

# MARKETER'S ROLE IN OPENING NEW MARKETS

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*by Lon Zimmerman, Zimmerman Marketing Research*

Companies, from time to time, explore opportunities for their goods and services in new, non-traditional markets. This may be caused by a variety of factors including, but not limited to, a perception of market saturation in existing markets, declining sales in traditional markets, and/or just an interest in expansion. These expansions may be geographic in nature or involve selling existing products into new market segments.

The St. Louis AMA recently conducted a roundtable discussion with local marketing executives on how they explore the viability of new markets for their goods and services. This discussion was the tenth in a series sponsored by the AMA. During the session, the executives discussed the marketer's role in opening new geographic markets and totally new market segments. They also addressed how these executives convince Management to enter new markets.

## PARTICIPANTS IN THIS ROUNDTABLE DISCUSSION INCLUDED:

*Mr. Richard Arthur*  
*Director of Marketing*  
*Duke Manufacturing*

*Mr. Steve Pona*  
*Director of Marketing & Sales*  
*Variety, the Children's Charity of St. Louis*

*Ms. Chris Starkey*  
*Marketing Leader*  
*Edward D. Jones*

*Mr. Tim Dean*  
*Vice President, Marketing*  
*Psychological Associates*

*Mr. Ryan Risley*  
*Marketing Coordinator*  
*Vatterott College*

*Ms. Kathy Webster*  
*Director of Marketing*  
*The Miller Group - Multiplex*

*Ms. Robin Le Van*  
*Corporate Director of Marketing*  
*Vatterott College*

*Mr. John Salozzo*  
*Director of Marketing*  
*Craftsmen Industries*

The Roundtable was held March 23, 2009, at the John Cook School of Business of St. Louis University, and was moderated by Mr. Lon Zimmerman of Zimmerman Marketing Research.

## MARKETER'S ROLE IN GEOGRAPHIC MARKET EXPANSIONS

Focusing on the marketer's role, the marketing executives indicate that there are a number of steps that marketing professionals can take to better ensure the success of market expansions. Among these are the following:

### 1. Being cognizant of cultural differences that exist in the markets

Awareness of how the new market differs from current markets is essential to avoid embarrassing mistakes. During the Roundtable, the marketers mentioned a couple examples of mistakes of which they were aware.

*I was flying back to New York from England and I was on a plane with a guy from Amazon.com. He said they were having a terrible time. I said, 'Why, Amazon is terrific?' He told me they found out that in London, the way most people get their mail is through a mail slot. And books won't fit through the mail slot and people don't want them sitting on the ground. That is one of those international quandaries that you wouldn't have thought of.*

*There is always a challenge at regionalizing your marketing materials. We had an example of that a couple months ago. We launched a new piece of technology called an xxxMist. Well "mist" in German means crap or garbage, etc. Somehow, that got past the people that approved all that.*

Marketing executives indicate that the best way to become aware of critical cultural differences is by hiring local talent who know the language, customs, and culture. They agree it is crucial to hire locally so at least some people within the firm have a feeling for the community and how products are purchased there.

*Hiring people who have a feel for the community is absolutely vital.*

*Partnering with an agency locally. Also hiring locally.*

*We rely heavily on our regional offices to support us and guide us.*

*We have monthly conference calls with all our local directors. We talk to them about what they think works in their markets. In rural markets, having a community presence and sponsoring things like the local firefighter fundraiser has a strong an impact because you show yourself to be a responsible corporate citizen.*

### 2. Evaluating the Effectiveness of Marketing Messages in New Markets

Given the likelihood that reactions to marketing messages will vary from market to market, the executives recommend doing some research to make sure that these messages will work in their new environment. This is particularly important when expanding into areas outside of the US where there may be a totally different culture and different customs.

