

Understanding Children as a Customer Group

Case: Company X

LAHTI UNIVERSITY OF APPLIED
SCIENCES
Faculty of Business and Hospitality
Management
Bachelor's Thesis
Spring 2018
Anna Elizarova

CONTENTS

1	INTRODUCTION	1
1.1	Research Background	1
1.2	Thesis Objectives, Research Questions and Limitations	2
1.3	Theoretical Framework	3
1.4	Research Methodology and Data Collection	4
1.5	Thesis Structure	5
2	MARKETING COMMUNICATIONS	6
2.1	Integrated Marketing Plan	6
2.2	Marketing Mix	8
2.3	Marketing Communications	9
2.3.1	Integrated Marketing Communications	12
2.3.2	Spending and Growth of Online Marketing Communications	12
2.4	Summary	17
3	CHILDREN AS A CUSTOMER GROUP	18
3.1	The Importance of Children's Market	18
3.2	Reaching Children as a Customer Group	21
3.3	Social Media and Children	22
4	EMPIRICAL RESEARCH AND DATA ANALYSIS	25
4.1	Design and Formulation of the Empirical Study	25
4.2	Data Acquisition Process	27
4.3	Data Analysis	27
5	DEVELOPMENT PLAN	28
6	CONCLUSION	29
6.1	Answers to Research Questions	29
6.2	Validity and Reliability	30
6.3	Suggestions for Further Research	31
	LIST OF REFERENCES	32
	APPENDICES	37

LIST OF ABBREVIATIONS AND ACRONYMS

4 Ps: Product, Price, Place, Promotion

B2B: Business-to-Business

B2C: Business-to-Consumer

CEO: Chief Executive Officer

EdTech: Educational Technology

CAGR: Compound Annual Growth Rate

K-12: Kindergarten to Twelfth grade

PR: Public Relations

SMM: Social Media Marketing

STEM: Science, Technology, Engineering and Mathematics

1 INTRODUCTION

This chapter introduces the reader to the framework of the thesis. It starts with the background information of the thesis, and then it defines the thesis objectives, puts forth four research questions, the main research question and three additional questions to support the main one, and includes limitations of the research. The chapter outlines the theoretical framework and the methodology with the overall structure of the thesis at the end.

1.1 Research Background

Market forecasts on the global educational toy market say that the market will grow at a Compound Annual Growth Rate (CAGR) around ten percent by 2021 (Technavio 2017). Since women in the developed countries tend to have children later in life, parents have more resources available at the time when they have children (Office for National Statistics, as cited in Pragma Papers 2017, 10). Growth in the sector is partly driven by innovations in electronic toys and STEM learning (Science, Technology, Engineering, and Mathematics) in K-12 schools. This is happening because millennials, who have children now, grew up with technologies. (Markets Insider 2017; Technavio 2017.)

In marketing research, children are interesting as consumers. Children's significance as consumers who are simultaneously consumption influencers was recognised in the 1950s. Children can recognise brands from the age of three. Moreover, very young children begin to develop preferences and are responsive to marketing messages. (Lindstrom 2011, 9-28; Preston 2016, 618-623.)

Marketing to children is an ethically sensitive subject (Templeman 2016). Many parents are concerned about what is being marketed to their children as kids can potentially receive harmful messages through marketing and sometimes are not capable of critical judgements. (Preston 2016, 618-623.) However, the thesis is narrowed down to Company X

which is a socially responsible enterprise and aims to prepare children for their future through company's educational products. The objective of the thesis, therefore, is to research the topic of doing marketing to children in pursuit of developing a better marketing plan for Company X, doing it in the most ethical way possible.

According to Ganesan (2017), traditional key toy manufactures see a great potential for educational digital toys and plan to launch new digitally connected toys. The competition from big players in the global toy industry is a potential threat to Company X. The author believes that a well-thought marketing plan is an effective strategic solution to withstand the competition.

The case company has been implementing its marketing strategy quite successfully. However, there is always room for improvement, especially if the competition is forecast to be bigger. The author of the thesis focuses on identifying areas for improvement. Company X is an EdTech startup that produces modular programmable robotics kits for children 6-12 years of age. The results of the thesis can be used for similar purposes by companies with the same customer target group.

1.2 Thesis Objectives, Research Questions and Limitations

The aim of the thesis is to gain a deeper understanding of children as a customer group and examine possibilities of marketing to them. Another aim of the thesis is to suggest a development plan in the marketing department for the case company. The development plan's suggestions how to approach children as a customer group can be generalised to other companies with a similar customer segment.

After defining the thesis objectives, the next stage is to formulate the research questions that will guide the researcher through the research plan. The purpose of developing clear research questions is to ensure that the researcher remains focused and sure about what data to collect and for what purpose. A general research objective or a research area has to

be narrowed down to clear research questions. (Bryman & Bell 2011, 79-84.) The author formulated this research question for the thesis:

“How to improve marketing communications in a company whose products are designed for children?”

In addition, the following sub-questions were developed to cover the area of the research question:

1. What is marketing communications?
2. How to reach children as a customer group?
3. What are the features of marketing communications in the sector of EdTech tangible products for children?

All research studies are constrained by some limitations (Bryman & Bell 2011, 408). One issue to take into consideration in the study is a limit of time as the research area is quite broad. Next limitation is the number of people being interviewed in the case company. The interviews were conducted with the CEO and the marketing manager of the company. Nevertheless, it seems to be a sufficient number of people to be interviewed due to their essential and exclusive role of in a relatively small company.

1.3 Theoretical Framework

The theoretical framework of the thesis consists of the profound explanation of integrated marketing plan and marketing communications via the Marketing Mix theory in order to agree on marketing concepts and the relationship between them with the reader. Chapter 2 and Chapter 3 are intended for the purpose. Chapter 2 is intended for a more detailed study of the topic of marketing. Chapter 3 focuses more on children as a customer group. The theoretical research was done to create a foundation for the development plan. It was done through the secondary analysis of existing data in academic publications and reliable sources on the Internet.

1.4 Research Methodology and Data Collection

This subchapter presents the research methodology and data collection methods, that generated an empirical part of the thesis. In business research, writers tend to distinguish between qualitative and quantitative research to name two different strategies to conduct research. To put it plainly, quantitative researchers focus on a numerical analysis of data, while qualitative researchers do not. However, the difference appears to be more sophisticated in practice: both strategies can be used in one research paper. (Bryman & Bell 2011, 26-27.)

There are two types of reasoning in academic research: deductive and inductive. A deductive approach means that hypothesis is made in the beginning, and, afterwards, the theory is tested by research. An inductive approach means a generation of theories through research. (Bryman & Bell 2011, 27.)

The thesis by answering the research question does not use or produce any numerical data. Accordingly, the qualitative strategy is adopted for this research. Since theory guides research in the thesis, and since suggestions for the development plan are based on the literature review, the thesis takes deductive approach.

The chosen data collection method for the research is a semi-structured interview. In a semi-structured interview, an interviewer has a specific interview guide or a schedule but still has a sufficient degree of flexibility at hand. However, the range of issues will be the same from one interviewee to another. (Bryman & Bell 2011, 466-467.)

