



### **AAU**

An AAU (attitude, awareness and usage) study is a type of **tracking study** which monitors changes in consumer attitudes, awareness and usage levels for a product category or specific brand. The major problem with AAU studies is that they inform a business as to what the consumers' views were, not what they might be in the future.

### **Abandonment**

Abandonment is the final stage in a **product's life cycle**, when the profit potential is such that management decides that the best course is to discontinue selling the product. The expense of carrying profitless products often goes beyond what shows up on financial statements. The real costs in managerial time and effort to continue making terminally ill products can be significant, but managers are often reluctant to discard a product because of attachment.

Product abandonment has often serious implications for the business in terms of its impact on the employee levels and their deployment, ongoing relationships with suppliers and distributors, and how the abandonment is viewed by the market itself.

Lambert, Douglas R., *Product Abandonment Decision*. Montvale, NJ: Institute of Management Accountants, 1985.

### **ABC**

ABC, Audit Bureau of Circulation Ltd, is an independent body set up by advertisers and funded by advertisers, media owners and advertising agencies to monitor and officially audit circulation figures. An audit is an independent verification of a circulation, attendance, or electronic media delivery claim. All of the titles in ABC membership are audited at least once a year under the following terms:

- Business press members must use ABC staff auditors.

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- Consumer press members may choose either ABC staff or external third-party auditors. If audits are carried out by third-party auditors, ABC staff auditors inspect these titles at random.

ABC audits for titles outside the UK or Republic of Ireland are conducted by ABC staff auditors. Essentially, the ABC inspection by ABC auditors includes a full check on the circulation claim made by the publication.

[www.abc.org.uk](http://www.abc.org.uk)

### **Above the line**

Any form of advertising for which a commission or fee is payable to a recognized advertising agency operating on behalf of its client(s). The 'line' is an imaginary boundary between those advertising media which pay commission to advertising agencies and those which do not, the latter being **below-the-line** media. Directories, yearbooks and point-of-sale materials are below the line. Typically, 'above the line' is associated with advertising, but in reality the description is a broader term.

Over the past decade or so, the division between above- and below-the-line activities has become increasingly blurred. It is also possible to associate below-the-line activities with **direct marketing** whereas above-the-line activities are more associated with mainstream advertising such as television or radio advertising campaigns.

### **ACASI**

ACASI (audio computer-assisted self-interviewing) has been documented as an effective tool in the US for obtaining a higher prevalence of self-reported behaviours, particularly those associated with HIV transmission. ACASI is an interview method where the person to be interviewed sits in a quiet place on her/his own in front of a laptop with a headset. The questions will be asked by the computer in the appropriate local language via the headset with simple answering instructions where the interviewed person only presses designated buttons.

This means of obtaining information is used by the National Clearinghouse for Alcohol and Drug Information (NCADI), the information service of the Substance Abuse and Mental Health Services Administration's (SAMHSA) Center for Substance Abuse Prevention (CSAP). NCADI is the world's largest resource for current information and materials concerning substance abuse. Large-scale studies using ACASI and allied methods can be viewed at

[www.health.org/govstudy/bkd405/appendixa.aspx](http://www.health.org/govstudy/bkd405/appendixa.aspx)

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### **Accordion insert**

An advertisement inserted in a magazine, folded with an accordion-style fold. In other words, a single sheet of printed matter is folded to fit the overall size and shape of the magazine. This format can be an integral part of the magazine or simply a loose insert.

The principal advantage of an accordion insert is that a mini-brochure can be inserted into the magazine with far more detail and information than could be comfortably fitted onto a normal page or double-page spread.

### **Account executive**

An account executive is an individual who works in an advertising agency or similar organization and is directly responsible for managing the requirements of a client.

Various agencies prefer alternative titles, including account manager, supervisor or director. In some cases, these alternatives imply status and responsibility within the agency itself. Another alternative description, though rarely used, is client-service executive.

Typically, account executives will have an all-round degree of skill based on their coordination abilities, coupled with their negotiation skills. In effect, an account executive translates client requirements into actions, which may involve the creation of advertising copy, the buying of media space and the management of a team of professionals, including freelance specialists to realize the advertising and promotion desire of the client.

### **ACORN**

An acronym for A Classification Of Residential Neighbourhoods. ACORN was developed in the late 1970s by CACI Market Analysis Group, an Anglo-American market research firm, as a basis for sampling and direct mail. It is used as an indicator of the behaviour and attitudes of consumers according to where they live and the home they live in. Given that house purchase is the largest single expense in the household budget, consumers will tend to buy the best they can afford and the ACORN rating is seen as a reflection of their buying habits.

ACORN is taken to show the type of house (age and size) as well as the probable lifestyle and family life cycle. The major advantage of ACORN is that it takes into account several indices or aspects of the consumer including demographics and geographical segmentation.

In the UK there are 39 ACORN classifications which are still exten-



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sively used for direct mail shots and telemarketing. Marketing and sales can use ACORN to identify potential consumers for a range of products and services according to the classification. Specific related targeting can be made when offering services on the basis of ownership (such as improvements) or broader criteria for cable and satellite installation packages.

[www.caci.co.uk](http://www.caci.co.uk)

#### **Acquisition cost**

Acquisition cost in the marketing sense is the average investment of money (advertising and loss leading products) for a particular business to acquire a new customer. Businesses will calculate the life-time value of a customer, and then use this figure to calculate what an acceptable level of customer acquisition cost is for them.

#### **Ad hoc survey/research**

Ad hoc surveys or research are a form of market research which has been tailored to meet the market research needs, where standardized surveys cannot match the research criteria.

Ad hoc studies are usually fairly large quantitative analyses, which answer questions appearing at various stages of the designing and realization of a marketing campaign. The studies are often conducted on nationwide representative samples, but the tested group may also consist of persons characterized by a certain feature. A sample usually comprises at least a few hundred people (500–1000). The most important feature of ad hoc surveys is adjusting to the needs of a client, who usually cooperates closely with the researchers at the stage of research designing. Ad hoc surveys are particularly useful in accessing market size, competition, customer attitudes and behaviour and brand awareness. They can also be used in testing reactions to a marketing activity.

