethically, it risks damaging its reputation and its customers' trust—worse, it can face lawsuits and criminal prosecution. In this section, we'll discuss one of the ways in which companies attempt to get out in front of such risks by taking a proactive stance on ethics, instead. As you saw with Tesla, companies that place "doing the right thing" at the center of their corporate mission and strategy often see a competitive advantage. Increasingly, they're finding that good corporate citizenship not only benefits customers and communities but is good business, too.

Corporate social responsibility is the ethical behaviour of a company toward society. It means acting responsibly toward the stakeholders—not just the shareholders—who have a legitimate interest in the business.

Shareholders own a portion or "share" of a business. Stakeholders do not own the business, but they have some stake or interest in it because they are affected by the business's strategies and tactics. Examples of stakeholders are employees, suppliers, business partners, and the community in which the business operates.

Below are a few examples of businesses behaving ethically in ways that have a positive impact on their stakeholders.

IBM Canada investing in local CSR Programs

IBM has a large presence in Bedford, Nova Scotia and is a local employer dedicated to supporting young professionals. IBM Service Corp is a program that offers employees opportunities to volunteer locally and internationally for up to four weeks. Offering a range of volunteer opportunities is in line with current employee expectations. "According to a 2019 study from charity.org, 86 percent of surveyed employees expect their employers to provide opportunities to engage in the community, while 87 percent of surveyed employees expect employers to support causes and issues that matter to them." [1]



IBM Canada investing in local CSR programs

Melissa Dunne | March 4, 2020

In the war for talent, corporate social responsibility programs are another weapon companies can wield to attract and retain staff, says Jennifer Roynon, corporate social responsibility lead for IBM Canada.

For the past decade, the organization's IBM Service Corps program has enabled its employees to serve as volunteers in other countries in four-week stints. But following a review of the program, it now helps staff volunteer locally as well.

IBM Canada offers employees the opportunity to volunteer through their service corp across the globe [Image: Benefits Canada]

Anheuser-Busch Wants Customers to Drink Responsibly

In January 2014, Anheuser-Busch ran a Super Bowl ad featuring a cute puppy and the famous Budweiser Clydesdale horses. The ad plays on romance and nostalgia to remind viewers of the brand's history (and to sell more beer).

1. Dunne, M. (2020, March 04). *IBM Canada investing in local CSR programs*. Benefits Canada. https://www.benefitscanada.com/news/ibm-canada-investing-in-local-csr-programs-143211

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In September 2014, the company brought back the puppy, this time to promote responsible drinking:

https://youtu.be/56b09ZyLaWk

You can view the transcript for "Someone Waits For You At Home, DON'T DRINK AND DRIVE | Budweiser Ads". (opens in new window)

On its Web site, Anheiser-Busch lists a number of programs it has launched to reduce drunk driving. These are marketing programs that were developed to reduce the risk for consumers using the company's products.

> *Anheuser-Busch is opposed to drunk driving and we believe it is 100 percent preventable. According to the U.S. Department of Transportation, drunk-driving fatalities have decreased 53 percent since 1982 to record lows, but we recognize there is still work to be done. As part of our effort to prevent drunk driving, we have key initiatives like the Budweiser Designate a Driver campaign and Bud Light safe ride home programs, including Bud Light Alert Cab and Bud Light Tow to Go.*

The company is actively promoting safety for its customers and their communities.

Common Goods Solutions

Not only are companies in many forms expected by stakeholders and shareholders to focus on community impact, but there are many organizations that are being created to specifically address a need in a socially-minded manner. Social enterprises , Social finance and Non-governmental organizations (NGOs) are stepping in to collaborate and offer customers and communities innovative solutions through a different business model. Common Goods Solutions, based in Nova Scotia is a social enterprise incubator and expert. Their co-founder, David Upton, apart from assisting many entrepreneurs in building and transforming their businesses, was also recently engaged to determine transportation solutions in a sustainable manner for Cape Breton, Nova Scotia. In part, the project created an innovation lab to determine solutions for access to transportation for the under- and unemployed.

Haagen-Dazs Cares about Its Tiniest Suppliers



Recently, the ice-cream company Haagen-Daz initiated a campaign to raise awareness about the threats to honey bees, which are rapidly disappearing and are vital to the global food chain (and many of the ingredients in flavoured ice cream). The company started a honeybee microsite and is donating a portion of the proceeds from its honeybee brand to bee research. In November 2014, it raised an additional $7,000 for research during a two-day Twitter campaign (#HelpHoneyBees hashtag).[2]

Power of the People

Organizations have become more accountable through the evolution of CSR to ESG in part due to external influences including stakeholder activism. Greta Thunberg left school and went on a "strike" to voice her concerns to institutions through a social media campaign #FridaysForFuture. Her actions occurred during the debate by businesses and government on how to create a carbon offset to reduce fossil fuel emissions that are especially important in developing countries. [3]



Greta Thunberg was named Time Magazine's Person of the Year in 2019 due to her climate change activism

2. Lasica, J. D. (2010, April 22). *4 examples of corporate social responsibility done right*. Socialbrite. http://www.socialbrite.org/2010/04/22/4-examples-of-corporate-social-responsibility-done-right/

3. Woodward, A. (2020, January 03). *Greta Thunberg turns 17 today. Here's how she started a global climate movement in just 18 months.* Insider. https://www.businessinsider.com/greta-thunberg-bio-climate-change-activist-2019-9#she-has-offered-a-moral-clarion-call-to-those-who-are-willing-to-act-and-hurled-shame-on-those-who-are-not-time-magazine-wrote-of-thunberg-last-month-1

5.3 Regulatory Laws

Learning Objectives

- Explain product liability and its impact on marketing
- Explain privacy law and its impact on marketing
- Explain fraud in the marketing process and its impact
- Explain the laws that regulate marketing

While there are situations in which we expect individuals to act according to higher moral laws, at a basic level we always expect business professionals to follow the law. Virtually every marketing activity has legal and ethical implications. Canadian laws fall across multiple jurisdictions—Federal (national), Provincial, and even Municipal. Canadian companies operating internationally must also consider the legal requirements of the country of their customers, especially in the digital space where cross-border enforcement is increasingly common.

The majority of businesses rely on compliance of these laws and standards through self-regulatory organizations such as the Canadian Marketing Association (CMA), Advertising Standards Canada (ASC), or the Canadian Association of Broadcasters (CAB). To join each body, your business must comply with both the laws *and* demonstrate ethical behaviour.

Privacy Laws and Data Protection

Privacy law is one of the fastest-evolving areas affecting marketers. Canada's current *Personal Information Protection and Electronic Documents Act* (PIPEDA) has been under reform, with the proposed *Consumer Privacy Protection Act* (CPPA) under Bill C-27 expected to modernize privacy rules and bring them closer to Europe's *General Data Protection Regulation* (GDPR). Provinces such as Quebec have already advanced further; Quebec's *Law 25* (formerly Bill 64) introduces stricter consent requirements, mandatory breach reporting, and higher penalties.

For marketers, this means transparency and accountability are non-negotiable. Consent for data use must be meaningful, opt-outs must be easy, and privacy by design is becoming an industry standard. Failing to comply risks fines, reputational damage, and loss of consumer trust.

Product Liability in a Digital Age

Traditionally, product liability laws focused on physical goods—ensuring products are safe for use and that companies are accountable for harm. Today, liability increasingly extends into digital and algorithmic domains. Marketing that relies

on AI-driven personalization, chatbots, or recommendation engines could expose companies to claims if those systems mislead or discriminate.

Marketers must therefore monitor and test automated tools for unintended consequences and be ready to demonstrate human oversight and fairness in how products or services are promoted.

Fraud in the Marketing Process

Fraud remains a critical area of concern. Beyond classic deceptive practices, digital marketing has introduced new forms such as:

- **Click fraud and ad impression fraud** in programmatic advertising.
- **Fake reviews and testimonials**, often spread through online marketplaces.
- **Influencer fraud**, where partnerships are not disclosed, violating FTC and ASC endorsement guidelines.

These practices undermine trust and are increasingly targeted by regulators and platforms alike. Marketers must vet their partners, disclose sponsorships, and implement tools to detect and prevent fraudulent activity.

Environmental Marketing and Greenwashing

Society expects businesses to reduce environmental harm, and many brands have embraced sustainability messaging. However, vague or misleading claims—known as *greenwashing*—carry both reputational and legal risks. In 2022, Canada's Competition Bureau fined Keurig for misleading claims about the recyclability of its coffee pods.

Marketers must substantiate environmental claims with clear, verifiable evidence and avoid overpromising. "Eco-friendly" is no longer sufficient without proof.

Global Standards and International Trade

As Canada participates in numerous trade agreements, its federal laws often need to align with higher international standards. For example, Europe's GDPR has set a global benchmark for digital privacy, while the EU's *Digital Services Act* and *Digital Markets Act* add stricter requirements for online platforms. In the United States, the Federal Trade Commission (FTC) continues to update its endorsement guidelines to address influencers, online advertising, and dark patterns.

For Canadian marketers, this means compliance is not just domestic—it requires awareness of international laws and the ability to adapt campaigns across borders.

Categories of Protection

Most of the laws that impact marketers fall into three categories:

- **Businesses need protection from other businesses.** Competition laws address fairness and pricing.
- **Consumers need protection from businesses.** Consumer protection laws safeguard rights and create a fair marketplace.
- **Society needs protection from businesses.** Social costs and externalities created by business practices must be regulated.

Summary Table: Key Marketing Laws and Their Impact

Summary Table: Society Protection Laws and Marketing Impact

Area of Law	Purpose / Focus	Impact on Marketing
Environmental Protections	Ensure sustainability and reduce environmental harms.	Requires proof of sustainability; must disclose environmental impacts (avoid greenwashing).
Privacy – General	Protect consumer identity and data transparency.	Requires transparency in data collection, storage, and disclosures (esp. government-related marketing).
Privacy – Consent	Enforce truthfulness and disclosure in obtaining consent.	Marketers must ensure clear, informed, and ongoing consent across digital and offline interactions.
Privacy – PIPEDA	Set rules for private-sector data use in commercial digital interactions.	Impacts digital campaigns; governs email marketing, storage of personal data, and e-commerce.
Privacy – Do Not Call (DNCL)	Regulate telemarketing and protect consumers from unwanted calls.	Limits outbound marketing calls; requires adherence to opt-outs and anti-spoofing rules.
Privacy – Anti-Spam (CASL)	Protect consumers from spam, malware, and deceptive digital practices.	Requires clear identification, consent, and unsubscribe mechanisms for email/newsletters.
Financial Reporting	Ensure transparency for consumers and investors.	Requires disclosure of financial information; public companies face additional marketing disclosure rules.
Decency & Expression	Maintain ethical standards in advertising and communications.	Restricts misleading or manipulative campaigns; adds protections for vulnerable groups.

Historical Context

Historically, consumer protection laws in Canada gained traction in 1967 with the creation of the *Department of Consumer and Corporate Affairs* (CCA), establishing Canada as a world leader at the time. Today, consumer protection has evolved under the *Department of Innovation, Science and Economic Development*, but some argue Canada's leadership role has diminished, shifting toward a reactive approach. [1]Jenkin, M. (2018, June 05). *The steady decline*

1.

of consumer protection in Canada. Policy Options. https://policyoptions.irpp.org/magazines/june-2018/the-steady-decline-of-consumer-protection-in-canada/[/footnote]

The U.S. offers its own parallel history, from Upton Sinclair's exposé on meatpacking in 1905 (leading to the FDA) to Ralph Nader's automobile safety campaigns in the 1960s (leading to the National Highway Traffic Safety Administration). Canada's *Motor Vehicle Safety Act* serves a similar role. [2]Insurance Institute for Highway Safety, Highway Loss Data Institute. (2021, March). *Fatality Facts 2019 Yearly snapshot*. https://www.iihs.org/topics/fatality-statistics/detail/yearly-snapshot[/footnote]

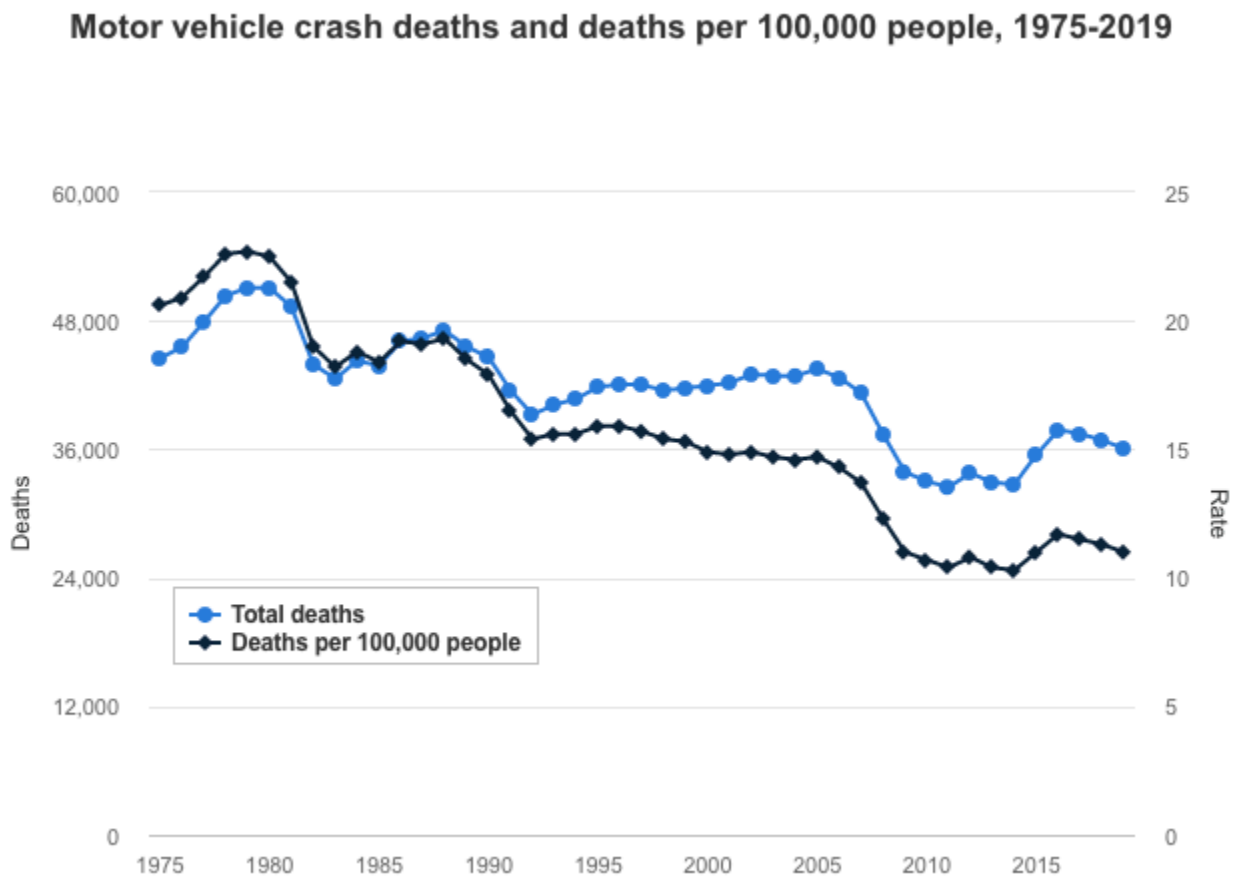


Figure 1: Motor vehicle crash deaths and deaths per 100,000 people, 1975-2019. The rate of crash deaths per 100 million miles traveled decreased from 1.14 in 2018 to 1.11 in 2019. This rate is about one-third the all-time high rate of 3.36 in 1980. [2]

Learning Activities

- Reading: Product Liability

2.

- Reading: Privacy Laws
- Reading: Fraud in Marketing

Creation note: This content was updated with the assistance of ChatGPT, a language model developed by OpenAI, and was subsequently reviewed and edited by the author for clarity and accuracy.

Reading: 5.3 Society Protection Laws and Standards

Category	Why	When	Where/Who	Examples
Environmental Protections	Sustainability of products and services; prevention of ecological harm	Permits, conservation, Indigenous lands, environmental impacts	Canadian Environmental Protection Act; Impact/Environmental Assessment; Competition Bureau environmental claims guidance (2025)	What is the environmental impact of your product? Is it sustainable? Pictou Pulp Mill effluents (Fisheries Act); Enbridge pipeline reviews; Keurig Canada $3M penalty (2022) for misleading recyclability claims; 2024 amendments to Competition Act re: environmental claims.
Privacy – General	User/consumer identity protection and transparency	Data collection, storage, disclosures	Privacy Act (Office of the Privacy Commissioner, OPC) – applies to federal institutions	Government-client marketing plans; cybersecurity; opt-out standards; complaints about identity theft (criminal – RCMP).
Privacy – Consent	Truthfulness and disclosure in obtaining consent	Consent requirements and guiding principles (online & offline)	CMA: Transparency & Consent guidance; Quebec Law 25 overview (CAI)	What does your Facebook/user agreement allow? Ensure clear, informed, ongoing consent across channels.
Privacy – PIPEDA	Private-sector rules for personal information	10 fair information principles for collection, use, disclosure, retention	PIPEDA overview (OPC)	Email campaign design, data minimization, access/rectification; note: exemptions for certain non-commercial contexts.
Privacy – Reform (CPPA / AIDA)	Modernize privacy & regulate AI systems	Proposed/ongoing reforms impacting consent, accountability, and AI risk	Bill C-27 overview (Justice Canada); AIDA companion document (ISED); LEGISinfo (Bill C-27 status); Quebec Law 25 (text)	Track CPPA/AIDA progress and provincial leadership (e.g., Quebec Law 25) for consent, DPIAs, fines; align marketing tech & AI use accordingly.
Do Not Call List (DNCL) – Privacy	Protect consumers from unwanted telemarketing	General telemarketing rules; industry-specific requirements	DNCL (managed by CRTC)	Market research exemptions; robocall spoofing and scam protections; respect opt-outs.
Anti-Spam – Privacy (CASL)	Protect against spam, malware, deceptive practices	All commercial electronic messages: consent, identification, unsubscribe	CASL overview (ISED); CRTC anti-spam; CRTC CASL FAQs	Manage email list consent & identification; prompt unsubscribe; note recent CRTC enforcement actions against SMS phishing and spam.
Financial Reporting and Disclosure	Consumer & investor protection via transparency	Provide financial information to recognized standards	Canadian Business Corporations Act	Disclosures for public companies (e.g., IFRS, ESG reporting considerations); specific rules for non-profits.
Decency, Censorship, and Freedom of Expression	Professional consumer communications and standards	Ethical, accessible advertising & integrated communications	CMA Code of Ethics; Advertising Standards Canada (ASC)	Marketing to children/seniors; accessibility; influencer disclosure standards; truthfulness and professionalism.

Creation note: This content was updated with the assistance of ChatGPT, a language model developed by OpenAI, and was subsequently reviewed and edited by the author for clarity and accuracy.

Reading: 5.3 Business Protections Laws and Standards

Category	Why	When	Where / Who	Examples
Contract Law	Fulfillment of Goods and Services	Applies to agreements between buyers and sellers (B2B, B2C, and government). Includes both consumer and manufacturer responsibilities.	Contract Law & Tort Principles (Ministry of Justice)	Contracts can be verbal, written, or implied. Includes class action lawsuits on defective products (negligent manufacture, design, or failure to warn). Protects consumer rights.
Trademark Enforcement	Brand and Intellectual Property Protection	When creating, registering, or protecting a brand, product, or service identity.	Trademarks Act (Canadian Intellectual Property Office)	Trademarks can be protected for 10 years (renewable). Recent modernization aligns with international treaties. Protects logos, names, and even certain brand features.
Pricing of Products	Fairness and Transparency for Competition	Applies in pricing, advertising, mergers, and anti-competitive practices.	Competition Act (Competition Bureau)	Protects businesses and consumers from deceptive pricing, price-fixing, false advertising, and abuse of market dominance. Recent 2022–2023 amendments increased penalties and expanded investigative powers.
Financial Disclosure	Investor and Consumer Protection	When corporations issue shares, financial reports, or operate in regulated industries.	Canada Business Corporations Act (Innovation, Science and Economic Development Canada)	Public companies must disclose financial information. Strengthened rules ensure transparency for investors and consumers; enforced by provincial securities regulators and federal law.

Creation note: This content was updated with the assistance of ChatGPT, a language model developed by OpenAI, and was subsequently reviewed and edited by the author for clarity and accuracy.

Reading: 5.3 Consumer Protection Laws and Standards

Category	Why	When	Where/Who	Examples
Product Safety	Consumer Protection and Transparency	Manufacturing, Importation, Testing and Quality Control	Canada Consumer Product Safety Act (Health Canada)	Are imported products compliant? Includes recalls, bans on unsafe products, and mandatory incident reporting for manufacturers/importers.
Labelling	Consumer Protection and Transparency	Creating or Selling a brand or product	Consumer Packaging and Labelling Act (Health Canada)	Packaging must disclose ingredients, nutrition facts, origin, weights and quantities. Recent updates align with digital disclosure and bilingual requirements.
Vehicle Safety	Consumer Protection and Safety Standards	Regulates minimum safety standards for vehicles	Motor Vehicle Safety Act (Transport Canada)	Seat belts, airbags, electronic stability, and fuel efficiency. New EV battery and autonomous vehicle safety requirements under 2023–24 amendments.
Food and Drug Safety	Consumer Protection and Transparency	Regulates and monitors the sale of food, drugs, natural health products, and cosmetics	Food and Drugs Act and Food and Drug Regulations (Health Canada & CFIA)	New nutrition labelling rules, cannabis edibles regulation, and veterinary drug oversight. Wellness products require licensing before marketing.
Clothing & Textile Safety	Consumer Protection and Transparency	Regulates fibre content, labelling, and flammability of textiles	Textile Labelling Act (Competition Bureau)	Marketing clothing must disclose fibre composition. Random inspections ensure accuracy and prevent misleading origin or quality claims.
Marketing Fraud	Consumer Protection	Regulates false, misleading or deceptive marketing practices	Competition Act (Competition Bureau)	Recent updates empower stronger enforcement against "greenwashing," drip pricing, influencer marketing without disclosure, and deceptive digital ads.
Marketing to Children	Unique challenges for digital engagement with youth	Guardians and parental consent required for minors	PIPEDA (current), Bill C-27 (proposed CPPA), and CMA Code of Ethics	Under OPC guidance, children under 13 cannot give meaningful consent. Rules apply to gaming apps, social media platforms, and AI-driven ads to minors.
Financial Products	Consumer and Investor Protection	Disclosure standards and fair selling practices	Financial Consumer Agency of Canada Act (FCAC)	Supervises banks, lenders, and insurers. Requires clear disclosure of credit card rates, mortgage terms, and complaint handling. Stronger oversight of fintech and BNPL products since 2022.

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Reading: Product Liability

Product liability is the legal liability a manufacturer or importer/exporter incurs for producing or selling a faulty product.

There is not a single federal law or code that covers all product liability. In general, product liability laws typically come about as a result of civil court cases being prosecuted through class action lawsuits. The courts are increasingly holding sellers responsible for the safety of their products. An example would be the Ontario Superior Court approves settlement in GM ignition switch defect class action lawsuit:

- In July 2024, GM Canada reached a $12 million class action settlement, approved in August, designed to compensate Canadian owners of vehicles recalled for ignition switch defects.
- The issue involved ignition switches that could inadvertently shift out of the "On" position, disabling airbags and leading to serious safety concerns. The litigation started in 2014, and the settlement was finalized a decade later.[1]

A manufacturer or supplier of a defective product may be liable to a consumer or other party injured by the product on the basis of either contract or tort law principles. Where a contractual relationship exists between the manufacturer and the customer, liability will normally be founded on contract law principles. There is NO strict liability for manufacturers in Canada (except Quebec[2]).

Tort liability for damages or injuries caused by a defective or dangerous product is based on the claim of negligence. In Canada, there are three main types of negligence establishing tort liability for damages or injuries caused by defective products:

- Negligent manufacture (how they made it)
- Negligent design (how they designed it)
- Negligent failure to warn (how they marketed it)

Types of Product Defects

There are three types of product defects that incur product liability: *design defects*, *manufacturing defects*, and *defects in marketing*.

1. Canadian Lawyer. (2023, March 30). Ontario Superior Court approves settlement in GM ignition switch defect class action lawsuit. Retrieved from https://www.canadianlawyermag.com/news/general/ontario-superior-court-approves-settlement-in-gm-ignition-switch-defect-class-action-lawsuit/387809
2. In Québec, however, Article 1468 of the Civil Code applies a form of strict liability: if a product fails to meet safety expectations, liability can arise even without negligence, See https://www.blg.com/-/media/insights/documents/national-product-liability-handbook-2019.pdf?hash=95C7D15537BD5B25C8636D23297750F2&la=fr&utm_source=chatgpt.com for more details.

Design Defects

Design defects exist before the product is manufactured. There is something in the design of the product that is inherently unsafe, regardless of how well it is manufactured. Since "product" is one of the primary elements of the marketing mix, the marketer bears responsibility for ensuring that the design results in a product that is safe and that the product will fulfill the promises of the other aspects of the marketing mix such as promotional commitments.

Let's look at a current example of a product design going awry. One of the hottest holiday gift items in 2015 is the hoverboard self-balancing scooter. The premium models often cost more than $1,000, but several companies have created less expensive versions by using lower-cost board components. One expensive component that has been downgraded in the cheaper models is the rechargeable lithium-ion battery. Many less expensive boards use a lower-quality (and lower-priced) mass-produced battery cell. These cheaper batteries are more likely to have quality issues that might cause them to break and burst into flame when they are repeatedly bumped, which is a regular occurrence during the normal use of the scooter.



Hoverboard

Manufacturing Defects

Manufacturing defects occur while a product is being constructed, produced, or assembled. Specifically, when a product departs from its intended design, even though all possible care was exercised in the preparation and marketing of the product. The manufacturer may be very careful with the design, the material selection, the development of the manufacturing process, and the quality assurance guidelines. Nevertheless, if a poorly manufactured product leaves the manufacturer's facility and causes injury when used for any of its intended purposes, then there is a defect in manufacturing.

It might seem that manufacturing defects occur only in product sales and not in the service industry, but there's a very well-known case in this category: the McDonald's coffee case.



On February 27, 1992, a seventy-nine-year-old woman named Stella Liebeck went to McDonald's with her grandson, Chris. They got the coffee, and Chris pulled into a parking space so that Stella could add cream and sugar. Since the car had a curved dash and lacked cup holders, Stella put the cup between her knees and removed the lid. When she did, the cup fell backward, burning her lower body. Liebeck was taken to the hospital, where it was discovered that she had third-degree burns on 6 percent of her body and other burns on 16 percent of her body. She required multiple skin grafts and was in the hospital for eight days. Liebeck spent two years recovering from the injury, lost 20 percent of her body weight after the accident, and was left permanently scarred by the ordeal.

Liebeck wrote a letter to McDonald's asking them to pay her medical bills, which totaled around $10,500 in 1992 (approximately $16,110 today).

The company offered her $800. Liebeck and McDonald's exchanged several more letters, but the company refused to increase their $800 offer, so Liebeck hired a law firm.

Liebeck's lawyers conducted a study of coffee temperatures. They discovered that coffee brewed at home is usually served at 57–62°C and coffee served at most fast-food restaurants is in the 71–79°C range. McDonald's, however, served its coffee at 88°C, which can cause third-degree burns on human skin after two to seven seconds of contact. No safety study of any kind was undertaken by either McDonald's or the consultant who recommended the hotter temperature.

Moreover, Liebeck's lawyers also discovered more than seven hundred other burn claims—many of them for third-degree burns—from McDonald's customers between February 1983 and March 1992. In court, McDonald's quality-control manager, Christopher Appleton, testified that McDonald's served around 20 million cups of coffee a year and that seven hundred incidents during nine years was statistically insignificant. While this was factually accurate, the U.S. jury did not like to hear that McDonald's considered seven hundred burned customers to be insignificant.

The U.S. jury found in Liebeck's favor. They awarded her $200,000 in compensatory damages, but that amount was later reduced to $160,000 because they felt that the spill was 20 percent Liebeck's fault. The jury made headlines when it came to the punitive damages, however, which they settled at $2.7 million. The jurors defended the amount, saying that it was to punish the company for its callous attitude toward Ms. Liebeck and the 700+ other McDonald's customers who had suffered burns. Although it sounds like a lot, $2.7 million represented only two days' worth of McDonald's coffee sales, and the jurors felt that was fair.

The judge agreed, accusing McDonald's of "willful, wanton, and reckless behaviour" for ignoring all the customer complaints.

McDonald's process for making coffee constituted a manufacturing defect, which resulted in many customer injuries and generated significant product liability for the company.

Marketing Defects

Marketing defects result from flaws in the way a product is marketed. Examples include improper labeling, poor or incomplete instructions, or inadequate safety warnings. Often marketing defects are referred to as a "failure to warn." It is important for the marketer to think not only about the warnings that the user might need when using the product as intended but also about other, potentially dangerous uses for which the product was not intended.

For example, fabric used in children's sleepwear must meet certain flammability requirements to prevent the risk of injury from fires. Certain comfortable children's clothing that does not meet the flammability requirement can be confused with sleepwear. For this reason, such clothing will often contain a warning label that reads, "Not intended for sleepwear."

Over time, product liability has shifted more to the side of the injured product user. While a discussion of all aspects of product liability is beyond the scope of this course, it is clear that liability has and will continue to have a tremendous impact on consumers and manufacturers alike. These two groups are not the only ones affected, either.

For a summary DOWNLOAD 3 Protections Regulations and Laws for Marketing

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Reading: Privacy Laws

What does privacy mean in today's world?

Privacy is the ability of an individual or group to seclude themselves—or information about themselves—and thereby express themselves selectively. Most of us expect some level of privacy, but the boundaries depend on the individual and the situation.

As our culture has come to rely heavily on digital communication—for everything from social networking to education to conducting business—privacy questions have grown more complex. Marketers have been quick to use digital tools to reach target buyers. Sometimes aggressive tactics trigger public backlash and, in turn, new laws and enforcement priorities.

TELEMARKETING — National DNCL

Intrusive telemarketing led to the creation of Canada's National Do Not Call List (DNCL) in 2008, administered and enforced by the CRTC. Individuals can register numbers to reduce unwanted marketing calls; certain organizations are exempt (e.g., political parties, registered charities), and there are specific rules for market research and existing business relationships.
Learn more: CRTC overview of DNCL rules and exemptions.[1][2]



10-year anniversary for the Do Not Call (DNCL) list from 2008/9

1. CRTC. "About registering and who can still call you." https://crtc.gc.ca/eng/phone/telemarketing/exempt.htm
2. CRTC. "Answering the Call: Protecting Canadians from Unsolicited Calls" (2022). https://crtc.gc.ca/pubs/2022-dncl-en.pdf

The DNCL regime is designed to reduce privacy intrusions in the home and on mobile devices. It significantly altered the economics of telemarketing in Canada by imposing clear registration, identification, and calling-hour rules and by enabling monetary penalties for violations. [3]

PRIVACY — Overview

Below is an overview of key Canadian privacy laws and standards that impact marketers. While many data-driven tactics are legal, "nuisance" practices and opaque data collection erode trust and often attract enforcement—or push legislators to tighten rules.

Email Spam — CASL

Canada's Anti-Spam Legislation (CASL) applies to *all* commercial electronic messages (CEMs)—not just bulk email. If a message promotes a product or service, CASL generally requires: (1) valid consent (express or allowed forms of implied), (2) sender identification, and (3) a working unsubscribe mechanism in each message (processed without delay, and no later than 10 business days). CASL also addresses malware, spyware, and unauthorized alteration of transmission data. [4] [5]



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Managing Customer Data — PIPEDA (current)

PIPEDA is the federal privacy law for private-sector organizations engaged in commercial activities. It is built on the 10 fair information principles (accountability, consent, limiting collection, safeguards, access, etc.).

Organizations often hold contact data, purchase histories, and behavioural data; some hold sensitive information. Marketers share responsibility with IT and legal to ensure data is collected with meaningful consent, safeguarded appropriately, and used only for stated purposes. The OPC provides practical tips to reduce vulnerabilities. [6]

3. CRTC DNCL overview (exemptions page above).
4. CRTC. "From Canada's Anti-Spam Legislation (CASL) Guidance for Implied Consent." https://crtc.gc.ca/eng/com500/guide.htm
5. CRTC. "Frequently Asked Questions about CASL." https://crtc.gc.ca/eng/com500/faq500.htm
6. OPC. "PIPEDA fair information principles." https://www.priv.gc.ca/en/privacy-topics/privacy-laws-in-canada/the-personal-information-protection-and-electronic-documents-act-pipeda/p_principle/

Key Takeaways For Good Corporate Cyber-Hygiene

1. Start with security: collect only what you need; be transparent; treat data with care.
2. Control and restrict access to sensitive data.
3. Require strong passwords and multi-factor authentication where appropriate.
4. Protect data at rest and in transit; use current encryption and key-management practices.
5. Segment networks; monitor for exfiltration and unusual access.
6. Secure remote access with sensible limits and logging.
7. Build security into product development; test for common vulnerabilities.
8. Ensure vendors meet your standards; write security and privacy into contracts and verify.
9. Patch quickly; follow credible advisories; have an incident-response plan.
10. Don't forget paper and devices; protect and dispose securely.

These PIPEDA principles may seem technical, but—like product liability—privacy failures create legal and reputational risk for marketing. The OPC's *Guidelines for obtaining meaningful consent* clarify that consent must be understandable to the audience; for young users, organizations should adapt flows and, in most cases, obtain parental consent under age 13. [7] [8]

Emerging Reforms — CPPA & AIDA (Bill C-27)

Canada has proposed modernizing privacy and introducing AI governance via Bill C-27, which would enact the **Consumer Privacy Protection Act (CPPA)**, the **Personal Information and Data Protection Tribunal Act**, and the **Artificial Intelligence and Data Act (AIDA)**. As of August 2025, these reforms remain before Parliament; marketers should monitor scope, consent, de-identification, automated decision-making transparency, and potential penalties. [9] [10] [11]

7. OPC. "Guidelines for obtaining meaningful consent." https://www.priv.gc.ca/en/privacy-topics/collecting-personal-information/consent/gl_omc_201805/
8. OPC / Consultation. "Children's privacy code – Exploratory consultation" (Aug. 8, 2025). https://www.priv.gc.ca/en/about-the-opc/what-we-do/consultations/consultation-children-code/expl_children-code/
9. Department of Justice (Canada). "Bill C-27 Overview (Digital Charter Implementation Act, 2022)." https://www.justice.gc.ca/eng/csj-sjc/pl/charter-charte/c27_1.html
10. LEGISinfo. "C-27 (44-1)." https://www.parl.ca/legisinfo/en/bill/44-1/c-27
11. ISED. "Artificial Intelligence and Data Act (AIDA) – Companion document" (Jan. 31, 2025). https://ised-isde.canada.ca/site/innovation-better-canada/en/artificial-intelligence-and-data-act-aida-companion-document

Quebec's Law 25 (Provincial Modernization)

Quebec's Law 25 (formerly Bill 64) phases in stronger requirements: privacy impact assessments (PIAs), breach notification to the CAI and affected individuals, enhanced consent rules, and a designated privacy officer. Law 25 applies to private-sector organizations handling Quebecers' personal information. [12] [13]

Protecting Privacy Online

The Internet enables unprecedented collection and sharing of consumer information. Surveys consistently show strong concerns about confidentiality, security, and secondary uses of data. These concerns are an opportunity: brands can build trust by being transparent, minimizing data, and honoring choices.

Cybersecurity breaches affect organizations of all sizes; both consumers and companies often underestimate risk. A 2018 Senate report flagged systemic gaps in preparedness across sectors. [14]

Notice

Before collecting any personal information, organizations should clearly identify who is collecting the data, the purposes, and any categories of recipients (including service providers). PIPEDA requires clarity and accessibility of privacy notices. [15]

Consent

Choice means giving people control over secondary uses beyond what's required to complete a transaction. Valid consent must be meaningful: users should understand the nature, purposes, risks, and consequences. Many frameworks distinguish **opt-in** (no use unless permitted) and **opt-out** (use unless declined). Under PIPEDA, organizations must adapt consent to the audience (e.g., minors) and the sensitivity of data. [16]

12. Commission d'accès à l'information (CAI) – English portal. https://www.cai.gouv.qc.ca/english
13. LegisQuébec. "Act respecting the protection of personal information in the private sector (P-39.1)." https://www.legisquebec.gouv.qc.ca/en/document/cs/p-39.1
14. Black, D., Olsen, C. S. (2018). *Cyber Assault: It should keep you up at night*. Standing Senate Committee on Banking, Trade and Commerce. https://sencanada.ca/content/sen/committee/421/BANC/Reports/BANC_Report_FINAL_e.pdf
15. OPC. "PIPEDA fair information principles." https://www.priv.gc.ca/en/privacy-topics/privacy-laws-in-canada/the-personal-information-protection-and-electronic-documents-act-pipeda/p_principle/
16. OPC. "Guidelines for obtaining meaningful consent." https://www.priv.gc.ca/en/privacy-topics/collecting-personal-information/consent/gl_omc_201805/

Security

Keep data accurate and secure. Limit internal access, log administrative actions, encrypt data in transit and at rest where appropriate, and vet vendors. Provide individuals with reasonable access and correction mechanisms. [17]

New Standards for European Privacy — GDPR (and Cookie Consent)

Websites should publish a clear privacy policy and provide effective consent controls for non-essential cookies and tracking. Under the EU's GDPR—and guidance from European regulators—consent must be freely given, specific, informed and unambiguous. Pre-ticked boxes aren't valid, and when "Accept all" is offered, an equally prominent "Reject all" should be, too. [18] [19]

GDPR remains a global benchmark; many Canadian organizations align to its standards for cross-border operations. [20] [21]



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In an evolving privacy landscape, marketers can differentiate by exceeding minimum legal requirements—minimizing data, being transparent, offering true choice, and designing for security and accessibility from the start.

Creation note: This content was updated with the assistance of ChatGPT, a language model developed by OpenAI, and was subsequently reviewed and edited by the author for clarity and accuracy.

17. OPC. "PIPEDA fair information principles." (Safeguards, Accuracy, Access) https://www.priv.gc.ca/en/privacy-topics/privacy-laws-in-canada/the-personal-information-protection-and-electronic-documents-act-pipeda/p_principle/
18. European Data Protection Board (EDPB). "Cookie Banner Taskforce Report" (Jan. 2023). https://www.edpb.europa.eu/system/files/2023-01/edpb_20230118_report_cookie_banner_taskforce_en.pdf
19. European Commission. "Legal framework of EU data protection." https://commission.europa.eu/law/law-topic/data-protection/legal-framework-eu-data-protection_en
20. GDPR legal text (consolidated). https://gdpr-info.eu/
21. *What are cookies?* (2019, Aug. 12). Norton. https://us.norton.com/internetsecurity-privacy-what-are-cookies.html

Reading: Fraud in Marketing

Fraud is the deliberate deception of someone else with the intent of causing damage. The damage need not be physical damage—in fact, it is often financial.[1]

Provisions under the criminal regime of the Competition Act prohibit:

- materially false or misleading representations made knowingly or recklessly,
- deceptive telemarketing, and
- deceptive prize notices.

[2] A representation, omission, or practice is deceptive if it is likely to:

- mislead consumers, and
- affect consumers' behaviour or decisions about the product or service.

Under the criminal regime, individuals convicted of fraud-related offences may be liable to fines of up to $200,000 and/or imprisonment for up to one year. More serious fraud cases may be prosecuted under the Criminal Code of Canada, which carries harsher penalties (up to 14 years in prison for large-scale fraud).

For marketing professionals, the core principle is clear: the goal of marketing is not to deceive the customer—it is to build trust.

When we consider the elements of the marketing mix—product, price, promotion, and distribution—there are opportunities for deception in each area.

Product: Is the product designed and manufactured as the customer would expect, given the other elements of the marketing mix? Is the customer warned about the product's limitations or uses that are not recommended?

Price: Is the total price of the product fairly presented to the customer? Is the price charged for the product the same as the price posted or advertised? Has something been marketed as "free"? Does the company disclose information about finance charges?

Promotion: Can claims made to consumers be substantiated?



1. *Fraud*. (n.d.). Cornell Law School. https://www.law.cornell.edu/wex/fraud
2. *Mass marketing fraud*. (n.d.). Competition Bureau. https://www.competitionbureau.gc.ca/eic/site/cb-bc.nsf/eng/02775.html

Are disclaimers clear and conspicuous? For products marketed to children, is extra care taken to accurately represent the product?

Place (Distribution): Does the distribution channel deliver the product at the price and quality promised? Do other companies in the distribution channel (wholesalers, retailers) perform as promised and deliver on expectations set for product, price, and promotions?

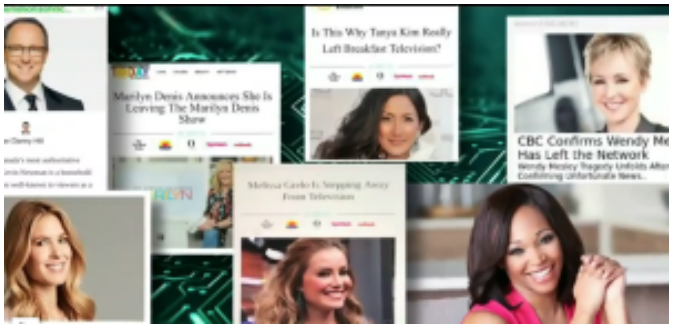
Marketing Fraud

From a marketer's point of view, the story demonstrates a number of different types of fraud, which had devastating consequences for both shareholders and stakeholders. Deliberate deception was part of the company's strategy, and it played a dominant role in all aspects of marketing. Here are [the top 10 fraud scams in 2016 as recorded by Bloomberg.]

FAKE ONLINE ENDORSEMENTS

Fake Celebrity Endorsement & AI-Driven Advertising Scams

One of the most common fraudulent schemes is when *consumers are enticed to purchase a product or service based on reviews by social media influencers.* Unfortunately, these reviews may not be genuine—an influencer may have been paid by a company to misrepresent a product, or their likeness may even be faked using AI "deepfake" technology.



Fake Celebrity Endorsement Advertising Scams

3

This problem has grown far beyond simple endorsements:

- **AI-generated fake reviews** can flood platforms like Amazon, Google, and TripAdvisor, making products appear more trustworthy than they are.
- **Deepfake videos** can put words into the mouths of celebrities, politicians, or trusted figures—without their consent—falsely promoting products or investments.
- **AI chatbots** may impersonate real customer service reps or influencers, steering consumers toward scams.

