MINISTRY OF
FINANCIAL SERVICES,
COMMERCE & ENVIRONMENT
CAYMAN ISLANDS GOVERNMENT

Introduction to Marketing

YOU CAN DREAM ANY DREAM,
YOU CAN IMAGINE ANY PRODUCT,
BUT IF YOU CAN'T SELL IT.
YOU'RE SUNK !





Definition: What is marketing ?

- There are thousands of books on the subject,
- A million definitions.
- Let's keep it simple.

- "Marketing" is the art and science of bringing a product or service to the consumer and persuading him/her to buy it.

You have many tools to help you.

- Advertising. Sales Promotion. Merchandising. Public Relations. Sponsorship. Pricing policy. Etc.
- And we'll go over the benefits of each.
- BUT……
- Without certain fundamentals you will fail.

Failure rate of Entrepreneurs

- 95% fail by year five.
- 50% fail in year one.

- The reasons ?
- Is there a need ?
- Can I sell it ?
- Can I manage it.
- Can I persevere.

Is there a Need ? A simple example.

- SMB – Girl one.
- Loves making shell necklaces.
- Traipses up and down the beach.
- Women stop her to look, try, touch, chat.
- They don't buy.
- Daily takings - $ 180.00

- SMB – girl two.
- Watches how parents and kids get hungry at late afternoon.
- Buys cookies and cup cakes on consignment.
- Works from 4.00 to 6.30.
- Small money – they buy.
- Daily takings - $325.00

You can create a “need”

- But you need faith, perseverance, and an ability to get noticed at a reasonable cost.
- That is the key to operating in a small retail-dominated market.

Red Bull and My Red Face.

- Red Bull came to me in 1992 in Manila.
- Small can “energy drink”.
- Never get distribution. It’s just caffeine.
- Don’t have money to promote it.
- Sold to an Austrian.
- Promoted bar by bar and with “Gives you wings”
- You know the rest of the story.
- 6 Billion cans yearly !



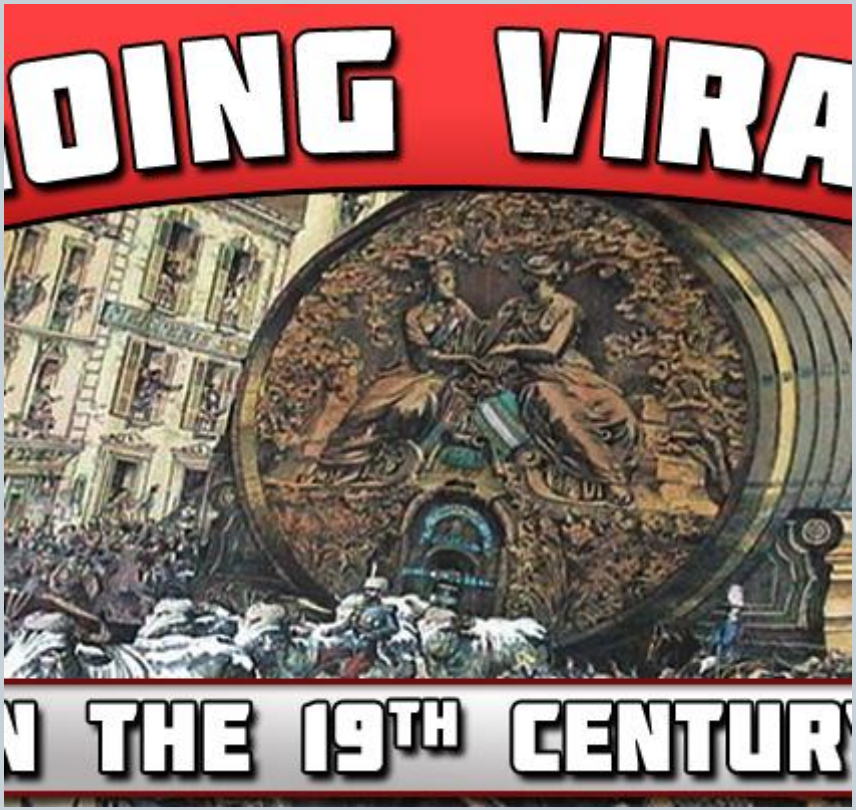
Glenfiddich and my Award!