Mariampolski, Hy, *Qualitative Market Research: A Comprehensive Guide*. London: Sage Publications, 2001.

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#### **Adjacency**

Adjacency is the concept that new products and services should bear some relation to the current products and services offered by a business. The degree of similarity (adjacency) and familiarity will have a direct effect on the willingness of existing customers to purchase the new products and services. Likewise, adjacency can be supported by cross-

selling techniques, joint promotional campaigns and other allied marketing activities.

In the US, adjacencies are commercial advertising spots purchased from local television stations, generally appearing during the time periods adjacent to networked programmes.

### **Adoption theory**

Adoption theory describes the process by which consumers accept a new product, a new fashion or a new idea. The adoption process has a set of preconditions:

- the awareness stage – when potential customers are made aware of the product or service;
- the interest stage – when the customer's interest must be stimulated;
- the evaluation stage – when the customer considers the product in relation to their needs and desires;
- the trial stage – when the customer is convinced to test the product;
- the adoption stage – when the customer finally makes the decision to continue to buy the product.

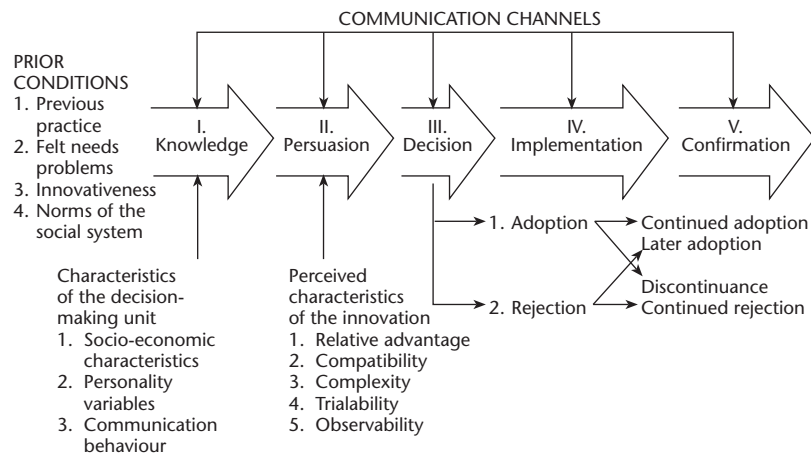
The process is shown in the form of a diagram in Figure 1.

Adopter categories are a classification of users or buyers of an innovation according to the time of adoption. Everett Rogers identified five categories within the adoption curve. Rogers' categories are defined in terms of percentage groupings within the normal distribution of the adoption curve as follows: innovators – first 2.5% of all adopters; early adopters – next 13.5% of all adopters. These and the remaining categories are shown in Figure 2.

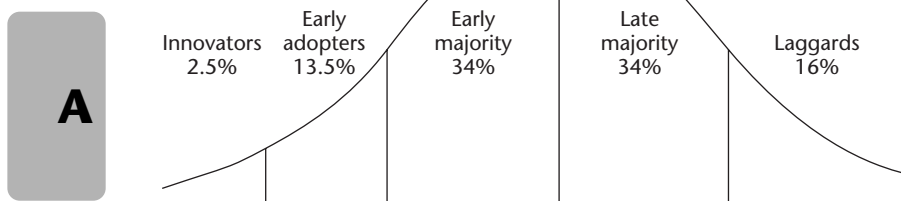
The adoption curve is a graphic representation of the diffusion of an innovation. The curve illustrates the number of adopters who have purchased a new product in each time period from the launch date. The curve takes the shape of a normal statistical distribution. A small number of people adopt the innovation shortly after it becomes available and this rate of adoption increases until 50 per cent of the potential buyers (or users) have tried it. After this point the number adopting within each time period falls until there are no potential adopters who have not tried the innovation. However this is not always a smooth, steady progression, as shown in Figure 3.



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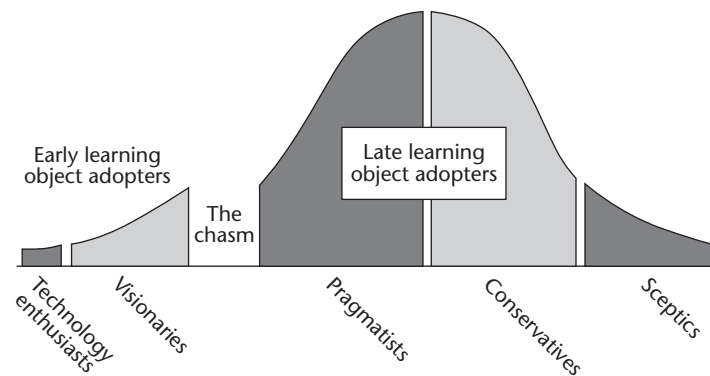


**Figure 1** When a person or group first learns of a particular innovation the decision proceeds through forming an opinion about the innovation, to a choice to use or not use it, to implementation of the innovation, to confirmation of the choice. Ultimately the innovation is evaluated and tested to see whether the adoption of it will be lasting. People go through this adoption process at different rates, depending on the innovation.



**Figure 2** In essence, there are five categories of adopters, with the commensurate percentage of the population noted in each group. The innovators, a very small minority of the population, jump on board almost immediately while the laggards (not intended to be a derogatory term) may never innovate.

Source: Everett M. Rogers, *Diffusion of Innovations* (New York: Free Press, 1962).



**Figure 3** The chasm: the sequence of the adoption of new technologies proposes the theory that from the initial adopters there is a leap across the 'chasm' (in essence a period of acceptance) before the majority of the market begins to accept and adopt the new technology. Note that in the case of new technologies, alternative descriptions have been allocated to the various types of adopters.

