Fall 2004

Runner's Market - Integrated Marketing Communication: Creative and Media Strategies

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UNIVERSITY HONORS PROGRAM

SENIOR PROJECT - APPROVAL

Name: Karen McNeary

College: Business
Department: Marketing

Faculty Mentor: Mark E. Collins

PROJECT TITLE: Runner's Market - Integrated Marketing Communication: Creative and Media Strategies

I have reviewed this completed senior honors thesis with this student and certify that it is a project commensurate with honors level undergraduate research in this field.

Signed: Mark E. Collins, Faculty Mentor

Date: 12/3/04

Comments (Optional):

Mr. McNeary did an outstanding job on this project.
MENTOR'S NAME: Mark E. Collins

I HAVE MET WITH Karen McNeany AND REVIEWED THE PROGRESS BEING MADE ON HIS/HER SENIOR HONORS PROJECT.

Progress is satisfactory √

Progress is unsatisfactory __

IF PROGRESS IS UNSATISFACTORY, PLEASE NOTE HERE THE PLANS WHICH HAVE BEEN MADE TO MOVE THE PROJECT FORWARD.

________________________________________________________________________
________________________________________________________________________
________________________________________________________________________
________________________________________________________________________
________________________________________________________________________
________________________________________________________________________

Mentor’s Signature ___________________________ Date 12/3/04

Student should return this form to her/his Senior Seminar Instructor by the week of October 18.
Runner’s Market Integrated Marketing Campaign

Rationale for Project Change

Originally, my project was to be the creation of an alumni database through the compilation of past business study abroad student data. Due to several factors, however, I had to change the subject of my paper to another topic. One of the main reasons for my switch of subject was the unfortunate departure of my previous faculty mentor, Winkie Ilic, from UT.

My current project coincides with my senior-level marketing class Integrated Marketing Communications and has been supervised by Edith Davidson, the class teacher, and Mark Collins, a faculty member in UT’s Marketing Department.
Name: Karen McNeany
College: Business
Department: Marketing
Faculty Mentor: ____________________________

Project Title: Runner's Market Integrated Marketing Campaign

PROJECT DESCRIPTION (Attach not more than one additional page, if necessary):

Projected completion Date: Nov. 22, 2004
Signed: Karen McNeany

I have discussed this research proposal with this student and agree to serve in an advisory role, as faculty mentor, and to certify the acceptability of the completed project:

Signed: Mark E. Cline, Faculty Mentor

Accepted by: ____________________________, Honors Program
Date: 12/3/04
Runner's Market Integrated Marketing Campaign

Prospectus

I will develop an integrated marketing communications plan for Runner's Market, a local running-specialty store. This will include completing the following activities:

- Employ an analysis of the company's position in the marketplace
- Establish integrated marketing communication objectives, strategies, and tactics built around customer value information, segmentation, and brand identity.
- Employ customer value information in developing IMC strategies and tactics.
- Identify and select a set of communication tools to successfully incorporate an IMC strategy.
- Plan media usage based on budget constraints.
- Develop evaluation metrics.

I will utilize the full spectrum of the marketing communications portfolio, including:

- SWOT Analysis
- Customer analysis
- Segmentation strategy
- Branding
- Positioning
- Copy Strategy
  - Messaging (Primary and Secondary)
- Packaging
- Paid Advertising
  - Print
  - Broadcasts (TV and radio)
  - Outdoor
  - Electronic
  - New media
- Non-Paid Advertising
  - Public Relations
  - Publicity
- Consumer Promotions
Runner's Market

Integrated Marketing Communications:

Creative and Media Strategies

Karen McNeany

November 22, 2004
Runner's Market
(Strengths, Weaknesses, Opportunities, Threats)

RUNNER'S MARKET BACKGROUND AND CURRENT SITUATION
Runner's Market prides itself in being a running specialty store serving the
Knoxville area. Founded by Kevin and Samantha Pack, Runner's Market is a sole
proprietorship catering to mostly middle-upper class customers of all ages who have a
passion for running or who need a good pair of walking or running shoes. The store
began when Kevin decided to leave his engineering job to follow his passion for
running. Recreational runners who are out of college most frequent the business, but
the Packs are looking to increase sales to seniors with specific orthopedic needs,
casual walkers, and spinners.

