



Marketing

CHAPTER 7

Marketing



Adina Duffy, owner of Ugly Fish, makes beautiful jewelry from the natural resources she finds in her community of Coral Harbour, Nunavut. Although Ugly Fish began as a hobby, it quickly grew into a business as the demand for her products grew more and more.

Today, Ugly Fish has customers all over the world from Australia to Luxembourg to the United States. But how did Adina get her products from her home studio, into the hands of Australian customers? How did the Australian customer even learn about Ugly Fish, a business located in a remote community of less than 1,000 people 15,000 miles away?

What is Marketing?

Marketing is the process of communicating the value of your product and services and building relationships with your customers. Marketing covers many different activities and is a part of nearly every aspect of operations.

Marketing helps you:

- Know your customers
- Communicate with your customers
- Take your product to market

GROUP DISCUSSION

Ugly Fish has hired you as their marketing expert. They want you to develop a marketing strategy to sell their products to people in China. Where would you start? How would you go about developing a strategy to market jewelry from Nunavut to people in China?

Too often, entrepreneurs simply guess when it comes to marketing. They make the mistake of throwing things together based on their best guess and hoping it works. When this happens, entrepreneurs are skipping an important step in developing an effective marketing strategy, understanding its importance, and knowing the customer.

Knowing Your Customers

Marketing starts with knowing your customers. The first step to knowing your customers is to break them down into groups that represent them. These groups are called **customer segments**.

A **customer segment** is a group of people that have a shared set of characteristics and who are marketed to in a similar way. Different customer segments also ‘talk’ to each other. If you succeed with a segment, that group will sell for you! But you must speak the language of that group of people’s needs. Market segmentation helps you to learn what language a segment speaks so you can make your message unique.

How to Segment Your Customers

The following page explains different ways to segment your customers.

Types of Segmentation

DEMOGRAPHIC SEGMENTATION groups customers based on shared statistical similarities. For example:

- Age
- Gender
- Education level
- Occupation
- Income
- Family size
- Religion

For example: If you are selling a narwhal tusk for \$7,000, you likely would not target teenagers or low-income families.

PSYCHOGRAPHIC SEGMENTATION groups customers based on their everyday life, daily activities, likes and dislikes, and needs. Examples include:

- What activities do they participate in?
- What are their interests?
- What are their likes and dislikes?
- What are their needs/wants?
- What is their lifestyle?
- What do they care about?

For example: If you were selling hunting supplies you would segment your customers based on how frequently they hunt or how experienced they are. An inexperienced, hobby hunter is unlikely to need and buy the same items as an experienced, professional hunter.

ACTIVITY

Create customer segments for Inuuvunga using both the demographic segmentation and psychographic segmentation techniques:

DEMOGRAPHIC SEGMENTATION

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PSYCHOGRAPHIC SEGMENTATION

--	--	--	--

GEOGRAPHIC SEGMENTATION groups customers based on location factors, including:

- Country
- Regions
- Cities
- Postal codes

For example: If you're selling parkas you're likely to have more success in colder climates rather than warmer climates.

OCCASIONAL SEGMENTATION groups customers based on the different occasions when customers plan to actually buy or use a product. For example, going on vacation, meal times, or going back to school

For example: Coke's famous marketing campaign was focused simply on being thirsty. In this case, they segmented their marketing to people who were thirsty.



CULTURAL SEGMENTATION

Understanding a culture can give you insight about a customer base.

For example: If you are selling parkas made with fox fur, you want to target cultures who celebrate sustainable hunting practices. While Inuit usually celebrate products made with fur, other cultures may be less receptive to animal product.

ACTIVITY

Create three (3) customer segments for different companies using all 5 segmentation techniques.

UNDER ARMOUR: DEMOGRAPHIC SEGMENTATION

Male athletes,
aged 18-30

HUNTING SUPPLY STORE: PSYCHOGRAPHIC SEGMENTATION

Experienced hunter			
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TIM HORTONS: GEOGRAPHIC SEGMENTATION

Large city-centers (e.g. downtown Montreal)			
---	--	--	--

GROCERY STORE: OCCASIONAL SEGMENTATION

Eating			
--------	--	--	--

MACDONALD'S: CULTURAL SEGMENTATION

India - No beef on menu			
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Identifying a Viable Segment

You might find there are many different customer segments to choose from. However, you should be smart when deciding which segments to target. A **viable segment** is one where:

- Buyers have money.
- Buyers pain is eased or fixed by your product.
- Buyers have a sense of urgency.
- Buyers are close, easy to target.

Identifying a Non-Viable Segment

Some customer segments do not fit the market for your product or service. To identify a **non-viable or limited segment**, consider the questions below:

- Are they easy to communicate with?
- Do they have money?
- Are they willing to buy?

Tips

- When segmenting, make sure you choose a segment that is relevant to you.
- Think about how you can group multiple segments that are very similar.
- Make sure you have the means to provide for each segment you market to.

Customer Personas

Once you have identified customer segments, the next step is to create **customer personas**, or profile, representing your ideal customer. Customer personas are imaginary individual customers, not broad categories of customers. Customer personas help marketing agents create content that is more personal to its target market making it feel like is for an that individual instead of mass made for 1000 different people.

Your customer persona will have a name and is the ideal customer that you're trying to sell to and make happy.



