The Art of Marketing: Communicating Customer Value More Efficiently

Case: Art Dealers

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ABSTRACT

This thesis aimed to provide customer value communication solutions for the start-up company Art Dealers, operating in Mexico. The study looked at the ways to improve the efficiency of such communication. First, it involved building a theoretical base for the research, then researching and analyzing the internal and external business environment affecting the company, and finally making corresponding recommendations. The data presented in this thesis was collected using various methods like desk research (studies, statistics, articles, books, etc.), customer surveys, observations and interviewing, and analyzed using SWOT, PEST and the Porter’s Five Forces analyses. Moreover, during the whole process, the author had full access to the case company’s social media profiles and statistics, which helped to keep track of the company’s KPIs and compare them to those of competitors.

The recommendations included suggestions for the case company based on the found and analyzed information. These suggestions consist of two parts: a defined two-month promotion strategy combining both traditional and online elements, as well as the content of the message the company should use to achieve the “top-of-mind” level of brand awareness.

The final chapter contains conclusions that were drawn based on the work done in order to reach the research objective.

Keywords Value Communication, Promotion Strategy, Storytelling

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CONTENTS

1 INTRODUCTION ........................................................................................................................................... 1
   1.1 Project Description .............................................................................................................................. 1
   1.2 Case Company Description ............................................................................................................... 1
   1.2 Research Problem .................................................................................................................................. 2
   1.3 Research Question .................................................................................................................................. 2

2 THEORETICAL FRAMEWORK .................................................................................................................... 4
   2.1 Promotion as a Part of Marketing Mix ................................................................................................. 4
   2.2 Promotion Mix In The Digital Era ........................................................................................................ 7
   2.3 Delivering Value to a Customer ......................................................................................................... 10
   2.4 Value Communication and Brand Awareness .................................................................................. 11
   2.5 Integrated Marketing Communications ............................................................................................. 14
   2.6 Storytelling as a Tool for Value Communication ............................................................................. 16
   2.7 Promotion Strategy Framework ......................................................................................................... 18

3 RESEARCH AND ANALYSIS ....................................................................................................................... 23
   3.1 Environmental Analysis ...................................................................................................................... 23
      3.1.1 Economic Factors .......................................................................................................................... 23
      3.1.2 Socio-Cultural Factors .................................................................................................................. 25
      3.1.3 Technological Factors .................................................................................................................. 25
   3.2 Company Situation Analysis .............................................................................................................. 26
      3.2.1 Company Size and Organizational Structure ............................................................................. 26
      3.2.2 Services ........................................................................................................................................... 27
      3.2.3 Marketing Strategy ........................................................................................................................ 27
         3.2.6.1 Objectives .................................................................................................................................. 28
         3.2.6.2 Target market ............................................................................................................................. 29
         3.2.6.3 Value proposition and USP ........................................................................................................ 30
         3.2.6.4 Marketing mix ........................................................................................................................... 32
         3.2.6.5 Budget ....................................................................................................................................... 33
      3.2.4 Company KPIs ............................................................................................................................... 33
      3.2.5 Competitors ..................................................................................................................................... 33
      3.2.6 SWOT analysis ............................................................................................................................... 34
   3.3 Market Analysis: Porter’s Five Forces ................................................................................................. 35
      3.3.1 Competition in the Industry ........................................................................................................... 35
      3.3.2 Threat of New entrants into the Industry ....................................................................................... 36
      3.3.3 Bargaining Power of Suppliers ..................................................................................................... 37
      3.3.4 Bargaining Power of Customers .................................................................................................... 37
      3.3.5 Threat of Substitute Products ....................................................................................................... 38
1 INTRODUCTION

Product and brand value communication is crucial for businesses trying to establish relationships with their customers, as it helps strengthen the message consistency and increase sales. Effective value communication helps to unify various brand images and messages, letting companies reach the right customers with the right message and at the right time. The efficiency of brand communication depends on different factors, including the communication objectives, communication channels and the marketing mix.

The research study presented below looks at the ways businesses can improve their customer value communication and provides possible solutions using the example of a case company Art Dealers.

1.1 Project Description

The following research was conducted within the Bachelor thesis project at HAME University of Applied Sciences, Valkeakoski Campus, Finland. The aim of this project is to make a research on the case company chosen for the thesis and the market it operates in, and provide this company with recommendations concerning solutions to their current business problems.

The target audience of this Bachelor thesis includes the board of professors at HAME University of Applied Sciences, as well as the founders of the case company.

The geographical scope of the conducted research covers the region of Quintana Roo, one of the 31 United Mexican States, located on the Caribbean shore of the country.

1.2 Case Company Description

The case company chosen for this thesis project is a Mexican start-up organization called Art Dealers.

Art Dealers is a young arts and entertainment organization from Mexico. The case company was founded in Playa del Carmen, Quintana Roo in March 2017 by two friends Marco Hidalgo and Rodrigo Villanueva.
In the beginning, Art Dealers was meant to operate in the music event organization field. The services were offered to such public spots as hotels, hostels, restaurants and bars, in order to promote their business, as well as diversify the nightlife scene in the area.

During the first half a year since its foundation, Art Dealers was operating only within Playa del Carmen, which is in fact a good location for small start-ups in the arts and entertainment industry to grow. This is mainly due to large numbers of tourists coming to the city all year round. In addition, Playa del Carmen is a hometown to a popular electronic music festival BPM, which is now held in Portugal, as well as a host to many major electronic music events.

During this time, Art Dealers has organized over 10 electronic music events with an average attendance of 100+. The company has also cooperated with a few other organizations providing similar services. In July, Art Dealers signed a contract with a new bar-club in Playa del Carmen, that allowed the company to held regular weekly events in the place.

Recently, the organization has undergone a significant change: Art Dealers expanded the area of their operations, and created a platform that provides multiple services in the art and entertainment, as well as social media industry.

The company created pages in two major social media platforms – Facebook and Instagram. In first 20 days of presence in social media, Art Dealers has reached over 1,500 views, gained over 70 followers in total and have achieved an average of 10 likes per post.

Since that, Art Dealers has also obtained some new customers and cooperated with a few local artists. (M. Hidalgo, 2017).

1.3 Research problem

The problem that the following thesis addresses lies in the fact that the current customer audience of Art Dealers remains small, and its brand awareness rates are relatively law, which directly affects its brand value and profits. Promotion element in the company’s marketing strategy needs to be developed.

1.4 Research question

The research question of this thesis is as follows:
“How can Art Dealers communicate the customer value more efficiently?”

The main research question can be divided into two sub-questions:

• What kind of message should Art Dealers communicate?
• What kind of promotional strategy should Art Dealers employ to make their message attract wider range of leads?

The thesis aims to answer these research questions in the end of the research and analysis, in order to provide the case company with marketing recommendations and solutions to its business challenges.
2 THEORETICAL FRAMEWORK

The following chapter of this thesis serves as a theoretical base for the further research and analysis activities. The theoretical framework of this research study consists of the following aspects:

- Promotion as a Part of Marketing Mix
- Promotional Mix in the Digital Era
- Delivering Value to a Customer
- Value Communication and Brand Awareness
- Integrated Marketing Communications
- Storytelling as a Tool for Value Communication
- Promotion Strategy Framework.

2.1 Promotion as a Part of Marketing Mix

Marketing mix is one of the two interrelated parts of a company’s marketing strategy that implies certain controllable variables the company combines in order to satisfy their target customer group (E.J. McCarthy, W.D. Perreault 2002, 46). Kotler (2000, 9) defines marketing mix as the “set of marketing tools that the firm uses to pursue its marketing objectives in the target market”.

There are four basic elements of the marketing mix: product, price, place, promotion – which are also known as “4Ps”. (E.J. McCarthy, W.D. Perreault 2002, 48). All of these elements always work together, and a unified body if information serves as the source for each of them. (Cleverism 2014).

Promotion is the communication aspect of the marketing mix. Perreault and McCarthy (2002, G-8) define the term as “communicating information between seller and potential buyer or others in the channel to influence attitudes and behaviour”. It includes all the activities that involve communication with the customer concerning the product, its features and benefits. (Cleverism 2014). Promotion implies telling the target market or others in the channel of distribution about the “right” product. It includes such methods as personal selling, mass selling, and sales promotion, which have to be blended and balanced for successful communication. (E.J. McCarthy, W.D. Perreault 2002, 49).

Personal selling is a method involving direct spoken communication between a seller and a potential customer. This communication method allows to adapt the company’s marketing mix to each potential customer, which on the other hand, can be very expensive.
Mass selling is a method that involves communication with large amounts of customers simultaneously and comes in two forms: advertising and public relations.

Sales promotion is a method that implies stimulating interest, trial, or purchase by final customers or others in the distribution channel. (E.J. McCarthy, W.D. Perreault 2002, 49).

