



# **MARKETING COMMUNICATIONS** **UNDERSTANDING THE FUNDAMENTALS**

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## FUNDAMENTALS

The tourism industry has a unique characteristic that differentiates it from many other industries; the tourism offering is an intangible. Additionally, tourism industry offerings can be very different; from large chain services to specialty individual products. However, there is one constant – that a successful marketing plan incorporates a sound marketing communications and promotion strategy.

We will put all the building blocks on the table and carefully examine how we can use some or all of them to build an integrated marketing communications program.

We will review

1. How communications fits within your marketing plan
2. The importance of developing a marketing communications strategy
3. Challenges you may face

## MARKETING COMMUNICATIONS

*What is Marketing Communications?* There are many variations of the definition but essentially marketing communications refers to all the things that an organization does to communicate with prospective customers about their particular product.

### Planning

It is critical that marketing communications and the promotional mix elements dovetail into the company's strategic marketing plan; partnered with the marketing plan objectives and the marketing mix, needs to be consistently reviewed when determining various tactics.

### The Marketing Plan

Even if you do not have a formal marketing plan, you need to consider these elements.

1. *Where Are We Now?* An analysis of the current situation and market conditions.

#### Situation Analysis

- a. Environment
  - b. The Organization
  - c. Main Competitors
  - d. SWOT Analysis
  - e. Current Marketing Position and Tactics
2. *Where Would We Like To Be?* Set your marketing goals and objectives.

#### Market Analysis

- a. Market Trends
- b. Market Opportunity Types
- c. Market Segmentation
- d. Marketing Strategy Rational

## Marketing Strategy

- a. Target Market
  - b. Positioning Statement
  - c. Marketing Objectives
3. *How Do We Get There?* Determine your marketing strategy by indentifying your target markets and the marketing mix you'll use.

## The Marketing Mix

- a. Product
- b. Price
- c. Place
- d. Communication

## Marketing Budget

- a. Sales Forecast
  - b. Break-even Analysis
  - c. Expense Forecast
4. *How To Make Sure We Get There?*

## Implementation and Controls

- a. Marketing Organization
- b. Milestones
- c. Controls and Expected Results
- d. Contingency Planning

### Integration

Marketers today use the term Integrated Marketing Communications or IMC. *What exactly is integrated marketing communications?* The careful coordination of all communication messages to ensure consistency (visual, messaging and point of view) at every point of contact with the customer; regardless of what communication tools have been selected.

Integrated Marketing Communications requires that you develop a marketing communication strategy that recognizes how all of your marketing activities – not just advertising – communicate consistently with your customers. It calls for a centralized messaging function so that everything communicates a common theme and positioning.

### The Communications Mix

The Marketing Communications Mix includes all the things that communicate about the product or service to the customer. It's important to note that this mix covers online and offline as well as traditional communications. It's most commonly used in the tourism and hospitality industry as follows.

### Primary Elements

- Advertising is the paid, non-personal promotion of an identified product / service / idea designed to persuade or influence the target audience to choose to purchase / experience / support the item or concept being promoted.
- Sales Promotions are techniques where customers are given incentives to purchase products or services during a specific time period.

- Public Relations & Publicity includes the activities that an organization uses to enhance its reputation and maintain and improve its relationship with various audiences (clients, general public, other organizations). Publicity is one technique that involves non paid communication of information and details about the organization.
- Personal Selling is a personalized form of promotion in which the seller personally presents and communicates the features and benefits of their product to a potential buyer.
- Direct Marketing is an interactive system of marketing which uses one or more advertising media to sell and distribute a product directly to the consumer, where no intermediaries are used (travel agents).

**Additional elements you can consider are**

- Merchandising refers to the promotion of products or services through point of purchase, in-house displays and other positioning activities designed to stimulate the consumer to buy or to buy more.
- Third Party Selling occurs when the producer assigns the sales and promotion of their product or service to a third party such as travel agents and / or tour operators.
- Internal Marketing is a promotional element aimed at the company's internal audiences, such as employees.
- Word of Mouth refers to promotion by previous consumers to their social and professional networks.

No matter what communications tool(s) you choose your first consideration should be to understand your customers.

*For more information see Appendix I.*

**EXERCISE I**

Check which communication mix elements your organization currently uses and briefly describe how.



- Advertising
- Sales Promotions
- Public Relations & Publicity
- Personal Selling
- Direct Marketing
- Merchandising
- Third Party Selling
- Internal Marketing
- Word of Mouth (WOM)

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## TARGET MARKET

It is vital to know your target market. If you do not already have information about your customer base, you should to begin this process as soon as possible.

Request customer profiles, comment cards, web site surveys and other market research or observe your competitors customers. The Canadian Tourism Commission has gone beyond traditional market research to find out exactly why people travel and why different types of travellers seek out entirely different experiences. The result is the Explorer Quotient® (EQ). This market segmentation tool is changing not only the way Canada markets and sells its experiences but also the visitor experience. Whether you operate a small or large tourism based enterprise, the EQ tool can help you in developing your tourism experience and pinpoint your best customers. Travel Alberta has licensed the EQ segmentation tool through the CTC and can provide you with in depth segmentation information.

Use this information as the basis and then add information about your own customers to further refine your market segments.

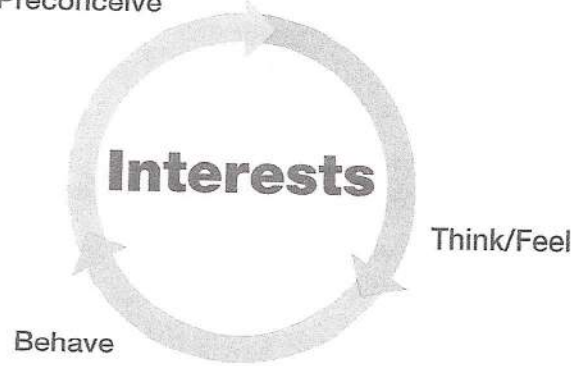
Market segmentation is dividing up a market into distinct groups that

- have common needs.
- will respond similarly to a marketing action.

Once you've segmented your market, target the group or groups that you want to actively pursue.

*How would you like to position your product in the minds of consumers?* Perceptions influence thoughts and feelings and therefore buying behavior. Before you think about communicating with your customers, think about the customer perceptions you would like to change.

Preconceive



Think/Feel

Behave

## UNIQUE PRODUCT EXPERIENCE

An *image* is the result of customers summing up their perceptions of a product. An *image* is the pictures, words, feelings – the memories – that automatically come to mind. In the buying process the *image* occurs first, before reason or logic is applied. The first decisions customers make are judgments about *images* of products and not judgments about the product itself.

I can have an *image* of an experience even if I've never personally experienced it! I may never have experienced a ranch vacation but if a friend stays at a ranch and tells me what a great time he had, I form an *image* in my mind.

*Preference* is the link between *image* and *sales*. It is the examples and evidence that makes a service or experience feel real to customers, an important, but often overlooked, component.

The *preference* is the... *why should I choose you?*

There are two guidelines for choosing preference.

1. It must fit with the correct image and provide evidence of your unique product experience.  
Interests + Motivations + Benefits + Experiences = **Unique Product Experience**
2. It should differentiate itself in kind or degree. Find your unique product experience inside your customer's interests. Have the courage to be known for something. Be true to your product experience and be specific.

All too often marketers are unclear about the evidence they should offer...so they offer everything and create confusion for their customers.

## MARKET POSITIONING

Positioning refers to how you want customers to think about or rank your product experience in the marketplace as compared to your competitors. The more time and effort you spend on developing a strong position, the more your marketing will stand out!

One of the most profound statements made on the subject of positioning comes from Louis Carroll's, *Alice in Wonderland*. When Alice asks the Cheshire cat which path to take, he responds, "if you don't care where you're going, it doesn't make a difference which path you take."

A well-crafted positioning statement defines your company's direction. It answers seven essential questions

1. who are you?
2. what business are you in?
3. whom (what people / target market(s) do you serve?
4. what is needed by the market you serve?
5. against whom do you compete?
6. what is different about your business?
7. what unique benefit is derived from your product or services?



## UNCOVER YOUR UNIQUE EXPERIENCE

How do you determine what sets you apart? The **idea chain reactor** is a way to help you uncover your uniqueness and how it will appeal to your target market.

To start, think about

- what is a unique feature of your product?
- what is that feature's unique advantage?
- what is the benefit of these advantages?

### EXAMPLE

One of the **features** we have as humans is a pair of arms.

One of the **advantages** of having arms is being able to hug someone.

One of the **benefits** of a hug is that it feels good!

### Standing Out

What you need to do is to define

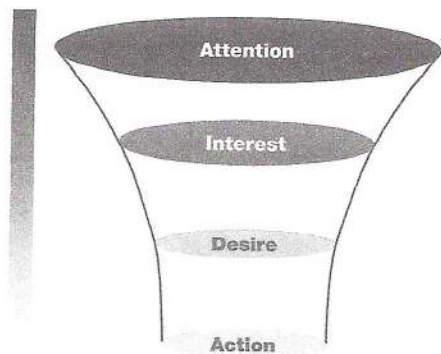
- what makes you unique?
- why should people buy your product or service?
- what makes you different and more desirable than the competition?
- how are you solving a problem or making your customer feel? (better / happier / smarter / stronger / desirable)
- how are you helping them make unforgettable memories?
- how are you communicating this attribute?

