

# 15.566: Information Technology as an Integrating Force in Manufacturing

## Class #6: INFORMATION TECHNOLOGY IN MARKETING

Spring 1998  
Sloan School of Management  
Massachusetts Institute of Technology

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## INFORMATION TECHNOLOGY IN MARKETING

2

- Two types of Marketing
  - consumer
  - industrial
- The major decisions of a Marketing Manager
  - Price
  - Promotion/Advertising
  - Product Mix
  - Place/channel



3

## INFORMATION TECHNOLOGY IN MARKETING (Cont'd)

### Three areas of major IT impact

- Brand management
- Sales Force Management
- Relationship Marketing



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4

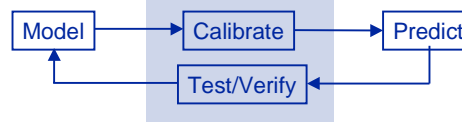
## INFORMATION TECHNOLOGY IN MARKETING (Cont'd)

### ■ How Can Technology Help?

- Models
- Data

### ■ Two approaches

#### - Deductive



#### - Inductive



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## MARKETING SYSTEM EXAMPLE: BRANDAID

5

- Designer: John Little
- Users: Brand managers
- Purpose: support the evaluation and selection of alternatives in price, advertising, promotion and salesforce utilization decisions for market-mix planning
- Database
  - assumptions
  - judgements
  - factual data
- Language: EXPRESS
- Target audience
  - Support Market Research organizations



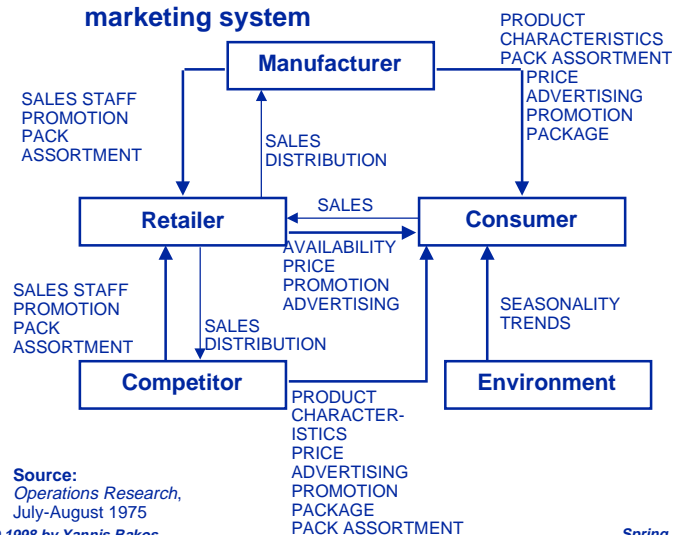
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## BRANDAID (Cont'd)

6

- Model-driven: Powerful models of the underlying marketing system



Source:  
Operations Research,  
July-August 1975

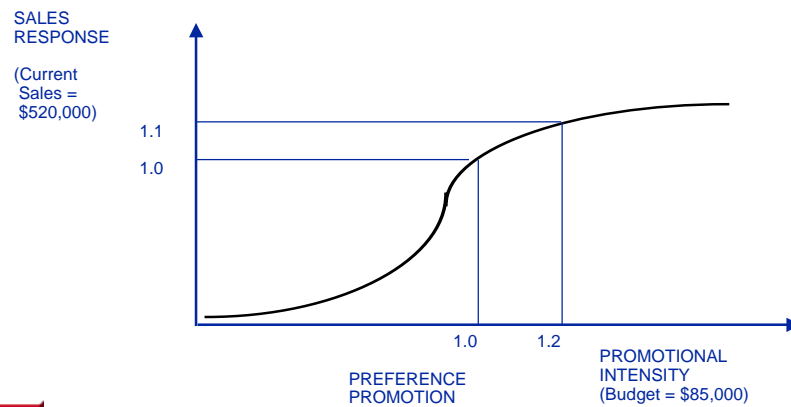
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## BRANDAID (Cont'd)

7

### ■ A response curve for promotion



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## HOW IS E-MARKETING DIFFERENT

8

- A lot more data
- Real-time analysis/response
- The value of consumer and transaction information