These communication methods together compile “promotion mix”, which will be further discussed in a more detailed manner.

Marketers believe that a good or service themselves mean nothing unless their value and benefits can be communicated to the target customer (LearnMarketing.net n/d).

Promotion creates a channel for conversation with the targeted consumer base, through which an organization attracts customers’ attention and gives them valuable information about their product through different media platforms raising customers’ interest and motivating them to make a purchase. Such information can be both verbal and visual. (Cleverism 2014).

Promotion helps organization achieve certain goals that may, for instance, include increase in sales, acceptance of new products, brand equity creation and brand positioning, addressing competitor actions, as well as rebranding. (Cleverism 2014).

Depending on the company’s expectations from their promotional activities, certain objectives of promotion can be developed. Some common promotion objectives are as follows.

*Building awareness.* This refers to selecting promotional activities that help to inform the market about the company and their product. This objective mostly applies to new companies, new brands or new products, when it is an identity within the market needs to be created. However, it is also relevant for rebranding or building up a failing product.

*Creating interest.* This objective implies moving the customers that are already aware of the product to actual purchasing behaviour. A marketer needs to identify a need that the product can satisfy and get the customer to recognize this need as something unfulfilled.

*Providing information.* Such an objective is applicable for cases, when the companies need to explain features and benefits of a new product, introduce new features of an existing product, or communicate changes in business practices and company policy concerning environmental, health and other important issues.
Stimulate demand. This objective is relevant, for instance, for companies that aim to enhance their sales, that have been lower than usual, by re-engaging old customers and attracting new ones. Another example could be increasing sales at certain times of the year like holidays season.

Differentiate product. Sometimes companies utilize promotional activities in order to differentiate their product in the market with tough competition and make the product stand out from the crowd.

Reinforce the brand. Strengthening the brand is one of the basic objectives of promotion. Strong position in the market may help to develop brand loyalty, as well as create brand “promoters” within the customer base. (Cleverism 2014).

Any kind of promotional activity a company employs is normally targeted at a specific audience, which means that the activity implies using certain messages, cues and information that this audience will respond to. In most cases, promotion’s target audience is the actual target customer group. However, there might be other groups of target market influencers or potential stakeholders. Thus, main targets of promotional campaigns include:

- Actual audience. This group includes a company’s current customers, former customers, as well as any potential new customers.

- Influencers. Influencers are individuals or organizations that can influence the target market. Making a good impact on this group may help to encourage sales in future. This group includes media, opinion leaders, trade associations, and special interest groups.

- Members of distribution channel. This is an important category of targets, since they make up a channel through which a product reaches the end consumer. Influencing distribution channel members in a positive way may encourage them to display one company’s product in a more prominent position that the others.

- Other companies. Establishing positive relationships with other companies opens opportunities to collaborate on joint ventures. (Cleverism 2014).

2.2 Promotional Mix in the Digital Era
Although promotional activities are sometimes mistakenly narrowed to just advertising, there are a number of other ways through which a company can reach its potential customers or partners.

As mentioned before, promotion mix is a blend of advertising, public relations, personal selling and direct-marketing tools used by the company for communicating customer value and building customer relationships.

Through the promotional mix, a company aims to accomplish two basic objectives: to make the customer aware that the product and brand exist, and to persuade them to actually pick this product over all others and continue to buy it (Cleverism 2014).

Thus, various communication methods that help organizations promote their products and brands compile promotional mix. Traditionally, the promotional mix is made up from advertising, public relations and sponsorship, sales promotion, direct marketing and personal selling. In later marketing textbooks, another additional promotional mix element is presented: internet promotion. (A. Drugge 2014, 6). A company chooses to use one or more of these methods ensuring that a customer receives a clear, consistent, effective and direct message. The choice rather depends on the company’s marketing and sales strategies and budget allocations.

The first element of the promotional mix is advertising. This communication method is normally paid and has little or no personalized message. The message is often carried by mass media which includes television, radio or newspapers and magazines, as well as billboards, posters, web pages, brochures, direct mail etc. Traditionally, advertising has been a one-sided communication mode. However, the development of new media now allows for quick feedback. (Cleverism 2014).

One of the most important advantages of advertising is that it can reach masses of geographically dispersed consumer at low cost per exposure. On the other hand, this method has such disadvantages as lack of flexibility, limited capability to close sales and impersonality. (A. Drugge 2014, 6).

Another promotional mix tool is publicity, also known as public relations. It implies developing a positive relationship between the organization and the public, which means both creating favorable publicity through the media and minimizing the impact the impact of negative situations. (LearnMarketing.net n/d). This communication method aims to increase positive mention of the product or brand in influential media outlets like newspapers, magazines, talk shows, social
networks and blogs. It also includes getting the product tested by super users or influencers. (Cleverism 2014).

Sponsorship is a part of public relations activity where a company sponsors an organization or event to increase brand visibility.

The advantage of publicity is that it is more believable than advertising. Customers tend to consider news stories, features, events, and sponsorships more reliable. The disadvantage of this method is the loss of control over the message, which can be distorted. (A. Drugge 2014, 6).

**Personal selling** is a promotional method that connects company representatives with the consumer. The interaction is done either in person, over the phone or over email or chat. The objective of this contact is to create a personal relationship between the customer and the company.

This promotional tool can be extremely effective at certain stages of buying process. However, it also may get costly.

Another promotion mix element is **direct marketing**. It implies targeting specific influential potential users through telemarketing, customized letters, emails and text messages (Cleverism 2014).

Direct marketing can be beneficial since it provides interaction between the company and the consumer and the messages can vary depending on the consumers’ response. In addition, the activities are less visible to competitors. On the other hand, response rates can be low when poorly targeted. (A. Drugge 2014, 6).

Sales promotion is a tool implying short term strategic activities, such as seasonal discounts, contests, samples, etc. that aim to encourage a surge in sales. However, the effect of sales promotions is normally short-term. Besides, excessive use of incentives may worsen brand image. (A. Drugge 2014, 6).

As mentioned earlier, these five tools compile the traditional promotional mix. However, it has been changed with the emergence of social media and internet in general. Social media has affected the mechanics of customer behaviour and therefore it has caused communication methods and strategies to evolve. Researchers and marketing professionals now are considering social media as a hybrid element of the promotional mix. (W.G. Mangold & D.J. Faulds 2009, 357-358).

Mangold and Faulds in their article (2009, 358) propose that social media has two interrelated roles in the marketplace. First, it provides
companies with the opportunity to talk to their consumers, and second, it enables consumers to talk to one another. The authors consider this second role of social media as an extension of traditional word-of-mouth communication, but its uniqueness lies in the magnitude of communication.

Researchers argue that social media is a hybrid element of the promotion mix, as it combines characteristics of traditional tools with a “highly magnified form of word-of-mouth communication” whose content and frequency cannot be controlled by marketing managers. Another factor that makes social media a hybrid lies in the fact it “springs from mixed technology and media origins that enable instantaneous, real-time communication, and utilizes multi-media formats and numerous delivery platforms, with global reach capabilities”. (W.G. Mangold & D.J. Faulds 2009, 358).

The development of social media has provided consumers with an ability to communicate with one another and has limited the amount of control companies have over the content and dissemination of information. Nowadays, consumers have greater access to information and greater command over media consumption than ever before, and this shift in the information control is changing the way consumers receive and react to market information. (W.G. Mangold & D.J. Faulds 2009, 358). Therefore, marketing managers cannot ignore the phenomenon of social media anymore, and have to find ways to incorporate social media into their promotional strategies.

Thus, several implications can be made regarding the impact of social media development on promotion mix. The Internet has become the greatest source of media for consumers. Consumers are turning away from the traditional sources of advertising and demand greater control over their media consumption. Consumers are turning to various social media types when conducting their information search and making their purchasing decisions. Consumers perceive social media as a more trustworthy source of information about products and services than corporate-sponsored communications that are transmitted via the traditional promotion mix tools. (W.G. Mangold & D.J. Faulds 2009, 360).

2.3 Delivering Value to Customers

American entrepreneur and author Seth Godin defined a value as “the sum total of how much extra people will pay, or how often they choose, the expectations, memories, stories, and relationships of one brand over the alternatives”. (S. Godin, 2009).
Marketing professionals believe that customers base their buying decisions on two criteria:

- The benefits of a given product or service
- The cost of a purchase of a given product or service

The value for the customer is represented by the difference between the product benefits and the cost.

Researchers argue that today’s customers have an expanded concept of value, which includes the convenience of the purchase itself, as well as after-sales services in addition to the traditional benefits like quality and price. (A. Wenben Lai, 1995).

The cost of a purchase, apart from the price, includes such non-price factors as time, effort, energy, etc.

Creating the customer value helps to improve customer satisfaction and customer experience, increase customer loyalty, market share, efficiency and price (G. Mahajan, 2016). The reverse is true, as well. Increases in market share and profits often indicate that a company is providing its customers with superior value (M. Lanning, E. Michaels, 1988).