These days, both consumers and marketers are facing noise & clutter. You can be more successful in cutting through the clutter when you tailor your message to a specific target audience. There is a greater chance they will pay attention to your communication if the messaging and channel are meaningful and relevant to them. The key is to find a message that has relevancy to the people you want to speak to. *Do these people share something in common and can you use this to communicate with them?*

## CREATIVE CHALLENGE (AIDA)

The tourism industry faces a real challenge when communicating with the prospective clients about their products and services because they are not items that you take with you; they are intangible.

There are different ways of developing creative messaging. Experts (advertising agencies) can be hired, customers can be interviewed, competition advertising can be studied and you can research your customer to start. All of these processes will generate many potential concepts. As such, it's important to include a rationale for the final selection of the message and the evaluation should be based on formal considerations. There is no accepted rule book to the messaging game; an effective message is about communicating unique ideas that appeal to the interests of the right people, in a way that attracts and holds their attention and convinces them to act.





## ADVERTISING DOESN'T MAKE CUSTOMERS WANT – ADVERTISING OFFERS WHAT CUSTOMERS WANT!

Creating an effective message starts with taking into account all of the things we just discussed.

- Your target market and a clear understanding of their interest / needs
- Your positioning to the market and their needs
- How you are unique
- Evidence to support your position and uniqueness

Your challenge is to put these concepts into images, words or both. While there is no formula for creativity, there are four components to an ad that you should always consider.

1. Attracting the **attention** of your target market.
2. Piquing their **interest**.
3. Offering them what they want in a way that creates **desire** for your experience.
4. Making it easy for them to **act**.

This model is known as AIDA. AIDA is an acronym that stands for **A**ttention, **I**nterest, **D**esire and **A**ction. It's an effective way to get better response from the various promotional elements. The concept is simple and purports that successful communication follows a hierarchy. First, it must attract the receiver's attention, then it needs to hold the receivers' interest. It must then translate the interest to a desire or perceived need for the product or service and inspire the receiver into action to choose that product or service. The purpose of this section is to reinforce those aspects of marketing communications that are most predominant to the messaging.

### Attention

The primary role of any marketing message is to get the attention of the potential customer. Regardless of the promotional element or the medium you choose (print, TV, personal networking, direct mail) the goal is the same. Get their attention so you then have the opportunity to deliver the message.

1. Attract with your idea. (*What's in it for your customer? Why should they look or listen?*)
2. It should be relevant to your target audience.
3. Paint a picture with words, images or both. (Use images that show people engaged in an experience not just the scenery)
4. Imagine you are talking to just that one person, the person who embodies the interests of your target market.

Some ways to get attention.

- Do or say something unusual
- Ask a hard question
- Cite an interesting fact
- Make an offer
- Use WOM testimonial
- Make a declaration

**Remember the attention grabber is not designed to sell the product.**

**It is designed to get people to STOP and pay ATTENTION to the rest of the message.**

## Interest

After you have their attention, keep them engaged by bridging to the most obvious (and easiest to understand) benefit. This is the part of the message that must inform, persuade or remind.

### Informative messaging

- Creates awareness of the product / service / destination
- Explains the characteristics of the product (unique features)
- Reduces apprehension about choosing the product
- Enhances the company image or position

### Persuasive messaging

- Increases customer preference for the product
- Increases customer loyalty
- Reinforces unique selling feature
- Encourages customers to switch from the competition
- Changes a customer's perceptions

### Reminder messaging

- Reminds the customer about where they can purchase your product or service
- Assists the customer recall about the uniqueness of the product
- Reminds customers when they should buy or reserve
- Reinforces existence of the product / service / destination

This section of the messaging should follow logically from the headline and expand on the concept or message by providing additional detail to develop further interest. One way to extend interest is to tell the potential customer what the product or service can do for them. Speak to their needs and how the product can fulfill those needs. The most important thing to remember at this stage is you must give them good reason to continue to listen, watch or read.

## Desire

Once the messaging has gained attention and elicited an interest, you need to give the prospect a reason to purchase the product. This is known as the desire stage.

Some ways to generate desire

- demonstrate the credibility of the product
- offer an incentive
- offer a testimonial or reference WOM support
- demonstrate how the product or service will help them
- make the potential buyer feel more at ease with the concept of purchasing the product

Research to assist in developing this section of the message might include polling current and past customers as to why they chose your product or service. Once you determine what that unique selling feature(s) is; you need to convey that to the potential customer, give them a good reason to choose what you are offering over the competition.

### Action

If you have maintained your potential customers interest to this stage, you need to tell them clearly and simply what to do next and offer a good reason to do it. This is referred to as the call to action.

### EXAMPLES

- Suggesting the item is a limited time offer
- Offer an incentive if they purchase the item within a specified timeline
- Suggest they call for a free or additional item
- Offering more information on your website

There is a current school of thought that suggests the AIDA acronym should actually be AIDAS, with the “S” standing for satisfaction. This infers that a good satisfaction rating automatically instills in the customer the interest and desire to repeat the process.

## WHAT ABOUT YOU?

When you get back to your office.

1. Pull a copy of all of your marketing materials to a single target market and lay them out on your desk.
2. Take a screen shot of your website.
3. If you've run a TV or radio commercial ...look at the other materials while you watch or listen to your spots.

Now ask

- is your positioning consistent from one medium to the next?
- is there a visual consistency?
- is it obvious that all of these materials are from one organization?

If you've answered **no** – you may have some work to do. Remember, you can't make things happen overnight but what you can do right away is start to work on how you want to position your experience from here on out.

## COMMUNICATIONS TOOLBOX

Now that you know the core elements to creating your message and you understand the importance of consistency, we're going to talk about some of the communication tools available and how they might fit into your communication strategy.

### Online / Offline

Online marketing is new territory for many of us. Offline or traditional media might feel more comfortable because it's more familiar. It's important to realize that while the Internet is considered mass media, it provides you as a marketer the opportunity to target and tailor your messages to very specific audiences. This opportunity, however, does not preclude the **integrated marketing communications** concept that we introduced earlier. For example, if I see your ad on Facebook and in a travel publication; and if those ads are directed at the same target audience, the positioning and messaging should be consistent.

### Advertising

Encompasses any form of paid, non-personal communication about your product or service. Non-personal means most advertising involves mass media including television, radio, newspapers, and travel publications. These channels should have a significant geographic or audience distribution. Advertising can support other elements of the communications mix and conversely, other elements of the mix can enhance the advertising.

Within the tourism and hospitality industry, there are two distinct categories of advertising.

1. Consumer – advertising to customers who will purchase the services.
2. Trade – advertising to or in partnership with a third party representative who will influence the customers' buying decisions.

#### Sales Promotions

Primarily focus on immediate action and traditionally offer an incentive to purchase the product or service within the specified time frame. Sales promotions are a cost effective form of marketing communication generating immediate results to the bottom line, are easily measurable and can respond to market place changes (e.g. downturn in the economy).

Sales promotions

- Entice customers to try a new product or service
- Increase sales during desired periods
- Encourage third party sales channels to promote the product (the trade)
- Assist the sales force in closing the sale to a hesitant prospect

Within the tourism industry, there are three main targets for sales promotions.

1. Consumer
2. Third party distribution channel (travel trade)
3. Sales staff

The target market would determine the type of sales promotion to use.

Consumer sales promotions can include.

- Samplings are free samples of foods or beverages, familiarization tours, free admission for an allotted time.
- Coupons can offer price reductions or value added items with purchase.
- Gift Certificates are vouchers that are promoted to a target audience which in turn are given to others as gifts.
- Premiums are goods or services offered for free with purchase (travel bag with purchase of vacation package) Premiums also occur in the form of programming, one of the 8 P's, in Travel Alberta's Partnering, Packaging and Programming workshop. (e.g. A golf course offering a 30 minute free instruction session with the purchase of a round of golf)
- Contests with giveaways are sales promotions in which entrants fill out a form to win a prize. Traditionally entrant forms ask for some additional detail that can be used to prospect or qualify future customers.
- Rewards are loyalty promotions designed to acknowledge and reward loyal customers. (e.g. Airline frequent flyer)
- Co-operatives can include two or more partners promoting to the same target market or a cross promotion which introduces each partners respective product to the others consumer base. Cooperative promotions can reduce the cost per partner.

The objective of a sales promotion is to deliver experiences that introduce or deepen a consumer's relationship with your business. One of the fastest growing areas of sales promotion is the use of frequency or loyalty programs.

Third Party or Sales Staff can include.

- Incentives to stimulate sales. (applies to third party and staff)
- Product Experiences such as familiarization tours. (FAMS)
- Cross promotions with partners. (exchanging product for staff incentives)

#### Public Relations & Publicity

Refers to those actions and activities that an organization performs to maintain a positive image and good rapport with its public (internal and external).