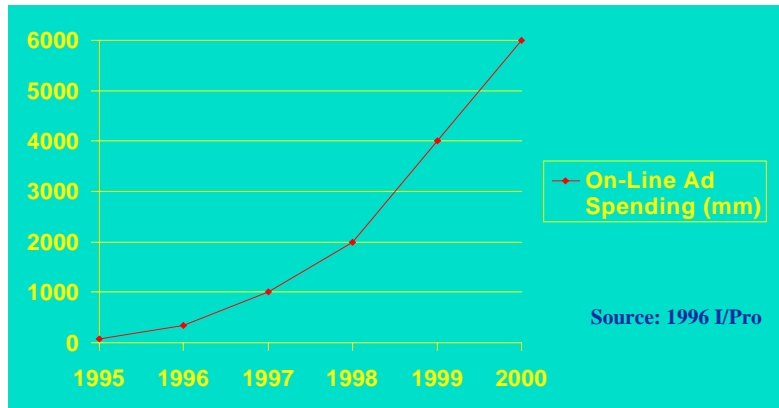


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## Growth of On-Line Advertising

9



- All 20 of the the largest U.S. Advertisers are now using the Web and commercial on-line services to extend and build their brands



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## DoubleClick Network

10



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## How Dart Works

11

The diagram illustrates the Dart advertising system. A central browser window displays the Family Software Center website. Blue arrows show the flow of data: one arrow points from the website to a TraveLOCITY logo, and another points from the website to a DoubleClick logo. Below the website, there are logos for MIT Sloan, TraveLOCITY, DoubleClick, Family Software Center, and CrossLink.

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## Yahoo! Processes its own ads

12

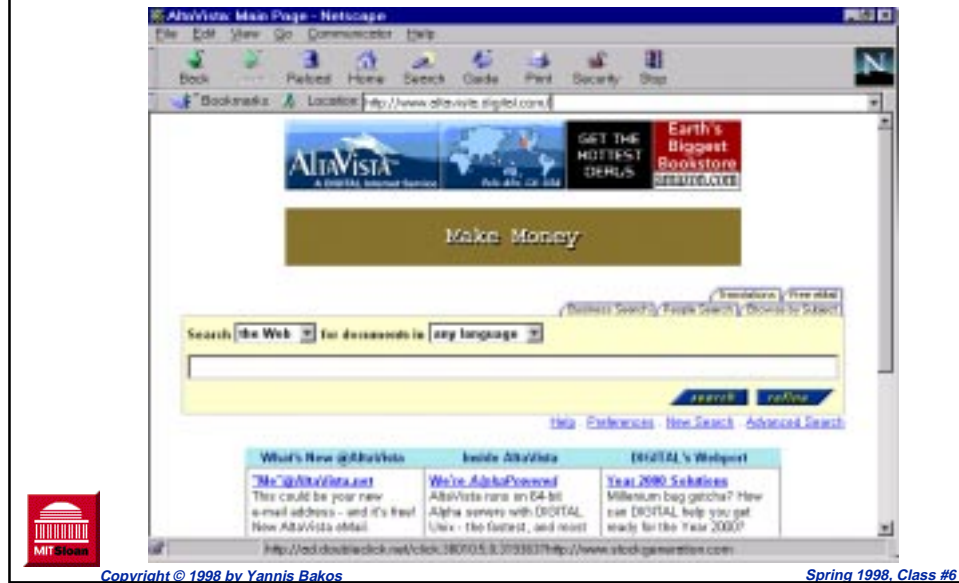
The screenshot shows the Yahoo! homepage with various advertisements and financial data. The page includes a "Are you making money? Or losing it?" ad, a "Yahoo! Finance" section, and a "Headlines" section. The MIT Sloan logo is visible in the bottom left corner.

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## DoubleClick Processes AltaVista ads

13



## Wall Street Journal Interactive uses DoubleClick technology

14



15

## THREE PAYMENT MODELS FOR WEB ADVERTISING

- Impressions
- Clickthroughs/leads
- Results/commissions

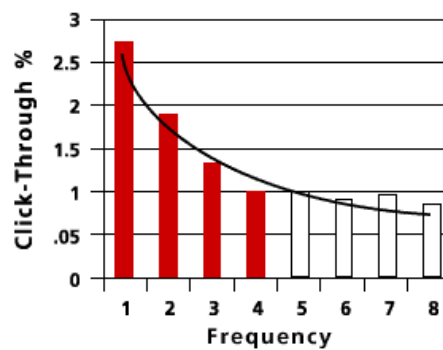


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16

## Frequency and Banner Burn-out



Source: DoubleClick, 7/96.