The first step in developing customer value proposition is analyzing the benefits of the product that potential customers want and how much they are ready to pay for them. Knowing what is valued by customers helps to divide potential customer into certain segments.

When all the relevant customer segments are identified, the next step is to assess the opportunities to deliver superior value to each segment. A company’s ability to deliver value may vary from one customer segment to another.

Once a company decides how it can provide superior value to various segments, the profit and growth opportunities of each segment can be estimated.

The business systems of the companies trying to deliver customer value are often divided into customer-oriented stages.

Choosing the value is the first stage. This implies understanding value drivers, selecting target, defining benefits and price.

The next stage is providing the value. This stage includes product and process design, procurement, manufacturing, distribution, service, and price.
Communicating the value to the customer is the final stage that includes designing a sales message, advertising, promotion, and public relations. (M. Lanning, E. Michaels, 1988).

**EXHIBIT 5**

*The value delivery system vs. the traditional model*

![Diagram showing the value delivery system compared to the traditional product-oriented system.]

2.4 Value Communication and Brand Awareness

Promotion can influence the consumers at any stage of the consumer buying process. Researchers state that promotion mix creates awareness, communicates attributes and benefits, reminds and refreshes to ensure top of mind awareness and that a brand is in consumers’ consideration set, therefore generates repeat purchase and over time contributes to loyalty and the franchise of a brand. (U. Piratheepan, A. Pushpanathan 2013, 270).

Communications can produce stronger message consistency and greater sales impact. It also gives someone responsibility to unify the various brand images and messages, and it improves the firm’s ability to reach the right customers with the right messages at the right time and in the right place. (D.Y. Baeva 2011, 51).

To achieve effective communication of their products and brand values, organizations should carefully determine their communication objectives, select the exact communication channels and decide on the marketing mix. Professionals identify four possible objectives for promotion communications, as follows:

1. Category need
Establishing a product or service category as necessary to remove or satisfy a perceived discrepancy between a current motivational state and a desired emotional state.

2. Brand awareness

 Ability to recognize or recall the brand within the category in sufficient detail to make a purchase. Recognition is easier to achieve than recall, but recall is important outside the store, whereas brand recognition is important inside the store. Brand awareness provides a foundation for brand equity.

3. Brand attitude

 Evaluation of the brand’s perceived ability to meet a currently relevant need. Relevant brand needs may be negatively oriented (problem removal, problem avoidance, incomplete satisfaction, normal depletion) or positively oriented (sensory gratification, intellectual stimulation, or social approval).

4. Brand purchase intention

 Self-instructions to purchase the brand or to take purchase related action. (D.Y. Baeva 2011, 52).

 Brand awareness refers to whether consumers can recall or recognize a brand, or whether or not consumers know that a brand exists. Brand awareness is the first step in the process of building brand equity.

 The brand name provides the memory nodes in consumers' minds. Consumers further link the related brand knowledge to the brand name, which finally constitutes brand equity. Therefore, brand awareness provides a learning advantage for the brand.

 Brand awareness affects consumer decision-making, especially for low-involvement packaged goods. Brands familiar to consumers are more likely to be considered by the buyers. Brand awareness is often used as a purchase decision heuristic, therefore, increasing brand market performance. (R. Huang, E. Sarigöllü 2011, 92).

 Researchers define three levels of brand awareness with each level having its own purpose and implications.

 Brand recognition (aided awareness). Recognition reflects familiarity and linking acquired from past exposure. Remembering as such, one brand among others is a manner of aided recall.
The purpose of brand recognition is to reassure the brand. Aided awareness helps the brand to get out of the anonymity. The importance of aided awareness is at the point of purchase.

Brand recall (unaided awareness). Recall reflects awareness of a brand when it comes in mind as soon as its product class is mentioned. It is a manner of unaided recall. The purpose of brand recall is to position the brand on the immediate memory shortlist of brands. This is important in the decision process where the first shortlist is based on immediate memory before the brands are examined in dept.

Top of mind. The highest awareness level, the brand dominates the mind and appears as first whenever applicable.

The purpose of top of mind is to position the brand as the preferred brand in the mind of consumers. This is crucial under the circumstances where buyers have to make a decision without having a selection process and/or have a low involvement. (D.Y. Baeva 2011, 44).

High level of brand awareness brings about various benefits.

Thus, it delivers the learning advantage (the higher the level of awareness the easier people learn about the brand and the better the brand is registered in the mind); the brand as part of the consideration set; as well as the choice advantage within low-involvement purchase decisions in case of a lack of purchase motivation and/or ability. (D.Y. Baeva 2011, 45).

Companies are always looking to increase brand awareness, and this is done in many ways; starting with always offering a great product or service, and including communication aspects; such as a good advertising campaign, public relations, a strong presence on social media and the internet, proper product placement in shops, and by using promotional products. (smallbusiness.co.uk 2015).

Advertising is the most important communication method when it comes to developing brand awareness. It creates and increases brand awareness by exposing brands to customers. Advertising also increases the brand's likelihood of being included in consumers' consideration set, thereby enhancing market performance of the brand. Brand association (brand awareness) positively relates to advertising expenditure invested in the brand. (R. Huang, E. Sarigöllü 2011, 94).

The objective of public relations is to look after the nature and quality of the relationship between the organization and its different publics,
and to create a mutual understanding. PR covers a range of activities, for example the creation and maintenance of corporate identity and image; charitable involvement, such as sponsorship, and community initiatives; media relation for the spreading of good news, as well as for crisis management, such as damage limitation. Moreover, an organization can attend trade exhibitions to create stronger relationships with key suppliers and customers as well as enhancing the organization’s presence and reputation within the market. (U. Piratheepan, A. Pushpanathan 2013, 270).

*Social media* tools can be very powerful and if they are used in an efficient manner they can raise brand awareness in the online environment and not only. (M. Bîja, R. Balas 2014, 163). Online social platforms allow companies to heighten their brand awareness.

### 2.5 Integrated marketing communications

Integrated marketing communications is the integration of various communication channels aimed to deliver clear, consistent and effective message about the organization and its products/services.

Integrated marketing communications strategy has emerged quite recently. This strategy aims to blend modern and traditional marketing strategies in order to create an efficient and reliable tool for communicating the company’s message to the relevant stakeholders. (L. Lake, 2017). The communication can be considered effective, when the message is passed without any disruption and has the best clarity.

Integrated marketing communications also help to promote relationships between companies and their target audience.

Some of the benefits of the integrated marketing communications include better informed consumers, more communication, less mass marketing, and changing communications technology. (Kotler, 2010).

The main purpose of integrated marketing communications is the development of a mutually beneficial relationship between a company and a customer (L. Lake, 2017).
The primary step in developing an integrated marketing communications strategy is to identify the target audience – the prospective customers. At this stage, various characteristics of the customer are determined, such as age, gender, education level, income, geographic location, etc. Based on this data, the needs of the target customers are defined and addressed.

Further, the communication objectives and targets are determined. The main objective of the strategy is always a purchase resulting from a consumer decision making process.

Once the objectives are set, the message of the company needs to be designed. Marketing specialists recommend using the AIDA model, according to which the message has to get attention, hold interest, arouse desire and obtain Action. (P. Kotler, 2010).

The different types of message content may have a rational, emotional or moral appeal. A rational appeal relates to the customer’s self-interest. An emotional appeal implies causing positive or negative emotions in order to motivate the purchase. A moral appeal relates to the customer’s sense of proper and improper.

The following step is to choose the media for communication. This can be either personal communication (face-to-face, phone, email, etc.), or non-personal communication (including major media, atmospheres and events).
Finally, a company has to select the message source. The audience’s perception of the communicator affects the message’s impact and efficiency.

2.6 Storytelling as a Tool for Value Communication

Everyone loves a good story. That’s especially true when it comes to advertising. According to a new study, campaigns that tell a brand story before asking people to buy something are significantly more effective than ones that focus immediately on encouraging people to take an action. (Facebook 2014).

Emotional branding is a progressive marketing strategy that has the potential to drive revenue and increase customer retention. How a person feels about your brand typically determines whether they buy your product. A brand is a matter of perception. When you tell a story that embodies human challenges, you create an experience that resonates with your customers. (I-Scoop n/d).

The research conducted by social media advertising technology firm in partnership with Facebook states that quality and engagement are critical when developing a customer-base with real lifetime value. By telling the brand’s story during the acquisition process, and building awareness and consideration before driving to conversion, companies are able to increase their return-on-investment and ultimately acquire a more informed and qualified subscriber. (Facebook 2014).

Brand storytelling isn’t a new concept. Brands of all sizes realize the need to entertain their customers and prospects via the age-old method of storytelling. The opportunities to tell stories as part of direct and indirect brand marketing initiatives have become a strategic priority. (S. Olenski 2015).