Deceptive endorsements using both human influencers and AI technologies are reported to have cost consumers billions worldwide.

Watch the VIDEO: [Fake online influencers in Social Media steal celebrity identities to sell products]

3. *Canada's top 10 fraud scams in 2016*. (2017, March 07). BNN Bloomberg. https://www.bnnbloomberg.ca/canada-s-top-10-fraud-scams-in-2016-1.685562

Fraud Monitoring in Canada

The **Canadian Anti-Fraud Centre (CAFC)** tracks and records fraud complaints nationwide.

- In recent years, fraudsters have exploited COVID-19 fears, offering fake PPE, government benefit scams, and fraudulent "investment opportunities."
- In 2022–2023, fraud losses in Canada exceeded $500M annually, with investment scams and online impersonations among the fastest-growing categories (CAFC data).

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5.4 B2B and B2C Marketer Ethical Dilemmas

Learning Objectives

- Explain how B2B marketing creates unique ethical risks and challenges
- Describe the risks associated with customer gifts and bribes
- Explain how ethical dilemmas in business-to-business marketing differ from those in consumer marketing

Classic Example: The LAUSD iPad Contract Controversy

In June 2013, Los Angeles Unified School District (LAUSD), the second-largest school district in the United States, announced a $30 million contract with Apple to provide students with iPads preloaded with educational software from Pearson PLC. It was an ambitious initiative that promised to modernize classrooms and enhance digital literacy.

By 2015, however, the program collapsed in scandal: the superintendent resigned, the contract was canceled, Pearson's philanthropic foundation was shuttered, and the companies agreed to pay a $6.4 million settlement to avoid litigation. The FBI also launched a criminal probe into the procurement process. The case revealed serious ethical lapses, including circumventing the public bid process, inappropriate involvement of Pearson's nonprofit foundation in sales, and poor execution that left students with outdated and incomplete educational tools.[1] [2]

This case highlights the unique ethical challenges of B2B marketing, especially when selling to government institutions. Unlike B2C sales, the stakes often involve taxpayer funds, regulatory oversight, and long-term reputational consequences.

Emerging Ethical Dilemmas in the AI Era

While the LAUSD case is a cautionary tale of conflicts of interest, today's marketing ethics are increasingly shaped by artificial intelligence (AI) and its impact on both B2B and B2C markets.

1. Blume, H. (2014, August 24). LAUSD officials had close ties with Apple, Pearson execs, records show. Los Angeles Times. http://www.latimes.com/local/education/la-me-ipads-deasy-20140825-story.html
2. Winerip, M. (2011, September 18). When Free Tips Overlaps With Commercial Purposes. The New York Times. http://www.nytimes.com/2011/09/19/education/19winerip.html

AI-Driven CEO Deepfake Scams (B2B Risk)

In 2025, businesses across the globe reported unprecedented losses due to AI-generated "deepfake" scams. Fraudsters created convincing audio and video impersonations of CEOs and executives, tricking employees into transferring millions of dollars or disclosing confidential information. High-profile victims included Ferrari, WPP, and a UK company that lost $25 million after receiving a fabricated video call from a fake executive. Overall, deepfake-related scams cost firms over $200 million in early 2025.[3] [4]

For B2B marketers, this illustrates a new ethical responsibility: ensuring that AI tools are not weaponized in ways that erode trust within organizations.

GenAI Scams in the Creator Economy (B2C and B2B Overlap)

AI has also transformed the influencer and creator economy, where brand partnerships and social media marketing are increasingly common. According to the fraud-reporting platform Chainabuse, GenAI-powered scams quadrupled in 2024–2025, often targeting small businesses and creators. Scammers impersonated brands, infiltrated influencer campaigns, or hijacked followers using synthetic accounts and fake endorsements.[5]

For marketers, this underscores the ethical duty to verify authenticity in influencer partnerships and to protect consumers and small business partners from deceptive practices.

The "Pandorogate" Influencer Scandal (B2C Ethics)

In Italy, fashion influencer Chiara Ferragni faced criminal indictment and fines exceeding €1 million after falsely claiming that sales of holiday cakes ("Pandoro") would fund children's hospitals. Dubbed "Pandorogate," the scandal sparked national outrage and led to the passage of the "Ferragni Law," requiring stricter transparency in influencer-led charitable promotions.[6]

This case illustrates the reputational and legal dangers of misleading philanthropic marketing claims—an issue that applies directly to consumer-facing campaigns.

AI-Washing: Overstating AI Capabilities (B2B and B2C)

In early 2025, the U.S. Securities and Exchange Commission charged Delphia Inc. and Global Predictions Inc. with falsely

3. Clark, E. (2024, March 14). *The ethical dilemma of AI in marketing*: A *slippery slope*. Forbes. https://www.forbes.com/sites/elijahclark/2024/03/14/the-ethical-dilemma-of-ai-in-marketing-a-slippery-slope
4. McMillan, R. (2025, January 27). AI drives rise in CEO impersonator scams. Wall Street Journal. https://www.wsj.com/articles/ai-drives-rise-in-ceo-impersonator-scams-2bd675c4
5. Holmes, A. (2025, July 3). America's small-business owners are being swamped by generative AI scammers. Business Insider. https://www.businessinsider.com/america-small-business-owners-swamped-by-scammers-generative-ai-2025-7
6. Pandorogate. (2025). In Wikipedia. https://en.wikipedia.org/wiki/Pandorogate

marketing their investment products as AI-driven. Regulators labeled this practice "AI-washing," warning firms that overstating or fabricating AI capabilities undermines investor and consumer trust.[7]

This reinforces the need for marketers to present technology capabilities accurately and transparently, especially in industries where AI innovation is a competitive advantage.

Reflection

When businesses market to other businesses or government entities, ethical dilemmas often revolve around contracts, bidding processes, and long-term accountability. In B2C marketing, dilemmas frequently focus on transparency, authenticity, and consumer protection. The rise of AI introduces new complexities that cut across both contexts, from deepfakes in B2B negotiations to AI-washing in consumer promotions.

Ultimately, the ethical responsibility of marketers—whether in B2B or B2C—is to maintain trust, ensure transparency, and safeguard the interests of those they serve.

Learning Activities

- Reading: Ethics in B2B Marketing
- Reading: Gifts and Bribes

Creation note: This content was updated with the assistance of ChatGPT, a language model developed by OpenAI, and was subsequently reviewed and edited by the author for clarity and accuracy.

7. Artificial intelligence marketing. (2025). In Wikipedia. https://en.wikipedia.org/wiki/Artificial_intelligence_marketing

Reading: Ethics in B2B Marketing

You will recall that business-to-business (B2B) marketing differs from business-to-consumer (B2C) marketing in key ways. B2B marketers sell to other businesses or institutions, which then consume the product as part of their operations or use it in the assembly of the final product they sell to consumers. B2C marketers, in contrast, focus their efforts on individuals who consume finished products.

The marketing processes used by B2B marketers have also evolved significantly in recent years. While personal selling and relationship-building remain central, the process in 2025 is now deeply influenced by AI-driven analytics, procurement platforms, and compliance oversight. B2B sales often involve higher-priced, larger-ticket items, and so marketing tactics include not just adjustments in pricing, delivery terms, and product customization, but also alignment with data privacy, sustainability, and ethical sourcing requirements. Many organizations require vendors to demonstrate transparency through environmental, social, and governance (ESG) reporting and compliance with digital ethics standards before contracts are signed.

The Challenge of Monitoring Ethics in B2B Marketing



Imagine that Banana Republic, the retail clothing store, wants to launch a new promotion with a significant price discount. As a B2C company, the process is standardized and highly structured: the marketing team reviews pricing and communications, the legal team approves the language, and digital promotions are tested for accuracy and compliance before launch. Pricing is fairly uniform for all buyers, and corporate oversight ensures consistency and consumer protection.

By contrast, in today's B2B environment, the process looks quite different. Suppose a sales executive from Microsoft (or another enterprise software company) is negotiating with your college's technology leaders about a new AI-enabled platform for student services. Instead of a uniform price sheet, the sales team uses dynamic pricing models powered by AI that consider prior purchases, institutional size, bundled offers, and even seasonal or quarterly sales goals. Negotiations may take place over video conferences, procurement portals, or even informal networking events such as conferences.

What makes this ethically challenging is that individual sales representatives still have wide discretion in structuring deals, but now their decisions are augmented by AI-driven recommendations that may not always be transparent. Should the rep offer a lower price today to close the quarter, or hold out for a larger bundled contract? Should they disclose how the AI system sets price ranges—or is that considered proprietary? Legal teams and compliance officers typically only review terms once a deal is in draft contract form, meaning the most ethically sensitive decisions are made long before formal oversight occurs.

Why B2B Sales Processes Are Still Harder to Regulate

Even in 2025, B2B sales processes generally have fewer controls than B2C processes, due to several factors:

- **Relationship-based personalization**: Deals are still built on personal trust and tailored approaches, which makes universal rules harder to apply.
- **Complexity of contracts**: Multi-year, multi-service agreements often require customization of pricing, delivery, and performance terms.
- **Negotiated (non-uniform) pricing**: Prices vary widely across clients, markets, and geographies, raising fairness and transparency concerns.
- **Informal communications**: Much of the sales process—especially early stages—still happens through presentations, calls, or networking events, now increasingly augmented by AI chatbots and virtual assistants.
- **AI-driven risks**: Dynamic pricing, predictive lead scoring, and automated client profiling introduce ethical dilemmas around bias, privacy, and transparency.

For these reasons, monitoring ethics in B2B marketing requires not just stronger legal contracts, but also ongoing oversight of how sales teams use AI tools, how they handle confidential data, and how they balance short-term revenue goals with long-term trust.

The B2B sales process is difficult to monitor and control—and exceedingly high stakes. In Canada, the potential consumer base includes over 40 million individuals, whereas the number of businesses is significantly smaller. As of January 1, 2025, Canada's population was estimated at 41.53 million, though growth has slowed in recent months.[1] In contrast, as of December 2024, there were 1.36 million employer businesses and 3.48 million non-employer businesses generating over $30,000 in revenue.[2]

Because B2B firms market to a much smaller set of potential customers—and often for high-value products or services—each sale carries greater financial and ethical weight. This concentrated exchange means that small deviations or unethical shortcuts in the sales process can have outsized consequences.

Structural Challenges in Personal Selling

The challenges of creating appropriate controls in the B2B sales process places special pressure on the individual sales representatives to make good judgment calls in a very flexible environment. In addition, personal selling almost always uses an incentive structure, which puts immense pressure on the sales rep to close large deals.

Often a B2B company will spend approximately 20 percent of its total revenue on sales costs, with a significant portion of that paid out in commissions. In other words, if a company buys a software package that costs $1 million, as much as $200,000 will be paid in sales commissions. This is generally distributed through the sales management chain, such that

1. Government of Canada, Statistics Canada. Canada's population estimates, first quarter 2025. (2025-06-18). Estimated at 41,548,787 people.
2. Statistics Canada. Canadian business counts, December 2024. (2025-02-14). Employer businesses in Canada: 1.36 million; non-employer businesses: 3.48 million.

an individual sales rep is paid a commission on his sales, and a sales manager is paid a commission on the sales from all of the sales reps that she manages.

Let's look at an example of a commission plan and consider how it might impact ethical judgment calls during the sales process.

Commission Plan Example

Amount Sold	Sales Quota	Commission Percent	Commission Paid
$500,000	$1 million	0%	$0
$1 million	$1 million	10%	$100,000
$1.5 million	$1 million	15%	$225,000

Each salesperson has an annual sales quota that he is expected to meet—in this case, $1 million in annual sales. On top of a base salary, sales representatives are paid a commission on their sales. Often, either no commission is paid (as in this example) or a very low commission is paid until the sales quota is met. Once the sales quota is met, the sales rep earns a percentage of all sales. In this example, if the rep sells a $1 million deal, then he will meet his quota and be paid a $100,000 sales commission. There is also an accelerator: If the sales rep sells more, he will earn a higher-percent commission. B2B sales representatives have a personal financial stake in closing deals.

Besides the financial incentive they face, sales reps are also motivated to meet (and exceed) sales quotas because they don't want to get fired (which is a pretty common, legitimate worry).

Let's revisit the scenario above where a software sales rep is on your college's campus. Will she act differently if she is approaching the end of the year and has only closed $800,000 in sales? If she has not have met her sales quota for the year, both her compensation and her job would be at risk. She might be tempted to oversell the features and benefits of the product this one time in order to close a sale before the end of the year. She would also be more likely to advocate for steep pricing discounts that might bring the price of the software right to the $200,000 she needs to meet the quota.

What if she has exceeded her quota but needs a few big sales once the new year starts? In that case, our sales rep might be tempted to slow down a sales deal in order to push the sale into next year. While that doesn't present an ethical dilemma for the customer, it does create an issue for the company. If an employee is purposely reducing the company's sales this year in order to profit, does that constitute ethical behaviour?

Companies understand and expect that the sales compensation structure will influence behaviour, but they try to make adjustments that lead to smaller ethical issues (slowing down a sales process, e.g.,) rather than larger ethical issues (promising value that the product cannot deliver, e.g.). B2B marketers must carefully consider the sales compensation and incentives structure and identify where it creates unnecessary ethical risks or puts sales reps in an ethical bind.

Diverse Policy Requirements

Finally, while all marketers are required to be aware of provincial and federal laws that impact their work, B2B marketers must also understand the procurement policies of the organizations to which they sell. The policies and guidelines can vary significantly depending upon the structure of the organization. For example, the Government of Canada remains one of the country's largest institutional purchasers, with annual procurement of goods and services now estimated at approximately $37 billion, handled largely through Public Services and Procurement Canada (PSPC) and Shared Services Canada.[3] Unlike the rigid consumer-facing processes of B2C marketing, government procurement is governed by strict, legislated protocols that emphasize fairness, transparency, and best value—not just in terms of cost but also in achieving

broader socio-economic objectives.[3] This would be very different than a private company or social enterprise's approach to purchasing. Company policies will generally define:

- The total purchase authority of a single individual or department
- The threshold at which a purchase decision must go out for competitive bid
- The circumstances under which the company's status as a customer can be disclosed
- A dollar threshold for gifts from vendors

It is the responsibility of the employees within the company to follow the policies, so why does this matter to the marketer? Let's return to the example of a software rep selling a product to your college or university. The chief information officer is responsible for understanding and following the college's policies. Still, the software company and its sales rep are in a position to conduct sales and marketing efforts that either respect and support the college's policies or push against them. Even when issues arise from the vendor's ignorance about the college's policies, such lapses can create a tone in which the vendor is seen to be undercutting the college's requirements instead of understanding and supporting ethical behaviour.

Creation note: This content was updated with the assistance of ChatGPT, a language model developed by OpenAI, and was subsequently reviewed and edited by the author for clarity and accuracy.

3. https://opo-boa.gc.ca/best-value-eng.html?utm_source=chatgpt.com

Reading: Gifts and Bribes

Gift-giving in business is commonplace and contentious at the same time. Business gifts are usually seen as an advertising, sales promotion, and marketing-communication medium.[1] Such gifting is usually practiced for the following reasons:

- In appreciation for past client relationships, placing a new order, referrals to other clients, etc.
- In the hopes of creating a positive first impression that might help to establish an initial business relationship
- As a quid pro quo—returning a favour or expecting a favour in return for something[2]

In global marketing, it becomes one of the most challenging ethical issues, since cultural norms in other countries can be at odds with standard ethical practices in Canada. For this reason, gifts and bribes warrant a deeper discussion, especially with regard to B2B marketing.

In considering appropriate business gifts, it is helpful to think about the content of the gift, the context of the gift, and the culture in which it will be received.

Case Study 1: Microsoft's "Gift" to Bloggers



When Microsoft introduced its Vista operating system, the launch included a noteworthy promotion. During the 2006 Christmas season, Microsoft sent out ninety Acer Ferrari laptops, loaded with Windows Vista, to influential bloggers.

The lowest model was worth around $2,000. Michael Arrington, editor of *TechCrunch*, shared the message that accompanied his gift:

> "This would be a review machine, so I'd love to hear your opinion on the machine and OS… you are welcome to send the machine back to us after you are done… or you can hold on to it for as long as you'd like." [3]

Critics noted that the laptops:

- **Diminished trust** in reviewers who had accepted them

1. Cooper, M. J., Madden, C. S., Hunt, J. B., & Cornell, J. E. (1991). Specialty advertising as a tool for building goodwill: Experimental evidence and research implications. Journal of Promotions Management, 1, 41–54.
2. Arunthanes, W., Tansuhaj, P. & Lemak, D. J. (1994). Cross-Cultural Business Gift Giving. *International Marketing Review*, 11(4), 44.
3. O'Brien, K. (2006, December 29). Microsoft Vista blogger campaign causes controversy. PR Week. http://www.prweek.com/article/1259420/microsoft-vista-blogger-campaign-causes-controversy

- **Created an unrealistic review environment**, since real users would not experience Vista on high-end tuned machines
- **Lacked disclosure**, since some bloggers did not publicly state they had received the laptops[4]

This case is still discussed as a cautionary tale of how expensive "gifts" can quickly be perceived as bribes.

Case Study 2: Influencer Marketing, AI-Generated Content, and Disclosure

Fast forward to today: the ethics of gifting have extended into AI-powered influencer marketing. Brands now send free products—or even pay influencers—while also leveraging AI-generated product reviews and endorsements. This blurs the line between genuine opinion and paid promotion.

For example, a 2023 investigation revealed that some Canadian consumers were exposed to "reviews" and endorsements created with generative AI, often without disclosure that no human reviewer had actually tested the product.[5]

This raises similar issues to Microsoft's blogger campaign but with amplified risks:

- AI can mass-produce positive "gifted" reviews, making it harder for consumers to detect bias.
- Influencers may receive free products or cash, but fail to disclose their AI-enhanced endorsements.
- Regulators such as the U.S. Federal Trade Commission (FTC) have issued new guidelines in 2023 requiring clear disclosures of both gifted products and the use of AI in creating promotional content.[6]

Three Dimensions of Evaluating Gifts

From Microsoft's laptops to AI-influenced endorsements, we can still evaluate gifts through the same three dimensions:

1. **Content** – The value and nature of the gift. A $2,000 laptop or a paid AI-generated video endorsement is far more problematic than a small promotional item.
2. **Context** – The intent behind the gift. Was it meant to inform, or to unduly influence behaviour?
3. **Culture** – The expectations of the audience. In blogging and social media, transparency and authenticity are paramount, making undisclosed gifts or AI-driven content especially controversial.

4. Microsoft doesn't know when to stop. (2007, January 01). Cnet. http://www.cnet.com/news/microsoft-doesnt-know-when-to-stop/
5. Financial Consumer Agency of Canada. (2023). Digital influence and consumer protection in the age of AI. Government of Canada Report. https://www.canada.ca/en/financial-consumer-agency.html
6. Federal Trade Commission (FTC). (2023). Endorsement Guides: Updates on AI and influencer marketing. https://www.ftc.gov/business-guidance

Creation note: This content was updated with the assistance of ChatGPT, a language model developed by OpenAI, and was subsequently reviewed and edited by the author for clarity and accuracy.

5.5 Ensuring Ethical Marketing and Sales

Learning Objectives

- Explain the importance of ethics policies and a culture of accountability for all employees
- Identify the unique ethical considerations and roles for company executives
- Describe how companies manage ethical behaviour of marketing employees
- Describe measures companies take to encourage ethical behaviour

Ethical issues arise at both an organizational level and an individual level. A single individual can engage in unethical behaviour, but most ethical breaches that have significant impact on a business occur when many individuals come together to act unethically. This section will review the steps that businesses take at each level to define ethical behaviour and create a culture that encourages employees to do the right thing.

"*The way to gain a good reputation is to endeavour to be what you desire to appear.*"—Socrates

Learning Activities

- Reading: A Culture of Accountability
- Reading: Executive Role in Ethics
- Reading: Ethics for Marketing Employees
- Simulation: Ethics

Reading: A Culture of Accountability

At the beginning of this module we discussed the 2015 revelation that Volkswagen installed emissions-altering software in eleven million diesel vehicles worldwide, which caused the cars to pass emissions tests they should have failed. Consider, for a moment, how many employees would have to be involved in order to achieve this level of fraud? This was not the handiwork of a single employee but the result of a pattern of unethical behaviour in the company. When the Ethics & Compliance Initiative (ECI) released the results of its 2018 National Business Ethics Survey, it noted that these types of broad, organizational breaches are fairly common.

> *The survey shows that a significant amount of misconduct involves continuous, ongoing behaviour rather than one-time incidents: Employees say that more than a quarter (26 percent) of observed misconduct represents an ongoing pattern of behaviour. Another 41 percent said the behaviour has been repeated at least a second time. Only one-third (33 percent) of rule breaking represents a one-time incident.* In the case of Volkswagen, an early internal investigation pointed to a "culture of tolerance" for ethical compromises. Employees were pushed to do what was needed to meet corporate objectives at any cost.

The organizational culture is comprised of the values and beliefs that an organization shares, which create its social environment. The culture of a large organization can be difficult to understand since it is influenced by many different factors. Still, many research studies point to leadership and policies as being instrumental in building an ethical organizational culture.

Policies That Encourage Ethical Behavior

Many companies have a specific policy that defines appropriate behaviour. The policy is often called the Standards for Business Conduct. As the name suggests, the policy is intended to set the standards for acceptable behaviour; it's not meant to be an exhaustive list of every type of ethical behaviour.

Many of these policies do the following:

- Define the threshold for behaviour: While it should go without saying that employees are expected to be law-abiding, companies choose to be quite explicit about stating that they require their employees to follow the law.
- Create expectations for behaviour: The policies identify common issues that employees may encounter—such as accepting gifts from suppliers—and explain how they should be handled.
- Set policy: establish company protocols for handling confidential information, including customer data, etc.
- Give guidance on making judgment calls: Companies often define how they would like employees to make decisions when guidelines do not adequately cover them.
- Describe reporting and enforcement procedures: There is generally a process for reporting and addressing issues, as well as information about how the company will protect those reporting concerns.

Let's examine some examples from company policies to see how some of these components are addressed.

The Legal Threshold

The ethics policy generally begins by reminding employees that they are required to act in accordance with the law. For

companies that engage in business across the globe this can be complex. Starwood Hotels and Resorts address this issue in their Code of Business Conduct and Ethics:

> *You must, at all times, obey the laws of the jurisdictions where we conduct business. Starwood conducts business all around the world. Our associates are citizens of many countries. As a result, our operations are subject to the laws of many jurisdictions. It is often challenging for us to understand how those various laws apply to our businesses. However, whether you are a Starwood associate or member of the Board of Directors, you are expected to conduct yourself in accordance with applicable law.*
>
> *Starwood is a company organized under the laws of the United States and is generally subject to U.S. federal law. From time to time, the laws of the United States conflict with laws of a city, town, country or other jurisdiction where we conduct business. If there is a conflict between the applicable laws, seek guidance from the Office of the General Counsel (Legal).*

Starwood has established a clear expectation to follow the law, acknowledged the complexity of their business environment, and provided direction when employees need help.

Creating Expectations for Behavior

In the course of a normal business day, many service employees receive tips. Where is the line between an appropriate tip and a gift? Starbucks has defined this for employees in its Standards of Business Conduct:

> *A gift or favor should not be accepted or given if it might create a sense of obligation, compromise your professional judgment or create the appearance of doing so. In deciding whether a gift is appropriate, you should consider its value and whether public disclosure of the gift would embarrass you or Starbucks.*
>
> *A gift of money should never be given or accepted. (Some retail partners, however, may accept customary tips for service well done.) As a general rule, partners should limit gifts to or from any one vendor or business associate to US $75 per year. A gift of nominal value may be given or accepted if it is a common business courtesy, such as coffee samples, a coffee cup, pens or a similar token. However, during traditional gift-giving seasons in areas where it is customary to exchange gifts of money, such as China, Japan, Malaysia, Singapore and Thailand, partners should not solicit but may exchange cash with nongovernmental business associates in nominal amounts up to the equivalent of US $20.*[1]

It is very common for companies to set a threshold for giving and receiving gifts. These specific guidelines help employees navigate what would otherwise be a judgment call and make it easier to identify an ethical breach and initiate corrective action.

Setting Policy

United Parcel Service (UPS) groups the sections of its Code of Business Conduct into stakeholder groups: our company,

1. Starbucks. (n.d.). Business Ethics and Compliance. https://globalassets.starbucks.com/assets/eecd184d6d2141d58966319744393d1f.pdf

our people, our customers, our shareholders, and our communities. This enables the company to address a range of workforce expectations, such as workplace safety:

> UPS is committed to a safe work environment that is free of threats, intimidation, and physical harm. Everyone has a right to work in a safe environment and everyone shares the responsibility for ensuring the safety of others. We have zero tolerance for workplace violence, and we will investigate and take appropriate action up to and including dismissal regarding any threats to a safe workplace.
>
> UPS prohibits violent behaviour in the workplace including, but not limited to, physical assaults, fighting, threatening comments, intimidation, threats through electronic communications including social media, and the intentional or reckless destruction of property of the company, employee, UPS representative, or customer. Comments or behaviour that reasonably could be interpreted as intent to do harm to people or property will be considered a threat. We also prohibit the unauthorized possession and/or use of weapons by any employee or UPS representative while at work, on company property, or while on company business.[2]

The UPS policy is very specific about its expectations of employees in ensuring a safe work environment.

Judgment Calls

No policy will address every issue, nor should it try. Most policies try to guide employees in the way they should make judgment calls. In its Standards of Business Conduct, American Airlines addresses this issue specifically:

> Remember, your best resource about what's right or wrong is your own conscience. So if you find yourself in a difficult situation, think before you act. And ask yourself the following questions:
>
> - Is it legal? If it's not legal, don't do it.
> - Is it ethical? If it feels wrong, it probably is wrong.
> - How would it look in the newspaper? If you wouldn't feel comfortable if your friends and family knew about your actions, you probably shouldn't do it.

These policies are an important tool in building a culture of accountability and ethical behaviour in a company, but the policies must be upheld by all the employees, and senior leaders play a significant role in reinforcing their importance.

Accountability and Crisis Management

A culture of accountability is critical in a crisis. Maple Leaf Foods faced an outbreak of a deadly bacteria in 2008: Listeria. It was a tragedy where 23 Canadians died. Michael McCain, CEO, stepped out into the press and immediately communicated with the public and its distributors about the contamination. Today, the crisis and the management of it is reviewed in business schools as a best practice.

> "*I can guarantee you, you won't find any other major corporate training videos that show a hearse*," *he (SVP of*

2. UPS. (n.d.). *Code of Business Conduct*. https://www.ups.com/media/en/code_bus_conduct.pdf

Operations and Food Safety) said, emphasizing that it's important for new staff members to understand why the organization continues to raise the bar of food safety standards.

Maple Leaf Foods has been applauded time and time again for how it handled this tragic event. There was no complex communications strategy or a huge PR crisis team enlisted, instead they kept close to home and close to their values."[3]

3. Urgency. Accountability. Transparency: Lessons from Maple Leaf Foods SVP Randy Huffman. (2014, November 26). Ivey.*https://www.ivey.uwo.ca/news/news-ivey/2014/11/maple-leaf-foods-urgency-accountability-transparency/*

Reading: Ethics for Marketing Employees

If you are hired to work in marketing at a typical company, there will likely be clear ethical standards defined in a company policy and some level of compliance among employees at all levels in the company. You will witness ethical breaches and need to decide whether to report them or not. You will see examples of outstanding ethics and have the opportunity to participate in debates about ethical disagreements and issues. No company is perfect, but most are trying to be ethical.



How can you, as a marketer, make a difference? Marketers have a specific set of responsibilities when it comes to preventing and addressing ethical issues. These are described below.

Demonstrate Respect for Your Target Customer

Marketing is not a game of manipulation. Good marketing provides compelling solutions and informs customers to help them make good selections and realize value. Recognize the customer's need for an offering that is easy to use and includes clear instructions and appropriate warnings. Remain available to customers to hear complaints. Be humble enough to recognize that not everyone wants to hear your messages. If you demonstrate respect for the consumer, you will find new opportunities to provide value. If you treat consumers like a commodity to be manipulated, a host of ethical issues will clutter your path.

Prepare the Sales Team to Sell Effectively and Ethically

If personal sales are a part of the business plan, then marketers have an important responsibility to prepare the sales team for success. Often marketers are asked to create the message, and sales reps are asked to deliver it. When the sales rep is prepared with a strong value proposition, effective communication materials and presentations, and thorough market research, the sales rep can do her best work. When the marketing mix is not hitting the mark, the sales rep's is much more difficult, and there is a greater risk of ethical issues. It is the marketer's responsibility to prepare sales reps to be successful without compromising their integrity.

Demonstrate High Personal Standards in Business Relationships

Marketers often entertain and give gifts. It is not unusual for the marketing team to create a gift list for all customers. Marketers cultivate business relationships and distributor relationships, too. If marketing demonstrates a high standard for professionalism and ethics in these relationships, it sends a strong message and increases the expectation that others will, as well.

Provide Fair Value to the Target Customer

Many ethical issues result from some level of deception involving misstatement of value to the customer. Be accurate in communications to customers about the value that a product provides. Be clear in pricing and contracts. Pricing strategies that confuse customers and cost more than the customer initially believed are never a good long-term strategy.

Play Nicely in the Competitive Environment

Companies in a competitive market shift positions and introduce innovations to give them a new competitive advantage. This is the very nature of a competitive marketplace. Treat competitors with respect and learn from their approaches. Do thorough competitive research to understand them better. Do not seek to gain confidential information about competitors or their products.

Price Fixing is Unethical and Illegal



Watch the 2018 Global News report that revealed the practice of all major grocery manufacturers to fix the retail price of bread for Canadians for over 14 years! Food inflation has been very high over the last decade and well-known grocery

brands such as Loblaws (Westin & Superstore), Sobey's and Walmart were colluding to fix the price for all its customers with a manufacturer Canada Bread.[1]

Be Truthful

Seek to create a relationship of trust with your target customer through honest, helpful communication. This is such a simple but important recommendation for all marketers. If customers trust the product, the company, and the brand, business results improve, and the company has greater flexibility to introduce new products or make market adjustments.

1. Russell, A. (2018, January 31). 7 Canadian companies committed indictable offenses in bread-price fixing scandal: Competition Bureau. Global News. https://globalnews.ca/news/3998023/bread-price-fixing-scandal-competition-act-crimes/

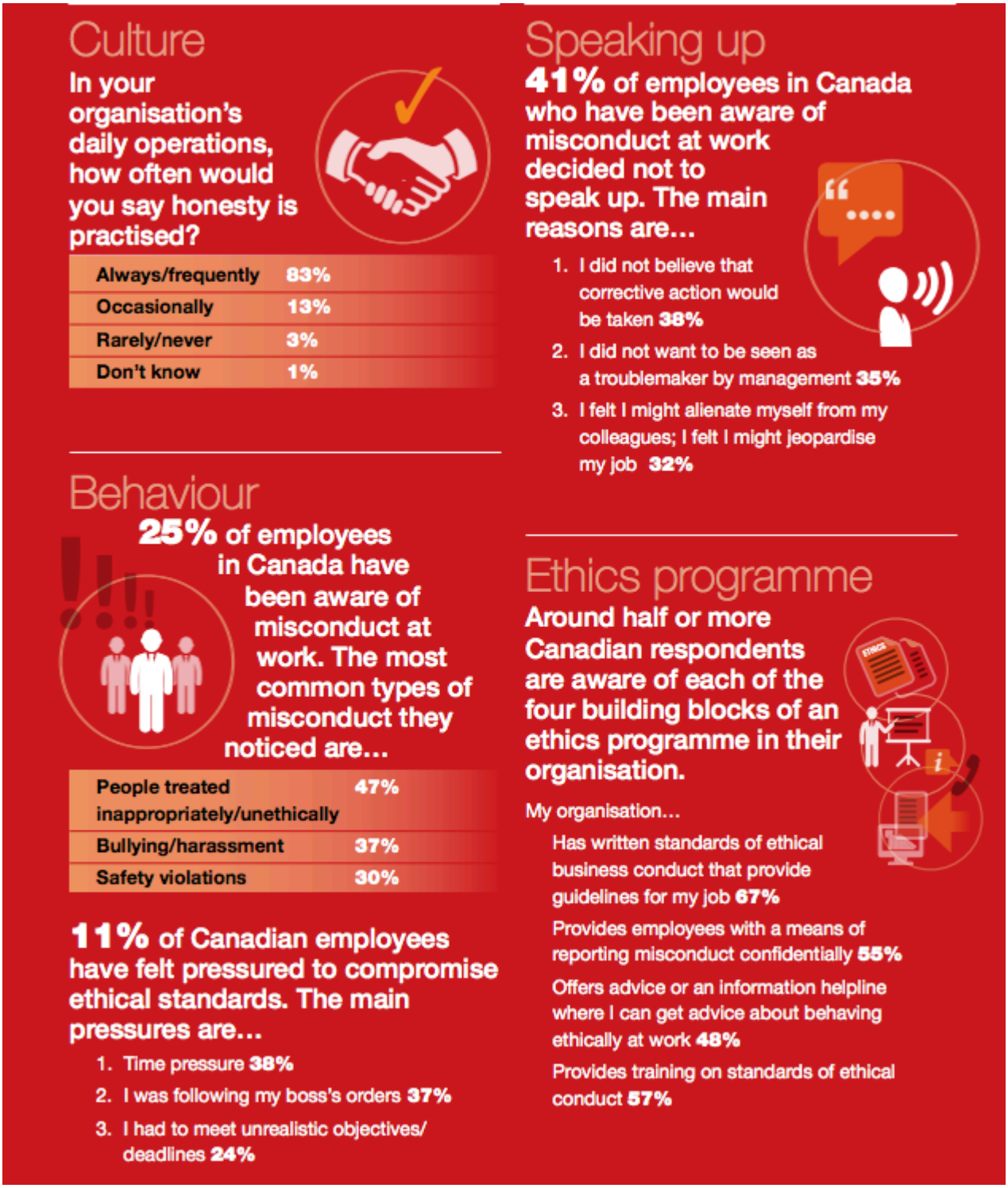
Reading: Executive Role in Ethics

Consider the following observation by the ECI on the results of the National Business Ethics survey:

> *Managers–those expected to act as role models or enforce discipline–are responsible for a large share of workplace misconduct (60 percent) and senior managers are more likely than lower-level managers to break rules. Surveyed employees said that members of management are responsible for six of every ten instances of misconduct and they pointed the finger at senior managers in 24 percent of observed rule breaking. Middle managers were identified as the culprit 19 percent of the time and first-line supervisors were identified as bad actors 17 percent of the time.*

If you're thinking about ways of boosting or ensuring ethical behaviour in an organization, this is an interesting and alarming finding. In a supplemental report on Ethical Leadership, ECI reports that employees at all sizes of companies draw conclusions about their leaders' character primarily on the basis of the following:

- The overall character of their leaders as experienced through personal interactions;
- How senior managers handle crises; and
- The policies and procedures adopted by senior leaders to manage the company.



Infographic from IBE's Ethics at Work of Canadians in 2018[1]

Employees want to know, for example, whether leaders treat lower-level employees with dignity and respect, share

1. Dondé, G., Frank L. & Somasundaram, K. (2019). Ethics at Work2018 survey of employees Canada. Institute of Business Ethics. https://www.ibe.org.uk/uploads/assets/cc8691cd-38a2-4844-97f5c952cc421452/ibesurveyreportethicsatwork2018surveyofemployeescanadaint.pdf

credit when good things happen, and uphold standards even when it reduces revenues and profits. They watch to see whether leaders are steady in crisis, hold themselves accountable or, alternatively, shift blame to others. Workers also look at day-to-day management decisions to gauge whether ethical behaviour is recognized and rewarded, or whether praise and promotions go to workers who bend the rules.

These findings suggest the important role that executives play in building ethical organizations—ethics and integrity tend to start (or fail) at the top and trickle down.

Executives Set Company Objectives

When executives establish specific, measurable objectives for the company, those objectives determine where people will focus their time and effort. When the objectives cannot be met and there are dire personal consequences for failure, such conditions can lead to the compromise of ethics and standards. In the National Business Ethics Survey, 70 percent of employees identified pressure to meet unrealistic business objectives as most likely to cause them to compromise their ethical standards, and 75 percent identified either their senior or middle management as the primary source of pressure they feel to compromise the standards of their organizations.



Former Volkswagen CEO, Martin Winterkorn

In the Volkswagen case, internal investigations have questioned how both the company culture and the behaviour of former CEO Martin Winterkorn contributed to a systemic ethical breach. Like many chief executives, Martin Winterkorn was a demanding boss who didn't like failure, but critics say the pressure on managers at Volkswagen was unusual, which may go some way toward explaining the carmaker's crisis. When he became CEO in 2007, Winterkorn set an objective to make VW the world's biggest carmaker, which would require tremendous growth in the highly competitive U.S. car market. In the years since, VW has nearly doubled its global annual sales to 10 million cars and its revenue to $225 billion. In early 2015, VW finally approached its goal, selling marginally more vehicles than the world's number-one automaker, Toyota of Japan. One former sales executive said that the pressure soared under the target." If you didn't like it, you moved of your own accord or you were performance-managed out of the business," he said.[2]

In describing a Winterkorn's leadership style, a former VW executive confidentially told Reuters New Agency, "There was always a distance, a fear and a respect . . . If he would come and visit or you had to go to him, your pulse would go up. If you presented bad news, those were the moments that it could become quite unpleasant and loud and quite demeaning."

A week after U.S. regulators revealed the company's cheating, Bernd Osterloh, the employee representative on VW's supervisory board, sent a letter to VW staff suggesting the change that was needed: "We need in the future a climate

2. Cremer, A. & Bergin T. (2015, October 10). *Fear and respect: VW's culture under Winterkorn.* Reuters. http://www.reuters.com/article/us-volkswagen-emissions-culture-idUSKCN0S40MT20151010

in which problems aren't hidden but can be openly communicated to superiors," said Osterloh. "We need a culture in which it's possible and permissible to argue with your superior about the best way to go."[3]

In *Fortune* magazine, Dr. Paul Argenti suggested, "Rather than playing the blame game, executives should ask if pressures to grow at all costs might have created dishonest employees."[4]

It seems likely that aggressive corporate objectives (and more specifically marketing objectives related to market share) played a contributing role in the Volkswagen ethics scandal. Moreover, when executives set aggressive goals, it becomes more important to cultivate communication channels to openly address issues. This was obviously not the case at Volkswagen.

Executives Create Company Policy

In the previous reading we reviewed a number of company policies that address ethical conduct. Executives play an important role in creating those policies—and by visibly following and upholding them. As the survey data cited above suggest, employees look to executives to decide whether standards-of-business-conduct policies should be observed and respected. When executives bend the rules or turn a blind eye to bad behaviour, the policies lose value and executives lose the respect of employees. This opens the door to a range of unanticipated issues, as employees look to ethical norms outside stated policy and beyond the executives' control.

TD Bank High Pressure Sales in 2017

Apart from the laws and regulations, the investigative powers of the press can reveal questionable marketing practices. While trust-building is the intent of all ethical behaviours, there are particular industries that it is paramount in such as: the Food and Drug, Health and Financial Services sectors. In 2017, it appears the pressure to deliver profits created an environment at one of Canada's largest banks revealed an ethical dilemma for many TD employees. They felt that it was difficult to maintain client's trust and focus on their best interests while meeting their employer's sales targets. Targets were set by executives and managers. Watch the two videos to see how a "widespread culture" across all the Canadian major banks provoked a review by the watchdog Financial Consumer Agency Commission (FCAC). No CEO of any bank in the CBC "Go Public" investigation was willing to be interviewed. [5]



One or more interactive elements has been excluded from this version of the text. You can view them online here:
https://pressbooks.atlanticoer-relatlantique.ca/nsccprinciplesofmarketing2e/?p=248#oembed-1

3. Cremer, A. & Bergin T. (2015, October 10). *Fear and respect:* VW's *culture under Winterkorn.* Reuters. http://www.reuters.com/article/us-volkswagen-emissions-culture-idUSKCN0S40MT20151010
4. Argenti, P. (2015, October 13). *The biggest culprit in* VW's *emissions scandal.*Fortune Magazine. http://fortune.com/2015/10/13/biggest-culprit-in-volkswagen-emissions-scandal/
5. CBC. (2017, March 6). *Go Public: Bank tellers pressured to sell.* https://www.youtube.com/watch?v=BGvYfGStceo

Executives Hire and Promote Company Managers

Internal promotions send very strong signals about what is important to a company. When the company hires an employee from a different company, she is likely not well known by most employees. If the company promotes an employee who is already working at the company, others know him and understand what he has done to deserve the promotion. If the company promotes individuals to management positions when they have displayed questionable ethics in the workplace, it creates two issues. First, it creates a level of managers who are more likely to encourage their employees to achieve business results at any cost, even when ethics are compromised. Second, it sends a message to all employees that business results are more important than ethics.

Simulation: Ethics

Try It

Play the simulation below multiple times to see how different choices influence the outcome. All simulations allow unlimited attempts so you can gain experience applying the concepts.

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One or more interactive elements has been excluded from this version of the text. You can view them online here:
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5.6 Social Responsibility Marketing Impact

Learning Objectives

- Define social responsibility
- Identify examples of social responsibility that create value for customers
- Explain the impact of social responsibility on marketing results
- Explain how demonstrating corporate social responsibility can impact marketing

We have reviewed many ethical challenges and potential traps for marketers. How can a marketer win? Actually, in lots of ways. Increasingly, marketers are doing more than just trying to avoid doing harm; as you'll see, they're taking on important issues and are making a difference, actively doing good.

Earlier in this module we discussed what corporate social responsibility is and how social responsibility programs impact many different stakeholders in a business. In this section we focus on the role of corporate social responsibility in marketing. We will look at the marketing mix—product, price, promotion, and distribution—and see how companies are changing their marketing strategies to visibly contribute to their communities.

Finally, we'll talk about the results that companies achieve when social responsibility is part of the marketing strategy.

Learning Activities

- Reading: Social Responsibility in the Marketing Strategy
- Reading: Social Responsibility Initiatives

Reading: Social Responsibility in the Marketing Strategy

You'll recall that we defined **corporate social responsibility (CSR)** as the ethical behaviour of a company toward society. It means acting responsibly toward the stakeholders—not just the shareholders—who have a legitimate interest in the business. Let's focus on how marketers use corporate social responsibility to achieve marketing objectives.