Both types of data are used in this study: primary and secondary data. The primary data from the empirical part of the thesis were used to develop a marketing plan. A secondary data analysis was conducted to put together and organise existing information on the research question.

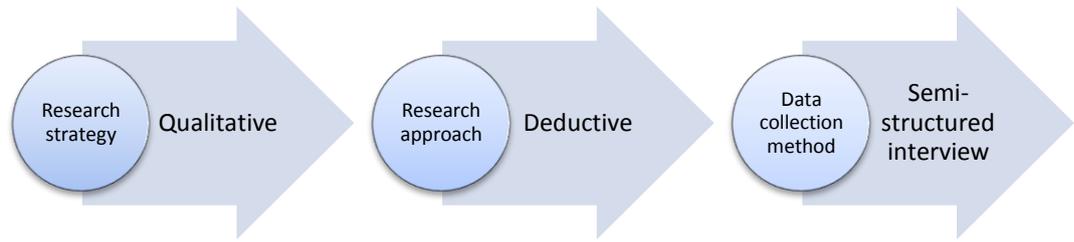


FIGURE 1. Research methodology and data collection

Figure 1 summarises what was discussed in this subchapter. It shows how this thesis was designed in terms of research strategy, research approach and data collection methods.

1.5 Thesis Structure

The thesis consists of six chapters. The first chapter is an introduction to the thesis. The second and the third chapters are devoted to the theoretical part of the research. The fourth chapter represents the empirical part. They followed up by the fifth chapter suggesting the development plan. The sixth chapter answers the research question; the sixth chapter is a conclusion.

2 MARKETING COMMUNICATIONS

The chapter aims to elaborate on marketing concepts and the relationship between them. According to Kotler and Armstrong (2014, 26-28), marketing is “the process by which companies create value for customers and build strong customer relationships in order to capture value from customers in return.” At its core, marketing is all about creating customer values and profitable relationships with customers. That, in a nutshell, is a twofold goal: to deliver value and to make a profit.

2.1 Integrated Marketing Plan

Before creating a marketing strategy, a company should have a clear vision of their overall company-wide strategy aimed at future to ensure a long-term survival. It is formulated on the basis of company’s goals and capabilities in the given environment. Next, a marketing strategy is developed based on this broader strategy, defined by senior management. The marketing planning itself occurs after setting strategic marketing goals and objectives. Indeed, there is a useful distinction between a marketing strategy and a marketing plan. (Kotler & Armstrong 2014, 62-76.) A strategy is always about a long-term or overall aim by definition, while planning concerns tactics, which in turn is the actual means of achieving the strategic aim.

The marketing plan transforms the marketing strategy into a set of activities and steps that help to achieve strategic goals and objectives. The comprehensive integrated marketing plan includes the company’s Marketing Mix. The Marketing Mix is explained in more detail in the next subchapter. (Kotler & Armstrong 2014, 62-76.)

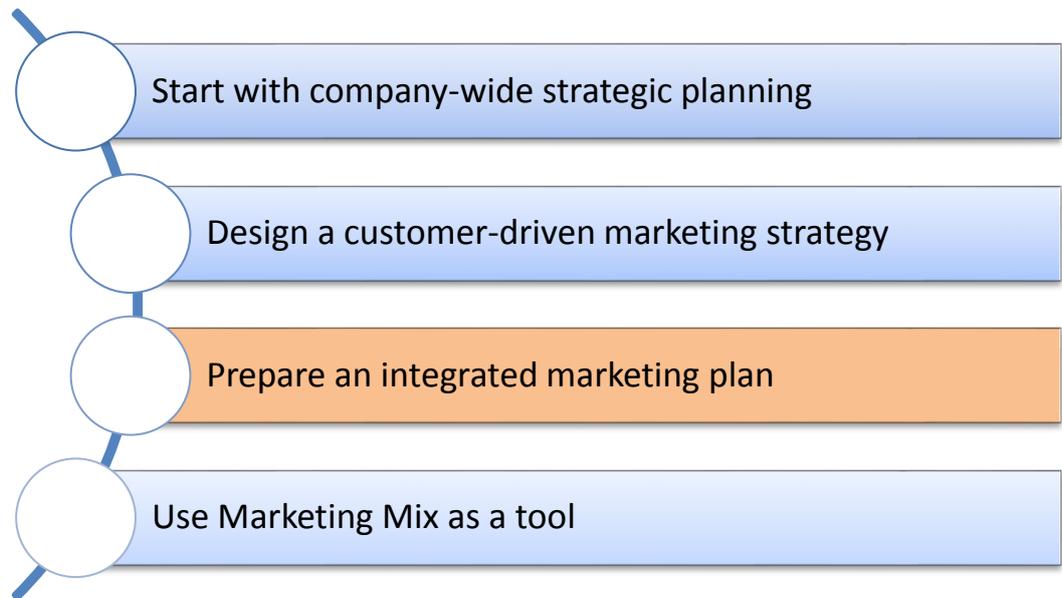


FIGURE 2: Steps towards developing an integrated marketing plan (Kotler & Armstrong 2014)

Figure 2 illustrates step by step guidelines on where to start when preparing an integrated marketing plan while Figure 3 describes steps two and three of Figure 2 in more detail.



FIGURE 3. Company-wide strategic planning and a marketing strategy (Kotler & Armstrong 2014, 63)

2.2 Marketing Mix

The Marketing Mix is used to influence the demand for the product and to create an integrated marketing plan focused on delivering customer value. Consumer-centred marketing is the philosophy of modern marketing where the primary goal of marketing is to satisfy the current and future needs of customers. The framework of the Marketing Mix is very helpful in designing the marketing plan that will establish strong positioning in the target market. (Kotler & Armstrong 2014, 76-77.)

The Marketing Mix is a set of fundamental tactical tools in marketing – product, price, place and promotion. After harmonising these variables, the company can target the selected market. The Marketing Mix is also known as 4 Ps. The 4 Ps are controllable variables that a company can influence. (Kotler & Armstrong 2014, 76-77.) Each variable should be thought out and tailored to expectations, needs and wants of the target market or the customer group. Figure 4 demonstrates the Marketing Mix model.



FIGURE 4: Marketing Mix (4 Ps) (Kotler & Armstrong 2014)

It is possible to define each marketing element in the system of product, price, place and promotion. Moreover, marketers use the Marketing Mix

model to enhance components in relation to each other. (Mind Tools 2018.) The scope of topics that can be formulated for better understanding the four Ps are as follows:

Product consists of such elements as Variety, Quality, Design, Features, Brand-name, Packaging and Services. If a company provides only services and does not sell any tangible products, what they offer will still be referred to Product in the Marketing Mix. (Kotler & Armstrong 2014, 76-77.)

Price is about the amount of money customers must pay for a product. It includes List Price, Discounts, Allowances, Payment period, Credit terms and more. (Kotler & Armstrong 2014, 76-77.)

Place describes company's Channels, Coverage, Locations, Inventory, Transportation and Logistics. The elements make the product available to the target customers. (Kotler & Armstrong 2014, 76-77.)