Source: Everett M. Rogers, *Diffusion of Innovations* (New York: Free Press, 1962).

## Advertising

Advertising is the paid, public and non-personal announcement of a persuasive message by an identified sponsor. In essence, advertising is the promotion of a product to existing or potential customers.

Advertising is an integral part of marketing; it is seen as a key element in the promotion of products and services to customers (either consumers or businesses). Advertising seeks to create a desire to purchase, and influence the needs and wants of potential customers. Advertising, having succeeded in this role, allows the business to satisfy those needs and wants by selling its products and services.

Advertising needs to convince the potential customer that there are benefits to be derived from purchasing the product or the service. False or inflated benefits only result in the customer being dissatisfied with the product or service, and repeat purchases are unlikely. Advertising is strictly controlled in this respect throughout the world and monitored by organizations such as the **Advertising Standards Authority**.

Caples, John and Hahn, Fred E., *Tested Advertising Methods* (5th edn). Englewood Cliffs, NJ: Prentice-Hall Trade, 1998.



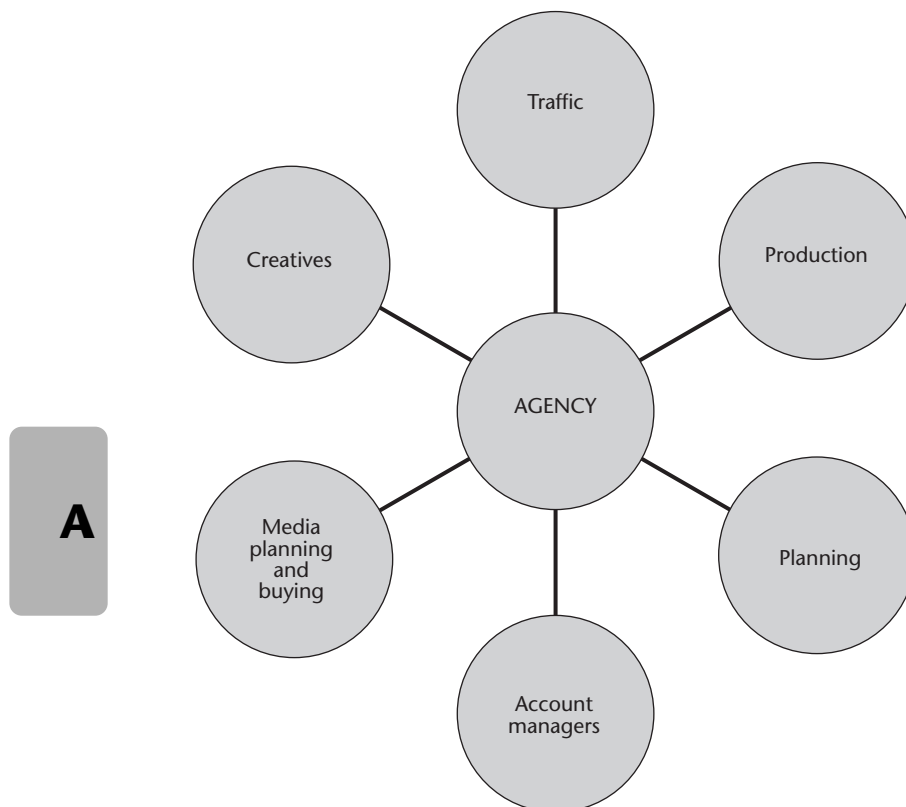
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### Advertising agency

An advertising agency acts as an intermediary between clients wishing to organize, design and place promotions in the media (or in other cases, in public relations and other associated marketing activities) and the media itself. Clients can tap into the expertise and contacts of the agency, depending upon the range of services it offers, rather than having to maintain a full complement of experts themselves.

### Advertising agency organization

Advertising agencies may have differing forms of organization or departmentalization depending upon their size and the range of services offered. Typically, a full service (offering the widest range of services) will have the departments, sections or functional areas shown in Figure 4.



**Figure 4** Functions and areas of the advertising agency

- *Planning* is responsible for trying to discover how advertising is received and interpreted and what people find valuable in products and brands. One of the most important elements of the job is to commission, understand and interpret research. Account planning means developing ideas about what leads people to respond to advertising.
- *Creatives* are essentially the 'ideas people' and in basic terms deal with words and pictures, that is to say the copy and the art direction.
- *Media planning and buying* deals with the schedules of marketing messages in the different media (in terms of the duration and scope of the campaign) as well as the purchasing of space or time in the various media through negotiation with contacts at the relevant organization.
- *Production* is actually responsible for making the advertisement. Often there is an element of subcontracting here as studios, camera crew and actors may be required.
- *Account management* is dedicated to a particular group of clients or in some cases an individual client. The role of the account manager is key as they are dedicated to individual clients and therefore carry ultimate responsibility for the client's satisfaction.
- *Traffic* deals with getting the artwork or film to the magazine or TV station on time. When the promotional campaign involves a number of media this process becomes complicated because accurate timing is crucial.

### **Advertising agency remuneration**

There are three main methods by which an advertising agency can receive remuneration for its work from clients. The most common method is the payment of commission based on the costs of advertising placed in the media (note that advertising agencies attract a discount from the media). Alternatively, the agency could be paid on a one-off fee basis for each job undertaken on behalf of the client (payable under normal business terms or aggregated monthly, quarterly or annually). Finally, the agency may be paid on results, a fixed percentage of the net impact of the advertising in terms of increased business to the client.

*See also above the line and below the line.*

### **Advertising agency selection**

In essence, there are a variety of criteria used by clients to find a perfect



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match in terms of agency selection. Typically, one or more of those listed in Table 1 would be employed.

