CHAPTER 7

Perception

Perception: The Fifth P of the Marketing Mix

The most successful vintage companies may not have been the very first to offer a new product or even the first to present an existing product in a new way. They were, however, able to notice trends in the marketplace, and when the timing was right acted decisively. These *first-users*, or *fast-followers* introduced their innovative offer when the demand became evident and market potential was most advantageous. The timing of an introduction of a new product or a new marketing tactic is perhaps the most critical element to success. Too early—and sales do not materialize fast enough to cover start-up investment. Too late, and competitors may gain larger market share or greater profits, limiting the success of even very innovative products or marketing strategies. In the vintage examples that have already been described, it was evident that in addition to innovative ideas involving the 4Ps, perception and timing played pivotal roles in the ultimate success of the dominant companies and brands.

Figure 7.1 illustrates the inception of tactics or strategies first introduced by companies or brands. Each strategy corresponds to 1 of the 16 vintage marketing differentiation categories and can also be grouped into one of four overarching chronological trends: (1) affordability; (2) branding manufacturer's products; (3) heavy advertising and promotion; and (4) applying creative communication mediums. Each trend's time band is depicted by a unique shaded segment in the table. Some companies and

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YEAR	TACTIC / STRATEGY	CATEGORY	COMPANY/BRAND	
1850	Payment/Hire purchase plans	13	Singer	Affordability
	Mail-order (non-retail)	15	A&P	
	Door-Door (non-retail)	16	Watkins, Prudential, Larkin	
	Money-back guarantee	11	Watkins, Ball's	
1869	Offering line of credit to Dr-Dr	13, 11	Larkin	
1870	Branded product sales	1	A&P, Quaker, Heinz, Morton	Branding manufacturer's product
	Unique promotions	2	A&P, Heinz	
	Product demonstrations	1, 2	Heinz, Quaker	
	Local sampling	10	Quaker	
	Premiums	12	A&P, Quaker, Wrigley, Fuller	
	Eliminate local price differentials	13	Heinz	
	1st scented sample	2,10	Hoyt	
1875	UK trademark	7	Bass	
1880	Trade cards	4	Hoyt, A&P, Heinz, Quaker	Heavy advertising & promotion
	Eliminate dealers and distributors	16	Larkin	
	Signs along rivers; railroads	1	Heinz	
	Early US trademark (cereal)	7	Quaker	
	National advertising of branded food	1	Quaker	
	Endorsements; sports and celebrities	6	A&P, Bass, Ball's	
	Catalog fixed pricing	15	Sears	
	Party Plan	12	Larkin	
	Coupons	10	Coke, Quaker	
	Private label	1, 13	A&P	
	Retail store money-back guarantee	11	Heinz	
	Heavy consumer advertising	1	Heinz	
	Magazine advertising	1	Heinz	
	Electric signs	1, 2	Heinz, Wrigley	
	National sample campaigns	1, 10	Quaker	
	Poetry	1, 2	Quaker	
	Recipes on box; cookbooks	1, 2, 5	Quaker, Rawleigh, Cow, Heinz	
	Trolley advertising	1, 2	Wrigley	
	Wagon-side advertising	1, 16	A&P, Larkin, Rawleigh, Heinz	
	Live brand logo	7, 2	Aunt Jemima	
	Endorse sporting event	1, 2	Michelin	
	Premiums inside product package	1	Quaker	
	Customer loyalty programs	7	A&P	
	World's Fair direct coupon promotion	1, 2	Heinz	
	Factory tours	5, 1, 2	Heinz; Sears	
	Road signs	5, 1, 2	Michelin	
	1st food manufacturer research dept.	1	Heinz	
	Individually packaged product	3	Planters	
1904	1st talking pet in comics as mascot	1, 2	Buster Brown	
	Iowazation (WOM)	9, 15	Sears	Applying communications mediums
	Freebie marketing	2, 1	Gillette	
	Wider distribution; mobile advertising	1	Pepsi	
	1st national direct marketing campaign	1	Wrigley	
	Self-serve (manufacturer's brands)	14	Piggly Wiggly; Alpha Beta	
	Branding intangibles	7	Michelin; Reddy	
	Nationwide radio advertising	1	A&P; Wrigley; Horn&Hardart	
	1st ads in funny papers	1	Wrigley	
	Early popular jingle on radio	1	Pepsi	
	Celebrity endorsers on radio	1	Quaker	
1935	Automobile-mascot	2	Planters	