NAME: Nancy Lemieux
AGE: 56
LOCATION: Ottawa, ON
FAMILY: Married with 2 children, and a grandchild
OCCUPATION: Business Owner
INCOME: \$65,000 / year
HOBBIES / INTERESTS: Yoga, healthy living
WHERE TO REACH HER: Facebook, TV

NAME: Elisapee Kidlapik
AGE: 33
LOCATION: Akulivik, Nunavik
FAMILY: Single mother, 3 young children
OCCUPATION: School Teacher
INCOME: \$85,000 / year
HOBBIES / INTERESTS: Sewing, Hunting
WHERE TO REACH HER: Facebook, Radio



ACTIVITY

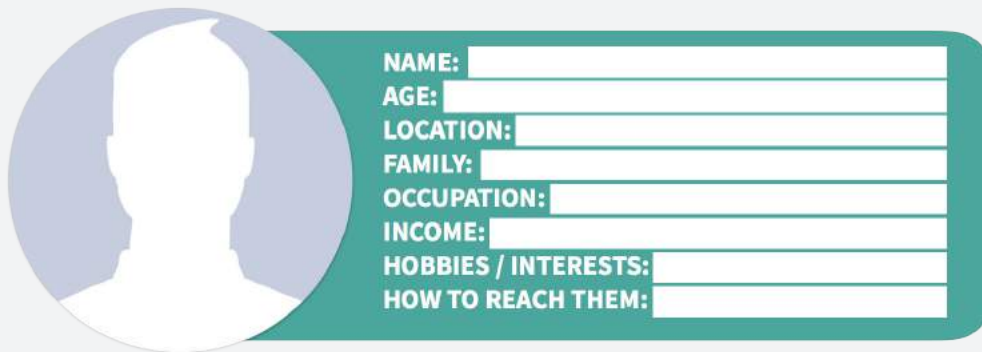
Take three (3) customer segments you identified in the last activity and create customer personas for each one using the template below:



NAME: _____
AGE: _____
LOCATION: _____
FAMILY: _____
OCCUPATION: _____
INCOME: _____
HOBBIES / INTERESTS: _____
HOW TO REACH THEM: _____



NAME: _____
AGE: _____
LOCATION: _____
FAMILY: _____
OCCUPATION: _____
INCOME: _____
HOBBIES / INTERESTS: _____
HOW TO REACH THEM: _____



NAME: _____
AGE: _____
LOCATION: _____
FAMILY: _____
OCCUPATION: _____
INCOME: _____
HOBBIES / INTERESTS: _____
HOW TO REACH THEM: _____

Positioning and Competitor Analysis

Once you understand your customers it's time to look at your competitors. What other businesses offer similar products and services to the same customers you are targeting? Are they doing a good job? The best way to find your competitors is by asking your customers where they currently get similar products and services.

Analyzing competitors is an important step in developing your marketing strategy. By looking at what competing business do well, and what they don't do well, you will get a better understanding of the opportunities that exist for your business.

SWOT Analysis

A **SWOT Analysis** tool helps you analyze your competitors. SWOT stands for Strengths, Weaknesses, Opportunities, and Threats.

- **Strengths** - What is the competitor good at doing from the customer's perspective?
- **Weaknesses** - What are they not so good at doing?
- **Opportunities** - What is missing from what they offer? Assess what your competitor doesn't do, and think of ways you can fill that gap with your business.
- **Threats** - What might this competitor do that could be a threat to you? Also, what could happen in the industry that could affect both of you?

For example: Inuk Stitches is a new fabric store based in Igloolik, Nunavut. Below is their analysis of a big competitor, The Northern Store.

STRENGTHS	<ul style="list-style-type: none"> • Already have a lot of customers • They sell a lot of other items that attract people to the store • They have a very large operation in the community
WEAKNESSES	<ul style="list-style-type: none"> • Not a lot of choices of material • Don't listen to customer needs • Not a Nunavut-based or Inuit-owned company
OPPORTUNITIES	<ul style="list-style-type: none"> • Large selection of fabric and notions • Listen to customers and constantly ask for feedback • Specializing in fabric • Inuit and locally owned
THREATS	<ul style="list-style-type: none"> • They are a large company with the power to lower their prices if threatened • Buys higher volume of material from same suppliers (opportunity for better discounts)

Competitive Advantage

A **competitive advantage** is what makes you better than competitors especially in your customer's opinion. Why are customers buying from you and not your competitors? To understand your competitive advantage you need to look at three things:



Your customers



Your competitors



Your value proposition

To understand your competitive advantage identify what value (or benefit) you provide to customers, that is better or different than your competitor. The template below can help you formulate your competitive advantage.

Template

Our (products/services) provide (customers) with (value proposition) to/for (need/problem you are solving), unlike (competitors).

Example:

Our sewing supply store provide seamstresses in Igloodik with a specialty sewing supply store to give them the variety and selection of fabrics they need, unlike the Northern.

Now that you know your customers and have a clear idea of your competitive advantage, it's time to look at how you can reach your target market and what marketing techniques will convey your message.

Marketing Channels

Remember channels from the business model canvas? Channels are an important part of marketing. **Marketing channels** refer to the different ways you can put your message out to reach your customers. Whether it's using Facebook, radio, email, or even word-of-mouth, channels are where your customers will see and hear about your business.

Examples of channels include:

Word-of-Mouth

Reaching your customers through other customers who recommend your business or product. Because the message comes from someone a potential customer trusts, it's the most powerful way to reach customers.

Partnerships

Partner with other companies who can help you reach customers. Usually, these partnerships are beneficial for both partners.

Email

This is a great channel to get in touch with your customers and to highlight new products and services.

Direct Mail

Real mail that companies send directly to your door. This is a good way to reach people in their homes though it has become less popular in recent years. It can also get expensive as postage prices increase.

Social Media

Tools like Facebook, Instagram, Twitter, Pinterest, Snapchat, and LinkedIn. All of these platforms have specific products and strategies they offer to help you reach customers.

Website

An online platform to share all of the information about you, your product, your brand, and what you stand for. You can also have a blog on your website to share ideas and stories about your company.

Ecommerce

Either through your existing website or by creating a separate website, e-commerce is a way to sell your products online.

TV / Radio

This allows you to reach a larger audience within a specific geographical region. Usually, ads are placed in between programming.

Print

Print advertising consists of newspapers, magazines, and flyers.