**Table 1** Criteria for selecting an agency

<b>Selection criteria</b>	<b>Explanation</b>
Understanding	Ability of the agency to appreciate the problems and objectives
Originality	The agency's creative versatility
Management	Degree of the agency's management expertise
Compatibility	Close fit in terms of approach
Presentation skills	Professional and noteworthy pitch
Services offered	Range of internally available services or links with freelance providers
New ideas	Whether the agency has a progressive but still practical approach
Research skills	Availability of research facilities
Media skills	Expertise and contacts in the media
Contact	Approachability
Pragmatism	Sensible and realistic results forecasting
New product development	Experience of dealing with NPD
Point of sale	Experience with creating and dealing with POS materials and campaigns
Global	Multinational or having access to partners in other markets
Culture	Close-matched approach
Existing client base	Avoidance of conflict with similar existing clients
Product or market experience	Previous knowledge or experience in the client's field
Procedures	Good level of internal control and coordination

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Hameroff, Eugene J. and Gardner, Herbert S., Jr, *The Advertising Agency Business: The Complete Manual for Management and Operation* (3rd edn). New York: McGraw-Hill/Contemporary Books, 1998.

### **Advertising allowance**

A payment made, or a price reduction given, to a merchant or other customer as compensation for advertising or promoting products. For example, a business wanting a merchant to emphasize its product may supply standing cardboard displays to be placed near the store's entrance and, as inducement to place them, offer a cash bonus or deep discount on the cost of items to be displayed.

### **Advertising brief**

The statement of the objectives of an advertising campaign (also called the agency brief) agreed between an advertising agency and a client, together with a brief history of the product (idea, organization etc.) to be advertised. It is the starting point for the work of the agency's account management group. The relationship between an agency and its clients is a delicate one. The client should determine the advertising objectives, plan overall advertising strategy and set the advertising budget, while the agency prepares and evaluates advertisements and develops the media plan. The advertising brief is critical because it represents the starting point in the agency-client relationship.

Typically, the agency brief will include:

- situation – current market position, strengths, weaknesses and policies;
- objectives;
- strategy;
- tactics;
- budget;
- product technical specifications;
- customer satisfactions – detailing product benefits and what the user will gain from the product;
- organization profile – background information on the business;
- market analysis;
- pricing of product;
- distribution;
- evaluation criteria – how the marketing communication objectives will be measured;
- timescales and deadlines;
- personnel involved.



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### Advertising campaign

The advertising campaign involves designing a series of advertisements and placing them in various advertising media to reach a particular target market. Typically, an advertising campaign may be considered as a 'Burst' campaign, which concentrates expenditure into promotional bursts of three or four weeks in length, or a 'Drip' campaign, which allows for a continuous but more prolonged presence in the media.

### Advertising campaign objectives

Advertising campaign objectives can be various, dependent upon the overall short-, medium- and long-term objectives of the business. Typically, advertising campaigns are associated with the objectives listed in Table 2; some may be simultaneously associated with several.

**Table 2** Advertising objectives

Build strong brand image	Accelerate growth and increase market share	Reach otherwise inaccessible buyers	Influence buying decisions	Support selling through personal contact calls
Promote brand recognition and awareness	Prepare ground for personal selling	Enhance perceived value	Announce new products	Attract new buyers or users
Announce product change	Announce offers/promotion	Develop corporate image and awareness	Stimulate receptiveness to direct selling	Obtain/expand stock-list
Educate consumers	Expand total market	Change competition – defensive/offensive	Remind customers of availability	Increase frequency of use
Make announcements to trade	Increase the level of trade confidence	Retrieve lost sales	Stimulate immediate buying action	Keep a product in the public eye

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Avery, Jim and Bendinger, Bruce H., *Advertising Campaign Planning* (3rd edn). Copy Workshop. New York: Barnes & Noble, 2000.

### Advertising elasticity

Advertising elasticity measures the way in which demand has been affected by advertising. The bigger the impact on demand against the investment made in advertising, the more the product or service is considered to be advertising elastic.

Advertising elasticity is measured by using the following formula:

$$\frac{\text{Percentage change in demand}}{\text{Percentage change in advertising spending}}$$

A business increases its advertising by 50% and sees a rise in monthly unit sales from 200,000 to 250,000. The advertising elasticity is  $50,000 \div 200,000 \times 100 = 25\%$ . The change in advertising spending is 50%. Therefore  $25(\%) \div 50(\%) = 0.5$ .

Advertising elasticity is not, however, a vital measure of advertising success or failure as it cannot take into account the time factor. Immediate advertising expenditure does not necessarily mean that sales figures will be affected immediately. The measure does not take into account the fact that advertising spending may have a longer-term effect on sales which cannot be measured in the short term.

Table 3 below gives examples of goods and services that are likely to have each of the levels of elasticity.

### Advertising medium

This is a collective term to describe a possible advertising option (or vehicle). Thus television is an advertising medium, but television, newspapers and magazines are advertising media.

### Advertising objectives

See advertising campaign objectives.

### Advertising plan

Closely linked to **advertising campaign objectives**, in which the processes and decisions related to the framing of an advertising campaign are brought together. Fundamental to this is a timetabling of critical events and an identification of responsibilities (including delegation and out-sourcing of expertise), summarized in Figure 5.



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**Table 3** Levels of elasticity

	<b>Price elasticity of demand</b>	<b>Income elasticity of demand</b>	<b>Advertising elasticity of demand</b>
<b>Inelastic</b>	Necessities, such as water, power, basic foods. Addictive goods, such as cigarettes and alcohol.	Basic goods such as water, toilet paper. Increased income does not imply greater consumption.	Unbranded goods. Goods that are frequently purchased and well known. Goods where the market is saturated.
<b>Unitary</b>	Newspapers, books, every-day items that are not necessities, but are fairly regular purchases.	Electrical goods, restaurant meals. Non-essentials that can be done without.	Those in mature markets, and brands with a high level of customer loyalty.
<b>Elastic</b>	Goods that have a number of alternatives or substitutes (e.g. Coca-Cola – other soft drinks; or the cinema – other forms of entertainment). Luxury goods, products and services that are not necessities and not required as immediate purchases (e.g. designer clothes).	Mainly luxury items such as holidays and new cars.	Branded goods, where the brand name is very important and highly prized. Also goods which are new to the market.