First, let's return for a moment to the marketing planning process. Where does social responsibility fit in? It generally comes into the planning process in one of two ways:

1. Social responsibility may be a corporate-level strategy with specific objectives.
2. Social responsibility may be part of the marketing mix based on the situation analysis.



Corporate Strategy at Coca-Cola

Coca-Cola's mission is:

- To refresh the world . . .
- To inspire moments of optimism and happiness . . .
- To create value and make a difference.

In support of the vision, the company has created what it calls a "roadmap" that defines the focus areas for company strategies and tactics. These include:

- **People:** Be a great place to work where people are inspired to be the best they can be.
- **Portfolio:** Bring to the world a portfolio of quality beverage brands that anticipate and satisfy people's desires and needs.
- **Partners:** Nurture a winning network of customers and suppliers, together we create mutual, enduring value.
- **Planet:** Be a responsible citizen that makes a difference by helping build and support sustainable communities.
- **Profit:** Maximize long-term return to shareowners while being mindful of our overall responsibilities.
- **Productivity:** Be a highly effective, lean, and fast-moving organization.[1]

Which of the roadmap areas focus on social responsibility? "Planet" is clearly a social responsibility focus, as it

1. *Purpose and Vision.* (n.d.). The Coca-Cola Company. https://www.coca-colacompany.com/company/purpose-and-vision

acknowledges a responsibility to improve the world beyond the sale of Coca-Cola's products. "People" also suggests a note of social responsibility; Coca-Cola strives to be a place where employees are not only doing a good job for the company but are inspired to be their best as people.

Marketing Strategies to Address Childhood Obesity

Coca-Cola doesn't specifically call out customer health in its roadmap, but that concern has become a significant component of its marketing strategy, and the company has developed a specific set of marketing programs to address childhood obesity. Childhood obesity is a challenging issue for the company. If you were to conduct a SWOT analysis of Coca-Cola, you could imagine that this issue would appear under "external threats" and have a negative impact on its market.

In most K–12 schools in Canada, since 2004 the sale of soft drinks has been steadily eliminated. [2] Rather than wait to find out how this trend might play out, marketing decided to take a proactive role.

In 2013, Coca-Cola announced its four global well-being commitments to help fight obesity, each of which has a direct impact on the marketing mix:

- Offer low- or no-calorie beverage options in every market. (Product)
- Provide transparent nutrition information, featuring calories on the front of all packages. (Product)
- Help get people moving by supporting physical activity programs in every country where we do business. (Promotion)
- Market responsibly, including no advertising to children under 12 anywhere in the world. (Promotion)[3]

Coca-Cola has added a number of water and juice brands to its product portfolio in order to achieve these social responsibility objectives, and has devoted a substantial budget to develop physical activity programs in its markets. The tone of the company's advertising has shifted to focus on an older audience.

CSR and Emerging Issues: Data, AI, and Transparency

In the 2020s, social responsibility in marketing has expanded beyond environmental and health concerns into digital ethics and artificial intelligence (AI). As firms increasingly use AI to recommend products, personalize advertising, and generate marketing content, there are growing concerns around:

- **Transparency**: Consumers want to know when they are interacting with AI-generated content or reviews.

2. CBC. (2004, January 6). No more soft drinks at elementary, middle schools. CBC News. https://www.cbc.ca/news/canada/no-more-soft-drinks-at-elementary-middle-schools-1.473397
3. Question: Does Coca-Cola market its products to children? (n.d.). The Coca-Cola Company. https://www.coca-colacompany.com/faqs/does-coca-cola-market-to-children

Regulators such as the U.S. Federal Trade Commission (FTC) and the European Union have updated disclosure requirements for AI-driven influencer marketing. [4]

- **Bias and Fairness**: AI systems may unintentionally reinforce stereotypes in targeted advertising, raising questions about fairness and inclusivity in marketing. [5]
- **Privacy and Data Responsibility**: With 38.27 million potential consumers in Canada and just over 1.15 million businesses, B2B and B2C marketers alike must handle customer data responsibly.[6] [7] [8]

Here, CSR is not only about "doing good" environmentally, but also about ensuring trust, fairness, and accountability in the digital marketplace.

Broader Adoption of CSR Practices

Increasingly, companies around the world are including some social responsibility objectives in their corporate-level plans. The majority of U.S. companies in the S&P 500 and Fortune 500 provide reporting to investors on their sustainability goals and performance.[9]

In Canada, many firms are advancing CSR practices. Corporate Knights' 2020 *Best 50* report highlights leading Canadian companies with strong environmental and social performance.[10] However, TSX-listed firms have been criticized for lagging behind global competitors on CSR reporting, particularly regarding diversity and ESG disclosures.[11]

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4. Federal Trade Commission (FTC). (2023). Endorsement Guides: Updates on AI and influencer marketing. https://www.ftc.gov/business-guidance
5. Jobin, A., Ienca, M., & Vayena, E. (2019). The global landscape of AI ethics guidelines. Nature Machine Intelligence, 1(9), 389–399.
6. Archives – Key Small Business Statistics – January 2019. (2019, January). Government of Canada. https://www.ic.gc.ca/eic/site/061.nsf/eng/h_03090.html
7. Canada's proposed Artificial Intelligence and Data Act (AIDA) highlights accountability requirements for businesses using AI in marketing decisions.
8. Government of Canada. (2022). Artificial Intelligence and Data Act (AIDA), Part of Bill C-27, Digital Charter Implementation Act. https://ised-isde.canada.ca
9. Governance & Accountability Institute. (n.d.). Number of Companies in S&P 500® and Fortune 500® reporting on sustainability more than doubles from previous year. https://www.ga-institute.com/press-releases/npage/9/article/number-of-companies-in-sp-500R-and-fortune-500R-reporting-on-sustainability-more-than-doubles-fro.html
10. 2020 Best 50 Ranking. (2020, June 25). Corporate Knights. https://www.corporateknights.com/channels/leadership/2020-best-50-results-15930648/
11. McFarland, J. (2015, September 08). TSX-listed firms lagging on corporate social responsibility reporting. The Globe and Mail. https://www.theglobeandmail.com/report-on-business/tsx-listed-firms-lagging-on-corporate-social-responsibility-reporting/article26262153/

Conclusion

With this emphasis and accountability, social responsibility is no longer regarded as a "special project." It is becoming an integral part of corporate and marketing planning, spanning from environmental stewardship to AI-driven data ethics. In the digital era, firms are increasingly judged not only on how they protect the planet and people, but also on how responsibly they use technology, algorithms, and consumer data.

Creation note: This content was updated with the assistance of ChatGPT, a language model developed by OpenAI, and was subsequently reviewed and edited by the author for clarity and accuracy.

Reading: Social Responsibility Initiatives

The Business Case for Social Responsibility

Regardless of broader benefits, there is a strong business case for social responsibility. Public companies' stock prices often benefit from strong corporate social responsibility (CSR) and sustainability initiatives.

1. Sustainable Investing Goes Mainstream

Globally, assets under sustainable investment strategies—including ESG and impact investing—are forecast to grow dramatically. According to PwC, ESG-focused institutional investments are expected to soar 84%, reaching about US $33.9 trillion by 2026, comprising approximately 21.5% of total assets under management worldwide.[1]

2. Global ESG Fund Market Remains Strong

Despite some first-quarter 2025 outflows, the global sustainable fund universe held steady at around US $3.16 trillion by March 2025, and investor commitment remains high.[2]

3. Consumer Willingness to Pay More Remains Robust

Consumers continue to support sustainable products with their wallets. As of early 2025:

- 72% of global consumers reported being willing to pay more for sustainable goods.[3]
- PwC's 2024 survey found that consumers were willing to spend on average 9.7% more on sustainably produced or sourced goods, even as cost pressures persisted.[4]

These trends underscore that CSR and sustainability have firmly moved beyond moral imperatives to become powerful market differentiators, influencing investment flows, asset valuations, and consumer behavior.

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1. PwC. (2025). ESG-focused institutional investment seen soaring 84% to US $33.9 trillion in 2026, making up 21.5% of assets under management. https://www.keyesg.com/article/50-esg-statistics-you-need-to-know-in-2024
2. ESG: Global ESG fund universe remained steady at USD 3.16 trillion as of March 2025. https://dydon.ai/is-esg-dead-or-evolving/
3. Arbor.eco. (2025, May 21). 72% of global consumers are willing to pay more for sustainable products. https://www.arbor.eco/blog/sustainability-statistics
4. PwC. (2024, May 15). Consumers willing to pay 9.7% sustainability premium. https://www.pwc.com/gx/en/news-room/press-releases/2024/pwc-2024-voice-of-consumer-survey.html

Social Responsibility Programs

In defining social responsibility programs and goals, companies are acknowledging a commitment to creating a better world. These initiatives are increasingly tied to long-term business success and risk management.

Generally, companies expand on unique market strengths that benefit society and attempt to reduce the negative impact of their products or services. An approach that is customized to the company and its industry is likelier to resonate authentically with consumers.

For example, Coca-Cola's well-being initiatives addressing obesity link directly to its core product risks, while Patagonia's supply-chain transparency and environmental activism are closely tied to its brand identity. If an oil and gas company were to launch a childhood obesity initiative, the effort would likely be criticized as misaligned or a form of "greenwashing." Instead, energy firms are now under pressure to address carbon emissions and climate change, aligning CSR with their most material issues.

Creating Sustainable Products

A sustainable product is environmentally friendly throughout its entire lifecycle—from the extraction of raw materials, to production, use, and eventual disposal. The goal is that there be no permanent harm to the environment or society.[5]

A sustainable product strategy may include:

- Use of organic or recycled raw materials
- Sustainably harvesting resources
- Protecting human rights and fair labor in supply chains
- Using renewable energy in production
- Designing for repair, recycling, and reuse
- Reducing emissions and toxic byproducts across the product lifecycle
- Ensuring community benefit during and after product use

Companies must measure and report these initiatives in a transparent, verifiable way to avoid reputational backlash.

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5. Frank-Martin B. & Peattie, K. (2009). Sustainability Marketing: A Global Perspective. Wiley, United Kingdom.

Walmart's Evolving Approach

As the world's largest retailer, Walmart faces unique sustainability challenges. Over the past decade, the company has significantly expanded its initiatives beyond brick-and-mortar stores to transform its global supply chain.

Project Gigaton: A Gigaton Achieved Early

In 2015, Walmart completed its initial goal of eliminating 20 million metric tons of GHG emissions from its supply chain. In 2017, it launched Project Gigaton, aiming to engage suppliers in reducing, avoiding, or sequestering 1 billion metric tons (a gigaton) of CO_2e from the global value chain by 2030. By February 2024, Walmart announced it had already surpassed the gigaton goal six years early, with suppliers reporting reductions exceeding the annual emissions of Japan.[6]

Operational Commitments: Zero Emissions & Renewable Energy

Walmart has committed to achieving zero emissions across its global operations by 2040, with interim goals of a 35% reduction in Scope 1 & 2 emissions by 2025 and 65% by 2030, against a 2015 baseline. The company also pledged to power 100% of operations with renewable energy by 2035, without relying on carbon offsets.[8] [9]

Progress Report & Real-World Challenges

Despite these ambitious goals, Walmart acknowledged in 2024 that it is unlikely to meet its 2025 and 2030 interim targets, citing technological and policy limitations. As of 2023, the company had reduced operational emissions by 19.3%, short of its interim goal, and renewables accounted for 48% of global electricity use. Scope 3 emissions, largely from suppliers and product use, remain Walmart's greatest challenge—reaching 618.9 million metric tons in 2023, over one and a half times the UK's annual output.[10] [11]

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6. Climate Change. (2024, December 18). Corporate Environmental Report. Walmart; EDF; Sustainability Magazine. https://sustainabilitymag.com/supply-chain-sustainability/how-walmart-is-successfully-driving-scope-3-decarbonisation[/footnote]
7. Project Gigaton. Walmart Sustainability Hub. https://www.walmartsustainabilityhub.com/project-gigaton
8. Zero Emissions. Walmart Sustainability Hub. https://www.walmartsustainabilityhub.com/climate/zero-emissions
9. Climate Change. Walmart. https://corporate.walmart.com/purpose/sustainability/planet/climate-change
10. Walmart likely to miss 2025, 2030 climate targets. (2024, December 19). Reuters. https://www.reuters.com/sustainability/climate-energy/walmart-says-it-is-likely-miss-2025-2030-climate-change-targets-2024-12-19
11. Walmart to miss 2025, 2030 emissions reduction targets. (2024, December 20). ESG Dive. https://www.esgdive.com/news/walmart-to-miss-2025-2030-ghg-emissions-reduction-targets/736195[/footnote]
12. Walmart pushes back climate change targets. (2024, December 19). Financial Times. https://www.ft.com/content/6e736f15-e1c6-4e29-ad4c-1f7b3d68258a

The New CSR Landscape

CSR has evolved into **ESG (Environmental, Social, and Governance)** accountability, with investors, regulators, and consumers demanding measurable progress. Companies are no longer rewarded for vague commitments; instead, they are judged on science-based targets, transparent disclosures, and third-party verified results.

In Canada, new climate disclosure rules are under development, requiring publicly listed companies to report standardized ESG data in line with the Task Force on Climate-related Financial Disclosures (TCFD).[13]

The global momentum toward ESG shows that CSR is no longer a marketing side project. It is now central to brand trust, investor confidence, and long-term competitiveness.

Creation note: This content was updated with the assistance of ChatGPT, a language model developed by OpenAI, and was subsequently reviewed and edited by the author for clarity and accuracy.

13. Canadian Securities Administrators. (2021). Proposed National Instrument 51-107: Disclosure of Climate-related Matters. https://www.osc.ca/en/securities-law/instruments-rules-policies/5/51-107

5.7 Putting It Together: Ethics and Social Responsibility

In this module we've covered a range of different corporate ethical challenges, legal requirements, and opportunities to contribute to social good. Every year, a company called Ethisphere provides a thorough review of businesses seeking to gain recognition for being upstanding corporate citizens. (See the full list of the World's Most Ethical Companies honourees and Maclean's List of Canada's top 50 Socially Responsible Companies).

The review process captures company performance in five areas, but in order to be honoured, companies must address ethics and responsibility holistically across five key areas that align closely with this module:

1. **Ethics and Compliance Program**
   Companies are evaluated on the structure and oversight of their ethics programs, the resources provided, and the tone set by executive leadership.

2. **Corporate Citizenship and Responsibility**
   Firms are assessed on sustainability, community involvement, philanthropy, environmental stewardship, workplace well-being, and responsible supply chain management.

3. **Culture of Ethics**
   A strong ethical culture permeates all levels of an organization, ensuring accountability, integrity, and alignment of employee values over time.

4. **Governance**
   Governance includes oversight systems, executive leadership, and diverse, engaged boards of directors that strengthen transparency, accountability, and innovation.

5. **Leadership, Innovation, and Reputation**
   Companies that integrate ethics into their brand identity build stronger reputations among customers, employees, and the public, enhancing trust and long-term performance.

New Solutions with Different Corporate Structures and Business Models

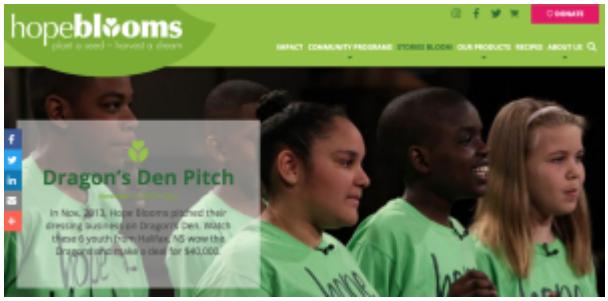
As **Corporate Social Responsibility (CSR)** has evolved into **Environmental, Social, and Governance (ESG)** standards, new business models have emerged to embed social good into organizational purpose.

- **Non-Profits and NGOs**: NGOs, first named in the United Nations Charter of 1945, operate globally as citizen-based groups independent of government, serving social or political purposes cooperatively rather than commercially.[1] Examples include Oxfam and World Vision.

1. Folger, J. (2021, January 18). What is an NGO (Non-Governmental Organization)? Investopedia. https://www.investopedia.com/ask/answers/13/what-is-non-government-organization.asp

- **Social Enterprises**: Unlike charities, social enterprises pursue a social mission while generating sustainable revenue to support operations. A Canadian example is *Hope Blooms*, a Nova Scotian initiative that gained national recognition.[2]
- **B Corps**: Established in 2006, B Corps are certified businesses that meet rigorous standards of environmental and social performance, transparency, and accountability. In Canada, examples include Danone, Bullfrog Power, and the Business Development Bank of Canada.

View the video on how B Corps work around the world.



Hope Blooms is a Nova Scotian Social Enterprise that pitched Dragons Den.

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https://pressbooks.atlanticoer-relatlantique.ca/nsccprinciplesofmarketing2e/?p=259#oembed-1

Conclusion

Taken together, these five dimensions of ethical evaluation and the rise of new organizational forms highlight that ethics and social responsibility are not optional add-ons but core drivers of long-term business success. Whether through strong governance, culture, and compliance programs or through innovative structures like NGOs, Social Enterprises, and B Corps, businesses are finding new ways to align profit with purpose. The evolving ESG framework shows that organizations are increasingly judged not only on what they produce but on *how* they operate—and that trust, accountability, and social value are central to competitiveness in the 21st century.

Creation note: This content was updated with the assistance of ChatGPT, a language model developed by OpenAI, and was subsequently reviewed and edited by the author for clarity and accuracy.

2. Barone, A. (2020, October 27). Social Enterprise. Investopedia. https://www.investopedia.com/terms/s/social-enterprise.asp

Practice Quiz Chapter 5

Check Your Understanding

Answer the question(s) below to see how well you understand the topics covered in the previous section. This short quiz does **not** count toward your grade in the class, and you can retake it an unlimited number of times.

Use this quiz to check your understanding and decide whether to (1) study the previous section further or (2) move on to the next section.



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CHAPTER 6: MARKETING INFORMATION AND RESEARCH

Learning Objectives

- Why It Matters: Marketing Information and Research
- Explain the role of marketing information in helping firms understand and reach consumers
- Describe the key types of marketing information including internal data, competitive intelligence and marketing research
- Outline a standard process for using marketing research to address an organization's strategic questions
- Recognize alternative methods for conducting marketing research, including primary and secondary research methods
- Identify major sources of available market data
- Explain how Customer Relationship Management (CRM) systems can help organizations manage and gain customer insights from marketing information
- Use marketing information to inform the marketing strategy

6.1 Why It Matters: Marketing Information and Research

Why use marketing information and research to develop marketing strategies for organizations?



Your uncle Dan owns an independent bookstore called Bookends in Halifax, NS. You drop in to see him whenever you're in the neighbourhood to catch up and borrow some graphic novels. (That's you in the picture.)

When you visit this time, Dan sits you down in a corner and tells you he needs help. "Sales are down," he says, "and rent's going up. It's killing me. I'd say I've got six months to turn things around or I'm done. The end of Bookends. Are you still learning about marketing? Your mom said you're taking a class. Got any bright ideas? Maybe some whiz-bang advertising?" He grins and punches you lightly on the shoulder.

You start to tell him that marketing isn't just advertising . . . but instead you say, "I don't know, Dan. I'll have to think about it."

So, you do think about it. You don't know everything about marketing yet, but you've learned this: Your uncle needs to understand his customers—that's where marketing starts and ends. Who are Dan's customers, and what's up with them? Why aren't they buying as much as they used to? How can you find out more about what they want?

These are big, important questions. For now, they all have one answer: marketing information and research.

Read on if you want to save your uncle's bookstore . . .

Marketing information and marketing research are tools that organizations use to understand what's happening in the markets they serve.

Why do marketing information and research matter? Because no one has all the answers all the time. Because people and attitudes and behaviours change. Because customers, competitors, the economy, and other factors can all affect your success. Marketing is an increasingly data-rich field, and these days, doing it well means using all the information you can to gain insights into what your customers want and how you can give them value. Without that information, you're trying to shoot a target in the dark.

6.2 Importance of Marketing Information

Learning Objectives

- Define marketing information
- Explain why organizations use marketing information to provide customer insight.
- Explain the role of marketing information in helping organizations understand and reach customers

Marketers are fortunate to work in an information-rich environment. They don't have to make decisions based on gut feeling or blind luck. These days, many valuable sources of marketing information are available to guide marketers' thinking, choices, and actions. While it's true that this information may be more readily accessible in some organizations than others, it's important for marketers to know what to look for and how to find it in order to make wise decisions about marketing strategy and execution.

Learning Activities

- Reading: The Importance of Marketing Information
- Case Study: Juicy Fruit Gum

Reading: The Importance of Marketing Information and Research

Effective marketing begins with a deep understanding of customers: who they are, what they want, and how they make decisions. Organizations that consistently generate insights into customer needs gain an advantage by being able to serve them better than competitors. The most reliable way to obtain these insights is through marketing information—data collected, analyzed, and interpreted to guide decisions.

Marketing information may come from many sources inside and outside an organization, including sales records, customer interactions, competitive analysis, and structured marketing research. Together, these sources form the foundation of effective decision-making.

Marketing Information and Research

Marketing research is the systematic process of collecting and analyzing data to identify opportunities and solve problems. Its purpose is to generate insights that reduce uncertainty and help managers make informed choices. To succeed, research must be well-designed and carefully executed so that results are reliable and relevant.

A marketing information system integrates people, processes, and technologies to manage data, oversee research projects, and use insights to inform strategy. These systems often draw on a blend of internal data, competitive intelligence, and market research.

Knowledge as a Competitive Advantage

In today's hypercompetitive environment, consumers can easily compare brands and alternatives with a quick search. Companies, in turn, have the tools to track competitors and entice customers with targeted offers. Fresh insights about customers and markets are critical to staying ahead.

For example, before launching OnStar, General Motors used research to test which services drivers valued most and what they were willing to pay. Insights from this work guided pricing and product design, leading to strong early adoption.[1] More recently, companies such as Netflix and Spotify have used real-time customer data to refine recommendation systems, directly tying marketing information to customer retention and growth.[2]

1. Barabba, V.P. (2004). *Surviving Transformation: Lessons from GM's Surprising Turnaround*, pp. 46–50. Oxford University Press.
2. Lobato, R. (2019). *Netflix Nations: The Geography of Digital Distribution*. New York University Press.

What Should Marketers Investigate?

There is virtually no aspect of marketing that cannot be informed by data. Key questions include:

- Who is the customer?
- What problems are they trying to solve?
- How do they evaluate and choose among alternatives?
- Where and when do they buy?
- Why do they purchase—or not purchase?

Beyond customer behavior, organizations use marketing information to forecast sales, analyze profitability, and evaluate campaign effectiveness. Reliable data helps managers plan programs that achieve results efficiently and sustainably.

When to Use Marketing Research

Not every decision requires formal research. Sometimes managers act on experience, intuition, or urgency when data is unavailable or too costly to collect. However, in most cases, systematic information gathering improves outcomes. A good rule of thumb is that if the value of the insight exceeds the cost of research, it is worth pursuing.

Research is especially important when organizations face multiple options, when stakeholders disagree on direction, or when risk is high. High-performing firms use research not just occasionally but continuously, embedding it into their decision-making processes.

The Role of Customer Relationship Management (CRM)

Modern organizations increasingly rely on Customer Relationship Management (CRM) systems to manage customer data. CRM systems consolidate interactions across channels, track customer lifetime value, and provide insights into preferences and behaviors. When used effectively, CRM tools help marketers personalize offerings and strengthen relationships, turning raw data into actionable strategy.[3]

Marketing Research and Performance

Studies show that top-performing organizations consistently invest in understanding customer needs. McKinsey

3. Buttle, F., & Maklan, S. (2019). Customer Relationship Management: Concepts and Technologies (5th ed.). Routledge.

research found that companies which regularly test and validate customer preferences are more likely to develop successful products and sustain growth.[4]

The underlying theme is clear: success comes from aligning strategy with customer insights. Marketing information—whether drawn from sales data, competitive analysis, or research studies—provides the facts that guide better decisions and reduce risk.

Creation note: This content was updated with the assistance of ChatGPT, a language model developed by OpenAI, and was subsequently reviewed and edited by the author for clarity and accuracy.

4. McKinsey & Company. (2020). The path to successful product development. https://www.mckinsey.com/business-functions/operations/our-insights/the-path-to-successful-product-development

Case Study: Juicy Fruit Gum

Discovering Why They Chew



Back in the nineties, Juicy Fruit Gum, the oldest brand of the Wm. Wrigley Jr. Company was not chewing up the teen market, gum's top demographic. In 1997, the company found itself under pressure from competitors. Sales and market share were down. How could Wrigley get more kids to go for their famous gum?

Wrigley went to the source to find out. Marketing researchers approached teens who chewed five or more sticks of Juicy Fruit each week and gave them a homework assignment: Find pictures that remind you of Juicy Fruit gum and write a short story about it. When the kids shared their stories, Wrigley learned that they chew Juicy Fruit because it's sweet. They said it refreshed and energized them.

Wrigley's ad agency, BBDO, confirmed what the teens were saying. Conducting survey research, BBDO asked more than four hundred heavy gum chewers to rate various brands by attributes that best represented them. For Juicy Fruit, respondents picked phrases such as "has the right amount of sweetness" and "is made with natural sweetness."

Another of BBDO's studies investigated why teens in particular chew gum. Was it to cope with stress? Or because they forgot to brush their teeth before going to school? Nearly three out of four teens reported popping a stick of gum into their mouth when they craved something sweet. And Juicy Fruit was the top brand they picked to fulfill that need. (Rival chewing-gum brand Big Red was a distant second.)

Chewing on the Results



Although the marketing research conducted by Wrigley Co. was fairly simple, it provided a new direction for the company's marketing strategy to capture more of the essential teen market. BBDO developed four TV commercials with the "Gotta Have Sweet" theme. Roughly 70 percent of respondents voluntarily recalled the Juicy Fruit name after watching the commercial (the average recall for a brand of sugar gum is 57 percent). Sales of 100-stick boxes of Juicy Fruit rose 5 percent after the start of the ad campaign, reversing a 2 percent decline prior to it. Juicy Fruit's market share also increased from 4.9 percent to 5.3 percent—the biggest gain of any established chewing-gum brand during the year following the campaign.

In this case, marketing research paid off with better customer insights that marketers translated into improved product positioning, messaging, advertising, and ultimately market share.

6.3 Types of Marketing Information

Learning Objectives

- Explain the types of insights provided by each type of marketing information
- Describe how organizations manage marketing information
- Describe key types of marketing information including internal data, competitive intelligence, and marketing research

Marketing information and research are most effective when they feed an ongoing awareness of what's happening with customers, their perceptions, and purchasing decisions. The next section of this module explores different types of information that contribute to the customer insights that inform your organization, strategy, and the marketing mix.

Learning Activities

- Reading: Types of Marketing Information

Reading: Types of Marketing Information

Illuminating the Marketing Picture

There are three primary types of marketing information organizations use to generate insights for strategic decisions: **internal data**, **competitive intelligence**, and **marketing research**.

Internal Data

Internal data refers to the information companies collect from their own operations, customers, and interactions. Marketing departments track leads, customer demographics, online behavior, and engagement preferences. Sales teams capture purchase histories, buying patterns, and customer lifetime value. Accounting and billing systems provide financial insights such as spending levels and payment timing, while customer support systems record satisfaction trends, complaints, and usage challenges.

Modern companies integrate this information through shared databases, enterprise platforms, and **Customer Relationship Management (CRM) systems**. A CRM system such as Salesforce consolidates data from multiple touchpoints into a unified view of the customer, supporting more precise segmentation and personalized engagement strategies. With the advent of **Big Data** and **AI-powered analytics**, organizations can process massive amounts of structured and unstructured data—from website clicks and IoT devices to social media interactions—and use algorithms to uncover hidden patterns and predictive insights.[1]

An example of a leading CRM software is Salesforce. This video shows how Salesforce combines multiple data sources throughout the organization to present a 360° view of the customer.



One or more interactive elements has been excluded from this version of the text. You can view them online here:
https://pressbooks.atlanticoer-relatlantique.ca/nsccprinciplesofmarketing2e/?p=275#oembed-1

For example, Trident Marketing applied marketing analytics across CRM records, customer-service interactions, and external data sources to improve sales targeting and predict customer churn. These insights enabled precise recommendations about when to contact prospects and which salesperson should engage them, leading to a nearly 1,000 percent increase in revenue over four years.[2]

Today, organizations increasingly use **AI-driven personalization engines** to analyze internal data and deliver real-time

1. Wedel, M., & Kannan, P. K. (2016). Marketing analytics for data-rich environments. *Journal of Marketing*, 80(6), 97–121.
2. http://www.fuzzyl.com/wp-content/uploads/49415_TridentMarketingIncreases_Case-Study_PRF2_May18_12-2.pdf

recommendations. Netflix and Amazon, for instance, rely on predictive models to suggest content or products tailored to individual users, illustrating the power of internal data for driving retention and sales.[3]

Competitive Intelligence

Competitive intelligence (CI) provides insights about competitors and market dynamics. It helps answer questions such as:

- Who are the key competitors, and what are their product strengths and weaknesses?
- What is their pricing strategy, and how does it compare with ours?
- How are they positioning themselves in the market, both in advertising and online search?
- What share of the market do they hold, and how is this evolving?

Marketers gather CI by monitoring competitor websites, press releases, social media activity, and industry reports. Tools like SEMrush or Similarweb analyze digital footprints, while AI-based platforms scan large volumes of public data for emerging competitive signals. Some firms conduct **win/loss analyses** to capture insights from sales opportunities, helping refine product features, pricing, and promotional strategies.

Although companies closely guard sensitive data, a disciplined CI practice helps organizations anticipate competitor moves and adjust their **marketing mix**—product, price, place, and promotion—accordingly.[4]

Marketing Research

Marketing research is a structured process for solving marketing problems or identifying opportunities through systematic data collection and analysis. The process typically includes:

1. Defining the research problem or opportunity.
2. Determining the information needed.
3. Collecting and analyzing data.
4. Generating insights and reporting results.

3. Davenport, T., Guha, A., Grewal, D., & Bressgott, T. (2020). How artificial intelligence will change the future of marketing. Journal of the Academy of Marketing Science, 48, 24–42.
4. Fleisher, C. S., & Bensoussan, B. E. (2015). Business and competitive analysis: Effective application of new and classic methods. FT Press.

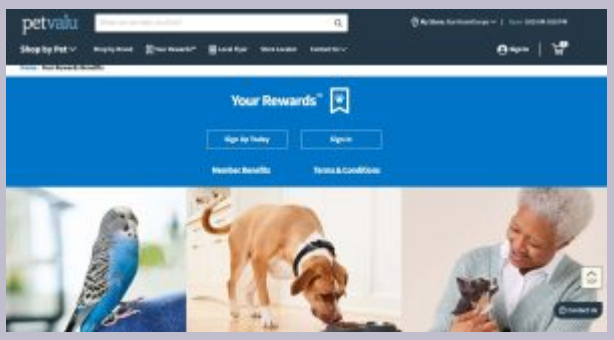
Marketing research addresses a wide range of topics:

- **Environmental factors** such as economic trends, technology shifts, and cultural changes.
- **Customer attitudes and behaviors**, including satisfaction levels and decision-making processes.
- **Product research**, such as concept testing, feature prioritization, and pricing studies.
- **Promotion effectiveness**, including ad testing and segmentation analysis.
- **Corporate strategy**, covering brand reputation, partnerships, and long-term positioning.

Research can involve **primary data** (collected directly from customers) or **secondary data** (sourced from existing studies). Increasingly, companies employ AI-enabled tools to conduct sentiment analysis on social media, automate survey coding, or simulate market scenarios, accelerating insight generation at lower cost.[5]

Pet Valu

A notable example comes from **Pet Valu**, a major chain specializing in pet food and supplies, leaned heavily on marketing research and internal data to strengthen its loyalty program. In a challenging retail environment marked by rising costs and inflation, the company analyzed customer behavior to understand what drives spending and retention. They discovered that loyalty program members—making up a significant portion of their customer base—visisted more frequently and spent notably more:



Screencapture of PetValu, Your Rewards program, 19/08/2025.

- Loyalty members visit five times more often and spend four times more than non-members.
- With over 2.8 million active loyalty members, these insights reflect a deep well of customer data and engagement metrics.[6]

These findings guided Pet Valu to double down on tailored loyalty marketing—offering targeted promotions, consumable bundles, and personalized messaging. The result: loyalty-driven revenue provided critical resilience amid the broader retail downturn.

5. Hofacker, C. F., Golgeci, I., Pillai, K. G., & Gligor, D. M. (2020). Digital marketing and business-to-business relationships: A close look at the interface and a roadmap for the future. European Journal of Marketing, 54(6), 1161–1179.
6. Pet Valu. (2024, Nov. 25). Pet Valu Strengthens Your Rewards Loyalty Program... Yahoo Finance. https://finance.yahoo.com/news/pet-valu-strengthens-rewards-loyalty-120500760.html

Creation note: This content was updated with the assistance of ChatGPT, a language model developed by OpenAI, and was subsequently reviewed and edited by the author for clarity and accuracy.

6.4 The Marketing Research Process

Learning Objectives

- Identify the steps of conducting a marketing research project
- Outline a standard process for using marketing information and research to address an organization's strategic questions

Marketers can glean powerful insights from marketing information, but these insights generally don't come from nowhere.

Instead, it takes a well-structured research process to identify what you are trying to understand better and then take the appropriate steps, using the right information, to get your questions answered. The next part of this module explains a standard process organizations use to conduct marketing research and generate insights from marketing information of all types.

Learning Activities

- Reading: The Marketing Research Process

Reading: The Marketing Research Process

A Standard Approach to Research Inquiries

Marketing research is a useful and necessary tool for helping marketers and an organization's executive leadership make wise decisions. Carrying out marketing research can involve highly specialized skills that go deeper than the information outlined in this module. However, it is important for any marketer to be familiar with the basic procedures and techniques of marketing research.

It is very likely that at some point a marketing professional will need to supervise an internal marketing research activity or to work with an outside marketing research firm to conduct a research project. Managers who understand the research function can do a better job of framing the problem and critically appraising the proposals made by research specialists. They are also in a better position to evaluate their findings and recommendations.

Periodically marketers themselves need to find solutions to marketing problems without the assistance of marketing research specialists inside or outside the company. If you are familiar with the basic procedures of marketing research, you can supervise and even conduct a reasonably satisfactory search for the information needed.



Step 1: Identify the Problem

The first step for any marketing research activity is to clearly identify and define the problem you are trying to solve. You start by stating the marketing or business problem you need to address and for which you need additional information

to figure out a solution. Next, articulate the objectives for the research: what do you want to understand by the time the research project is completed? What specific information, guidance, or recommendations need to come out of the research in order to make it a worthwhile investment of the organization's time and money?

It's important to share the problem definition and research objectives with other team members to get their input and further refine your understanding of the problem and what is needed to solve it. At times, the problem you really need to solve is not the same problem that appears on the surface. Collaborating with other stakeholders helps refine your understanding of the problem, focus your thinking, and prioritize what you hope to learn from the research. Prioritizing your objectives is particularly helpful if you don't have the time or resources to investigate everything you want.

To flesh out your understanding of the problem, it's useful to begin brainstorming actual research questions you want to explore. What are the questions you need to answer in order to get to the research outcomes? What is the missing information that marketing research will help you find? The goal at this stage is to generate a set of preliminary, big-picture questions that will frame your research inquiry. You will revisit these research questions later in the process, but when you're getting started, this exercise helps clarify the scope of the project, whom you need to talk to, what information may already be available, and where to look for the information you don't yet have.

Applied Example: Marketing Research for Bookends

To illustrate the marketing research process, let's return to Uncle Dan and his ailing bookstore, Bookends. You need a lot of information if you're going to help Dan turn things around, so marketing research is a good idea. You begin by identifying the problem and then work to set down your research objectives and initial research questions:

Identifying Problems, Objectives, and Questions

Core business problem Dan needs to solve

- How to get more people to spend more money at Bookends.

Research Objectives

1. Identify promising target audiences for Bookends
2. Identify strategies for rapidly increasing revenue from these target audiences

Initial research questions

- Who are Bookends' current customers?
- How much money do they spend?
- Why do they come to Bookends?
- What do they wish Bookends offered?
- Who isn't coming to Bookends, and why?

Step 2: Develop a Research Plan

Once you have a problem definition, research objectives, and a preliminary set of research questions, the next step is to develop a research plan. Essential to this plan is identifying precisely what information you need to answer your questions and achieve your objectives. Do you need to understand customer opinions about something? Are you looking for a clearer picture of customer needs and related behaviours? Do you need sales, spending, or revenue data? Do you need information about competitors' products or insight about what will make prospective customers notice you? When do you need the information, and what's the time frame for getting it? What budget and resources are available?

Once you have clarified what kind of information you need and the timing and budget for your project, you can develop the research design. This details how you plan to collect and analyze the information you're after. Some types of information are readily available through *secondary research* and *secondary data* sources. Secondary research analyzes information that has already been collected for another purpose by a third party, such as a government agency, an industry association, or another company. Other types of information need to from talking directly to customers about your research questions. This is known as *primary research*, which collects *primary data* captured expressly for your research inquiry. Marketing research projects may include secondary research, primary research, or both.

Depending on your objectives and budget, sometimes a small-scale project will be enough to get the insight and direction you need. At other times, in order to reach the level of certainty or detail required, you may need larger-scale research involving participation from hundreds or even thousands of individual consumers. The research plan lays out the information your project will capture—both primary and secondary data—and describes what you will do with it to get the answers you need. (Note: You'll learn more about data collection methods and when to use them later in this module.)

Your data collection plan goes hand in hand with your analysis plan. Different types of analysis yield different types of results. The analysis plan should match the type of data you are collecting, as well as the outcomes your project is seeking and the resources at your disposal. Simpler research designs tend to require simpler analysis techniques. More complex research designs can yield powerful results, such as understanding causality and trade-offs in customer perceptions. However, these more sophisticated designs can require more time and money to execute effectively, both in terms of data collection and analytical expertise.

The research plan also specifies who will conduct the research activities, including data collection, analysis, interpretation, and reporting on results. At times a singlehanded marketing manager or research specialist runs the entire research project. At other times, a company may contract with a marketing research analyst or consulting firm to conduct the research. In this situation, the marketing manager provides supervisory oversight to ensure the research delivers on expectations.

Finally, the research plan indicates who will interpret the research findings and how the findings will be reported. This part of the research plan should consider the internal audience(s) for the research and what reporting format will be most helpful. Often, senior executives are primary stakeholders, and they're anxious for marketing research to inform and validate their choices. When this is the case, getting their buy-in on the research plan is recommended to make sure that they are comfortable with the approach and receptive to the potential findings.

Applied Example: A Bookends Research Plan

You talk over the results of your problem identification work with Dan. He thinks you're on the right track and wants to know what's next. You explain that the next step is to put together a detailed plan for getting answers to the research questions.

Dan is enthusiastic, but he's also short on money. You realize that such a financial constraint will limit what's possible, but with Dan's help, you can do something worthwhile. Below is the research plan you sketch out:

Identifying Data Types, Timing, Budget, Data Collection Methods, Analysis, and Interpretation

Types of data needed

1. Demographics and attitudes of current Bookends customers
2. Current customers' spending patterns
3. Metro area demographics (to determine types of people who aren't coming to the store)

Timing and budget

- Complete project within 1 month
- No out-of-pocket spending

Data collection methods

1. Current customer survey using a free online survey tool
2. Store sales data mapped to customer survey results
3. Statistics Canada data on metro-area demographics
4. 8 to 10 intercept ("man on the street") interviews with non-customers

Analysis plan

- Use Excel or Google Sheets to tabulate data
- Marina (statistician cousin) to assist in identifying data patterns that could become market segments

Interpretation and Reporting

- You and Dan will work together to comb through the data and see what insights it produces. You'll use PowerPoint to create a report that lays out significant results, key findings, and recommendations.

Step 3: Conduct the Research

Conducting research can be a fun and exciting part of the marketing research process. After struggling with the gaps in your knowledge of market dynamics—which led you to embark on a marketing research project in the first place—now things are about to change. Conducting research begins to generate information that helps answer your urgent marketing questions. As previously mentioned, there are two types of research: primary and secondary. Primary

research is research that you conduct yourself (i.e., you go out into the field and find data and complete experiments). Secondary research is research conducted or synthesized by someone else (i.e., someone else has gone out into the field or someone else has compiled multiple sources of research). Though it may seem counterintuitive based on their names, typically data collection begins by reviewing any existing secondary research. After getting everything you can from secondary research, it's time to shift attention to primary research. After all, it's much easier (and smarter!) to review existing research before potentially redoing experiments or recapturing known information.

Secondary Research

With secondary research, it's important to narrow your scope to existing research and data that provide some information or insight about the problem. Prior research projects, internal data analyses, industry reports, customer satisfaction survey results, and other information sources may be worthwhile to review. Even though these resources may not answer your research questions fully, they may further illuminate the problem you are trying to solve. Secondary research and data sources are nearly always cheaper than capturing new information on your own. Your marketing research project should benefit from prior work wherever possible.

Primary Research

You may not always complete primary research, but it is often part of research plans. Primary research involves asking questions and then listening to and/or observing the behaviour of the target audience you are studying. In order to generate reliable, accurate results, it is important to use proper scientific methods for primary research data collection and analysis. This includes identifying the right individuals and number of people to talk to, using carefully worded surveys or interview scripts, and capturing data accurately. Without proper techniques, you may inadvertently get bad data or discover bias in the responses that distorts the results and points you in the wrong direction. The module on Marketing Research Techniques discusses these issues in further detail since the procedures for getting reliable data vary by research method.

Applied Example: Getting the Data on Bookends

Dan is on board with the research plan, and he's excited to dig into the project. You start with secondary data, getting a dump of Dan's sales data from the past two years, along with related information: customer name, postal code, frequency of purchase, gender, date of purchase, and discounts/promotions (if any).

You visit the Statistics Canada Web site to download demographic data about your metro area. The data show all census subdivisions in the area, along with population size, gender breakdown, age ranges, income, and education levels.

The next part of the project is customer survey data. You work with Dan to put together a short survey about customer attitudes toward Bookends, how often and why they come, where else they spend money on books and entertainment, and why they go other places besides Bookends. Dan comes up with the great idea of offering a 5 percent discount coupon to anyone who completes the survey. Although it eats into his profits, this scheme gets more people to complete the survey and buy books, so it's worth it.

For a couple of days, you and Dan take turns doing "man on the street" interviews (you interview the guy in the red hat, for instance). You find people who say they've never been to Bookends and ask them a few questions about why they haven't visited the store, where else they buy books and other entertainment, and what might get them interested in visiting Bookends sometime. This is a lot of work, but for a zero-budget project, it's coming together pretty well.