Cold-Calling

Calling customers you think fit your market segment and speaking to them about buying your product. This works best when selling to other businesses.

Merchandising

Selling your product on retail store shelves. Merchandising activities include giving away samples, providing product demonstrations, and promoting special offers.

Choosing Channels

It is important to choose the most effective channels for reaching your customer. Avoid spending time and money on a channel that your customers are not using.

For example: if you purchase an ad in Air Inuit's in-flight magazine for \$3,000, but your customers do not fly Air Inuit, your advertising dollars won't be well spent and your customers won't see your ad. Instead, spend money on a Facebook and Google ads campaign and target your customers using the customized audience functions.

For example: if you are trying to reach an older population in your community, consider advertising on the radio in Inuktitut rather than advertising on Facebook in English.

Here are some questions to help guide your choice of channel:

- Where do customers spend most of their time?
- What channels do they trust the most?
- What channels are less crowded?
- What channels best capture a customer’s attention?

Tip - Customer validation can be helpful in discovering where your customers spend most of their time. Have conversations with potential customers and ask them to tell you where they consume most of their information.

Marketing Techniques

Marketing techniques are the techniques used to deliver a message through the various channels.

Promotions

Promotions is a technique that gives incentives to customers to drive sales. This can be in the form of coupons, discounts, and freebies.

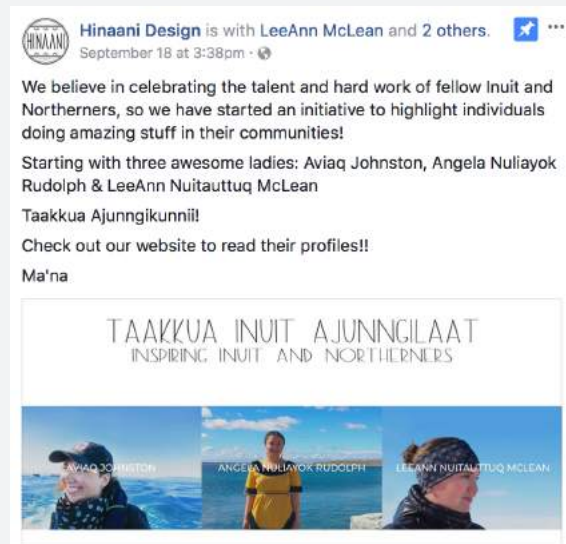


Content Marketing

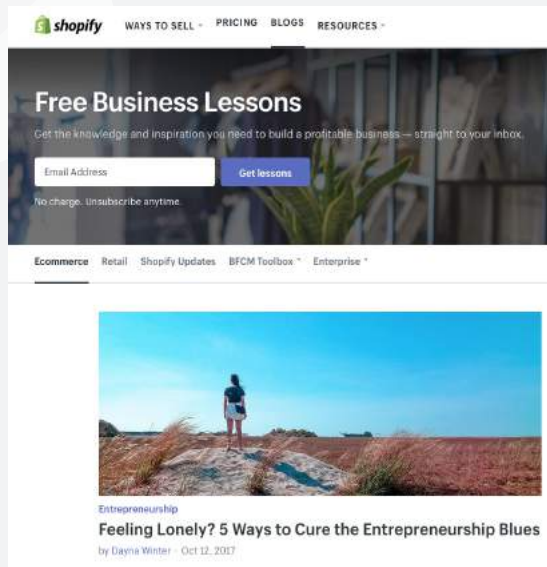
Content marketing is creating and sharing knowledge in a field and/or topic related to your business. It provides your audience with added value. It is also a tool used that helps your target market discover your product or service, and a technique used to establish your business as an authority in your industry. You can do content marketing on social media, on your website, or on a blog platform.

EXAMPLE - HINAANI DESIGN

In this example from Hinaani Designs¹, they decided to use their platform to showcase individuals doing amazing things in their communities. This is not content that is directly related to their products but it is engaging, enjoyable, and helps build their brand image.



CHAPTER 7 MARKETING



EXAMPLE - SHOPIFY BLOG

Shopify has an active blog that covers a wide range of topics from operations to marketing to entrepreneurial wellness. This content is aimed to:

- 1) attract new customers, and
 - 2) to help existing customers build better businesses.
- It also helps Shopify establish their authority in the ecommerce world.

Cause-Related Marketing

Cause-related marketing is a technique that involves finding a common cause that both you and your target market care about. This is an opportunity to reach your customers on a deeper level and give more meaning to your business. Cause-related marketing will get you noticed and tells your audience that you care about making the world a better place. People are searching for meaning, let your audience know you care.

EXAMPLE² - KUUGAQ CAFÉ

The Kuugaq Cafe has partnered with the local daycare in Cambridge Bay and donates its liquor profits after an event to the daycare. Amanda says, “It’s not only helping another organization in town, but by having the alcohol it brings more business to us that evening. They do come for the food, but being able to enjoy a beer or a glass of wine with their meal as well also brings them to the door.³”

An event poster for Kuugaq Cafe and Cambridge Bay Childcare Society. At the top left, a date box says 'SATURDAY AUGUST 12'. To the right is a photo of a whole cooked lobster. Below the date is a cartoon illustration of a lobster holding a glass of wine. The text reads 'KUUGAQ CAFE AND THE CAMBRIDGE BAY CHILDCARE SOCIETY PRESENTS'. The main title is 'LOBSTER, BEER AND MOJITOS'. Below that, it says 'Summer is not over yet!' and describes the meal: 'Come enjoy a maritime 1.5 lbs whole lobster with potatoes salad, coleslaw, fresh roll and garlic butter! Start the meal with pure squash soup and end with a sweet dessert.' It also lists 'Beer, Wine, Mojitos and Sangria available for \$8 - \$10 per drink. Must be 19 years of age. All alcohol proceeds will go to the daycare.' At the bottom, it says '\$65 PER MEAL' and 'TICKETS ON SALE NOW FOR 5:30 AND 7:30 SITTINGS'.