Fig. 7.1 Chronological trends of vintage marketing differentiation innovations

brands operated over multiple time bands (e.g. A&P, Heinz, Quaker), while others existed within only one or two overarching time band trends. The most successful companies effectively maintained their brand by implementing various tactics and strategies in order to stay relevant in the marketplace, and their years of operation are/were longer (see the Maintaining Phase section of the "Marketing Differentiation Process", Chapter 2). Companies who failed to adapt to customer demands did not last as long. Examination of these longitudinal company variances are helpful in understanding the nature of brand flux and the importance of perception and product or brand adaptability in light of changing societal and consumer purchasing trends.

The impact of companies and brands that implemented tactics or strategies in the heavy advertising and promotion time band is particularly noteworthy. Metrics compiled in Table 7.1 specify that more companies and brands existed during this time band (15/30); most of the 16 Strategy Categories were created during this time band (12/16); and, the most differentiated tactics and strategies (27) were initiated during this time period. Heavy advertising and promotion created lasting brands, with strong and enduring brand equity.

The Marketing function then and now strives to understand the target customer, determine their needs, and provide solutions in terms of offering a product, service, or experience that customers value. Marketing plans are developed and implemented to provide these solutions. The classic 4Ps of product, promotion, price, and place are key building blocks that define the plans. The 5th P—perception—dictates if, when and how to implement the marketing plan.

Table 7.1 Vintage differentiation trend band analysis

Trend band	*Company/brand*	*Strategy categories*	*Tactics and strategies*
Affordability	7	4	5
Branding manufacturer's product	8	6	8
Heavy advertising and promotion	15	12	27
Applying communications mediums	12	6	11

A company can:

- develop and manufacture the best "widget" in the world (product),
- generate awareness with the appropriate message, in creative, widespread campaigns (promotion),
- offer it at a price point acceptable to the company and the customer (price), and
- make it available in whichever distribution channels are most suitable (place).

However, if horse drawn carriages are systematically being replaced by automobiles and your widget is a buggy whip, a perfect 4P Plan would not be enough!

This example is perhaps comically elementary—however, over the 100-year span that created what we now call marketing and branding, companies of all sizes floundered because they failed in some way to meet their changing customer's needs. As situations changed and new trends emerged, they did not notice or could not adapt quickly enough. It was understandable that leaders of profitable companies became accustomed to company practices that they had successfully relied upon for years. They continued *reinforcing* their brand when they should have been adapting by *refocusing* along either the repositioning or rebranding continuums to better align with trends of the time. Most of the companies and brands discussed in this book survived and dominated their markets for over 100 years because they paid attention, recognizing and quickly adapting to the fluxing nature of their markets.

Examples of when companies particularly paid attention to the 5th P of perception are as follows.

Sears, Roebuck & Co. (1894)

The rural migration West in the United States posed a unique distribution challenge for established retailers. By creating a catalog-driven (#15), mail-delivered system of commerce, Sears, Roebuck & Co. turned this challenge into one of the biggest opportunities in retail history and went on to dominate their market. Their early instincts and insights were also fueled by innovative pre-computer-era data collection methods. In the initial decades of operation, Sears manually tracked what individual customers purchased from catalog-to-catalog, year-to-year.[1] Based on these sales records, as well as other demographic information, Sears divided their customers into nearly 200 different classifications.[2] Maintaining "Big Data" purchase details by customer helped Sears gain insight into market shifts and trends, allowing them to tweak their catalog product selection, pricing, and seasonal promotions to perfectly match the demands of their various customer segments.