- Most whiskies were blends. Malt and Barley.
- Noticed fascination with Malt distillery – workmen sipped their “pure” malt.
- Distillery sales of the “real stuff”.
- Is there a possibility, even with 50% cost increase ?
- Stealth Marketed in Paris clubs. Bar men bottle-top bribe. “Beautiful people” word of mouth. Academy of Pure Malt.



Do you know the story of Champagne ?

- Dom Perignon a monk in a cold wet part of Eastern France.
- Pretty lousy wine. Goes to a seminar in Rome. Wonderful sweet wines.
- Italian guests come to Epernay. Can't serve them sour local wine.
- So he adds sugar. Two weeks later all the bottles explode.
- Mercier takes world's largest barrel to the Paris fair.
- "Champagne" is born. Lousy wine with sugar !



Some Magnificent Failures !

- Shultz presented 287 times before he found a backer.
- Branson's first ideas bombed. (Christmas trees).
- Heinz first 8 products failed.
- Easy Cruises – a disaster.
- Riviera Jet never took off (and cost me $250,000)
- "New Coca Cola" a $50 million flop.
  - Pespi Challenge
  - Change formula
  - New Coke ? I want my old Coke.
  - Cuban, Argentinian, Mexican and Brit.

What do these stories tell you ?

- Perserverence.
- Conviction.
- Persuasion.
- Success in one area does not mean success in another !
- It’s never as easy as you think.
- Your competitors are watching you !
- You can create a need economically if you create noise.

The Mouse versus the Lions



- I open an office in Zurich.
- No international agencies – 57 local ones.
- Swiss distrust foreigners – “Zweitscher Qualitat”
- Distrust Anglo culture – we are “unique”.
- So I bought two flame yellow Fiat 500 with my phone number. 90% cars are grey or black.
- “Who is that guy?”
- They called !



Iranian Oil.

- Exxon sold oil in Tehran. Banned from nationalised service stations.
- Only sold from “holes in the wall”. Motorists had to find them. We knew they liked Western products.
- Give bumper stickers with numbers. Each week numbers at the “Holes”. Win free oil change.
- Jammed the traffic in Tehran – people jumped out of cars to steal a winning number..
- Cost ? Almost nothing. And made the Evening News.



The White Cadillac Sevilles

- Cadillac has 1% of the German Luxury Car Market.
- No money to advertise.
- I asked for 20 white Cadillac's and drove them in Convoy to Munich and Stuttgart. Again 90% cars are black.
- “Be Different. Try Cadillac !”
- We got noticed. Mercedes and BMW furious.
- The evening news laughed.
- Sold out of 8,000 cars ! Cost – nothing !



The Mini Oil Company (Canada)

- Molylube specialist industrial oils and greases.
- Cheaper and better.
- Can't get by the buyers tied to the big three oil suppliers.
- Sent a little safe to the CEO's with a letter.
- Inside is a secret of how you can save 25% lubrication costs. Return card for the key.
- 80% redemption. And the buyers were forced to see the salesman delivering the key.
- Cost ? $95 per contact. Sales ? $367,000.



Anti-Terrorist Radar

- Friend invents 360 degree radar to warn ships – cruise ships – of below water line attacks (limpet mines).
- They don't listen to him. Don't believe the threat.
- At the Monaco Yacht Show – biggest in Europe – I tell him to hire a "Frogman" and attach a blank mine to a visiting Cruise ship.
- No one thinks it's funny – but he gets the message through.



In a market like ours…

- Small, compact, retail and service orientated.
- Don’t think “classical”.
- Think “outside the box”
- Get noticed and talked about.

Having told you NOT to think Classical

LET'S NOW TURN CLASSICAL.
IT'S A CLASS AFTER ALL !

How do you set about designing a marketing plan ? The five peas in the pod.

1 Product proposition

2 People

3 Persuasion tools

4 Price Point

5 Place - Distribution

Proposition

- We interrogate the product or service.
- What does it offer ? Why is it different ?
- Is it unique ?
- What is the supporting data ?

Example:Everbrite

- New way to clean teeth.
- Tablet in water. Rinse.
- Advantages: Only twice a week. No enamel wear from brushing.
- Problems? Believability, new habit, price.