Promotion is about series of activities such as Advertising, Personal Selling, Sales promotion and Public Relations. These activities are aimed at communicating marketing messages and persuading target customers to buy the product. (Kotler & Armstrong 2014, 76-77.)

The thesis objective is to develop a marketing plan for company X and find out how to reach children as a customer group through marketing communications. The goal corresponds to promotion in the Marketing Mix. The Marketing Mix model was introduced in the thesis to show how the scope of the research was narrowed down to promotional activities in the company. The author takes into account the interplay of all 4 Ps and studies the promotional activities in consideration of remaining 3 Ps as they are in Company X, namely product, price and place.

2.3 Marketing Communications

Promotion from the Marketing Mix is all about marketing communications. Companies must clearly, consistently and persuasively communicate the

value they are delivering. E. Jerome McCarthy invented the traditional 4 Ps in 1960. Since then many things have changed. The means through which marketing messages are conveyed switched to a digital format and went online. (Oxford Reference 2011; MSG 2018.)

Good communication is essential in building relationships. Therefore, a company should carefully plan how to communicate with customers. To put it simply, the goal is twofold: to communicate the value and persuade to buy. Marketers use a tool called Promotion Mix or Marketing Communications Mix. It consists of a well-coordinated blend of elements: advertising, public relations, personal selling, sales promotion and direct-marketing tools. (Kotler & Armstrong 2014, 426-447.) The Marketing Communications Mix is visualised in Figure 5 and described as follows:



FIGURE 5: Marketing Communications Mix (Kotler & Armstrong 2014)

Advertising – an act of nonpersonal presentation and promotion of ideas and products by an identified sponsor (Kotler & Armstrong 2014, 428-429).

Sales promotion – a tactic to encourage sales or increase demand for a limited pre-determined time such as discounts, coupons, contests, free samples, premiums, continuity programs and sales events. The initiative applied to lift sales temporarily and attract customer's attention by appealing to impulsive buying behaviour and economic incentives. Retailers and wholesalers can also be targeted – to develop in-store merchandising support, to control an inventory and to extend distribution – it is also called *trade promotions*. As well as advertising, sales promotion is an activity to be paid. (Inc. 2018a.)

Personal selling – a personal presentation and promotion of a product face-to-face by the sales force to make a sale. Personal selling emphasizes the role of the salesman. Salesman uses his or her skills to persuade customers to buy a product. A personal connection between the buyer and seller plays an important role. The task of a salesman is to demonstrate a product in a way that makes it more appealing to the customer, make a sale and build relationships. This type of communication is common within B2B selling and when customers are making some big purchases such as buying a car or a house. (Inc. 2018b.)

Public relations (PR) – a strategic process of building favourable relationships between organisations and their publics via unpaid methods. PR is persuasion business. PR people build reputations, getting stories in publications and creating news. (Wynne 2016.) PR focuses on obtaining positive publicity, shaping a good corporate image, and handling, heading off or mitigating the damage of unfavourable rumours and events. (Kotler & Armstrong 2014, 428-429.)

Direct marketing – a promotional method that involves direct communication with selected individuals to receive an immediate response without the use of a middleman, e.g. via telemarketing, email marketing or flyers. (Kotler & Armstrong 2014, 428-429.)

2.3.1 Integrated Marketing Communications

Mass-media communications model used to dominate the market in the past. It was a great way to reach huge masses of people through TV and print and sell standardized products. Today consumers are more informed because of the use of the Internet, they can find information on their own. Thus, the task of a marketer is getting more versatile and complex.

The flow of information and marketing messages is overwhelming and abundant online. To draw attention, marketers develop more focused marketing programs. Digital communications tools emerged with more personalized, interactive messages, allowing more precise targeting. The cost of ads dropped for digital marketers compared to the cost of national TV ads. However, the richer mix of promotional tools sometimes brings another problem. Conflicting messages from these different sources defocus customers and result in confused company images. Companies often struggle to integrate various communications channels into the one clear, consistent, and compelling message about the brand. The integrated marketing communications model is designed to solve this problem by coordinating the Promotion Mix and various tools. Besides, old mass media still play an important role in shaping brand images and building brands. In addition, traditional and digital media play different roles. Thus, a combination of new and old media to unify the company's image seems to be a good choice. (Kotler & Armstrong 2014, 429-434.)

2.3.2 Spending and Growth of Online Marketing Communications

Marketing communications are changing and growing very quickly, especially due to advancements in technology and online marketing. Billions of dollars are spent on marketing budgets to increase the chances for a business growth. Companies on average spend approximately 10 percent of the overall budget on marketing. Companies that have a significant market share tend to spend even more, e.g. Salesforce invested 49 percent of revenue in marketing and sales in 2017, Google invested 13 percent of revenue in marketing and sales in 2016.

Nevertheless, no general rule exists, marketing budgets differ from industry to industry, from company to company. (Brady 2017; Hubspot 2017.)

According to the CMO Survey (2018), which collects opinions of top U.S. marketers to predict the future of markets, education and consumer services industries lead internet sales. Besides, on consumer services and education companies spend a greater percentage of their revenues than other industries. Therefore, it can be concluded that companies in education and consumer services industries spend more on marketing and largely are e-commerce businesses. Another interesting insight from the report is that marketing budgets are expected to grow in both B2B and B2C products and services across most industries in 2018.

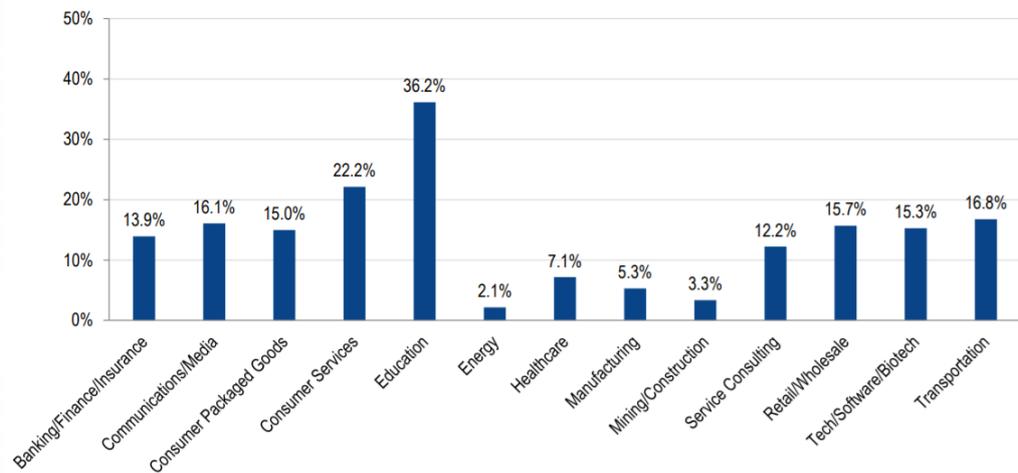


FIGURE 6. Percent of company sales from the Internet by industry (CMO 2018)

Figure 6 shows that education and consumer services industries have a bigger percentage of Internet sales than other industries while Figure 7 claims that companies in these industries spend more on marketing in percentage terms.

