

Lecture 8: Place

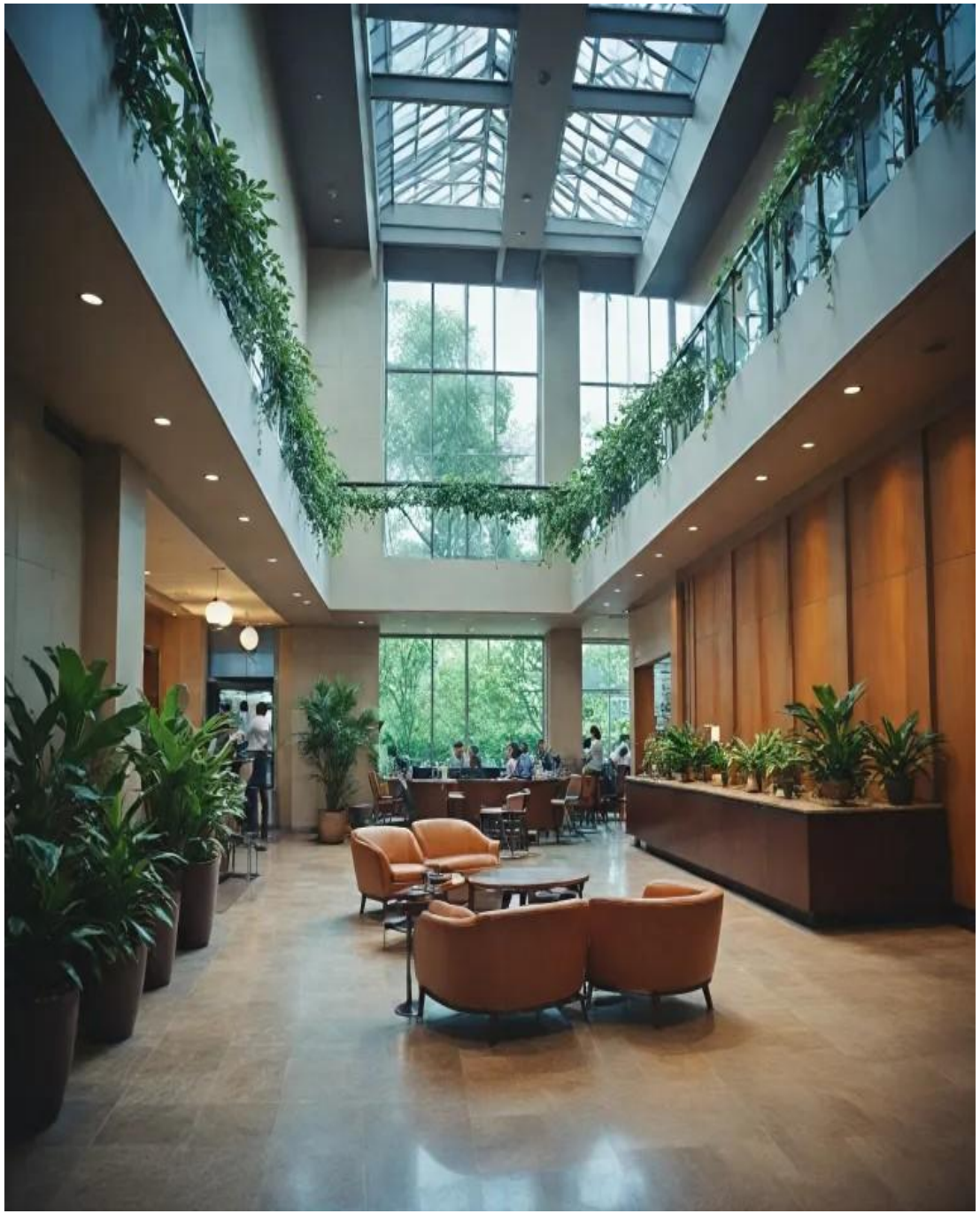
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SEM, HUST

Place and Place-making

- Place is not merely a location or a physical space
- **Place**: when people give it meaning through their experiences, memories, emotions, activities, identities, and relationships (Chen et al., 2021)
- **Place making** is the process through which a physical space is transformed into a meaningful place (Chen et al., 2021; Nguyen, 2021)
- Marketers design servicescapes, events, communicate stories and build destination brands

→ Visitors and customers interpret these elements through their own experiences, emotions, and memories.




1. Marketing mix
Place = distribution, location, accessibility
2. Place marketing
Promote cities, regions, countries
3. Place branding
Images, identity, distinctive positioning
4. Destination marketing
Attractive destinations and experiences
5. Retailing
Stores, markets, shopping centers, online channels
6. Servicescape
Service environment: visual, sound, scent, cleanliness, people
7. Experiential marketing
Experiences, emotions, memories
8. Place making
Collaborative planning, design, and place stewardship
PLACE
A place for distribution to a place for meaning and value
Physical environment
Natural, built, social, and cultural settings
Place / service place
Repeated experiences
Nostalgia + Social interaction + Familiarity
Meaningful place
Place attachment
Revisit • Loyalty • Word of mouth



Market Coverage Decisions

Which geographic markets and customer areas should the company cover?

- Firms need to decide **where their products should be available**, based on market potential, customer characteristics, competition, and distribution costs.
- **Typical market coverage decisions:**
  - **National vs. local markets**
  - **Urban vs. rural areas**
  - **Residential vs. industrial/commercial areas**
  - **Northern, Central, or Southern regions**
  - Selected cities, provinces, districts, or neighbourhoods
- **Factors to consider:**
  - Market size and growth potential
  - Customer concentration and purchasing power
  - Differences in consumer behaviour
  - Competition
  - Distribution and operating costs
- **Eg: TH true MILK** - A dairy company may aim for **national coverage**, but distribution strategies can differ between:
  - Hanoi and Ho Chi Minh City → supermarkets, convenience stores, online delivery
  - Smaller towns/rural areas → traditional retailers and local distributors

→ *A firm does not necessarily serve every market in the same way.*

Through which channel should the product move from the producer to the customer?

Direct distribution

- Website
- Brand-owned stores
- Social commerce
- Direct sales team

Indirect distribution:

Producer → Intermediary → Customer

- Wholesalers
- Distributors
- Retailers
- Agents
- E-commerce marketplaces

Eg: Customers may buy Cocoon through:

- Official website → **direct**
- Brand stores → **direct**
- Guardian/Watsons → **retail intermediary**
- Shopee/Lazada/TikTok Shop → **e-commerce marketplace**

How many intermediaries and selling points should carry the product?

- This decision determines the **availability and exclusivity** of the product.
- **Intensive Distribution:** Product is available in **as many suitable outlets as possible**.
- Best for: Convenience products, Frequently purchased products, Products where easy availability matters
- Eg: Coca-Cola, Bottled water, Snacks, Hảo Hảo noodle, Vinamilk
- **Selective Distribution**
- The company chooses **a limited number of suitable retailers**.
- Best for: Shopping products; Brands requiring some service or brand control
- Eg: Electronics, Cosmetics, TH Truemilk, Iphone, Lancome
- **Exclusive Distribution:** Only **one or very few authorised distributors/retailers** operate in a market.
  - **Territorial exclusivity:** A distributor is granted the exclusive right to sell a product within a specific geographic area.
    Eg: Carrier air conditioners are distributed exclusively in Northern Vietnam through CKĐA.
  - **Product exclusivity:** A distributor is granted the exclusive right to distribute a specific product line or brand.
    Eg: Pierre Cardin products are exclusively distributed in Vietnam by An Phước Garment Embroidery Shoes Co., Ltd.