Referral Marketing

Referral marketing is a technique that involves motivating existing customers to refer a friend to your business. For example:

"Give \$20 on your friend's first purchase, and get \$20 off when they spend."

"Invite five people to sign up to our newsletter, get \$10 coupon."

Contests and Giveaways

Contests and giveaways is a technique that involves engaging people by giving them a prize incentive. This can be a fantastic tool to get your business a lot of attention on social media. This gives people an incentive to engage with your business by liking, sharing, or commenting on your content. Comments also cause their friends to see your content which can attract new customers.



Cross Promotional Marketing

Cross promotional marketing is a technique that involves teaming up with another business or organization to advertise for each other. Cross-promotion is a cheap technique that helps each business tap into a new audience. It is often wise to choose a business with an existing audience you want to connect to but don't currently have as customers. Choose your partnerships wisely.

EXAMPLE

In this example, we see that “The Dark Knight” and Golden Graham (GM) partnered for some cross-promotion.

How did Golden Grahams benefit from having Batman toys in their boxes?

How did Batman benefit from being on Golden Grahams boxes?



Guerilla Marketing

Guerilla marketing is a technique that makes a lasting impression with a small budget. Events like ‘flash-mobs’ have been a popular guerilla marketing technique.



Endorsement Marketing

Endorsement marketing is a technique that uses trusted public figures to promote products and services. From athletes to celebrities to famous bloggers, endorsements give you exposure and build trust. Endorsements can be very costly for a company like Nike who pays world-class athletes millions to promote their products! However, it can be affordable. For example, you can send free samples to trusted bloggers or experts with a large following who may choose to endorse your product.

EXAMPLE

At the 2016 Northern Lights Tradeshow, UasaU Soap got small endorsement from Prime Minister Justin Trudeau. This made the news and circulated on Facebook⁴.



Real-Time Marketing

Real-time marketing is a technique that uses real-time events to create marketing content. Real-time marketing is an effective way to join in on trending conversations and generate 'buzz'. It shows that you are present and engaged.



EXAMPLE - The example refers to the popular online voice clip that circulated in May 2018, where people divisively heard either “Yanny” or “Laurel”. The tweets show how some businesses participated in the real-time conversation.

Public Relations (PR) Marketing

Public Relations (PR) marketing is a technique that involves building relationships with the media and getting press coverage. PR marketing is a great and inexpensive way to get exposure. However, your story must be newsworthy. When you create a product or service of interest to the public, the media will have an interest in putting the spotlight on you. PR can involve local media, big media, and niche media outlets. PR marketing usually needs to be initiated by the entrepreneur or marketing department by sending a short document highlighting the news. This document called a ‘press release’.

■ FEATURES: Nunavik February 07, 2016 - 1:30 pm

Nunavik seamstress embellishes tradition

"We all grew up watching our mothers and grandmothers, so it's in our DNA"

SARAH ROGERS



Sealskin accessories on display at Winifred Designs' booth at the Northern Lights Business and Cultural Showcase in Ottawa last week. (PHOTO BY SARAH ROGERS)

OTTAWA—In a sea of sealskin and colourful commander fabric, Winifred Nungak's booth stands out for its pop of pink, from plush pompoms to dyed fox-fur mittens.

The Kangirsuk seamstress has



■ FEATURES: 3 MAY, 2018 - 2:30 PM EDT

Nunavik graphic artist turns talents toward inspiring students

"I want to open their minds, see what there is and develop things."

By JANE GEORGE



Thamasle Manglole of Inupit poses with some of the 3D-printed educational materials that he has created to encourage students at Inuvik's School to use their creativity and traditional language skills. (PHOTO COURTESY OF T. MANGLOLE)

Word of Mouth

Word of Mouth is a technique that happens organically when your customers and target audience talk about you. Positive word of mouth marketing can come from a variety of things like competitive prices, innovative products, quality products, or a great customer experience. Word of mouth can also be a source of negative advertising for your business if the customer had a bad experience. Being active in ensuring customers are happy about their experience can prevent bad press and reviews.

Social Media Marketing – Best Practices

Social media is one of the most important marketing tools. From Facebook to Instagram, Snapchat, Twitter, social media allows you to reach millions of people with little to no budget. In Nunavik, Facebook is particularly important because Nunavimmiut are highly active on the platform. Businesses can take advantage of this online community to reach their audiences. Take a look at the advice a few companies provided below.

ADVICE FROM HINAANI DESIGN⁵

The difference between a good social media strategy and a bad one is the frequency and the content of the posts. Hinaani has over 2000 followers on social media. They post pictures of things that their consumers would be interested in. Some examples include pictures of custom colour ulus, tunniit leggings, or even just a nice picture of the land.



Hinaani also uses the amount of likes per photo on Facebook and Instagram as a tool to figure out what their consumers would be more inclined to buy. “We see that the picture of the product that gets the most likes, usually sells the most and the fastest. Consistency is also really important. Posting either everyday or every other day. Researching what works and what doesn’t. Like what will get the most likes. You need to start posting what people want to see. If you post a picture of ulus, then that’s a guaranteed 100 likes,” says co-founder Nooks Lindell.

ADVICE FROM UGLY FISH⁶

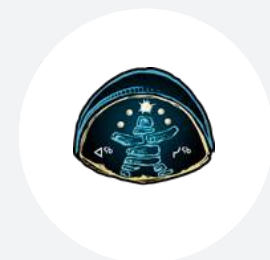
Adina Duffy of Ugly Fish was able to expand her customer market and sell her products to people in Greenland, USA, Alaska, Australia just by posting on Facebook. She said, “You post something online and you never know who is going to see it.”



She used only her business page and regularly posted pictures of interesting things she would see around her. Sometimes she would post a picture of something she made or an animal carcass that she turned into a necklace. She wanted her customers to see how her jewelry was made and where it comes from so they can see how it goes from something she finds on the land into a beautiful piece of jewelry.