Some professionals consider that a story is often the main ingredient of business presentation, while data is the spice. And no matter how logical, linear or analytical is a company’s audience, it has to speak to their heart in order to win their mind. (M. Ditkoff 2016).

Thus, storytelling, is an essential content marketing technique that has a crucial place in a content marketing strategy, the ‘conditio sine qua non’ for businesses that want to make the difference in these social and content-intensive times. (I-Scoop n/d).

The use of storytelling in marketing continues to evolve. Nowadays, it is not just a technique in the creation of written and visual content.
Single format storytelling has evolved into transmedia storytelling and will keep doing so (L. Odden n/d).

Effective content marketing is about mastering the art of storytelling (I-Scoop n/d).

“The challenge is in figuring out how to share that story in a way that aligns with the needs and priorities of prospects and customers. But, it’s not just sharing the story. It’s about making the story so compelling that it elevates perceptions of value and urgency resulting in more qualified leads and faster purchasing momentum” (Ardath Albee). (I-Scoop n/d).

Forbes suggests the following benefits for brands who utilize storytelling as part of their marketing strategies.

Storytelling conveys the brand’s personality.

Storytelling is the perfect platform to let the brand’s personality shine through. Not by selling but via the stories you tell whether they are created by the brand itself, via user-generated or a combination of both. Companies should never be afraid to let the personality of their brand come through loud and clear via storytelling. Customers want to see and experience the brand’s personality.

Storytelling brings the brand in front as the lead.

It is essential to portray the brand as the protagonist in the story. Doing this, will ensure the brand is intrinsically linked to the story’s message.

Storytelling hits the emotional quotient.

Storytelling in of itself is perhaps the best way to hit that emotional chord with your customers.

Storytelling keeps customers coming back for more.

Any brand on the planet wants its customers and prospects for that matter, to come back for more. And the ‘more’ can manifest itself in many ways including sales of course but that gets old real fast. A better way to keep them coming back is via storytelling. (S. Olenski 2015).

Nowadays, the increasing attention for digital storytelling is driven by necessity but also goes hand in hand with the rise of predominantly digital marketing channels and tactics which lend themselves for it. (I-Scoop n/d).
Summing up, storytelling is essential to well-rounded marketing strategy.

Psychology has long shown that people are strongly influenced by storytelling; a story can completely change the way they look at, feel about and think of things. In marketing, good storytelling can be used to shift how consumers view a brand, service or product, and can inspire them to act. (I-Scoop n/d).

Marketing professionals claim that developing a “heart-felt story that speaks to why you are in business” helps to improve brand recognition and communication. (Forbes 2013).

Using a story — fictional, historical, testimonial, etc. — helps to paint the picture for a company’s audience, and cast the brand as a problem-solving secondary character, and making consumers more likely to reflect on the company favourably.

2.7 Promotion Strategy Framework

The description of promotion strategy tells how a company will communicate their marketing message to prospective customers.

In their marketing plan, organizations should provide a complete outline of their promotion strategies, including a detailed description of target customer, market area, marketing message, the creative approach that will be used to convey the message and advance the brand image, the media channels that will be employed to reach prospective customers, and the budget that has been allocated to get the job done. (S.D. Peterson, P.E. Jaret, B.F. Schenck n/d).

A company may use different strategies to promote its products. These can be broadly categorized as push and pull strategies. Both strategies differ in how the customer is approached.

Push strategies

This type of strategy implies the product being taken to the customer by the company, which is mostly used when the product is an impulse purchase or if the company has an established relationship with the customer base. Companies may sell directly from their showrooms or at tradeshows etc. Essentially, there is less need to create an advertising buzz and more to make the product readily available at retail outlets and showrooms. Push marketing may focus primarily on short term sales.
Pull strategies

In pull strategies, customers are pulled towards the brand or product. Through mass media campaigns to sales promotions and personal references, a company attempts to create brand loyalty and attractiveness. Pull strategies may attempt to focus primarily on long term brand loyalty then high sales in the short term. A lot of media hype and mass campaigns are required to create sufficient interest and encourage customers to seek out the product on their own. (Cleverism 2014).

Most companies use a mix of these two strategies, or so-called hybrid strategies.

Hybrid promotion strategies incorporate both push and pull elements. One type of hybrid strategy involves simultaneous initiatives to both resellers and end users. Another type involves partnering with retailers to help them sell the product, often partly at the manufacturer's or wholesaler's expense. Network marketing is a particularly innovative hybrid strategy because it recruits people who function as both resellers and end users at the same time. (D. Carnes, Chron n/d).

Designing the promotional campaign, it is important to follow the following steps: setting the objectives of promotion; identifying of target audience; determining the content of the promotional message and time for the promotional campaign; determining promotional mix elements; determining the size of promotional spending; evaluation of the effectiveness of the promotional campaign. (I. Sowier-Kasprzyk 2014, 118).

1. Promotion objectives

It is important to articulate goals, determine their time horizons, so that in the future it easier to assess the effectiveness of promotional activities.

2. Target audience

Selection of the audience of marketing promotion requires determination of the customers’ characteristics. The company must decide whether the promotional campaign will be directed to women or men, at what age and what level of education and whether they are residents of cities or villages. Selection of the recipient marketing promotion may involve a need to determine target market.

Specialists recommend using the five W’s and H model, when conducting a target market analysis:
**Who?** The first step is to identify the characteristics of customers that might be interested in a company’s services.

**What?** Then, the customers’ preferences are analyzed, including interests, hobbies and needs. This helps to determine the type of products and services they are willing to buy.

**When?** At this stage, a company defines the potential customers’ buying habits in terms of time: when are the customers more likely to buy your product, how often will they buy, etc.

**Where?** Another important step is to identify and analyze the geographic location of the potential customers, including such factors as population, climate, infrastructure, etc.

**Why?** Knowing why customers choose to buy from one company, instead of another is helpful when the analysis of the target market.

**How?** The “how” question aims to analyze the lifestyle and behavior of the potential customers, which helps to determine their purchasing habits. (M. Kappel, 2017)

3. The content

Content of the media should be created once the destination and the target market are defined. Content of the message tends to be associated with the promise of benefit to the recipient.

4. Promotion mix

Choice of forms and promotional communications channels is to determine the optimal combination of the main elements of the promotion mix in the assumed duration of the campaign. The main elements of the promotion mix discussed above: advertising, sales promotion, PR and personal selling. Therefore, the company must decide what proportion is to be created between personal and non-personal channels of communication, and whether to promote in a narrow or wide way. Forms of communication should be consistent with and complement one another so that the duration of the campaign has been optimally utilized.

5. Promotional spending

The level of expenditure and promotion budget can be determined in several ways. The most commonly used are:
**Competitive-parity method.** This method of budgeting is based on data from market research which determines its position in relation to competitors and determines the size of the expenditure in proportion to the direct costs of competitors. This level may be the same or higher, depending on the promotional strategy.

**Affordable budget method.** The principle that first determines the other expenses the company recognizing them as important and only what is left shall be devoted to promotion.

**Objective-and-task method.** This method is the most dynamic and correct. Expenditure shall be set differently than in other methods, only after other promotional activities. First, it should determine the purpose and subsequently forms of promotion, media promotion, the frequency of interaction, and then the amount of promotional spending.

**Percentage-of-sales method.** This is the oldest method; however, it is often used by a lot of companies. It determines a percentage of sales, for example, based on the level of sales in the past or during the sale, which is planned in promotional activities.

6. Evaluation of the promotional campaign.

Measurement and evaluation of the promotional activities effectiveness is an important part of a promotional program. This phase of the campaign should be carried out before, during and after the campaign. The analysis and evaluation is done for the following factors: the costs associated with a specific type of promotion attributable to a thousand products; the percentage of consumers to be promoted, who have become regular buyers of the product; frequency of purchases made by regular users; extraordinary profit achieved by the use of the means of promoting; marginal income received after promotion. (I. Sowier-Kasprzyk 2014, 118).
3 RESEARCH AND ANALYSIS

This chapter of the thesis contains the main research and analysis conducted about the case company, the environment it operates in and the market situation. The data presented below was obtained from various sources, such as interview with the manager, social media statistics, scientific papers, and a customer survey. The methodologies used in the analysis of obtained information include: PEST analysis, SWOT analysis and Porter’s Five Forces analysis.

3.1 Environmental analysis

In this chapter, the external environment surrounding the case company is analysed. PEST methodology was used in order to conduct the analysis. However, only three of the four factors were studied – economic, socio-cultural and technological – as they were considered relevant for the research question of the thesis.

In the following thesis, the macroenvironment affecting Art Dealers’ operation is limited to the state of Quintana Roo, located on the Caribbean shore of the Mexican Republic.