The primary roles of public relations are to

- maintain a proactive positive public presence.
- enhance effectiveness of other promotional efforts via that positive image or rapport.
- manage any negative publicity.

Because the proactive component of public relations is normally an ongoing process within an organization; it is sometimes an overlooked component of the promotional mix. Traditionally, it doesn't have major deadlines like advertising and is not a readily measurable activity to be reviewed on a regular basis. However, it's important for an organization to develop a public relations plan in the same process as the other promotional elements. (Set objectives, budgets, activities and evaluate success).

Alistair M. Morrison, *Hospitality and Travel Marketing: Third Edition*, likens effective public relations to having a savings account. He states, "If you put no money into the account, you can not make a withdrawal". If your organization does not invest in public relations, then it can not expect to experience or extract good PR and publicity.

Public Relations can be ongoing activities, short term tactics and unplanned reactive issues. Public relations are not an abstract; rather it encompasses very traditional activities as listed below and it is imperative that all of these activities are sending the same message.

- Community involvement (donating money, products or human resources)
- Industry sector involvement (memberships, participation in events)
- Employee relations (recognition programs, work incentives)
- Company publications (magazines, newsletters, website, media kits)
- Media relations (while doing business with media is important, social contact with appropriate media is also useful)
- Owner, shareholder, stakeholder relations (company statements and reports also have a PR value)
- Relationships with complementary / competitive organizations (keep friends close and competitors closer)
- Government relations (be proactive, share good news and issues)
- Press releases and / or news conferences (submit newsworthy articles as press releases, organize a press conference when organization wishes to make a noteworthy announcement)
- Events / Openings (plan activities around organizational events, e.g. ribbon cutting for new construction)
- Announcements (new employees, staff successes)
- Media interviews (utilize when countering negative issues, ensure facts are researched and the interviewee is prepped for the process. In tourism media, interviews are not just for countering negative issues but also to explain your product or service.)

Publicity is just one public relations tactic that generates non paid communication about the company's product and services.

### Personal Selling

Is part of the promotional mix and is not an alternative to advertising, sales promotions, public relations. There are several forms of personal selling but all involve a communication between the sales person and the prospective client. The sales efforts can take place in the field, on the phone and / or internally (up selling).

Regardless of the type of personal selling, the normal sales process

- identifies prospects / obtains leads
- qualifies potential clients so you don't waste time on someone who doesn't need your product
- determines how your product could be used by the potential client
- creates a presentation outlining your product's unique selling features and how they suit the client needs

- prepares for questions and objections and handles objections head on
- asks for and closes the sale
- schedules follow-ups as required or as necessary

It is important to note that one of the goals of personal selling is to build a relationship with the client promoting loyalty, continued business and potential referrals. Customer Relationship Management (CRM) is the on going contact and follow up with customers and is as important as the initial sale. This has become increasingly simpler with technology and there are numerous computer programs which record client contact(s) and schedule appropriate follow up reminders automatically.

When using personal selling as one of the promotional elements, it's advisable to develop a sales plan.

- Sales objectives (number of contacts, number of presentations, dollar value of sales)
- Sales activities (internal, external, tradeshow, marketplaces)
- Budget (cost of labor, travel, collateral)

The plan and efforts should be evaluated on a regular basis and modified if any other promotional activities are implemented.

### Consumer Direct

Direct marketing is a more controlled element in the promotional mix in that it sells via direct contact with the prospective customer through some form of commercial communication and is focused on driving purchases that can be attributed to a specific call to action. A time sensitive call to action is known as direct response advertising. Direct response advertising, regardless of the medium, encourages the tourism customer to take immediate action or make an immediate response directly to the advertiser.

For many companies with specific target markets and limited budgets; direct marketing can offer targeted recipients already receptive to the service or experience, a timely message. There are several forms of commercial communications utilized in direct marketing, but in this course we examine,

1. Direct Mail
2. Telemarketing
3. Direct e-mail

**Direct Mail** can be a piece or part of a cooperative mailing (e.g. The coupon envelopes many households receive). It can occur in the form of a personalized letter, flyers, brochures, sales kits, CD's or special creative packages. The most critical aspect of direct mail is using an appropriate prospect list which can literally make or break the direct mail campaign. The Canadian Marketing Association indicates that average response rates range from 1% to 3%.

**Telemarketing** is becoming a controversial sales method of approaching the prospect directly; however, with properly trained staff and the right messaging, telemarketing remains a popular form of direct marketing that can close a sale for far less cost than a face-to-face contact or advertising. While there is a negative stigma from consumers and even the do not call lists, it continues to perform a significant role in direct marketing communications.

**Direct e-mail** has similar components to direct mail, but offers the organization some additional benefits. A company can use its website to capture prospect information and then use the permission based contact information to send e-mail regarding the products or services which they indicated an interest in. For companies requiring a measurable return on marketing dollars invested, the use of the internet is a cost effective medium.

### Internal

Travellers are not buying material things, they are buying experiences. The experience may involve an interaction with the service personnel, leading the consumer to look for clues as to what to anticipate from the product (environment) and service (people). This anticipation can provide the company with additional ways to communicate its primary positioning message.

The Wharton School, University of Pennsylvania, purports that there is a very distinct implicit communication taking place through the tourism service delivery and refers to them as the service experience clues. Simon Hudson, *Marketing for Tourism and Hospitality – A Canadian Perspective*, refers to them as the services marketing mix – essentially a subset within the original 8P's of the marketing mix. The services mix (3P's) experience clues

- People – the human clue, the look and behavior of service personnel.
- Physical environment – the mechanical clue, the tangible associated with the experience. (e.g. actual hotel room, the white water raft, the rental car)
- Process – the functional clue refers to the technical performance of the experience.

When making purchase decisions, customers can sometimes become detectives looking for this information or clues to organize their decision making.

Internal marketing refers to those activities internally which further enhance the company's messaging. For example, in the people tactics you would include good staff training, staff education and employee recognition. In the physical environment, you would ensure good property design, properly maintained equipment and clean employee uniforms. With the process, you would ensure that the overall experience was satisfying including easy ways to access the product, simple directions and quick check-in procedures. All these internal efforts send a message that the product or service is desirable and worth the purchase effort.

### Word of Mouth

The communication or endorsement of a product or service from an individual, who is independent from the organization.

WOM can come in many forms

- conversations between friends
- testimonials
- voluntary endorsements from third parties
- referrals from peers
- mentions from celebrities

Interpersonal influence or WOM is one of the most important information sources for customers making a purchase decision. This influence is particularly important in the tourism industry where the intangible product, the experience, is almost impossible to evaluate prior to consumption. It is believed that product information communicated in this way has added credibility.

With the advent of social networking sites like Facebook and Twitter, word of mouth marketing has become an even more useful and powerful tool for marketers and consumers; however, unlike many of the other promotional elements, word of mouth is one of the least controllable messaging media. That is, if the customer does not have a good experience, then the same WOM marketing that can produce all that free exposure can work against you; therefore, it's important to monitor the impact of WOM on your product or service. You should regularly search out what people are saying about you and never be afraid to ask your customers to share their good experiences with friends and refer your product or service.

### Merchandising

Merchandising can include point of sale displays

- hotels that promote their spa services with a tent card in the room or an ad in the elevator.
- restaurants that offer their own line of condiments for sale and feature a display at the cash register.
- attractions that create displays at a local visitor centre or accommodation and can also include promotional items that have your business logo or marketing tag line.

In the tourism business, merchandising is a big part of the atmosphere or experience you present to the consumer. (e.g. Disney's stores are designed to make children feel like they are in an amusement park.)

### Third Party

Within the tourism industry, there are numerous examples of third party (indirect) representation.

- Retail travel agents
- Tour wholesalers
- Convention, meeting and incentive planners
- Online travel services (Expedia, Travelocity)
- Destination Marketing Organizations (local, provincial and national)
- Central reservation departments

When marketing to third parties, it's important to determine your positioning approach and objectives, and then establish a promotional mix. For example, you may choose to offer a sales promotion (extra commission) to travel agents for guest rooms booked in a certain time frame. You might advertise this through an agency publication or database direct mail program. To sweeten the deal, you might offer the travel agent's guest a premium (e.g. A free glass of wine) if booked by the agent. To really entice the agents to book you, offer a contest where every time they book a guest their name is entered to win a free accommodation.

**Online and Offline Travel Agents and Tour Operators:** *Are you ensuring that they are communicating the key messages that you want your customers to hear?*

**Your Destination Marketing Organization:** *Can they provide third party representation? Their role is to create awareness of the destination as a whole but they sometimes have opportunities (consumer shows and travel trade marketplaces) to speak about specific experiences in their areas. While they don't directly sell your product (with the exception of those who host accommodation booking engines) they do need to know what your key messages are so that they can represent you the way that you want to be represented.*



**EXERCISE II**

For each promotional mix element, list in your opinion the primary advantages (Pros) and disadvantages (Cons) of the various promotional mix elements.