Direct and Indirect Distribution Channels

Direct

- Doanh nghiệp bán sản phẩm/dịch vụ **trực tiếp cho khách hàng cuối cùng**, không qua trung gian.
- Doanh nghiệp kiểm soát tốt hơn về giá, hình ảnh thương hiệu, dịch vụ khách hàng và trải nghiệm mua hàng.
- Chi phí có thể cao hơn vì doanh nghiệp tự đầu tư cửa hàng, website, nhân sự bán hàng, chăm sóc khách hàng, giao vận
- Phù hợp khi doanh nghiệp muốn kiểm soát chặt và tiếp cận trực tiếp nhóm khách hàng mục tiêu
- Doanh nghiệp có dữ liệu và tương tác trực tiếp với khách hàng → Thị trường nhỏ
- Sản phẩm cao cấp, sản phẩm cần tư vấn chuyên sâu, dịch vụ, bán hàng online qua website/app riêng.
- VD: Apple bán iPhone qua Apple Store

Indirect

- Doanh nghiệp bán sản phẩm/dịch vụ thông qua **trung gian phân phối** như đại lý, nhà bán buôn, nhà bán lẻ, siêu thị, sàn thương mại điện tử
- Doanh nghiệp kiểm soát kém hơn vì phụ thuộc vào cách trung gian bán hàng, trưng bày, tư vấn và chăm sóc khách.
- Có thể giảm gánh nặng vận hành vì trung gian hỗ trợ bán hàng, lưu kho, phân phối và tiếp cận khách hàng.
- Phù hợp khi doanh nghiệp muốn mở rộng thị trường nhanh, phủ rộng nhiều khu vực
- Dữ liệu khách hàng thường nằm một phần ở trung gian, doanh nghiệp khó hiểu khách hàng trực tiếp hơn.
- Hàng tiêu dùng nhanh, sản phẩm phổ thông, sản phẩm cần độ phủ rộng.
- VD: Unilever bán dầu gội, sữa tắm, bột giặt qua siêu thị, đại lý, cửa hàng tạp hoá và sàn thương mại điện tử

Channel structure

1. CHANNEL LENGTH

How many intermediary levels exist?

Short channel (0 intermediary level)

Producer → Consumer

- Fewer intermediary levels
- Greater control
- Higher marketing effort
- Suitable for selective/exclusive distribution

Long channel (3 intermediary levels)

Producer → Distributor → Wholesaler → Retailer → Consumer

- More intermediary levels
- Wider market coverage
- Lower marketing effort
- Higher potential channel conflict and cost

2. CHANNEL BREADTH/WIDTH

How many intermediaries operate at each level?

The number of intermediaries at each level creates different channel widths (breadths).

- Distributor
- Wholesaler
- Retailer
- E-commerce/ Online retailer

A. NARROW CHANNEL (Exclusive)

Few intermediaries at each level

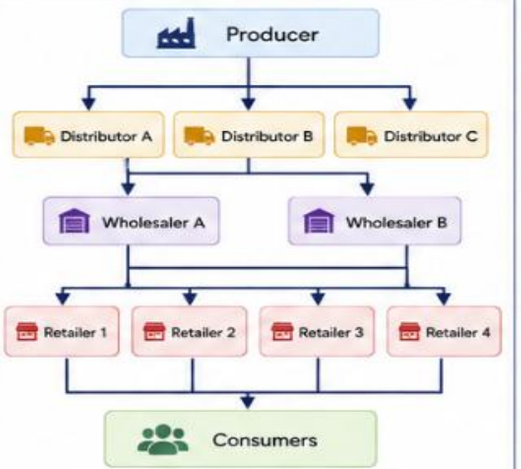


High control – Limited coverage

Example: Luxury watches, premium cars

B. MODERATE CHANNEL (Selective)

Multiple intermediaries at some levels

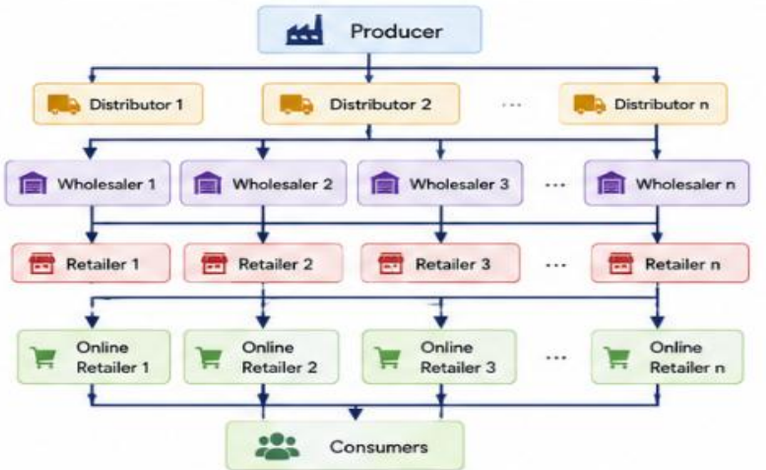


Balanced control and coverage

Example: Consumer electronics, cosmetics

C. WIDE/INTENSIVE CHANNEL

Many intermediaries at each level



Maximum coverage – Less control – More potential conflict

Example: FMCG, snacks, beverages

Typical flow: Producer → Distributors → Wholesalers → Retailers → E-commerce/Online retailers → Consumers