Step 4: Analyze and Report Findings

Analyzing the data obtained in a market survey involves transforming the primary and/or secondary data into useful information and insights that answer the research questions. This information is condensed into a format to be used by managers—usually a presentation or detailed report.

Analysis starts with formatting, cleaning, and editing the data to make sure that it's suitable for whatever analytical techniques are being used. Next, data is tabulated to show what's happening: what do customers actually think? What's happening with purchasing or other behaviours? How do revenue figures actually add up? Whatever the research questions, the analysis takes source data and applies analytical techniques to provide a clearer picture of what's going on. This process may involve simple or sophisticated techniques, depending on the research outcomes required. Common analytical techniques include regression analysis to determine correlations between factors; conjoint analysis to determine trade-offs and priorities; predictive modeling to anticipate patterns and causality, and analysis of unstructured data such as Internet search terms or social media posts to provide context and meaning around what people say and do.

Good analysis is important because the interpretation of research data—the "so what?" factor—depends on it. The analysis combs through data to paint a picture of what's going on. The interpretation goes further to explain what the research data means and make recommendations about what managers need to know and do based on the research results. For example, what is the shortlist of key findings and takeaways that managers should remember from the research? What are the market segments you've identified, and which ones should you target? What are the primary reasons your customers choose your competitor's product over yours, and what does this mean for future improvements to your product?

Individuals with a good working knowledge of the business should be involved in interpreting the data because they are in the best position to identify significant insights and make recommendations from the research findings. Marketing research reports incorporate both analysis and interpretation of data to address the project objectives.

The final report for a marketing research project may be in written form or slide-presentation format, depending on organizational culture and management preferences. Often a slide presentation is the preferred format for initially sharing research results with internal stakeholders. Particularly for large, complex projects, a written report may be a better format for discussing detailed findings and nuances in the data, which managers can study and reference in the future.

Applied Example: Analysis and Insights for Bookends

Getting the data was a bit of a hassle, but now you've got it and you're excited to see what it reveals. Your statistician cousin, Marina, turns out to be a whiz with both the sales data and the census data. She identified several demographic profiles in the metro area that looked a lot like lifestyle segments. Then she mapped Bookends' sales data into those segments to show who is and isn't visiting Bookends. After matching customer survey data to the sales data, she broke down the segments further based on their spending levels and reasons they visit Bookends.

Gradually a clearer picture of Bookends' customers is beginning to emerge: who they are, why they come, why they don't come, and what role Bookends plays in their lives. Right away, a couple of higher-priority segments—based on their spending levels, proximity, and loyalty to Bookends—stand out. You and your uncle are definitely seeing some possibilities for making the bookstore a more prominent part of their lives. You capture these insights as "recommendations to be considered" while you evaluate the right marketing mix for each of the new segments you'd like to focus on.

Step 5: Take Action

Once the report is complete, the presentation is delivered, and the recommendations are made, the marketing research project is over, right? Wrong.

What comes next is arguably the most important step of all: taking action based on your research results.

If your project has done a good job interpreting the findings and translating them into recommendations for the marketing team and other areas of the business, this step may seem relatively straightforward. When the research results validate a path the organization is already on, the "take action" step can galvanize the team to move further and faster in that same direction.

Things are not so simple when the research results indicate a new direction or a significant shift is advisable. In these cases, it's worthwhile to spend time helping managers understand the research, explain why it is wise to shift course, and explain how the business will benefit from the new path. As with any important business decision, managers must think deeply about the new approach and carefully map strategies, tactics, and available resources to plan effectively. By making the results available and accessible to managers and their execution teams, the marketing research project can serve as an ongoing guide and touchstone to help the organization plan, execute, and adjust course as it works toward desired goals and outcomes.

It is worth mentioning that many marketing research projects are never translated into management action. Sometimes this is because the report is too technical and difficult to understand. In other cases, the research conclusions fail to provide useful insights or solutions to the problem, or the report writer fails to offer specific suggestions for translating the research findings into management strategy. These pitfalls can be avoided by paying due attention to the research objectives throughout the project and allocating sufficient time and resources to do a good job interpreting research results for those who will need to act on them.

Applied Example: Bookends' New Customer Campaign

Your research findings and recommendations identified three segments for Bookends to focus on. Based on the demographics, lifestyle, and spending patterns found during your marketing research, you're able to name them: 1) Bored Empty-Nesters, 2) Busy Families, and 3) Hipster Wannabes. Dan has a decent-sized clientele across all three groups, and they are pretty good spenders when they come in. But until now he hasn't done much to purposely attract any of them.

With newly identified segments in focus, you and Dan begin brainstorming about a marketing mix to target each group. What types of books and other products would appeal to each one? What activities or events would bring them into the store? Are there promotions or particular messages that would induce them to buy at Bookends instead of Amazon or another bookseller? How will Dan reach and communicate with each group? And what can you do to bring more new customers into the store within these target groups?

Even though Bookends is a real-life project with serious consequences for your uncle Dan, it's also a fun laboratory where you can test out some of the principles you're learning in your marketing class. You're figuring out quickly what it's like to be a marketer.

Well done, rookie!

6.5 Marketing Research Techniques

Learning Objectives

- Describe primary research methods and the types of information they yield
- Explain the pros and cons of in-person, telephone, and online research methods
- Describe secondary market research and the types of insights it produces
- Recognize alternative techniques for conducting marketing research, including primary and secondary research methods

The five-step marketing research process provides a well-structured approach to follow any time you have a marketing problem that research can help you solve. What type(s) of research you conduct depends on the kind of information needed to solve your problem. Sometimes you can solve the problem using secondary data someone else has already collected for another purpose. At other times, you will need to collect your own data through primary research focused expressly on your problem.

The next section of this module discusses common methods for conducting secondary and primary research. As you become familiar with these techniques, you will learn which marketing research methods tend to be most appropriate for which sorts of problems.

Learning Activities

- Reading: Secondary Marketing Research
- Reading: Primary Marketing Research Methods

Reading: Secondary Marketing Research

Tapping Existing Sources of Information

Before launching into costly primary research, it's smart to review whether relevant information already exists. This is called **secondary research**—using data originally collected for another purpose. Secondary research can reveal gaps, provide context, or even fully answer a marketing problem without additional data collection.

Internal Data

Organizations often start with their own data: sales and marketing records, customer accounts, purchasing trends, website traffic, and past research reports. Many firms compile these into analytics dashboards to reveal customer behaviour, market trends, and opportunities.

Government and Nongovernmental Organization (NGO) Data

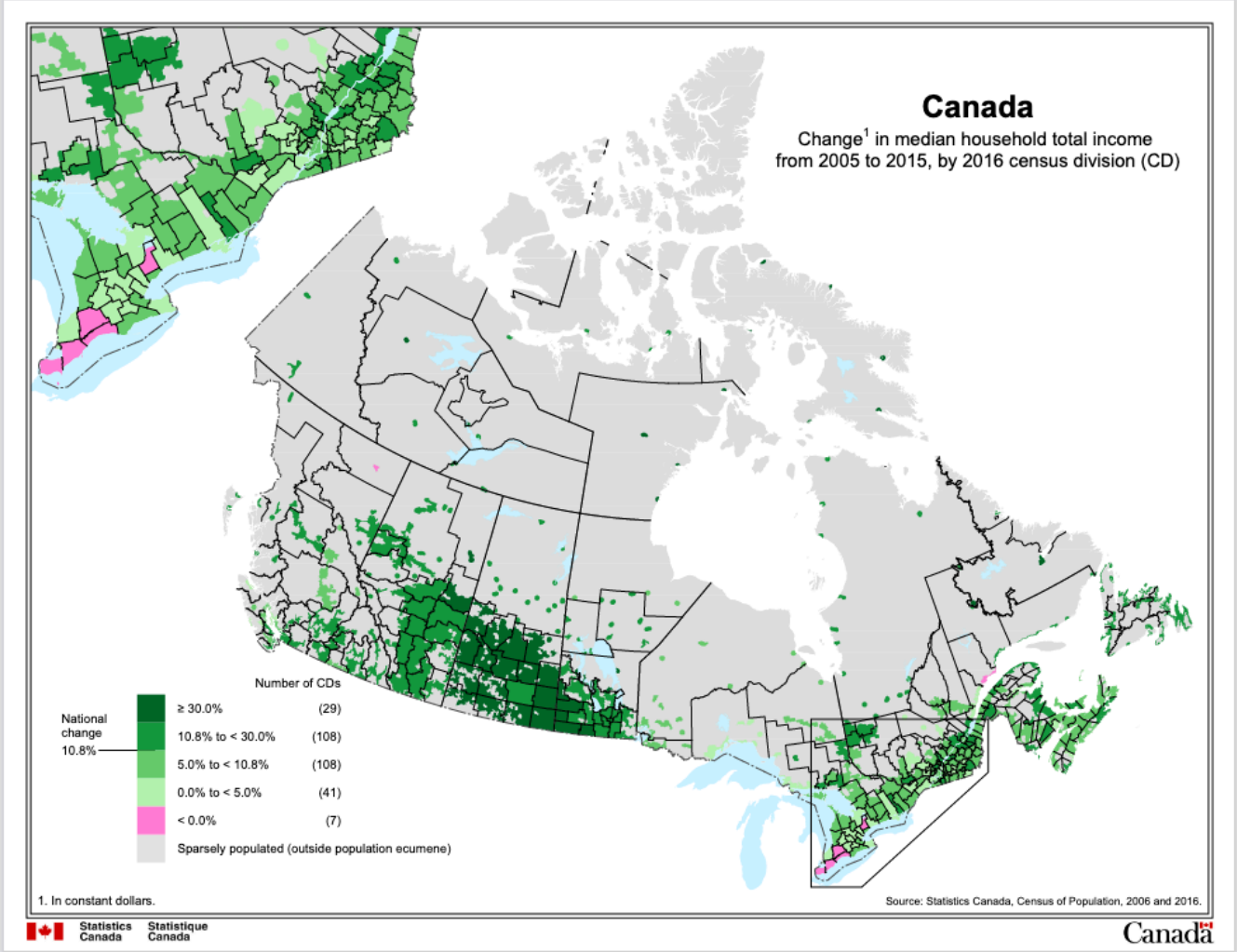


Figure 1: Statistics Canada. (2017). *Canada – change in median household total income from 2005 to 2015, by 2016 census division.*

Public agencies and NGOs collect vast amounts of data, much of it free. For example, Statistics Canada publishes demographic, income, and labour force data useful for market segmentation. Provincial open data portals, such as Nova Scotia Government's Open Data Portal has a range of data sources for the province including business and economy, government administration, nature and environment, and social services. offer datasets on business, environment, and social services. Globally, organizations like the **World Trade Organization** share economic and trade statistics.

You can view data for the median household total income on the Statistics Canada website[1].

Businesses frequently use this information for site selection, market sizing, and forecasting. For example, franchise chains often analyze traffic, demographics, and competitor density before approving new locations.

1. Statistics Canada. (2017). *Canada – Change in median household total income from 2005 to 2015, by 2016 census division.* https://www12.statcan.gc.ca/census-recensement/2016/geo/map-carte/ref/thematic-thematiques/inc-rev/map-eng.cfm?TYPE=2

Industry Associations, Professional Journals, and Media

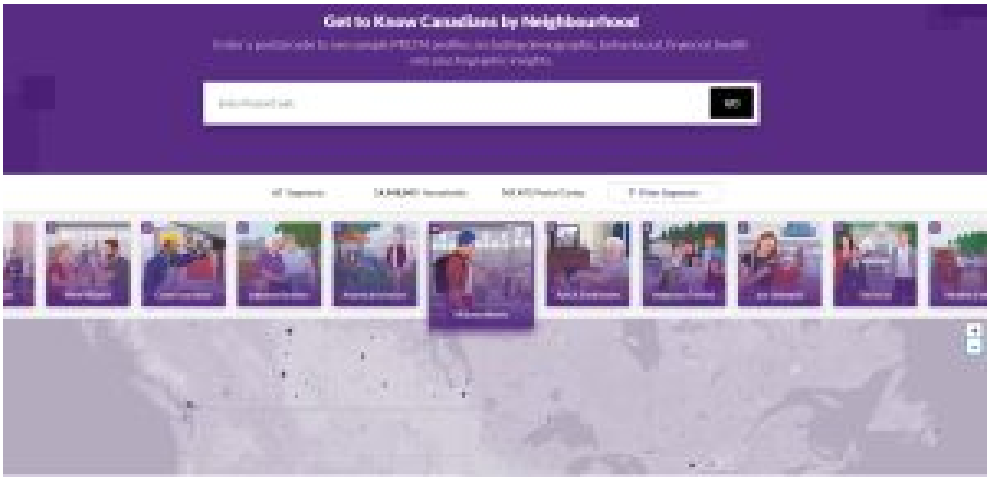
Professional associations and trade groups publish industry data, reports, and forecasts. Trade journals, academic research, and industry-specific media are also rich sources of insight. Following the right publications keeps marketers updated on customer trends, market shifts, and emerging challenges.



Commercial Marketing Research Data

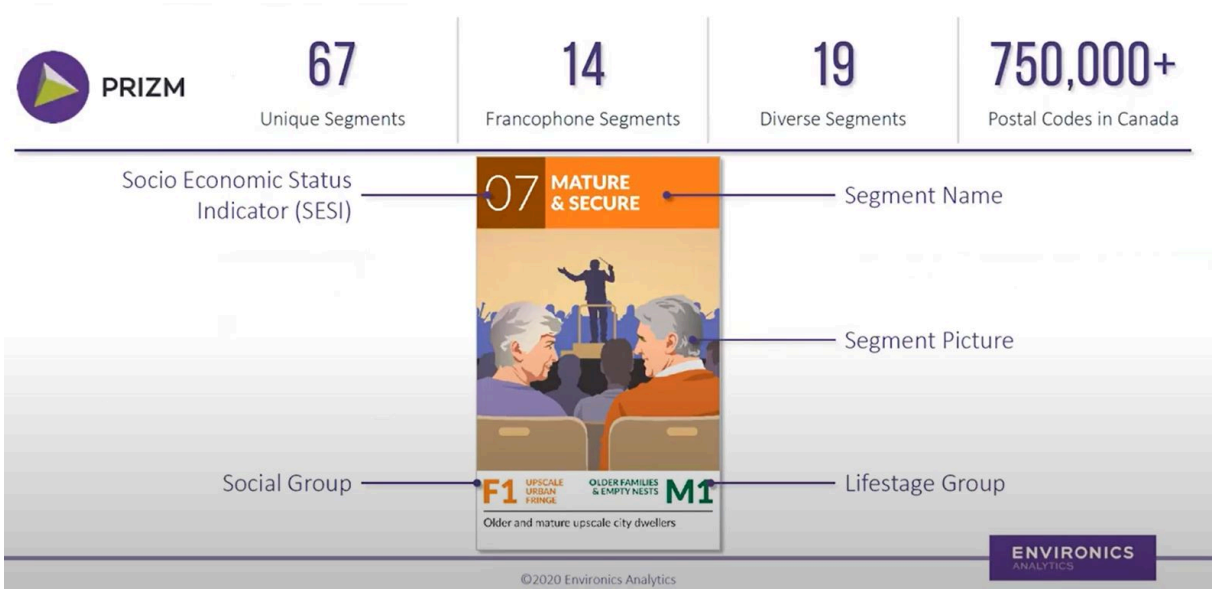
A

Companies like **Nielsen** and **Environics Analytics** sell syndicated research that provides lifestyle, demographic, and behavioural insights. For example, **PRIZM**, Canada's leading segmentation system, groups the population into 67 lifestyle clusters, helping firms target everything from millennial urbanites to aging rural households. Click the link and enter a postal code to see sample PRIZM profiles, including demographic, behavioural, financial, health, and psychographic insights.[2]



Screenshot of the Environics' PRIZM website

2. Environics' PRIZM (n.d) *See Canada Through a Whole New PRIZM® With Powerful Consumer Insights* https://prizm.environicsanalytics.com/#explore



Gain a fresh perspective on Canada's distinct markets and communities

- 67 PRIZM segments reflect the evolution of Canada's lifestyles and increasing cultural diversity including 14 francophone segments and 19 segments with high immigrant populations.
- Segments capture social currents including the growing prominence of millennials, an increasing senior population, and the rise in multigenerational households.
- "Urban Fringe" classification highlights once-suburban areas that are now much more urban as a result of intensification.

Environics has helped organizations like **Credit Unions Atlantic Canada** analyze customer segments and identify growth opportunities through interactive dashboards. [3]



screenshot of Environics Analytics webpage for their case study of Credit Unions Atlantic Canada.

3. Environics Analytics (n.d) *Credit Unions Atlantic Canada* https://environicsanalytics.com/en-ca/resources/case-studies/case-studies-details/credit-unions-atlantic-canada

inally, search engines provide a quick way to surface both free and commercial data sources. Even if you end up relying on paid research, scanning the web helps ensure you've covered available options.

Analyzing Secondary Data

Once collected, secondary sources should be reviewed for insights relevant to the problem. Findings may include:

- **Market size and trends**
- **Demographic breakdowns**
- **Consumer behaviours**
- **Competitive benchmarks**

Summarizing insights makes it easier to design any follow-up primary research.

Advantages and Disadvantages of Secondary Research

Advantages

- Much cheaper and faster than primary research
- Broad coverage (demographics, industries, competitors, etc.)
- Increasingly accessible thanks to online portals and analytics platforms

Disadvantages

- May be outdated
- Collected for other purposes, so it may not fully align with your specific problem

Despite these drawbacks, reviewing secondary data is standard practice before investing in new data collection.

Creation note: This content was updated with the assistance of ChatGPT, a language model developed by OpenAI, and was subsequently reviewed and edited by the author for clarity and accuracy.

Reading: Primary Marketing Research Methods

Choosing the Right Primary Research Method



When secondary research cannot fully answer a marketing question, organizations often turn to **primary research**—the collection of new data directly from consumers or other stakeholders. Primary research is especially useful when businesses need insights that are specific to their products, services, or markets.

Primary research takes two main forms: exploratory and conclusive. Exploratory research is open-ended, aimed at uncovering ideas or themes. It often uses methods such as focus groups, in-depth interviews, or ethnographic observation. Conclusive research, on the other hand, is more structured and designed to test specific hypotheses through surveys, experiments, or field tests.

Quantitative vs. Qualitative Research

Qualitative research explores ideas, perceptions, and behaviours in-depth with a relatively small number of research participants. It aims to answer questions with more complex, open-ended responses such as, "What does this mean to you…?" or "Why do you believe…?" or "How do you like to…?" Qualitative research doesn't yield data that are easily tabulated and translated into tidy percentages. Instead, provides information that can help marketers understand the big picture of how customers perceive or experience something.

Qualitative research can also give an organization directional information. That is, it can help an organization tell whether it's on the right track with its approach or solution to a problem. Qualitative research techniques tend to be loosely structured and less formal, since the topical exploration may head in very different directions depending on the person or group participating. These techniques can provide great insights to marketers, but because they involve relatively few participants, the results can be very subjective and idiosyncratic. The risk is in assuming what you learn from a handful of individuals pertains to your target audience as a whole.

In contrast, **quantitative research** collects information that can easily be counted, tabulated, and statistically analyzed. When organizations need to understand (or *quantify*) the exact percentage of people who believe or act in a certain way, quantitative research is necessary. Quantitative methods allow researchers to test and validate a hypothesis or what they believe is the best course of action. These methods collect enough data to provide statistically valid results, and managers use them to inform the choices they make.

Often marketing research projects start with qualitative research activities to get a more complete picture of an issue or problem and how customers/consumers are thinking about it. With a better understanding of the issue, they follow up with quantitative research that provides more specificity about what proportion of the population shares common preferences, beliefs, or behaviours. This information provides insights to help marketers refine their segmentation and targeting strategy, the marketing mix, or other considerations related to marketing effectiveness.

Qualitative Research Methods

In Canada today, qualitative research remains a cornerstone of marketing insights, especially when companies need to understand the context, emotions, and motivations behind consumer choices. While technology has expanded the toolkit, a few methods are especially common across industries:

- **Focus Groups:** Still the most widely used method, focus groups allow brands to test new concepts and marketing campaigns in a moderated group setting. Canadian companies like Tim Hortons continue to rely on focus groups to gauge reaction to new products and promotions before national rollouts.[1]



- **In-Depth Interviews:** One-on-one interviews are frequently used in financial services, healthcare, and technology, where trust and personal experience drive decisions. Firms such as Wealthsimple and major Canadian banks conduct interviews to better understand consumer concerns about fees, security, and digital adoption.[2]



- **Ethnographic Observation:** While more resource-intensive, observational research is increasingly used by retailers and consumer goods companies. Canadian Tire and Loblaw have studied how consumers interact with products in real-life settings—homes, garages, or kitchens—to identify unmet needs and opportunities for product improvement.[3]

- **Online Communities & Digital Diaries:** A fast-growing area, online qualitative platforms allow participants across Canada to share videos, photos, and written reflections about their experiences over days or weeks. Retailers like Lululemon use these communities to follow how customers integrate products into daily routines, informing both product design and brand positioning.[4]

These methods have become standard in Canadian marketing research because they are adaptable, cost-effective, and produce insights that help organizations stay competitive in a fast-changing marketplace.

1. CBC News. (2021, October 4). How Tim Hortons tests its new menu items with Canadian consumers. https://www.cbc.ca/news/business/tim-hortons-menu-testing-1.6198695
2. The Logic. (2020, March 11). Wealthsimple's user research: Building trust in Canadian fintech. https://thelogic.co/news/wealthsimple-user-research-trust/
3. The Globe and Mail. (2018, June 22). Canadian Tire takes research into customers' backyards. https://www.theglobeandmail.com/business/article-canadian-tire-takes-research-into-customers-backyards/
4. Strategy Online. (2019, November 15). Lululemon taps digital ethnography to track customer experiences. https://strategyonline.ca/2019/11/15/lululemon-taps-digital-ethnography/

Quantitative Research Methods

In Canada, the most common quantitative marketing research methods are **surveys**, **experimental research**, and increasingly, **big data analytics**. These methods are often combined to give businesses, policymakers, and nonprofits deeper insights into consumer behaviour.

Survey Research

Survey research remains one of the most widely used tools for collecting primary data. Canadian firms across retail, finance, and public policy rely on surveys to capture consumer attitudes and behaviors. Surveys may be distributed through online platforms, mobile apps, email, telephone, or in-person intercepts at stores or events.

Effective surveys require clear, concise wording. Confusing questions produce invalid results, so survey design emphasizes straightforward language, appropriate question formats, and a logical flow. Researchers typically balance **closed-ended questions** (yes/no, multiple choice, scales, "select all that apply") with occasional **open-ended questions** to capture deeper insights. Closed-ended questions are easier to analyze and less burdensome for respondents, while open-ended questions provide nuance but increase completion time.

In Canada, where internet penetration is high, **online surveys** are especially popular due to their low cost and speed. Many organizations use platforms like SurveyMonkey or Qualtrics, while Statistics Canada relies on online and telephone methods for major national surveys.[5] However, in regions with limited broadband access, telephone and in-person surveys remain important, particularly for reaching older populations or rural communities.

Survey length is a critical factor. Research shows that surveys longer than 15 minutes significantly reduce completion rates. Incentives—such as discounts, contest entries, or charitable donations—are commonly used in Canada to boost participation.

Canadian companies also publish survey results as part of their marketing strategies. For example, the Royal Bank of Canada (RBC) conducts annual surveys on homeownership, retirement readiness, and economic outlook. These surveys not only inform internal decision-making but also generate media coverage and position RBC as a thought leader in financial services.[6]

Experimental Research

Experimental research involves testing variables to determine cause-and-effect relationships. The most common form in Canadian marketing is **A/B testing**, widely used in digital advertising, e-commerce, and email campaigns. For example, a retailer like Canadian Tire may test two different homepage layouts to see which drives more online sales.

5. Statistics Canada. (2022). Survey methods. https://www.statcan.gc.ca/en/method/methodology
6. RBC. (2023, April 4). RBC Home Ownership Poll. https://www.rbc.com/newsroom/news/2023/20230404-homeownership.html

Beyond digital, experiments are also used in product testing and service design. For instance, Canadian telecom providers have piloted new pricing bundles in select markets before rolling them out nationwide. Experimental designs allow marketers to isolate key factors influencing consumer behaviour and optimize offerings accordingly.[7]

Big Data & Analytics

A newer but increasingly central element of quantitative research in Canada is the use of **big data analytics**. Instead of relying solely on surveys or small-scale experiments, many organizations now analyze massive datasets generated by digital transactions, loyalty programs, mobile apps, and social media.

For example, **Loblaw Companies Ltd.** uses data from its PC Optimum loyalty program to identify shopping patterns across millions of households, tailoring promotions and store layouts accordingly.[8] Similarly, Canadian banks and insurers analyze transaction data to detect trends in savings, spending, and investment, which informs both product development and targeted marketing campaigns.

Big data allows for near real-time insights and predictive modelling, but it also raises privacy and ethical considerations, particularly under Canada's **Personal Information Protection and Electronic Documents Act (PIPEDA)**. Organizations must ensure data use is transparent, secure, and respectful of consumer consent.[9]

Research Contact Methods: Offline vs. Online

As researchers select their methods, they must also choose how to contact respondents. In Canada today:

Contact Method	Advantages	Disadvantages
Telephone	Good control over screening; quick turnaround	Rising costs; declining response rates; caller ID screening
Mail	Inexpensive; reaches offline populations	Slow; low response rates; little control over participants
In-person	High engagement; good for in-depth data	Expensive; geographic limitations
Online	Fast; inexpensive; scalable; flexible design	Self-selection bias; excludes offline populations

Historically, Canadian researchers relied on mail and telephone. Today, however, **digital methods dominate**, with online panels, mobile surveys, and social media polls providing efficient and cost-effective data collection. Still, for certain populations—such as Indigenous communities in remote areas or seniors less active online—telephone or in-person methods remain essential for ensuring representative results.[10]

7. Canadian Marketing Association. (2021). Testing and experimentation in Canadian marketing. https://cma.ca
8. Loblaw Companies. (2022). Data-driven personalization with PC Optimum. https://www.loblaw.ca
9. Office of the Privacy Commissioner of Canada. (2021). PIPEDA and big data. https://www.priv.gc.ca
10. Environics Institute. (2021). Indigenous research methodology in Canada. https://www.environicsinstitute.org

Developing Research Instruments

Every marketing research method requires an instrument—the tool used for data collection. The three most common are questionnaires (for surveys), discussion guides (for in-depth interviews and focus groups), and mechanical data collection techniques that capture behavioural or observational data.

Designing Questionnaires

Effective questionnaires follow a few basic principles. Each question should be clear, concise, and unambiguous, so that respondents understand exactly what is being asked and how to answer. After drafting, it is wise to have others review the wording and flow. A good questionnaire should feel like a coherent story: logical, easy to follow, and engaging enough to encourage completion.

Questionnaires typically combine open-ended and closed-ended questions. Closed-ended questions include dichotomous (yes/no), multiple choice, or scaled items (e.g., "strongly agree" to "strongly disagree"). Open-ended questions allow respondents to provide more detailed, personal responses, though there is a risk that some may skip them. Sequencing matters: simple questions often appear first to build momentum, while demographic items are usually placed at the beginning or end. The overall flow should guide the respondent smoothly through the survey.

Questionnaire Development: Question Types

Question	Response Options
1. Have you purchased a new automobile since January 1st of this year?	___Yes ___No
2. If you have purchased a new automobile since January 1st, what make and model is it?	Make: _____ Model: _____
3. If you have not purchased a car since January 1st, how likely is it that you will buy a new care sometime before December 31st of this year?	___Extremely likely ___Quite likely ___Unlikely ___Extremely unlikely
4. How strongly do you agree with the following statement? *When buying a car, I tend to rely heavily on the reputation of the car brand.*	Disagree 1 2 3 4 5 Agree
5. If you have not purchased a new automobile this year, what is the most important reason for your decision not to buy a new car?	Text response:
6. Are there any other reasons that you have not bought a new car this year?	Text response:

Designing Discussion Guides

Discussion guides for interviews or focus groups share many of the same principles as questionnaires. Questions

should be clearly worded, logically sequenced, and designed to draw out meaningful dialogue. Because these qualitative methods explore attitudes and motivations, they rely more heavily on open-ended questions. Closed-ended items may be used sparingly to start a conversation or to confirm specific points.

Flexibility is crucial: interviewers and moderators should be able to probe deeper into interesting responses. In focus groups, guides should also include prompts that encourage participants to interact with one another, since peer discussion often reveals insights that might not surface in one-on-one settings. Timing must also be considered so that the most important issues are covered even if the discussion runs long.

Using Mechanical Instruments

Mechanical instruments are tools that collect behavioural or observational data while participants complete a task. In marketing, these often include digital tracking tools, eye-tracking equipment, biometric sensors, or user testing platforms. For example, website usability testing may record click paths, time on page, and eye movements to reveal how design influences user behaviour. Advertising researchers sometimes use biometric feedback (such as heart rate or skin response) to measure emotional reactions to an ad. These methods are frequently used alongside qualitative or quantitative approaches to provide a more complete view of consumer behaviour.

Sampling: Selecting Research Participants

Most research projects rely on **sampling** rather than surveying an entire population. A **sample** is a smaller group selected to represent the larger audience. The first question in designing a sample is: who exactly should participate? For a study on laundry detergent, should the research involve household members who purchase detergent, those who do the laundry, or retail managers who decide which brands to stock?

Sample size also matters. Qualitative studies such as interviews or focus groups may involve as few as 10–20 participants, while quantitative surveys often require hundreds or even thousands to ensure reliability. Researchers may recruit participants from customer records, purchase contact lists, or use pre-screened research panels to access specific demographic or behavioural groups.

Sampling procedures are either probability-based (each individual has a known chance of being selected, such as in a random sample) or non-probability-based (participants are chosen based on researcher judgment or convenience). The choice depends on the research objectives, resources, and the level of statistical confidence required.

Analyzing Primary Data

Once data are collected, researchers move to analysis and interpretation. Qualitative data are often summarized thematically, with participant quotes illustrating key insights. Quantitative data usually require statistical analysis, such as tabulations, correlations, or significance testing, to uncover meaningful patterns.

The challenge is not only to process the data but also to tell the story it reveals: what does the evidence say about the problem or opportunity, and how should organizations act on it? Framing insights in this way helps managers and marketers apply the findings effectively to strategy and decision-making.

Creation note: This content was updated with the assistance of ChatGPT, a language model developed by OpenAI, and was subsequently reviewed and edited by the author for clarity and accuracy.

6.6 Marketing Data Sources

Learning Objectives

Identify major sources of available marketing data

Marketing information and research are powerful tools to improve your understanding of your customers, competitors, and the industry and market in which you work. In today's information-rich world, many great sources of marketing data are already available. Knowing what they are and how to find them is a great skill for any marketer.

Learning Activities

- Reading: Marketing Data Sources

Reading: Marketing Data Sources

Marketing Information: Where the Data Are



Earlier sections of this module alluded to excellent sources of marketing data, many of which are freely available or carry a minimal cost. Others are well-respected commercial sources of marketing data and customer insights. This reading provides an overview of useful go-to data sources that marketers in Canada should know about. The data sources recommended below are a **representative sampling**, rather than a complete list.

It is also worth noting that the marketing information landscape is continually changing. Marketers would be well served to continually scan for new developments and information sources that may be beneficial to improve their understanding of customers and ways of serving them.

Publicly Available Data Sources

Government agencies, non-profit organizations, and NGOs publish freely available data that may inform marketers' understanding of consumers, industries, and geographies. In Canada, several go-to resources include:

Source	Description
Statistics Canada	Canada's central statistical agency providing national data on demographics, economic activity, labour markets, income, consumer expenditures, and more.
Government of Canada Open Data Portal	Centralized federal portal offering datasets across industries, transportation, health, environment, and business.
Provincial & Municipal Open Data Portals	Each province and many cities (e.g., Ontario Data Catalogue, City of Toronto Open Data) provide regional data on demographics, health, housing, and local economic activity.
CMHC (Canada Mortgage and Housing Corporation)	Housing market, rental, and affordability data critical for marketers in housing-related industries.
Google Trends	Global tool for tracking search term volumes, useful for identifying consumer interest trends in Canada and internationally.
Pew Research Center	U.S.-based but globally relevant public opinion data on social issues and consumer attitudes.
UNdata (United Nations)	Centralized access to a wide variety of U.N.-maintained datasets such as demographics, socioeconomic status, and development indicators.
World Bank Data	Economic data and development indicators for 100+ countries worldwide.
World Trade Organization (WTO) Data	Information about international trade, tariffs, and the regulatory environment for WTO member countries.

Syndicated Marketing Research Data

A number of commercial companies provide syndicated marketing research that is well respected and often well used by organizations that subscribe to their services. A sampling of these services is provided below:

Source	Description
NielsenIQ (Canada)	POS and household purchasing data with detailed insights into sales, pricing, promotion, and consumer behaviour.
Ipsos Canada	Syndicated surveys on Canadian consumers, public opinion, media, and social trends.
Environics Analytics (Canada)	Known for PRIZM segmentation, offering lifestyle, demographic, and behavioural data tailored to Canadian markets.
Numeris	Official source for Canadian media ratings and audience measurement (TV, radio).
Vividata	Provides syndicated research on Canadian consumers' media habits, demographics, and product usage.
IRI Worldwide	POS and household panel data, with strong insights in grocery and retail.
Leger	Leading Canadian market research and polling company with syndicated reports across industries.
Acxiom	Extensive consumer datasets companies can map to their own customer and prospect data for analytics and campaigns.
Experian	Consumer datasets with demographic, purchasing, and credit information for marketing analytics.
Media Audit	U.S.-focused audience demographics and media consumption profiles for 100+ media markets.
MRI Simmons	Multimedia audience research and measurement datasets.
Roper Center for Public Opinion Research	Database of public opinion and polling questions, including historical archives.
Yankelovich MONITOR	Long-running syndicated research about consumer values, attitudes, and trends..

Other Useful Sources for Marketing Data

These additional sources for other types of marketing information also warrant attention. Whether or not marketers use them, they should be aware of these tools and how they can be useful for a variety of marketing purposes.

Other Useful Sources for Marketing Data

Source	Description
Google Analytics (GA4)	Website analytics tool providing insights into traffic, user behaviour, and conversion.
Social Media Analytics (Meta, TikTok, LinkedIn, YouTube, X)	Native platform dashboards providing real-time audience and engagement data.
Statista	Subscription-based portal with searchable access to market, industry, and business data.
LexisNexis	Aggregated full-text news, legal, and business publications searchable by topic.
Factiva	Business information and news database with global coverage.
Comscore	Digital audience measurement, including Canadian online and cross-platform media consumption.

Creation note: This content was updated with the assistance of ChatGPT, a language model developed by OpenAI, and was subsequently reviewed and edited by the author for clarity and accuracy.

6.7 Customer Relationship Management (CRM) Systems

Learning Objectives

- Define CRM systems and explain their purpose
- Describe the types of marketing information CRM systems can capture and why it is valuable for generating customer insights
- Explain how customer relationship management (CRM) systems can help organizations manage and gain customer insights from marketing information

To round out our discussion of marketing information and research, we need to add one more important tool to the mix: customer relationship management (CRM) systems. These increasingly prevalent systems are the centerpiece in how many organizations make sense of and manage marketing data about current and prospective customers. A basic understanding of CRM systems can help you recognize their potential for helping organizations use marketing information more effectively.

Learning Activities

- Reading: Customer Relationship Management Systems

Reading: Customer Relationship Management Systems

Marketing Information and Customer Relationship Management (CRM)



Earlier in this course, we cited the American Marketing Association's definition of customer relationship management: "*a discipline in marketing combining database and computer technology with customer service and marketing communications.*" The AMA's definition goes on to describe the ultimate goal of customer relationship management as the ability to provide "*meaningful one-on-one communications with the customer by applying customer data (demographic, industry, buying history, etc.) to every communications vehicle.*" [1]

Because CRM relies on customer data—and specifically the effective use of internal data—it is essential to discuss CRM systems in the context of marketing information and research.

CRM systems are powerful platforms that serve several critical functions for marketing, sales, and customer experience. Organizations use them to:

- Capture and centralize internal data about customers and interactions across channels.
- Provide employees with access to customer data to inform a wide variety of touchpoints, from sales calls to customer support.
- Conduct data analysis and generate insights about how to better meet the needs of target segments and individual customers.
- Deliver a marketing mix tailored to the needs and interests of these target segments and customers in real time.

Leading providers of CRM systems today include Salesforce, Microsoft Dynamics 365, Oracle, and HubSpot, among others. These platforms combine multiple components:

- **Databases and Data Warehouses**: Provide the infrastructure for storing and retrieving customer data at scale.
- **Contact and Interaction Management**: Track and integrate customer communications across email, phone, social media, and web.

1. https://www.ama.org/resources/Pages/Dictionary.aspx?dLetter=C

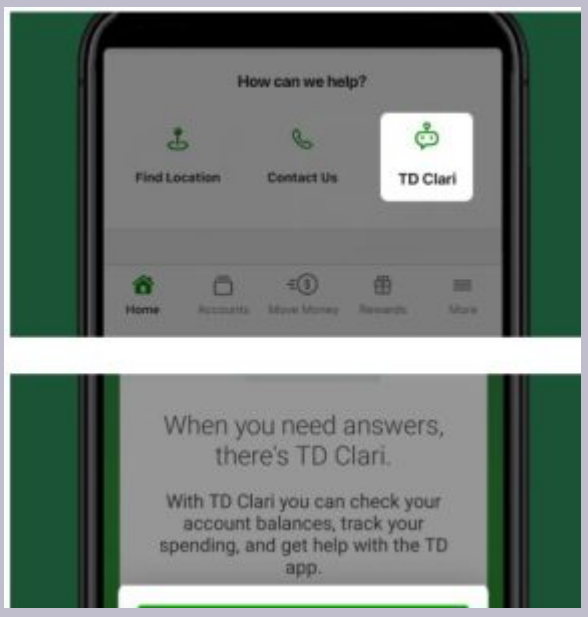
- **Analytics and AI**: Use predictive modeling and machine learning to identify customer patterns, anticipate needs, and personalize offers.[2]

TD Bank and Salesforce

TD Bank Group, has invested heavily in CRM systems and artificial intelligence to personalize customer experi

ences. TD leverages Salesforce and its own internal data platforms to integrate financial histories, digital interactions, and customer service records. This enables TD to provide personalized financial advice, anticipate customer needs, and recommend products such as credit cards, mortgages, or investment services at the right moment. The bank has also introduced **TD Clari**, an AI-powered assistant within its mobile app, which uses CRM data to help customers track spending, manage budgets, and receive tailored financial insights. This approach demonstrates how CRM systems support not only internal efficiencies but also build trust and long-term relationships with Canadian consumers.

Read some of the Salesforce.com customer success stories.



Screencapture of TD Clari from https://www.td.com/ca/en/personal-banking/how-to/td-app/clari 19/08/2025.

Creation note: This content was updated with the assistance of ChatGPT, a language model developed by OpenAI, and was subsequently reviewed and edited by the author for clarity and accuracy.

2. Deloitte. (2023). The future of CRM: Driving business growth with customer insights. https://www2.deloitte.com/us/en/insights/industry/technology/future-of-crm.html[/footnote]

Automation Tools: Streamline campaigns, lead nurturing, and customer support workflows.

This analytical process mirrors the marketing research steps discussed earlier: identifying a problem, planning for data collection, analyzing results, and taking action. The difference is that CRM systems provide ongoing, real-time insights embedded directly into business operations, rather than being one-off projects.

CRM platforms are also designed to capture customer data across the **entire life cycle**: initial contact, consideration, purchase, post-purchase support, and even advocacy. Many systems now integrate **customer satisfaction metrics, Net Promoter Score (NPS), and social listening data**, allowing businesses to see what drives customer loyalty and how best to retain high-value accounts.

Canadian CRM Adoption

In Canada, CRM adoption continues to rise, particularly among small- and medium-sized businesses (SMEs). A 2023 study by IDC Canada found that over 65% of Canadian organizations are actively investing in CRM and customer experience technologies, with cloud-based solutions like Salesforce and HubSpot leading adoption due to scalability and integration with e-commerce platforms such as Shopify.[3]IDC Canada. (2023). Canadian Customer Experience (CX) and CRM Trends. https://www.idc.com/ca

3.

6.8 Using Marketing Information

Learning Objectives

- Explain and provide examples of how marketers can use marketing information to improve the marketing mix
- Use marketing information to inform the marketing strategy

After you work through the process of identifying a problem, collecting and analyzing the best marketing information available, you arrive at the moment you've been waiting for: You can use this information to guide your decisions about marketing strategy. That strategy is aimed at getting you the results you need.

We've already described this final part of the overall marketing research process, but in this section you'll get a chance to see how real-world companies undertake this final, important step.

Learning Activities

- Reading: Using Marketing Information

Reading: Using Marketing Information

Translating Marketing Information into Action

With marketing information and research results collected, it's now the responsibility of marketers to share this information internally with people who need to understand it. It's standard practice to hold meetings with appropriate team members to walk through the research findings and brainstorm together about how to apply the results to marketing strategy and operations. It's also good practice to make the research report available on a company intranet or other central forum, where people who need the information can readily find and access it.

The reception to research results may vary from person to person or from team to team. In some cases, where marketers have been waiting on the research results before they move forward, the new information fills a gap in their knowledge. They are likely very eager to take guidance from the research and charge ahead. In other cases, marketers may have a vested interest in continuing to do the things they've always done—perhaps because they dislike change or because they think the original course of action is still working. In these situations, if the research suggests that a course change is necessary, there may be significant resistance.

Start Conversations About New Customer Insights

To help encourage a better reception of what the organization is learning from marketing information, it may be useful to review the original problem the research is trying to solve. Remind team members that the goal of using marketing information is to gain new customer insights that will help make the organization more effective. With this in mind, marketers should think about how the research results can help them better understand customers and translate this understanding into adjustments to the marketing mix to better address customers' needs. By framing research results around a deeper or broader understanding of the customer, it can help defuse resistance and make people feel more informed and empowered to make good marketing decisions.



The following section lists the types of questions marketers can explore as they brainstorm about how marketing information and research results can help them adjust marketing strategy and improve the marketing mix. These questions are a useful jumping-off point for deeper conversations about new customer insights and how to put them into action.

Using Marketing Information to Shape Marketing Strategy: Types of Questions to Explore

Target Segment(s)

- What new insights do we have about our target segment(s)?
- Which problems should we be solving for our customers?
- Are we targeting the right segments?