3.1.1 Economic Factors

The economic situation in Quintana Roo has shown to be favorable for the development of businesses – large and small, local and international – operating in various industries.

Even though the state is relatively young (Quintana Roo was established as a state in 1974), it is now on the fifth in Mexico in terms of economic development (Explorando Mexico, n/d). The state’s GDP in 2016 was equal to 285 billion pesos (ProMexico, 2016), which is over 12 billion Euros.

The success of the state is undoubtedly based on the natural resources and major tourist attractions located on the coastal area of Yucatan. Private and foreign investments into the tourism sector provides the economic growth of the region, at a pace two times faster than the national average. In fact, the food and accommodation service sector in Quintana Roo contributed more than one fifth of the national GDP (ProMexico, 2016). For the last seven years, Quintana Roo has been growing without interruption, at an annual rate of 3.7%. This transformed the region into an employment powerhouse resulting in
large numbers of people from other states in Mexico and other parts of the world migrating into the state to participate and contribute to the developing market, and enjoy all the benefits of coastal life. (Explorando Mexico, n/d).

The rapid development of the area has created of excessive demand for utilities and social infrastructure, which needed to be provided by the government. Due to the tourist industry, the state has a great infrastructure that consists of world-class communication and transportation networks with three international airports, six modern maritime ports, a road network (over 5400 km), as well as telecom systems conforming to the highest standards of the modern world. Quintana Roo is the gate of entry for a half of the cruisers docking on Mexican coasts. In total, there are approximately 10 million visitors coming to the state each year. (Explorando Mexico, n/d).

Approximately 87% of the state Gross Domestic Product comes from the tertiary sector, which includes such industries as accommodation and food services, wholesale and retail trade, information, education, arts and entertainment, recreation, etc. In addition, the second largest contribution to the state GDP is represented by small and medium enterprises (SMEs), which are supported by the local government through various promotion programs. (ProMexico, 2016).

Speaking about employment rates in Quintana Roo, about 800 thousand employees were recorded in 2016. More than 30 percent of total workers are busy in two industries: commerce and accommodation and food services. (ProMexico, 2016).

![Figure 3. Quintana Roo's employees by branch (INEGI, National Survey of Occupation and Employment, 2016).](image-url)
3.1.2 Socio-cultural factors

The population of Quintana Roo nowadays accounts for about 1.5 million inhabitants, and due to intense migration in the area, the population’s growth rate in the state remains high. Around 70 percent of the population is of working age. (ProMexico, 2016).

Migration to Quintana Roo affects not only the number of inhabitants in the state, but also the cultural diversity of population. Thus, the population of the Caribbean coast of Mexico can be divided into three categories: historically local population – decedents of Mayas, national immigrants (mostly from central parts of Mexico) and international immigrants (from Latin-American countries, Europe and North America).

Social classes system is very defined all over Mexico, including Quintana Roo. Thus, people can be classified into three classes, such as business owners (upper-middle class, workers (middle and lower-middle class), and poor people (lower class). Still, average buying habits of consumers are high.

The culture and sub-culture in the area are largely influenced by the tourism industry and immigrant population. While the big cities in the state like Cancun tend to become trendy and commercial over the time, towns like Playa del Carmen and Tulum remain more authentically Mexican.

The region generally has adopted a fun and lively beach culture showing the diversity of interests and the expat community. There is a strong European influence that can be noticed, integrated into the infinite multiplicity of nationalities and cultures, typical for this Mexican resort region. (Mexperience, n/d).

There is also a strong local art movement involving numerous artists like painters, music producers, singers, performers, dancers, etc. in the state of Quintana Roo, as well as in the entire Mexico.

The majority of the population in Quintana Roo speaks Spanish as a first language. Around 23 percent of the population, however, speaks indigenous language (Mayan). (Nations Encyclopedia, n/d). Due to the large number of foreigners living in the area, English is also widely spoken in important tourist destinations.
3.1.3 Technological Factors

The assessment of the environmental situation in terms of technological development is important for today’s businesses, especially for those that are based online.

The technological factor to be analysed is the amount of Internet users in Quintana Roo, as this factor is considered the most important for the purpose of the following thesis. Thus, in 2014, estimated 711,500 internet users were registered, which was equal to about 47 percent of the total population of the state. (ZeeMaps.com, 2014). Although this penetration rate is low compared major North American and European countries, the penetration rate in Quintana Roo is higher than the average 2014 penetration rate throughout Mexico – 44.4% (InternetLiveStats.com, 2016).

3.2 Company situation analysis

In this chapter, the analysis of the current situation in the company is presented. The data on which the analysis is based on was obtained from the interview of one of the founders of the case start-up company – Marco Hidalgo. The following aspects are mentioned in the analysis:

- Company size and organizational structure
- Marketing strategy
  - Objectives
  - Target market
  - Value and Unique selling proposition
  - Marketing mix
  - Budget
- Company KPIs
- Competitors
- SWOT analysis.

3.2.1 Company Size and Organizational Structure

The size of the company directly affects its budget and human resources, which are among crucial factors when designing a promotional strategy.

Art Dealers is a small start-up company. According to standard enterprise classification, Art Dealers is considered a micro enterprise (with less than 10 persons employed).
The personnel of Art Dealers consist of unpaid founders and their family members, as well as paid specialists. It includes Public Relations manager (unpaid); Social Media Manager (unpaid); Staff DJs (unpaid & paid); Video jockey (paid); Aroma jockey (paid); Photographers (unpaid); and Performance artists (paid).

Regarding organizational structure, from the beginning, Art Dealers has had rather a flatter structure, which is quite common among small businesses and start-ups.

Owners noted that flatter organizational structure helped Art Dealers achieve better decision-making within the team. However, now, when the company is growing and more people are needed, the organization is starting to restructure towards more traditional models.

3.2.2 Marketing Strategy

Having and documenting an organization’s online marketing strategy is important, if not necessary, for marketing success, and all the marketers in the world recommend that to businesses, no matter what industry they operate in and what size and market share they have. Yet, research shows that around 40 percent of companies using social media and content in their marketing activity don’t have documented strategies. According to the interview with the founder of Art Dealers, the company does not have a documented marketing strategy. However, based on the provided information about the company’s services, business objectives, target customers, competitors, previous marketing and promotion activities, etc., an approximate marketing strategy of Art Dealers is structured as follows.

3.2.4.1 Objectives

The main objective of Art Dealer’s marketing strategy at the moment is the increase of top-of-mind level of brand awareness. Since its operational expansion, Art Dealers has identified an additional customer segment to focus on. Working on two different segments, the company must operate as offline, as online, which sets the following objectives:

- Increase in brand awareness within the local art and entertainment community.
- Increase in organic reach in social media channels.
- Increase in online subscriptions, or “followers”.
- Increase in brand purchase intention among the customers.
• Development of a warm relationship between the company and the customers.

3.2.4.2 Target market

The target market of Art Dealers is analysed below with the use of five W’s model.

Who? The group of the organization’s potential customers includes people of 20 to 50 years of age, of any gender, and educated. Regarding their occupation, Art Dealers mostly focuses on two main customer segments: the local entrepreneurs managing food and accommodation businesses (catering businesses), as well as local artists.

What? The potential customers of Art Dealers are people generally interested in various kinds of art (including music, painting, dance, etc.), that are capable of distinguishing the levels of quality of the offered artistic services.

The most significant practical benefit that the company’s prospects are willing to get, and Art Dealers is willing to deliver, is the promotion of the customers’ businesses or works aimed to increase the awareness – as for food and accommodation business owners, as for artists.

How? The target customers of the company are people with an income higher than average in the area. Therefore, they are capable of spending and they do spend on secondary and tertiary services.

In addition, the artistic population of the area usually are usually in contact with one another, which provides the opportunity of word-of-mouth marketing.

Where? Art Dealers’ potential customers are geographically located in Quintana Roo, Mexico, mostly in the city called Playa del Carmen. Quintana Roo is one of the most popular tourist destinations in the world, which significantly affects major aspects of the society’s life, including economic, socio-cultural, technological, political, etc.

Due to the summer-like climate of the Caribbean coast of Mexico, area welcomes large amounts of tourists all year round, and there is also a lot of national and international migration to the state. From the business perspective, this leads to more consumers and more demand for any kind of services, especially those offered by food and accommodation and arts and entertainment industries – the two industries that Art Dealers is mostly focused on.
When? As mentioned above, there are millions of tourists coming to Quintana Roo each year, all year round, due to the tropical climate of the area. This may indicate the permanent presence of demand for the company’s services.

However, the calendar year on the Mexican Caribbean can also be divided into high and low seasons. During high seasons, the flow of tourists increases even more. The high seasons of Quintana Roo’s tourism sector include Mexican, American and worldwide holiday time, such as Easter holidays/Spring break, Christmas/winter holidays and summer vacation.