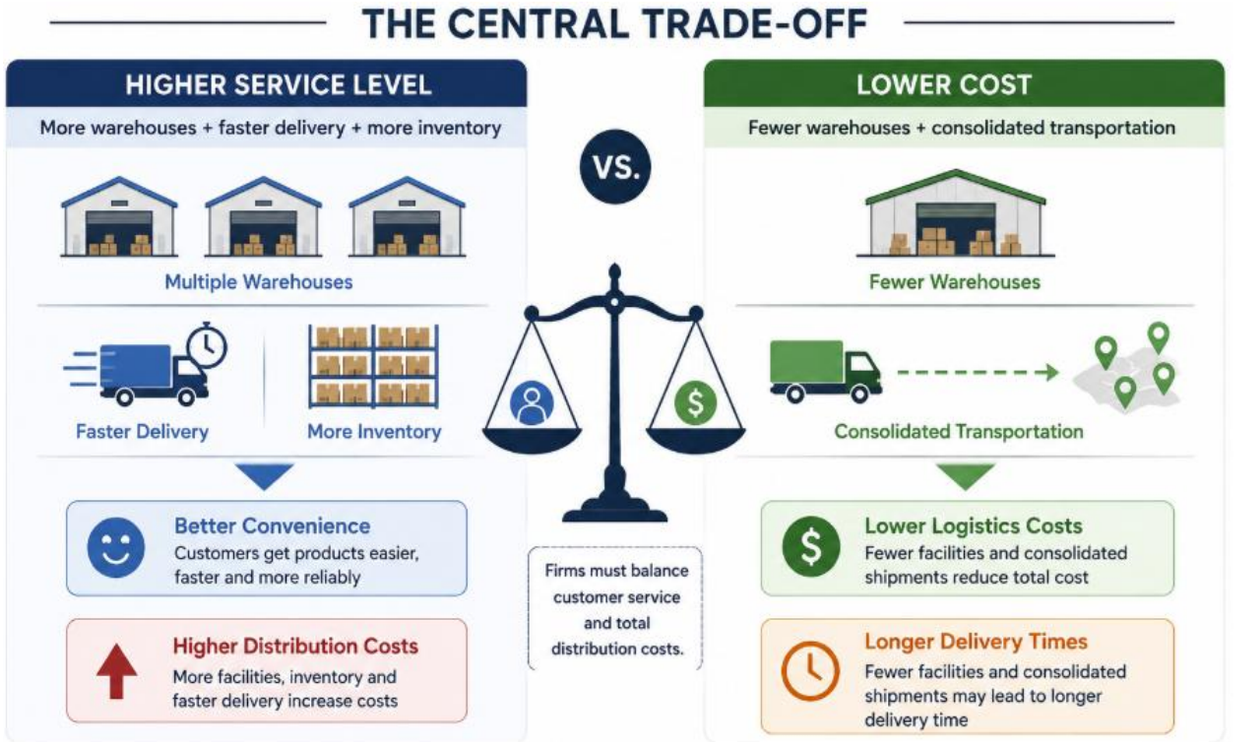
Retail Location Decisions

A good location should maximise **customer accessibility and market potential** while maintaining acceptable operating costs.

1. **Customer traffic:** How many potential customers pass the location?
2. **Customer demand:** Are target customers concentrated nearby?
3. **Accessibility**
    - Public transport
    - Parking
    - Walking convenience
    - Road access
4. **Competition**
5. **Brand positioning:** The location should reinforce the desired brand image.
6. **Cost:** rent, labour, utilities, logistics

Warehousing & Transportation Decisions

- **Warehousing**
  - Number of warehouses
  - Warehouse locations
  - Inventory levels
  - Centralised vs. decentralised storage
- **Transportation**
  - Road
  - Rail
  - Air
  - Sea
  - Courier/last-mile delivery



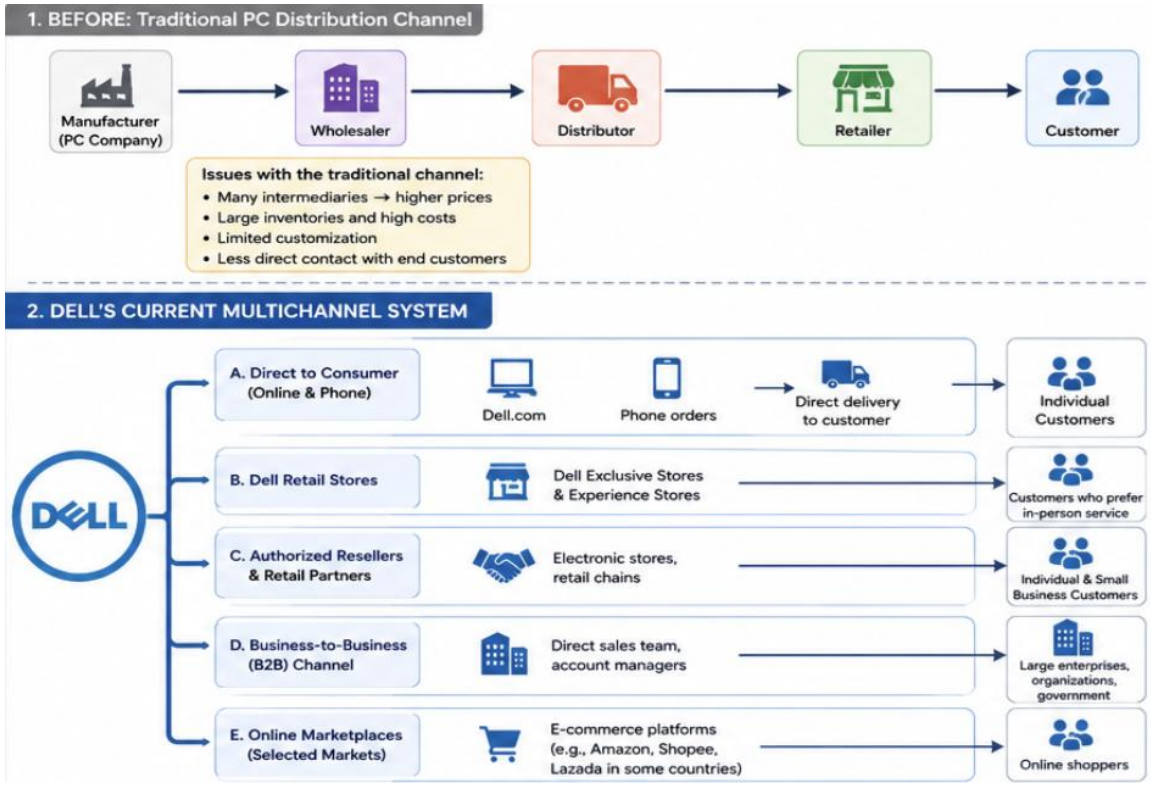
- **Three major considerations**
  1. **Transportation cost:** Lower logistics costs can reduce the total distribution cost.
  2. **Delivery time:** Customers increasingly expect faster delivery.
  3. **Customer convenience:** Distribution should make buying and receiving the product easy.

Dell’s distribution channel

In 1984, Michael Dell started selling personal computers from his university dorm room in Texas. At that time, most computer manufacturers sold through distributors, wholesalers and retail stores. Dell chose a different route. Customers ordered directly from the company, selected the specifications they wanted, and Dell assembled the computer after receiving the order. As the business grew, Dell continued to rely heavily on this direct model. Customers could first order by phone and later through Dell’s website. The company became well known for allowing buyers to customise their computers and have them delivered directly to their homes or offices. The model worked particularly well with business customers, who could order large numbers of computers with specific configurations. Dell also developed direct relationships with corporations, universities and government organisations.

By the mid-2000s, however, the consumer computer market was changing. Laptop sales were growing, and many customers wanted to visit stores, compare different brands, see the screen, try the keyboard and examine the size and weight of a laptop before making a decision. Competitors such as HP, Lenovo and Acer were widely available in electronics stores, while Dell products were much less visible there.

In 2007, Dell began placing selected computers in Walmart stores in the United States. It later expanded into other major retailers, including Best Buy. Customers who previously had to order a Dell computer directly could now see and buy selected models in physical stores. Dell continued to sell directly at the same time. As the company expanded its business beyond personal computers into servers, storage, networking and other technology products, it also increased its use of distributors and specialised partners. Distributors supplied Dell products to networks of smaller dealers and resellers. Some resellers sold Dell products together with installation, software or technical support. System integrators included Dell hardware as part of larger IT projects for companies and public organisations.



