Types Marketing and Overview

WHAT IS AFFILIATE MARKETING? DESCRIPTION

It is a promotion method that can be used to reward partner companies for introducing new clients. It can be seen as a digital form of franchising or as an electronic joint venture. The Merchant normally delivers advertising banners and web links to their affiliates. Also the Merchant grants a commission. Normally in return for a click-through to their website, subscription to their service, or purchase of their products, this is generated via these links. Affiliates place a tracking code for these ads into their web pages. Each time a visitor on the affiliate's website clicks towards the website of the Merchant, that transaction is registered online. Compensation for the Affiliate may be made based on:

- Pay per click. A certain value for each visit.
- Pay per lead. A certain value for each registration or for each qualified registration.
- Pay per sale. A certain value for each customer or sale.

ORIGIN OF AFFILIATE MARKETING

Affiliate Marketing can be seen as the modern variant of paying finder's fees to individuals or organizations who introduce new prospects or clients to a business. In July 1996, Amazon.com launched an associates program that became a huge success.

USAGE OF AFFILIATE MARKETING

Online advertising The approach is most effective when placed in context with quality content. Some third parties such as LinkShare, Commission Junction and also Google offer affiliate networks and provide services such as tracking, reporting, affiliate recruiting, payments, sending out end-of-year tax forms, and responses to webmaster queries.

STRENGTHS OF AFFILIATE MARKETING

For the Affiliate:

- Offer additional products or services to their visitors.
- The opportunity to earn money from their niche audience by up selling or cross selling. Without the need to invest in logistics, financial fulfilment, or back office administration.

For the Merchant:

- No payment is due to an Affiliate until certain results are achieved.
- Typically low-cost and cost-effective.
- Targeted advertising into appropriate niches.
- To get a measurable means of advertising their products or services.
- Extend reach of brand.

LIMITATIONS OF AFFILIATE MARKETING

Some affiliate marketers have been accused of spamming to promote their programs. Either in the form of email spamming or by creating multiple websites with the purpose of generating artificial traffic from search engines (spamdexing).

Websites made up purely or predominantly of Affiliate links are usually regarded negatively as they do not offer any quality content.

Note that most people don't purchase during their first visit to a website. A cookie can ensure that a referral is registered. If the referred person makes a purchase on a future visit, the original referrer will still be credited for the sale.

DEFINITION CO-MARKETING

Co-Marketing is a cooperation approach to marketing wherein products or services from one company are marketed jointly with those of another company. Depending on the case, the focus can be on cooperating in distribution, product development or communication.

Many examples exist between manufacturers and retailers (supermarkets) in the Consumer Packages Goods sector, such as marketing a beer tender from one company along with beer from another company.

5 SUCCESS FACTORS IN CO-MARKETING CONFLICTS

Besides the discussion of the more traditional and obvious factors that influence co-marketing performance (1. Project Payoff and 2. Partner Match), the effect of 3 other factors taken together under the broader factor of project management are affecting the effectiveness of co-marketing:

Power-Imbalances. Because co-marketing creates resource dependency among the alliance partners, the success of co-marketing depends on the balance between partners in an alliance. It is said that a larger imbalance between partners stimulates firms with superior power to exploit the other and thus encourages the potential for conflict. The organization with inferior power will certainly act so as to reduce its vulnerability, for example by joining competing alliances and attempt to decrease the role of the superior power organization to the customers. Thus, power imbalance increases the potential for conflict.

Managerial Imbalance. This imbalance is also said to create the potential for conflicts and thereby reducing co-marketing effectiveness. If managerial talent cannot be allocated effectively, both partners will fear uneven distribution of equity. Also, if there exist differences in status among managers of the partners involved, and interaction between these managers occurs, this will certainly increase the potential for both cultural and political conflict; in technology alliances communication problems are said to be the result of managerial imbalances according to Doz (1988)

Conflicts. The 2 imbalances mentioned above show that conflicts influence the alliance relationship and thereby the effectiveness of co-marketing alliances. Although some conflicts are present in every relationship and may even positively influence performance ('functional conflicts'), the focus of conflicts here is on 'dysfunctional conflicts', the ones that are decreasing the efficiency of co-marketing alliances.