Proposition Guide – the Wh's

- What is it?
- Who would buy it ?
- Why should he buy it?
- Which competitors to fear?
- Where can I buy it
- Whose product is it ?

The Proposition

Everbrite is a new way to clean teeth. You just use a tablet and rinse (What). It is unique.

It will appeal to mothers with children, those traveling, and those with weak enamel. (Who).

EVERBRITE only needs to be used twice weekly, and avoids often bacteria ridden tooth brushes. (Why).

Toothpaste and brush manufacturers will refute (Which), thus the credibility of our company needs stressing (Who). We will sell through pharmacies only - to underline advantages and answer questions. (Where)

EVERBRITE – the new, easy, intelligent way to clean teeth

Everybody has his own strategy system

- The important thing is that the homework is done and the selling strategy is agreed by all and understood by all.
- And the four interrogations are completed.
- The Product and its USP
- The Competitive environment
- The media available.
- The target and its needs.

TEST TEST TEST

CHECK YOUR CONCLUSIONS AT EVERY STEP OF THE WAY.

"CREATING WITHOUT RESEARCH IS FLYING BLIND"

DAVID OGILVY

And that the Proposition is updated regularly

- Suppose Colgate launches its own tablet ?
- Now we would stress experience. First out.
- Bind existing clients with promotional devices.
- Examine our price point.

Research

- The product proposition. Internal
- Consumer reaction. Panels. Web Site and Social Media reaction
- Trade reaction. Druggist presentations
- Usage reaction. Consumer follow up.
- Communications reaction. Message acceptance.
- Did you use the right media ?

Communications Tools



- Advertising
- Sales Promotion
- Merchandising
- Public Relations

- (The “Web” is a medium. Not a “tool”)

ADVERTISING

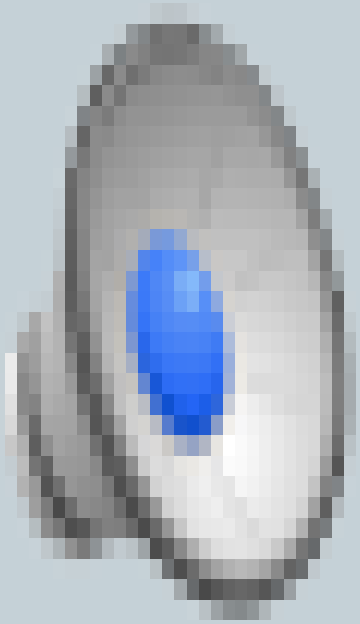
- GIVES CONSUMERS A REASON OR REASONS TO BUY AND USE THIS PRODUCT ANY TIME AND ANYWHERE.

- This basic argument never changes no matter where the product is presented. (Unless it sucks !).
- “Coherence” On TV. On the Web. On Posters. On the pack. Anywhere.
- “BMW – The Ultimate Driving Machine”

Cathay Pacific – What a mess !

- International Product
- International Audience
- Yet every communication conflicted.
- Not only confusing …
- …but missing the opportunity of cumulative impact





“Mnemonics”. Get your brand loved.

- The Esso/Exxon Tiger was used to introduce a new gasoline.
- The public went mad.
- Not for the gas – who cares.
- For the Tiger !



Love the Dough Boy

- Created in 1963 to show how frozen dough ‘pops’ out of the roll.
- Research: few remembered the message.
- Everyone remembered the “Dough Boy”



And here at home ?

- Cayman Airways “Mr Turtle”
- Binds all communications together.
- Try and find your own “Mascot”.
- Aids remembrance.



Sales Promotion

- Gives you an additional reason to buy your product at a given time and/or at a given place.

- Price Off. Twofers. Competition. Fidelity scheme. Extra guarantee. Happy hour. Early bird. Coupons
  (4 billion a month in the USA!)

- **Promotion always works better when the basic product argument is well seated. Promotion without the basic product proposition is just bribery and will ultimately fail.**

My Most successful promotion

- Get an envelope.
- Left or right part of a note.
- Look for the other half.
- People went nuts – sales up 5%.
- Know how we controlled the prizes ?



WE SIMPLY RESTRICTED THE DISTRIBUTION OF ONE HALF.

A LITTLE OLD LADY AT THE PRINTERS IN QUEBEC PLACED THE KEY ENVELOPES INTO THE BOXES SENT TO DEALERS !