Although the rest of the year is considered as a low season, the tourist flow levels to the state remain high.

3.2.4.3 Unique Selling Proposition & Value Proposition

Developing value proposition and unique selling proposition is important for the marketing strategy and promotional strategy of a company.

Unique selling proposition (USP) tells the customer how the services provided by the company are different from those of their competitors.

According to the interview conducted with the founder of the case company, Art Dealers positions itself as a “bridge between local artists and their potential audience” that managed to create two different revenue flows from one business idea.

The unique selling proposition of Art Dealers can be concluded into the following statement:

“Art Dealers is your art promotion platform and art event organizer rolled into one”.

Although unique selling proposition is often confused with value proposition, these are two different things. Unlike USP, value proposition gives a glance of the concrete benefits that a customer gets when using the service of the company.

The value proposition of Art Dealers is as follows:

“We help local catering businesses (such as bars, clubs, restaurants, hotels, etc.) promote their brands and attract more potential customers through collaboration and organization of music and other artistic events on their premises.”
We also help local artists get better known by promoting their works in social media channels, as well as during the mentioned social events”.

3.2.4.4 Marketing Mix

The traditional marketing mix, or 4Ps, includes four elements – Product, Price, Place, and Promotion, that play a crucial role in promoting and delivering the services to the customers. The marketing mix of Art Dealers is presented below.

Product

The type of services a company offers significantly affects the way it is promoted. As it was mentioned earlier, Art Dealers operates in the industry of arts and entertainment. The company offers various types of services, which are mostly related to all kinds of art promotion.

First, Art Dealers offers cultural event organization/design services, which include:

- **Event organization.** The company organizes the whole event, including supply of music, lights, performers, as well as food and beverages.
- **Event promotion.** The company also offers promotion of the event in social media (Facebook, Instagram), as well as by traditional methods (flyers, radio).
- **Logistics.** Art Dealers takes the responsibility for any kinds of logistic solutions required within the process.
- **Pre/post-event services.** Any other services needed before or after the event are provided by the company, as well.

Second, the organization works as an artistic promotion platform, which implies the following services:

- Creation of promotional audio-visual material (photos and videos about artists).
- Promotion of the artists in various social media channels.
- Booking services for artists and performers.

In collaboration with one of their partners, Art Dealers can offer digital marketing consultancy services, including web design and SMM.
Placement

Art Dealers employs multichannel placement of their services. The company distributes a part of their services through social media platforms and another part is distributed directly to customers.

Thus, the services provided by Art Dealers that are related to event design, are offered directly at the customer’s venue. At the moment, event organization services are only provided in Playa del Carmen, Mexico, where the start-up is headquartered. The promotional activities associated with the events are conducted both through online and traditional media.

The services related to art movement and art promotion are mostly distributed through the Internet. However, some booking services for artists are offered offline.

Online media channels employed, or partly employed, by Art Dealers include: Facebook, Instagram, YouTube, and email (for transferring audio-visual product materials).

Price

As it was already stated, Art Dealers has two service packages. Each of these packages has a defined price.

“Event Design” package is available at the price starting from 12,000MXN (Mexican pesos), which is equal to 600 Euros. The price depends on the scale of the event and the invited artists.

“Audio-visual Promotional Material” package has the starting price of 6,000MXN, or 300 Euros. The price depends on the equipment used in the process of creation, the amount of material ordered, edition preferences, etc.
The prices are based on total resources (financial, human and time resources) associated the process of organization and creation of a ready “product”.

Promotion

There is no defined promotion strategy in Art Dealers’ marketing strategy. Promotional activities, that have been undertaken by the company from time to time since its establishment, involve sharing the company’s content in popular pages and groups in social media platforms, the use of social media advertising, as well as collaboration with local organizations.

Therefore, the company needs to structure and document their promotion strategy in order to increase and be able to assess the efficiency of their promotion campaigns.

3.2.4.5 Budget

Budget is an essential part of any marketing strategy, since it determines the way the company and its products are going to be marketed/promoted. The more the budget, the more efficient are the promotion campaigns in social media.

However, it is important to remember that the Internet offers endless opportunities as for users to find a perfect product, as for companies to promote their business. This means, it is possible to design an effective and create promotion strategy with a minimum budget.

In case of Art Dealers, the founder of the start-up states that the company has been spending about 1,000MXN (50EUR) on average per month on marketing activities (Facebook Ads, Instagram Ads). However, Art Dealers are ready to increase their monthly spending twice (4,000MXN or 200EUR) on the execution of a well-defined and justified promotion strategic plan.

3.2.5 Company KPIs

Determining company KPIs (Key Performance Indicators) helps to assess the success rate of the company’s marketing strategy.

Since Art Dealers has been mostly focusing its marketing activities on social media, particularly on Facebook so far, Facebook statistics was analysed to determine the company’s online marketing KPIs by the moment.
In the period of two months of presence on social media, the company has gained 363 total page likes and followers and the average of 20,000 people reached per week. In the last month, there was a 100 percent increase in number of page likes, and the page had a total of 2,598 post engagements and 8,320 video views. During the last week, Art Dealers who posted 26 publications, experienced a 14.3% increase in page likes and reached a number of 126 post engagements. (Facebook, 2017).

This is a relatively good result for a new company but the results could have been better, taking into the account the potential of the market. The main reason for that is a lack of structured promotion strategy and planned promotional activities.

### 3.2.6 Competitors

Due to a relatively new concept for the area (and according to founders of the start-up, for the whole Mexico) and the combination of two different services in one organization, the case company does not have any direct competitors in Playa del Carmen yet. The company whose services are closest to those of the case company is called Trip-In-Mexico, and it’s based in the city of Cancun, Quintana Roo. However, this is still not a direct competitor, since their concept is rather related to traveling around Mexico, than art and culture.

Its other indirect competitors include numerous small projects, start-ups or companies operating either in the sphere of event design or audio-visual content production.

The founder of the case company named two more of their indirect competitors: “Platfomra”, an online-based art promotion platform from Cancun, and a Playa del Carmen-based event organization company “Rockstar Entertainment”.

![Figure 5. Competitors’ Facebook Statistics compared to that of Art Dealers (Facebook, 2017).](image-url)
The situation in the companies-competitors was analysed based on their Facebook profiles. The criteria include such factors as total page likes, weekly page likes increase, weekly posts and post engagements. Trip in Mexico has about 12,500 total pages likes, the number of which increased by 22.4% in the previous week. They posted 9 publications and had 410 post engagements. Platforma has the total of 3,400 page likes, and in the last week, the number page likes increased by 1.4%, the company posted 5 publications and post engagements’ amount was 155. In case of Rockstar Entertainment, the total page likes are equal to 912, while the last week without any publications brought 0.1% decrease in page likes and zero post engagement.

Thus, the analysis of data presented above showed that the case company is moving in a right direction: it has almost similar post engagement rates, as Platforma, and its page likes are increasing week by week.

3.2.7 SWOT analysis

Based on the information collected, calculated and analysed earlier, the SWOT analysis of the current situation within Art Dealers is presented as follows.

<table>
<thead>
<tr>
<th>Strengths</th>
<th>Opportunities</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Art Dealers already has a customer base big enough to generate profits.</td>
<td>• Developing an efficient promotional strategy will help Art Dealers increase</td>
</tr>
<tr>
<td>• The company is present on major social media platforms.</td>
<td>brand awareness and customer conversion levels.</td>
</tr>
<tr>
<td>• The organization has always been open to reasonable change, which</td>
<td>• Following set content marketing strategy has to provide results, once</td>
</tr>
<tr>
<td>helped it grow.</td>
<td>brand awareness growth levels are boosted.</td>
</tr>
<tr>
<td>• The founders of Art Dealers fit into the target customer criteria of</td>
<td>• The company may get financial help for its development from sponsors,</td>
</tr>
<tr>
<td>the company, which helps them understand their market better.</td>
<td>government or from partnering with other organizations.</td>
</tr>
<tr>
<td>• Art Dealers has only indirect competitors, and rivalry among competitors</td>
<td>• Geographical and operational expansion can help Art Dealers grow economically.</td>
</tr>
<tr>
<td>is low.</td>
<td></td>
</tr>
</tbody>
</table>
3.3 Market Analysis: Porter’s Five Forces

3.3.4 Competition in the Industry

As it was mentioned earlier, since the business idea of Art Dealers is new and there are no companies offering similar services in the region of Quintana Roo – based both on the research that had been made by the case company itself, before the following thesis was conducted, and on the research conducted within the thesis project. Therefore, it can be concluded that there is no direct competition for the case company so far.

Yet, indirect competition in the arts and entertainment industry is high, due to the higher demand resulting from tourism development in the area, fast regional economic growth and increasing people flow. In fact, Playa del Carmen, a city where Art Dealers is based, has been cited as the fastest growing city in Mexico and the entire Latin America. There are a lot of small projects, start-ups and organizations working in entertainment sector that are trying to develop the cultural scene of the region.