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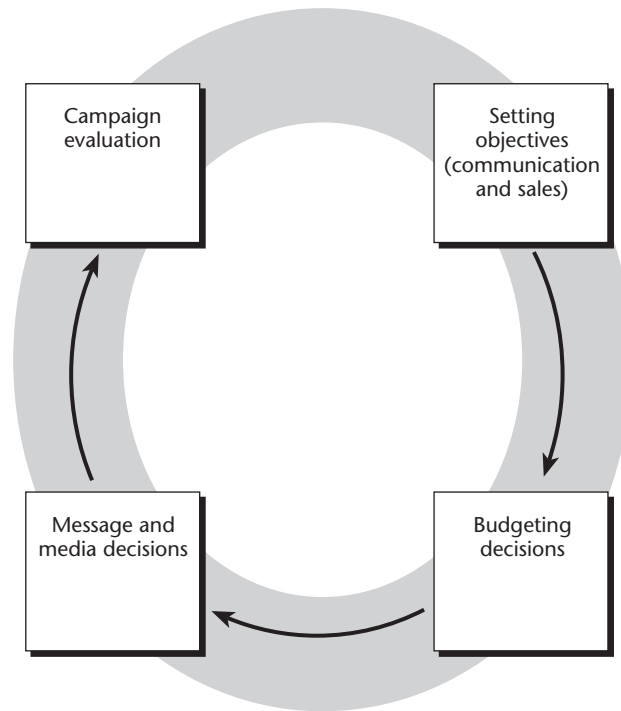
#### **Advertising research**

Advertising research studies the effectiveness of either the desired communication or the sales effect, either of which may have been the original advertising objective.

Desired advertising communications objectives fall into the following categories:

- creation of an increased awareness of the product;
- creation or change of attitudes;
- change in the predisposition to buy.

In order to measure the effectiveness of the advertising it is imperative that two surveys are conducted, before and after the advertising



**Figure 5** A simple advertising plan

campaign. A continuing series of research studies to measure the effectiveness is known as a **tracking study**. There are two main methods of measuring sales resulting from advertising: field experiments, and statistical analysis of sales and advertising data.

Field experiments involve identifying comparatively self-contained market areas within the whole market and adjusting the level of the advertising within them. Normally the chosen market areas fall into three categories: one group will be exposed to the standard levels of advertising; the second, 25% less than the norm; and the final group, 25% more. The major problems associated with field experiments are as follows:

- It is difficult to maintain the external factors of competition and demand (competitors may run 'spoiling campaigns' such as **sales promotions**).
- Distributors within the low advertising area may run their own promotions during the period to support their own sales.
- Lost sales may be counter-productive in the short term and allow competitors to establish themselves.

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- Results are not guaranteed, due to the variability of the markets and the actions of competitors.
- Competitors may acquire vital marketing information at the cost of the organization carrying out the experimentation.

Statistical analysis of past sales and advertising data offers a considerably less expensive alternative. In effect, the statistical analysis looks at the historical relationship between sales and advertising over the life of a product and attempts to predict the future impact of changes in the level of advertising and how it will influence sales.

Morrison, Margaret A., Haley, Eric and Taylor, Ronald E. (eds), *Using Qualitative Research in Advertising: Strategies, Techniques, and Applications*. London: Sage Publications, 2002.

### Advertising speciality

A term used to describe products which display a **logo** or a promotional image; also known as logo merchandise, often referred to as 'trinkets and trash' owing to their perceived lack of originality and true value as marketing tools. Typically, advertising specialities include key rings, t-shirts, baseball caps and mouse mats, all given away as part of a larger promotional activity. They are distinguished from branded versions of the same items, which are sold as regular merchandise.

More broadly, 'advertising speciality' can also be used to describe the merchandising opportunities of a football team through selling products (and latterly services such as banking) to fans who wish to display their allegiance to the club by wearing or showing the club's logo. Manchester United, for example, generates in excess of £20m per year from these sales alone.

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### Advertising Standards Authority (ASA)

UK-based independent organization which was established and is subsequently funded by the advertising industry. Its purpose is to ensure effective self-regulation of advertising in the UK. The ASA is independently chaired and members are appointed to the ASA by the chairman as individuals without affiliations to particular parts or interest groups within the industry. It is a requirement under the ASA rules that some 50 per cent of the members are not associated with the advertising industry.

One of its primary aims is to establish and maintain a strong dialogue with central and local government, consumer groups and trade associations. Through the Code of Advertising Practice, the ASA seeks to control and place sanctions on advertisers who break the self-regulatory

guidelines. In effect, however, the ASA lacks teeth and is considered to be very much a part of the advertising industry, upon which it relies for funding. The ASA receives, processes, judges and passes comment on advertising which has received complaints from the general public and other advertisers.

[www.asa.org.uk](http://www.asa.org.uk)

### **Advertorial**

An advertorial is an advertisement which appears, to all intents and purposes, to be editorial content in print or on the internet. The advertisement is written to appear to be a news story, often with a disclaimer identifying it as such. On television or on the radio, a similar advertorial item is known as an 'infomercial'. Advertorials are often used as a tool of **public relations** when a new product or service is being launched.

### **Advocacy advertising**

Advocacy advertising is usually corporate advertising that seeks to convey the organization's view on a particular issue or to state its position on an issue. It may be typified as a sponsored communication which presents a view on a controversial cause or issue.

*See also* **advertorial**.

### **Advocate revenue**

Advocate revenue is income derived from a customer who recommends a product or service to another customer. Advocate revenue is a growth area on the internet where present, satisfied customers are encouraged to refer other potential customers to a business in return for a percentage of sales value derived. In essence, the system works rather like an affiliate programme, but rather than being based on sending web traffic to the business via links and endorsements, the relationship rests on the income derived from the customer who has been referred by the advocate.