Merchandising

- Is the art of presenting your product in the best light on the shelf.
- It includes position bonuses, samplers, special offers, sales room decoration, on site videos etc.
- Active merchandising (such as merchandisers) can be costly. Usually used if the product needs explanation or is a complex sale (like cars, appliances etc).



Sponsorship

- Is the “sponsoring” or paying for an event or program – often a charity or sporting event.
- Ensure you know what you are getting in return – often it is vey little at a high cost.
- If blackmailed just say your “budget” for the year is committed.

How much mileage did they get ?



Public Relations

- “Using other people’s money”
- Getting third parties to endorse your product or service.

- Press releases. Invitations to journalists. Speeches, factory tours, product news, staff news. Awards received etc.

- Also preparing for bad news. Food poisoning. Product faults. Crashes. Crime. Terrorism.

Bad News

- It takes years to build a great reputation – it can be ruined in one day.
- Basics rules:
- React Immediately. Never deny. Or attack.
- The top man is spokesman and leader.
- Withdraw all product or close premises.
- Hold press conference.
- The longer you delay the bigger the press story.
- Reassure staff.

- *“What set apart Johnson & Johnson's handling of the crisis from others? It placed consumers first by recalling 31 million bottles of Tylenol capsules from store shelves and offering replacement product in the safer tablet form free of charge.*
- *"Before 1982, nobody ever recalled anything,”*
- *Wikepedia*

What Now ?

- You have the product story. You know who to target. You have your toolbox of possible communication avenues.
- How do I decide which to use ?
- How much to spend ?
- How can I measure results ?

How do I decide the core message ?

- No good spending $10,000 on research for a $45,000 campaign.
- So be simple. Try the cue card test on some of your customers.

The Toy Store ?

- “Biggest Selection on Island”
- “ ‘Best value’ says Compass Newspaper!”
- “10% goes to local children’s hospital”
- “From baby to big boys!”
- “Quality guaranteed – got a crack, bring it back”
- “Most government ministers use us!”
- “ ‘Most creative selection’ says Child Educator”
- “Easy to find – easier to park”
- “The more you buy, the more you save!”
- “Match any price on Island”

Where to put the message ? Get Help !

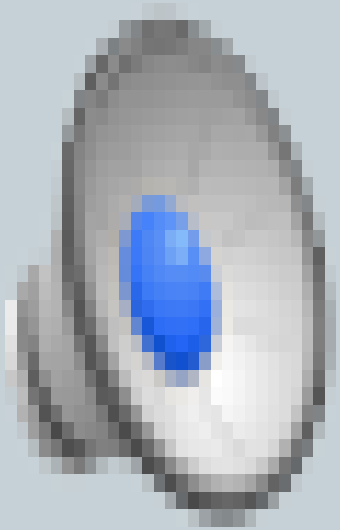
- Remind yourself who is the target. The child ? Or the Mother? Or both.
- Then decide how much money you have (We'll get to budgeting later)
- Let's take a look at the Alternatives.
- (It's going to be BORING !)

TV ?

Pro's	Con's
• Impactful. Video/Audio. • Powerful. • Child targeting. • Mass Market • See if you can use existing material ?	• Expensive. • Inflexible. • Long lead time. • Difficult to do well.

Levis

- Levis sells on it's American Imagery.
- This commercial made in 1968 has appeared in over 70 countries virtually unaltered.
- It is still seen in Africa !!
- The second comes from Australia but was used in 17 countries.
- You could easily have used it in Cayman with a finder overlay "Sale now at Joe's Jeans"



Radio

Pros's	Con's
• Cheap. • Immediate. • Easy to change. • Very local.	• No visual (logo or product recognition) • Car audience and rush hour orientated.

Cinema ?

- Audio/Video
- Use TV material
- Captive Audience.
- Good for in house consumption, dining etc

- Long Contracts
- Audience selection ? Toys?
- “Forget time” (1.30 hr. movie)’
- Expensive.