Concentrated Marketing is a market coverage and Market Segmentation strategy in which the product and marketing message is aimed at a (few) well-defined segments of the consumer population in a market. Compare also: Target Marketing.

Advantages: Allows small companies with limited resources to achieve a strong position in the specific market segment it serves, without mass production, mass distribution or mass advertising.

Disadvantages: Requires sophisticated marketing, ignores other areas of the market, can cause problems in future as may make it more difficult for company to expand.

Differentiated Marketing is a market coverage and Market Segmentation strategy in which the product is aimed at two or more specific segments in the market. The firm decides to target several segments and develops distinct products/services with separate Marketing Mix strategies aimed at the varying groups. This technique builds greater loyalty and repeat purchasing by considering customer needs and wants. The company may be trying to sell exactly the same product to different segments but it will change its promotional methods and the image it creates.

Advantages: Separate mix can be developed for each segment, different markets can be easily identified. Typically creates more sales then Undifferentiated Marketing.
Disadvantages: High marketing costs, message may not reach some customers.

Also called Multi-segment Marketing or Segmented Marketing.

WHAT IS DIRECT MARKETING?

Direct Marketing involves a "direct response" from a consumer. It is a technique that is used to address commercial messages towards individual consumers. A synonym which is sometimes used is "One-to-one Marketing". It differs from regular advertising in that it does not place its messages on mass media such as newspapers or TV. Instead, the marketing message of the service or commodity is addressed directly to the consumer. This sales and promotion technique uses promotional materials such as leaflets, brochures, letters, catalogs, or print ads that are delivered individually to potential customers via so called "addressable media":

- The mail (Direct Mail).
- Telephone (Telemarketing).
- Humans (Door-to-Door Selling, Party Plan Selling).
- E-mail (E-mail Marketing).

- Internet (Behavioral Targeting)
- Mobile phones.

Direct marketing is dependent upon the use of customer data and lists, normally in databases. Hence also the terminology: Database Marketing. These databases are searched and "crunched" to select those consumers that have the optimal chances for sales success.

A related form of marketing is Direct Response Marketing. Contrary to Direct Marketing, in Direct Response Marketing the customer responds to the marketer directly. Its most common form today is Infomercials via television presentations, to which viewers respond directly via telephone or internet. Coupons in magazines and newspapers are another type of Direct Response Marketing.

STEPS IN THE DIRECT MARKETING METHOD

- Strategic decisions Researching. Targeting. Set the objectives. Media choice.
- Communication of the offer.
- Customer response and ordering of the products. Donation. Subscription. Membership. Attending a demonstration. Asking for more information.
- Fulfillment. Filling the order. Distribution. Customer service.
- Database Maintenance and Customer Relationship Management.

STRENGTHS

- Cost-effective.
- Effectiveness can be measured directly by comparing purchasing behavior of targeted vs. non-targeted consumers.
- Direct contact with the customers.
- Consumers receive commercial messages which have been adjusted to their profile. Convenience.

LIMITATIONS

- Sometimes criticized for generating unwanted solicitations (Junk Mail and Spam).
- Privacy concerns. Legitimate Direct Marketing firms should offer methods by which individuals can 'opt out' of these lists upon request. Direct Marketing agencies must

respect the do-not-call list maintained by government agencies such as the Federal Trade Commission (FTC).

MULTI CHANNEL MARKETING

After their first arrival, the telephone, fax, email, mobile phone and the internet were quickly adopted in business contacts and for business transactions, creating new channels to do business. These channels can be treated individually and often are treated separately. However the Multi Channel Marketing philosophy is aimed at managing all contact processes between customers and channel participants during all phases of the relation through combining two or more marketing channels which are reinforcing each other.

WHAT KIND OF COMMUNICATIONS CHANNELS EXIST?

Communication Channels can be categorized and used by businesses along the following dimensions:

- One-to-many (radio, television, magazines, newspapers) versus one-to-one communication (direct sales, service employees). Websites, email, letters, and telephone are somewhere in the middle.
- Impersonal versus face to face communication
- Social versus instrumental communication (aimed at efficiency)
- Interactive (internet) versus non-interactive communication (passive)
- One sense (radio, magazines) versus multiple senses communication (direct sales, virtual reality)
- Traditional (appealing to older, conservative people) versus new technology communication (appealing to young people)
- Compare also: TDC Matrix, Impact/Value framework and Twelve Principles of the Network Economy
- Note that Multi Channel Marketing is about utilizing multiple channels to sell products or services, and must not to be confused with advertising through multiple mediums.