Currently Runner's Market is expanding, both in their physical store and scope
of advertising. The store has plans to add on to its present location with intentions of
more effectively merchandising women's apparel. Kevin also hopes to expand his
customer base through improved advertising. As of right now, advertising expenses
constitute 3% of revenues.

Currently, Runner's Market advertises in "Footnotes," (Knoxville Track Club's
monthly publication), "Metro Pulse," "The Daily Beacon," "Runner's World," and
several other running publications. They have a website, but do not utilize it and
need help keeping it updated. They are currently working on airing a commercial on
Comcast cable television. They sponsor local races, the Knoxville Track Club, and
team nights for local schools. They also participate in various discount/giveaway
promotions as well, ranging from product giveaways at races to discounts for teachers,
students, and Track Club members.

MARKETING OBJECTIVES
Kevin's goal is to increase current annual sales of $.75 million to $1 million by
2010. He describes his current strategic plan as increasing brand awareness to obtain
new customers. While getting the store's name out to more of the community, he
hopes to position Runner's Market not as an elite runner store, but rather as a
running-specialty store that excels in matching proper footwear to customers' needs.
He also wants to expand his customer base by attracting non-runners and gaining
more customers from medical referrals.

Secondly, Kevin would like to capitalize on current marketing opportunities
which he has not yet been able to sufficiently harness. Thus far, The Daily Beacon,
UT's student publication, has not been a successful medium for reaching students.
Runner's Market would like to find new ways to reach UT's campus. Also, Runner's
Market has not taken advantage of such mediums as television and the internet. A
television commercial is in the works, but is superseded by priorities of daily
operations. In regards to the web, Kevin’s wife Samantha and son Ryan created a website with marketing intentions, but as they do not have the time, money, or expertise to maintain the site, it has fallen by the wayside. The last update happened nearly six months ago. By properly identifying viable target markets and identifying new and better ways to reach these customers, Runner’s Market hopes to continue its sales growth while working toward its goal of a million dollars of revenue in five years.

COMPETITIVE INFORMATION/ SWOT

The Runner’s Market has various strengths in athletic shoe/apparel industry of Knoxville. For starters, it is the only running-specialty store in Knoxville, with the closest true competitor in Chattanooga, TN. While Kevin classifies New Balance and Dick’s Sporting Goods as moderate competition, they do not carry the extensive line of brands and running-specific merchandise or offer the knowledge and expertise that Runner’s Market provides. The sales staff at Runner’s Market comprises experienced runners who are extremely knowledgeable about the products as well as the sport of running.

Being the only running-specialty store in Knoxville, however, is not a sustainable competitive advantage in itself. The relationships that have arisen over the years of Runner’s Market’s operations in Knoxville are though. Suppliers have little desire to expend resources developing new relationships when they have successful revenue flowing from current area sellers. These vendor relationships are one source of competitive advantage. The second, stronger source of competitive advantage is Runner’s Market partnership with Knoxville Track Club. Besides the sponsorship of the club and personal relationships with members, Runner’s Market has a political connection with an employee serving on the Club’s Board of Directors.

While Kevin has several weaknesses that he needs to address, the most threatening one is the lack of a written marketing strategy. Many of his decisions have been made without the aid of a previously constructed plan. He set his advertising budget at 3% of revenues simply from a suggestion in a trade magazine. Other weaknesses we found in Runner’s Market operations:

- 99% of student customers, when asked, do not recall noticing the ad in the Daily Beacon
- Kevin Pack, as owner of the store, has no previous experience running a business.

As for marketing opportunities, plenty of untapped ones exist for Runner’s Market to exploit within its niche market. With the physical expansion of the store, Runner’s Market will be able to carry wider selections of current brands, as well as additional brands. The location of the University of Tennessee just 3 miles to the east is another excellent opportunity. Perhaps the store could go to student athletic events to market its products. Current weight-loss and exercise trends open up more
opportunities, especially in the women's apparel market. The internet, if used properly, provides a plethora of methods Kevin Pack could use to reach potential customers.