Dell therefore came to sell through several routes at the same time.

A small customer might buy a laptop from Dell’s website. Another might purchase one from a retail store. A small business might buy through a local reseller, while a multinational company could negotiate directly with Dell. In some markets, distributors supplied many smaller resellers that Dell did not serve directly.

This meant that the company founded on the idea of selling computers directly to customers eventually developed a distribution network involving direct sales, retailers, distributors, resellers and other business partners.

PLACE IN SERVICE



DISTRIBUTION IN SERVICE

- **Production and consumption occur simultaneously:** Customers often participate in the service delivery process. Therefore, the **place of distribution is also where the service experience takes place**.
- **Services are intangible and cannot be stored:** Unlike physical goods, unused service capacity cannot be inventoried for future sale.
- **Location and physical environment strongly influence the customer experience:** The service setting can affect customers' **psychological responses, emotions, memories, physical comfort, and mood**.

- **People are crucial:** frontline employees, customers, and other customers all influence the service experience.
- **Service quality is difficult to standardise** across different service locations.
- **Managing supply and demand:** businesses must respond to seasonal fluctuations, service hours, peak and off-peak periods, and available capacity.
- **Convenience is an important source of competitive advantage.**



PLACE IS MORE THAN DISTRIBUTION IN SERVICE



The physical environment creates the first impression and communicates brand positioning.
It reduces customers' perceived risk, especially because services are intangible.
It influences emotions, perceived waiting time, comfort, repeat purchase behaviour, and customer loyalty.
It helps manage interactions among customers, employees, and other customers.

A café does not simply sell drinks; it also sells a **space for working, socialising, relaxing, and self-expression**.

Sources: Lovelock & Wirtz; Zeithaml, Bitner & Gremler; Bitner (1992).

PLACE AS PART OF SERVICESCAPE AND EXPERIENCE

1. Facility exterior

Exterior design: façade, signage, architecture, parking, and entrance. These provide the **first signals of the target market and expected service quality**.
They can strongly influence whether customers **choose to enter the service environment or walk away**.

2. Facility interior

Interior environment: lighting, sound, scent, temperature, colour, layout, furnishings, equipment, and cleanliness. These elements shape the **service experience and customers' emotional and behavioural responses**.
A well-designed layout helps to:

- Create a smooth customer flow
- Reduce congestion and crowding
- Save customers' time
- Improve service efficiency
- Make the service easier to use
- Help employees work more efficiently

3. Place = Meaning & Emotions

Hospital: clean, safe, reassuring
Café: relaxing, warm, inviting
Bank: trustworthy, professional, secure
Airline: safe, comfortable, relaxing
University: academic, open, supportive, professional

Sources: Lovelock & Wirtz; Zeithaml, Bitner & Gremler; Bitner (1992).

Scents

Study	Context	Findings
Spangenberg, Crowley, & Henderson (1996)	Simulated retail environment (Nike)	**Pleasant scents can influence customers' evaluations of both the store and its products.** Retail environments with a pleasant scent are often evaluated more positively than otherwise similar scent-free environments.
Mattila & Wirtz (2001)	Retail	When **scent and music are congruent in their level of arousal**—for example, both are relaxing or both are energetic—customers tend to evaluate the environment more positively. This congruence can lead to more **approach behaviours**, greater **impulse purchasing**, and higher **customer satisfaction**.
Chebat & Michon (2003)	Malls	**Scent influences customers' perceptions of the shopping environment and of product/service quality**, which can in turn affect their **emotions and spending behaviour**.



Lights

Lighting influences visibility, attention, perceived safety, perceived luxury, the warmth or coolness of the environment, and customers' willingness to approach products.

Study	Context	Findings
Areni & Kim (1994)	Liquor shop	Research shows that in-store lighting can influence shopping behaviour and the way customers notice and pay attention to products.
Summers & Hebert (2001)	Retails	**Increasing lighting at product displays can encourage approach behaviours**, such as stopping at the display, touching products, and picking them up. This effect has been observed using **video-based behavioural observation in real retail environments**.
Babin, Hardesty, & Suter (2003)	Retails	Colour and lighting interact to shape customers' perceptions of the retail environment, their judgments of price fairness, and their patronage intentions.





Colours

Colour does more than create visual appeal; it also communicates brand positioning. Its meaning can vary across **cultures, service industries, and customer segments**.

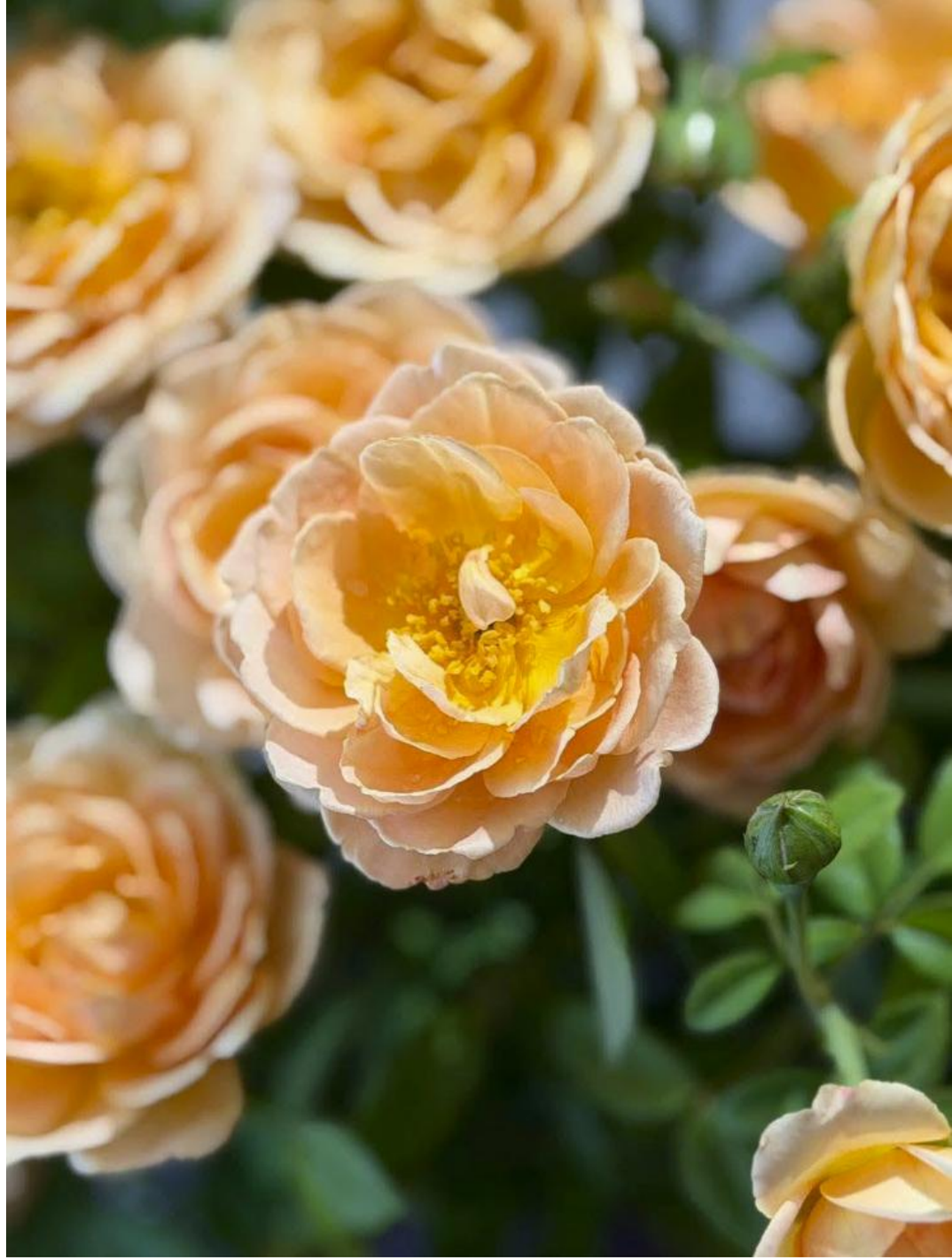
Study	Context	Findings
Bellizzi & Hite (1992)	Retails	**Red and blue can trigger different responses:** red is often associated with **higher arousal and tension**, while blue tends to evoke **calmer and more positive feelings** in service environments.
Crowley (1993)	Retails	**Colour can influence shopping through two pathways:** it shapes customers' **emotional responses** and, at the same time, affects their **cognitive evaluations** of the store, products, prices, and overall shopping experience..
Babin, Hardesty, & Suter (2003)	Retails	**Colour and lighting can influence shopping intentions through two mechanisms:** customers' perceptions of **price fairness** and their **affective responses** to the shopping environment.