Product

- What attracts customers to our products?
- What improvements would make them even more attractive to our target segments?

Promotion

- What types of messages will make target segments want our products?
- What types of promotional campaigns will work best for each target segment?
- Who do our target segments listen to, and what are they saying about us?

Price

- How are we doing at providing good value for the price?
- How does our pricing affect customers' willingness to buy?
- How would changes to pricing affect sales?

Place

- Are we offering our products in the places and times that target segments feel the need for them? If not, how can we improve?
- How can we make it easier for customers to find and buy our products?
- Are there more efficient ways for us to get out products into customers' hands?

Don't Forget to Measure Impact

As marketers begin to apply the research findings and recommendations, it is essential to track the impact of the new strategy to determine whether the original problem or challenge is being addressed. For example, if the original marketing problem was focused on improving the messaging associated with a product, then the organization should start to see improved lead generation, inquiries, and/or sales once the new messaging is adopted and implemented. If the original marketing problem was focused on which segments to target and how to reach them, organizations should be able to track improvements in interest and sales among these segments after they have begun to implement a market mix focused on these segments.

This link between taking action and measuring results is important. It provides a continuous stream of marketing information to help marketers understand if they are on the right path and where to continue to make adjustments. Eventually, this process will surface new marketing problems that warrant attention through the marketing research process. In this way, the process of using marketing information to solve problems becomes a continuous cycle.

What does this process look like in the real world? Let's examine two examples.

Example One: Procter & Gamble Goes to China

For decades, the consumer products company Procter & Gamble has been a visible leader when it comes to relying on marketing research and using it to guide marketing strategy decisions. In particular, it has focused on ways of entering new markets and establishing a leading market position. As it explored opportunities for market leadership in China, one standout product category was disposable diapers, a profitable category for P&G in the U.S. and other global markets.

In the early 2000s, the company rushed in to launch Pampers in China, its leading disposable diaper brand. The effort flopped. Culturally, Chinese parents did not see the need for the new American disposable diaper product. They were doing fine using cloth diapers and *kaidangku*, the open-crotch pants used traditionally for infants and young children. Instead of pulling out, P&G turned to marketing research for additional insights about ways of generating demand for Pampers. The research focused on identifying the "winning qualities" of disposable diapers that would make Chinese mothers interested in trying the product. It concluded that improving infants' sleep quality could become a powerful motivator.

In 2007, P&G launched a campaign called "Golden Sleep" to promote the idea that Pampers disposable diapers can help babies fall asleep faster and sleep with less disruption. Marketing research was directly responsible for P&G's adjustments to product positioning and promotion strategy. The campaign invited parents to upload pictures of their sleeping babies to a Chinese Pampers website. This reinforced the link between Pampers products and the message of "better sleep for babies." The ad campaign also featured research results linked to Pampers and infant sleep such as, "Baby Sleeps with 50 percent Less Disruption," and "Baby Falls Asleep 30 percent Faster."

"Golden Sleep" was a tremendous success, moving Pampers to a leading market position and creating broad demand for a product category that was previously almost nonexistent in China. P&G attributes this success to the insights generated by a marketing team and research effort focused on better understanding and addressing customer needs.[1]

1. http://www.forbes.com/sites/china/2010/04/27/how-procter-and-gamble-cultivates-customers-in-china/

Example Two: Shaking Up the Milkshake



A fast-food restaurant chain identified milkshakes as a focus for improving sales. Initial marketing research efforts were focused on creating a "typical" milkshake-drinker profile. The researchers then found people who fit the profile and were willing to help them understand what constituted the ideal milkshake: thick or thin? Which flavors? Smooth or chunky? These efforts led the company to tinker with its milkshake products, segmentation, targeting, and promotion strategies, but sales still did not improve.

The company hired an outside researcher to help the company understand what they might be missing about milkshakes. This researcher spent time in a restaurant observing and documenting milkshake sales, as well as talking to milkshake buyers about why they had made their product choice. A couple of key insights emerged about milkshake buyers. First and somewhat surprising, 40 percent of milkshake sales took place early in the morning, and the buyers were commuters on their way to work. Second, the ideal milkshake for these customers was thick and substantial but easy to consume during a commute. Third, another key buyer audience was parents purchasing a treat for children, but the ideal milkshake for them was a thinner product children can drink quickly with a straw.

Acting on these new insights, the company adjusted its marketing strategy. Instead of focusing on a single "milkshake buyer" profile, it reformulated its milkshake products and promotion strategy to better fit the needs of different types of target milkshake customers. It offered a thicker, chunkier "morning milkshake" to appeal to commuters who wanted a satisfying alternative to a morning donut or bagel. The chain also introduced a different milkshake positioned as a kid treat, which offered the thinner, easier-and-quicker-to-drink benefits parents wanted. Persistence and perseverance in the marketing research process led the company to dig deeper to understand customers, their unique needs, and how to adjust marketing strategy in response to this new information.[2]

2. http://hbswk.hbs.edu/item/clay-christensens-milkshake-marketing

6.9 Putting It Together: Marketing Information and Research

Back to Bookends

Let's pay Uncle Dan and his bookstore another visit, now that you're a little further along in your understanding of marketing research.

You'll remember that you and Dan conducted both primary and secondary research to get a handle on who Bookends' customers are—and who they aren't. With the help of your cousin Marina, you crunched the data and identified three target segments you believe Dan should focus on. Here is the profile data you compiled for them:

Bookends Target Segment Profiles

Characteristics	Bored Empty-Nesters	Busy Families	Hipster Wannabes
Age & family status	45–75, mix of single and married	25–50, mostly married with kids under 12	15–35, mostly single
Times most likely to visit Bookends	Daytime, evenings, weekends, holidays	After school, weekends, summertime, holidays	Evenings & weekends
Most likely to buy	Cards, gifts, novels, history/biography	Kids' books, how-to books, bestsellers	Magazines, used books, graphic novels, snacks
Why they come to Bookends	Socialize, shop, read	Family outing	Socialize
Communications preferences	Hard copy, email, face-to-face	Email, texting, Facebook	Texting, Twitter, Instagram & beyond
Effective promotions	Coupons, loyalty cards	Loyalty points (recorded electronically)	Point-of-sale
What they wish Bookends would offer	Book clubs & discounts	More hours in the day	Coffee, beer & wine, live music
% of all customers/month	36%	27%	21%
Avg. # of customers/ month	144	108	84
% of monthly revenue	43%	29%	18%
Avg. monthly revenue/ person	$30	$27	$21

Together, these segments make up more than 80 percent of Bookends' clientele and about 90 percent of its monthly revenue. Looking at what they buy and why they come to Bookends, you're getting some good ideas for ways of making the store more attractive for current customers, and you've got some ideas for bringing in new ones. With this new and improved information, it's time to get to work on a marketing strategy and mix for each target segment.

Marketing Strategy: Bored Empty-Nesters

Bookends' Bored Empty-Nesters are both the largest and the most profitable of the target segments. They have more time and more disposable income, and they spend more of both at your uncle's bookstore. They like to use Bookends

as a meeting place with friends and acquaintances, and you think that is a promising direction. You and your uncle brainstorm about ways of using the four Ps to win over even more of these customers (and get them to spend). The "product" you're adjusting is not just the books you carry, but the whole experience customers have when the come to Bookends. Dan is excited about introducing book clubs—one for fiction and one for nonfiction books—to cater to this segment's interests. Since Empty-Nesters have told you they love both socializing and getting a discount, you and Dan are trying out a "buddy night" promotion, in which people get a better price if they talk their friends into spending at Bookends, too.

Here is your Bored Empty-Nester game plan for the next couple of months:

Bookends Segment Strategy: Bored Empty-Nesters

Element	Marketing Mix Adjustment
Marketing Goals	15% increase in store visitors for this segment 20% increase in monthly revenue per person
Product	Carry larger selection of history and biography Adjust shelves and seating to create more socializing spaces Launch two book clubs led by Dan and longtime employee Emma, one featuring new fiction and the other on new nonfiction
Promotion	Print flyers, posters, and send emails about book clubs, buddy discount Set up in-store sign-up table for book club Introduce Thursday night "buddy discount": Get 5% off if you and a buddy each spend over $20 Explore interest in loyalty program: Spend $100 to get 10% discount on next purchase
Price	Offer 5% discount on monthly book club selection
Place	No changes (yet). Explore opening online store

Marketing Strategy: Busy Families

Research tells you that Busy Families come to Bookends as a family outing, so you need to make some aspects of the store more family-friendly, without ruining the atmosphere for your other target segments. The socializing-area adjustments you're already planning for the Empty Nesters will be good for the Family segment, as well. You're trying to get parents to spend a little more money at Bookends each month, so you're adding a small toy section, a slightly expanded children's book section, and also bottled drinks, packaged cookies, and brownies from a delicious local bakery. These adjustments add to the Bookends experience and include some new items Dan can sell with a nice profit markup.

Your Busy Families marketing mix is shaping up like this:

Bookends Segment Strategy: Busy Families

Element	Marketing Mix Adjustment
Marketing Goals	10% increase in store visitors for this segment 10% increase in monthly revenue per person
Product	Increase selection of DIY, crafting, and "How-To" books Slightly expand children's book selection and add a small toy section Add child seating to the kids' area, and donate your old train table to the Bookends cause Hold children's story hour on Tuesdays and Saturdays with stories, songs, games Sell packaged baked goods from a local bakery and bottled drinks
Promotion	Send emails and post to Facebook about story time, bigger kids' area, buddy discount, social media discount promo Explore interest in loyalty program: Spend $100 to get 10% discount on next purchase
Price	Run Facebook promotion offering 5% discount to people who post about Bookends
Place	No changes (yet). Explore opening online store

Marketing Strategy: Wannabe Hipsters

The Wannabe Hipsters are an interesting group. You almost didn't include them in the three target segments because they are a smaller-sized group and don't spend as much as the others. However, they do make up one in five Bookends customers, so it's worth reaching out to see if you can bring more of them into the store and get them to spend more money while there. Fortunately, they like to come to Bookends during times when there aren't many Busy Families around, so that opens some unique possibilities for ways of appealing to both segments.

Dan is excited about your suggestion to invite local bands to perform on Saturday nights. The Hipsters you spoke with suggested Dan try this, and it could make Bookends more of a social draw for that crowd. By rearranging shelving to create more socializing space, it opens up enough area for a live band to play for a small audience. You're not convinced it's going to translate into more book sales, but it's worth a try.

The Hipster crowd has decidedly different communication preferences compared to the other groups, so your communication and promotion activities reflect this. To make sure they see the buddy discounts you're offering, you suggest that Dan add signage about this promotion near the checkout counter, since that's the place this audience is most likely to notice it.

The broad strokes of your Hipster Wannabe strategy are the following:

Bookends Segment Strategy: Hipster Wannabe

Element	**Marketing Mix Adjustment**
Marketing Goals	15% increase in store visitors for this segment 20% increase in monthly revenue per person
Product	Adjust shelves and seating to create more socializing spaces Invite local bands to play on Saturday evenings Add more prominent shelf placement to feature graphic novels Sell packaged baked goods from a local bakery and bottled drinks
Promotion	Promote live music nights and buddy discount nights via social media Add point-of-sale signage about Thursday and Saturday night "buddy discounts" Explore interest in loyalty program: Spend $100 to get 10% discount on next purchase
Price	Thursday and Saturday night "buddy discounts": Get 5% off if you and a buddy each spend over $20
Place	No changes (yet). Explore opening online store.

Onward and Upward for Bookends

After running the numbers with Dan, you are optimistic that outreach to these target audiences will be the jumpstart his business needs. Your use of near-term promotions and events will help generate renewed interest and traffic for the store. You have advised Dan to explore interest in and options for a customer loyalty program that rewards customers for spending more at Bookends. That's what the next round of marketing research will investigate.

In the meantime, you've learned a lot about the marketing research process and how to turn marketing information into future marketing strategies and plans. You're excited to keep helping Dan as he puts your ideas to work, and, best of all, if business at the Bookends really starts to improve, you've got free graphic novels for life.

Practice Quiz Chapter 6

Check Your Understanding

Answer the question(s) below to see how well you understand the topics covered in the previous section. This short quiz does **not** count toward your grade in the class, and you can retake it an unlimited number of times.

Use this quiz to check your understanding and decide whether to (1) study the previous section further or (2) move on to the next section.



An interactive H5P element has been excluded from this version of the text. You can view it online here:
https://pressbooks.atlanticoer-relatlantique.ca/nsccprinciplesofmarketing2e/?p=306#h5p-8

CHAPTER 7: CONSUMER BEHAVIOR

Learning Objectives

- Why It Matters: Consumer Behaviour
- Describe the stages of the buying process
- Explain different buying processes
- Describe factors influencing consumer decisions
- Recognize the unique nature of B2B purchase decision making

7.1 Why It Matters: Consumer Behaviour

Why learn about consumer behaviour?

Please welcome a new arrival



At 1:26 a.m. this morning, in the IWK Hospital, a consumer was born. His name is Finnegan Henry James. By the time he goes home three days later, some of North America's biggest marketers will be pursuing him with samples, coupons, and assorted freebies. Proctor & Gamble hopes its Pampers brand will win the battle for Finn's bottom, but retailer Loblaw's has a lower-priced President's Choice contender. To welcome Finn's family, Johnson & Johnson has already sent his mother a sample of its gentle baby wash. Bristol-Myers Squibb Company is sending a free, bulky box of Enfamil baby formula.

Like no generation before, Finn enters a consumer culture surrounded by logos, labels, and messages almost from the moment of birth. As an infant, he may wear Sesame Street diapers and a miniature NBA jersey. Right away, this little boy will begin influencing his parents' purchasing decisions–that's what spitting out spoonfuls of baby food is all about. By the time he is twenty months old, he will start to recognize some of the thousands of brands flashed in front of him each day. Around age four, Finn will begin making decisions about how to spend his own money. At age seven, if he is anything like the typical kid, he will see some forty thousand commercials a year.[1] By the time he is twelve, he will have his own entry in the massive data banks of marketers.

Many forces are at work influencing Finn's consumer choices from a very early age. Some of these forces are social: his parents, cousins, and playgroup. Some of these forces are cultural: Finn is a Nova Scotian and a Canadian. As Finn grows and matures, his age, gender, education, economic status, life stage, and personality all play a role in his decisions as a consumer. Multiply Finn by millions of babies born in North America every year, and you have new, increasingly marketing-savvy generations flooding the market.

This is Finn's story. And if you're living in Canada today, your story probably sounds a lot like his.

You Are the Target and the Hunter

Setting aside the ethics of marketing to children, the fact remains that you are a consumer living in a highly commercialized, modern society. Marketing artifacts are so woven into the fabric of our lives that many people hardly

1. Wilcox, B.L, Kunkel, D., Cantor, J., Dowrick, P., Linn, S., & Palmer, E. (2004, February 20). Report of the APA task force on advertising and children. *American Psychological Association.* https://www.apa.org/pi/families/resources/advertising-children.pdf

recognize them. Every year, companies and marketing organizations spend billions of dollars focused on one central goal: to influence consumers' purchasing decisions.

As a consumer, hopefully, your growing understanding of marketing is helping you see the world around you a little differently, with more and better information about the forces that are trying to influence you.

With your increasing skills as a marketer, you recognize how important it is to understand your customers if you are going to reach them effectively. Part of that is understanding the factors that influence their purchasing decisions. Once you're educated about those influencing factors, they'll be tools you can use to create effective marketing.

7.2 Buying-Process Stages

Learning Objectives

- Describe theories of consumer decision-making
- Describe the stages of the buying process

Take a moment to think about the last time you bought something. What factors played a role in your decision to buy? What process did you go through on the way to deciding?

Were you on autopilot, or was it a thoughtful, deliberate decision? What alternatives did you consider? How did you know where to go to make that purchase? And would you buy that same thing again?

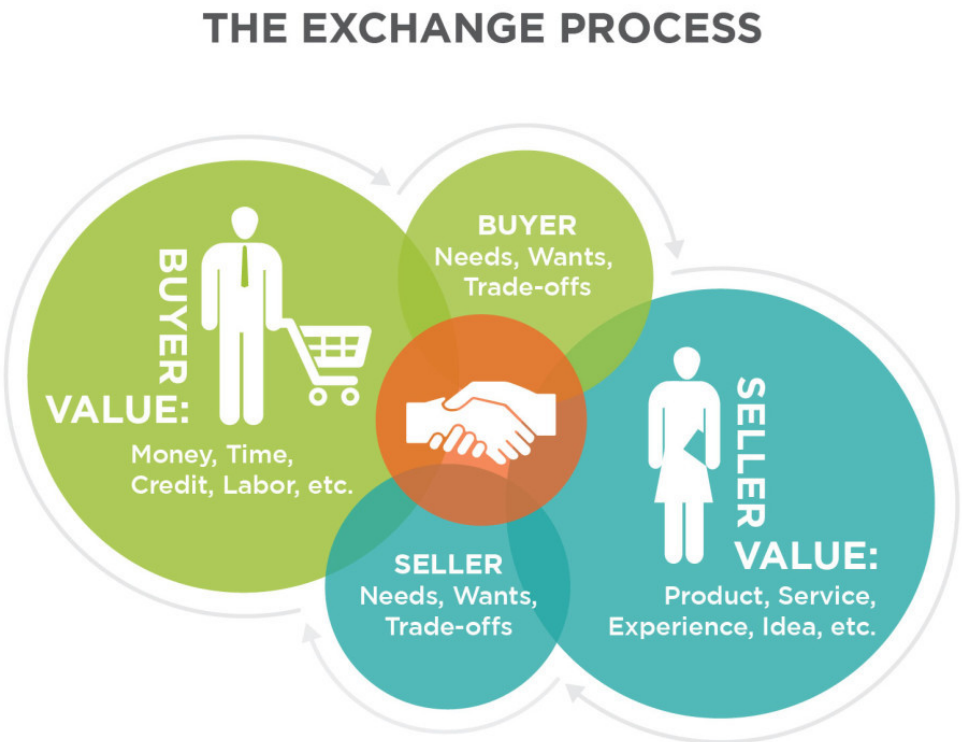
Many decisions about what to buy are so routine that we hardly think about them. Other decisions may take days, weeks, or even months to finally get made. Believe it or not, there is a fairly common process that consumers follow when they make decisions about what to buy. Learning about that process is an important first step in unlocking the mystery of consumer behaviour—and how to influence it.

Learning Activities

- Reading: The "Black Box" of Consumer Behavior
- Reading: Buying-Process Stages

Reading: The "Black Box" of Consumer Behavior

The relationship between the customer (buyer) and the provider (seller) develops through a **market exchange**. During this process, each party weighs trade-offs to satisfy their needs and wants. For sellers, these trade-offs are often shaped by company policies and objectives—for example, requiring a minimum profit margin. Buyers also make trade-offs, though their objectives are usually more personal, fluid, and sometimes subconscious. In fact, consumers are often not fully aware of the underlying reasons for their purchasing behaviour.



Why Buyer Behaviour Matters

Buyers are essential partners in the exchange process. Without them, marketing exchanges would not occur. Buyers' needs and wants are the reason marketing exists, and their choices ultimately determine success in the marketplace. Because consumers "vote" with their dollars, marketers must understand how buyers make decisions in order to design offerings that attract them.

Two essential questions guide this understanding:

1. How do potential buyers make purchase decisions?

2. What factors influence these decisions, and how?

The answers form the basis for creating and tailoring market offerings.

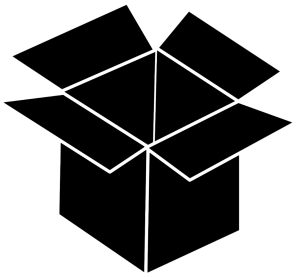
When we use the term **buyer**, it can refer to individuals, groups, or organizations. For clarity, this chapter focuses first on **consumer behaviour**—purchasing for personal or household use—before turning to **business-to-business (B2B)**

purchasing.

The Economic Man Theory

One early explanation of consumer decision-making is the **"economic man"** theory. It assumes that consumers are rational actors who seek to maximize personal benefit, just as sellers aim to maximize profits. Under this model, buyers carefully evaluate all available information before making a choice.

Although this theory helps explain some purchasing decisions, most experts agree it oversimplifies reality. Many consumer decisions are shaped by **irrational or emotional factors**. For instance, people may choose a product because of peer recommendations, brand familiarity, or even habit—factors not always aligned with maximizing objective value.



The Stimulus-Response ("Black Box") Model

A more widely used model in marketing is the **stimulus-response** or **black box** model. This framework emphasizes that while marketers cannot directly observe what happens inside a consumer's mind, they can study:

- **Inputs**: External **stimuli** such as the marketing mix (product, price, place, promotion) and environmental forces (economic, political, cultural, and technological).
- **The Black Box**: Internal factors including consumer attitudes, beliefs, values, motivation, and decision-making processes.
- **Outputs**: Observable **responses** such as purchase or non-purchase.

While the model assumes a rational thought process, marketers recognize that emotional triggers and behavioural biases often play a major role. Indeed, the unpredictability of these internal processes is what makes consumer behaviour so challenging—and fascinating—for marketers.

These factors are shown in Figure 1, below:

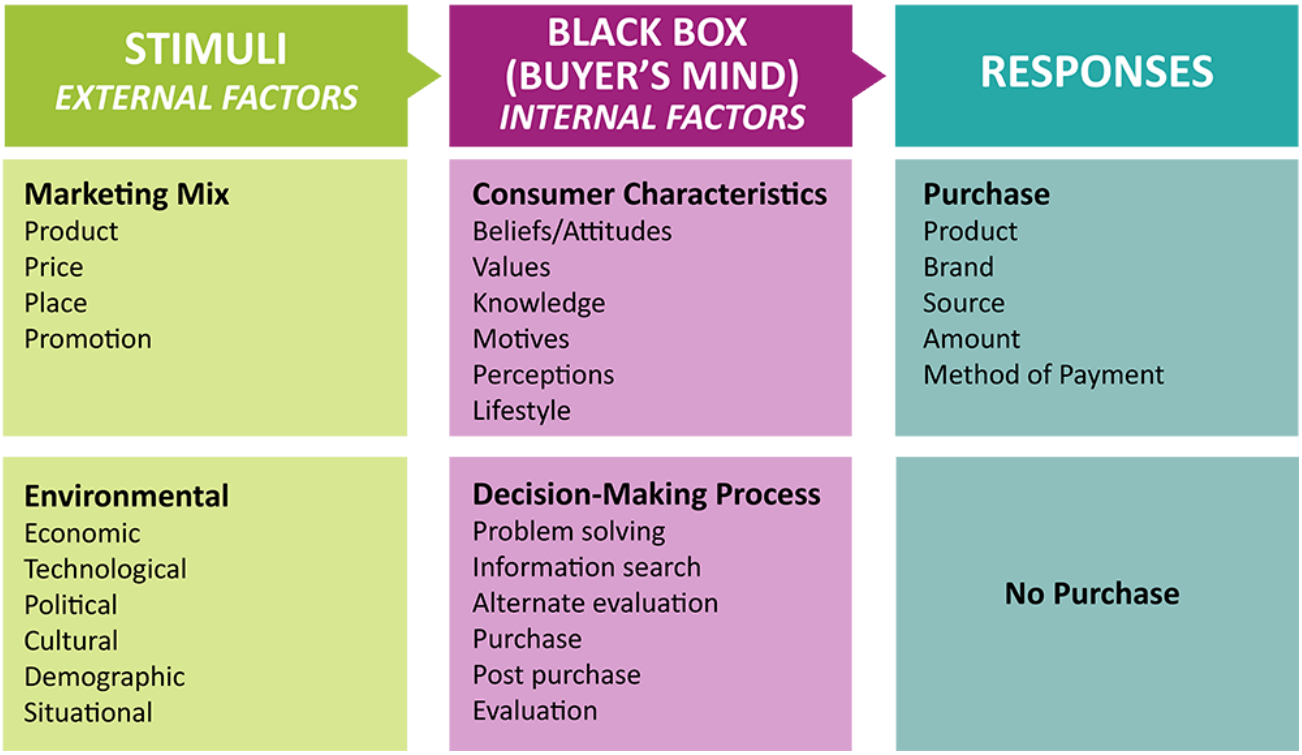


Figure 1. Black Box Model

Buyer Behaviour as Problem-Solving

Today, many marketers view consumer behaviour as a **problem-solving process** triggered by unmet needs. For example:

- A household runs out of milk (physical need).
- A person wants to buy a birthday gift (social need).
- A soccer team plans a season-end celebration (social and psychological need).

Consumers first identify the problem, then search for options to solve it. Needs represent fundamental deficiencies (food, water, security), while **wants** specify how those needs will be satisfied (e.g., preferring organic milk over regular milk).

Most marketing focuses on creating and fulfilling **wants** rather than needs. For instance, H&M wants you to desire its clothing brand specifically, rather than just satisfying your general need for clothes.

By recognizing that buyers act on both **rational** and **irrational** motives, marketers can design strategies to influence decisions at key points in the process.

The next reading will discuss the stages of the decision-making process in greater detail.

Creation note: This content was updated with the assistance of ChatGPT, a language model developed by OpenAI, and was subsequently reviewed and edited by the author for clarity and accuracy.

Reading: Buying-Process Stages

The Consumer Decision Process

Consumers rarely buy on impulse for major purchases. Instead, they move through a series of **decision-making stages**. Figure 1 shows the six stages most people follow when making a deliberate, informed purchase. At any stage, the process can stop if the consumer decides not to buy.

This model applies when consumers make a **conscious effort** to evaluate options—for example, buying a car, a house, or a first-time product purchase. This is known as **complex decision making**.

For many routine purchases, however—like choosing toothpaste or buying a morning coffee—the process is shortened. Past experience, habit, or brand loyalty may lead directly from need recognition to purchase. This is called **simple decision making**. Still, when something changes (price, availability, features), consumers may re-enter the full process and evaluate alternatives.

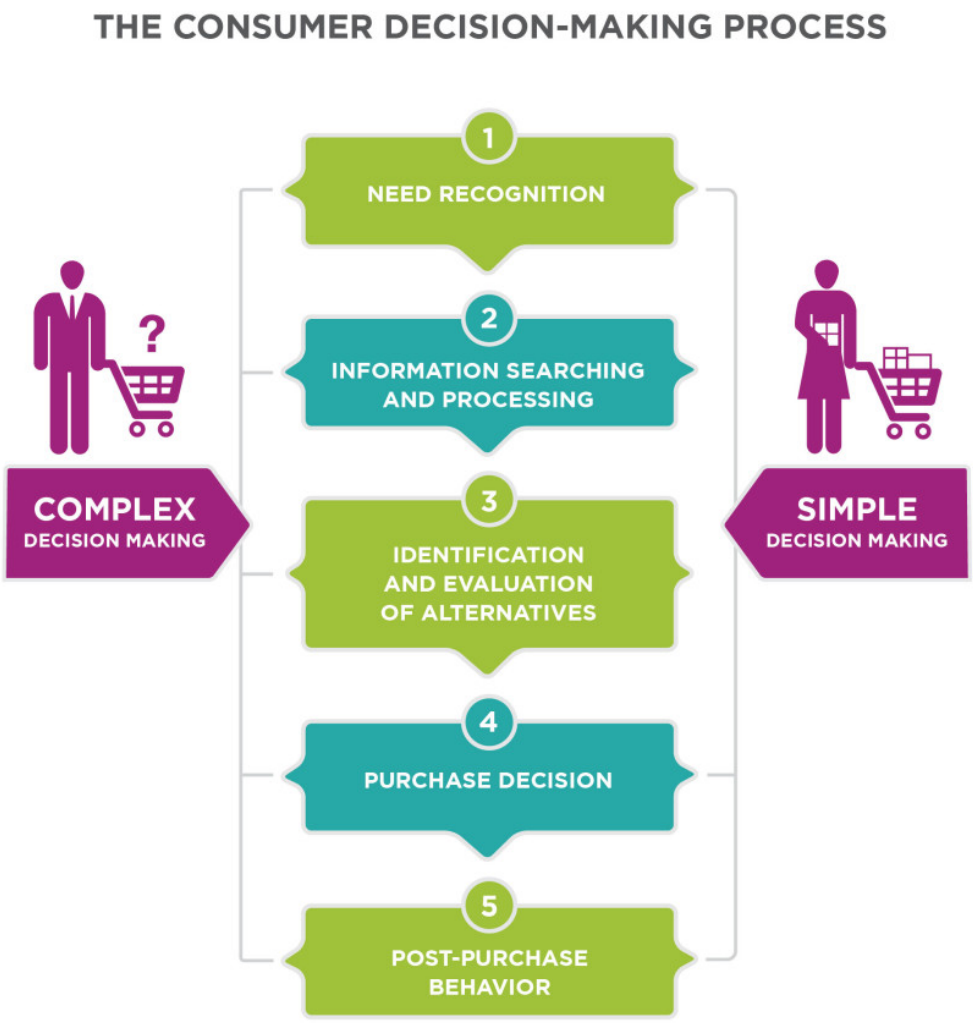


Figure 1

1. Need Recognition

The process begins when a consumer perceives a problem or unmet need. Two factors determine whether action is taken:

1. The **magnitude of the gap** between what they have and what they want.
2. The **importance** of solving the problem.

- Example: A student's five-year-old laptop crashes often. The gap is large and the problem important—action is required.

Marketers influence this stage by:

- Identifying consumer problems and offering solutions.
- Triggering recognition (e.g., ads highlighting outdated tech).
- Shaping problem definition (e.g., positioning a coat as "winter essential" vs. "fashion statement").

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2. Information Search

Next, consumers seek information to evaluate possible solutions. Sources include:

- **Internal**: memory, past experiences.
- **External**: friends and family, online reviews, advertising, retail displays.

Canadian consumers often rely on:

- Online reviews (e.g., RedFlagDeals, Amazon.ca).
- Independent product testers (e.g., Consumer Reports).
- Social networks for peer recommendations.

Marketers aim to place their products in the consumer's "search path"—for example, through search engine ads, influencer campaigns, or comparison tools.

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3. Evaluation of Alternatives

Consumers compare available options using a set of criteria such as price, quality, features, convenience, and brand reputation.

- Example: When buying a new phone, one person may prioritize price, while another emphasizes camera quality.

Marketers need to understand and highlight the attributes most valued by their target audience to secure a place on the consumer's "short list."

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4. Purchase Decision

Eventually, the consumer must decide whether to buy—and what to buy. At this stage, small factors can tip the decision:

- In-store promotions, discounts, and packaging.
- Convenience (stock availability, fast shipping).
- Personal selling and product bundling (e.g., phone with extended warranty).

Marketers focus on reducing friction and making the purchase as easy as possible.

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5. Postpurchase Behaviour

The decision process doesn't end at the transaction. Consumers evaluate whether the purchase met expectations. If satisfied, they are more likely to repeat the purchase and recommend the product.

However, many experience **cognitive dissonance** (buyer's remorse), especially after big-ticket purchases. For example, someone who buys a luxury car may worry whether it was "worth it."

Marketers reduce postpurchase anxiety by:

- Delivering quality and reliability.
- Providing reassurance (e.g., thank-you emails, follow-up calls).
- Reinforcing positive choice (ads showing satisfied customers).

Creation note: This content was updated with the assistance of ChatGPT, a language model developed by OpenAI, and was subsequently reviewed and edited by the author for clarity and accuracy.

7.3 Low-Involvement vs. High-Involvement Decisions

Learning Objectives

Explain the different buying processes for low-involvement and high-involvement decisions

In our discussion of the consumer decision process, we noted that not all purchasing decisions go through all six stages of the process. Some consumer decisions are quick and easy, requiring little if any focused attention. Others can be long, involved, and tough.

The next section will explore each of these situations in more detail, as we discuss how the buying process differs between *low-involvement products* and *high-involvement products*.

Learning Activities

- Reading: Low-Involvement vs. High-Involvement Decisions

Reading: Low-Involvement vs. High-Involvement Decisions

How Involved Are You?



You're at the grocery store, looking at the dog food selection. How long does it take you to choose a product, buy it, and get out the door?

Change of scene.

You're on a car sales lot, looking at the selection of vehicles for sale. How long does it take you to choose a product, buy it, and drive off the lot?

For most people these scenarios are worlds apart in terms of the time, effort, emotional, and psychological work it takes to make a purchasing decision.

When a purchasing decision involves a low-cost item that is frequently bought—such as bread or toothpaste—the buying process is typically quick and routinized. Buying a new car is quite different. The extent to which a decision is considered complex or simple depends on the following:

- Whether the decision is novel or routine
- The extent of the customers' involvement with the decision

High-involvement decisions are those that are important to the buyer. These decisions are closely tied to the consumer's ego and self-image. They also involve some risks to the consumer. This may include financial risk (highly-priced items), social risk (products that are important to the peer group), or psychological risk (the wrong decision may cause the consumer some concern and anxiety). In making these decisions, consumers generally feel it is worth the time and energy needed to do research and consider solution alternatives carefully. The full, six-stage, complex process of consumer decision-making is more likely to happen with high-involvement product purchases. In these cases, a buyer gathers extensive information from multiple sources, evaluates many alternatives, and invests substantial effort in making the best decision.

Low-involvement decisions are more straightforward, require little risk, are repetitive, and often lead to a habit. In effect, these purchases are not very important to the consumer. Financial, social, and psychological risks are not nearly as great. In these cases, it may not be worth the consumer's time and effort to search for exhaustive information about different brands or to consider a wide range of alternatives. A low-involvement purchase usually involves an abridged decision-making process. In these situations, the buyer typically does little if any information gathering, and any evaluation of alternatives is relatively simple and straightforward. Consumers are diligent enough to get a product they want, but they generally spend no more time or effort than is needed.

There are general patterns about what constitutes a high-involvement decision (buying cars, homes, engagement rings, pets, computers, etc.) versus a low-involvement decision (buying bread, chewing gum, toothpaste, dishwasher

detergent, trash bags, etc.). However, the real determinant is the individual consumer and how involved they choose to be in solving the problem or need they have identified.

Marketing Considerations About Consumer Involvement

Let's imagine another couple of scenarios.



Situation 1: You have just moved in with roommates for the first time. Excitement about your new independence temporarily dims when you scour the kitchen and find just three forks, four spoons, and zero table knives. On your way to Walmart, you stop off at Value Village, and you are delighted to pay less than $4 for an unmatched service for eight.

Situation 2: You are a soon-to-be bride. You have spent days looking through magazines, browsing online, and visiting shops to find the perfect silverware to match the dishes on your wedding registry. It gives you pause, though, when you learn that your dream flatware costs $98 per place setting. Still, you rationalize that you only get married once—or at least that's your plan.

In each of these situations, the consumer is making a purchasing decision about the same product: silverware. But the level of involvement in each situation is very different. The new roommate wants to spend as little time and money as possible to get a product that will get the job done. The soon-to-be bride is pinning her future happiness on selecting the right pattern. Who is more involved?

Now suppose you are a marketer trying to promote the flatware designs your company makes. Which of these consumers will pay any attention to the full-page ads you have placed in seven popular women's magazines? Which of these consumers will click on the paid search listing Google placed in their search results for new silverware patterns? Which one is most likely to come to a store to see the beautiful sheen of your new product line and feel its perfectly balanced weight with her fingertips?

As a marketer you should recognize high-involvement versus low-involvement consumers of your products and strategize accordingly. It is entirely possible for your target segments to include a mix of both. When you recognize the differences in how they make decisions, you can create a marketing mix designed to impact each type of consumer. For the customer who wants little involvement, your marketing mix can simplify their buying process. For the consumer who is highly involved, you can provide the information and validation they seek.

7.4 Factors Influencing Consumer Decisions

Learning Objectives

- Describe situational factors that influence what and when consumers buy:
    - Buying situation
    - Market offerings
- Describe personal factors that influence what and when consumers buy:
    - Demographics (age, economic status, etc.)
    - Life stage
    - Lifestyle
- Describe psychological factors that influence what and when consumers buy:
    - Motivation and Maslow's hierarchy of needs as it pertains to marketing
    - Perception, learning, belief
- Describe social factors that influence what and when consumers buy
    - Culture, subculture, social class, family, reference groups
    - Culture and marketing in different countries

The consumer decision process helps you understand the steps people go through when they are deciding whether and what to buy. Many different factors can influence the outcomes of purchasing decisions.

Some of these factors are specific to the buying situation: what exactly you are buying and for what occasion. Other factors are specific to each person: an individual's background, preferences, personality, motivations, and economic status. Because no two people are exactly alike, it is difficult to predict how the tangled web of influencing factors will ultimately shape a final purchasing decision.

For marketers, an understanding of these factors provides a more complete view of the mind of the customer. As you learn more about what influences decisions for your particular target segment, product category, brand, and competitive set, you can use these influencing factors to your advantage. What you say to customers, the words you use, the people who say them, the images they evoke—all of these things can link back to that web of influencing factors at work in a purchaser's mind. Great marketing uses those connections powerfully and effectively to win the minds and hearts of customers.

Learning Activities

- Reading: Situational Factors
- Reading: Personal Factors
- Reading: Psychological Factors
- Video: Consumer Attitudes and Heinz Baked Beans
- Reading: Social Factors

Reading: Influences on Consumer Decisions

What, Exactly, Influences a Purchasing Decision?

While the **decision-making process** itself appears standardized, no two people make a purchase decision in exactly the same way. People bring with them unique beliefs, experiences, and behavioural tendencies—some controllable, some far beyond their control. How these factors interact ensures that each of us is unique in our consumer actions and choices.

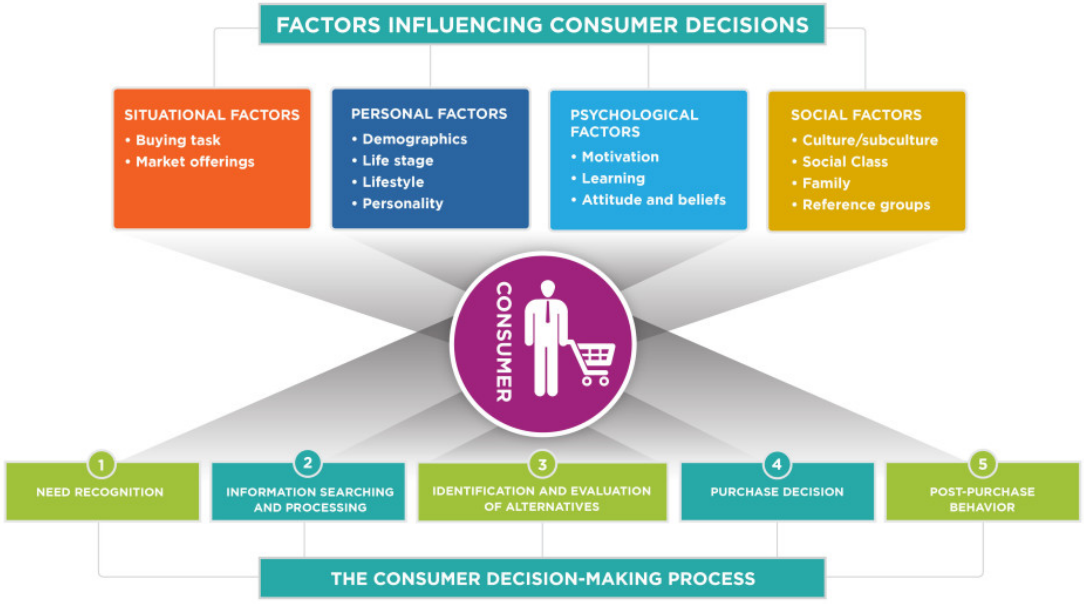
Although it isn't feasible for marketers to respond to the highly complex profiles of every individual consumer, it *is* possible to identify a set of common factors that influence most consumers in predictable ways. These factors help marketers anticipate behaviour and design marketing strategies that resonate with broad groups of people.

For example, families with young children in Canada may prioritize quick service and affordability when choosing a restaurant, while single professionals may place more emphasis on atmosphere and menu variety. Likewise, a first-time car buyer will approach the decision differently than a consumer with decades of experience purchasing vehicles. Understanding these influencing factors allows marketers to more accurately interpret consumer behaviour and adapt their strategies.

We can group these influences into four broad categories, illustrated below. Each will be discussed in detail in the following sections:

- **Situational Factors** – Conditions tied to the specific buying task and marketplace context (e.g., time pressure, physical environment, availability).
- **Personal Factors** – Individual characteristics such as age, life stage, income, lifestyle, and personality.
- **Psychological Factors** – Internal influences including motivation, perception, learning, attitudes, and beliefs.
- **Social Factors** – External influences from culture, subculture, social class, family, and reference groups.

Together, these four sets of factors explain much of the *why* behind consumer choices.



Creation note: This content was updated with the assistance of ChatGPT, a language model developed by OpenAI, and was subsequently reviewed and edited by the author for clarity and accuracy.

Reading: Situational Factors

Buying Task

The buying task refers to the consumer's approach to solving a particular problem and the amount of effort it requires. The level of consumer **involvement** plays a key role: whether the buyer faces a **high-involvement decision** (with significant financial, social, or personal risk) or a **low-involvement decision** (with little risk or ego attached).

Product or brand familiarity is another important dimension. When a consumer has purchased a similar product many times, the decision-making process becomes simpler, even if it began as a high-involvement choice. For example, a first-time car buyer in Canada may carefully research multiple models, comparing safety ratings, financing options, and fuel efficiency. Once satisfied with the purchase—say, a Toyota Corolla—the buyer may become brand loyal. Future purchases of the same model require less evaluation and effort, even though the decision still carries financial weight.

Once consumers become **brand loyal**, their buying task often becomes habitual: they make repeat purchases without seeking new information or considering alternatives. For marketers, brand loyalty is a highly desirable outcome. However, loyalty should not be taken for granted. Competitors are always seeking to disrupt established preferences—for example, Hyundai and Kia have successfully targeted Canadian car buyers with aggressive warranties and value-driven campaigns designed to lure brand-loyal Toyota and Honda owners into trying something new.[1]

On the other hand, situations sometimes limit choice altogether. Imagine a student at a Canadian university in a small town with only one campus bookstore. If the student urgently needs a textbook for tomorrow's class, they have little option but to purchase from that store—even if Amazon or Indigo could sell it for less, shipping delays make those alternatives impractical. Here, the limitation of offerings directly shapes behaviour.

Both scenarios create opportunities for marketers. In crowded categories, success depends on **standing out**—through compelling features, clear information, or persuasive branding. In narrower markets, the challenge is to ensure consumers feel good about the limited choice they made, reinforcing confidence and satisfaction to foster repeat buying and eventual brand loyalty.