PROMOTIONAL MIX ELEMENT	PROS	CONS
Online		
Offline		
Advertising		
Sales Promotions		
Public Relations		
Personal Selling		
Consumer Direct		
Internal Marketing		
Word of Mouth		
Merchandising		
Third Party Selling		

## MEDIA PLANNING

Media planning is the series of decisions advertisers make regarding the selection and use of media. This allows the marketer to optimally and cost effectively communicate the message to the target audience. It's important to ascertain exactly what the advertising is expected to do. Is it general awareness, announcing a new product or special offer, educating the consumer, expected to generate specific sales, influencing through imaging, soliciting prospective customer information, contributing to a cooperative partnership? These are all potential messages you may wish to send. The advertising objective should be based on a thorough analysis of the current marketing situation.

Additionally, you should determine how you are going to evaluate whether your advertising has achieved the objective. As we have reviewed, different objectives can have different measurements. If the objective is an increase in sales, then there is an assumption that an increase in sales during or immediately post the advertising campaign means success. If the objective is simply awareness, then you should determine if you intend to complete a post campaign survey to determine whether the awareness of your product or service is higher.

Recognizing that advertising needs an objective and needs to be evaluated can provide your organization with a good guideline when deciding on a campaign or being presented with last minute opportunities. Offers of reduced cost advertising are not opportunities unless they meet your objectives and can be measured.

### Overview

#### Strategy Alignment

1. Assess situation
2. Set media objectives
3. Media selection
  - a. Consider media alternatives
  - b. Match medium with message and message theme
4. Timing of media
5. Determine media budget

For more information see Appendix III

## COMPETITION

Study your competition and consider similar marketing tactics to encourage purchases of your own product. In fact, it's suggested that moving into totally new tactics might be counter productive. That is, your target audience will only be seeing your competition and not you. You might be conspicuous by your absence.

New and creative marketing options should not be discouraged. It is important not to be carried away with the creative and forget all the other implications of an effective marketing communications plan. Marketers must recognize they are competing for the consumers' discretionary income, so they must understand the way potential customers choose to spend their money and time. Looking at what else your customers do or spend their time and money on may give you clues on how best to reach them.

## BUDGETS

### The Big Question: *How Much?*

It is important to realize that the budget is about marketing not just advertising. Marketing includes all of the elements of the promotional mix and the labor to implement the actions. There are several theories about how to determine a marketing budget.

#### Percentage of revenue

This approach suggests between 5-10% of gross sales should form the basis for a marketing budget. Research indicates that percentage of revenue stats fall into two main ranges: the 3-5% and the 6-10%.

#### Estimate what your direct competitors spend in marketing support

Try to match that amount. If you are the new competitor in the marketplace, you will have to spend more aggressively to establish your market share objective.

#### Spend what you can afford

The budget would be established having regard to specific sales objectives and dedicated tracking to determine return on investment (ROI).

## CASE STUDY

Tour company XYZ wants to increase revenue by \$12K in a given time period and has decided to invest 25% of that potential increase to internet promotion (or \$3K).

- If the company received 1000 unique visitors to the web site monthly, at 6% conversion ratio, this equates to 60 brochure requests, e-mail inquires or e-mail newsletter sign ups. If 20% of the sixty become clients over time, then 12 new clients are converted monthly or 144 annually from the original 1000 per month. This is a conversation ratio of 1.2%.

#### Current efforts

1000 web visitors x .06 = 60 prospects x 20% = 12 new clients

12 new clients x 12 months = 144 clients annually

- Take the same 1000 monthly web site visitors, and increase the inquiries by just one percent to 7%, which equals 70 inquiries monthly. If the conversation rate is increased again by one percent to 21%, this equates to 14.7 new clients monthly or 176 annually. That is a difference of 32 new clients per year.

#### Enhanced efforts

1000 web visitors x .07 = 70 prospects x 21% = 14.7 new clients

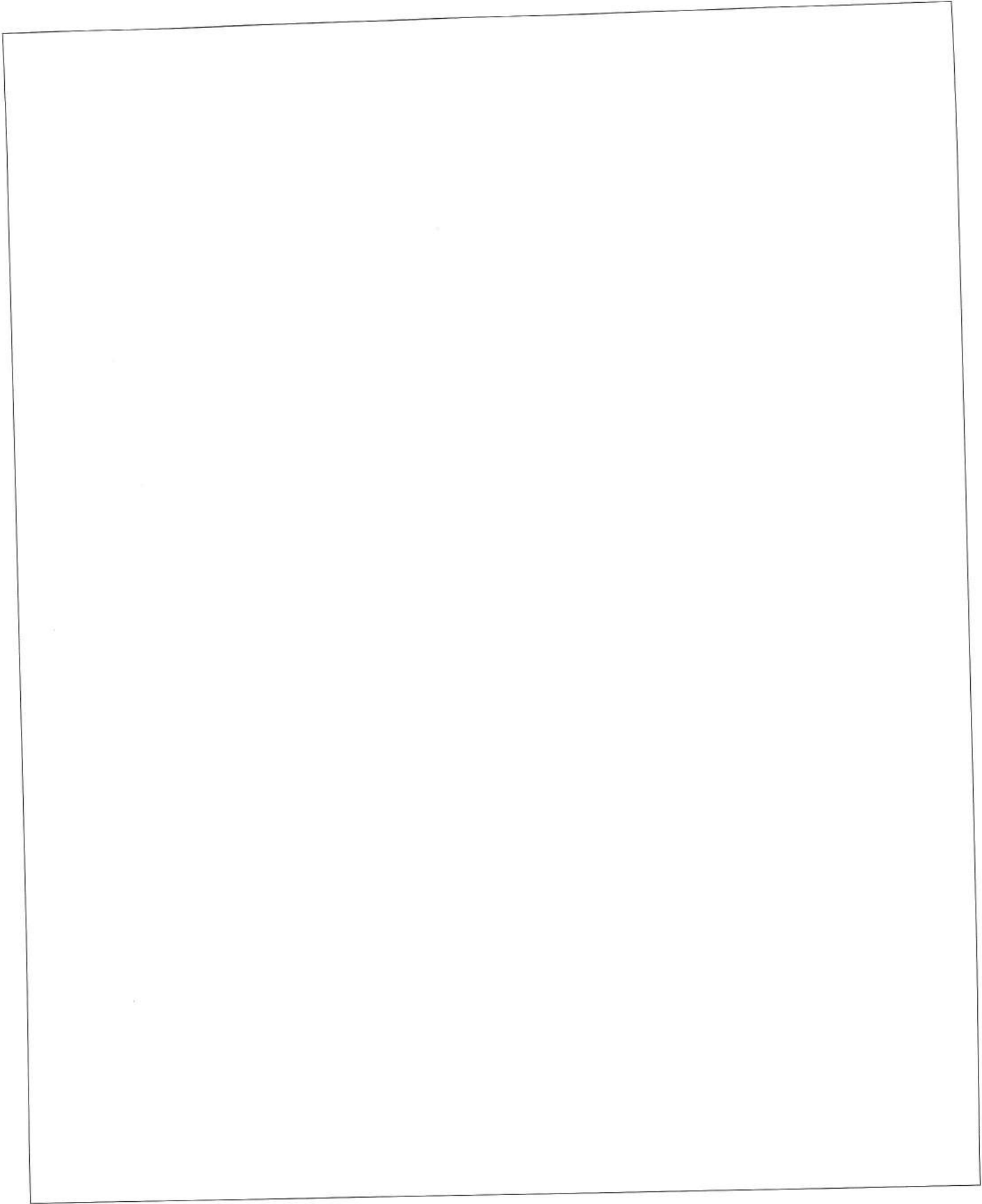
14.7 new clients x 12 months = 176.4 clients annually

If you are earning a gross profit of \$50 / client for a 1 day tour or in booking fees / commissions, then 32 new clients annually equals \$1,600 in increased revenue, which would not justify your investment; however, if you are earning a gross profit of \$500 / client for a longer tour or in booking fees / commissions, then 32 new clients annually equals \$16,000 in increased revenue per year, which would justify your investment.

*For more information see Appendix IV*







# APPENDIX I – MARKETING COMMUNICATIONS

## The Communication Process

**The Sender:** The source company communicating the message.

**Encoding:** Converting the sender's objective into a message form or stimulus (pictures, sounds, words) that will facilitate the reception and retention of the message by the customer (receiver).

**Message and Medium:** What the company wants the receiver to hear and understand. The medium refers to the communication channels whether impersonal (mass media) or personal (face-to-face meetings, WOM).

**Decoding:** Refers to what the receiver actually hears and retains. There are many influences that can affect the decoding process. Effective decoding is determined by asking, was the message strong enough not to be filtered out, appealing enough to be retained and convincing enough to elicit a response?