Musics

Milliman (1982)	Malls	**The tempo of background music can significantly influence customers' movement through a store and sales performance.** Slower music tends to make customers move more slowly, spend more time in the store, and potentially purchase more.
Areni & Kim (1993)	Liquor shop	**Classical music can lead customers to choose more expensive wines than Top-40 music**, suggesting that music can create associations with **luxury, sophistication, and prestige**.
North, Hargreaves, & McKendrick (1999)	Liquor shop	**French music can increase sales of French wine, while German music can increase sales of German wine.** Most customers are **not consciously aware** that the background music is influencing their product choice.
Caldwell & Hibbert (2002)	Restaurant	Music tempo and music preference can influence customers' dining time, spending, enjoyment of the experience, and behavioural intentions in restaurants.
Biswas, Lund, & Szocs (2019)	Retails	**Lower music volume or background noise can promote relaxation and may encourage healthier food choices.** This effect has been examined in both **field experiments and laboratory studies**.

Lecture 9
Marketing Communication



Integrated Marketing Communications

Integrated Marketing Communications (IMC) is the process of coordinating different communication tools—such as advertising, public relations, sales promotion, personal selling, direct marketing, digital media, and social media—to deliver a **consistent, clear, and persuasive message** to target customers (Belch & Belch, 2021; Kotler & Keller, 2016).

- All communication tools should work towards a **common objective**.
- Messages should remain **consistent across different channels**.
- Communication should be **target-customer centred**.
- IMC combines **online and offline communication**.
- Its purpose is to build **awareness, positive attitudes, and purchase or service-use behaviour**.



TH True MILK

Consistent core message: “Fresh, pure milk / truly natural goodness.”



Advertisement
Brand awareness





Promotion/ digital
Customer behaviour



Product and content

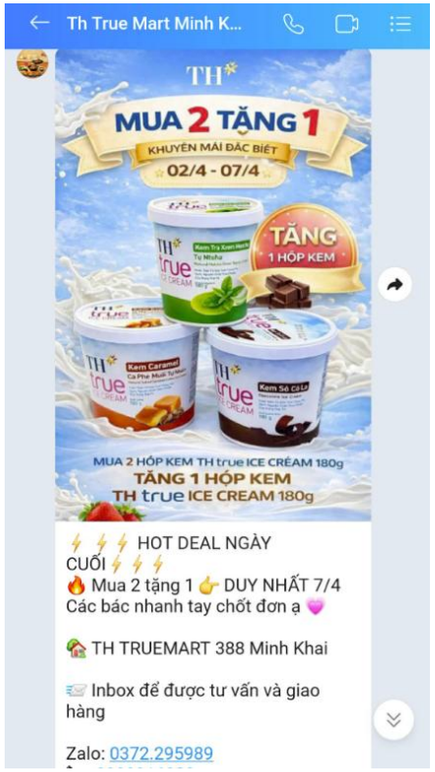
Story - telling

TH True MILK:

TH true MILK coordinates multiple customer touchpoints—including advertising, public relations, packaging, retail outlets, e-commerce, social media, and sales promotions. Together, these activities reinforce a consistent brand positioning: **clean, natural products that support health and well-being**.