USAGE

- Both Business to Consumer and Business to Business.
- Both public and private organizations.
- As part of a Customer Relationship Management philosophy.
- Bricks and Clicks

STEPSIN MULTI CHANNEL MARKETING. PROCESS

Various channels can be preferable in various stages of the customer relation or sales cycle

- Attracting
- Informing
- Advising
- Transaction / Contract
- Support / Service
- Relation Building

STRENGTHS

- Increased efficiency and reduced costs by using the strengths of each channel in an optimal way.
- Increased market coverage and customer reach.

LIMITATIONS

- Managing many channels can be complex and challenging. Traditionally many business are organized by channel, which makes implementing multi channel difficult.
- Certain customers should be avoided in certain channels. This fact may annoy them if they find out about it.
- Potential channel conflicts, for example between direct sales and indirect channels (with partner firms). Compare: Bricks and Clicks.

WHAT IS RELATIONSHIP MARKETING?

Relationship Marketing is an approach which emphasizes the continuing relationships that should exist between the organization and its customers. It emphasizes the importance of customer service and quality and of developing a series of transactions with consumers. The terminology was first described by Theodore Levitt in 1983.

APPLICATIONS

Relationship marketing and traditional transactional marketing are not mutually exclusive and they are not necessarily in conflict with each other. Relationship Marketing may be more suitable in the following circumstances or situations:

- High value products or services.
- Industrial products.
- Products are not generic commodities.
- Switching costs are high.
- Customers prefer a continuous relation.
- There is customer involvement in the production phase. See: Co-Creation.

STEPS IN THE RELATIONSHIP MARKETING PROCESS

Chart the service delivery system. Set standards for each part of the system, especially the 'encounter points'.

- Identify critical service issues.
- Set service standards for all aspects of service delivery.
- Develop customer communication systems.
- Train employees on building and maintaining a good relationship with clients.
- Monitor service standards, reward staff for exceeding service levels, correct sub-standard service levels.
- Ensure that each employee fully understands the importance of quality and relationships in the marketing philosophy.

BENEFITS

- Focus on providing value to customers.
- Emphasis on customer retention.
- The method is an integrated approach to marketing, service and quality. Therefore it provides a better basis for achieving Competitive Advantage.
- Studies in several industries show that the costs to keep an existing customer are just a fraction of the costs to acquire a new customer. So often it makes economic sense to pay more attention to existing customers.
- Long-term customers may initiate free word of mouth promotions and referrals.
- Long-term customers are less likely to switch to competitors. This makes it more difficult for competitors to enter the market.
- Happier customers may lead to happier employees.

DISADVANTAGES

- Relationship Marketing is less appropriate in the following circumstances:
- Relatively low value products or services.
- Consumer products.
- Generic commodities.
- Switching costs are low.
- Clients prefer a single transaction to relationships.
- No / low customer involvement in production.

Undifferentiated Marketing is a market coverage strategy whereby differences within a market are ignored. Everyone is assumed the same. The company attempts to appeal to the whole market with a single product (line) or service (line) and marketing strategy. A single Marketing Mix is offered to the total market. This approach typically relies on mass manufacturing, mass distribution and mass advertising.

Advantages: very cost effective, low marketing complexity, reaches anyone.
Disadvantages: ignores segmentation, may lead to disappointing sales, can be wasteful.

Undifferentiated marketing is advisable when the competition is (still) scarce and when the product has mass appeal.

Also called Unsegmented Marketing or Mass Marketing.

Tie-in Marketing is a Advertising approach in which a company creatively and purposefully creates an association (a tie-in) between the company, its products or services, and whatever is top-of-mind or "hot" in the collective consciousness at that moment. Tie-in marketing can create instant differentiation, attracts media attention, creates awareness, generates referrals and word-of-mouth, and builds community and market relationships and lets your firm or product join the conversation your potential customers are already having.

Examples of this intentional piggybacking can be found around:

- Major sports events (Olympics). Compare: Ambient Advertising
- Trends (global warming)
- Celebrities
- New movies
- Seasons and holidays (Christmas)
- Latest buzz or fads.