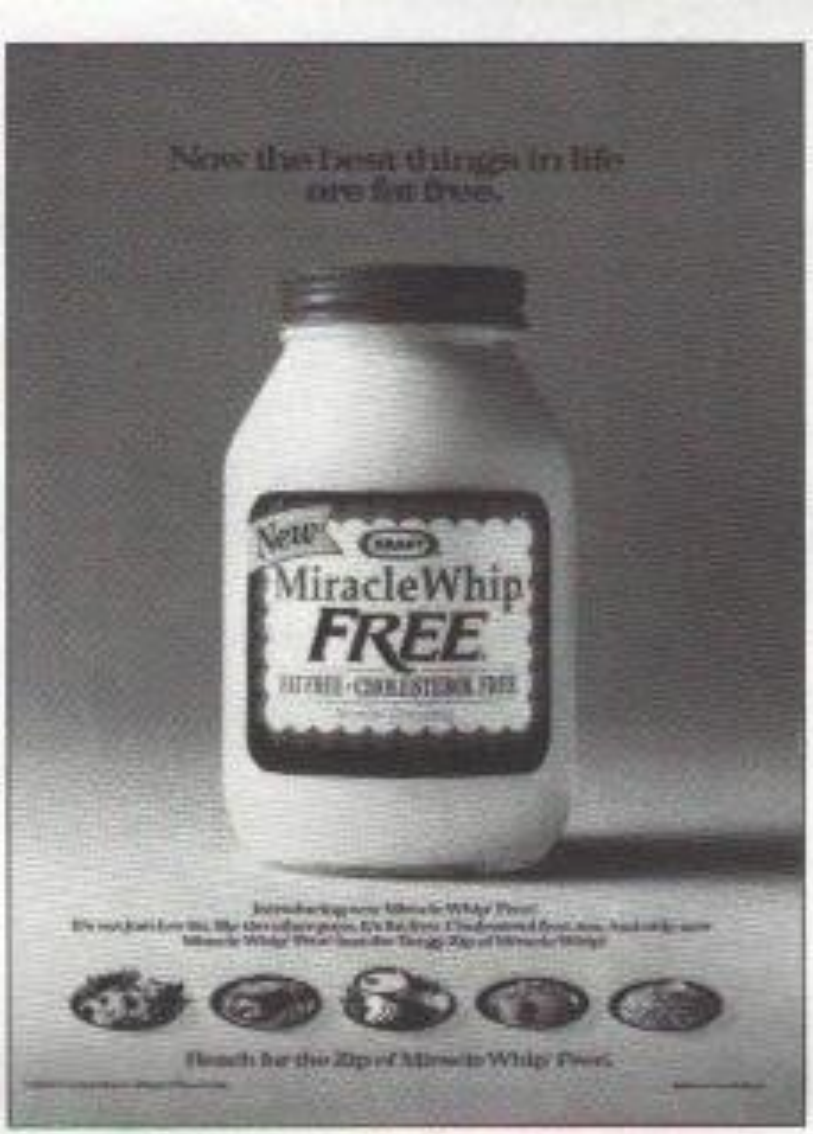
Press ?

Pro's

- Relatively cheap production.
- Flexible.
- Trusted Medium.
- A major Medium in KY!

- Clutter.
- Fighting the "news"
- Placement important.

Which ad did best ? No. 1





The Left of course.



- Simple Message “Free”
- No 2 sells Hellmans ?
- But black text on grey ?
- Reverse Text ? On B ?
- Neither very good.

Which ad did best No 2.