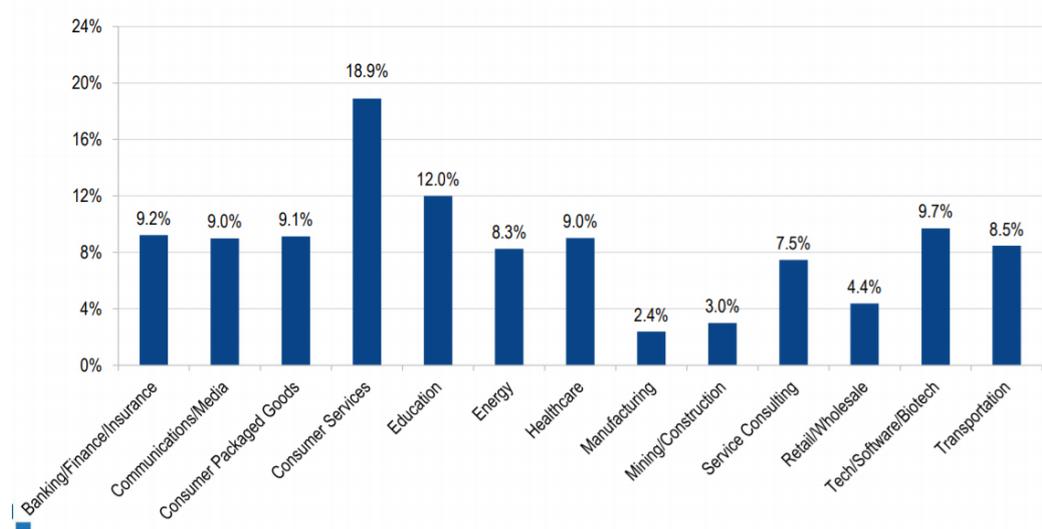


FIGURE 7. Marketing spending as a percent of company revenues by industry (CMO 2018)

The CMO Survey report (2018) also says that the growth of digital marketing spending greatly outpaces traditional advertising. Moreover, it seems that spending on traditional advertising, viz. media advertising not using the Internet, continues to decline. B2C products are the most seen in the change. Figure 8 and Figure 9 show that digital marketing spending is constantly growing and demonstrate how fast it is happening.

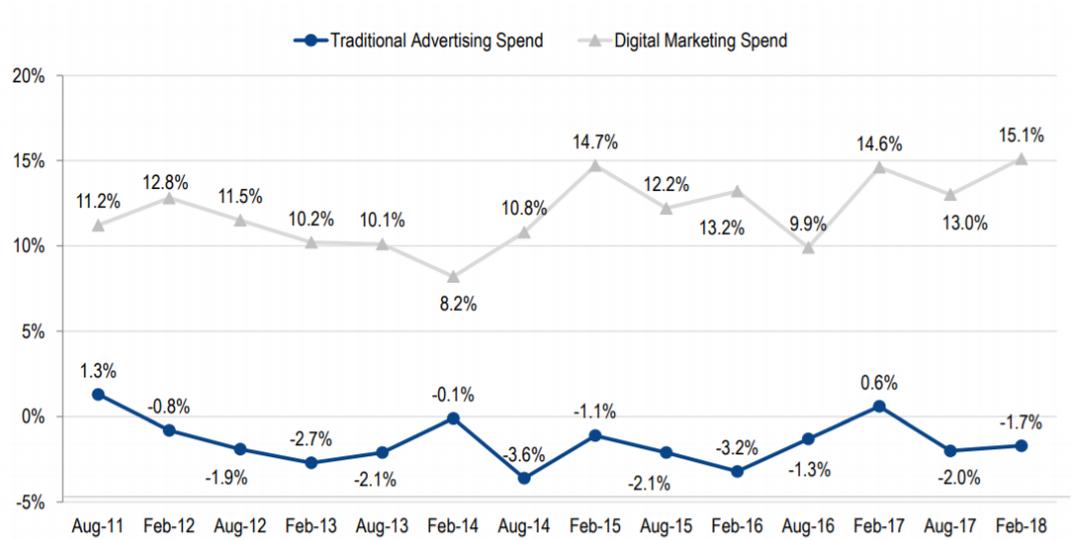


FIGURE 8. Percent change in traditional and online advertising by years (CMO 2018)

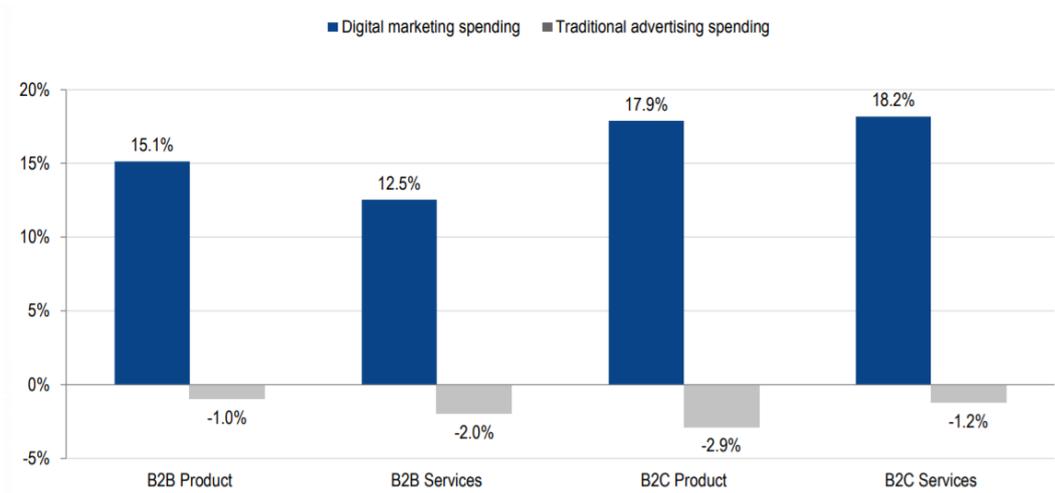


FIGURE 9. Percent change in traditional and online advertising by type of business in 2018 (CMO 2018)

The report shows that marketers believe that having the right talent in an organisation is the most important factor in driving the future organic growth of an organisation. Further, the CMO report indicates that companies tend to spend more money on developing knowledge how to do marketing rather than investing in marketing training for existing employees. The author of the thesis assumes that perhaps there is a problem lies in the fact. Some companies are probably trying to reinvent the wheel, focusing on developing new marketing capabilities rather than making existing employees excel at existing marketing knowledge via profound marketing training. The report shows that companies prefer marketing consulting services to marketing training in general. (CMO 2018.)