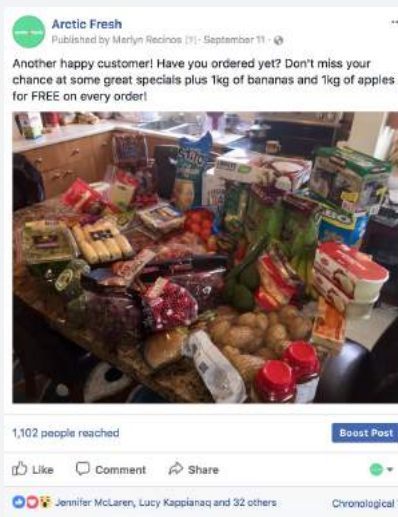
ADVICE FROM ARTCIRQ⁷

“You want to get people to know the background of the business. If you remove the concept, the culture, the idea behind the product some people might see nice colours or a nice design, or a nice performance. You want to communicate the meaning behind it. For example, if you use a pattern that had been created or used by a certain family, make sure you get their approval before you replicate it. Make sure they get a share of the profits, and that they tell the story behind it. That just gives the product more and more meaning behind it; so a buyer will understand the story behind that product.”



ADVICE FROM ARCTIC FRESH®

“It’s not just about having nice looking ads, or professional videos. People want to see who is behind the company. They want to be able to put a face to it. You want to look professional, but you also want to show the humanity behind the business. We really try to do a mix of both. We will get a video professionally edited, and then we will post a picture of the inside of Rhoda in her home, enjoying some country food. Test different types of posts and ideas and see what sticks. Sometimes you can be surprised at how little or how much attention a certain post might get!”



Setting Clear Marketing Goals

When developing a marketing strategy ask yourself, “What is the main thing I want to achieve with my business and why is it important?” Answers include:

- Build brand reputation
- Enter new market
- Get more sales
- Get more customers

Once you know what you want to accomplish, set a clear, measurable goal with a specific date and time and include reasons as to why you chose each goal.

EXAMPLES

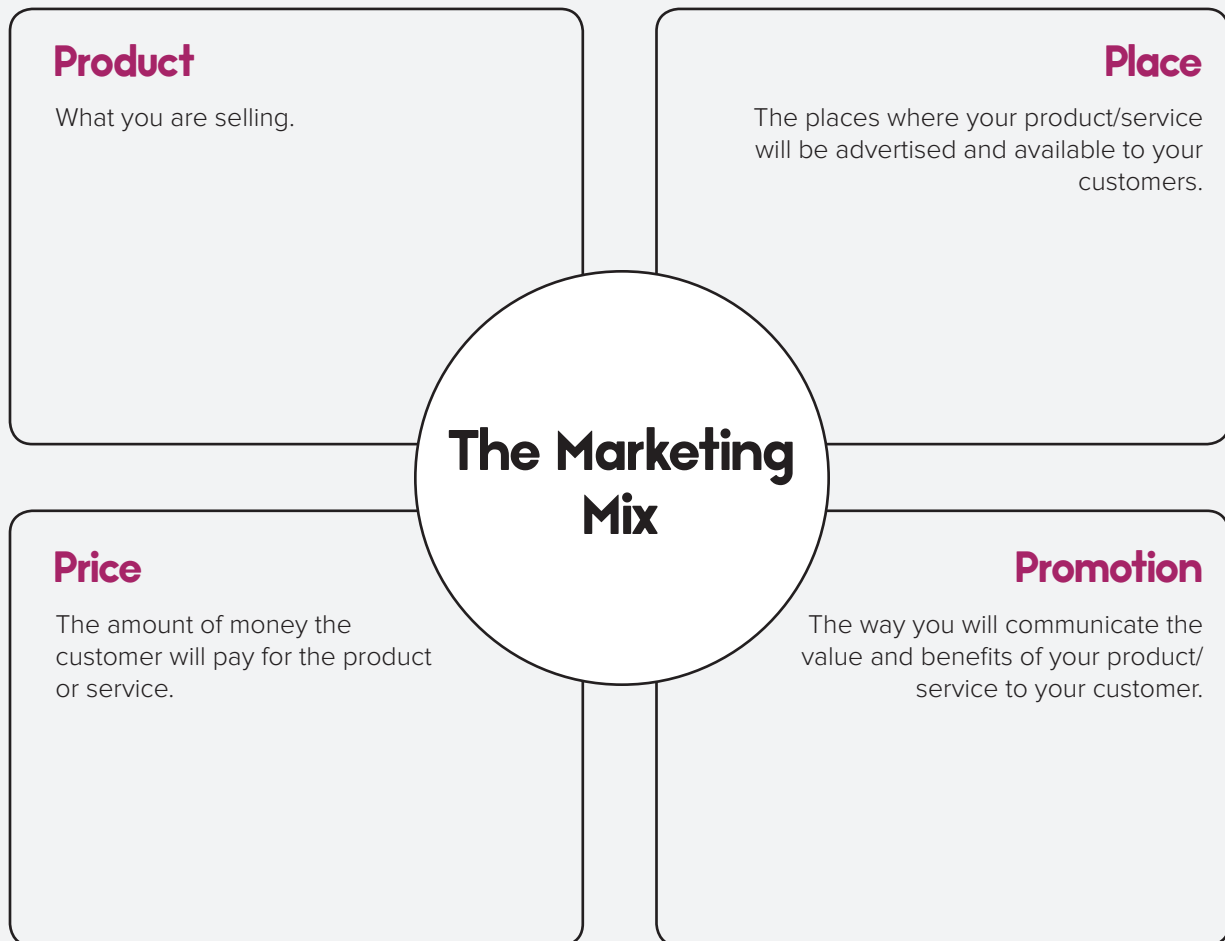
In order to increase my brand reputation, I’m going to do a charity drive to support the local food bank. I will do the charity drive on April 10th, 2019. Our community respects businesses who give back and when I support the local food bank, it increases my brand reputation.