Much later in the company's history, Sears caught the beginning of a new retail trend again, and refocused their brand. As people moved out to the suburbs, Sears became one of the earliest anchor tenants in malls and plazas nationwide. But as the use of technology escalated consumers began shifting to the convenience of online shopping. This time, Sears was not a *first-to-use* or even a *fast-follower*. Leading the way were companies like Amazon who understood how to use the internet to meet customer needs and demands, quickly displacing Sears' one time dominance.

Additional Examples

- Henry Heinz's ability to react to situational trends and concerns began with his very first product—horseradish. Reacting to complaints about other producers cutting their horseradish with turnips or other less expensive ingredients, Heinz began promoting the purity of their products, eventually even changing their packaging to clear, see-through, individually sized glass bottles, placing Heinz at the forefront of another major societal trend (convenience packaging). Heinz led the safe-food movement, even partnering with the newly formed US Food and Drug Administration to promote processed food labeling. The Heinz label garnered consumer trust that translated into long-term brand equity.
- The young William Wrigley initially focused more attention on his customer's needs and desires than on any one product. Noticing that his gift premiums were more desirable than the original products sold, Wrigley wasted no time in turning premiums into the product offerings themselves, moving from selling his father's soap, then baking powder, to eventually chewing gum. Through innovative marketing campaigns that relied on delighting customers, Wrigley dominated the chewing gum market for over a century.
- To sell their newly modified and cleverly packaged rolled oats product, Quaker Oats did not rely on convincing *retailers* to stock their higher priced brand. Instead, they focused on the current sanitation

concerns of the public and developed clever promotional campaigns aimed directly at *consumers*. Explaining how their convenient-to-use nutritional breakfast cereal also eliminated a much talked about environmental concern (insect- and rodent-infested open food barrels) was insightful. Customers began demanding Quaker's product and grocers scrambled to stock it.

- Michelin not only noticed that automobile technology was creating a transportation transformation, but they also stepped forward to lead the way by educating and encouraging French car owners to seek driving adventures. Michelin knew that if more people frequently traveled longer distances, they would sell more tires. They dedicated enormous efforts in listening to the challenges and adventures of these earliest car owners, even co-creating travel guides from feedback these early adopters provided.
- The value of a trademark to protect the reputation and visually help communicate a company's message and position is undeniable. Vintage companies like Bass, the first to receive a trademark in the UK; Quaker, an early recipient in the United States; and Aunt Jemima, who expanded trademark rights to complementary items, all understood how trademarking their brand would give them inherent market power and ultimately increase their brands' equity.
- Four years after beginning company operations, Planters took advantage of the release of the popular song "Take Me Out to The Ballgame." Capitalizing on the lyrics "buy me some peanuts and Cracker Jack," Planters deliberately linked a new sub-brand of Pennant peanuts to the game of baseball, which at the time was one of America's favorite pastimes. Sales of Planters Pennant brand peanuts contributed to overall sales growth and increased brand loyalty and brand equity.
- Capitalizing on a recipe they obtained, Smith Brothers experimented with making small batches of cough drops and selling them in their restaurant. Later, observing that stage coach travelers would deliberately stop in Poughkeepsie to purchase quantities of their cough drops, they decided to bolster this natural WOM promotion. They increased production and took advantage of the transportation system to broaden awareness. Demand for their cough drops soared. When copy-cat drops cut into their sales, they were quick to use trademarking and packaging to maintain their dominance.