1. https://globalnews.ca/news/10624642/canada-car-sales-2024/[/footnote]

Market Offerings

The variety of **market offerings** available is another situational factor shaping the buying process. When consumers face a wide range of brands and products, decisions tend to be more complex. Conversely, when offerings are limited, choices become simpler—but not always more satisfying.

Consider the Canadian **smartphone market**. Consumers can choose among Apple iPhone, Samsung Galaxy, Google Pixel, and other Android models, each with multiple versions that differ in screen size, camera quality, memory, and features. For many buyers, the abundance of choice requires time-consuming comparisons, reviews, and possibly visits to multiple carriers (Rogers, Bell, Telus, or Freedom Mobile). Too many options can overwhelm customers, leading to "choice overload," where people either delay making a purchase or settle for a less-than-optimal decision.[2]https://www150.statcan.gc.ca/n1/pub/11-627-m/11-627-m2022054-eng.htm

2.

Creation note: This content was updated with the assistance of ChatGPT, a language model developed by OpenAI, and was subsequently reviewed and edited by the author for clarity and accuracy.

Reading: Personal Factors

Reading: Personal Factors

In addition to situational factors, there are also individual traits and characteristics that shape purchasing decisions. These are personal factors such as demographics, life stage, lifestyle, and personality. Understanding these helps marketers design offerings and messages that resonate with target consumers in today's rapidly shifting environment.

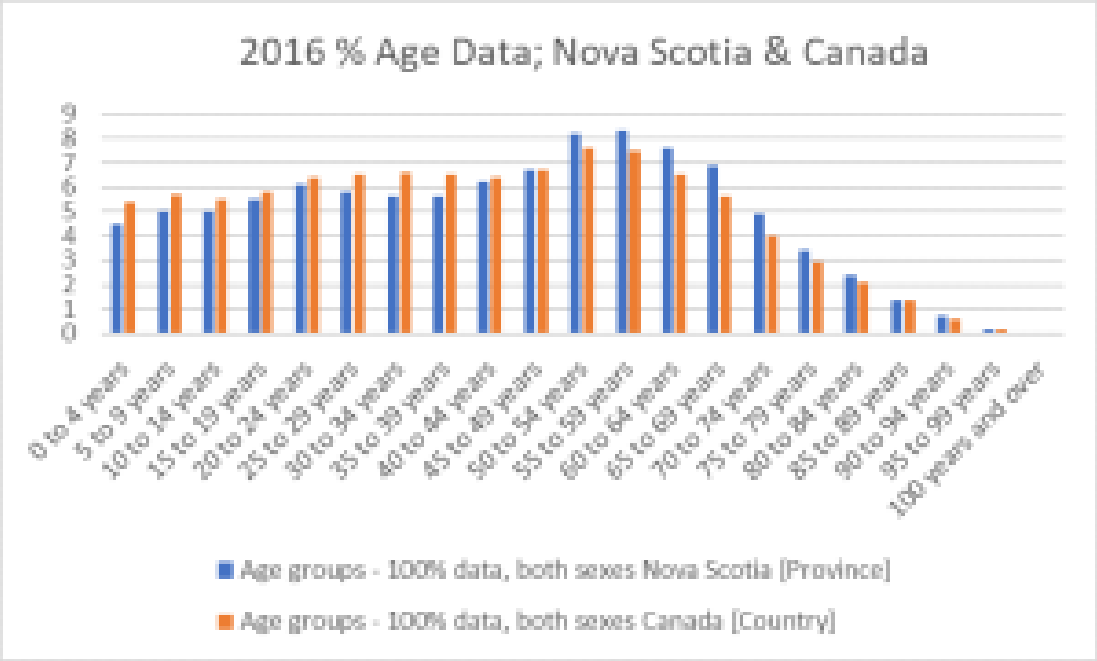
Demographics

Demographics—variables like age, gender identity, income level, education, family structure, and ethnicity—remain a cornerstone of consumer analysis. Each plays a strong role in shaping preferences and decisions.

Generational Cohorts. Marketers continue to examine consumer behaviour across generations, although the focus has shifted from broad generalizations to more nuanced insights.

- **Baby Boomers (1946–1964)** are entering or already in retirement, increasingly targeted with products and services related to healthcare, financial security, and leisure. Many also embrace digital technologies for convenience, especially e-commerce and telehealth.
- **Generation X (1965–1980)** is known for pragmatism and brand skepticism. They balance careers, aging parents, and teenage/adult children, making them a key market for financial services, travel, and household purchases.
- **Millennials / Gen Y (1981–1996)** are highly digital, value authenticity, and often favour experiences over things. Rising housing costs and student debt shape their financial choices. They care about sustainability and brand purpose, rewarding companies with clear ethical stances.
- **Gen Z (1997–2012)** are true digital natives. They are highly visual consumers (TikTok, YouTube, Instagram) who prefer personalized, fast, and inclusive experiences. They value diversity, climate action, and mental health awareness, and they expect brands to reflect these priorities.
- **Gen Alpha (2013 onward)** are the first generation growing up entirely in a world of tablets, smart speakers, and AI-driven personalization. While still young, they are already influencing household purchases, particularly in entertainment, toys, and food.

Generational differences also play out in media habits: for example, Gen Z gravitates toward TikTok for discovery, while Millennials may rely more on Instagram and podcasts, and Boomers still consume significant amounts of traditional TV.



2016 % Age Data for Nova Scotia & Canada

Graph created from 2016 Census Data Tables. You can view the data on the Statistics Canada website[1]

Gender and Identity. Marketing is moving beyond binary "male vs. female" targeting. Many consumers expect inclusivity in advertising and product design—whether in clothing, personal care, or entertainment. Brands like Nike and Sephora, for example, highlight diversity and gender fluidity in campaigns to align with changing cultural expectations.

Income and Economic Status. Economic realities—such as inflation, job security, or income gaps—strongly shape consumer behaviour. High-income consumers may gravitate toward luxury or premium brands, while middle- and lower-income consumers focus on value, durability, and price transparency. In tough economic times, even affluent consumers "trade down," seeking private labels or discount retailers. Conversely, accessible luxury brands (like Michael Kors or Apple's entry-level devices) appeal to aspirational shoppers who want status at a lower price point.

Life Stage

Life stage captures how major events and milestones—rather than just age—shape purchasing behaviour. Moving out, starting a career, getting married, raising children, retirement, or even "empty-nesting" each bring specific needs.

For example:

1. *Data tables, 2016 census*. (2018). Statistics Canada. https://www12.statcan.gc.ca/census-recensement/2016/dp-pd/dt-td/Index-eng.cfm

- **Young adults** often prioritize education, fashion, technology, and travel.
- **New parents** spend heavily on baby products, childcare, and family-oriented services.
- **Mid-life households** may focus on housing, vehicles, education savings, and healthcare.
- **Retirees** shift to leisure, health, and financial stability products.

Today, marketers increasingly recognize *nonlinear* life stages. Many Millennials delay marriage and homeownership, while some Gen Xers return to school mid-career. Brands are adjusting: for instance, banks market flexible student loans to older learners, while travel companies target "skip-gen" vacations (grandparents traveling with grandchildren).

Lifestyle

Lifestyle describes how people live—their daily activities, interests, attitudes, and values—and it's become one of the most powerful ways to understand consumers. Lifestyle segmentation goes deeper than age or income, capturing how people *see themselves* and what they aspire to.

Examples include:

- **Eco-conscious consumers** seeking sustainable products and brands that demonstrate climate responsibility.
- **Digital nomads** investing in portable technology, coworking spaces, and travel-friendly services.
- **Health and wellness seekers** prioritizing organic foods, fitness, mindfulness, and mental health resources.
- **Experience-driven consumers** spending more on travel, dining, and unique events rather than material goods.

Lifestyle branding has grown stronger in the digital era. Consumers connect with brands that align with their identity—like Patagonia (sustainability and activism), Peloton (fitness and community), or Apple (creativity and design). Social media amplifies this, allowing consumers to express lifestyle affiliations publicly and to expect brands to "walk the talk."

Personality

Personality refers to the unique traits and characteristics that shape how people interact with the world—and brands. Traits such as confidence, empathy, risk-taking, or introversion can influence what consumers buy and how they buy it.

While personality is difficult to measure directly, marketers often work with the related concept of **brand personality**. Brands take on human-like qualities—Nike is bold and competitive, Disney is playful and family-friendly, Tesla is innovative and rebellious. Consumers gravitate to brands whose personalities reflect their own values and aspirations, forming strong emotional bonds.

For example, an extroverted consumer may prefer social shopping experiences (like live shopping events or experiential retail), while an introvert may value convenience and anonymity (like subscription boxes or seamless e-commerce).

Increasingly, AI-driven personalization tailors experiences to individual personalities—Netflix recommendations, Spotify playlists, or Amazon's product suggestions—all based on behavioural cues rather than self-reported traits.

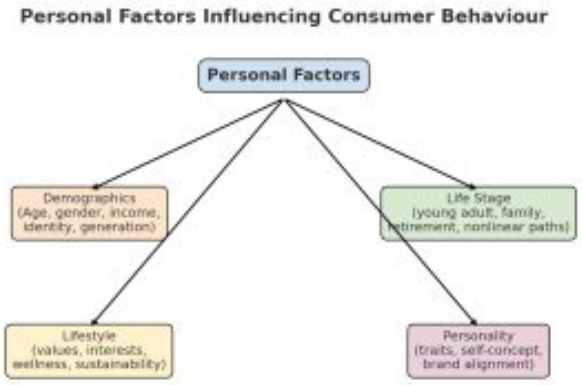


Diagram of Personal Factors Influencing Consumer Behaviour. Created using ChatGPT.

Summary

Personal factors like demographics, life stage, lifestyle, and personality all combine to influence purchasing decisions. Unlike situational factors, these are more deeply tied to identity and long-term behaviour. For marketers, the challenge lies in balancing broad patterns (e.g., generational differences) with personalization at scale, ensuring that each consumer feels seen, understood, and respected.

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Reading: Psychological Factors

Consumer Decisions and the Workings of the Psyche

When we talk about psychological factors that influence consumer decisions, we are referring to the workings of the mind or psyche: **motivation, learning and socialization, attitudes, and beliefs.**

Motivation



A **motive** is the inner drive or pressure to take action to satisfy a need. Motivation varies across situations: a high school junior may have low motivation in trigonometry but high motivation to excel at a video game.

For a purchase decision to occur, the need must be strong enough to become a motive. Motivation can be triggered by:

- **Internal factors** (e.g., hunger),
- **Environmental cues** (e.g., seeing an ad),
- **Psychological triggers** (e.g., imagining food).

Maslow's Hierarchy of Needs

One of the most widely used theories of motivation is **Maslow's hierarchy of needs**. He proposed five levels of needs, progressing from basic survival to higher emotional fulfillment.[1]

Maslow emphasized that while needs build on one another, people may experience multiple needs simultaneously.

1. https://www.simplypsychology.org/maslow.html

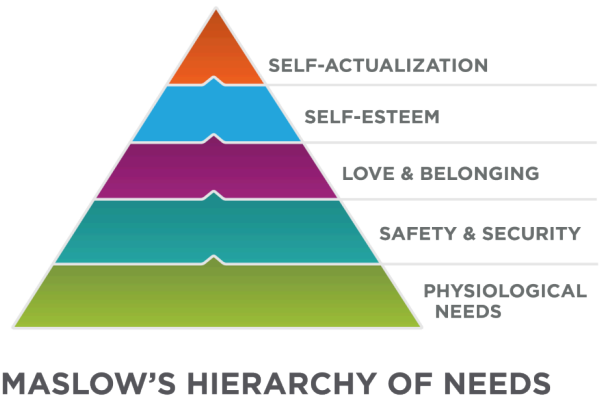


Figure: Maslow's Hierarchy of Needs Pyramid

Marketers can target campaigns at different levels of this hierarchy depending on consumer priorities.

Level	Description	Marketing Example
Physiological	Hunger, thirst, shelter	In-N-Out Burger billboards featuring giant cheeseburgers
Safety & Security	Protection from harm, financial stability, health	Insurance ads, bank guarantees
Love & Belonging	Friendship, intimacy, social connection	P&G's *Thank You Mom* Olympic campaign
Self-Esteem	Respect, recognition, self-image	Luxury brands emphasizing status
Self-Actualization	Realizing full potential, creativity, fulfillment	Nike's *Play New* campaign encouraging growth

Nike's "Play New" commercial encouraging people to try new things and to never give up on improving themselves is an example of self-actualization.

One or more interactive elements has been excluded from this version of the text. You can view them online here: https://pressbooks.atlanticoer-relatlantique.ca/nsccprinciplesofmarketing2e/?p=331#oembed-1

Learning and Socialization

Learning is the process by which behaviour changes due to experience.

- **Experiential learning**: Direct experience (e.g., tasting wine and deciding you like/dislike it).
- **Non-experiential learning**: Indirect learning (e.g., reading reviews, watching tutorials).

Marketing frequently leverages non-experiential learning via testimonials, reviews, and influencer endorsements.

Reinforcement strengthens learning through positive or negative outcomes. For example, if a consumer loves their Subaru and finds it reliable, the positive experience reinforces brand loyalty.

Socialization occurs when people adopt behaviours through interaction with others. Socialization agents can include parents, friends, celebrities, or even co-workers.

- **Modeling**: Teens adopting Adidas because their peers wear it.
- **Reinforcement**: A compliment reinforces fashion choices.
- **Social Interaction**: Word-of-mouth exchanges that shape attitudes.

Marketers often employ credible spokespeople (e.g., LeBron James for Nike) to act as role models. [2]

Attitudes and Beliefs

- A **belief** is a conviction about something ("dark chocolate is bitter").
- An **attitude** is a consistent evaluation combining belief, feeling, and behaviour ("dark chocolate is delicious, makes me happy, and I eat it daily").

Attitudes and beliefs are powerful drivers of consumer decisions. Sometimes they create challenges for marketers, as seen in:

- The **Diet Pepsi syringe hoax (1993)**, which PepsiCo countered with strong PR efforts.
- The **Cinnamon Toast Crunch shrimp incident (2021)**, where public attitudes were influenced as much by online speculation as by the brand's response.

Attitudes do not always equal behaviours: a consumer who dislikes Pizza Hut may still go along with friends for social reasons.

Marketers can:

1. Try to **change attitudes**, though this is difficult.
2. **Adapt products** to align with existing attitudes, often an easier strategy.

They may also find windows of opportunity during product redesigns or new launches, when consumers are more open to change.[3]

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2. https://www.tandfonline.com/doi/abs/10.1080/00913367.1992.10673356
3. https://hbr.org/2006/03/strategies-to-fight-low-cost-rivals

Video: Consumer Beliefs and Febreze

Putting Consumer Attitudes and Beliefs to the Test

Just how powerful are consumer attitudes and beliefs? Are they so powerful that they can fool consumers during a smell test?

Watch the following video to see the power of consumer attitudes and beliefs in action. Febreze uses people's beliefs based on their smell to advertise their product further and prove their point by subverting expectations.



One or more interactive elements has been excluded from this version of the text. You can view them online here:
https://pressbooks.atlanticoer-relatlantique.ca/nsccprinciplesofmarketing2e/?p=333#oembed-1

Reading: Social Factors

People Influencing People

Consumer behaviour is not shaped in isolation. Social factors—family, friends, groups, and broader society—play a major role in purchasing decisions. These influences guide what consumers buy, how they evaluate products, and even when and where purchases occur. In Canada, with its diversity, rapid technology adoption, and shifting values, understanding social influences is essential for marketers.

Family

Family remains one of the strongest and most enduring influences on consumer behaviour. Changing demographics are reshaping what "family" means in Canada.

- **Multigenerational households** are more common, especially in high-cost urban centres, influencing shared purchasing decisions for housing, groceries, and entertainment.
- **Dual-income households and single-parent families** drive demand for convenience items such as meal kits and ready-made foods.
- **Children and youth** often influence household purchases related to technology, fashion, and entertainment.
- **Non-traditional families** (e.g., LGBTQ2S+, blended households) also represent an important and growing consumer segment, requiring inclusive approaches.

Reference Groups

A **reference group** is any group that a person looks to for guidance in behaviour, values, or attitudes. In Canada's highly connected and multicultural society, reference groups take many forms:

- **Friend groups and peers**: Especially important for teenagers and young adults in shaping tastes in fashion, food, and entertainment.
- **Workplace and professional associations**: Increasingly relevant as Canadians spend much of their time in hybrid work settings, where "Zoom-ready" attire and home office setups have become part of workplace norms.
- **Digital communities and influencers**: In 2025, social media platforms such as TikTok, Instagram, and YouTube remain powerful drivers of consumer behaviour. Micro-influencers with fewer but more engaged followers are particularly effective in Canada, where consumers tend to value authenticity and relatability over celebrity.

Marketers frequently leverage these reference groups by partnering with trusted community leaders, influencers, and cultural ambassadors. For example, Canadian brands often collaborate with Indigenous creators or bilingual (English/French) influencers to connect with diverse consumer groups.

Roles and Status

Every person occupies multiple roles—such as student, employee, parent, community volunteer, or retiree—and each role comes with expectations that influence buying behaviour. A person's **status** within a group also affects purchasing decisions. For instance, a Canadian professional may buy a Tesla not only for its environmental benefits but also as a symbol of social status in an urban, eco-conscious community.

In Canada, identity and status are often intertwined with cultural values such as inclusivity, sustainability, and diversity. Products that signal commitment to these values—whether through eco-friendly packaging, Indigenous-owned business certifications, or bilingual branding—can enhance a consumer's sense of social belonging and elevate perceived status.

Culture

Culture refers to the shared values, beliefs, norms, and practices that guide human behaviour within a society. In Canada, culture is influenced by both its **Anglo-European roots** and its strong **French heritage**, alongside vibrant Indigenous traditions and a rapidly diversifying immigrant population.

Canadian culture often emphasizes inclusivity, multiculturalism, fairness, environmental stewardship, and social responsibility. For example, marketing messages that highlight equity, sustainability, or collective well-being often find strong resonance with Canadian consumers. Bilingual communication (English and French) is a norm for national campaigns, while region-specific strategies are often needed to appeal to particular cultural contexts.

The University of Waterloo publishes a Canadian Index of Wellbeing (CIW) that measures Canadian values.



It begins with the belief that our cornerstone value as Canadians is the principle of "shared destiny": that our society is often best shaped through collective action; that there is a limit to how much can be achieved by individuals acting alone; that the sum of a good society and what it can achieve is greater than the remarkably diverse parts which constitute it.

From this cornerstone principle of shared destiny and collective action, and from extensive public consultations with Canadians, a number of **core consensus values** informed the development of the CIW:

fairness	diversity	equity
inclusion	health	safety
economic security	democracy	sustainability

Canadians said quite clearly that their top priorities for quality of life were: primary and secondary education, health care access, a healthy environment, clean air and water, social programs, responsible

taxation, public safety and security, job security, employment opportunities, a living wage, balanced time use, and civic participation.[1]

Subculture

While culture defines broad patterns, subcultures reflect the more specific identities that individuals align with. Subcultures form around shared geography, ethnicity, religion, nationality, or occupation—and each creates unique consumer preferences and expectations. In Canada's mosaic, these subcultural dimensions are highly significant.

- **Geography**: Regional identity strongly shapes preferences.
  - **Western Canadians** often value resource-based industries, outdoor lifestyles, and more individualistic messaging.
  - **Quebecois** exhibit distinct linguistic, cultural, and political identity, requiring tailored campaigns often delivered in French, emphasizing heritage, creativity, and pride.
  - **Atlantic Canadians** may emphasize community, tradition, and resilience, with consumption patterns tied to fishing, local music, and regional pride.
  - **Northern communities**, including Inuit and First Nations populations, prioritize messages that acknowledge remoteness, traditional practices, and respect for land stewardship.
- **Ethnicity**: Canada's immigrant population represents hundreds of ethnic origins, many of which maintain strong consumer traditions.
  - **Colombian Canadians** may bring strong coffee and culinary preferences.
  - **Mongolian Canadians** could seek out cultural foods, festivals, or niche products tied to heritage.
  - **Ethiopian Canadians** help sustain demand for injera, spice blends, and community-focused dining experiences.
- **Religion**: Faith traditions also create consumption patterns, especially around holidays, food restrictions, and lifestyle choices.
  - **Catholics** shape traditions around Christmas, Easter, and community gatherings.
  - **Jews** may seek kosher-certified products.

1. University of Waterloo. (n.d.). *Reflecting Canadian values.* https://uwaterloo.ca/canadian-index-wellbeing/about-canadian-index-wellbeing/reflecting-canadian-values

    - **Muslims** value halal foods, and Ramadan drives seasonal consumption patterns.
    - **Mormons, Baptists, and other Protestant groups** influence choices in alcohol, family activities, and lifestyle products.
- **Occupation**: Work identity often intersects with consumer identity.
    - **Military families** may emphasize mobility, resilience, and financial security.
    - **Technology workers** drive demand for smart devices, co-working spaces, and sustainable urban living.
    - **Government employees** often value stability and public-service-oriented messaging.
    - **Clergy** may shape community-driven purchasing choices.
    - **Educators** influence trends in children's learning products, reading materials, and professional development services.



For marketers, understanding these subcultures is critical. Effective strategies often require micro-segmentation—customizing messages not just to "Canadian consumers" in general, but to Western Canadians, Muslims, or technology workers, each of whom may interpret the same product in very different ways.

The following video shows how a shopping mall managed to save itself by catering and marketing to the Latino subculture.

One or more interactive elements has been excluded from this version of the text. You can view them online here:
https://pressbooks.atlanticoer-relatlantique.ca/nsccprinciplesofmarketing2e/?p=336#oembed-1

You can view the transcript for the video "Demise of the Mall and Reinvention". (opens in new window)

Customs

Customs are the established patterns of behaviour expected within a culture or subculture. They are often ritualistic, repeated actions that signal membership in a group and reflect shared values. In Canada, customs range from **everyday practices** to **seasonal and holiday traditions**, many of which influence consumer spending.

- **Everyday customs**: Morning coffee runs to Tim Hortons or Starbucks, tipping in restaurants, and buying hockey

equipment for children in youth leagues are ingrained in Canadian consumer routines.



- **Seasonal customs**: Canada Day, Thanksgiving, and Victoria Day often drive seasonal promotions, as do cultural holidays like Lunar New Year and Diwali, reflecting Canada's diversity.
- **Family and social customs**: Holiday shopping at Christmas or Boxing Day, back-to-school spending in September, and Black Friday/Cyber Monday events now strongly shape the retail calendar.
- **Digital customs**: In 2025, digital-first shopping events such as "Singles' Day" (imported from Asia) and TikTok-driven product fads are emerging as new consumer rituals.

Marketers who tap into these customs—while showing respect and cultural sensitivity—can embed their brands into the fabric of everyday Canadian

life.

Social Class

In Canada, social class is often defined more by **education, occupation, and lifestyle** than by aristocratic lineage. However, income disparities continue to shape purchasing decisions.

- **Upper-income consumers** may emphasize luxury, global travel, and premium experiences.
- **Middle-class consumers** often focus on home ownership, family needs, and value-driven purchasing.
- **Working-class consumers** may prioritize affordability and practicality.

The increasing affordability of technology has blurred some class distinctions, but marketers must remain mindful of affordability concerns, particularly in a context of high housing costs and inflation in 2025.

Implications for Marketers

For marketers in Canada, social factors represent both opportunities and challenges:

- **Campaign design** must reflect diversity and inclusivity, ensuring representation across languages, ethnicities, and lifestyles.
- **Community connections** are critical—brands that engage authentically with Indigenous groups, immigrant communities, or youth movements gain credibility and loyalty.

- **Digital word-of-mouth** through micro-influencers and peer networks can make or break product launches.
- **Family-centric marketing** should acknowledge non-traditional households, multigenerational dynamics, and the influence of children in decision-making.

By understanding and respecting these social influences, Canadian marketers can build stronger relationships and create products that resonate across a diverse and evolving society.

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7.5 B2B Purchasing Decisions

Learning Objectives

- Explain the B2B purchasing decision process
- Describe factors influencing B2B purchasing decisions
- Differentiate between B2C and B2B purchasing decisions
- Explain the B2B buying process and factors influencing B2B purchasing decisions

Up to this point, our discussion about decision making has focused on individual consumers (B2C). Next we will shift attention to the decision making of businesses and other organizations when they are considering what to buy (B2B). While many of the same principles apply in business-to-business purchasing decisions, there are important differences that warrant discussion.

Learning Activities

- Reading: Organizational Buying Process
- Video: Complexities of a B2B Solution Sale
- Reading: The Organizational Buying Process

Reading: Organizational Buyer Behavior

Individual consumers are not the only buyers in a market. Companies and other organizations also need goods and services to operate, run their businesses, and produce the offerings they provide to one another and to consumers. These organizations, which include producers, resellers, government and nonprofit groups, buy a huge variety of products including equipment, raw materials, finished goods, labor, and other services. Some organizations sell exclusively to other organizations and never come into contact with consumer buyers.

B2B markets have their own patterns of behaviour and decision-making dynamics that are important to understand for two major reasons. First, when you are a member of an organization, it's helpful to appreciate how and why organization buying decisions are different from the decisions you make as an individual consumer. Second, many marketing roles focus on B2B rather than B2C marketing, or they may be a combination of the two. If you have opportunities to work in B2B marketing, you need to recognize how the decision-making process differs in order to create effective marketing for B2B customers and target segments.

Who Are the Organizational Buyers?

Unlike the consumer buying process, multiple individuals are usually involved in making B2B buying decisions. A purchasing agent or procurement team (also called a *buying center*) may also be involved to help move the decision through the organization's decision process and to negotiate advantageous terms of sale.



Organizations define and enforce rules for making buying decisions with purchasing policies, processes, and systems designed to ensure the right people have oversight and final approval of these decisions. Typically, more levels of consideration, review, and approval are required for more expensive purchases.

For anyone involved in B2B marketing or selling, it is important to know:

- Who will take part in the buying process?
- What criteria does each person use to evaluate prospective suppliers?
- What level of influence does each member of the process have?
- What interpersonal, psychological, or other factors about the decision team might influence this buying process?
- How well do the individuals work together as a group?
- Who makes the final decision to buy?

Because every organization is unique, the answers to these questions will be different for every organization and every sale. Marketers should understand their target segments well enough to identify commonalities where they exist and then create effective marketing to address the common roles and decision-makers identified.

For example, a technology company selling a travel- and expense management system should expect decision-makers

from several departments to be involved in the purchasing decision: the HR department (to ensure the system is user-friendly for employees and compatible with company travel policies), the accounting department (to ensure the system is a good complement to the company's accounting and finance systems), and the IT department (to ensure the system is compatible with the other systems and technologies the company uses). Marketers should focus first on managers in the group most responsible for travel and expense policy—typically the HR department. As the company generates serious interest and leads, marketing and sales staff should take the time to learn about decision dynamics within each organization considering the system. Marketing and sales support activities can focus on getting each of the essential decision-makers acquainted with the product and then convincing them to make it their final selection.

B2B Buying Situations

Who makes the buying decision depends, in part, on the situation. Common types of buying situations include the straight rebuy, the modified rebuy, and the new task.

The *straight rebuy* is the simplest situation: the organization reorders a good or service without any modifications. These transactions are usually routine and may handled entirely by the purchasing department because the initial selection of the product and supplier already took place. With the *modified rebuy*, the buyer wants to reorder a product but with some modification to the product specifications, prices, or other aspects of the order. In this situation, a purchasing agent may be involved in negotiating the terms for the new order, and several other participants who will use the product may participate in the buying decision.

The buying situation is a *new task* when an organization considers buying a product for the first time. The number of participants and the amount of information sought tend to increase with the cost and risks associated with the transaction. For marketers, the new task is the best opportunity for winning new business because there is no need to displace another supplier (which would be the case for the rebuy situations).

For sales opportunities that are new tasks, there may be an opportunity for a *solution sale* (sometimes called *system selling*). In these opportunities, the buyer may be interested in a provider that offers a complete package or solution for the business problem, rather than individual components that address separate aspects of the problem. Providers win these opportunities by being the company that has both the vision and the capability to provide combination of products, technologies, and services that address the problem–and to make everything work together smoothly. Solution sales are particularly common in the technology industry.

Characteristics of Organizational Buying

B2B purchasing decisions include levels of complexity that are unique to organizations and the environments in which they operate.

Timing Complexity

The organizational decision process frequently spans a long period of time, which creates a significant lag between the marketer's initial contact with the customer and the purchasing decision. In some situations, organizational buying can move very quickly, but it is more likely to be slow. When personnel change, go on leave, or get reassigned to

other projects, the decision process can take even longer as new players and new priorities or requirements are introduced. Since a variety of factors can enter the picture during the longer decision cycles of B2B transactions, the marketer's ability to monitor and adjust to these changes is critical.

Technical Complexity

Organizational buying decisions frequently involve a range of complex technical dimensions. These could be complex technical specifications of the physical products, or complex technical specifications associated with services, timing, and terms of delivery and payment. Purchases need to fit into the broader supply chain an organization uses to operate and produce its own products, and the payment schedule needs to align with the organization's budget and fiscal plans. For example, a purchasing agent for Volvo automobiles must consider a number of technical factors before ordering a radio to be installed in a new vehicle model. The electronic system, the acoustics of the interior, and the shape of the dashboard are a few of these considerations.

Organizational Complexity

Because every organization is unique, it is nearly impossible to group them into precise categories with regard to dynamics of buying decisions. Each organization has a characteristic way of functioning, as well as a personality and unique culture. Each organization has its own business philosophy that guides its actions in resolving conflicts, handling uncertainty and risk, searching for solutions, and adapting to change. Marketing and sales staff need to learn about each customer or prospect and how to work with them to effectively navigate the product selection process.

Unique Factors Influencing B2B Buying Behavior

Because organizations are made up of individual people, many of the same influencing factors discussed earlier in this module apply in B2B settings: situational, personal, psychological, and social factors. At the same time, B2B purchasing decisions are influenced by a variety of factors that are unique to organizations, the people they employ, and the broader business environment.

Individual Factors



B2B decisions are influenced by the characteristics of the individuals involved in the selection process. A person's job position, tenure, and level in the organization may all play a role in influencing a purchasing decision. Additionally, a decision maker's relationships with peers and managers could lead them to exert more–or less–influence over the final selection. Individuals' professional motives, personal style, and credibility as a colleague, manager, or leader may play a role. To illustrate, a new department head might want to introduce an updated technology system to help her organization work more productively. However, her short time in the role and rivalry from other department heads could slow down a buying decision until she has proven her leadership capability and made a strong case for investment in the new technology.

Organizational Factors

Purchasing decisions, especially big-ticket expenditures, may be influenced by the organization's strategies, priorities, and performance. Generally, the decision-makers and the providers competing for the business must present a compelling explanation for how the new purchase will help the organization become more effective at achieving its mission and goals. If a company goes through a quarter with poor sales performance, for example, the management team might slow down or halt purchasing decisions until performance improves. As suggested above, organizational structure plays a central role in determining who participates in the buying process and what that process entails. Internal organizational politics and culture may also impact who the decision-makers are, what power they exert in the decision, the pace of the buying process, and so forth. An organization's existing systems, products, or technology might also influence the buying process when new purchases need to be compatible with whatever is already in place.

Business Environment

B2B purchasing is also influenced by factors in the external business environment. The health of the economy and the company's industry may determine whether an organization chooses to move ahead with a significant purchase or hold off until economic indicators improve. Competitive pressures can create a strong sense of urgency around organizational decision-making and purchasing. For instance, if a leading competitor introduces a compelling new product feature that causes your organization to lose business, managers might be anxious to move forward with a project or purchase that can help them regain a competitive edge. When new technology becomes available that can improve products, services, processes, or efficiency, it can create demand and sales opportunities among companies that want the new technology in order to compete more effectively.

Government and the regulatory environment can also influence purchasing decisions. Governmental organizations often have very strict, highly regulated purchasing processes to prevent corruption, and companies must comply with these regulations in order to win government contracts and business. Similarly, lawmakers or governmental agencies

might create new laws and regulations that require organizations to alter how they do business—or face penalties. In these situations, organizations tend to be highly motivated to do whatever it takes, including purchasing new products or altering how they operate, in order to comply.

Video: Complexities of a B2B Solution Sale

With the rise in mobile communications, Air Canada found itself in a situation where its technology just wasn't keeping up with what its passengers and employees needed. It initiated a buying process to figure out what new systems and processes it should implement to improve information, communications, and how people interact with the airline.

The following video provides insight into the technical needs of Air Canada and how working with IBM and Apple to provide solutions has benefited Air Canada and their customers.

https://youtube.com/watch?v=_qAPEFmMGnc

You can view the transcript for "Air Canada Flies High with a Boost from IBM Digital Technology". (opens in new window)

Reading: The Organizational Buying Process

Making B2B Buying Decisions

The organizational buying process contains eight stages, which are listed in the figure below. Although these stages parallel those of the consumer buying process, there are important differences that have a direct bearing on the marketing strategy. The complete process occurs only in the case of a new task. In virtually all situations, the organizational buying process is more formal than the consumer buying process.

It is also worth noting that B2B buying decisions tend to be more information-intensive than consumer buying decisions. As the marketing opportunity progresses, buyers seek detailed information to guide their choices. It is unlikely that a B2B buyer—in contrast to a consumer—would ever make a final buying decision based solely on the information they see in a standard advertisement.

The organization buying process stages are described below.



Problem Recognition

The process begins when someone in the organization recognizes a problem or need that can be met by acquiring a good or service. Problem recognition can occur as a result of internal or external stimuli. Internal stimuli can be a business problem or need that surfaces through internal operations or the actions of managers or employees. External stimuli can be a presentation by a salesperson, an ad, information picked up at a trade show, or a new competitive development.

General Need Description

Once they recognize that a need exists, the buyers must describe it thoroughly to make sure that everyone understands both the need and the nature of solution the organization should seek. Working with engineers, users, purchasing agents, and others, the buyer identifies and prioritizes important product characteristics. Armed with knowledge, this buyer understands virtually all the product-related concerns of a typical customer.

From a marketing strategy perspective, there is opportunity to influence purchasing decisions at this stage by providing information about the nature of the solution you can provide to address the organization's problems. Trade advertising can help potential customers become aware of what you offer. Web sites, content marketing, and direct marketing techniques like toll-free numbers and online sales support are all useful ways to build awareness and help potential customers understand what you offer and why it is worth exploring. Public relations may play a significant role by placing stories about your successful customers and innovative achievements in various trade journals. (Note that the

AirCanada video you just watched is an example of this. The video was created by IBM and is offered as one of many "IBM client stories.")

Product Specification

Technical specifications come next in the process. This is usually the responsibility of the engineering department. Engineers design several alternatives, with detailed specifications about what the organization requires. These specifications align with the priority list established earlier.

Supplier Search

The buyer now tries to identify the most appropriate supplier (also called the vendor). The buyer conducts a standard search to identify which providers offer what they need, and which ones have a reputation for good quality, good partnership, and good value for the money. This step virtually always involves using the Internet to research providers and sift through product and company reviews. Buyers may consult trade directories and publications, look at published case studies (written or video), seek out guidance from opinion leaders, and contact peers or colleagues from other companies for recommendations.

Marketers can participate in this stage by maintaining well-designed Web sites with useful information and case studies, working with opinion leaders to make advantageous information available, using content marketing strategies to make credible information available in sources the buyer is likely to consult, and publishing case studies about customers using your products successfully. *Consultative selling* (also called *personal selling*) plays a major role as marketers or sales personnel learn more about the organization's goals, priorities, and product specifications and provide helpful information to the buyer about the offerings under consideration.



Six of the mirror segments for NASA's James Webb Space Telescope. The mirrors were built by Ball Aerospace & Technologies Corp., Boulder, Colorado

Proposal Solicitation

During the next stage of the process, qualified suppliers are invited to submit proposals. Depending on the nature of the purchase, some suppliers send only a catalog or a sales representative. More complex purchases typically require submission of a detailed proposal outlining what the provider can offer to address the buyer's needs, along with product specifications, timing, and pricing. Proposal development requires extensive research, skilled writing, and presentation. For very large, complex purchasing decisions, such as the solution sale described above, the delivery of a proposal could be comparable to a complete marketing strategy targeting an individual customer. Organizations that respond to

many proposals typically have a dedicated proposal-writing team working closely with sales and marketing personnel to deliver compelling, well-crafted proposals.

Supplier Selection

At this stage, the buyer screens the proposals and makes a choice. A significant part of this selection involves evaluating the vendors under consideration. The selection process involves thorough review of the proposals submitted, as well as consideration of vendor capabilities, reputation, customer references, warranties, and so on. Proposals may be scored by different decision-makers using a common set of criteria. Often the selection process narrows down vendors to a shortlist of highest-scoring proposals. Then the short-listed vendors are invited to meet with the buyer(s) virtually or in-person to discuss the proposal and address any questions, concerns, or gaps. At this stage, the buyer may attempt to negotiate final, advantageous terms with each of the short-listed vendors. Negotiation points may cover product quantity, specifications, pricing, timing, delivery, and other terms of sale. Ultimately the decision-makers finalize their selection and communicate it internally and to the vendors who submitted proposals.

Consultative selling and related marketing support are important during this stage. While there may be procurement rules limiting contact with buyers during the selection process, it can be helpful to check in periodically with key contacts and offer any additional information that may be helpful during the selection process. This phase is an opportunity for companies to demonstrate their responsiveness to buyers and their needs. Being attentive during this stage can set a positive tone for how you will conduct future business.

Order-Routine Specification

The buyer now writes the final order with the chosen supplier, listing the technical specifications, the quantity needed, the warranty, and so on. At this stage, the supplier typically works closely with the buyer to manage inventories and deliver on agreement terms.

Performance Review

In this final stage, the buyer reviews the supplier's performance and provides feedback. This may be a very simple or a very complex process, and it may be initiated by either party, or both. The performance review may lead to changes in how the organizations work together to improve efficiency, quality, customer satisfaction, or other aspects of the relationship.

From a marketing perspective this stage provides essential information about how well the product is meeting customer needs and how to improve delivery in order to strengthen customer satisfaction and brand loyalty. Happy, successful customers may be great candidates for published case studies, testimonials, and references for future customers. Dissatisfied customers provide an excellent opportunity to learn what isn't working, demonstrate your responsiveness, and improve.

Procurement Processes for Routine Purchases

As noted above, the complete eight-stage buying process described here applies to new tasks, which typically require more complex, involved purchasing decisions. For rebuys and routine purchases, organizations use abridged versions of the process. Some stages may be bypassed completely when a supplier has already been selected.

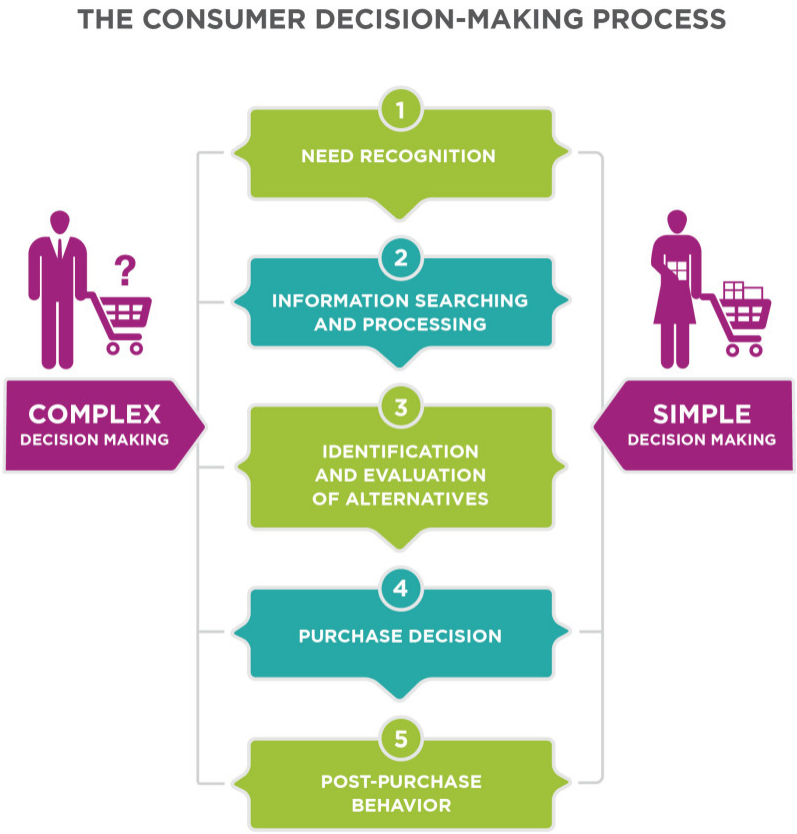
Organizations may also use e-procurement processes, in which an approved supplier has been selected to provide a variety of standard goods at pre-negotiated prices. For example, an organization may negotiate an e-procurement agreement with Staples that allows employees to order office supplies directly from the company using an approval workflow in the ordering system. These systems help simplify the buying process for routine purchases, while still allowing appropriate levels of approvals and cost controls for the buyer.

7.6 Putting It Together: Consumer Behavior

Applying the Concepts: Finn's Family Buys a Pet

Do you remember Finn, the newest little consumer who arrived at the beginning of this module? Let's suppose that Finn's parents decide they want him to grow up with an animal friend. This gives us a chance to apply what we've been discussing about consumer behaviour and see what happens as they go through the consumer decision process to buy a pet.

Since finding a pet is definitely a high-involvement decision for them, these are the steps they will go through:



Recognize Needs

The Consumer Perspective: Finn's parents, Robert and Amanda, know they want a pet. They're not sure what kind of pet. They're pretty sure they want it to be cuddly and lovable—something a child can interact with and not get too wet,

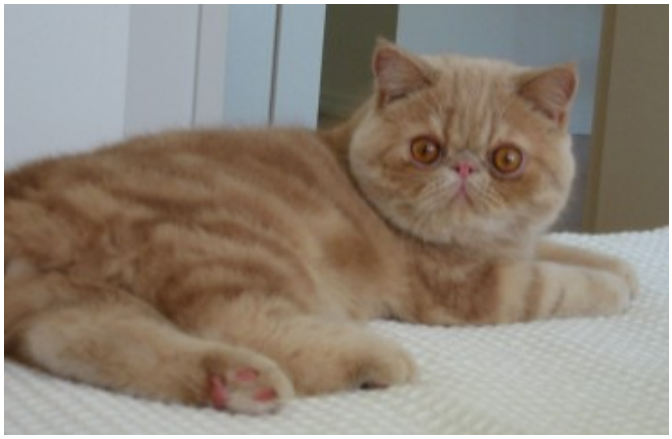
bitten, or diseased (or maybe just a little). They also want a pet with some longevity, so that Finn can grow up with his animal friend. Although they are busy getting used to a new infant in their lives, Robert and Amanda are both on leave from their jobs for eight weeks, so it could be a good time to get used to a new animal, too. They decide it's time to get serious about finding a pet.