Social Media Platform	Average
Social networking (e.g., Facebook, LinkedIn)	1.6
Blogging	1.9
Video sharing (e.g., YouTube)	2.1
Product reviews	2.0
Photosharing (e.g., Instagram, Snapchat)	2.2
Microblogging (e.g., Twitter)	2.4
Podcasting	2.5
Product design or co-creation (e.g., NikeiD)	3.0
Forums (e.g., Google groups)	2.4
Social bookmarking (e.g., Digg)	2.0
Virtual reality (e.g., Second life)	0

FIGURE 10. Rank the top three (1=best) of the following social media according to the impact your company's performance – Sorted by 1st priority (CMO 2018)

Social media marketing (SMM) expenditures continue to grow while marketers plan to expend SMM spending to 21% of marketing budgets in the next 5 years. However, currently, the SMM seems to be not very well integrated into companies' overall marketing strategies. Companies continue to use outside agencies for performing SMM at the same level. The top two reasons for running SMM is to build a brand and increase brand awareness and to acquire new customers. Figure 10 above shows that, according to marketers, the most effective social media platforms are social networking platforms such as Facebook and LinkedIn. The impact of social media remains difficult to estimate, especially quantitatively. Due to the ubiquity of smartphones and tablets marketing spending on mobile marketing is predicted to account for 13% of the marketing budget. Mobile marketing is helpful in engaging customers and delivering a brand message. Spending on marketing analytics is expected to increase to 17% of the marketing budget in the next three years. B2C companies are the most active users of marketing analytics in decision making. (CMO 2018.)

2.4 Summary

Marketing communications correspond to Promotion from the Marketing Mix. Promotional tools vary in size and methods of delivering a marketing message. Online forms of marketing recognized as very effective because of the rise of tailored, personalised messages, which appear to be more effective. In the meantime, marketing budgets continue to grow in relation to companies' revenues.

3 CHILDREN AS A CUSTOMER GROUP

To understand marketing communications in a company whose products are designed for children, it is essential to deepen understanding of children as a customer group. Children just like adults are economically active members of society. However, their needs, values and perceptions differ from what adults have. To promote products to children, a number of factors should be considered. This chapter devotes attention to children to understand the market.

3.1 The Importance of Children's Market

Children represent a large group of population. Marketers realized that if customers could be captured early enough, companies have a chance to build loyal relationships with them for life. Many commodities are aimed specifically at satisfying the needs of young consumers, even in adult-oriented businesses. That is why such magazines as Time, Sports Illustrated, Vogue and People have launched kid and teen editions. Brand recognition starts very early in children – around the age of three – and some brands take this opportunity to build brand images and cultivate brand loyalties for long years. (Gunter & Furnham 2008, 1-12; Preston 2016, 618-623; MediaSmarts 2018.)

Children start to experience consumer activity in many respects because of the children's television. The documentary, "The Toys That Made Us," tells how Kenner Products and Mattel created the most popular lines of toys in history, Star Wars and Masters of the Universe, respectively, because of TV and media franchising. Children still watch a lot of TV compared to other media, and when they see their favourite characters from television programs or movies involved in advertising or even just on the package, they more often than not want the product whether if it is a toy or a pack of breakfast cereals. (Preston 2016, 618-623; Volk-Weiss 2017.)

Advertisers are also portraying children prominently in commercial messages as models who encourage the purchase of certain products. This happens because of three reasons. First, children are major buyers of certain types of products, e.g. sweets and playthings. Second, a mainstream culture is youth-oriented and images of youth in media are very common in many markets. Thus, images of children act as triggers for a purchase. Third, people tend to relate themselves to people of their age. Therefore, images of children in advertising are so good for products designed for children. Besides, sometimes child's favourite toys were introduced to them by their friends. (Gunter & Furnham 2008, 1-12; Preston 2016, 618-623.)

On the one hand, children can influence their parents' purchases and it confirms the fact of their substantial economic power. On the other hand, the role of parents in their life and, of course, buying decisions should not be left without attention. The role of marketing messages and the media is the third driving force in this decision-making process. (Gunter & Furnham 2008, 1-12.)

The parents of today and families are different from what they used to be in the past in many ways. In most developed cultures parents have fewer children, dual-working families and tend to postpone having children to later years. This contributes to richer parents, better-educated children and a more sophisticated market for children. In addition, thanks to these traits, parents and children have increasingly well-informed, refined tastes and opinions in the sphere of consumerism. (Gunter & Furnham 2008, 1-12.)

The size of the child market is possible to estimate by determining the number of children in a particular region and how much money do they spend there. By 2020, the number of children only in the U.S. is projected to reach 80 million which is 24% of the U.S. population (Entrepreneur 2008). In addition, children can be persuasive and tell their families what they want for gifts, for entertainment, for food. Therefore, they can participate in a consumer decision-making process of a long list of in-house purchases. Worth to mention that older children have some money

of their own from odd-jobs, from parents as pocket money, plus they sometimes receive gifts in money. (Gunter & Furnham 2008, 1-12.)

Children at different stages of their development have different needs and consumption aspirations just like adults. There is one feature that works with children better and then fades with age: children can be directly satisfied just with a consumption act, while the importance of owning and using goods begins to dominate in adulthood. Young people have powers to like, dislike and even reject certain products. Young consumers are affected significantly by advertising, as they use it as a source of information, and they are not brand loyal. They are influenced by fashion and trends, so they tend to like what is popular now. In a sense, children are easier to predict because of their responsiveness to trends. However, as is known, trends rapidly change. Thus, it is challenging for companies to keep a competitive edge in child-oriented markets. (Gunter & Furnham 2008, 1-12.)

Children as consumers are characterized by several influential agents – parents, peers, mass media and a direct experience. Doing marketing to children is to a certain extent a rewarding business since children are a fairly homogeneous group around the industrialised world. Children's culture is less sophisticated than the culture of adults. Children of young age globally share very much the same needs and wants. It does not mean that children are the same everywhere, but that they have more in common than they have differences. (Gunter & Furnham 2008, 1-12.)

The overview on children as a consumer group in this subchapter outlines the importance to study child-oriented markets differently than adult-oriented markets, shows the significance of this group of consumers and helps to understand that marketing to children has plenty of unique opportunities and difficulties.

3.2 Reaching Children as a Customer Group

Company X produces educational products for children of 6-12 years of age. Hence, the research in this subchapter is tailored to this age range. Children of these ages are able to recognise brands and logos, they start reading approximately at the age of 5 and 6, are exposed largely to different types of media, have their own attitudes towards brands. The controversial thing is that it is dubious whether children of these ages are able to recognize the persuasive intent of commercial messages fully, especially due to advancements in online marketing. It seems to be much easier to recognize the advertising intent on TV when a TV program is interrupted for advertising, rather than to recognize the commercial motives in advergames – games developed to promote products, usually outside the game industry. These distinctions between commercial and non-commercial materials with digital media are blurred, a child can be competent in one situation, but not in another. (Marshall 2010, 1-16.)

During the time children grow up, their intellect develops. Between the analytical stage of 7-11 years, they shift from egocentric orientation to a point when they start to differentiate points of view. Therefore, children of different ages have not only different levels of knowledge about the world, but also different cognitive thinking abilities such as reasoning, understanding, paying attention, remembering, and more. Children learn by observation and imitation, it can explain their behaviour when they replicate their parents and more experienced children or do role plays. Children gradually integrate into a society via social interactions and via mastering different social roles and behaviours. It is a part of vicarious learning that is obtained from indirect sources such as hearing or observation, rather than direct, hands-on experience, instruction. However, children have creative capabilities and can perform behaviours that were not previously available for observation. (Marshall 2010, 23-37.)