- The use of celebrities or mascots to promote a company's offering revolves around society's acceptance of the value of associating with them. This value is based upon their ability to remain current and relevant to the product's message. If they no longer conjure up a positive public image, they lose their relevant promotional power. Using celebrities or mascots to endorse products is critically dependent upon timing, and the values a society or a market currently admires and wishes to emulate. The image of a boy and his talking dog represented Buster Brown Shoes effectively for over 100 years.
- During the Great Depression, perfume came to be considered an extreme luxury. The door-to-door sales force from the California Perfume Company could not even get in the door at most households. In 1935, to maintain stability, the company underwent significant changes that resulted in a radical *renaming*, adopting a popular product line brand name—Avon—as their new corporate name. This renaming illustrates the Brand Flux Model options in extreme; it is a clear example of a radical change in corporate image that resulted from a company adapting to better align with changes in society that impacted their target market. "Ding Dong, Avon Calling" as a new slogan opened doors, allowing the company to survive and flourish despite hard times.

Brand Equity

Many companies succeed adequately in business by managing the 4P marketing mix. It is the "art" of marketing to know when and how to adapt to the demands of the market and to maintain the edge of differentiation by revitalizing, refocusing or even renaming when necessary, that builds and sustains the reputation and brand equity of a company or brand over decades. We leave to others to calculate the financial value of the increase in brand equity of the 30 companies or brands presented in this book, but conclude by reflecting upon the fundamental concept inherent in brand equity—that of satisfying customer demand by providing ongoing value. Table 7.2 lists the longevity of the 30 vintage differentiation companies or brands. All but four have maintained their strong brand to this day, undergoing decades of brand flux. The surviving companies and brands have existed for an average of 126 years, a testament to the management skill of the leaders who constantly adapted to trends in the marketplace that impacted the original products, and the marketing and brand strategies used to differentiate them.

Table 7.2 Current status of vintage differentiation companies/brands

Name	*Company or brand*	*Years operating*	
A & P	Company and store brand	1859–2017[a]	158
Aunt Jemina	Product brand	1889–2017	118
Avon	Company	1886–2017	115
Chicago Corset Co./Ball's	Company/product brand	1880–1946	66[*]
Bass	Company	1876–2017	125
Buster Brown Shoe Co.	Company/product brand	1902–2017[b]	114
Coca-Cola	Company/product brand	1886–2017	115
Cow Brand/Arm & Hammer	Product brand	1867–2017[c]	150
Dr Pepper	Company/product brand	1885–2017	116
Fuller Brush Company	Company	1906–2017	111
Gillette	Company	1904–2017	113
H. J. Heinz	Company	1869–2017	138
Horn & Hardart	Company	1902–1991	89[*]
Hoyt's German Cologne	Company	1870–2017	147
Larkin Company	Company	1875–1942	70[*]
Michelin	Company/product brand	1889–2017	118
Morton Salt	Company/product brand	1848–2017	169
Pepsi	Company/product brand	1890–2017	117
Piggly Wiggly	Company	1917–2017	100
Planter's Peanuts	Company/product brand	1904–2017	113
Mrs. Pott's Iron	Product brand	1871–1951	80[*]
Prudential Insurance	Company	1875–2017	126
Quaker Oats	Company/product brand	1877–2017	124
W.T. Rawleigh	Company	1889–2017[d]	118
Reddy Kilowatt	Association brand	1926–2017[e]	91
Sears	Company	1894–2017	113
Singer	Company	1851–2017	166
Smith Brothers	Company/product brand	1847–2017[f]	169
J.R. Watkins	Company	1868–2017	149
Wrigley	Company	1891–2017	116

[a]Announced bankruptcy in late 2015; [b]Renamed Caleres, Inc. in 2015, and licensed Buster Brown name to another shoe company; [c]Cow Brand discontinued in 1960, yet "sister" brand of Arm & Hammer still exists; [d]Now a division of Golden Pride, Inc.; [e]Limited use internationally; [f]Brand acquired by Lanes Brands in 2016; [*]The companies not printed in bold, no longer exist

Notes

1. Schmid, J. (2000). *Creating a profitable catalog: Everything you need to know to create a catalog that sells.* Chicago: NTC Business Books. Electronic.
2. Middleton-Hughes. (2006). *Strategic database marketing* (3rd Edn). New York: McGraw-Hill. Electronic.