Last, but certainly not least, Kevin needs to pay attention to the threats in the industry. He should consider sports businesses in the area as direct competitors and be aware of their actions as well as be attentive to potential relocations of new athletic goods and apparel companies to the area. Because few barriers to entry exist, Runner's Market is vulnerable to another running-specialty store with a well-thought-out strategic plan stealing market share. The external environment contains additional threats. With the slowdown of the economy, customers will have less discretionary income to spend. Sales have mirrored downturns in the economy in the past, such as around September 11 and the stock market crash of the late 1990's, and are likely to continue to in the future. As for threat of substitutes, sudden increases in popularity of trendy sports may slightly affect sales, but they are not likely to hurt the popularity of running in the long term.
Stage 2 Positioning, Target Markets, and Objectives

Positioning: Runner’s Market’s positioning statement needs to (1) reflect the company’s major competitive advantage of being closely partnered with athletic clubs in the area, especially the Knoxville Track Club, and (2) motivate consumers to buy goods from their store. Because Runner’s Market is a service business, it is recommended that the company position itself with respect to customer attitude toward the brand. A suggested tag line would be: “Runner’s Market: What do you want to be when you grow up?” This statement should resonate with their three target markets’ desires to look and feel youthful and attractive. By pairing this statement with visuals comparing average, healthy-looking people exercising around Knoxville (at Track Club events, Triathlon Club events, etc.) against those of non-exercisers, consumers will associate the brand with how they want to identify themselves: laid-back, in shape, and looking good.

Runner’s Market will need to guide the consumer through the cognitive and affective stages to the conative stage. Following the elaboration likelihood model, consumers need to have the motivation, ability, and opportunity to receive the message that Runner’s Market wants to convey. Using emotion-based persuasion to tap into both consumers’ regrets of not exercising their bodies as they should, as well as their desires to feel youthful, strong, and beautiful should motivate the target groups to action.

In positioning the brand, they also need to consider methods to change consumer beliefs. Kevin mentioned that he wants customers to perceive the store as “average-runner friendly,” instead of its current reputation as a store geared to elite runners. So he needs to make sure that his advertising reflects a relaxed attitude so as not to appear intimidating to new runners.

In order to increase the likelihood that consumers will register the message that Runner’s Market wants to submit, marketing communication needs to enhance consumers’ motivation, opportunity, and ability to process the brand information. How is it suggested that they do this?

First, using the following methods in store advertisements should motivate the customer to attend to the message and process brand information:

- Appeal to hedonic desires of feeling attractive and strong
- Use novel stimuli such as unique visuals in advertisements
- Use intense cues like large pictures in advertisements
- Use motion such as a superstitious “running man” moving across the Knoxville Track Club web page with a link to Runner’s Market web page.
- Increase relevance of brand to self by using fear appeals and rhetorical questions (What will I look like in 10 years with my current exercise schedule?)

The next activities should enhance consumers’ opportunity to both encode information and reduce processing time:

- Repeating brand information in several media formats and vehicles
- Repeat key scenes in both radio and visual advertisements
- Repeat the ads on multiple occasions, utilizing continuous, pulsing, and flighting methods

Finally, taking these actions will work to enhance consumers’ ability to access and create knowledge structures:

- providing a context with verbal framing
- facilitating exemplar-based learning by using concretizations, demonstrations, and analogies

Target Markets

College Students: This category constitutes a demographic of young adults, predominantly Caucasian or African-American, male and female, ages 20-24. The median income for this group is approximately $23,000, the lowest of the three markets. College students in the Knoxville area most likely go to one of the following universities: Carson-Newman, Lincoln Memorial, Maryville College, East Tennessee State University, or the University of Tennessee. The University of TN is the nearest and largest school, located 3 miles east of the store with a population in the 20-24 age range of ~15,000 students with the largest minority population, African-Americans, composing 8%. This campaign will mostly be targeting this University. The U.S. Census Data reports the size of the 20-24 age group in the Knoxville metropolitan area to be roughly 46,000, excluding those living in dormitories.\textsuperscript{1} Therefore, the estimated college-aged population in the area is ~50,000. Students in this age range typically fit into the Experiencers category of the VALS 2 model, with “high energy

\textsuperscript{1} U.S. Census Bureau: American Community Survey. 2003 Data Profile.
levels, which they devote to physical exercise and social activities.”