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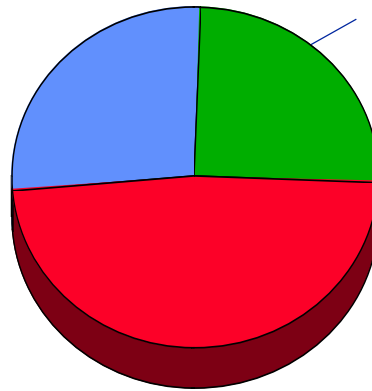
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## Industry Overview Manufacturer Expenditures

Advertising  
\$76 Billion

Consumer Promotion  
\$70 Billion



Trade Promotions  
\$135 Billion

Source: Promo Magazine  
Donnelley Marketing Inc.  
Supermarket Business



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## Industry Overview Total Consumer Promotion

In-Store Marketing  
\$0.99 Billion

Coupons  
\$7.00 Billion

Sampling  
\$0.70 Billion

Other  
\$28.50 Billion

POP Display  
\$12.0 Billion

Premium Incentives  
\$20.80 Billion

\$70.0 Billion

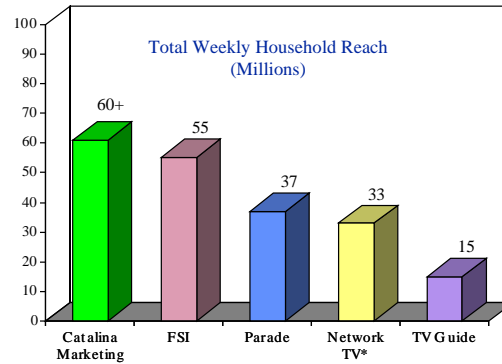
Source:  
Promo Magazine, 1995  
Gross figures include some overlap



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## A High-Reach In-Store Electronic Communications Medium



- Greater reach than FSI's, with targeting capabilities
- Greater reach than "ER" and "Friends" combined
- Constant consumer dialog, 24 hours/day, 7 days/ week



\* Assumes combined ER/Friends rating of 35 points

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## Checkout Coupon® Program Manufacturer/Retailer Applications



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## Checkout Coupon® Applications: Retail Tie-In Events

- Funded by manufacturer national consumer budgets
- Can be used to support events and marketing themes
- Retailer supported with integrated shelf tags and advertising
- 75+ offers each month
- Incremental source of manufacturer marketing funds
- Average redemption rate: 30-45%
- Example:
  - Buy: Two (2) General Mills Cereals
  - Get: \$1.00 Off Next Shopping Order



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## Checkout Coupon® Applications: Retail Tie-In Events

### Integrated Shelf Tags:



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## Checkout Message<sup>SM</sup>

- **Targets shoppers based on purchase behavior**
- **Eliminates media spending waste**
- **Extends existing ad campaign**
  - Enhance current advertising
  - Reinforce brand image
  - Identify product benefits
  - Introduce new sizes/flavors
  - Deliver product usage suggestions



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## Checkout Prizes®

- An electronic instant-win game promotion delivered to consumers directly at the supermarket checkout
- Purchases of sponsoring brands activate the electronic instant-win game
- Winners are notified instantly via the Catalina Marketing in-store printer



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## Checkout Call Card<sup>SM</sup>



60 Minutes  
Phone Time

- No card inventory to manage
- No up-front investment
- No display
- Enhanced security
- Turn-key POP material



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## Checkout Rebate<sup>SM</sup>

- Offer communicated at shelf via IPL program
- Purchase validated at checkout
- Rebate certificate hand delivered to consumer
- Ensure 100% in-store condition on rebate forms
- Controls fraud
  - Each certificate carries unique number
  - Number decodes to audit trail (store, date, etc.)
  - Enables absolute duplication control

<p><b>CHECKOUT REBATE<sup>SM</sup></b>                  SAMPLE*VOID*SAMPLE*VOID*SAMPLE*VOID</p> <p><b>\$1.00 MAIL-IN                  REBATE OFFER                  OCEAN SPRAY                  GRAPEFRUIT JUICE</b></p> <p><b>THIS IS YOUR PROOF-OF-PURCHASE</b>                  FILL OUT THIS FORM &amp; MAIL IN FOR YOUR REFUND                  DON'T DELAY, OFFER EXPIRES 12/31/95</p>		<p>FILL THIS OUT &amp; MAIL TO:                  OCEAN SPRAY REBATE                  P.O. BOX 1234                  REBATE TOWN, USA 12345</p> <p>NAME: _____                  ADDRESS: _____                  CITY: _____                  STATE: _____ ZIP: _____</p>	<p>THIS IS YOUR PROOF-OF-PURCHASE                  NO RECEIPT REQUIRED</p> <p>1. THIS OFFER IS LIMITED TO ONE                  REBATE PER CERTIFICATE                  FAMILY, GROUP, ADDRESS OR                  ORGANIZATION.                  2. THIS CERTIFICATE MUST                  ACCOMPANY REQUEST AND MAY                  NOT BE REPRODUCED.                  3. VOID WHERE PROHIBITED, TAXED                  OR RESTRICTED.                  4. ALLOW 6-8 WEEKS FOR DELIVERY</p> <p>THIS IS NOT A REDEEMABLE COUPON</p>
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