In order to get more customers, I will launch a customer referral campaign in March 2019. The referral campaign will motivate customers to refer our products and services to their friends and family helping us get new clients.

In order to get more sales, I will run a BOGO (buy-one-get-one) promotion from March 15th to March 26th. This deal will motivate customers to purchase our products which will generate more sales.

The Marketing Mix

The **Marketing Mix (4 P's of Marketing)** puts your marketing strategy and goals into action. The marketing mix takes into consideration the four essential elements of a marketing strategy:



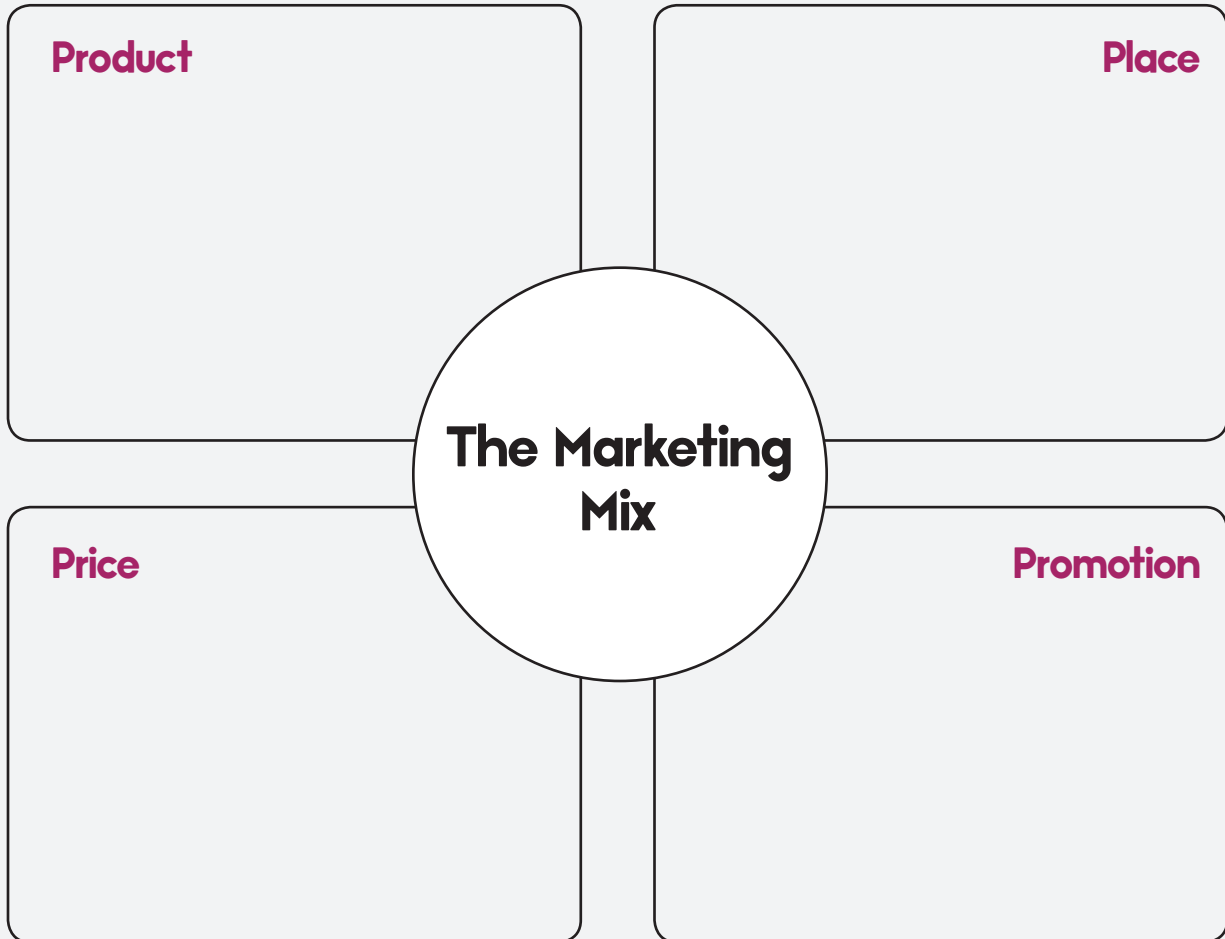
EXAMPLE

Imagine you are trying to sell your carvings to customers down south. Your marketing mix could like this:



ACTIVITY

What is the marketing mix for this OKA Purple Akuk Hoodie⁹?



Why Pricing Matters

Pricing a new product is an essential part of your marketing strategy, and your finances. The price for your product is more than just a number you put on a label. Pricing:

- influences your positioning strategy
- determines whether you will be able to run profitably.

Is a low price always a good price?



Basic Rules of Pricing

- Price must cover costs;
- The best way to lower price is by lowering costs;
- Prices should be reviewed regularly to make sure you are responding to the market;
- Your marketing strategy should reflect your pricing.

Before you set your price, know your costs

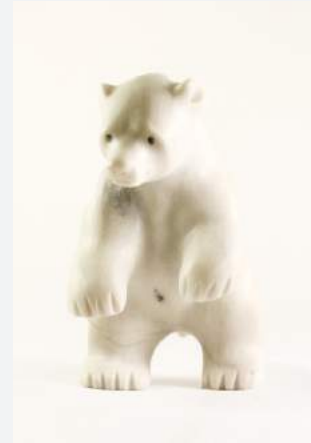
When setting your price, the first thing you need to consider is how much making and selling your product or service costs you. Your costs can include things like:

- Item cost (the cost of the item you purchased)
- Labour (time spent making the product)
- Shipping (how much it costs for the item to get shipped to)

ACTIVITY

What costs do you think are included in these prices?