The Marketer's Perspective and Tactics: You manage marketing for an animal rescue organization in your local community. Somehow you need to get in front of Finn's family to let them know about your animals and why they should start their search with you. Fortunately, you've been working with Google to get a paid placement for your organization near the top of Google searches for kittens and puppies in your area, so when Robert does his first search, he sees your listing. You also routinely post fliers on information boards around your community, and you've been working on your Web site to make sure it is search optimized for people searching for pets in your area.

Search for Information

The Consumer Perspective: Robert has grown skilled at searching the Internet while rocking Finn to sleep at the same time. He and Amanda need to research a few questions:

- What kind of pet should they get: dog, cat, guinea pig, ferret, something else?
- Where should they get the pet: pet shop, breeder, online provide, animal rescue, someplace else?
- How much should they expect to pay for the pet?
- How should they take care of the pet once they get it?

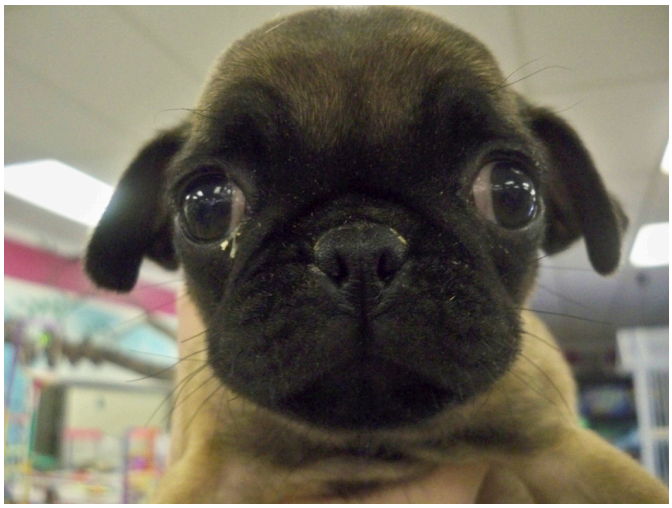


I am so much better than a dog. Take me home.

Robert is already leaning strongly toward getting a dog. His family had dogs when he was growing up, and he loves the idea of his son having the same experience. Amanda is on the fence, until they start reading about best pets for kids in parenting articles online, and they start talking to friends. Robert's family preference for dogs is validated in articles claiming that dogs are good pets for children and that potential problems (allergies, behaviour issues) can be minimized by having the dog around children from a young age. As they begin to investigate places to get a dog, Amanda and Robert are disturbed to read about puppy mills and warnings against buying dogs from unscrupulous online sellers. They agree that they should stay local and check out pet shops, breeders, or animal rescue organizations in their area. Animal rescue would probably be the cheapest option, but they want to shop around and see what's available.

The Marketer's Perspective and Tactics: One of your organization's board members is a well-known mommy blogger who feels passionately about pets and kids. At your request, she's written a few posts over the past several months providing advice for parents who are considering a pet, and recommending animal rescue as the way to go. You've cross-posted her pieces on the rescue organization's Web site blog, and she's linked to your Web site in her posts. You know from Google Analytics that you're getting pretty good traffic to your Web site from that link and her posts. The Web site also contains information to educate people about the advantages of adopting rescue animals, reinforcing how rewarding it is to offer these pets a loving home. You know from research that families tend to get interested in pets when they have young children, so you update the Web site with adorable recent adoption photos showing young families welcoming their new pets. You also know that people have lots of questions when they're looking for pets, so you prominently feature "Adopting a Pet: What To Expect" on your Web site.

Evaluate Alternatives



Sad pet-store dog. Eye problems.

The Consumer Perspective: Now that Robert and Amanda know they want a dog, they are honing in on what type of dog and where to get it. They've been reading dog owner sites about different breeds, and they've been reading Yelp reviews about people's experiences with the local pet shops, breeders, and rescue organizations. They are keeping an eye on Craigslist to see what shows up there, and they've made a couple of visits to see some of the breeds they are considering. Robert is really charmed by a local breeder's Labradoodles, and online communities rave about how good these dogs are with children, but there is a yearlong waitlist for the puppies and they cost upwards of $1,500. Amanda has joined a mothers' group, and two of the moms have dogs. One has a golden retriever. She bought the dog at a local pet shop and loves him, but she has been surprised by the number of health problems he's had. The other mom has a friendly terrier mix she got from a local rescue organization, and she was very happy with the experience.

The Marketer's Perspective and Tactics: You're trying to do more with word-of-mouth and social media promotion, so you've started asking each family that adopts one of your animals to post about their experience on Yelp and Google reviews. You've been doing more with Facebook and Instagram, building up followers and posting pictures of some of the sweet rescue animals people can meet and adopt. Since it's free, you also post regularly in the "Pets" area of Craigslist and you've found that is a great way to connect with local area families looking for pets. Craigslist shoppers tend to be good candidates for adopting rescue animals. When people come into the center, you find out what they are looking for, and you make sure they learn about the advantages of adopting a rescue animal and how simple the process can be. You also get their contact information so you can stay in touch with them electronically and let them know when a new animal arrives that might be a good fit for their family.

Make a Purchase

The Consumer Perspective: Amanda is very moved by their visit to the local animal rescue center. She is impressed with several of the dogs they met, and she loves the idea of adopting an already-house-trained pet, instead of starting from scratch with a puppy. Robert's heart is still with the Labradoodles, but they agree that the yearlong wait and hefty price tag probably aren't worth it. Although the pet store puppies are adorable, Amanda keeps thinking about her friend's golden retriever and health problems, which are probably linked to overbreeding. After thinking things over, they decide to return to the rescue center with Finn and meet the dogs there again. This time, one of the dogs is a standout: a smart little Scottish terrier mix named Bonnie who makes Finn's eyes light up every time she comes near. The choice is made, and the James family is delighted.

The Marketer's Perspective and Tactics: Once a family comes to the center a second time, you know from experience that they're hooked. You need to make sure they fall in love with an animal that will be a good fit for their children and living situation. You've designed the application process to make sure that it helps you screen people and also match them with the best pets. But it's also a thoughtful, informative experience for the people who come in, so they can learn

about what it takes to be a good pet owner. Once a new pet owner finds "The One," you snap photos for the happy family bulletin board at the center and ask permission to share the pictures on your Web site and social media. You also invite them to post the picture on social media and share their experience with the center in a Yelp or Foursquare review. A going-home packet includes useful information about caring for their new animal and contact information in case they have questions or concerns.

Post-Purchase Behavior

The Consumer Perspective: The new addition to the James family is everything Amanda and Robert had hoped for. Bonnie is sweet-tempered, playful, gentle with Finn, and smart as a whip. For Robert, Bonnie brings back the joy and companionship he remembers from his childhood pets. Amanda is so delighted that she tells everyone who will listen about their wonderful experience adopting a rescue animal. Next time they are considering a pet, they'll know exactly where to go.



Bonnie, the winner.

The Marketer's Perspective and Tactics: You've developed a process for checking in on adoption families after a couple of weeks to make sure things are working out. If they haven't done so already, you nudge them to write a review about their adoption experience on Yelp or another review site, assuming their experience has been good. If they aren't doing so well, you try to find out why and suggest some tips and strategies for turning things around. If red flags come up during these conversations, you make a note for one of the center's volunteers to do a wellness check on the owner and animal, so that the center can intervene and avoid serious problems. Fortunately, the follow-up process usually results in happy stories about how much the animals and their new families love each other. And that's a major reason why you keep doing this job.

Practice Quiz Chapter 7

Check Your Understanding

Answer the question(s) below to see how well you understand the topics covered in the previous section. This short quiz does **not** count toward your grade in the class, and you can retake it an unlimited number of times.

Use this quiz to check your understanding and decide whether to (1) study the previous section further or (2) move on to the next section.



An interactive H5P element has been excluded from this version of the text. You can view it online here:
https://pressbooks.atlanticoer-relatlantique.ca/nsccprinciplesofmarketing2e/?p=348#h5p-9

CHAPTER 8: POSITIONING

Learning Objectives

- Why positioning matters.
- Define positioning and differentiation, and why they are important to marketing a product or service
- Explain the process of selecting a positioning and differentiation strategy
- Develop and evaluate positioning statements based on defined criteria
- Explain repositioning and the associated risks and complexities of repositioning a product or service
- Describe the process of implementing a positioning strategy

8.1 Why It Matters: Positioning

Why create a product or service positioning statement that aligns with a value proposition and a target segment?



Ever since you were small, you have loved special occasions and gatherings. It started with sprawling extended-family picnics when you were a child. From there, you graduated to bigger and more elaborate events: attending fairs and grand openings, crashing weddings and voter conventions, wandering through business expositions at the local convention center. In fact, one of your favorite memories is of the time you sneaked into the legendary Consumer Electronics Show when you were visiting your cousin in Las Vegas. As far as you're concerned, the more people, the bigger the party and the better.

Now, as an adult, you've landed a job with Shindiggity, an event management firm that specializes in putting on conferences, trade shows, and events for industry associations and companies. You love getting to meet new people, travel, and work on making fun, memorable events.

Here's the challenge: Shindiggity is relatively small and new on the event management scene. Although event management is a growing area for business services, it's also a fairly crowded field. When you google "event management company," you get 432 million results. Shindiggity is easily lost in the crowd.

At Shindiggity's annual retreat, employees from across the company are divided into several groups, and each group is given the same task: How can we get Shindiggity to stand out from the competition?

You realize that the VP from your division has been assigned to your group and that this is a great chance for you to impress her with your creativity and initiative. You also want to help your company be successful. Right off, you jot down some questions to focus your thinking:

- What makes Shindiggity better than competitors? Is it the quality of events? The creative ideas? The amazing people? The way it uses technology to make things smoother and more efficient? Something else?
- Who do we need to talk to about Shindiggity, and what will make them decide to give us a try?
- How can we make sure they remember Shindiggity and what we stand for?

These are critical questions you need to answer in order to help your company (and, you think, impress the VP). At the core, they are questions about positioning and differentiation: What position do you hold in customers' minds? What position do you *want* to hold? How are you different in positive ways that make you stand out from the pack?

If Shindiggity can't figure out how to make a lasting impact in customers' minds, it won't win enough clients to stay in business. And, if it goes out of business, you'll be job hunting instead of continuing to do the work you love. On the other hand, if you come up with great ideas, you may help Shindiggity *position* itself effectively against competitors, which

could lead to new business and—who knows?—to more job responsibility or a promotion for you. It's pretty obvious which scenario you decide to pursue.

8.2 Defining Positioning and Differentiation

Learning Objectives

- Define positioning and differentiation
- Explain the relationship between positioning and value proposition
- Explain the importance of positioning in executing segmentation and targeting strategy
- Define product positioning and differentiation, and explain why they are important to marketing a product or service

Positioning addresses an important question: What do you want to be known for?

Positioning provides the basic foundation for effectively marketing any product or service to a target audience. Positioning goes hand in hand with differentiation (in much the same way that segmentation and targeting work together). Differentiation is the process of figuring out what will make your product different and better in ways that matter to customers–and ways that are not easily replicated by competitors.

Positioning and differentiation offer something of a road map for marketing a product or service to the customers you're targeting. Read on to learn more.

Learning Activities

- Reading: Defining Positioning and Differentiation

Reading: Defining Positioning and Differentiation

What Makes You Different and Better?

Positioning is a strategic process that marketers use to determine the place or "niche" an offering should occupy in a given market, relative to other customer alternatives. When you position a product or service, you answer these questions:

- **Place**: What place does the offering occupy in its market?
- **Rank**: How does the product or service fare against its competitors in the areas evaluated by customers deciding what to buy?
- **Attitude**: How do we want customers to think about this offering and the benefits it offers them?
- **Outcomes**: What must we do to ensure the product or service delivers on the positioning we select?

Marketers use the positioning process to identify the distinctive place they want a product or service to hold in the minds of a target market segment. Effective positioning is always aimed at a specific target segment. In fact, positioning tailors the generally focused *value proposition* to the needs and interests of a particular target segment.



Positioning can be subtle and hard to detect, but it can also be easy to spot when it conforms to your perceptions as a consumer. Perhaps one of the following positions appeals to *you*: Volvo, for example, positions itself as a family of premium vehicles that are well designed for performance, innovation, and safety. Kia strives to position itself as delivering practical, utilitarian vehicles that offer high quality and value for the price. Cadillac is, well, the Cadillac of automobiles: powerful, luxurious, and catering to every need of its well-heeled drivers and passengers.

Differentiation is closely related to positioning. Differentiation is the process companies use to make a product or service stand out from its competitors in ways that provide unique value to the customer. Differentiation identifies a set of characteristics and benefits that make a product different and better for a target audience. Ideally, these qualities are things that 1) customers value when they are evaluating choices in a purchasing decision, and 2) competitors cannot easily copy. When both conditions exist, the offering is more attractive to target customers.

Differentiation is at work any time you're choosing between two products in the same category. For example, when you're buying a soft drink, why do you choose Coke, Pepsi, Sprite, or Mountain Dew? Is it because of the taste? The cost? The level of sugar or caffeine? Or is it something less tangible, like the way you just want to smile when you drink Coke, or you feel amped up when you drink Mountain Dew? These tangible and intangible qualities are what differentiate one soft drink from another.

Interconnected Strategies

Positioning and differentiation are connected in important ways. Effective positioning for a product or service is based on the differentiating characteristics or qualities that make the product/service better than the competition

in the minds of the target segment. Positioning and differentiation are strategic activities: marketers work to create the desired position for a product or service in the market, rather than waiting for it to be created by customers, the public, or competitors. The end result of positioning is the successful creation of a market-focused value proposition: "This is the compelling reason why the target segment should buy the product." Positioning shapes key elements of the marketing mix: which features matter most in the differentiation of a product or service, what messages to communicate about the offering, how to price it relative to competitors, and the role distribution might play in satisfying the customer.

To illustrate positioning in practice, think about Canadian retail chains targeting households as a core segment. The table below highlights how major Canadian retailers position themselves to attract customers and the differentiators they use to stand apart in a crowded market.

Name	Positioning	Differentiators
Walmart Canada	Everyday low prices across a wide selection of essentials, groceries, and general merchandise	"Everyday Low Price" guarantee; omnichannel shopping with online + store integration
Costco	Bulk savings for households and small businesses, emphasizing value and quality	Membership model; private-label *Kirkland* brand; bulk pricing
Loblaws / PC Express	A one-stop destination for groceries, wellness, and household needs, blending physical stores with strong digital convenience	Strong private labels (*President's Choice*, *No Name*); PC Optimum loyalty program; grocery pickup/ delivery
Canadian Tire	Trusted, national go-to retailer for home, auto, outdoor, and sporting goods	Deep category expertise; owned brands (*Mastercraft*, *MEC partnership*); CT Money rewards
Simons	Canadian fashion retailer offering stylish, curated apparel and home goods, with a growing focus on sustainability	Exclusive fashion lines; sustainability initiatives (eco-responsible collections); strong Quebec brand heritage

Walmart Canada continues to leverage its global strength but emphasizes affordability and convenience for Canadian households that are increasingly price-conscious in the face of inflation. Costco, on the other hand, differentiates itself through its membership model, which creates both exclusivity and loyalty, while its Kirkland private-label products reinforce the brand's reputation for quality and value. Loblaws and its digital arm, PC Express, illustrate the convergence of grocery and digital convenience, with their PC Optimum loyalty program emerging as one of the most powerful differentiators in Canadian retail. Canadian Tire blends tradition with innovation, positioning itself as the "backbone" of Canadian households, offering trusted products for cars, cottages, outdoor living, and winter survival. Meanwhile, Simons appeals to a design-conscious and younger audience, emphasizing Canadian identity and sustainability through curated fashion and eco-responsible collections.

In each case, positioning is carefully tailored to a particular target segment. Walmart primarily serves price-sensitive families, while Costco focuses on households willing to buy in bulk and small businesses seeking value. Loblaws appeals to families who prioritize convenience, digital integration, and robust loyalty perks. Canadian Tire attracts homeowners, do-it-yourselfers, and outdoor enthusiasts, whereas Simons connects with fashion-conscious Canadians who want curated style choices and sustainable practices. Each of these positioning strategies carves out a distinct niche, helping these retailers stand apart in the consumer's mind while addressing the needs and values that matter most in 2025.



Positioning is essential for launching a new product or service, because it helps marketers and customers understand how the new offering fits into the set of available choices, and it makes a set of claims about why customers should consider it. Positioning can also be useful at any other stage of the product life cycle to help clarify what makes a product or service different from competitors and why people should prefer it.

Positioning Is a Statement

Positioning plays a critical role for marketers by defining how an offering will stand out and appeal to customers. At the same time, it helps customers understand the choices available to them so they can evaluate and select the product or service that best meets their needs.

The most common way to articulate this is through a **positioning statement**. A positioning statement is a single, concise sentence that clearly identifies the target market and communicates what customers should think about the brand. An effective positioning statement typically includes:

- The **target market**
- The **brand name**
- The **key points of differentiation**
- The **product or service category** (the frame of reference in which the brand competes)
- The **reasons to believe** the positioning claims

Positioning statements must also be rooted in truth. For positioning to be effective, it must be both **credible and convincing**, aligning with customers' real experiences and perceptions of the brand. If the statement does not reflect reality, it will fail to take hold in the minds of consumers. Similarly, positioning must be based on qualities that actually matter to customers as they make purchase decisions. If the positioning focuses on features or benefits that are irrelevant, customers will look elsewhere for offerings that meet their priorities.

Sample Positioning Statements for Major Canadian Retailers (2025)

Company	Positioning Statement
Walmart Canada	*For price-sensitive Canadian families, Walmart offers a wide range of household and grocery essentials at everyday low prices, combining affordability with convenience so families can save money and live better.*
Costco	*For households that can afford to buy in bulk and small businesses, Costco provides exclusive access to high-quality products at lower unit prices, reinforced by its trusted Kirkland brand and membership model that drives loyalty and value.*
Loblaws / PC Express	*For busy Canadian families seeking convenience and value, Loblaws delivers fresh groceries and household products seamlessly integrated with digital services, loyalty rewards (PC Optimum), and flexible delivery or pickup options.*
Canadian Tire	*For Canadian homeowners, do-it-yourselfers, and outdoor enthusiasts, Canadian Tire is the trusted destination for products that keep cars, cottages, and families ready for every season, blending tradition with innovation.*
Simons	*For fashion-conscious Canadians, especially younger generations, Simons offers curated, design-forward collections that emphasize sustainability, Canadian identity, and a personalized shopping experience both online and in-store.*

Same Offering, Different Positioning

Because effective positioning is always linked to a specific target segment, it is worth pointing out that the same basic product or service may be positioned differently for different market segments. When this happens, it is because companies recognize that their target segments are looking for different qualities when they make their purchasing decisions. Different positioning strategies for the same product enable marketers to communicate the value of the product or service more effectively to each target audience.



For example, the U.S. airline JetBlue caters to two "sweet spot" target segments: 2) "high-value leisure travellers" and 2) "mixed-wallet customers," who fly for both business and leisure. The airline's positioning for "high-value leisure travellers" focuses on attractively priced airfare and packages to fun vacation destinations, along with a comfortable flying experience. For "mixed-wallet customers," JetBlue positions itself as providing a competitively priced and convenient flying experience with features like expedited security and multiple fare options in case travel plans need to change. In both cases, JetBlue is selling air

travel, but the positioning for each target segment is built around the differentiating qualities that make JetBlue particularly attractive to those segments.[1]

In Canada, **Porter Airlines** offers a comparable example. From its launch in 2006, Porter focused on business travellers—especially those who are time- and price-sensitive—by positioning itself around premium convenience, such as flying from centrally located Billy Bishop Airport in Toronto, quick check-ins, and amenities like flying boardrooms for executives. Over time, Porter broadened its positioning. By 2015, it expanded to include leisure travellers, offering unbundled fares that let customers pay only for services they valued most, while marketing directly to vacationers seeking affordable, flexible options. Fast forward to 2025, Porter continues to balance these two identities: *a convenient, boutique experience for business flyers* and *a flexible, value-based airline for leisure travellers*. This reflects a wider trend in the airline industry toward deeper segmentation and personalization. Rather than trying to be "all things to all people," airlines increasingly design fare structures, loyalty programs, and customer experiences that align with the needs and values of specific segments. [2]

Creation note: This content was updated with the assistance of ChatGPT, a language model developed by OpenAI, and was subsequently reviewed and edited by the author for clarity and accuracy.

1. Schaal, D. (2013, March 13). Why JetBlue doesn't target road warriors and doesn't plan to anytime soon. Skift. http://skift.com/2013/03/20/why-jetblue-doesnt-target-road-warriors-and-doesnt-plan-to-anytime-soon/
2. Dallaire, J. (2018, July 17). Porter joins competitor airlines with new entry-level fare. *Strategy*. https://strategyonline.ca/2018/07/17/porter-joins-competitor-airlines-with-new-entry-level-fare/

8.3 The Positioning Process

Learning Objectives

- Explain the concept of competitive advantage and how it relates to positioning strategy
- Differentiate between product features and benefits
- Explain positioning (perceptual) maps
- Identify common positioning strategies
- Explain the process of selecting a positioning and differentiation strategy

Positioning and differentiation are powerful tools to help you establish the market position you want for your product or service. In this section you'll learn how various positioning approaches work for different target segments and how to choose an effective positioning and differentiation strategy.

Learning Activities

- Reading: The Positioning Process
- Video: Starbucks Delivers Community and Connection

Reading: The Positioning Process

Getting to the Right Position

Arriving at the best positioning and differentiation strategy involves a process. The goal of the process is to design an identity that both confirms the value of the product, service, or brand in the customer's mind and explains why and how the offering is better than the competition. To reach that goal, marketers typically follow a positioning process comprised of the following five steps:

The Five Steps of the Positioning Process

1. Confirm your understanding of market dynamics
2. Identify your competitive advantages
3. Choose competitive advantages that define your market "niche"
4. Define your positioning strategy
5. Communicate and deliver on the positioning strategy

Step 1: Confirm Your Understanding of Market Dynamics

At the start of the positioning process, you need a firm understanding of your target market and answers to the following questions:

- In which product, service, or market category (also called the "frame of reference") do you plan to use this positioning?
- Which target segment is your focus for the positioning you are developing?
- What factors do these buyers evaluate when they make a purchasing decision?
- How do these buyers view your competitors in the category?

If you don't have answers to these questions, you should consider conducting formal or informal marketing research to reach a better understanding of your target market and the market dynamics around it. Some marketers may have the time and resources to conduct extensive research, while others may need to rely on their own experience and anecdotal conversations with target customers. Either way, you'll remember that the customer is at the centre of the marketing mix, so knowing whom you're targeting is the only place to start.

Step 2: Identify Your Competitive Advantages

A **competitive advantage** is some trait, quality, or capability that allows you to outperform the competition. It gives your product, service, or brand an advantage over others in purchasing decisions. Competitive advantage may come from any or all of the following:

- **Price:** Something in your production process or supply chain may make it possible for you to provide comparable value at a lower cost than competitors.
- **Features:** You may provide tangible or intangible features that your competitors do not: for example, more colours, better taste, a more elegant design, quicker delivery, personalized service, etc.
- **Benefits:** You may provide unique benefits to customers that your competitors cannot match. Benefits are intangible strengths or outcomes your customer gets when they use your offering. For example, time savings, convenience, increased control, enjoyment, relaxation, more choices, feeling better about oneself, being more attractive, etc.

Create a list of the things that make you different from competitors in positive ways. Then identify which of these factors are also competitive advantages: the influential factors that help you perform better in the marketplace and cause customers to choose your product, service, or brand over other options.

As a rule, it is relatively easy for competitors to undercut your pricing or match your features, so it is difficult to maintain a consistent competitive advantage in either of these areas. Market-leading products, services, and brands are most likely to differentiate based on benefits—the intangible strengths and outcomes that are harder for competitors to match.

For example, many car companies achieve strong ratings in safety tests, but driving a Volvo provides an extra, intangible benefit for the driver of *feeling* safer because of Volvo's longstanding record and reputation for safety. A variety of theme parks in Southern California offer exciting rides and family fun, but only Disneyland's Magic Kingdom makes people feel like they're in *the happiest place on earth*.

You don't necessarily need a long list of competitive advantages, but your list should be substantive: it should include the things that **truly create distance** between your offering and competitors. Dig deep to identify the intangible benefits your customers experience–or intangible benefits they *could* experience—from your offering that make it different and better than the alternatives.

Step 3: Choose Competitive Advantages That Define Your Niche

Your list of competitive advantages represents a set of possible positioning strategies you could pursue for your product, service, or brand. The next step is to examine how these factors fit into customer perceptions of your broader competitive set. Your goal is to pick a positioning approach that gives you a unique and valued position in the market that competitors are not addressing.

A **perceptual map** is a great tool for this step. A perceptual map is a **visual tool** that shows how *customers perceive* different brands, products, or services in relation to one another. Examples of two different perceptual maps are included below. The first one maps canadian retailers on two key dimensions—*price* (budget to premium) and *value orientation* (functional to lifestyle). The second maps automobile brands based on customer perceptions of price and quality.

Remember the positioning statements for Canadian retailers we saw earlier in the chapter? Those statements captured how Walmart, Costco, Loblaws, Canadian Tire, and Simons each target distinct customer segments with different promises of value. A perceptual map helps us visualize those positions on two key dimensions—*price* (budget to premium) and *value orientation* (functional to lifestyle).

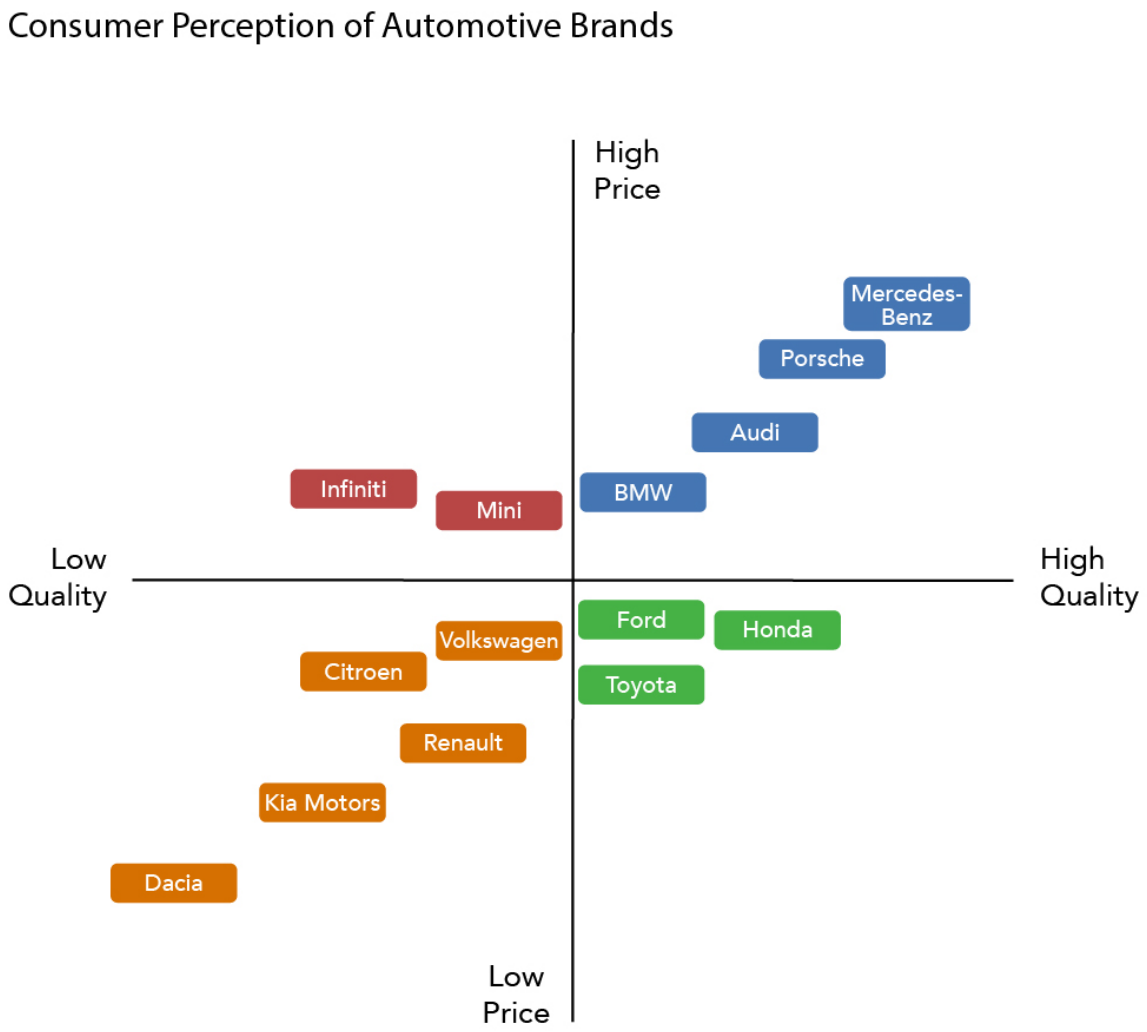
Looking at the perceptual map below, we can see that **Walmart Canada** anchors the budget end of the spectrum w

ith a strong emphasis on functional value for price-sensitive families. **Costco** is also value-driven but differentiates itself through exclusivity and its membership model, appealing to bulk buyers and small businesses. **Loblaws/PC Express** positions itself further up the premium scale, integrating grocery with digital convenience and loyalty programs to attract families seeking ease and rewards. **Canadian Tire** lands in the mid-range, blending tradition with lifestyle relevance for homeowners, do-it-yourselfers, and outdoor enthusiasts. Finally, **Simons** sits closest to the premium-lifestyle quadrant, appealing to fashion-conscious and sustainability-minded Canadians with curated and design-focused offerings.



Together, these positions illustrate how Canadian retailers occupy distinct niches, ensuring customers can find a fit that reflects both their budgets and the values they care about most.

Here is another example, this time using automotive brands and looking at quality and price. Note that in this second example the axes is split in the middle to form four quadrants.



Source: Sebastien Bellanger, https://rockstarsbm.wordpress.com/2014/11/23/perceptual-maps/

You can create a perceptual map similar to these by identifying the key criteria customers use when deciding what to buy and setting these as the horizontal and vertical axes. Then you can overlay competitors in the perceptual space where they seem to fit. You can even create multiple maps of the same market with different criteria on the horizontal and vertical axes to get a different view of how competitors are positioned. Perceptual maps are most robust when they are based on actual marketing research data, but marketers can also create directional maps based on their experience and anecdotal understanding of market dynamics.

With your maps in hand, look for areas where there are fewer competitors: these are the spaces where you are most likely to be successful creating your own niche. Consider where your competitive advantages would help you fit well into these gaps; this will direct you to the strongest positioning opportunities for your product, service, or brand.

Give this approach a try: Suppose you are exploring whether to introduce your homemade, artisan-style ice cream to a wider audience, which will mean competing with national brands carried in local and regional grocery stores. Looking

at the following perceptual map, where are the gaps in which you could create a niche for your product? Who would be your closest competitors?

If you choose not to create a perceptual map, an alternate approach is to list competitors and their competitive advantages. Then, add your own own offering and competitive advantages to the list. Based on the alternatives available to customers, think about where there are gaps between what customers want and value most and what they can get from the choices available today. Identify where your competitive advantages can help you fit into these gaps, since they will be the most promising positioning approaches for you.

Remember to think creatively as you are defining your competitive advantages and choosing those that will define your positioning and market niche. You have a greater likelihood of success if you are also the first in the market to claim your positioning. You won't have to displace anyone else, and you can generate excitement by fulfilling a previously unmet need.

Perceptual maps give us a snapshot of how customers currently view different competitors in a market. But while these maps reveal the present state of customer perceptions, marketers also need tools to chart the *future state*—how they want their brand to be positioned in customers' minds.

This is where **positioning maps** come in. A positioning map looks similar to a perceptual map, but instead of showing current customer perceptions, it reflects the **intended strategy** of the company. In other words, perceptual maps capture "reality as it is," while positioning maps illustrate "where we want to be." Marketers use positioning maps to highlight their desired place in the market relative to competitors, and to guide decisions about product design, pricing, promotion, and distribution. Together, perceptual and positioning maps provide a powerful one–two punch: understanding the customer's view of the world and then defining the company's unique, strategic niche within it.

Recall the perceptual map we looked at earlier that showed how Canadian retailers are currently perceived by customers in terms of **price** (budget to premium) and **value orientation** (functional to lifestyle). That map reflected customer perceptions—*where the brands stand today*. Now let's imagine how these same companies might want to **shift their positions strategically** in the future.

For example:

- **Walmart** may want to move slightly toward lifestyle by strengthening its fashion, home décor, and health product lines, while still remaining firmly in the budget quadrant.
- **Costco** could aim to reinforce its value-for-money perception while edging slightly up-market to attract more affluent families alongside small businesses.
- **Loblaws** might target an even stronger premium–lifestyle position by leveraging its PC Optimum loyalty program, private label brands, and digital convenience.
- **Canadian Tire** may wish to expand its lifestyle credentials, highlighting outdoor living and home innovation to differentiate itself from purely functional retailers.
- **Simons** may strive to double down on sustainability and digital curation, moving deeper into the premium–lifestyle quadrant as an aspirational fashion destination.

A **positioning map** visualizes these *intended future shifts*. It helps marketers set a strategic course by clarifying the niche they want to claim, even if customer perceptions haven't caught up yet. Over time, marketing actions (products, pricing, promotions, etc.) work to move the brand closer to its desired position on the map.

Step 4: Define Your Positioning Strategy

With your competitive advantages identified and information about how key competitors are positioned, you're ready to evaluate and select your positioning strategy. This is the decision you make about how, exactly, you plan to position your offering relative to the rest of the field. How will you be different and better?

Hallmark = Caring shared
Hawaii = Aloha spirit
Guess Jeans = Sexy chic
Virgin Atlantic = Ultra cool fun

There are several common positioning strategies you should consider, shown in the following table:

Common Positioning Strategies

Differentiator	Positioning Strategy	Examples
Category Benefit	Position yourself as "owning" an important benefit and delivering it better than anyone else	Volvo = Safety
Best fit for the Customer	Position yourself as an ideal fit for the customer's personality, style, and approach	Red Bull = Extreme
Business Approach	Position yourself with a distinctive approach to doing business	Jimmy John's = Unbelievably fast TurboTax = Easy DIY
Anti-Competition	Position yourself as a preferred alternative to the competition	Apple = Think different Seven-Up = The Uncola
Price	Position yourself according to pricing: lowest cost, best value for the money, luxury or premium offering, etc.	Wal-Mart = Lowest prices CheapOair = Cheap flights Old Navy = Affordable fashion
Quality	Position yourself according to a quality standard: high quality, best-in-class, or else reliably good quality at a reasonable price	Arctic Brilliance Diamonds = Perfect cut Ritz Carlton Hotels = Ultimate luxury

Strong positioning is simple: it focuses on a single, powerful concept that is important to the customer. It uses your most promising competitive advantage to carve out the niche you will fill better than anyone else. Your positioning strategy puts this competitive advantage into the context of your competitive set: it explains what distinguishes you from the competition. Perhaps you deliver an emotional benefit that your target audience doesn't get anywhere else (escape? balance?) Perhaps you are hands down the best choice for a geeky, gear-head audience (bikers, coders). Perhaps you provide great customer service in a category where customer service is unheard of (cable TV, contractors).

Your positioning will become the "special sauce" that sets you apart. Concoct it well.

Step 5: Communicate and Deliver on Your Positioning Strategy



The next sections of this module will delve deeper into this step, but don't underestimate its importance. Communicating your positioning strategy begins with creating a positioning statement and sharing it internally across the organization to make sure that everyone understands how and where your offering will fit in the market. Your positioning builds on a competitive advantage, and it is essential for you to deliver on the expectations your positioning sets in customers' minds. You should design your positioning strategy to endure over time, while recognizing that it can and should be adjusted from time to time to reflect changes in the competitive set, your target segment, market trends, and so forth.

If your positioning is based on being an ideal "lifestyle" fit for your target audience, for example, you need to demonstrate how your offering is attuned to the needs and experiences of this audience. This includes evolving as your target segment evolves. If your positioning is based on "owning" an important benefit like *security* or *reliability* or *delight*, then you should explore all the ways you can deliver that benefit better than any competitor who might try to imitate you.

The marketing mix provides the set of coordinated tools you use to execute on your positioning strategy. You might think of your positioning strategy as the tune you want your target segment to hear. The marketing mix is how you orchestrate and harmonize that tune, making it a memorable, preferred choice for your target customers.

Creation note: This content was updated with the assistance of ChatGPT, a language model developed by OpenAI, and was subsequently reviewed and edited by the author for clarity and accuracy.

Video: Starbucks Delivers Community and Connection

What business is Starbucks really in?

“We wanted to build a third place between home and work,” says Starbucks’ CEO Howard Schultz, as he sits in one of his cafés, “at a time in America when people are hungry for human connection.”

Watch the following video to learn how, from the beginning, Starbucks has positioned itself to be much more than just a seller of gourmet coffee. It has built its entire brand experience around a core positioning that offers “a sense of community” as much as coffee. It is selling a meeting place.



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https://pressbooks.atlanticoer-relatlantique.ca/nsccprinciplesofmarketing2e/?p=362#oembed-1

You can view the transcript for “Starbucks the Brand”. (opens in new window)

8.4 Developing Positioning Statements

Learning Objectives

- Describe a standard structure for positioning statements
- Outline criteria for a strong positioning statement
- Recognize good examples of positioning statements
- Create a positioning statement aligned with a value proposition and target audience
- Develop and evaluate positioning statements based on defined criteria

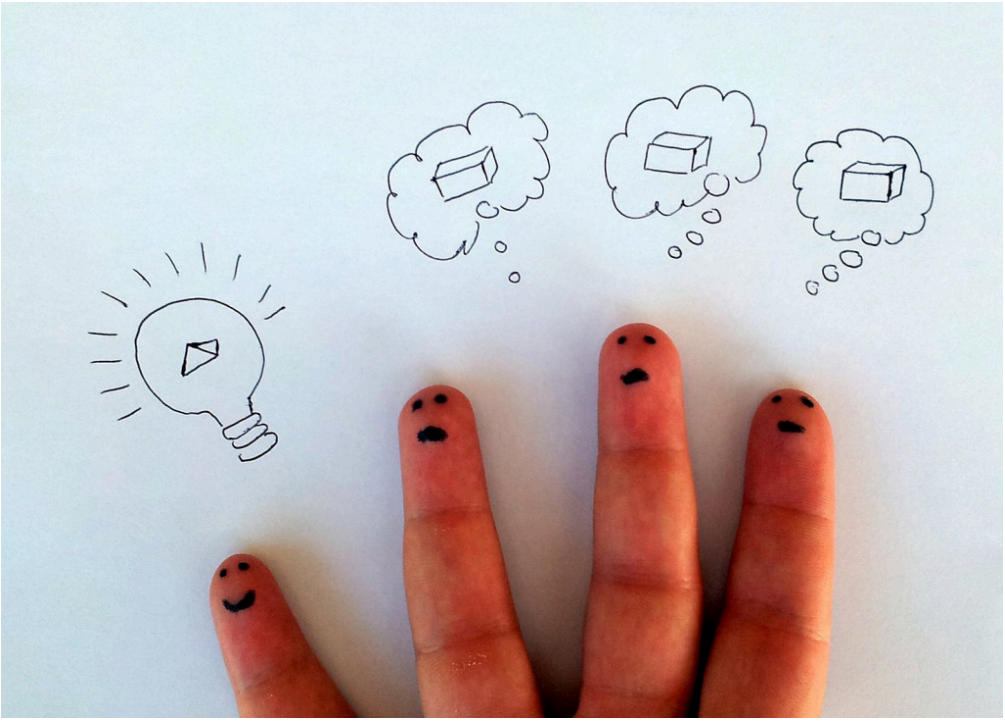
After marketers work through the process of homing in on the best positioning strategy, they arrive at the final step: the positioning statement. The positioning statement reflects everything you've learned up to that point about how your product, service, or brand can best reach your target segment. As a document, it explains exactly how you plan to provide value to those target customers. In effect, it's a short, persuasive argument.

In this next section, you'll learn a simple formula for creating effective positioning statements. You'll also learn how to evaluate existing positioning statements and decide whether and how they might be improved.

Learning Activities

- Reading: Developing Positioning Statements

Reading: Developing Positioning Statements



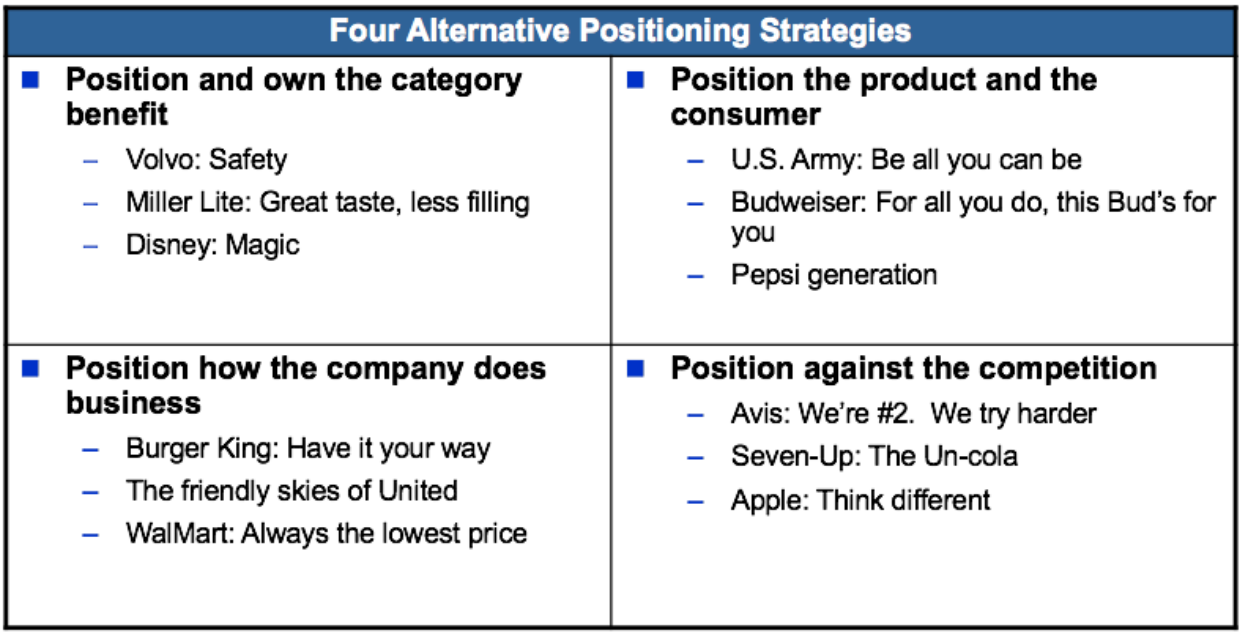
A Simple Formula

A **positioning statement** is one sentence that succinctly identifies the target market and spells out what you want them to think about your brand. This statement should include five elements:

1. the target segment
2. the brand name
3. the product/service category or frame of reference in which you are establishing this market position
4. the key points of differentiation
5. The reasons customers should believe the positioning claims.