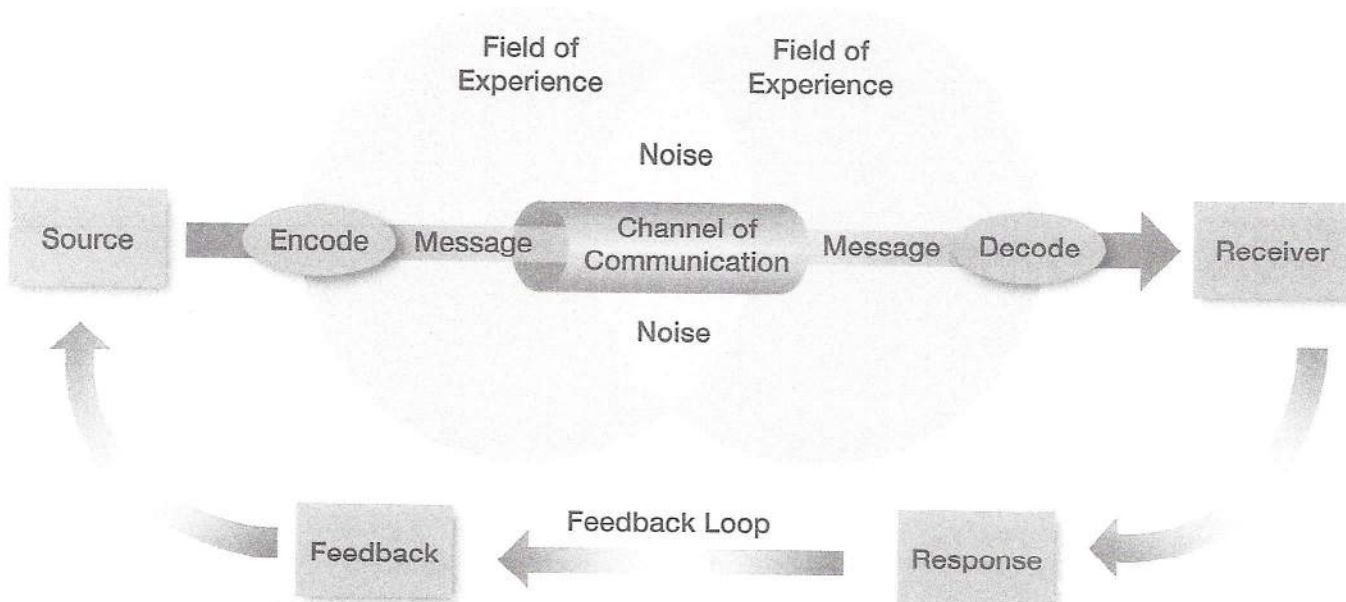
**Receiver:** Are current and potential customers. It's important to have a clear understanding of your target market (receiver) so the message can be properly encoded to appeal to the receiver.

**Response:** The ultimate objective of all promotions is to elicit a response; primarily to influence and make customer's buying behavior to purchase the sender's product.

**Feedback:** May or may not form part of the receiver's response that the receiver communicates back to the sender.

**Noise or Clutter:** Unplanned distortion that occurs during the communication process that negatively impacts the messaging.

Because all of these elements involve communicating, it is important to review the communication process, its goals and challenges. Communication is a two way interactive process that generally works as follows.



Senders need to identify the audience they want to reach and the responses they want. They must skillfully encode their message, having regard for the target audience they will be appealing to. That is, the sender's encoding process must be linked to the receiver's decoding process. The message(s) must be sent via appropriate and effective channels ensuring they reach the target audience. The sender needs to ensure there is an appropriate response and feedback channel.

## The Communication Challenge

The important point about the preceding model is that before customers decode or retain, they must hear the message. The tourism industry, because of its experiential nature, can utilize numerous stimuli and go to great lengths to capture potential customer attention; however, even the most creative marketers have to take the noise and clutter factor into account when encoding their messages. There are four generally accepted noise and clutter factors that messaging encoding must overcome.

1. Competitive messages from other destinations or tourism experiences.
2. Non competitive promotions are the general noise from all those other promotions that bombard the average consumer on a regular basis.
3. The level of stimulus in the message must not be too loud or overwhelming; the consumer could simply tune it out.
4. The state of readiness of the customer to purchase.

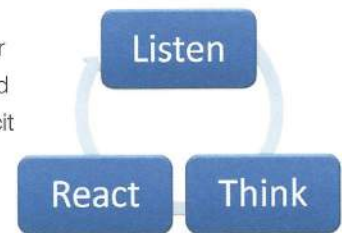
## The Types of Marketing Communications

There are two basic ways that promotional messages are relayed to customers.

1. Explicit Communications are defined as being clear, obvious and definite. Explicit messaging or communication can occur verbally (television and radio advertising, personal sales) or written (web sites, e-mails, sales proposals, print advertising). Explicit messages leave little room for interpretation or ambiguity.
2. Implicit Communications are defined as not stated but understood in what is expressed. Implicit communications are messages conveyed as cues through gestures, facial expressions and messaged through other non defined means. Implicit communication may or may not be intentional and as such is more open to personal interpretation by the receiver.

### EXAMPLES:

- Implicit communication regarding a product or service can occur through its pricing (higher price = better product), the caliber of media vehicle used for advertising (city wide newspaper vs. local tabloid), partner mix (national airline or regional carrier), packaging, facility, decor, and staff uniform quality. Customers can and do determine their purchasing preferences by implicit communications or clues.
- A customer may choose a hotel based on lobby décor, crisply uniformed staff and rate structure – all clues which can support a perceived notion of a first class experience.



It is imperative that the implicit communication integrates into the overall marketing plan and must support the explicit communication messaging. In other words, they must be consistent.

- A fine dining restaurant, priding itself on four-course, chef inspired dinner options; would not imply that you could accomplish this quickly and advertise “dinner in under an hour”.

## The Goal of Communication & Promotion

There are three goals of promotion that take the customer through the various buying stages.

### 1. Inform

Informative promotions provide the details about a product, service or destination.

- Tells the market about a new product or service
- Suggests a new use or reason to purchase the product
- Informs about a price change
- Explains how the product will work for the audience
- Corrects any false impressions
- Reduces potential customer apprehension

## 2. **Persuade**

Persuasive promotions convince the prospect to purchase the product and can include comparisons with competitors.

- Builds brand preference and reinforces the customer made the right choice
- Encourages switching from a competitor
- Persuades the customer to purchase NOW
- Changes the customer's perception of the product

## 3. **Remind**

Remind consumers about previous advertising and / or purchase satisfaction to solicit continued buying.

- Reminds customer they need the product in the near future
- Reminds the customer how and where to purchase the product
- Keeps product top of mind in non-buying season / cycle
- Maintains top of mind awareness

# APPENDIX II – CREATIVE CHALLENGE

## The Creative Format

The tourism industry faces a real challenge when communicating with the prospective clients about their products and services because they are not items that you take with you; they are intangible. There are different ways of developing creative messaging – experts (advertising agencies) can be hired, customers can be interviewed, competition advertising can be studied. All of these processes will generate many potential concepts. As such, it is important to include a rationale for final selection of the message and that evaluation is based on formal considerations.

There is no accepted rule book to the messaging game; guidelines that were in effect a few years ago get revamped as new concepts are proven successful. For example, the old rules said humor doesn't sell and now we know that many of the most effective ads today include humor; however, there are certain messaging formats and executions now that are acknowledged within the marketing communications field. While some may be more common within the tourism industry, as referenced by Simon Hudson: *Marketing for Tourism and Hospitality – A Canadian Perspective*, it is important to review them all.

Messages are communicated in the following traditional formats or executions.

**Slice of Life:** This is often based on a problem or solution type of format. The advertisement attempts to portray a real-life situation involving a problem / situation consumers may face in their daily lives. The ad then focuses on showing how the advertiser's product or service can resolve the problem.

**Fantasy:** Is often used for image advertising by showing an imaginary situation or illusion involving a consumer and the product or service. (e.g. Kokanee beer ads with the creature reinforcing the appeal of the product to everyone and thing)

**Mood or Image:** Builds a mood or image around the product, such as peace, love or beauty. (e.g. The current Travel Alberta television commercials with the ethereal views into the landscape)

**Lifestyle:** This shows how well the product will fit in with the consumer's lifestyle. (e.g. A hotel demonstrating how the bed or sleep experience will benefit the customer)

**Musical:** Conveys the message of the advertisement through song. Prior to the 1980s music in television advertisements was generally limited to jingles or incidental lyrics to a popular song. However, the Coca Cola ad in the 1970s *Teaching the world to sing in perfect harmony*, introduced how a song and product match could impact the audience. (e.g. Travel Alberta campaign with the music "Roam" by Wil Minnaugh is a great example of musical lyrics and messaging match)



**Testimonials / WOM:** Advertisers present their advertising messages in the form of a testimonial whereby a person speaks on behalf of the product or service based on his / her personal use of and experiences with it. (e.g. E-Harmony is a great example where people talk about how they used this service and met their ideal mate)

**Technical Evidence:** A variation of the straight sell where technical evidence or information is presented in the ad to support a claim. (e.g. Red Arrow's ad speaking to the ability to accomplish work while travelling between Edmonton and Calgary vs. other modes of transportation that do not allow for valuable, en route working time)

**Straight Sell or Factual:** This execution relies on a straight forward presentation of information about the product or service that strongly reinforces its specific attributes or benefits. (e.g. Buckley's cough syrup – they tell you up front it tastes awful but it works!)