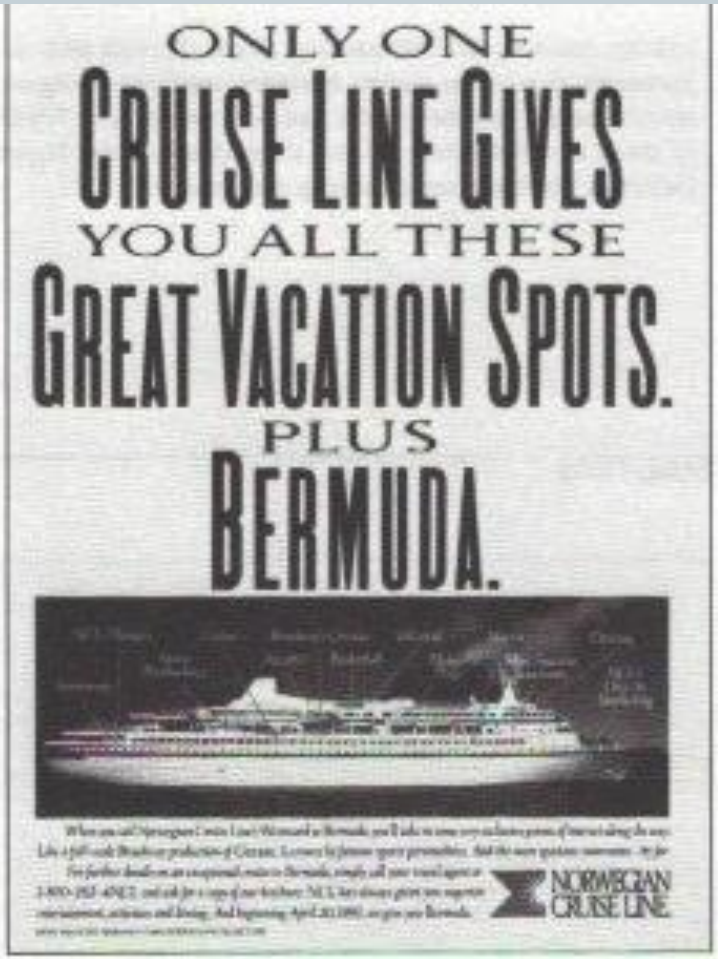


Left Hand !

- Headline and picture
- No 2 - Clutter.
- Neither did well – what is the benefit ?
- What is the reason for the “quality” statement.
- 9% read headline. 1% read the text



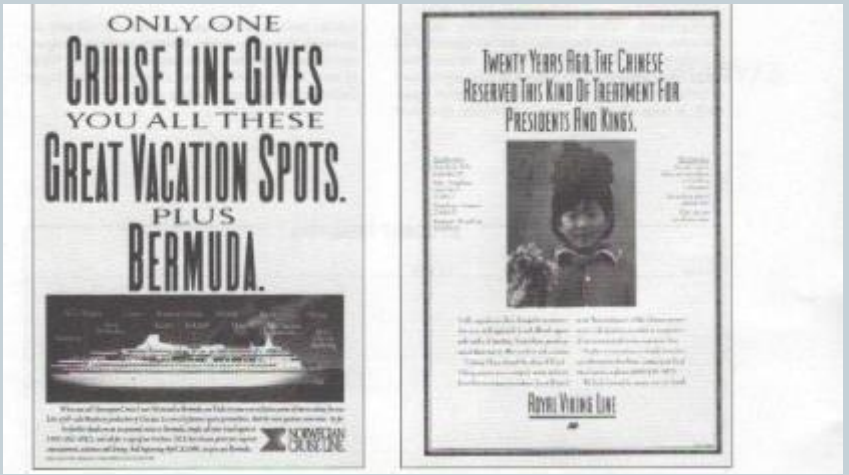
Which ad did best No 3





Left, of course.

- Clear Message
- You know it's a cruise line.
- Unique message.
- No 2 – what the Heck are they selling.
- Who cares ?



Which headline will get the bigger response ?

- ***Have you got the new I-Phone ?***
- ***New Daks Relax***
  - *No belt*
  - *No shirt riding up*
  - *Hidden sponge pads*
    - ***Grips the body***
    - ***Grips the shirt***
- ***Samsung 7 offers a whole new range of photographic possibilities.***

- ***Have you got the new I –phone, yet ?***
- ***New Daks Relax***
  - *They support themselves. No belt. No shirt riding up.*

See how great you can take photos with the new Samsung 7.

And never forget ..

- Ads with
  - 4 facts sell 45% better than ads with three facts.
  - 5 facts 58% better than 4.
  - 8 facts 65% better than 6

- Ads with the news or benefit in the headline sell up to 400% better.

- *“Creamy Instant Oatmeal in 50 to 60 seconds !*
- *8 out of 10 dentists prefer Oral B toothpaste !”*

Some Tricks



- Test media response with codes and coupons.
- Watch what your competitors are doing. Copy or contrast.
- Split run newspaper ads.