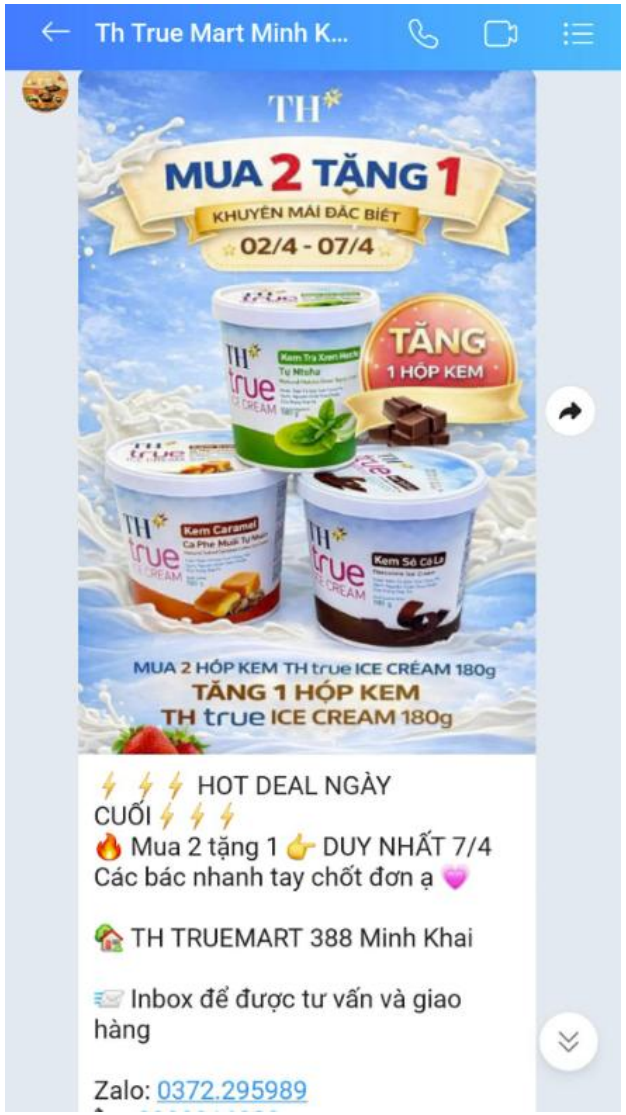


Positioning
Belief

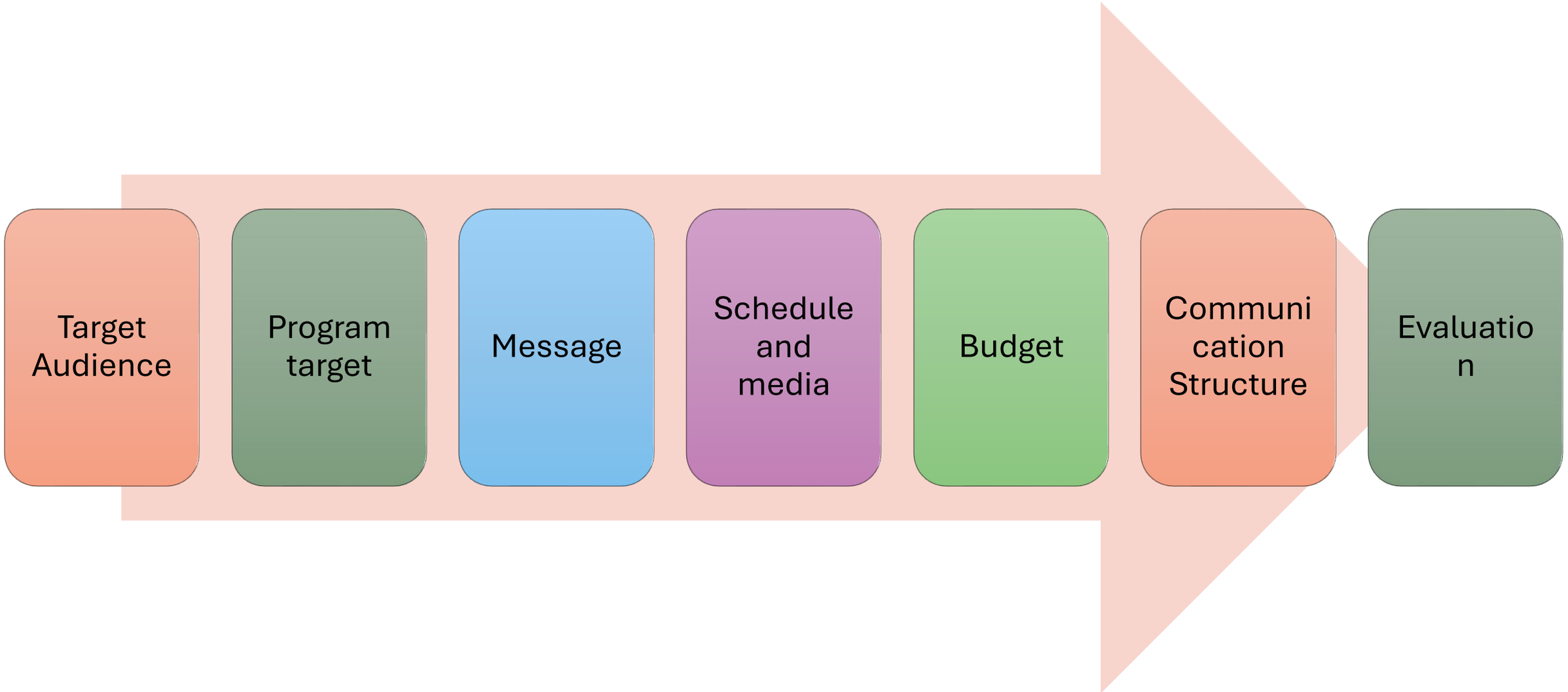


AIDA model

- **A – Attention: Capture attention**
  Customers become aware of the brand, product, or service.
  Example: An advertisement with striking visuals, an eye-catching headline, or an intriguing message.
- **I – Interest: Generate interest**
  Customers begin to want to learn more because the message connects with their needs, wants, or problems.
  Example: Content explaining product benefits, customer stories, or demonstration videos.
- **D – Desire: Create desire**
  Customers begin to feel that the product or service is relevant to them and want to own or experience it.
  Example: Emphasising emotional benefits, distinctive value, or positive customer reviews.
- **A – Action: Encourage action**
  Customers take the desired action, such as purchasing, registering, downloading an app, providing contact details, or visiting a store.
  Example: “Sign up now”, a limited-time offer, or a free consultation.



Steps in Designing a Marketing Communications Programme



Audience: Who are you communicating with?

- **Existing or potential customers?**
- **Buyer, user, or purchase influencer?**
  Example: Shampoo may be used by the whole family, but a woman in the household may make the purchase decision. Infant formula is consumed by the child, but purchased by the parents.
- **Demographic characteristics:** age, gender, income, occupation, and place of residence.
- **Psychographic characteristics:** lifestyle, personal values, interests, and motivations.
- **Consumer behaviour:** purchase frequency, level of loyalty, and preferred information channels.
- **Customer problems, needs, or wants:** What are they trying to solve, achieve, or experience?

Luxury goods are sold to the rich, but their advertising is often intended to be seen by the less affluent. Why is that?

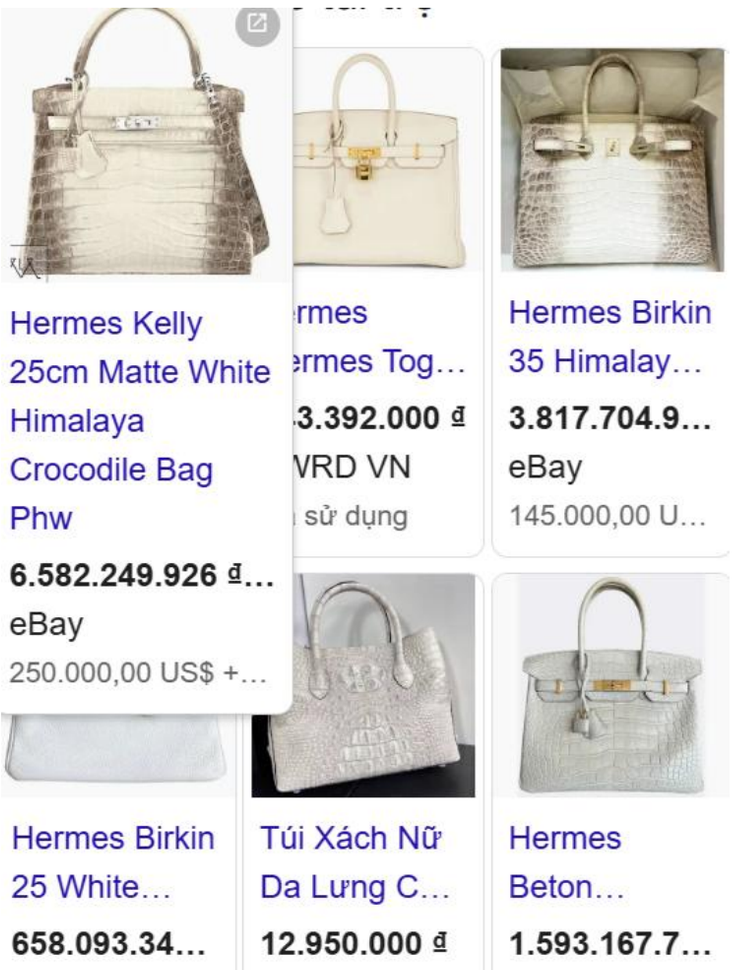
If a US$20,000 Hermès bag were valued only by wealthy buyers and the brand itself, it would be little more than a piece of high-quality leather. It becomes truly “powerful” when its owner walks down the street and everyone around them—even those who could never afford it—recognises how extraordinarily expensive it is.