**Demonstration:** Designed to illustrate the key advantages of a product or service by showing it in actual use or in some staged situation. (e.g. The Aussie shampoo television ads where the woman starts out with awful hair and then transforms it into wonderful hair)

**Comparison:** Involves a direct or indirect comparison of a brand against the competition. (e.g. Coca Cola vs. Pepsi)

**Animation:** Uses animated characters or scenes drawn by artists or computer. Often used as an execution technique for advertising targeting children. (e.g. Mini-Wheat advertisements)

**Personality Symbol:** Involves the use of a central character or personality symbol to deliver the advertising message with which the product or service can be identified. The personality symbol can take the form of a person who is used as a spokesperson, animated characters or even animals. (e.g. Ronald McDonald)

**Dramatization:** Creates a suspenseful situation or scenario in the form of a short story. Dramatizations often use the problem or solution approach as they show how the advertised brand can help resolve a problem. (e.g. OnStar advertisements where people are involved in an accident and OnStar provides emergency notification service)

**Humour:** Used as the basis for an advertising appeal and a way of executing the message and presenting other types of advertising appeals.

**Culture or Tradition:** Connects with the culture or traditions of the intended target audience to convey the message. (e.g. Swiss Chalet ads with the Toblerone chocolate bars during the Christmas holiday season)

**Surrogate:** Is more like a proxy for a product, where there is a substitute product used to depict the brand. (e.g. AT&T ad of the "roll over minutes" in the form of little clocks being sold at a garage sale)

**Social:** Public service advertising that seeks to spread awareness for the benefit of the community. (e.g. Advertisements encouraging people to recycle)

**Combinations:** Many of these execution techniques can be combined in presenting an advertising message; slice-of-life ads are often used to demonstrate a product while simultaneously making brand comparisons. (e.g. Tide detergent ads demonstrate the product cleaning clothes and maintains it is better than the competition)

The varying formats or combinations thereof will not change the messaging but will have an influence on the wording or imaging style.

## APPENDIX III – MEDIA PLANNING

### Determine Creative Responsibility

If the main challenge of the communication process is to break through the noise, then the creative aspect of advertising is critical. The company may have the expertise in house. The advertising medium (TV, magazine, newspaper) may offer creative production with the advertising buy or an agency might be the better choice ensuring high level expertise. Sometimes the offer of the publication to design your creative is very cost effective, but it is imperative that you provide some guidance.

Alternatively, when the decision is made to embark on integrated marketing communications, it might be beneficial to seek the expertise of an outside agency; which can design several modifications of your message to suit the various media selections and or other promotional mix elements. This way you can ensure that regardless of where the message is heard or seen, there is continuity.

### Messaging

Plays an integral role in the marketing communication process. It has to be encoded to ensure the consumer decodes it properly; that is, with the same understanding as the company that is sending the message.

There are three steps to good messaging

1. Creation
2. Evaluation
3. Choice

and then execution. (tone, imaging, words)

Whether creative is produced in house or by an agency, it's important to ensure there's unbiased evaluation of the creative options and there is appropriate testing of the final choice(s).

Messaging is also dependant on the target audience and the life cycle stage of the product or service that is being promoted. Is this introduction of a new service, persuading the audience to choose your service over the competition, or is it a reminder the service exists and that the customer needs it? For example, a hotel starting a romantic week end getaway package would speak to it differently that if it was one of their ongoing weekend options to choose from.

### Media Plan & Medium Determination

The media plan will include the medium selection, it will identify vehicles which offer the best reach and frequency for the target market (geo region, audience demographics) and what blend of media would best meet the objective. (e.g. A media plan could be very different for single entity advertising than a partnership or packaging consortium.)

### What Media Mix Best Suits Your Marketing Objectives

Your marketing communications plan is derived from your strategic marketing plan objectives. Regardless of which communication tools you choose, they should reflect the positioning statement that you created in your marketing plan.

- Consider the objectives that you set in your strategic marketing plan
- Set objectives for your communications plan

Communication objectives are different from your overall marketing objectives. (e.g. If an objective in your marketing plan is to increase the number of visitors to your site by 1.000 your communications objective may be to reach 500.000 targeted consumers with your message.)

Before you select the right media for the job.

- Understand your target market
- Know how you want to be perceived by your target market (your positioning statement)
- Set your marketing objectives

- Set your communications objectives
- Develop the over arching message (theme or idea) for your target market
- Know your budget
- Consider how you will evaluate the progress of your communication efforts

The question facing most marketers is: What communications mix will work best for me? The answer is different for each organization and even within an organization the mix will (and should) change from year to year. Below are the pros and cons for each communication tool to help you determine the right mix for your organization.

**Advertising Online and Traditional:** Often the first communications tool people think about when planning their campaign. Whether it's an ad in a travel publication or on Facebook there are things to consider ensuring your message and budget fits the medium.

**Television:** Has numerous advantages over other media. At one time, many people considered television the most powerful of all advertising media because it gives the viewer a sense of what it is like to use and experience what is being advertised.

#### **Advantages**

- Allows you to make your selling points with sight, sound and motion at the same time which creates high levels of impact with the viewer.
- Provides ability for creativity and impact, coverage and cost effectiveness, capacity and attention, and selectivity and flexibility.
- Ideal for advertisers who need to demonstrate their product or create a sense of excitement.
- Provides high coverage of Alberta marketplace with 99% of all households equipped with television sets.
- Allows you to reach a lot of people quickly.
- Ability to reach everyone (kids, teens, men, women, mothers) by placing your commercials in the right programs. (e.g. One commercial in the 6 o'clock CITV News in Edmonton will reach over 140 thousand people. By adding a number of commercials in the same week, television can begin to create a sense of urgency for a message. Television is a very cost effective method for communicating with large audiences.)

#### **Disadvantages**

- A complex medium to buy that demands more time, thought and budget than any other medium.
- You need to commit to and buy television with a minimum lead time of 3 months to ensure that you are able to secure airtime.
- Costs are based on supply and demand so the closer you get to your campaign date the more you will be paying for the commercial airtime.
- Production costs can also be expensive and can range from \$5,000 – \$1,000,000 for a 30 second commercial.
- The message is short lived. It is on the screen for 15 to 60 seconds and then it's gone leaving nothing tangible for the viewer to consider until the next time it airs.
- Audience fragmentation is a growing concern with television advertisers. Cable, digital and satellite choices all dilute the audience and makes it more expensive to reach the target group.
- Other considerations Clutter / Limited Viewer Attention / Distrust and Negative Evaluation.
- Unlike the printed message that you can keep for reference if you require TV does not offer as much audience selectivity as online advertising, radio, magazines, newspapers or direct mail. Some selectivity is available through variations in programs and cable TV but advertisers often find the coverage of TV often extends beyond their market; reducing its cost effectiveness.

**Radio:** A medium that can provide targeted reach through station and day part selections. For example, men can be targeted with sports stations during the big game, teens and young adults with rock stations at night, while women may prefer the softer sounds of easy listening stations. Radio differs from television, as viewers are dedicated to a program not to a station. That's why radio is known as a frequency medium and television is known as a reach medium.

#### **Advantages**

- Cost, Efficiency, Selection, Flexibility, Mental imagery and Integrated marketing opportunities.
- Message frequency can build very quickly on radio because people have stations of choice that they tend to listen to. You can reach them when they get up in the morning, drive to work, at work or when they drive home at night.
- Great for conveying immediacy for promotions, grand openings and special events by concentrating the message delivery in a shortened campaign period.
- The frequency that radio delivers works well in combination with the detailed message that a printed message delivers.
- Over 50% of all radio listening is done out of home.
- Advertisers can deliver their message at a time when they can most influence a decision. (e.g. A fast food restaurant may advertise a breakfast special during the morning encouraging listeners to stop on their way to work)
- Creatively, radio is a flexible choice. If you have a lot of information to share, you can purchase a 60 second spot or a series of commercials that tell your story. A well written and produced commercial can create the same emotion that is often thought to be only available through a television commercial, using the strength of the listener's imagination.

#### **Disadvantages**

- Creative limitations and fragmentation.
- Chaotic buying procedures. (based on number of stations available)
- Limited research data, listener attention and clutter.
- Reach on radio is becoming more expensive to achieve; in fact, youth are fast becoming an impossible market to reach with radio as they are downloading music to mobile and portable devices.
- If your message is a visual one, radio is not the best medium and as with television, the message is perishable, here for 60 seconds (or less) and then gone until the next time it airs.
- The reach of radio can also be a problem to smaller businesses with limited trading areas. If you are a small business within a metro area that only draws consumers from a small area, the extended reach you get by buying the metro station would be considered wasted and may not be worth the investment.

Television and radio share the audience fragmentation concern.