According to the 2008 YTV Kids and Tweens Report, kids influence software purchases 76% of the time, computer purchases for the entire household and family entertainment choices 60% and 98% of the time,

respectively (MediaSmarts 2018). This is happening because parents ask for advice from their children and because children can pressure parents to buy certain products. They can do it both ways: pestering parents with perseverance over and over again and communicating the importance of the product for them. (MediaSmarts 2018.)

Marketers use research in the field of psychology to learn children's fantasy lives, dreams, artwork and behaviour to gain an understanding of children's needs and how to do marketing better to them. (MediaSmarts 2018.)

According to Entrepreneur (2008), educational toys market will only continue to grow, as parents search for meaningful products for their children. According to the World Economic Forum (2018), more than a half of children entering primary school today will grow up to work in completely new job types that do not exist yet. Case Company X already sells modular programmable robotics kits for children of 6-12 years of age to schools and robotics camps. The sector of EdTech products for children is very promising and children become more and more technically educated. Considering the role of the Internet and social networks for the younger generation in this situation, companies in this sector should harness the full potential of digital marketing.

3.3 Social Media and Children

Social media companies often place age limits for children below a certain age, in case of Facebook, Twitter, Instagram, Snapchat and YouTube the threshold is of 13 years old. In many states, laws govern the collection of data about children. It means that children cannot use a certain type of websites without a parental consent. Nevertheless, primary-age children use the Internet and social media to stay connected, mobile and social with their friends. Children use a wide variety of internet-enabled devices such as computers, laptops, mobile devices and game consoles. Moreover, they are not always using it under parental control and supervision, but also at schools and at friends' houses. In any case, they

are largely exposed to social media, and for many of them, this is an integral part of life. (O’Neale 2013; Jamieson 2016)

Children ignore age restrictions by the putting false date-of-birth in a registration form. For instance, three-quarters of 10 to 12-year-olds use social media despite the age limit of 13 with Facebook and Instagram being one of the most popular social networks. The author of the thesis considers that children’s adoption of technology is inevitable but should be safe and sensible. For instance, some social networks are made strictly for kids to avoid negative outcomes of early use of the Internet such as Togetherville, GromSocial and Scuttlepad. There is a trend when huge social media companies launch child-friendly versions, e.g. Facebook launched a version of Messenger for young children called Messenger Kids. (Jamieson 2016; Statt 2017.)

YouTube Kids is an app that is oriented towards kids. There are still possibilities for advertising within this app with short commercial bumpers that indicate a start or an end of a commercial break in a program. Tens of millions of children are already watching YouTube, but with YouTube Kids the content is verified, and ads are screened. “Unboxing” videos are very popular on YouTube with children – toys being unboxed and reviewed, but there are concerns that such type of videos is intended for advertising purposes and children enjoy watching them being unaware about it. (Dredge 2015.)

Currently, YouTube is the biggest children’s entertainment platform in the world. However, Netflix and Amazon are creating original children’s shows; the BBC has iPlayer Kids app, niche companies like Hopster offer ads-free TV and educational games for small kids. (Dredge 2015.)

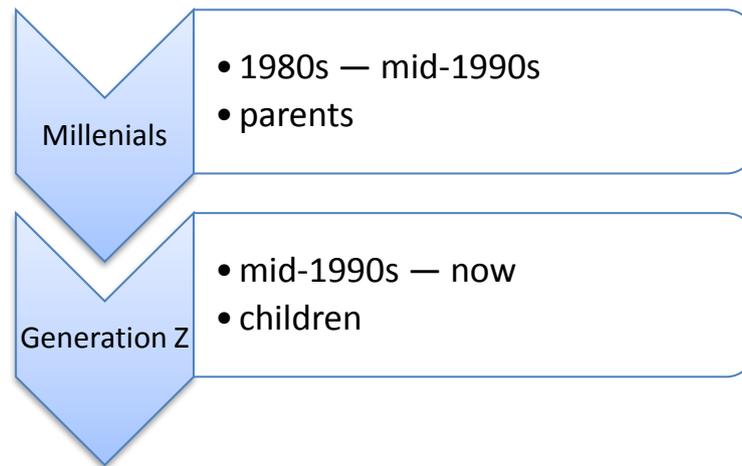


FIGURE 11. Age range for Millenials and Generation Z (Shugerman 2018)

Video content, in general, is more popular with millennials. Nearly two-thirds of millennials would rather watch a video from a brand than read a text. In terms of video marketing, specialists agree that it is essential, not optional to use videos to promote brands. Millennials find watching videos helpful while shopping online, and statistics say that the likelihood of reading newsletters with a video in it increases. (PR Newswire 2015.) The same can be said about Generation Z. Visual information is so powerful because it is processed by brain much faster. Moreover, people remember stories better than hard facts. In fact, images and videos tell stories faster than text. (Gillett 2014.) Figure 11 tells the difference between two generations: Millenials and Generation Z.

4 EMPIRICAL RESEARCH AND DATA ANALYSIS

The aim of the chapter is to familiarise the reader with the empirical study of the research, that was conducted to answer the main research question of this thesis. It begins with the description of data collection method – semi-structured interview, and the interview design. Then, the data acquisition process is presented. And at the end of the chapter, the results of the empirical study are reported and analysed.

The results of the interviews with Company X are organised in the form of a report. The data received from the interviews were analysed to produce a development plan which is, in fact, a marketing plan for Company X. The results were a significant source of information for the development plan in marketing and were benchmarked against the theory in Chapter 3. The chapter covers analysis of the derived data. Questions formulated for the in-depth qualitative interviews can be found in Appendix 1.

4.1 Design and Formulation of the Empirical Study

In business research, it is important to decide concerning which research method to apply. In other words, the researcher decides on a technique of collecting the data for the research. (Bryman & Bell 2011, 41.)

Research method differs from research design. Research method is supposed to provide a researcher with the data. For instance, a case study is a research design since it provides a framework for data collection, but still, it is required to decide on which research method within this framework to apply: whether it is going to be interviews, observation or etc. (Bryman & Bell 2011, 41.)

The thesis is completely qualitative. The chosen research method is a semi-structured interview in a framework of a case study research design. Interviews were conducted with the CEO and the marketing manager of the case company, Company X.

A case study is a popular research design that collects detailed information about a case to analyse. A case can be an organisation, a single location, a person, or a single event. Therefore, the generalisability of a case study research is questioned by some researchers. The purpose of a case study is an opportunity to learn from a case, in respect of uniqueness and complexity of each case. Moreover, intensive analysis of several cases has brought multiple-case study designs into existence. (Bryman & Bell 2011, 59-63.)

A qualitative interview can be of two kinds: unstructured and semi-structured interview. A qualitative interview is different from a quantitative interview because in a quantitative interview the approach is standardized, for instance, a structured interview in quantitative research is restricted in context, have the same order of questions in each case and interviewee is usually supplied with a fixed range of answers. (Bryman & Bell 2011, 202.)

An unstructured interview resembles a natural conversation. An interviewer asks a broad question first, then after a rich, detailed answer comes up with the following question on the spot. In a semi-structured interview, an interviewer has a specific *interview guide* or a schedule but still has enough degree of flexibility at hand. However, the range of issues will be same from one interview to another. A telephone or email interview is a good solution when costs or other practical reasons play a significant role. (Bryman & Bell 2011, 466-467.)