The term 'advocate' is also closely associated with the **ladder of customer loyalty** (suspect, prospect, customer, client, supporter, advocate and partnership).

### **Aerial advertising**

A form of outdoor advertising where airborne messages are used,



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including banners pulled by aircraft, skywriting, slogans and logos on airships and balloons, and skydivers.

### **Affiliate programme**

An affiliate programme is a form of advertising on the internet which aims to reward an affiliate (who is a self-selected advertiser) for pushing web traffic to a business.

Affiliate programmes are sophisticated multi-level marketing schemes where existing customers attempt to attract other customers by endorsing the business and carrying banner advertising and links. Some systems allow for multi-tiered affiliation, which rewards affiliates for the traffic generated by affiliates that an affiliate has recruited.

Some larger web-based businesses such as Amazon have their own affiliate programmes, but there are more generic systems such as Beefree, Linkshare or CommissionJunction. Affiliates have the potential to earn significant money by signing up for an affiliate programme to use its excess advertising inventory (unsold banners).

*Gray, Daniel, The Complete Guide to Associate and Affiliate Programs on the Net: Turning Clicks into Cash. New York: McGraw-Hill, 1999.*

### **Affinity marketing**

Affinity marketing is about forming strategic marketing alliances with other organizations, both commercial and not-for-profit, that bring mutual benefits and help both organizations to achieve marketing objectives. Alternatively, affinity marketing can be described as marketing targeted to consumers, based on their previous buying patterns. This is particularly prevalent on the internet where it is typified by email, direct mail or on-site recommendations. A regular purchaser of products or services will be automatically informed of the imminent release of a new product, on the basis of their previous purchases.

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### **After-sales service**

After-sales service has become a feature of full product and customer support, often used as a prime discriminator between competing businesses. Typically, after-sales service, which was formerly associated wholly with the carrying out of repairs, maintenance, and advice to customers who had purchased products and services, is now seen as an integral part of the overall marketing strategy.

After-sales service has become a major expectation of customers and

is now considered to be an important component of closing a sale. The availability of after-sales service has latterly been associated with the offering of extended warranties beyond the normal guarantee period of the product. These insurance services, sold at a premium, underwrite and compensate for loss leaders offered by the business in order to attract customers. Strictly speaking, these do not fall into the standard understanding of after-sales service as the implication is that customers are being persuaded to purchase after-sales service, rather than the service being seen as an integral part of sales and marketing, customer retention and satisfaction.

### **Agat line**

This is a measure of newspaper advertising space, one column wide and 1¼ inch deep (approx. 3cm).

### **Agent**

An agent is an individual or business that has expressed or implied authority to act on behalf of another business, known as the principal. They are empowered to enter into contractual relationships with a third party on behalf of the principal.

In direct association with marketing, advertising agencies often act as agents in fact and deed when they purchase services and advertising space in the name of their principal (client).

### **AIDA**

Attention, Interest, Desire, Action. This is a traditional model of the purpose and flow of marketing communications and direct sales efforts:

- 1 create attention;
- 2 generate interest;
- 3 develop desire;
- 4 initiate action.

The term is said to have its foundations in the late nineteenth century as the basic premise of early printed advertisements.

### **Ambient media**

'Ambient media' is a term used to describe advertising opportunities which are often built into the structure of architecture such as bus



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stations and multi-storey car parks. Ambient media also include advertising spaces which appear on car park barriers, buses, shopping trolleys or cabs. This form of advertising opportunity is called 'ambient media' as it is viewed as being part of the normal environment and, whilst intrusive to some extent, has a more subliminal effect on those who are exposed to its messages.

### **Ambush marketing**

Ambush marketing is the action of another business, often a competitor, seeking association with a sponsored activity without payment to the activity's owner. Ambush marketing typifies the attempt by one business to deflect some of the audience's attention to itself and away from the sponsor.

Ambush marketing was originally a term used to describe the activities of businesses that sought to associate themselves with an event, without paying a fee to the event owner. In this way they 'ambushed' the legitimate sponsor of the event by giving the impression that they were the sponsors themselves. The term is now used in a broader context and describes a generic set of activities that attempt to make associations with an event where there is no legitimate relationship.

Five different areas of ambush marketing are clear:

- *Sponsoring the broadcast of an event* is when a business other than the main sponsor of the event sponsors the broadcasting of the event. It is a legitimate ploy as there is a specific sponsorship opportunity, added to the fact that the ambusher will have a broader audience than the event sponsor provided that the broadcast audience is larger than those present at the event.
- *Sponsoring subcategories within an event* occurs when the ambusher decides to sponsor a defined part of the event and is thus associated with the event as a whole. The ambusher makes full use of its association with the event, at a reduced cost, through aggressive marketing.
- *Purchasing advertising during the broadcast of an event* and its subsequent re-showings not only helps to offset the benefits to the main sponsor, but also guarantees exposure to larger audiences.
- *Non-sponsorship promotions and advertisements* timed to coincide with an event, using broadcast and other media to signal a major presence.
- *Sponsorship suggestion* is also used to imply that a business is in some way associated with an event. Advertisements may be themed around the event itself (such as tennis in the case of



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Wimbledon). Other strategies may include the giving away of official merchandise from the event, or tickets to the event, in competitions. Additionally, the ambusher may run advertisements congratulating or stating their support of participants in the event, thus implying that there is a direct link between the ambusher and the event.

*See also guerrilla marketing.*

### **American Marketing Association code of ethics**

The code of ethics supported by the American Marketing Association covers a wide area of issues related to responsibilities and conduct. The code requires members of the AMA to ensure that their 'decisions, recommendations and actions function to identify, serve and satisfy all relevant publics: customers, organizations and society'. In essence it is a professional code with the features listed in Table 4.