This is why luxury brands need to be visible to a much wider, less affluent audience. Only then can the wealthy owner experience the admiration that comes from being seen with something that most people cannot attain.

The emotional value of luxury consumption, therefore, may come not only from the product itself but also from the **perceived status distance** it creates. The admiration, aspiration, and sometimes envy of others can reinforce the owner’s sense of prestige and social distinction.

This reflects both a basic logic of luxury marketing and an understanding of human behaviour. In the age of social media, consumers are increasingly surrounded by highly curated and often extravagant standards of living promoted through media and influencers.

Constant exposure to lifestyles and possessions that seem out of reach can contribute to feelings of inadequacy and status anxiety. In more extreme cases, it may encourage **conspicuous consumption beyond one’s financial means**—borrowing or overspending on luxury goods in exchange for temporary social recognition.



Communication Objectives: Specific and Measurable

- **Increase brand awareness**
  Example: Increase awareness of TH true MILK among customers aged 18–25 from 40% to 60% within three months.
- **Provide information about a new product or service**
  Example: Ensure that 60% of the target audience understands that the product contains natural ingredients and no preservatives.
- **Generate interest**
  Example: Increase the number of customers visiting the website to learn more about the product by 30% after the campaign.
- **Change customer attitudes or perceptions**
  Example: Increase the percentage of customers who perceive the brand as “trustworthy” from 50% to 70%.
- **Build brand preference**
  Example: Increase the percentage of customers who rank the brand among their top three favourite dairy brands.
- **Encourage purchase, registration, or trial**
  Example: Increase the number of orders by 20% during the campaign period.
- **Increase customer loyalty and encourage repeat purchases**

Message Design

- **What is the core customer benefit?**
  - Apple: **“Think Different”** → creativity and innovation
  - Biti’s: **“Nâng niu bàn chân Việt”** → care and comfort for Vietnamese consumers
- **Message structure**
  - Present a problem, then offer the solution
  - Show **before vs. after** using the product
  - Present **rational benefits first, followed by emotional benefits**
  - Support the message with **evidence, statistics, demonstrations, or customer reviews**
- **Message format**
  - Visuals
  - Colours
  - Sound and music
  - Language and tone
  - Brand ambassadors or spokespersons
  - Slogans
  - Overall design style
- **Key requirements:** The message should be **clear, consistent, memorable, and relevant to the target audience**.

https://www.youtube.com/watch?v=Dlx9Z0QcBds

Media Selection: Where Is Your Target Audience?

- **Mass Media**
  TV, radio, newspapers, magazines, billboards, and outdoor digital screens.
  Best suited when a company wants to build **broad market awareness**.
- **Digital Media**
  Websites, email, social media, search engines, online advertising, and mobile apps.
  Useful for **personalisation, interaction, targeting, and performance measurement**.
- **Direct Communication**
  Personal selling, consultations, seminars, events, and customer service.
  Particularly suitable for products or services that **require detailed explanation or involve high perceived risk**.
- **Word-of-Mouth and Community Communication**
  Customer reviews, KOLs/KOCs, online communities, discussion groups, and user-generated content.
  Useful for building **credibility, social influence, and customer engagement**.

Media schedule

- **Campaign start and end dates**
- **Frequency of message exposure**
- **Peak periods when communication intensity should be increased**
- **Coordination of different channels across campaign stages**
- Consider **seasonality, special events, holidays, and customers' typical buying occasions**.

The Curve of Forgetting

Hermann Ebbinghaus

1st

Learning

Learning will be forgotten rapidly in the short term without review intervention.

1 Hour

Review 1

Learning is refreshed and the rate at which it is forgotten is reduced. This could be in the form of questioning during the lesson or exit tickets at the end