Leaflets and Catalogues

- Expensive.
- Make sure they are going to a possible target.
- Try a simple test like the “Treasure Hunt”

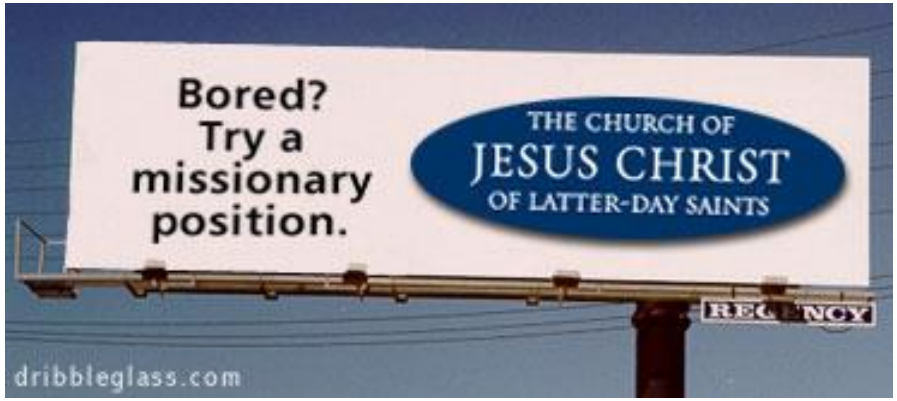
My Sandwich Shop's customers !



- Where do you work ?
- Stick a pin.
- Treasure there !
- Now I know where my clientele is coming from !
- Economical leaflet distribution

POSTERS

Pros's	Con's
• Long Lasting. • Impactful. • Solo Positioning. • Can site near your shop.	• Expensive. • Keep it short. • Amuse – they are passing it every day ! • Wallpaper after a while. • Inflexible


Bored?
Try a
missionary
position.
THE CHURCH OF
JESUS CHRIST
OF LATTER-DAY SAINTS
dribbleglass.com


dribbleglass.com
Change banks? I'd rather get
a Pap smear with a rake.
Bank of America


dribbleglass.com
"I did WHAT
with my sister?"
JACK DANIEL'S
TENNESSEE
WHISKEY


Get some
balls.
W
Wilson
dribbleglass.com


dribbleglass.com
We'd love to
be sitting
on your face.
Ray-Ban


dribbleglass.com
PLANTERS
Wouldn't you
love our nuts in
your mouth right
about now?
REGENCY
STREET SOUNDS

What about the “net”?

- I am 80 years old. You tell me !
- Some opinions.
- Classical Media is still more cost effective to most market communicators. (See Jamaican Research).
- That is because the ‘net is still seen primarily as an information tool. Advertising is largely ignored. Annoying !
- As regards web site, most offer far too much data and ask you to navigate pages before you get to the benefit. If you don’t sell from page one, you don’t sell at all.
- Do you really need a fancy password ? Kills your entry 30%
- Position on the google list is 50% of the battle. Go big or lose it.

And finally, **Budgeting**.

- How do you decide how much you need to spend?
- You can try science = but it's more an art.
- And it's a big subject. And we only have a few minutes.
- So headlines only.

1.Quality beats quantity.



- A good marketing campaign can be up to 20 times more effective than a lousy one.
- Do your home work.

2. Some products sell themselves.

- A new “Apple” needs little marketing. It’s hot news.
- An unpopular car needs more.
- A boring product like dish washing cleaner needs more research to find that difference. (Real buying reason – I want my neighbours to see I am a better housewife!)

3. If you want to increase your share of market..

- You normally have to increase your share of voice.
- i.e. spend proportionately more.

4. Can you buy efficiently?

- A good negotiator can get more from a given media.
- Combine forces – car wash and shampoo?
- Some media (like phone sales) eat money. Is it worth it ?