The brand consultancy EquiBrand recommends the following straightforward formula for writing positioning statements:

To [*target audience*], Product X is the only [*category or frame of reference*] that [*points of differentiation/ benefits delivered*] because [*reasons to believe*].[1]



Four Alternative Positioning Strategies to consider [2]The components of the positioning formula that you, as the marketer, supply are:

- **Target audience**: A short description of the customer segment you are trying to reach with this positioning strategy. For example, *young urban males*, *managing partners in law firms*, *or small business owners in the Pacific Northwest*.
- **Product X**: The name of your product, service, or brand.
- **Category or frame of reference**: The market or category in which you compete. For instance, *spectator sporting events*, *virtual assistant services*, *or employer pension plans*.

1. Equibrand Consulting (n.d.) Brand Positioning template. http://equibrandconsulting.com/templates/positioning-templates
2. Equibrand Consulting (n.d.) Four Alternative Positioning Strategies https://equibrandconsulting.com/wp-content/uploads/2022/05/Positioning-Perspectives.pdf

- **Points of differentiation/benefits delivered**: A clear explanation of both the problem you solve and how you solve it in a way that is different from—and better than—competitors. This highlights the competitive advantage(s) that anchor your positioning strategy. Make sure to articulate not only what sets you apart, but also why those differences matter to customers.
- **Reasons to believe**: Proof points or evidence that demonstrate how you deliver on your claims of being different and better.

Here are some concrete examples of companies that use this positioning statement formula: **"To [target audience], Product X is the only [category] that [benefits] because [reasons to believe]"** .

Positioning Statement Examples

Company	Target Audience	Category / Frame of Reference	Points of Differentiation / Benefits Delivered	Reasons to Believe
Tesla (Model 3)	Environmentally conscious professionals	Electric vehicle (mid-size sedan)	High performance, cutting-edge tech, zero-emission driving	Tesla's battery innovation, Supercharger network, proven leadership in EVs
Apple (iPhone)	Tech-savvy consumers who value simplicity and status	Smartphone	Seamless design, premium hardware, integration with Apple ecosystem	Apple controls hardware, software, and

1. Tesla (Model 3)

To environmentally conscious professionals,
Tesla Model 3 is the only **electric vehicle in the mid-size sedan category**
that **delivers high performance, cutting-edge technology, and zero-emission driving**
because it is backed by Tesla's industry-leading battery innovation, Supercharger network, and track record of redefining sustainable mobility.

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2. Apple iPhone

To tech-savvy consumers who value simplicity and status,
the **iPhone** is the only **smartphone**
that **combines intuitive design, premium hardware, and seamless integration with other devices**
because Apple controls the entire ecosystem of hardware, software, and services, ensuring a smooth, reliable user experience.

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3. Nike (Running Shoes)

To athletes and fitness enthusiasts,
Nike running shoes are the only **sports footwear brand**
that **inspires peak performance while expressing personal style**
because they are designed with advanced cushioning technology and endorsed by world-class athletes.

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4. Airbnb

To travelers seeking authentic experiences,
Airbnb is the only **travel accommodation platform**
that **lets you stay in unique homes and connect with local hosts worldwide**
because its community-driven model gives access to millions of hosts offering spaces and insider knowledge across 190+ countries.

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5. Whole Foods Market

To health-conscious shoppers,
Whole Foods is the only **grocery retailer**
that **offers a wide selection of natural and organic foods**
because it enforces strict quality standards, banning artificial preservatives, colors, and flavors.

H & R Block continues to ask "Who is doing your taxes?" but has evolved their campaign positioning in 2019 to shift to who SHOULD be doing your taxes, under their umbrella theme of "Get what's yours?". [3]



One or more interactive elements has been excluded from this version of the text. You can view them online here: *https://pressbooks.atlanticoer-relatlantique.ca/nsccprinciplesofmarketing2e/?p=367#oembed-1*

3. Dallaire Justin (2020, March 4) *H&R Block makes its expertise more explicit.* https://strategyonline.ca/2020/03/04/hr-block-makes-its-expertise-more-explicit/

One or more interactive elements has been excluded from this version of the text. You can view them online here:
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Amazon (circa 2001, when it sold primarily books)

For World Wide Web users who enjoy books, Amazon is a retail bookseller that provides instant access to over 1.1 million books. Unlike traditional book retailers, Amazon provides a combination of extraordinary convenience, low prices and comprehensive selection.[4]

This clearly worded positioning statement follows the formula closely, even though the "reasons to believe" are added as a second sentence. It presents the competitive advantage ("*instant access to over 1.1 million books*") as a clear differentiator, and with this wording we also understand the problem Amazon solves–convenient access to lots of books. The specific reasons to believe are highly desirable benefits for the target audience.

Amazon (circa 2019, largest logistics company in the world)

Amazon's positioning statement
"Our vision is to be the earth's most customer-centric company; to build a place where people can come to find and discover anything they might want to buy online."

Positioning statements change as companies evolve as Amazon demonstrates. We will examine repositioning later in the chapter.

Here are a few more examples of different brand positioning.

Tide Laundry Detergent

Tide is the brand of laundry detergent that gets clothes their cleanest and keeps them looking new

4. http://www.fastcompany.com/3034721/hit-the-ground-running/figuring-out-the-delicate-art-of-positioning-your-startup

because “improved” Tide formulation powers out stains while keeping clothes from fading and fraying for the best value for families. [5]

The Tide positioning statement identifies the target audience so specifically that it’s easy to create a vivid mental picture of the customer. The problem Tide solves is very clear: getting close clean. This statement emphasizes the product’s competitive advantage around cleaning power and superior formulation, while promising valued benefits that customers enjoy when they use this product.



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The onus here is on the brand to provide these concrete benefits around not “fading and fraying,” but these are definite reasons to believe if indeed the product can deliver and a reason to believe.

Evaluating Positioning Statements

How do you know when a positioning statement is going to be effective? Obviously, positioning statements should contain all the elements in the formula above, since that information is needed to translate the positioning strategy into a well-developed marketing mix. There are other criteria you should look for, as well. For example, the following:

- **Is it tailored to the target market?** Too often, positioning statements either leave out the target segment, or else the entire approach isn’t really suited to that unique group. If a positioning statement would work just as well if you plugged in a completely different target segment, then you probably haven’t thought deeply enough about your target’s unique needs and what will make them want your product. Or, you’ve defined your target segment too narrowly, in which case you should revisit whom you’re trying to reach.
- **Is it simple, focused, and memorable?** A positioning statement that is overly complex will be hard to execute against because it isn’t focused enough to deliver a clear message to the customer. Make sure it is very clear what problem(s) you solve. Use easy-to-understand words instead of jargon that muddles the meaning. If your statement is running long, consider trimming a few differentiators or benefits. It’s actually very good to prune down to the essentials so your meaning is crystal clear. Make every word count!
- **Does it provide an unmistakable picture of your product, service, or brand?** Your positioning statement should work beautifully for you, but not very well for your competitors. If you can substitute any competitor’s name for your own in the positioning statement—and it still sounds credible—then you need some additional work on your differentiators and competitive advantages. If you are going to own your market niche, it must be a place that no one else can easily occupy.

5. https://books.google.com/books?id=zEGhBgAAQBAJ, p. 115

- **Can you deliver on the promise you make?** The positioning statement promises some benefits or outcomes to your customers. You must be able to consistently live up to this promise—otherwise you'll lose credibility, and your offering will stand for something that's untrustworthy. If you can't live up to your promise, you need to take another, more realistic look at the offering's benefits and the customers' reasons to believe.
- **Does it provide helpful direction for designing the marketing mix and other decisions?** From the positioning statement, you should have a sense of what types of activities and messages are consistent with that positioning and support the brand you are working to build.

Practice: Evaluate These Statements

Read the following statements. For each one, ask yourself whether it's a strong *positioning statement* based on the formula and criteria outlined in this reading. Why or why not?

1. *Nike brings inspiration and innovation to every athlete in the world.*[6]
2. *For taxpayers, H&R Block (https://www.hrblock.ca/) offers the best tools and tax professionals to examine their lives through taxes and find ways to help them save time and money.*[7]

Analysis: Here is how these examples stack up:

1. **Nike:** This is a powerful mission statement, and it sets a perfect tone for the Nike brand. However, it is not an effective positioning statement because it doesn't really articulate any points of differentiation, problems solved or reasons to believe.
2. **H&R Block:** This is an exemplary positioning statement, including each element of the formula in clear, concise terms. What's memorable and unexpected about this statement is how it humanizes tax preparation services by presenting them as services that "examine your life" and "find ways to help." There is room for improvement: it's arguable whether "taxpayers" is too broad as a target segment. But overall, this is a great example.

Creation note: This content was updated with the assistance of ChatGPT, a language model developed by OpenAI, and was subsequently reviewed and edited by the author for clarity and accuracy.

6. http://help-en-us.nike.com/app/answers/detail/a_id/113/~/nike-mission-statement
7. https://www.hrblock.com/corporate/our-company/

8.5 Repositioning

Learning Objectives

Explain repositioning and the associated risks and complexities of repositioning a product or service

Positioning is a powerful tool, but once a product, service, or brand is positioned, the world doesn't stand still. Market conditions evolve. Customers' expectations shift. Competitors adapt. And organizations themselves change.

Although positioning is designed to last, most offerings eventually need to be revisited. This process is called **repositioning**—redefining how the market perceives an offering so it continues to remain relevant and competitive. In many ways, repositioning is more complex than initial positioning because you're not starting from scratch. Instead, you're working with existing perceptions, aiming to preserve what still resonates while changing what no longer works. It's a bit like remodeling a house rather than building a new one: there are structural elements you must work around, and the risks of missteps are higher.

Repositioning can be rewarding, but it also carries challenges. Done poorly, it can confuse loyal customers, weaken brand equity, or set expectations the business can't deliver. Done well, it revitalizes a brand, protects relevance, and opens new opportunities.

In the next reading, we'll explore the rationale for repositioning, the risks and complexities involved, and examples of how organizations have navigated this process.

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- Reading: Repositioning

Reading: Repositioning



When It's Time to Change Direction

Once products, services, and brands are introduced to the market, they rarely remain static. Competitive pressures, customer expectations, and broader market forces constantly shift. To remain relevant, organizations often need to **reposition**—that is, adjust how the market perceives their offering so it can compete more effectively within its current segment or expand into new ones.

Repositioning typically becomes necessary when demand is weakening, target segments are shrinking, or new innovations create opportunities. Common triggers include:

- **Competition:** New entrants disrupting the market, rivals joining forces, breakthrough innovations, or aggressive pricing strategies.
- **Market environment:** Economic shifts, changes in consumer confidence, political or regulatory changes, or social forces such as the rise of sustainability.
- **Consumer trends:** Evolving tastes, changing behaviors (like digital adoption), or the emergence of new customer segments.
- **Internal environment:** Leadership changes, new technology, acquisitions, or innovations that alter competitive advantages.

Example: H&R Block

H&R Block illustrates these dynamics well. As tech-savvy millennials began handling taxes, many turned to digital self-service tools like TurboTax instead of traditional tax professionals. Despite launching its own online product, H&R Block struggled to attract this segment, while its traditional customer base aged. Facing declining relevance, the company invested in repositioning campaigns in 2012 and 2014, using humor, social media, and social responsibility to refresh its image and better connect with younger taxpayers.[1] The following H&R Block video ad from the 2012 "Stache Act" campaign makes the case for a fictional Million Mustache March on Washington to alter the tax code to include a $250 deduction for facial hair grooming materials:



One or more interactive elements has been excluded from this version of the text. You can view them online here:
https://pressbooks.atlanticoer-relatlantique.ca/nsccprinciplesofmarketing2e/?p=371#oembed-1

You can view the transcript for "Stache Act Campaign Ad – The Oval Office". (opens in new window)

axpayers.

The Repositioning Process

Repositioning follows a similar framework to initial positioning, but with a critical difference: it builds on **existing perceptions** rather than starting fresh. The task is not only to introduce something new but also to reshape what's already established.

Repositioning may involve tangible product or pricing changes, but more often it centers on **messaging and communication**. Many campaigns refresh perceptions without altering the product itself, instead encouraging the target audience to "take another look" at the offering. Successful repositioning tends to expand appeal—either by reinvigorating current segments or by opening doors to new ones.

Just as importantly, repositioning is not a one-time event. Market perceptions must be **monitored continuously**, with feedback loops to assess what's working and where adjustments are needed. Like a scoreboard in a game, positioning can shift quickly, and marketers need to track and adapt accordingly.

Repositioning Risks and Pitfalls

Repositioning is powerful, but it's also fraught with risk because it must reconcile the past with the future. Customers,

1. http://www.theguardian.com/money/us-money-blog/2014/mar/05/hipsters-taxes-brooklyn-ads-hrblock

employees, and other stakeholders carry memories and opinions of what the brand once stood for, which can complicate efforts to redefine it. Missteps can confuse loyal customers, weaken brand equity, or damage credibility.

Key pitfalls include:

- **Insufficient research:** Not fully understanding how the market or target segment will respond.
- **Going too far:** Making changes so radical they break credibility.
- **Forgetting the basics:** Overcomplicating messaging when clarity around core benefits is what matters most.
- **Overpromising:** Creating expectations the organization cannot realistically deliver.
- **Mixed signals:** Allowing old and new messages to conflict, creating confusion.

Example: United Airlines

United's late-1990s "Rising" campaign is a cautionary tale. Moving away from its long-standing "Fly the Friendly Skies" positioning, the airline promised a superior service experience. But the company failed to deliver the operational changes needed to support those claims. Within two years, the campaign collapsed, damaging credibility and confusing customers.[2]

Repositioning Success

Despite the risks, well-executed repositioning can transform organizations.

Example: The Red Cross

During the 2009 recession, the American and Canadian Red Cross faced declining donations despite high brand awareness. Research showed people strongly associated the Red Cross with disaster relief—but not with holiday giving. To shift perceptions, the organization repositioned itself with campaigns such as **"Give the gift that saves the day"** and **"We Answer."** These messages reinforced its core strength in disaster response while linking the brand to seasonal generosity.

This message reinforced the powerful role that the Red Cross plays in times of disaster and invited Americans to be part of that important work. With words like "give the gift," it also implanted the idea of the ARC as a great recipient for holiday giving. The following video was created as part of the 2009 integrated marketing campaign that introduced this new positioning.

2. http://www.wsj.com/articles/SB94719666565398524

One or more interactive elements has been excluded from this version of the text. You can view them online here:
https://pressbooks.atlanticoer-relatlantique.ca/nsccprinciplesofmarketing2e/?p=371#oembed-2

The results were dramatic:

- Income grew by over 5% in 2009, despite the recession.
- Donors exposed to the campaign were twice as likely to give.
- By 2010, revenue increased 26% over 2009, with average gift size up 43%.
- Corporate donations followed, including record support from Walmart Canada.

This case shows how repositioning, when grounded in research and aligned with core strengths, can create lasting impact.[3]

Creation note: This content was updated with the assistance of ChatGPT, a language model developed by OpenAI, and was subsequently reviewed and edited by the author for clarity and accuracy.

3. Simpatico interactive (2013, July 22) *Better with red. Integrated Marketing Communications Plan.* https://jwhiskeyman.files.wordpress.com/2013/07/jwhiskeyman_636_arc-campaign-final.pdf

8.6 Implementing Positioning Strategy

Learning Objectives

- Adjust the marketing mix to deliver on positioning strategy
- Develop promotion strategy based on new positioning
- Measure effectiveness
- Describe the process of implementing a positioning strategy

With your new positioning strategy and a well-formulated positioning statement, you are poised to take action.

But . . . how exactly?

What comes next is more familiar than you might think: You head back to the fundamentals of the marketing mix. The positioning strategy helps guide your adjustments to product, price, place (distribution), and promotion, so that you can effectively reach and shape the perceptions of your target market segment(s). In this section you'll learn how to do this.

Learning Activities

- Reading: Implementing Positioning Strategy

Reading: Implementing Positioning Strategy

Putting Positioning into Practice

The positioning strategy, embodied in a strong positioning statement, is a touchstone for marketing and brand-building activities as marketers work to align everything they do in support of this core idea. In simple terms this means aligning the positioning strategy with the marketing mix.



Positioning statements provide a relatively easy way to check whether some aspect of the marketing mix is on target or off target: if a particular marketing message or activity reinforces the positioning statement, it's probably consistent with your goals for reaching a target segment. If a marketing activity doesn't reinforce the positioning statement, it will probably create some confusion among customers about what your product, service, or brand stands for.

What does this mean in practice?

As you consider what you're doing in each area of the marketing mix, think about what your positioning statement is communicating to customers. Then ask yourself how each part of the marketing mix is helping you deliver on the expectations you are setting with those customers.

- **Product:** Is your product, service, or brand capable of delivering everything your positioning statement claims? Are any competitors doing it better than you? How should you adjust your offering to ensure that it lives up to the promises?
- **Price:** When it comes to pricing, how are you positioning your offering relative to competitors? If pricing is part of your positioning strategy, is your offering well aligned with the price you're asking customers to pay? What pricing strategies should you consider in order to compete more effectively? (More on this in the Pricing module.)
- **Place (Distribution):** Are any distribution-related themes like convenience or availability part of your positioning strategy or competitive advantage? If so, what are you doing to ensure that you can live up to what you promise? How are you communicating your new positioning approach to distribution and channel partners, and how does it impact them? (More on this in the Place module)
- **Promotion:** How are you translating your positioning strategy into messaging and actual communications with your target audiences? What behavioural shift are you trying to create as you launch your new positioning? Where and how do you need to alter existing materials to make them consistent with the new positioning (e.g., Web site, print, ads, social media, marketing content, sponsorships, events, etc.)? What types of campaigns will you use to introduce the new positioning? Which communication tools will be most effective at reaching target audiences, and what are you doing to coordinate marketing messages and activities across different channels? (Much much more to come in this area in the Promotion: Integrated Marketing Communications module.)



How a Positioning Statement can impact Marketing Mix

Persistence Pays

Implementing a new positioning or repositioning strategy is not a simple task. It takes time and effort to bring all the pieces together, to update the old and create the new. Implementing a positioning strategy resembles turning a ship: At first the maneuver is slow and deliberate. But once you've turned and charted the new direction, momentum picks up.

To be sure your positioning activities are having the effect you want, look for ways to measure the impact of your efforts. Depending on your goals and implementation activities, what you measure can vary, but may include one or more of the following:

- Sales/revenue
- Number of new/returning customers
- Average spending per transaction
- Brand/product awareness or perceptions
- Favourability toward product/service/brand
- New leads or inquiries from inside and outside your target segments
- Web site traffic
- Social media engagement
- Earned and organic media awareness
- Customer satisfaction
- Return on investment for marketing campaigns and other activities

Above all, don't forget to check in with customers directly to monitor how they are responding to the new positioning

efforts. In all likelihood, there are things that will work and things that won't work as you introduce the new direction. Having a direct line to customers for constructive feedback and recommendations can help you identify potential improvements and adjust course early to strengthen your impact and results. Social media can be an effective and inexpensive way to generate the feedback loop.

Before leaving the topic of implementing positioning, another application of positioning strategy deserves attention. For large, complex organizations that have many products and serve many different markets and customer types, effective positioning is crucial. It's the only way to ensure that the organization can deliver a coherent message and unique value to each target segment.

Example: Tyco Integrated Security

What does this look like in practice? Let's examine how the electronic security company Tyco Integrated Security (TycoIS)(https://www.tycois.com/) uses positioning.

Tyco Integrated Security is a B2B company that sells electronic security products, installation, and services in the U.S. and Canada. They merged with Johnson Controls. TycoIS produces a variety of security-related products and services that can be used across many different industries and sizes of companies. When you think about the security-related needs of different kinds of businesses, you realize that their needs vary widely. A small business needs systems and processes that are affordable and manageable by a single person or a small team. Large companies have extremely complex needs around physical, financial, personnel, supply chain, and information security. Needs also differ by industry. For instance, companies in the food business are concerned about food safety, handling, protection, and complying with regulations and inspections in order to stay in business. Most other industries have similarly specialized needs.

Company-Level Positioning

TycoIS must communicate at several different levels in order to convince people that it's the right partner for their business. Operating at the highest level, company-to-company, the following statement explains TycoIS's company-level positioning:

> We help companies protect their employees, customers, facilities, and operations from internal and external threats, and allow business to work smarter through enhanced security management and information management solutions.[1]

This positioning statement from the company's Web site fits our positioning formula quite nicely, except for one thing: the defined target segment is "companies." Is it possible to market anything effectively to all companies everywhere? No. This target is too broad. But it is a great starting point for businesspeople looking for security systems; it encourages them to delve deeper.

1. https://www.tycois.com/

Two-Tiered Segmentation

To divide up "all companies" into manageable chunks for marketing purposes, TycoIS uses two different segmentation schema at the same time: segmentation by 1) organization size and 2) industry. Figure 1, below, illustrates how Tyco mixes these schema together:

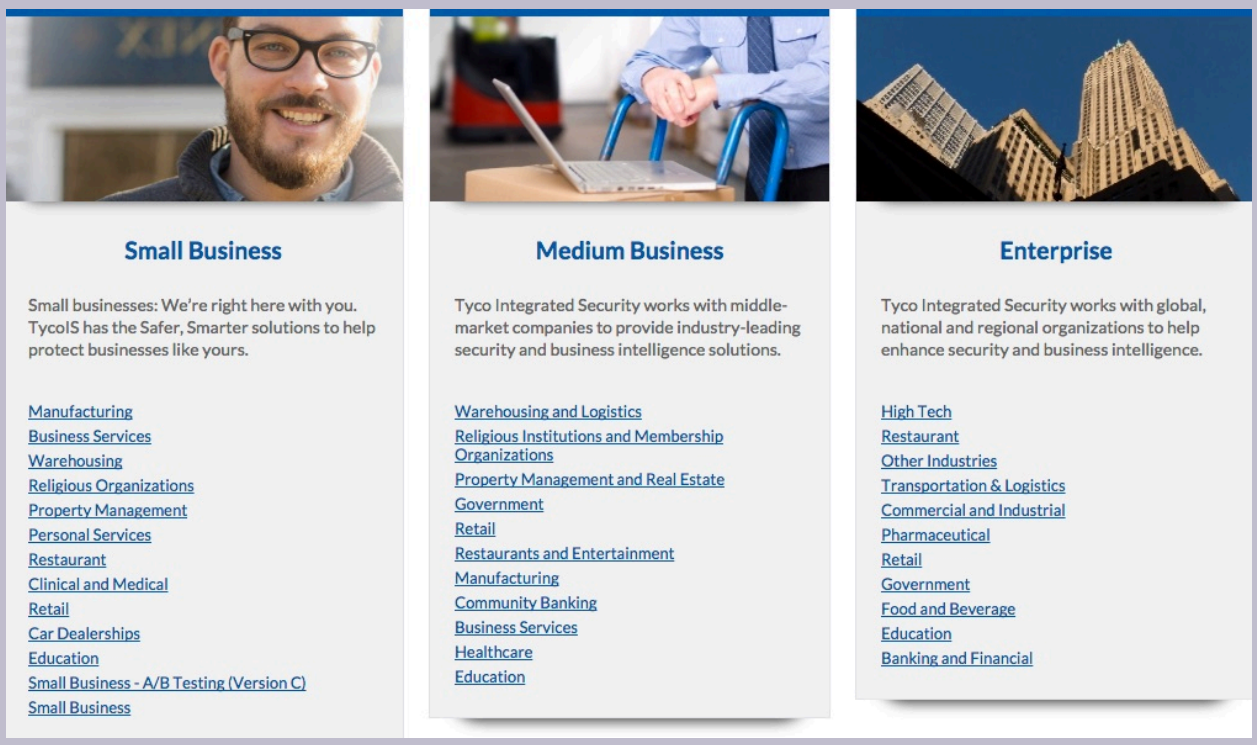


Figure 1.

Given the separate messaging for each business size, it's clear that TycoIS has developed positioning around three unique market segments: small businesses, medium-sized businesses, and large enterprises.The "Small Business" positioning uses a tone of personal reassurance: "We're right here with you." And, going a level deeper, "We offer affordable products and services to help you, as a small business owner, protect your investment."The "Medium Business" positioning mentions "industry-leading" solutions—a term that resonates with these organizations, which are striving to grow and become leaders. The "Enterprise" positioning emphasizes TycoIS expertise working at the global, national, and regional level. It also offers to "help enhance" security and business intelligence, rather than "provide" them. This subtle wording is wise: large, enterprise organizations tend to have a lot of legacy infrastructure and processes already in place, as well as in-house security expertise. With this positioning, TycoIS suggests that it will be an expert, helpful partner to complement and strengthen the security large companies already have.

Industry-Specific Positioning

Within each business-size segment, TycoIS has identified the common types of industries it works with. For each of these industries, TycoIS has unique positioning to convey that 1) we speak your language, 2) we understand your needs, and 3) we have a great combination of solutions just for you.



Figure 2.

Figure 2, above, illustrates how TycoIS positions its offering for medium-sized businesses in the restaurant and entertainment industry. For this target segment, the company clarifies the category of security solutions it offers: physical security, theft protection, food inventory and protection for restaurants, nightclubs, and other entertainment venues. The messaging highlights TycoIS's competitive advantage of offering industry-specific security specialists and business insights—on top of all the systems and gadgets it provides.This detailed, industry-specific positioning flows across each of the company-size segments, and it effectively communicates the following: "Regardless of your company size or industry, TycoIS has relevant experience and familiarity with your security challenges and needs." On the company's Web site, it is easy to browse the matrix of company types and industries to find the area that matches your business. Then, as you dig deeper, TycoIS's attention to target-segment positioning ensures that you will find information that speaks to your unique needs.

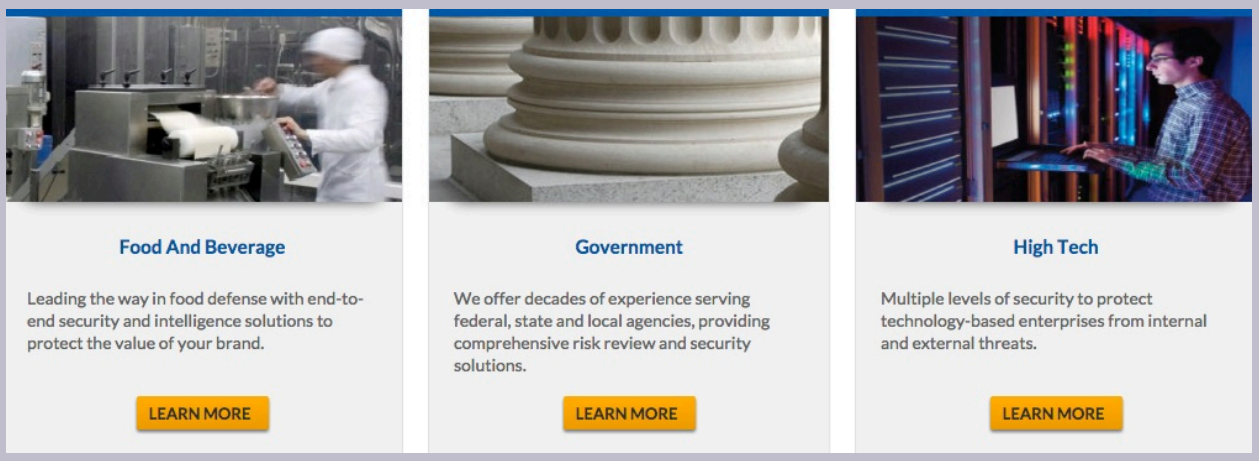
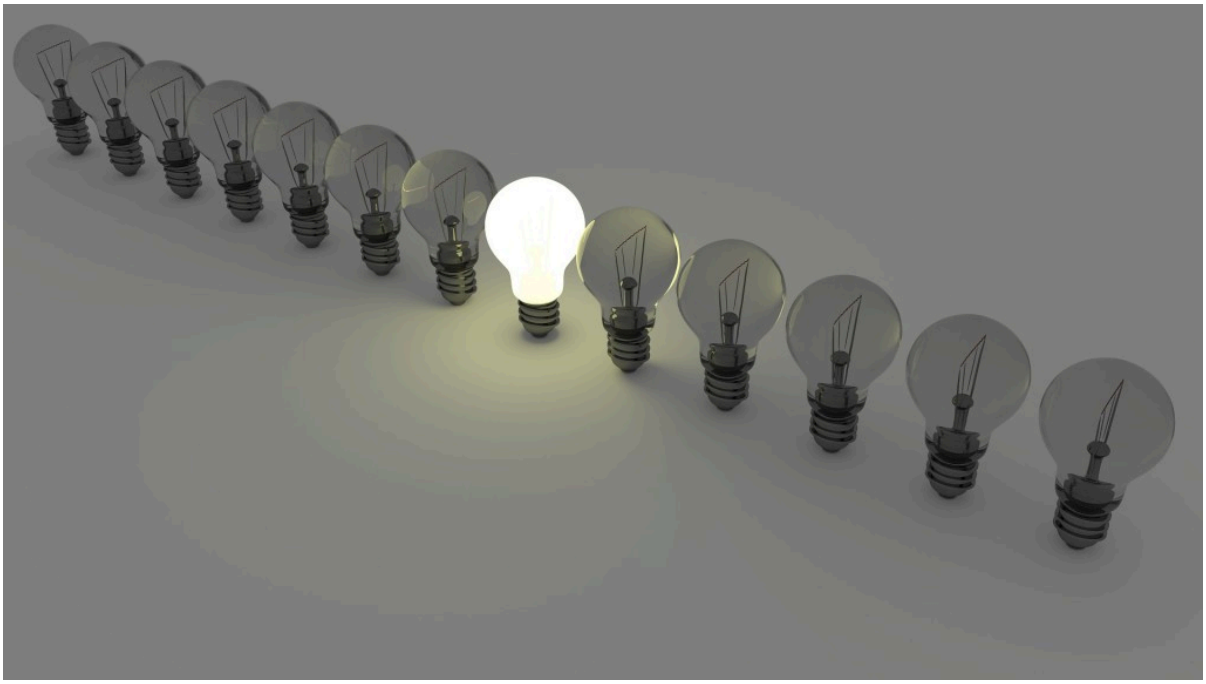


Figure 3.

It's mind-boggling to imagine all the positioning-strategy and messaging work that has gone into this type of marketing effort. In all, TycoIS actively targets 35+ different business segments! Not every organization needs this kind of detailed targeting and positioning schema. But many organizations, ones smaller and larger than TycoIS, find that this highly targeted use of positioning strategy is an effective way to do business and support their ongoing focus on customer needs.

8.7 Putting It Together: Positioning



Positioning Your Way Out of Obscurity

Let's get back to the challenge that started this module: how to position and differentiate a company in a crowded field of competitors.

You'll recall that you have a swell job at a newish events management company called Shindiggity. The company is struggling to find ways of setting itself apart in a crowded and growing field. At the company retreat, you have an opportunity to suggest some strategies that can help Shindiggity stand out from the competition. You also have a chance to impress your divisional VP, who is assigned to the same brainstorming and breakout group as you.

Now that you know something about positioning and differentiation, you step forward to lead your group through the positioning process.

Step 1: Confirm Your Understanding of Market Dynamics

Once your breakout group gets going, you start with a discussion about what you're all seeing in the market generally. You ask your VP, to share perspectives from the executive team about where it plans to target growth for the company in the coming year, and whether there are particular industries or segments it plans to focus on. She says that the company has seen particular growth potential in the health care and pharmaceutical industries. Shindiggity has several clients in these segments already, and you know from your experience with these events that they can be quite technical and specialized.

In fact, recently Shindiggity won three proposals for health-care-related events that you helped write. You recall from the selection process that two factors helped push your proposals over the finish line: 1) knowledge and experience required to produce and manage an event with significant industry-specific technical needs; and 2) strong, established relationships with industry thought leaders whom Shindiggity could bring into the program at relatively short notice. As you share these insights, you realize the conversation is already moving on to the next step in the positioning strategy.

Step 2: Identify Your Competitive Advantages



You ask your colleagues to share what other factors are helping Shindiggity win new business. They agree that industry-specific technical knowledge and strong relationships with thought leaders are important distinguishing factors. While many other event management companies seem perfectly competent, there is an extra level of confidence customers express when they know Shindiggity has the expertise and connections to pull off highly technical, industry-specific events.

Someone mentions that since Shindiggity is a smaller firm than many others, it has lower overhead costs. This generally translates into somewhat lower pricing, which customers like. Kara, your V.P. expresses concern: "I don't think we want to compete on lowest price. That just doesn't feel like the right path."

This is a perfect opportunity for you to jump in. You back her up and say, "Positioning as the low price alternative would be a mistake, since our customers don't make their decisions based on price alone. But what about positioning Shindiggity as offering more value for the money?" Kara and the others seem to like this approach. It acknowledges the reality that pricing exercises important influence in technology decisions, but it doesn't force the company into uncomfortably low budgets or profit margins.

Step 3: Choose Competitive Advantages That Define Your "Niche"

The group rounds out the discussion of Shindiggity's strengths and advantages: creativity, caring people, strong partnership with clients to achieve all their goals for the event. Next you suggest listing out the company's key competitors and their competitive advantages, to give everyone a common picture of the competitive landscape.

The list on the whiteboard runs long—nearly twenty companies are on it. As the team begins to enumerate the competitors' strengths, a pattern emerges. At least half of the competitors have noted competitive advantages related to the industries where they do the most work: media, sports and recreation, finance, apparel, and automotive, to name a few. If this survey of key players is any indicator, industry expertise is a great way to establish a place for yourself in events management.

While Shindiggity is not the only company with particular expertise in health care and pharmaceuticals, it is the only smallish company that has established this expertise as a competitive advantage. The handful of others tends to be larger firms with higher overhead, and, according to client feedback you heard recently, they tend to be more "cookie cutter" in their approach to events, rather than going the extra mile to give clients exactly what they want. All this talk of relative strengths and weaknesses is exciting: you're starting to see a positioning strategy come together.

Step 4: Define Your Positioning Strategy

After a short break, your group gets to work again. Kara observes, "We've got a great list of Shindiggity's strengths here, but what do we want customers to remember about us? What's going to make them seek us out and choose us over all these other companies they could work with?"

This is the moment you've been waiting for. "For our positioning strategy," you say, "I think we should focus on owning a distinctive benefit, something we do better than anyone else, linked to Shindiggity's strengths and competitive advantages. I'm not sure of the wording yet, but I think it's a combination of our health care and pharma expertise, and the way we partner with clients creatively to make events feel unique and visionary. How does that sound?"

Your proposal generates excitement because it taps into what makes people at Shindiggity so enthusiastic about their jobs: creativity, vision, and the challenge of designing events that are out of the ordinary. Kara remarks that it's a good sign when employees get this excited about a positioning strategy.

Step 5: Communicate and Deliver on the Positioning Strategy

Your breakout group needs to consolidate its thinking to share back with the rest of the company. You suggest translating the positioning strategy into a positioning statement, using the tried-and-true formula you learned in your marketing class:

> To [*target audience*], Product X is the only [*category or frame of reference*] that [*points of differentiation/benefits delivered*] because [*reasons to believe*].[1]

After a few minutes' work, the group hammers out a positioning statement worth sharing:

> *To health care and pharmaceutical companies, Shindiggity is the only visionary partner that produces top-notch events health care professionals love to attend because they bring together great minds, enriching activities, and a dose of the extraordinary.*

Heading back into the main meeting room, Kara compliments you on your great ideas and suggests that you be the spokesperson to share your group's work with the rest of the company. "You should be proud," she adds. "I think we're really on to something here."

1. http://equibrandconsulting.com/templates/positioning-templates



Practice Quiz Chapter 8

Check Your Understanding

Answer the question(s) below to see how well you understand the topics covered in the previous section. This short quiz does **not** count toward your grade in the class, and you can retake it an unlimited number of times.

Use this quiz to check your understanding and decide whether to (1) study the previous section further or (2) move on to the next section.



An interactive H5P element has been excluded from this version of the text. You can view it online here:
https://pressbooks.atlanticoer-relatlantique.ca/nsccprinciplesofmarketing2e/?p=380#h5p-10

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NSCC Supplemental Teaching Resources

Supplemental teaching resources for instructors.

- NSCC Instructors can access the supplementary resources (test banks, assignments etc) on the NSCC SharePoint site: **Open Textbook Resources and Course Packs**
- Instructors from other education institutions, send an email to copyright@nscc.ca to request access.

Power Points

- Chapter 1 What is Marketing
- Chapter 2 Marketing Function
- Chapter 3 Sementation and Targeting
- Chapter 4- Marketing Strategy
- Chapter 5 Ethics and CSR
- Chapter 6 Marketing Information and Research
- Chapter 7 Consumer Behaviour
- Chapter 8 Positioning

Test Bank

- Introduction to Marketing I 3e Test Bank Files

Glossary

Segmentation

is the process of dividing a broader market into smaller groups of customers who share similar characteristics, needs, or behaviours.

Targeting

involves evaluating those segments and selecting the most appropriate ones to pursue with customized marketing strategies.

Advertising

uses paid notices in different forms of media to draw public attention to a company, product, or message, usually for the purpose of selling products or services.

B2B

Business-to-Business

B2C

Business-to-Consumer

Branding

is the practice of "creating a name, symbol or design that identifies and differentiates a product from other products.

CRM

a business philosophy rooted in the marketing concept, where the entire organization is aligned around understanding and serving customer needs

Customer

a person or organization with a want or need who is willing to give money or some other personal resource to address this need

Customer Lifetime Value (CLV)

a prediction of the net profit associated with a customer over the duration of their relationship with a brand.

Demands

Human wants that are backed by buying power.

Differentiated marketing

the company decides to provide separate offerings to each different market segment that it targets.

exchange process

The act of obtaining a desired object from someone by offering something of value in return.

For-profit organizations

typically privately owned or publicly traded companies with a primary purpose of earning money for their owners.

Individual marketing

is sometimes referred to as "mass customization" or "one-to-one marketing." With this approach, companies offer consumers a product created to their individual specifications.

Local marketing

is a targeting strategy focused expressly on a small, clearly defined neighborhood or geographic area.

Marketing

is a set of activities related to creating, communicating, delivering, and exchanging offerings that have value for others.

Marketing concept

The key to achieving organizational goals is to identify the needs and wants of target markets and deliver the desired satisfactions more effectively and efficiently than competitors.

Marketing mix

represents the way an organization's broad marketing strategies are translated into marketing programs for action.

Marketing Plan

describes how the company will use the marketing mix—product, promotion, place, and price—to achieve its marketing objectives effectively within the competitive market environment.

Mass marketing

also called undifferentiated marketing, involves marketing to the entire market the same way.

Micromarketing

is a targeting strategy that focuses even more narrowly than niche marketing. It caters to the needs of individuals ("individual marketing") or very small segments in a targeted geography ("local marketing").

Needs

State of felt deprivation.

Niche marketing

also called concentrated marketing, is a strategy that targets only one or a few very defined and specific segments of the consumer population.

Nonprofit organizations

also earn money, but their primary purpose is to use these funds for a specific charitable purpose.

PLC

Product Life Cycle (PLC) starts with the product's development and introduction, then moves toward withdrawal or eventual demise.

Product

a physical good, a service, experience, or idea designed to fill the customer's want or need

Provider

a physical good, a service, experience, or idea designed to fill the customer's want or need

Sales

the process of actually selling products or services, leading up to the point where the exchange of value takes place.

Segmentation

the process of dividing a broader market into smaller groups of customers who share similar characteristics, needs, or behaviours.

Strategy

A strategy is a directed course of action to achieve an intended set of goals.[1]

Tactic

A tactic is the means by which a strategy is carried out. [2]

Targeting

involves evaluating those segments and selecting the most appropriate ones to pursue with customized marketing strategies[3].

Transaction

the terms around which both parties agree to trade value-for-value (most often, money for product)

1. Mintzberg, H. Ahlstrand, B. & Lampel, J. (1998). *Strategy safari: A guided tour through the wilds of strategic management.* Prentice Hall, Upper Saddle River.
2. Mutabazi Patrick (2016, March 15) What is The Difference between "Tactics" and "Strategy"? *Linkedin* https://www.linkedin.com/pulse/what-difference-between-tactics-strategy-patric-mutabazi/
3. Kotler, P., & Armstrong, G. (2021). *Principles of Marketing* (18th ed.). Pearson.

Value

is the measure of the benefit gained from a product or service relative to the full cost of the item.

Value proposition

A business or marketing statement that summarizes why a consumer should buy a product or use a service.

Wants

The form taken by human needs as they are shaped by culture and individual personality.

Credits & References

MODULE 1: WHAT IS MARKETING?

1.1 Why It Matters: What Is Marketing?

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MODULE 8: POSITIONING

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Recommend Changes

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Add your feedback for recommended changes in this form.

Version History

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NSCC 2nd Edition – Summary of Changes

NSCC Introduction to Marketing I 2e is adapted primarily from Lumen Learning's *Principles of Marketing* *published under a CC BY 4.0 licence .*

- Canadian legislation and regulatory requirements added to replace American requirements.
- New Canadian business examples added.
- New practice quizzes
- Revised quiz bank and slide decks were created.

NSCC Version Mapping

NSCC Introduction to Marketing I 2e	Lumen Principles of Marketing
Chapter 1	Module 1: What Is Marketing?
Chapter 2	Module 2: Marketing Function
Chapter 3	Module 3: Segmentation and Targeting
Chapter 4	Module 4: Marketing Strategy
Chapter 5	Module 5: Ethics and Social Responsibility
Chapter 6	Module 6: Marketing Information and Research
Chapter 7	Module 7: Consumer Behavior
Chapter 8	Module 8: Positioning