**Daily Newspapers:** Have a number of characteristics that make them popular with local and national advertisers. Daily Newspapers are an effective medium if you need to provide detailed product and pricing information.

#### **Advantages**

- Extensive penetration of local markets.
- Flexibility and Geographic selectivity.
- Reader involvement and special services.
- Within the newspaper you can use as much or as little space as you need to tell your story.
- Newspapers are ideal for a company that wants to influence a broad market. They deliver a wide variety of Albertans from all walks of life, from tabloid to broadsheet reader. Although it is a broad reaching medium, you can target your audience through sections of interest; men in sports, women in the fashion section and people interested in a trip in the travel section.

- An important aspect of daily newspaper advertising is its "environment", you can deliver a message quickly and it is seen as news worthy because your ad is surrounded by news items.
- Local dailies are the number one advertising choice for small businesses because of their broad reach, relatively low cost and the ability to let advertiser's place and change ads quickly.
- The lead time for booking daily newspapers is two days because unlike the broadcast medium, newspapers can just add another 4 pages if they have to. They almost never run out of space to sell.

When newspaper and radio are combined you get the benefits of sound and the printed word delivering your message.

### **Disadvantages**

- Published once a day and that is a limitation when it comes to building message frequency.
- Compared to radio, building frequency in print is very expensive.
- If you want your ad to be seen 3 times a week you need to purchase three or more ads in the week.
- There is a great deal of ad clutter in newspapers and printed ads are easier to ignore than broadcast ads.
- The broad reach of the daily newspaper is a limitation for those advertisers that want to reach specific target group.
- The newspaper audience tends to be a mature audience and is not a good choice if you're targeting a younger market.
- Today's newspaper reader spends fewer total minutes reading the newspaper. Adults spend an average of 87 minutes with their weekend paper and only half that time during the week.
- All daily newspapers are experiencing a decrease in readership which can be attributed to them not being able to attract youth and develop long term reader loyalty.

With radio, a 30 second spot could cost \$120 compared to a small ad that can cost you \$600 in the paper. It would be much more cost efficient to purchase three spots on radio than three ads in the daily newspaper.

**Consumer Magazines:** Magazines are the most specialized of all traditional advertising media. Most are targeted to a very specific audience.

### **Advantages**

- Selectivity (specific target audience, geographic selectivity).
- Excellent reproduction qualities.
- Creative flexibility, permanence and prestige.
- Readers' high receptivity and involvement and the services they offer to advertisers, such as research studies.

### **Disadvantages**

- The cost of advertising.
- Limited reach and frequency.
- Long lead time, clutter and heavy advertising competition.
- Most consumer magazines have a broad reach; however, they have low circulation into non major markets, and so if you want to reach rural Alberta with a national publication, your market would represent a very small percentage of the overall reach. This buy may prove to be very inefficient, as you will be paying to reach a large number of people that may not be your audience

Like television, magazines require long lead time for booking and creative. Most national magazines require materials at least 6 weeks in advance. This does not give you a chance to make any last minute changes.

**Specialty Publications and Brochures:** As they relate to a specific industry, have similar strengths and limitations as consumer magazines.

#### **Advantages**

- Highly targeted and you can have very detailed information.
- Production quality and method of distribution would be the main considerations as they can vary significantly from publication to publication.

**Billboards-Out of home:** Are best suited for advertisers that are trying to reach a target audience in a specific geographic area, city, town, or neighbourhood.

#### **Advantages**

- Highly visible and have a high impact on the viewer.
- Can convey your message or positioning powerfully and simply.
- Deliver high reach and frequency as people tend to drive the same routes past the billboards day after day and most importantly billboards promote the message 24 hours a day.

#### **Disadvantages**

- Cannot carry a very detailed message.
- An industry 'rule of thumb' says you should not have more than seven words of information on a billboard for readability; this limits the amount of information that you convey to the consumer.
- Impossible to target your message demographically as the message is out there for everyone to see.
- Long lead times required for booking the space and high production costs make this medium prohibitive for many small businesses.
- Billboards left in place for long periods of time are subject to weathering (damaged by wind and rain) which can leave people with the wrong impression of your business.

Other forms of out of home advertising include transport (e.g. buses, benches, shelters, taxis).

**Online Advertising:** On the web can be useful in creating awareness of an organization as well as its specific products and services. For small companies with limited budgets, the web offers the opportunity to create awareness well beyond what might be achieved through traditional media. Online advertising is fast emerging as a strong alternative to direct mail, especially for some industries such as travel.

#### **Advantages**

- When buying ads online, you can achieve a much targeted reach through site content and also geo-targeting – although not every site has this capability yet.
- By using a link from your ad to your website you can interact immediately with your customer and begin building a relationship.
- You can respond to their questions immediately, regardless of where they are. No other advertising medium can offer that.
- You can measure viewing and consumer response immediately.
- Production costs for this medium are inexpensive you can change your content or ads quickly in response to consumer reaction.
- Through the content of your web page(s) you can tell your story with words, photos and video, creating an image that positions the kind of experience you offer.

- It lets you track responses, react quickly and to make it work to its greatest ability, that's what you need to do.
- Sales potential of online purchases is growing rapidly as more people trust buying online.

The greatest advantage of the Internet is its reputation as an information source. It's where people expect to find information – so it's the perfect choice for placing your message and linking to your website (or other location) for more details or a trusted review.

### **Disadvantages**

- Unlike the Bureau of Broadcast Measurement that measures radio listenership, circulation numbers for newspapers and television ratings – the Internet does not yet have a standardized measurement. It's improving but there are no consistent audience measurements from site to site.
- The Internet audience is changing so rapidly that numbers are quickly outdated and vary from one provider to the next.
- Not all demographics are active web users, so you may not be able to target your desired audience.
- Clutter is becoming a part of the Internet as more businesses turn to market their products, this will become more of an issue.
- As more businesses use the Internet as a marketing medium costs rise; this includes costs to build and maintain a good website, online advertising, and pay-per-click.
- The Internet lags behind traditional media in production quality.

**Sales Promotions – Online / Offline:** Whenever you increase the value of your product by offering an extra incentive to purchase the product, you've created a sales promotion. The challenge is to use a sales promotion to stimulate immediate business (introduce a new service or product, build business in a slower period) without jeopardizing your regular pricing structure. Some people are 'coupon shoppers' and will provide incremental business for you, as they would not have purchased your product at the regular price. Coupons can reduce the perceived risk of trying a new product or service.

### **Advantages**

- Online couponing reduces the costs for production, distribution and provides valuable measurements in addition to redemptions.
- Contests are a type of sales promotion that can increase advertising readership and is useful in communicating key benefits and unique selling points of your product.
- Online marketing has opened a whole new world for contests, allowing people to interact with your image. You can run a contest to name a new addition to your offering, or identify a location from a photo and draw attention to your unique setting. Online contests offer people a way to immediately interact with your product or service. There are laws governing any contest and you should have legal advice before entering into this type of promotion.

### **Disadvantages**

- A sales promotion can offer a 'quick fix' for slumping sales but it doesn't build your image in the long run.
- Consumers who purchase a product or service because it's on sale, they get a premium, or they have a coupon, may not buy at the regular price.
- No matter what type of sales promotion you're considering – there are costs involved. They may be 'soft costs' such as the prize of a weekend getaway, or the costs associated with reducing your price with a coupon or other discount.

A well received coupon promotion will see redemptions of approximately 2-3%. Your goal should be to turn some of these into long term supporters of your product or service. Before you enter into a sales promotion, it's important to project what it will cost versus what you anticipate you will gain.

**Public Relations and Publicity:** When it's advertising versus public relations, remember consumers put more value on what's been said by a third party (the media) that's what you say about yourself. While there are costs associated with PR and media relations, they are usually expenses related to putting the program together. For example, the cost of developing a media kit or of making a product donation to a silent auction. Because media and PR stories are just that – stories – they are not subject to the same 'clutter factor' as advertising and sales promotions.

#### **Advantages**

- For companies whose products appeal to a small segment or niche market, PR and publicity may be a more cost effective way of reaching the target.
- Sound public relations efforts can make people feel good about your company, the same holds true for a well written media story; both can go a long way in building your image.

#### **Disadvantages**

- While PR messages can break through the clutter of commercials, there is a risk that your potential customers will not make the connection between the message and your organization; in other words, your image isn't being built the way you want it to be.

With advertising, you can buy your ad, place it and measure it. PR and media relations requires a larger commitment of your time as you develop your story ideas and contact the media, or host events that will favorably place your business in the eyes of consumers (and media). PR, and in many cases media relations, are long term investments; unlike a sales promotion, where you can see an immediate response, PR can take years for you to build the image you want people to have of your company.

**Direct Mail – Offline Traditional:** This medium is ideal for advertisers with a highly specific target market.

#### **Advantages**

- Through the mail you can target customers anywhere in the country or world, right down to a single neighbourhood. Using a data base that you have developed or rent, lets you choose exactly who will see your offer or promotion which limits wasted circulation (paying to reach someone you do not want to reach).
- Consumer direct is a good choice for selling a product or promotion that requires more than 30 seconds to explain.
- The direct mail piece can be as big or small as you need.
- You can precisely measure the effect of direct mail by the number of responses, it's one of the a few media that offers this type of direct response.
- Production costs for this medium are flexible and can range from the cost of doing a black and white coupon to a high quality four-color glossy magazine.