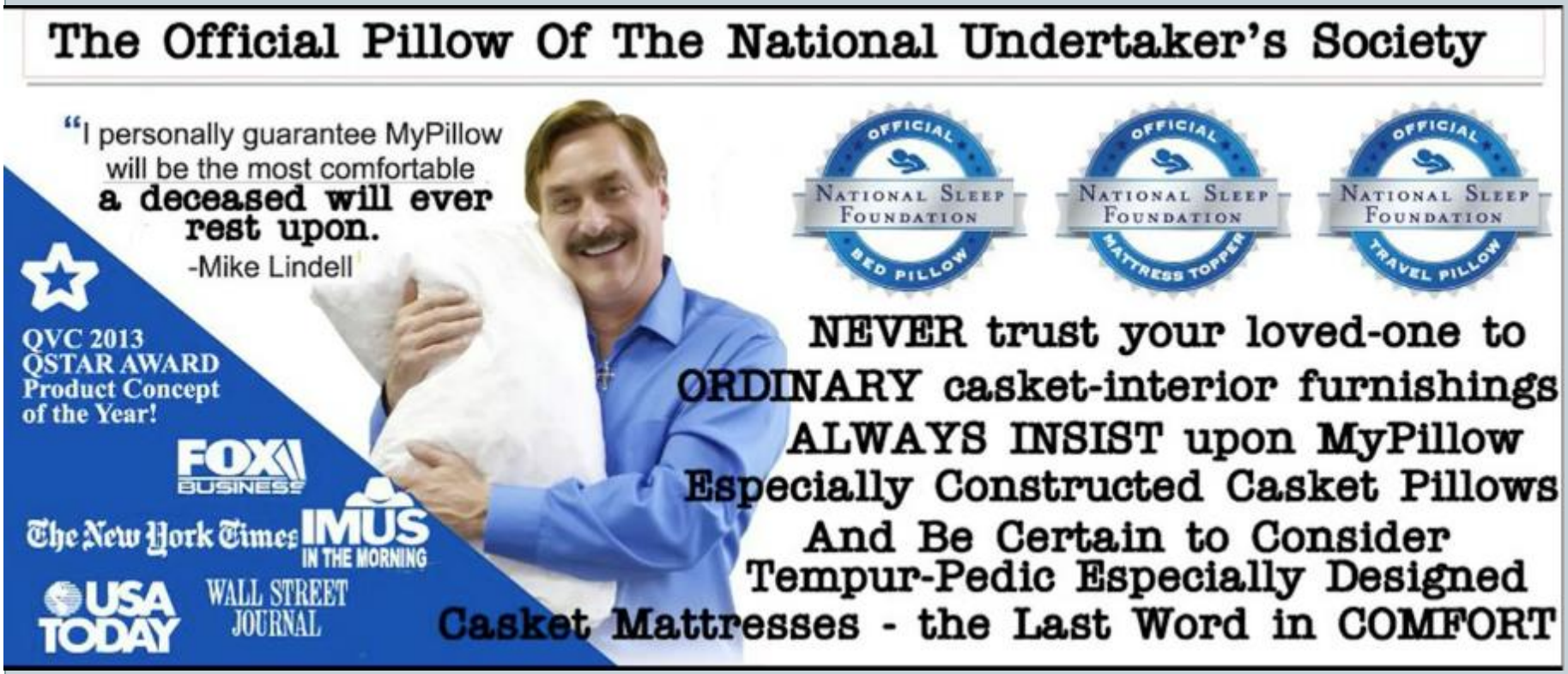
5. The percentage of sales method.

- Common and stupid.
- If your sales are down you spend less.
- How intelligent is that ?

Pricing ! Another zinger.

- Of course, you assess the competition and your benefits.
- If you want to undercut him (all other things being equal) you'll have to order more and sell cheaper. Or promote.
- (Watch those TV ads – they have researched direct selling to a fine art!)
  - A) The benefit.
  - B) The demonstration
  - C) The price (under $20)
  - D) The endorsement.
  - E) The call to action (get one free).

Take a look at “My Pillow” – Classic!



Or you can go up-market. More from less.

- Can you sell on image?
- Helena Rubenstein doubled price and succeeded.
- L'Oreal "Costs more but you're worth it!" a lucky accident.
- Hermes "Kelly Bag" now priced at up to $60,000 and a two year wait !
- But P&G bought Gillette. Gillette bought it's competitors. Upped the price. Now they have "Harry's" to contend with !



Our Conclusion.

Marketing is fun but fraught with complexities and options.

And it never stays still.

The better you do your home work, the better you will prosper.

Learn from others. Talk to distributors. Experiment. Research. And enjoy !

A final Thought

- Marketing – Marketing Communications – are nothing more than persuasion through chosen channels.
- Persuasion – selling – is the ONLY job a computer can't do.
- Almost every job, skill and trade you can think of will be disrupted and probably disappear.
- Except selling.
- Learn to sell – Learn to persuade. Learn to market.