The author designed an interview guide and categorized the questions into small groups: questions about the topic of the thesis, questions about promotional activities of Company X, questions about digital marketing communications tools, questions about company's strategy and future. The final question was designed to ask if an interviewee wishes to ask or add something during the interview.

The purpose of semi-structured interviews for this thesis was to acquire data on how Company X relates to the topic of the thesis and to gather information that in combination with theory from Chapter 2 and Chapter 3

will assist in preparing a development plan. Interviews were done via Google Docs online.

4.2 Data Acquisition Process

Interview results were acquired within one day: 8th of May 2018. Interview language was English. Interviewees were aware of the thesis objectives and goals beforehand.

Parties signed a confidentiality agreement in order to provide company-related information for the thesis that won't be open to the public. The author has written transcripts of the interviews.

4.3 Data Analysis

In this subchapter, the author analyses interview results. The findings are summarised in the form of a report based on the answers from the CEO and the marketing manager of Company X. The author gained the answers from open questions and looked at them from different angles.

Some questions were designed to get an expert opinion of the interviewees, to understand their experience and attitude towards the thesis topic. Such information helped the author in the creation of the development plan for Company X. Some questions were asked to understand the current situation in Company X and future plans in relation to promotional activities.

This part of the thesis is confidential until 15.05.2028. The confidentiality of this part is agreed between the thesis author, Lahti University of Applied Sciences, and the commissioning organisation.

5 DEVELOPMENT PLAN

The development plan is based on the theoretical research and supported with the data gained from the empirical part of the thesis. Suggestions for the development plan are narrowed down to marketing communications of Company X. In the thesis, the goal was defined as to develop a marketing plan. In this case, it is correct as far as marketing communications correspond to promotion from the Marketing Mix. The author considers the interdependency of all 4 Ps from the Marketing Mix and advises on promotional activities in consideration of remaining 3 Ps as they are now in Company X, namely product, price and place.

This part of the thesis is confidential until 15.05.2028. The confidentiality of this part is agreed between the thesis author, Lahti University of Applied Sciences, and the commissioning organisation.

6 CONCLUSION

This chapter is the last chapter of the thesis that ties together the whole research. First, it starts with the answers to research questions. Second, it evaluates the thesis in terms of validity and reliability. At the end of the chapter, the reader can find suggestions for further research.

6.1 Answers to Research Questions

Before answering the main research question, the author gives answers to three additional questions that were designed to support the main research question:

1. What is marketing communications?

Marketing communications is a set of promotional tools that include advertising, public relations, personal selling, sales promotion and direct-marketing tools. It is an essential part of marketing together with product, price and place of the Marketing Mix. The integrated marketing communications model helps to build profitable relationships with customers via communicating the value and via persuading to buy. This model emphasizes that marketing messages should be consistent across all company operations.

2. How to reach children as a customer group?

First and foremost, children need to be approached in a different way than adults. Second, it is necessary to take into account the characteristics of their cognitive development, behaviour patterns and abilities at different ages and stages of their lives. Third, despite the fact that they are strongly influenced by parents, peers and mass media, they represent a large customer group and play a substantial role in buying decisions and can be reached directly.

3. What are the features of marketing communications in the sector of EdTech tangible products for children?

Today's children become tech-savvy much earlier than the previous generation, they use a plenty of online platforms that can be used for promotional purposes by marketers. EdTech for children is quite new and fast-growing sector with great opportunities.

When additional questions are answered, the author is going to answer the main research question:

“How to improve marketing communications in a company whose products are designed for children?”

After careful and thoughtful analysis of the empirical part of the thesis in combination with the theoretical background of the thesis, the author came up with the development plan for Company X. The development plan for the case company was an ultimate goal of the research. It provides suggestions and recommendations on how to do marketing to children in the case company.

6.2 Validity and Reliability

Validity and reliability are important criteria to assess the quality of research. Validity is concerned with the credibility of conclusions that are drawn from research. In qualitative research concept of reliability is concerned with the trustworthiness of data. The reliable research utilises stable and consistent data, so that if the study is repeated the results will be the same. (Bryman & Bell 2011, 394-396.)

In the research, primary qualitative data were collected from semi-structured interviews with Company X. This data collection method was chosen to provide a degree of flexibility for interviewees, which in turn contributes to the production of rich data for a researcher to analyse. Questions for the interviews were prepared and well-thought beforehand. Moreover, an interview guide was designed for the purpose to remain focused. The data received from the interviews were analysed to create a development plan and answer the main research question.

To ensure the validity of the research, the author used written transcripts of interviews while interpreting and analysing collected data. Furthermore, conclusions of the research are reliable because the author used quality primary and secondary data consistently to answer all research questions.

6.3 Suggestions for Further Research

During the research process, the author thought of issues which may be of interest for subsequent research. Since Company X has B2B customers, it can be useful to analyse how to do effective promotional activities aimed at them. In the same way, parents who buy products for children are interesting as a customer group because they make buying decisions that are not based on their own needs, but on how they understand the needs of their children.

It would be also interesting to investigate the trends of EdTech sector because of its promising future. Children's consumer behaviour after purchase is another subject that seems to be interesting for further research.

LIST OF REFERENCES

Published references:

Bryman, A., Bell E. 2011. Business Research Methods. 3rd Edition. Oxford: Oxford University Press.

Gunter, B., Furnham A. 2008. Children as consumers. London: Routledge.

Kotler P., Armstrong G. 2014. Principles of Marketing. Global Edition. Pearson Education M.U.A.

Lindstrom, M. 2011. New York: Crown Business. Brandwashed: Tricks Companies Use to Manipulate Our Minds and Persuade Us to Buy.

Marshall, D. 2010. Understanding Children as Consumers. London: SAGE Publications.

Preston, C. 2016. Pre-school children and marketing communication. International Journal of Consumer Studies. Vol.40(5), 618-623

Digital sources:

AlessioBresciani. 2018. 51 Mission Statement Examples from The World's Best Companies [accessed 11 May 2018]. Available at: <http://www.alessiobresciani.com/foresight-strategy/51-mission-statement-examples-from-the-worlds-best-companies/>

BitClave. 2017. Can Direct Marketing Be Effective and Non-Intrusive? [accessed 5 May 2018]. Available at: <https://medium.com/@BitClave/can-direct-marketing-be-effective-and-non-intrusive-1f75ee8e2d9d>

Brady, S. 2017. What Percent of Revenue Do Publicly Traded Companies Spend on Marketing and Sales? Vital [accessed 6 May 2018]. Available at: <https://vtlidesign.com/digital-marketing/content-marketing-strategy/percent-of-revenue-spent-on-marketing-sales/>

Dredge, S. 2015. Why YouTube is the new children's TV... and why it matters. The Guardian [accessed 12 May 2018]. Available at:

<https://www.theguardian.com/technology/2015/nov/19/youtube-is-the-new-childrens-tv-heres-why-that-matters>

ECSIP Consortium. 2013. Study on the competitiveness of the toy industry. Final Report [accessed 9 May 2018]. Available at: <https://ec.europa.eu/docsroom/documents/6653/attachments/1/translations/en/renditions/native>