The first category of indirect competitors includes organizations operating in the event design sector. Thus, Facebook search showed over 120 organizations offering event design services in Playa del
Carmen alone, while about 10 percent of these organizations, in one way or another, are related to cultural and artistic events, and therefore, can be considered as indirect competitors of Art Dealers. For instance, such organizations as Rockstar Entertainment, Usual Sundays, and others fall into that category. (Facebook, 2017).

Another category of Art Dealers’ indirect competitors includes various audiovisual content production companies in the state. Research showed that there were 9 companies found that offer audio-visual content services in Playa del Carmen, and over 20 in the region of Quintana Roo. For instance, these companies include Bicho Studio, Trip in Mexico, Artemisa, and others. (Facebook, 2017).

Thus, the level of competitors’ rivalry in the industry is considered as low to moderate.

3.3.5 Threat of New Entrants into the Industry

The fact that Playa del Carmen is the fastest growing city in Latin America leads to the high rates of economic growth in the region. Various sectors of economy are developing, demand is growing, competition is increasing, and new businesses are emerging. The same applies to the sphere, in which the case company works.

The continuing increase in tourist flow creates greater demand not only in food and accommodation industries, but also in entertainment and art sectors, which in turn leads to greater supply. The threat of new entrants is even higher given the relatively way to start a business and low costs associated with that. The payment that companies need to pay to register their brand is about 2,500MXN (125EUR). (Mexican Government’s official webpage, n/d).

Therefore, based on previous information, it can be concluded that threat of new entrants in the industry is high.

3.3.6 Bargaining Power of Suppliers

There are four categories of suppliers that can be identified: manufacturers, distributors/wholesalers, importers, and independent suppliers/craftspeople (Cleverism, 2014).

In case of Art Dealers, company’s operations are not heavily dependent on suppliers of goods and materials, distributors or importers, as the company possesses all the equipment needed, their services are offered directly to the customers and none of the services offered by Art Dealers are being imported. However, the suppliers that the
company is sometimes dependent on are artists that are invited to perform during the events by Art Dealers. Thus, the category that the case company’s suppliers fall into includes independent suppliers or craftspeople.

The bargaining power of such suppliers is rather subjective, depending on the skills, experience, individual style, trendiness of the artist, as well as the form of art he performs (music, dance, visual arts, etc). Certain suppliers may have a strong power over the company, while others may not.

3.3.7 Bargaining Power of Buyers

Marketers define five basic buyer groups that exist in business nowadays: innovators (staying updated on the industry trends and technologies), adopters (opinion leaders for certain market segments), early majority (slow in trying out a new product), late majority (becoming consumers later in the product’s life cycle) and excessive traditionalists (becoming consumers when the product turns into a necessary purchase). (Cleverism, 2014). Since the concept proposed by Art Dealers is fresh for the region, the customers of the company fall into “innovators” and “adopters” categories.

In terms of buyer personalities, there are four types of buyers: highly-motivated buyers (usually informed customers ready to make a purchase), serious buyers (considering various alternatives and options and evaluating the benefits), bargain hunters (looking for good deals) and casual lookers (considering their options but not ready to make a purchase) (Cleverism, 2014). In case of Art Dealers, given the type of industry and prices, their customers rather include highly-motivated buyers, serious buyers and possibly casual lookers, but not bargain hunters.

Speaking of business customers, there may be number crunchers (that base their decisions on facts and figures), intimidators (forcing towards a better deal), engineers (focusing on technical details and features of a product) and talkers (those who believe they have a great knowledge of the market and willing to share their knowledge) (Cleverism, 2014). The majority of the case company’s business customers includes number-crunchers, and sometimes, intimidators.

Based on the characteristics of the customers of Art Dealers, it can be concluded that the bargaining power of buyers in the industry is rather low to moderate.
3.3.8 Threat of Substitute Products

Specialists distinguish five conditions increasing the risk of substitute products: switching costs, product price, substitute availability, product quality and product performance.

![Diagram of conditions increasing the risk of substitutes](image)

Figure 6. Conditions that increase the risk of substitutes (Cleverism, 2014).

To start with, the switching costs in the industry are usually minimal, since the company offers one-time services that don’t imply any additional costs when switching to another service provider.

Based on the research on service prices provided by various competitor-companies, the prices in the cultural event design sector vary from 10,000MXN to 30,000MXN (500-1,500EUR) per event, while the services in audio-visual content production sector are available at prices varying from 7,000MXN to 15,000MXN per package (350-750EUR). In comparison, the prices of Art Dealers start from 12,000MXN per event and 6,000MXN per package of audio-visual material. To sum up, the prices of Art Dealers are similar or lower than the average prices in the industry.

Substitute availability assessment can be based on the competitors’ analysis presented earlier. Since the customers of Art Dealers are mainly located in Playa del Carmen, the competitors based in this city were considered. Thus, there are around 10 event design companies and 9 audio-visual content service providers in Playa del Carmen.

In order to assess such factors as product quality and product performance, a customer questionnaire was conducted. The questionnaire involved two customer segment groups (catering businesses and artists) with 5 respondents each, who were asked 4 questions related to their experience with Art Dealers.
Based on the results, the first conclusion to be made is that 70 percent of respondents found out about the company from their friend, 30 percent saw it in advertisements, while nobody discovered Art Dealers through search engines. This means that word-of-mouth marketing was the most efficient form of promotion by the moment, and that unpaid promotion showed to be more efficient than paid one. Both customer segments also note such aspects as “service quality”, “great customer service” and “affordable prices” when asked about the reasons why they had chosen Art Dealers. This may imply that they are not willing to switch to substitute products in the future.

Speaking of the first customer group only, the following tendencies were determined: the average rate of the quality of events organized by Art Dealers is 4.2 (out of 5); 80 percent of Art Dealers’ customers claim that the company helped them increase sales and profits. The answers of the respondents in the second customer group conclude that the average rate of the quality of Art Dealers’ services was 4.8 (out of 5), while the average score on the efficiency of its art-promotion campaigns was 4. These are relatively good results for the case company.

Thus, it can be concluded that the threat of substitute products (services) in thus industry is relatively low.
4 RECOMMENDATIONS

The objective of the following thesis was to provide the case company with solutions regarding their promotional activities, and answer the main research question set up in the beginning of the study:

“How can Art Dealers communicate the customer value more efficiently?”

This main question was divided into two sub-questions:

1. What kind of promotion strategy should Art Dealers employ to reach wider range of potential leads?
2. What kind of message should Art Dealers communicate to convert more leads?

Thus, the Recommendations chapter contains the recommendations for Art Dealers concerning the message to communicate to their customers, as well as the proposed promotion strategy for the period of two months, all based on the theoretical Information and the research and analysis conducted within this project.

1.1 Interim Recommendation 1

What kind of promotion strategy should Art Dealers employ to reach wider range of potential leads?

The promotion strategy framework presented below is based on the following plan:

- Setting the objectives and strategy of promotion;
- Identifying of target audience;
- Determining the content of the promotional message and time for the promotional campaign;
- Determining promotional mix elements;
- Determining the size of promotional spending;
- Evaluation of the effectiveness of the promotional campaign.

Objectives and Strategy

The objectives of the promotional campaign proposed below correspond with the general marketing objectives of Art Dealers – increasing brand awareness, converting more leads and generating profits. Thus, the promotional objectives set up as a recommendation for the case company include:
• Increase the number of total Facebook page likes by 1,000 by the end of the year 2017.
• Increase the number of Instagram followers by 500 by the end of the year 2017.
• Develop the account in YouTube.
• Ensure visibility in search engines.
• Organize at least 3 events by the end of the year.
• Achieve at least three collaborations with artists per month by the end of the year.

The strategy recommended in order to achieve these objective is a combination of push and pull strategies in one – a hybrid strategy.

A suggested hybrid promotion strategy consists of push (where the service is taken to a customer) and pull (where a customer is pulled towards the service) elements, including personal selling, online advertising, public relations, and others. A more detailed description of the strategy is given below.

**Target Audience**

The target audience of the recommended promotional activities involves both segments of the case company’s target market: local artists and catering businesses.

**Content and Time for the Promotional Campaign**

The period dedicated to the implementation of the proposed promotional strategy is two months – until the end of year 2017.

The content of the promotional campaign will relate to the general message of Art Dealers. It is further explained in the second part of the chapter – Interim Recommendation 2.

**Promotion Mix Elements**

The promotion strategy proposed to Art Dealers includes such promotion mix elements, as social media, personal selling and public relations.