### **Ansoff Matrix**

The Ansoff Matrix (Figure 6) is one of a number of classical marketing concepts, which encapsulates the future vision of the business.

H. Igor Ansoff has made major contributions to the concepts surrounding corporate strategy ('A Practical System of Objectives' in *Corporate Strategy*). However, it is for the growth vector matrix that he is best known. The matrix examines the potential strategies available to a business in four areas, cross-referenced as new or existing markets and new or existing products. The matrix suggests the marketing strategies available to the business in each of these areas:

- *Market penetration* – Existing Products into Existing Markets.  
Management seeks to increase its market share with the current product range. This is considered to be the least-risk strategy of all the options available. Existing customers are encouraged to buy more products and services, those at present buying a competing brand are persuaded to switch, and non-buyers are convinced to begin to make purchases. Any readily recognizable weaknesses in the portfolio of the business need to be addressed and strengthened.
- *Market development* – Existing Products into New Markets.  
Systematic market research should reveal new potential markets for the existing products. Clearly stated segments are then targeted individually through existing marketing and distribution channels

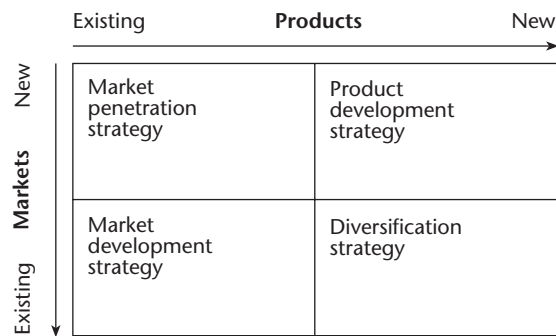


## 22 Key Concepts in Marketing

**Table 4** AMA ethics criteria

<b>Ethical criteria</b>	<b>Details</b>
<b>Professional conduct</b>	Members should not knowingly do any harm; adhere to laws and regulations; accurately represent their own training, education and experience; and promote the wider adoption of the code.
<b>Honesty and fairness</b>	Members must deal honestly with all concerned parties, avoid conflicts of interest, establish fair fee schedules and payments.
<b>Rights and duties</b>	Products and services should be safe and fit for their purpose, communications about these items should be honest, good faith should be assumed, and grievances handled in an equitable manner.
<b>Product development and management</b>	Members should disclose risks, identify changes to a product which would affect the purchasing decision, and identify cost added features.
<b>Promotions</b>	Members should avoid misleading advertising, should not use high-pressure sales techniques, and must not use sales promotions which are deceitful or manipulative.
<b>Distribution</b>	There must be no manipulation of supply as a means of exploitation, and no coercion of supply-channel partners, particularly re-sellers, in terms of stocking arrangements.
<b>Pricing</b>	There should be no price fixing or predatory pricing policies, and the full price of a product or service must be disclosed at the time of purchase.
<b>Marketing research</b>	Sales and fundraising must be separated from marketing research, research integrity must be assured, and respondents must be treated fairly.

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**Figure 6** The growth vector matrix

or new ones are set up to service the new segments. As the business is moving into new markets, it needs to be aware of potential differences in reactions, expectations and other factors.

- *Product development* – New products into Existing Markets.  
Assuming the business has sufficient resources, it can bring new products or developments in the existing products into the market. Provided the business has closely matched the new products with the requirements of their existing markets risks are minimized. The major concern is ‘time to market’, which means how long it will take to develop the new products and whether the opportunity to quickly defray the development costs is possible.
- *Diversification* – New Products into New Markets.  
This is considered to carry the highest risk of all the strategies. Essentially, there are two options available to the business; the first is synergistic diversification, which relies on the business being able to harness its existing product and market knowledge (production processes, channels of distribution, etc.). The other option is known as conglomerate diversification, which means that the business departs from its existing product and market knowledge. This form of diversification is often achieved by merging with or taking over a business operating in another unrelated area (which in fact converts conglomerate diversification into synergistic diversification).

Ansoff, H. Igor, *Corporate Strategy* (The Library of Management Classics). London: Sidgwick & Jackson, 1986.



## 24 Key Concepts in Marketing

### **Art director**

An art director is an individual, usually in an integral role in an advertising agency, who oversees the transformation of a creative concept into a workable visual format.

### **ASA**

*See Advertising Standards Authority.*

### **Asset-led marketing**

A marketing strategy which focuses more on the strengths of the assets (products, services or brands) owned by a business. It is common for an asset to drive the business to extend its brand line by producing products and services which rest on the strength and the reputation of the asset. Extensions to the product line will not necessarily be based on customer needs or market research that has revealed a desire for a new product, but will be a logical extension of the current offering, such as producing ice-cream products from existing and established confectionery ranges.

### **Assimilation**

The term 'assimilation' usually refers to a decision made by a business to incorporate the features of one product into another product. The older product's best-loved features, as far as customers are concerned, are transferred to the new product, making the older product now obsolete. In many respects product assimilation can be likened to **brand cannibalization** in its broadest sense, as one product is sacrificed for the longer-term benefit of a newer product.

Assimilation is also used to describe the gradual transfer of customers from an existing business which has been merged or has been taken over by another business. The original business's activities, undertaken on a separate basis, are gradually wound down and customers are assimilated into the new business's overall structure and processes.

### **Assumptive close**

This is a sales-related term which describes the situation at the end of a sales encounter with a customer. The salesperson makes the assumption that the decision to buy has already been made by the customer and that all that is required is that a subsidiary or subordinate decision, such



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as delivery date, actual choice of model or payment method, is needed. The salesperson makes it implicit in a closing statement, such as 'Would you like it now or shall we deliver it?', that the full buying process has reached a conclusion and that only minor points now remain.

### Attitudinal scaling

The mindsets or attitudes of consumers are of critical importance in marketing as a means of establishing how consumers can be influenced. Consumer attitude is taken to have three elements:

- the cognitive component, which is the consumer's beliefs or information about the product;
- the affective component, which is the consumer's likes or dislikes regarding the product;
- the behavioural component, which is the consumer's action, tendencies or predispositions towards the product.