1 Day

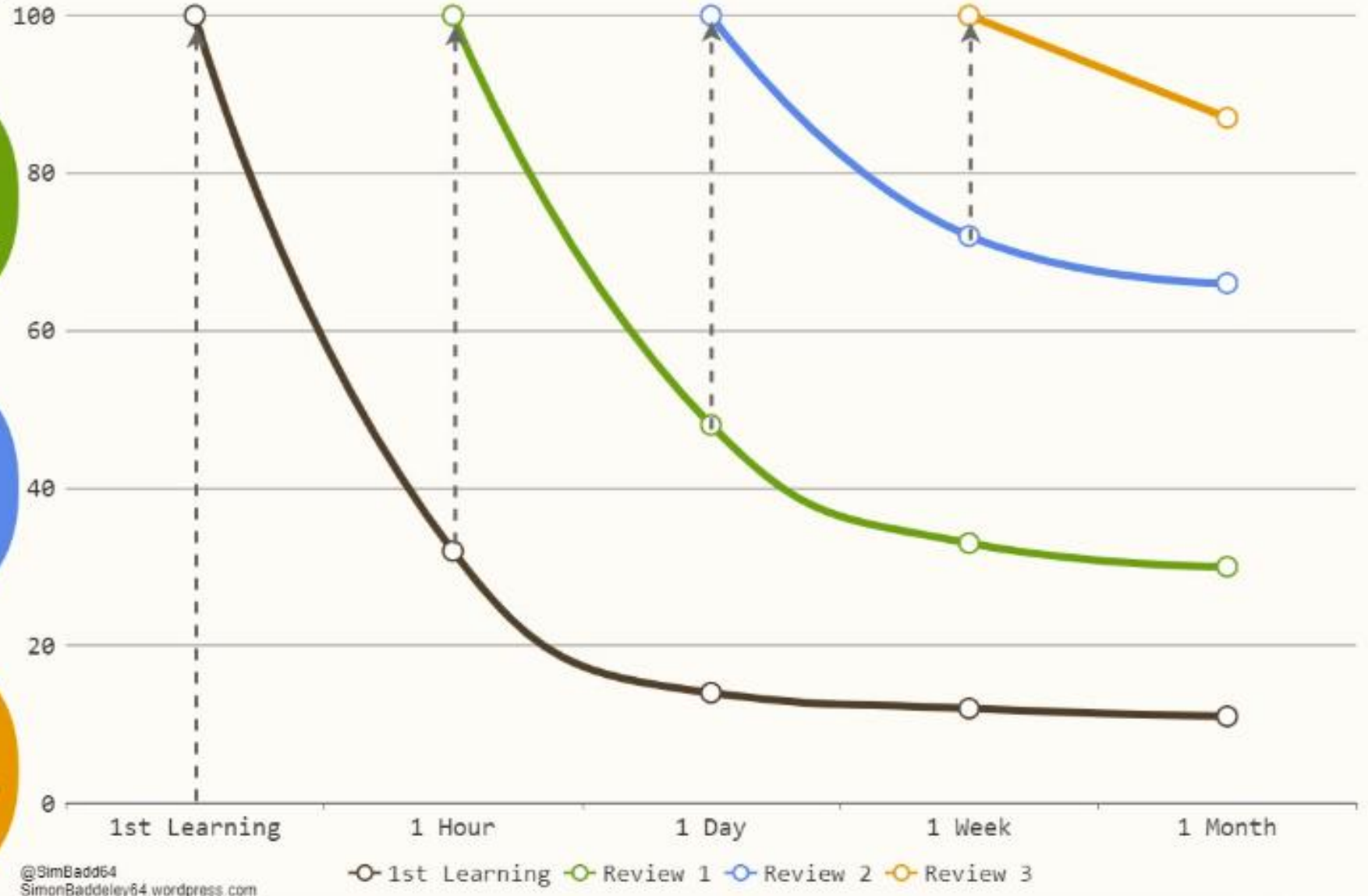
Review 2

Learning is refreshed and the rate at which it is forgotten is reduced. E.g. Summarizing the Key Points from last lesson using Cornell Notes

1 Week +

Review 3

This review should feed into a rolling cycle of periodic review to refresh the learning over time. E.g. Regular recall and retrieval practice



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Budget

Affordable Method

- The company spends **what it believes it can afford** on marketing communications.
- The communication budget is therefore determined by available financial resources rather than by specific communication objectives.

Percentage-of-Sales Method: The communication budget is set as a **percentage of current or forecast sales revenue**.

Competitive-Parity Method

- The budget is based on competitors' communication spending, media presence, and the firm's desired market share.
- A common assumption is that **market share is related to share of voice (SOV)**.
- The firm therefore considers how frequently competing brands appear in the market and how much communication pressure is needed to remain competitive.

Objective-and-Task Method

- Define specific objectives for **awareness, trial, purchase, or market share**.
- Estimate the total level of media exposure required, often expressed in **GRPs (Gross Rating Points)**.
- Estimate the cost of achieving each GRP.
- Calculate the total communication budget needed to achieve the objectives.

In short: Objectives → Required exposure → Cost per exposure → Communication budget.

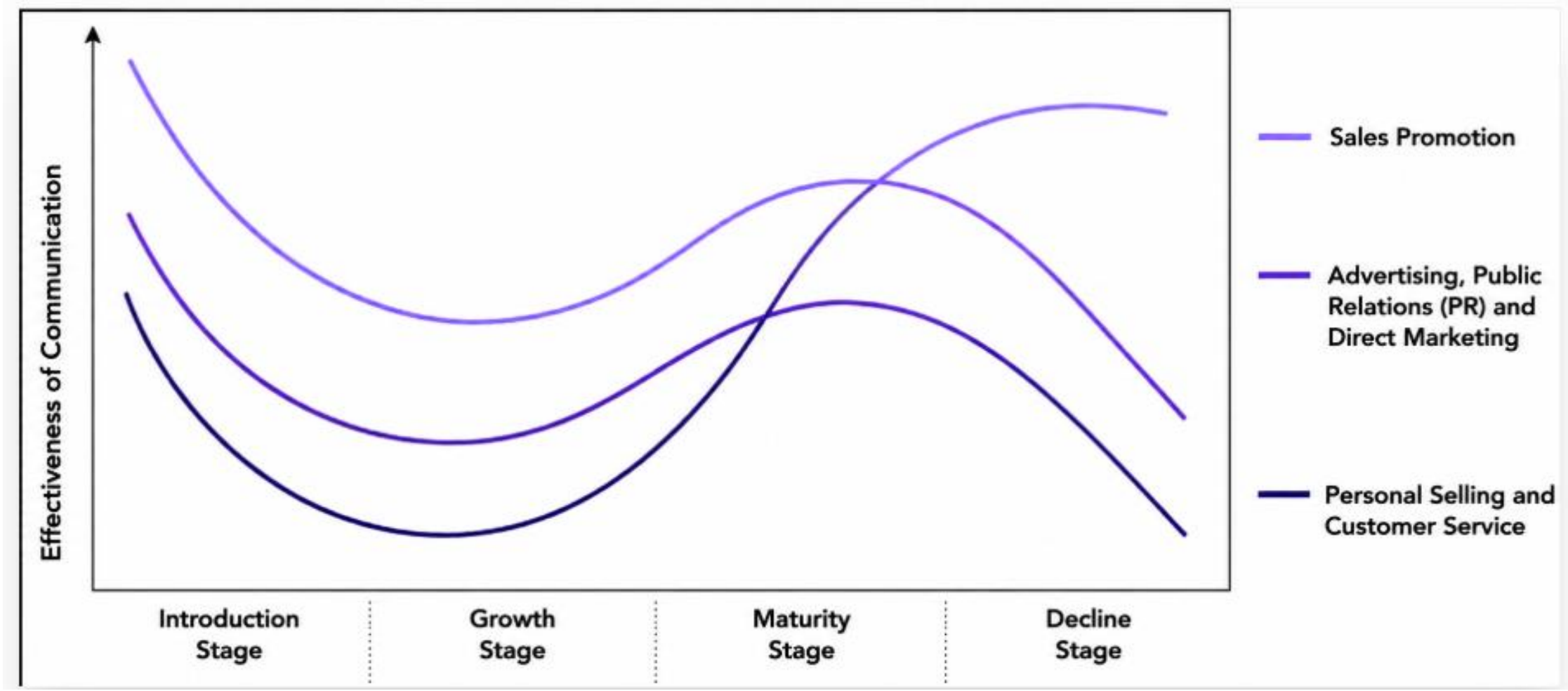
Structure

- **Budget allocation by product:** Percentage of the communication budget allocated to each product, brand, or model.
- **Budget allocation by geographic area:** Percentage of the budget allocated to each region, city, or market area.
- **Budget allocation by marketing communication tool:** Percentage spent on advertising, sales promotion, public relations, direct marketing, and personal selling.
- **Budget allocation by media:** Percentage spent on TV and radio, print advertising, out-of-home (OOH) media, online media, and other channels.
- **Budget allocation over time:** Percentage of the budget allocated by quarter, month, or week throughout the year.

Communication tools

- **Advertising:** builds broad awareness and gives the firm strong control over the message.
- **Public relations (PR):** builds credibility, reputation, and trust.
- **Sales promotion:** encourages short-term customer action and purchase.
- **Personal selling:** provides consultation, persuasion, and handling of customer objections.
- **Direct marketing:** delivers personalised messages to specific customers or customer segments.
- **Digital and social media:** encourage interaction, sharing, rapid reach, and real-time measurement.
- **Events and experiential marketing:** allow customers to interact directly with and experience the brand.

Mkt communication across the product life-cycle




Teamwork