Entrepreneur. 2008. How to Start a Kid-Focused Business [accessed 9 May 2018]. Available at: <https://www.entrepreneur.com/article/190444>

Gallo, A. 2014. The Value of Keeping the Right Customers. Harvard Business Review [accessed 12 May 2018]. Available at: <https://hbr.org/2014/10/the-value-of-keeping-the-right-customers>

Ganesan, G. 2017. Mattel plays with digital toys to triple China business. Reuters [accessed 2 May 2018]. Available at: <https://www.reuters.com/article/us-mattel-strategy/mattel-plays-with-digital-toys-to-triple-china-business-idUSKBN19537N>

Gillett, R. 2014. Why We're More Likely to Remember Content with Images and Video (Infographic). Fast Company [accessed 13 May 2018]. Available at: <https://www.fastcompany.com/3035856/why-were-more-likely-to-remember-content-with-images-and-video-infogr>

Hubspot. 2018. The Ultimate List of Marketing Statistics [accessed 6 May 2018]. Available at: <https://www.hubspot.com/marketing-statistics>

Inc. 2018a. Sales Promotion [accessed 5 May 2018]. Available at: <https://www.inc.com/encyclopedia/sales-promotion.html>

Inc. 2018b. Personal Selling [accessed 5 May 2018]. Available at: <https://www.inc.com/encyclopedia/personal-selling.html>

Jamieson, S. 2016. Children ignore age limits by opening social media accounts. The Telegraph [accessed 12 May 2018]. Available at:

<https://www.telegraph.co.uk/news/health/children/12147629/Children-ignore-age-limits-by-opening-social-media-accounts.html>

Markets Insider. 2017. The UK Toys & Games Market 2017 – 2022 [accessed 2 May 2018]. Available at: <http://markets.businessinsider.com/news/stocks/the-uk-toys-games-market-2017-2022-1001837945>

MediaSmarts. 2018. How Marketers Target Kids [accessed 1 May 2018]. Available at: <http://mediasmarts.ca/digital-media-literacy/media-issues/marketing-consumerism/how-marketers-target-kids>

Mind Tools. 2018. The Marketing Mix and the 4Ps of Marketing [accessed 4 May 2018]. Available at: https://www.mindtools.com/pages/article/newSTR_94.htm

MSG. 2018. Marketing Communications - Meaning and its Process [accessed 5 May 2018]. Available at: <https://www.managementstudyguide.com/marketing-communications.htm>

O’Neale, R. 2013. Kids online: The statistics. KidsMatter [accessed 12 May 2018]. Available at: <https://www.kidsmatter.edu.au/health-and-community/enewsletter/kids-online-statistics>

Oxford Reference. 2011. E Jerome McCarthy – quick reference [accessed 5 May 2018]. Available at: <http://www.oxfordreference.com/view/10.1093/oi/authority.20110803100143321>

PR Newswire. 2015. Millennials prefer video to text [accessed 12 May 2018]. Available at: <https://www.warc.com/NewsAndOpinion/News/34975?>

Pragma Papers. 2017. Baby & Children’s Market 2017. Market Snapshot UK [accessed 2 May 2018]. Available at: <http://www.pragmauk.com/wp-content/uploads/2017/09/Pragma-Baby-Kids-white-paper.pdf>

Shields, M. 2015. Kids Prefer Streaming TV, But Still Choose TV Set Over Phones, Says PwC Report. The Wall Street Journal [accessed 12 May 2018]. Available at: <https://blogs.wsj.com/cmo/2015/08/11/kids-prefer-streaming-tv-but-still-choose-tv-set-over-phones-says-pwc-report/>

Shugerman, E. 2018. What is a millennial and when is the cutoff date for generation Y? Independent [accessed 12 May 2018]. Available at: <https://www.independent.co.uk/life-style/millennial-how-old-is-generation-y-cutoff-date-pew-research-center-a8235731.html>

Statt, N. 2017. Facebook launches a version of Messenger for young children. The Verge [accessed 12 May 2018]. Available at: <https://www.theverge.com/2017/12/4/16725494/facebook-messenger-kids-app-launch-ios-iphone-preview>

Technavio. 2017. Global Educational Toys Market 2017-2021 [accessed 2 May 2018]. Available at: https://www.technavio.com/report/global-educational-toys-market?utm_source=t4&utm_medium=bw&utm_campaign=businesswire

Templeman, M. 2016. 3 Fundamentals of Ethically Marketing to Kids. Entrepreneur [accessed 1 May 2018]. Available at: <https://www.entrepreneur.com/article/276437>

The CMO Survey. 2018. Highlights and insights Report [accessed 6 May 2018]. Available at: https://cmosurvey.org/wp-content/uploads/sites/15/2018/02/The_CMO_Survey-Highlights_and_Insights_Report-Feb-2018.pdf

UNICEF. 2017. The State of the World's Children 2017. Statistical Tables [accessed 14 May 2018]. Available at: <https://data.unicef.org/wp-content/uploads/2018/03/SOWC-2017-statistical-tables.pdf>

World Economic Forum. 2018. The Future of Jobs Report [accessed 9 May 2018]. Available at: <http://reports.weforum.org/future-of-jobs-2016/chapter-1-the-future-of-jobs-and-skills/>

Wynne, R. 2016. Five Things Everyone Should Know About Public Relations. Forbes [accessed 5 May 2018]. Available at: <https://www.forbes.com/sites/robertwynne/2016/01/21/five-things-everyone-should-know-about-public-relations/#6a89c7252a2c>

Oral sources:

Company X. 2018. CEO of Company X & Marketing Manager of Company X. Interview 8 May 2018.

Volk-Weiss, B. 2017. The Toys That Made Us. Episodes 1 & 2. 27 December 2017.

APPENDICES

Appendix 1. Interview guide for Company X.

Introductory questions:

1. Who is your customer? Describe.
2. How to determine age range correctly? Why do you choose 6-12 years of age?
3. Do you think children can influence buying decisions of their parents?
4. If parents value your product because of the educational context, what do children enjoy the most about your product?
5. Based on the feedback, what was discovered regarding expectations, needs and wants of children?

Promotional activities & Marketing communications tools:

1. What difficulties do you face in reaching your target customers? (both parents and children)
2. Do you do any promotional activities aimed directly at children?
3. Describe special events for children that you organise.

Digital tools:

1. Which SMM platforms do you use? Do you run ads there?

2. Do you use apps as a platform for promotion?
3. Do you plan to integrate communication with children and create a community of users: offline or online?
4. Which promotional activities that we discussed satisfy you the most? What works better? Why?
5. How to make children loyal if Company X produces only one product? Do you think they can still be loyal to one product?

Strategy questions:

1. What is your competitive advantage - the value proposition other companies feel hard to satisfy?
2. What are the main goals and objectives of your marketing strategy now? Due to product lifecycle, priorities etc.

Future:

1. How do you see the future of marketing to children in your company? Is the approach going to change due to a) company growth b) competition c) new needs of customers of tomorrow d) new opportunities/markets?
2. What are your ideas or predictions for the EdTech market?

Final question:

1. Are there any questions? Would you like to add something?