Rating scales are often used to assess the attitude of consumers in regard to the product or aspects of the product. Typically, the consumer is asked to place an attribute along a numerically valued continuum called a 'rating scale', an example of which is:

*How do you rate the taste of Dr Pepper carbonated drink?*

*Probably the best   Very good   Neither good or bad   Not good   Probably the worst*  
 1   2   3   4   5   6   7   8   9   10   11

The consumer places a mark along the scale and the researcher assigns a value for each of the marks to aid the analysis of the data. This format of questioning is not generally used as the only means of data collection, because the reasons behind the choice are not given by the consumer.

Using an odd number on the scale allows the consumer to pick a mid-point, and in many cases an even number of options is given to force the respondent to indicate a favourable or unfavourable response. The main criticism of this scaling is that the respondent is not asked to evaluate the product in relation to a specified standard and as a result the respondents may be using different standards and reference points. In order to improve the overall quality of the data collected, the following issues should be addressed:

- When using verbal descriptions such as 'mostly dissatisfied' or 'delighted' make it clear what these statements actually mean.
- Generally use no more than five attitudinal categories unless the respondent is knowledgeable about the subject.



## 26 Key Concepts in Marketing

- A balanced scale has the same number of favourable and unfavourable options; however, many researchers use an unbalanced scale with considerably more favourable options as this offers a more useful and measurable form of product evaluation.
- With even numbers of options, respondents are forced to make a decision with regard to the rating. Some questions could include 'non-forced' options such as 'no opinion' or 'no knowledge'.

### **Attrition rates**

Attrition is the opposite of retention – it represents those customers who have stopped buying from an organization and are now buying elsewhere. The attrition rate is the number of customers who have stopped purchasing from an organization over a certain time period, and is often measured as a percentage of the total number of customers.

### **Audience accumulation**

The number of people, households, or organizations exposed to a single media vehicle over a designated period of time.

### **Audience composition**

An analysis of an audience based on characteristics relevant to an advertiser. Typically, these will be the age, gender or lifestyle segments of the audience. A broader description is associated with finding the potential target of marketing communications, by identifying specific audiences for specific messages, again achieved through market segmentation and targeting activities.

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### **Audience duplication**

Audience duplication is typified by measures such as 'Opportunities to See' (OTS), which calculates the number of times a unique individual may hear, see or read an advertisement. Audience duplication considers those repeat exposures, calculating the mean number of exposures required to produce an action from the individual. Advertisers will have an ideal audience duplication figure in mind when setting the parameters of a campaign, balancing the fact that over-exposure to certain audiences may be counterproductive when the funds could be used to target other audiences.

## Audience profile

Audience profiling aims to identify the key characteristics of readers, viewers or listeners of a given print or broadcast medium. The characteristics, derived from questionnaires and other market research sources, can assist the advertiser in matching the profile of their ideal customer with the profile of the audience, thus making marketing communications all the more effective and targeted.

## Audience research

*See media research.*

## Audit

An audit is a formal examination of accounts or resources. In the marketing context, however, it is more closely associated with the concept of independent audits which aim to measure the true circulation figures of the print media (i.e. actual sales as opposed to print runs). Prime examples of independent audits are those carried out by the **ABC (Audit Bureau of Circulation)**.

## Audit Bureau of Circulation

*See ABC.*

## Augmented product

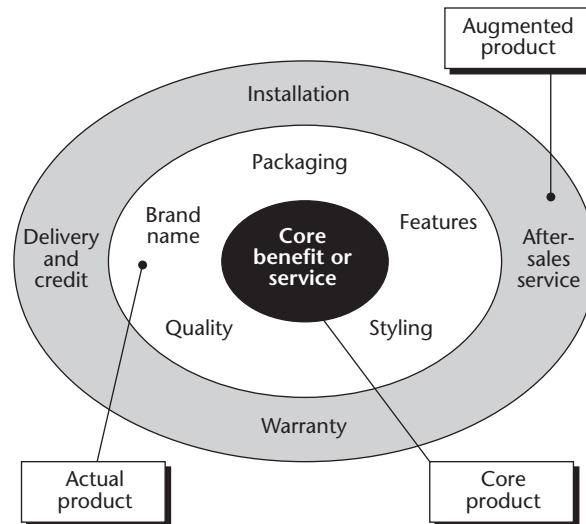
An augmented product is everything that is not to do with the product or the service, but that makes it easier for customers to buy and to make the decision to buy, such as paying in instalments for a holiday or knowing that a product has a guarantee, or even that the business where they made their purchase has a good reputation in dealing with problems.

The concept of an augmented product is part of a broader issue which extends the overall view of the product or the service. A useful way of thinking about the features of a product or a service is to look at it as a broader package. This package includes the product itself, what it is called and how it looks, and additional considerations such as after-sales service. These are known as product levels, which are best understood in the diagram in Figure 7.

- *The core product* – what is the buyer really buying? The core product refers to the use, benefit, or problem-solving service that the



## 28 Key Concepts in Marketing



**Figure 7** Product levels

consumer is really buying when purchasing the product. In other words the need that is being fulfilled.

- *The actual product* is the tangible product or intangible service that allows the customer to receive the core product benefits.
- *Quality* refers to product performance, e.g. how many attractions are at a theme park, whether the hotel was as described in the brochure or whether the flight left on time.
- *Features* are the product attributes – what it does and what it is for.
- *Styling* refers to the design of the product, how it is made to appeal to the customer.
- *The brand name* helps consumers recognize the product and judge whether it has a good reputation.
- *Packaging* protects tangible products and promotes both products and services by featuring the style and the brand name.
- *The augmented product* consists of things made available to help the customer make an easier choice and convince them that this is the product they should buy, including installation, delivery and credit, warranties, and **after-sales service**.

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