Carving



Leggings at Hinaani (online store)



HAVIK LEGGINGS
\$65.00

Size	Quantity
XS	1

With the colour of a well used a Leggings also have a striking kai thighs and kamik inspired lines three symbols of strong Inuit art are bold and beautiful just like t

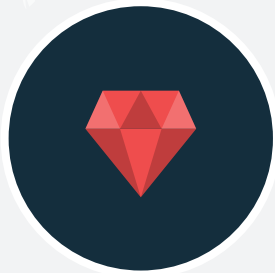
All our leggings now feature a v band that can be worn high or i

88% polyester, 12% spandex (m eco friendly materials). Fabric is

Grapes at Northern



Pricing Strategies



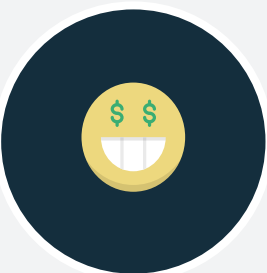
PREMIUM PRICING



PENETRATION PRICING



PRICE SKIMMING



PSYCHOLOGY PRICING



ECONOMY PRICING



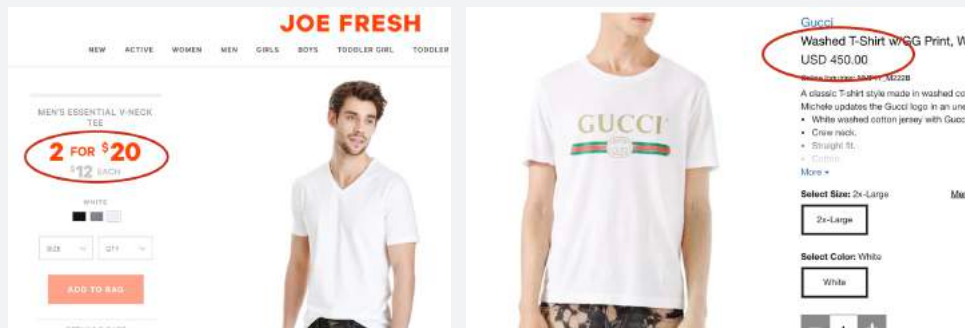
BUNDLING



Premium Pricing

The strategy of **premium pricing** is to set price higher than the competition. This strategy is most effectively used when there is something unique about the product that is being sold, or if the product has newly been entered into the market (ie. luxury goods). If you use a premium pricing strategy, make sure that your customers perceive enough value in the product to pay the premium.

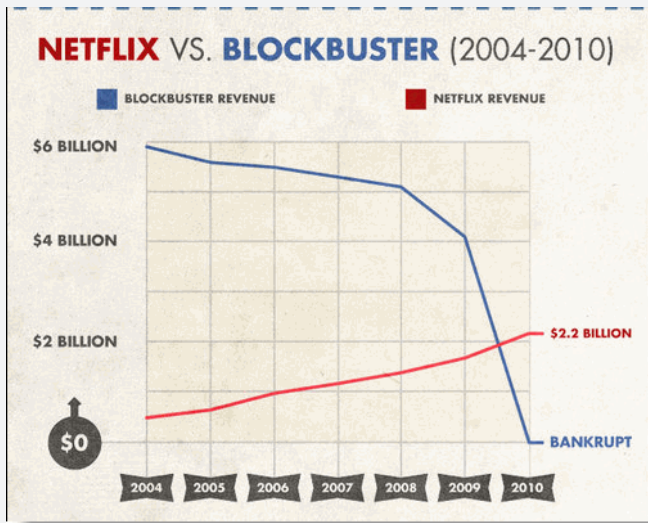
Example - Luxury brands like Gucci or Louis Vuitton can price white t-shirts like these at extremely high prices just because they are brands that people perceive of being high value.





Penetration Pricing

The strategy of **penetration pricing** is to set your price low at first to attract a lot of customers. Once you have enough customers, you then raise your price



For example: For a long time, movie rental stores like Blockbuster were the only place you could go and get a movie without having to buy it. When Netflix joined the market, they developed a new model for ‘renting movies’ that was cheaper and more convenient by shipping movies directly to the customers home and by offering online streaming services. To convince loyal Blockbuster customers to start using their new service, Netflix rented movies for as low as \$1 per DVD. Through this pricing strategy, Netflix acquired many new customers. Since then, Netflix has taken over the movie industry and raised their subscription prices.



Price Skimming

The strategy of **price skimming** is to set your price as high as you can for the customers that are willing to pay a lot for your product, and then you lower it as time goes on to get more customers who are willing to pay less and less. It is the opposite of penetration pricing.

For example: Technology companies often use a price skimming strategy when they launch new products. Think of Apple. When they launch a new model of the iPhone, it is usually very expensive. As time goes on, and as newer models are released, they start to lower the price. This usually goes on for a few years.



Economy Pricing

The strategy of **economy pricing** is to minimize costs as much as possible in order to offer the lowest price possible. Having very low prices attracts a large number of clients. This can lead to a very large market share.

Example - An example of economy pricing would be an online store like Amazon. Amazon doesn't have any physical store fronts - only warehouses. Amazon can keep the cost of their products low because they don't need to take on any costs that come with owning a store like rent, electricity, and store employees. The money they save this way allows them to keep costs down and discount products for the consumers.

CASE STUDY

Janice (from Kangirsuk), **Beatrice** (from Akulivik), and **Clara** (from Aupaluk) all own fabric stores in their communities. Janice, Beatrice and Clara get their commander from the same supplier. The cost is **\$5 per meter**.

Each of these entrepreneurs have the same competitor in their communities - the local co-op. At the co-op, commander is sold at **\$14 per meter**. Janice, Beatrice, and Clara need to decide on a price for theirs. They all take different strategies.

Janice decides to sell her commander for **\$12 per meter**, slightly cheaper than the coop. In her first month of operations, Janice sold **100 meters** of commander.