You are limited only by your imagination and your budget.

#### **Disadvantages**

- Your mailing, whether addressed or unaddressed, may be viewed as "junk mail" by some consumers. Recipients are often angered by the amount of this type of mail and may not even look at it. You need to make sure the design attracts their attention and the content is of interest to them. That is why it is important to make sure to use a database that is current.
- In direct mail, the proper mailing list is everything. It takes a lot of time to maintain a database because people are mobile, a high percentage of your mailing could be undelivered if it is not current; this is why people prefer to rent lists rather than maintain their own.
- List development and printing of the campaign piece can make the lead time very long, so it is important to keep that in mind if you are considering it as one of your marketing tools.



**Direct Mail – Online:** Is essentially an electronic version of regular mail; many businesses have adopted online consumer direct marketing for their sales promotions.

### Advantages

- Highly targeted, relies on lists and attempts to reach consumers with specific needs through targeted messages.
- People who have 'opted in' to receive your messages, e-mails, newsletters or other information updates, are receptive to the kind of information that you have to offer.
- The medium provides exceptional tracking and the promotion can be modified quickly based on response.

### Disadvantages

- People can opt to have certain types of messages or senders blocked; spam is the electronic equivalent of junk mail and may not be viewed by the recipient.
- If you have your own e-mail list of customers, it takes time to keep it current, as people move and e-mail service providers change.
- Our In-boxes are full! Your message is competing with many others for your customer's time.
- If your message isn't timely and relevant it won't be read.
- Hitting the target. The ultimate consideration when choosing a media channel is to what extent it can precisely reach your target market, is affordable and can complement the other communication elements.

### Considerations

As you build your media plan, there are a number of factors to consider.

**Lead Time:** Refers to the amount of time between the design, approval stage and when the advertisement appears. For some media are longer than others; for example, television ad production will take longer than a b&w ad in a community newspaper. It's important to consider lead times when scheduling advertising for specific time periods, such as, launching your campaign in conjunction with the May long weekend.

**Clutter:** The number of advertisements that occur in a media channel during the desired time slot or on a page.

**Dominance:** Is achieved when the advertiser dominates a particular media channel or portion thereof for a specific period of time. Is achieved by increasing frequency; purchasing more time or space and often requires an increased investment on the part of the advertiser. Is achieved through negotiations with a medium. (e.g. Insisting that your advertisement is the only travel ad on a newspaper page)

**Clutter / Dominance:** We have determined that the average consumer is inundated by marketing messages. To ensure your message is seen or heard, it has to be relevant, interesting and use the right advertising format to overcome selective reading / listening.

**Measurement:** When evaluating the right medium for the message, it's helpful to understand the measurement terms that are used.

**Reach:** The number of potential customers exposed at least once to a medium during a given time period. Exposed means they have the opportunity to see or hear the advertisement but does not guarantee that they will.

**Frequency:** The number of times an advertisement is repeated during a given time period; that means the number of times an individual or household within an identified market is exposed to that particular advertisement. It takes at least five to nine repetitions for a viewer / listener to recall a message and ideally act on it through purchasing behavior. This frequency can be accomplished through multiple exposures in a communication mix when it's part of an integrated marketing communications plan.

**Gross Rating Points: (GRP)** The total of all rating points over a specific time period (usually on a weekly basis) or for the duration of the advertising schedule. GRP represents the percentage of the target audience reached by the advertisement multiplied by the number of times (frequency) during a specific time (e.g. one television program).  $GRP = \text{frequency} \times \text{percentage of reach}$ . In principle, 100 GRP could mean that either 100% of the targeted persons (households) are reached once per week or 1% of them are reached 100 times per week or any combination of both. GRP e.g. The rating of a show represents the percentage of people (households) tuned into a television program as compared to the number of televisions in a particular geo region. Each rating point is equal to 1%, therefore, if you air an advertisement in a time slot (one-hour TV show) that reaches 50% of your target audience and your commercial is shown five times then the GRP is 250 or 5 (frequency) x 50 (% reach) for a 250 GRP.

**ROI / Cost per thousand:** Another consideration with media buys is the "cost per thousand" (CPM) to reach the audience. This is the cost of the advertising unit divided by the audience gross impressions to determine the dollars needed for the product info to reach 1000 members of the audience.

$$\text{Formula: } CPM = \text{Cost} / (\text{Impressions} / 1000)$$

e.g. If the advertising unit (30sec TV) costs \$2000 and reaches a 60,000 person audience then the CPM is \$33.33.

Cost of the unit            \$2000

% Reach                    1000 / 60 Gross impressions     $CPM = 33.33$

It is also important to determine to what extent the consumer can "shut out" this reach. For example, can they head for the fridge during a TV intermission, can they simply choose not to read an advertisement in the newspaper. It is important to realize that the CPM is a formula not a guarantee.

#### Evaluation

Identify what the advertising success will look like, having regard to the objective and to implement a measurement that will be able to gauge that success. The measurement may be different depending on the objective of the advertising. For example, if you were advertising a sales promotion, the evaluation would be the number of purchases of the promotional product or service; however, if the objective was to increase awareness, then an increase in inquiries or the implementation of an evaluative research component by a research company would determine the impact of the advertisements. **Did people identify with the product? Do they remember the advertisement?** Evaluation does not need to be onerous; it can be as simple as keeping a notebook handy and asking everyone that calls to inquire about your product or service, how they heard about you? It can incorporate a call to action during campaign development to a web site or specific phone number that is only associated with the advertisement.

## APPENDIX IV – BUDGETS

### Budget Considerations

Should be directly related to the growth stage of the business or organization. Some of the factors include... ***Determine how mature is your market? How much education do you have to do? How well known is your company in your industry? Are you a new or established business? How much brand awareness do you have? How fast do you intend to grow?***

It is also important to remember that it costs 5x more to acquire a new customer than it does to retain an existing one; so when identifying your promotional mix, you need to ascertain what percentage of the marketing communications will be dedicated to inform, persuade or remind.

We have alluded to the fact that marketing experts commonly suggest the 5 – 10% range of gross sales should be allocated to marketing (all components); however, for small businesses, a more realistic approach is suggested at 4 – 8% of *desired* gross revenue. This means that in a start up phase, your investment will be greater as it takes time to realize your true profit potential. In fact, investment of 20% plus is not uncommon for new ventures or products. When using the 4 – 8%, if you are a new business wanting to grow faster, the higher end of the range would be more reasonable, while a mature business with strong awareness in their industry could be successful at the lower range.

Once you have determined a percentage, you can adjust your projected spending up or down based on the size of your market, the cost of media, what you can learn about how much your competitors are spending and the speed at which you would like to grow. Alternatively, you can create a wish list of marketing tactics with accurate costs against a set amount of money your organization will commit to spending. You then need to determine which elements of the promotional mix can be the most effective and afforded by the organization.

Regardless of the amount, an organization should make a plan and stick to it. The plan should include all of the tactics and labor allocated by month, to avoid cash flow problems. It should have a small contingency for opportunities that might arise throughout the year. Most important, the organization should use a marketing budget. In recessionary times, it might sound like a good idea to hold onto that money but just the opposite is true. The important thing is intentionally and deliberately to set aside a percentage of your sales or a dollar amount to get the word out there. The question you have to answer is not how much should we spend but rather, ***how do we spend most effectively?***



# TRAVEL ALBERTA EDUCATIONAL PROGRAMMING

## PERSONAL ACTION PLAN

Course date: \_\_\_ / \_\_\_ / \_\_\_\_\_

Action plan item	How to implement	When
1. _____ _____ _____	_____ _____ _____	___/___/___ ___/___/___ ___/___/___
2. _____ _____ _____	_____ _____ _____	___/___/___ ___/___/___ ___/___/___
3. _____ _____ _____	_____ _____ _____	___/___/___ ___/___/___ ___/___/___
4. _____ _____ _____	_____ _____ _____	___/___/___ ___/___/___ ___/___/___
5. _____ _____ _____	_____ _____ _____	___/___/___ ___/___/___ ___/___/___

### ACTION PLAN IMPLEMENTATION AID

**Complete this sheet for each item included on the action plan**

1. What is the item of learning you intend to implement?
2. By which objectives/methods will you measure progress?
3. What barriers might impede your implementation?
4. How will you avoid or negate these barriers?
5. **Time:** when do you intend to start implementing the item?
6. **Time:** by when do you intend to complete the implementation of the item?
7. **Resources:** what resources (people, equipment, extra skills) will you need to complete the implementation of the item?
8. **Benefits:** what benefits do you hope will result from your actions (including financials if possible to assess)?
9. **Commitment:** when will you and your manager meet...
  - a. to discuss the implementation of your plan?
  - b. to review the progress of this action?