Social media element will include such activities as publishing videos produced by Art Dealers in their channel in YouTube, setting up search engine optimization, using Facebook Ads application (promoting publications for 3 days a week and undergoing Brand Awareness Increase 2-month-long campaign), posting more content on Instagram account of the company, and using Instagram Ads promotion for account posts three times a week.
**Personal selling** element of the suggested promotion mix implies offering the company’s services directly to the customer. Based on the research on catering businesses that might be interested in the services of Art Dealers, it is suggested that the case company should take measures and try to collaborate with such places as Club Social (25th Av. Norte, Playa del Carmen), Club 01 (Calle 8 Norte, Playa del Carmen), Wabi Hostel (10th Av. Norte, Playa del Carmen), and Hostel 3B (10th Av. Norte, Playa del Carmen).

Another part of this promotion element is selling the services to the artists. This can be done through making a research on local artists’ social media pages, though referenced street-art paintings, through DJ parties, etc.

**Public relations** element involves collaboration with local, national and international companies. Thus, Art Dealers is recommended to collaborate with such organizations as a reggae music event organizer “Royal Zion Reggae” (Playa del Carmen, Mexico), an art promotion platform “Plataforma” (Cancun, Mexico), a street-art promotion platform “Armada Graffiti” (Merida, Mexico), a dance performance organization “Grupo Caracol” (Playa del Carmen, Mexico), an electronic music label “Global Minds” (Mexico City, Mexico), a radio station “Radiologico” (Cuernavaca, Mexico), a singer and electronic music producer Monolink (Berlin, Germany), and an electronic music label “Hungry Music” (Paris, France).

**Promotional Spending**

The majority of promotional expenses will come from advertising in social media channels like Facebook and Instagram. The prices of social media ads campaigns are as follows.

The optimal one day promotion of one publication with Facebook costs 18MXN. Since it is recommended to promote Art Dealers’ content three times a week, the weekly cost is 54MXN and the total expense is 432MXN. The weekly spending on the Brand Awareness Increase campaign is 350MXN. Given two months of the proposed general promotional campaign, the cost will reach 2,800MXN for two months.

In case of Instagram, one-day promotion costs the same as on Facebook – 18MXN, weekly Instagram expenses are 54MXN and the total expenses is 432MXN.

Based on the costs provided above, the cost of the suggested promotional campaign will reach 3,664MXN (around 200EUR), which almost perfectly fits the approximate budget plan set up by the case company itself.
Evaluation

Keeping track of the on-going promotional campaign is extremely important, as it helps to ensure the resources are not being wasted and that financial, humane, time and other investments are paying off. In order to control the situation, companies need to measure their KPIs on a regular basis.

The KPIs that are recommended for measurement in case of Art Dealers include:

- Sales revenue
- Cost per lead
- Organic traffic
- Social media traffic (Facebook statistics, Instagram statistics, etc.)
- Lead conversion rate
- Online marketing ROI.

1.2 Interim Recommendation 2

What kind of message should Art Dealers communicate to convert more leads?

Since the company positions itself as a “bridge between local artists and their potential audience” and their slogan is “Taking Art to the Next Level”, the message of their communication with customers has to be related to this concept. However, they also have to consider both customer segments they are trying to reach: promising benefits only for artists will not always work on business customers.

Taking these factors into account, the author of the thesis suggests that the case company should identify itself with the following story idea:

“There are many talented artists in Mexico... The region of Quintana Roo alone has a well-developed art scene consisting of numerous local and international artists, street-art artists, audio-visual engineers, dancers, performers, musicians, music producers and DJs, craftspeople, designers, and many other creators. Unfortunately, the majority of these talents remains rather underground, unfamiliar to public...

What we try to do is to build a solid bridge between local artists and their potential audience through two ways – promoting their works in social media using audio-visual content created in collaboration with these artists, and organizing events combining entertainment and artistic elements and inviting the artists to these events.
With the latter, Art Dealers also aims to help local businesses develop by employing beneficial PR-related bonuses we offer together with the events”.

1.3 General Recommendation

The last part of recommendations chapter includes the final recommendation based on the main research question:

How can Art Dealers communicate the customer value more efficiently?

Based on the answers to the sub-questions, the answer to the main research question can be determined. Art Dealers can communicate the value they provide for the customers more efficiently by focusing on intense promotion of their brand and services, and passing the proposed message to the potential audience.
5 CONCLUSIONS

The following chapter of this thesis contains the conclusions that were drawn based on the previous chapters.

To start with, the aim of this thesis was to provide the case company with recommendations concerning the efficient customer value communication mode. For this purpose, the research project was divided into three parts: Theoretical Framework (related to value communication, storytelling and promotion), Research & Analysis part (internal and external situation analysis of the case company, based on desk research, a personal interview, a customer survey, and the analysis models like SWOT, PEST and Porter’s Five Forces) and Recommendations part (based on the previous research and theoretical base). As the result of the research conducted within the project, the main research question was answered with a detailed explanation. The recommendations chapter included the promotion strategy and its implementation plan, as well as the message that the case company is advised to pass on to their potential customers in order to attract more leads.

Looking back on the theoretical and practical research and analysis conducted as part of the thesis, the following conclusions can be made. Promotion is one of the equally important elements of the marketing mix, and ignoring or underestimating this aspect can negatively affect the company’s performance. Storytelling in business is a good marketing technique that helps to appeal to customers’ emotions when trying to build a customer relationship. There is a great potential for Art Dealers to grow, and employing a suggested intensive two-month promotion strategy should help the case company overcome its current problems associated with low levels of brand awareness.

There may be certain limitations in the study, regarding the accuracy of the research findings resulting from different approaches towards the topic in different scientific studies, as well as the subjective side of the information obtained from the interviews.


I-Scoop (n/d). The art of storytelling in 7 content marketing context questions. Retrieved 15 June from https://www.i-scoop.eu/art-storytelling-6-content-marketing-context-questions/


Instituto Mexicano de la Propiedad Industrial (n/d). Solicitud de registro de marca ante el IMPI. Retrieved 10 August from https://www.gob.mx/tramites/ficha/solicitud-de-registro-de-marca-ante-el-impi/IMPI88


# APPENDIX

## Appendix 1

Customer Questionnaire

**Customer Segment 1.**

1. **How did you find out about Art Dealers?**

<table>
<thead>
<tr>
<th>Through search engines</th>
<th>Recommended by friends</th>
<th>Advertisement</th>
</tr>
</thead>
<tbody>
<tr>
<td>0</td>
<td>3</td>
<td>2</td>
</tr>
</tbody>
</table>

2. **Why did you decide to choose our company?**

<table>
<thead>
<tr>
<th>Customer 1</th>
<th>Quality</th>
</tr>
</thead>
<tbody>
<tr>
<td>Customer 2</td>
<td>Affordable prices</td>
</tr>
<tr>
<td>Customer 3</td>
<td>Quality</td>
</tr>
<tr>
<td>Customer 4</td>
<td>Nice customer service</td>
</tr>
<tr>
<td>Customer 5</td>
<td>Versatile work</td>
</tr>
</tbody>
</table>

3. **On a scale from 1 to 5 how can you assess the quality of event organized by Art Dealers?**

<table>
<thead>
<tr>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>1</td>
<td>2</td>
<td></td>
</tr>
</tbody>
</table>

4. **Has the event organized by Art Dealers helped you increase your day income?**

<table>
<thead>
<tr>
<th>Yes</th>
<th>No</th>
</tr>
</thead>
<tbody>
<tr>
<td>4</td>
<td>1</td>
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</tbody>
</table>

**Customer Segment 2.**

1. **How did you find about Art Dealers?**

<table>
<thead>
<tr>
<th>Through search engines</th>
<th>Recommended by friends</th>
<th>Advertisement</th>
</tr>
</thead>
<tbody>
<tr>
<td>0</td>
<td>4</td>
<td>1</td>
</tr>
</tbody>
</table>

2. **Why did you decide to choose our company?**

<table>
<thead>
<tr>
<th>Customer 6</th>
<th>I liked the concept they suggest</th>
</tr>
</thead>
<tbody>
<tr>
<td>Customer 7</td>
<td>Quality</td>
</tr>
<tr>
<td>Customer 8</td>
<td>They have an open mind for adapting their work to the customer needs</td>
</tr>
<tr>
<td>Customer 9</td>
<td>Good marketing</td>
</tr>
<tr>
<td>Customer 10</td>
<td>Affordable prices</td>
</tr>
</tbody>
</table>

3. **On a scale from 1 to 5 how can you assess the quality of the promotional audio-visual content material provided by Art Dealers?**

<table>
<thead>
<tr>
<th>1</th>
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<th>5</th>
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<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td>1</td>
<td>4</td>
</tr>
</tbody>
</table>
4. On a scale from 1 to 5 how can you assess the efficiency of promotional campaign provided by Art Dealers?

<table>
<thead>
<tr>
<th></th>
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<td></td>
<td>2</td>
<td>1</td>
<td></td>
<td></td>
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