How much revenue did Janice make in her first month?

How much profit did Janice make in her first month?

Clara decides to sell her commander for **\$7 per meter**. This is half the amount of what the local coop sells. She sells **250 meters** in her first month. She intends to raise her prices to \$10 per meter once she gets enough customers from the Coop.

How much revenue did Clara make in her first month?

How much profit did Clara make in her first month?

CASE STUDY

Beatrice ordered patterned commander that isn't available at the coop and decided to set it at a higher price. She is selling her commander for **\$20 per meter**. In her first month, she sold **50 meters**.

How much revenue did Beatrice make in her first month? (\$1,200)

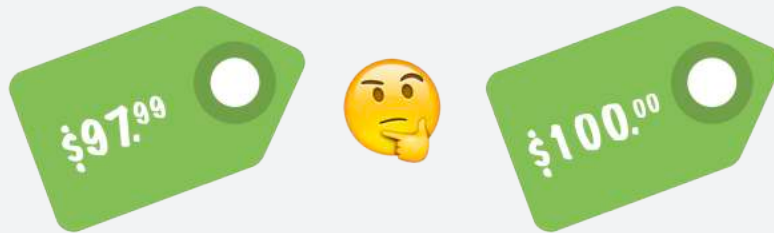
How much profit did Beatrice make in her first month? (\$750)

Reflect on the 3 scenarios above. What type of pricing strategies did Janice, Clara, and Beatrice use? In your opinion, which is the best pricing strategy? What are some advantages and disadvantages for each scenario?



Psychology Pricing

The strategy behind **psychology pricing** is to make the price of a product more attractive by reducing it by only a fraction. For example, it has been proven that changing a price tag of \$100 to \$99 can greatly increase sales. Even though it's a minimal change, it creates an illusion in the consumer's mind that the price is "less than \$100", making it easier for them to make their purchasing decisions.



Bundling

The strategy of **bundling pricing** is to lower the total price for customers who buy many products together, rather than what they would pay if they bought each product separately. This strategy makes your customers see more benefit in buying your product, since they are getting a deal.

Use this strategy if you are selling products that go well together. For example, a restaurant could create a package for a meal, a drink, and a dessert.



What to consider when pricing your products?

- Your costs
- Your desired profit
- Your competitors
- What your customers are willing to pay
- Your skill level/experience
- Your pricing strategy

Sample Budget

A Nunavik-based, online apparel company is projecting annual sales of \$100,000. They decided to set a total marketing budget for 5% of sales which is \$5,000. Here is how they decided to spend their money:

Paid Advertising	
Facebook Ads	\$1,000
Instagram Ads	\$300
Above & Beyond Magazine Ad	\$2,000
Marketing Collateral	
Business Cards	\$50
T-Shirts	\$350
Production Costs	
Photoshop Subscription	\$600
Freelance graphic design contracts	\$700
TOTAL	\$5,000

GLOSSARY

Bundling Pricing

Is to lower the total price for consumers who buy multiple products together.

Cause-Related Marketing

A marketing technique that includes finding a common cause that both you and your target market care about.

Content Marketing

A marketing technique that includes creating and sharing knowledge in a field and/or topic related to your business.

Competitive Advantage

The benefits that make your business better than the competitors in the consumer's opinion.

Cross-Promotional Marketing

A marketing technique that includes teaming up with another business or organization to advertise for each other.

Customer Persona

Fictional, generalized representations of your ideal customers.

Customer Segments

A group of people that have a shared set of characteristics and who are marketed to in a similar way using the marketing mix appropriate for their group.

Economy Pricing

Is to minimize costs as much as possible in order to offer the lowest price possible. Having very low prices attracts a large number of clients.

Endorsement Marketing

A marketing technique that includes getting a trusted public figure to promote your product and/or service.

Geographic Segmentation

A type of market segmentation based on geographic location.

Guerilla Marketing

A marketing technique that aims to make a lasting impression with a small budget.

Marketing

The process of communicating the values of your product and services to customers.

Marketing Channels

The different ways you can put your message out to reach your customers.

Marketing Mix (4 P's of Marketing)

The four essential elements of a marketing strategy: Product, Price, Place, and Promotion.

GLOSSARY

Market Segmentation

A marketing strategy that divides a broad target market into subsets or sub-groups of customers with shared needs, wants, and demand characteristics. These subsets are called customer segments.

Non-Viable Segment

A type of customer segment that does not have the potential to bring in significant revenue for the business and is not worth targeting.

Occasional Segmentation

A type of market segmentation based on dividing the market into groups on the basis of different occasions when the buyers plan to buy and/or use the product.

Penetration Pricing

Is to set market entry prices low in order to attract customers and gain market share. Once you have a large enough market share, you then raise your prices.

Premium Pricing

Setting the price higher than the competition. This strategy is most effectively used when there is something unique about the product that is being sold, or if the product has newly been entered into the market.

Price Skimming

Is to maximize profits with by charging the highest initial price customers are willing to pay. Once the demand is met, the company can lower prices to meet another customer segment willing to pay a little less, and so on.

Promotions

A marketing technique that includes providing incentives to customers to drive sales.

Psychology Pricing

Is to make the price of a product more attractive by reducing it by only a fraction.

Psychographic Segmentation

A type of market segmentation based on your customers' daily activities and needs.

SWOT Analysis

A tool that helps you analyze your competitors. SWOT stands for Strengths, Weaknesses, Opportunities, and Threats.

Public Relations (PR) Marketing

A marketing technique that includes building relationships with the media and getting press coverage.

Real-Time Marketing

A marketing technique that uses real-time events to create marketing materials.

Viable Segment

A type of customer segment that has the potential to bring in a lot of revenue for the business and is worth targeting.

GLOSSARY

Word of Mouth

A marketing technique that happens organically when your customers and target audience talk about you.