*We have an inventory of television commercials. And we have telephone numbers in our commercials and we track how many people call in based on what number. Because numbers are attached to certain media sources and certain television commercials, we know very directly what is succeeding and what is failing, which are generating leads and which are not. We give it about a two-week time span to see how it performs.*

*Our test subjects are our employees basically. We run the commercials by them. We've been shot down a couple of times for doing competitive marketing which in Europe is a no-no. It is frowned on terribly.*

*This year we will do focus groups on our television commercials before we actually launch.*

### 3. Making Sure The Media Plan Is Executable

The executives also agree that it is important to examine media opportunities and cost in new markets to make sure that one can develop an effective and affordable plan to support the planned expansion. When entering a market with one dominant TV station, for example, plan ahead for the higher cost.

*We look at media cost, our advertising costs. Every market is individual and has its unique idiosyncrasies and cost structures. When I was involved in expansion opportunities I was literally surveying the markets and spot checking different media opportunities and comparing them to what I have here.*

*We actually will do a complete media plan and see how much every DMA is going to cost. Then we will compare newspaper, online, radio and then make different decisions based on what the costs are for each channel.*

## MARKETER'S ROLE IN ENTERING NEW MARKET SEGMENTS

When exploring whether to enter totally new market segments, marketing role is primarily to determine the impact of entering the new segment on sales and profits. To do this, Roundtable participants agree getting feedback from potential customers and/or those who interact with consumers is very important. Focus groups tend to be a favored approach.

*For as long as we've been in business, consumers could only do business with us one way. Recently, in an attempt to serve a different demographic, we needed to explore new ways of doing business. We had to look at not just the competition but where they were, what aligned with our philosophy, and what space was left in the market place. We spent a long time thinking and talking about that. What would make sense? What did we not like? Why didn't we go into this market for so long? How can we develop something that would be good for our client, aligned with our philosophy and also be profitable? We did everything from focus groups with clients, with our financial advisors, with HR agencies. A thorough analysis. We grabbed all of our financial analysis team to figure out fee schedules and did a lot of simulations.*

*We kind of have a feedback channel. We let the sales-people tell us. They will say, 'Hey, there is something really cool out there, will you look into it?' And we kind of look and see if what we have will work. And that led us into building new products.*

*After we have developed those products, then our job as marketers and sales people is to figure out how that will fit into the institutional channels, the K-12 channels, etc. But the big quandary we have is new products typically erode our core business because it's kind of replacing some of the older technology that has been there for years. We do a lot of focus groups and what not with our rep groups, with local food service directors and what not, to find out what they are looking for.*

*We listen to our customers to develop new products and services. Listening from the bottom up has been far more powerful to us than thinking top down.*

## CONVINCING MANAGEMENT

Finally, the marketing executives were asked how they go about convincing Management that they should enter a new market, either a geographic expansion or a totally different market segment.

### 1. Running the Numbers

For some marketing executives, convincing Management is primarily a game of running the numbers to prove that that the planned expansion will significantly increase sales and profits.

*We run the numbers. We just look at it from every single angle known to man. Then, say it makes sense, because we are a profit-driven business. We need to run the numbers all day long and figure out how much it's going to erode our existing business. Those are the kind of numbers we are running right now. Just numbers, numbers, numbers.*

### 2. Feedback from the Field

For others, feedback from the field is crucial. As mentioned earlier, most marketers agree that Management is very likely to be impressed by input from key sales personal or customers.

*I find that if you get support from the field, people who are actually doing the work, you will go much further as a marketing idea.*

*One of our VPs of Sales and Marketing arranged a big roundtable like this with a bunch of the reps. It was unbelievable all the movement that we have gotten as a result of what we heard first hand from the field.*

*This hearing from the field is so important. We have worked with a lot of chain organizations that did not have that vehicle for the store managers to funnel good information back to their bosses. When we were brought in to facilitate some of those discussions the bosses were saying, 'Oh, I didn't know that. That is an opportunity for us.' The voice from the field is really important.*

*Sometimes a graph or an opinion on a survey doesn't cut it as much as in-person feedback.*

*Getting feedback from the end user really helps us.*

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***For more information about this or future  
St. Louis AMA Marketers Roundtable  
Discussions, contact the Roundtable Chair:***

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