**Generation X (Yup & Comers):** This target market is composed of people who have high school/college degrees, are in the age range of 25-44 years, and are of Caucasian or African-American descent, and have a median income of $47,000. The size of this market for the metropolitan area of Knoxville is approximately 170,000 people. The Yup & Comers “tend to focus on intangible rewards rather than material wealth and are confident about themselves and their futures.” This makes them attractive to running stores who can capitalize on their desire to feel good about their bodies. Psycho-graphically, these customers fit into the Action-oriented categories of *Expen’encers* and *Makers*. They tend to desire physical activity and are more swayed by non-material benefits. As for geo-demographics, Claritas describes this group in the 37916 zip code as “a stopover for young, mid-scale singles before they marry, have families and establish more deskbound lifestyles. Found in second-tier cities, these mobile, twenty-somethings include a disproportionate number of recent college graduates who are into athletic activities, the latest technology and nightlife entertainment.”

**Baby Boomers:** This last target segment of both males and females falls into the middle-aged/older groupings, ages 40-58. The combination of this demographic with the *Actualizer & Fulfiller* psychographics make this an attractive market to Runner’s Market because these consumers are relatively affluent with a median income of $65,000 and tend to purchase items that make them feel healthier and more youthful. As Baby-Boomers age, they are also an attractive market for purchasing shoes with extra support or extra-wide widths for joint pains or diabetic needs. In the Knoxville area, the size of these groups is about 11% of the total population, or 140,000.

Claritas describes this geo-demographic segment in the 37919 zip code as *Home Sweet Home*. “Widely scattered across the nation’s suburbs, the residents of Home Sweet Home tend to be upper-middle-class married couples living in mid-sized homes with few children. The adults in the segment, mostly between the ages of 25 and 54, have gone to college and hold professional and white-collar jobs. With their upscale incomes and small families, these folks have fashioned comfortable lifestyles, filling their homes with toys, TV sets and pets.”

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5 U.S. Census Bureau, American Community Survey, 2003 Data Profile.
Marketing Situation and Campaign Objectives: During our first interview, Kevin offered general goals that he wanted Runner's Market to meet. In lieu of these desires and the above target markets, here are quantifiable, time limited, and specified concrete objectives for this marketing campaign:

1. **New Customers:** Recruit 50 new customers among non-runners and medical referrals by the end of the first quarter.

2. **Brand Awareness:** Increase brand recall by 10% among the three target groups by the end of the second quarter.

3. **Brand Image:** Reposition Runner's Market so that 80% of both current and new customers perceive its brand image as an "'average-runner/walker friendly store' that is synonymous with all aspects of Knoxville running/walking" by the end of the year.

4. **Revenues:** Increase current annual sales by $50,000 to $75,000 by the end of the fourth quarter as part of long-term goal to reach $1 million by 2010.
Stages 3 and 4

Brainstorming media options led to the considerations of the following media and vehicle options:

- Television commercial
- Local Knoxville running magazines
- Radio commercial
- Local Knoxville Newspapers
- Out-of-home advertisements at running/exercise venues
- Knoxville Yellow Pages
- Website
- Banner ads on other web sites
- Superstitial advertisement
- Database house list for p-mailers, and opt-in email
- Orthopedic Doctor’s referrals
- Sampling: have tents at area track meets, 5k’s, etc.
- Point of purchase
- Beginning of semester coupons
- Public relations
- Sponsorships of running events/teams
- Continuity Program

Below are the vehicles that were selected as most appropriate for Runner's Market's campaign along with the rationale behind each. Geographically, Runner's Market will advertise within about a 1½ hr. driving distance, within radio station coverage. As for seasonality, Runner's Market will have big selling booms in the spring and fall. In order to encourage more spending in the off seasons, they will need to boost advertising in the summer and winter months.

Footnotes/ Running magazines: This is an attractive option because magazines can selectively reach current local runners in all three target markets, have a long life span, can be placed at orthopedic doctors/physical therapists offices within a 1½ hour drive of Knoxville, convey a sense of authority, have high quality that will attract the upper income levels, and attract more involved readers. Track Club magazines and Footnotes target people who are interested in the sport and will enhance brand equity. The size of Footnotes readership is currently approximately 1600 Knoxville track club members. These magazines would have the ability to convey information authoritatively because they are specifically targeted publications read by readers who are already knowledgeable.
- **Newspaper advertisements**: Newspaper advertisements will allow Runner’s Market to imprint an image into the customer’s mind of what his/her body will look like if it is not exercised properly. This will serve as a fear appeal to resonate with our target markets’ desires to look and feel good. Specific vehicles will be the *Metropulse* and the *Knoxville News Sentinel*. These two vehicles are appropriate because they enable Runner’s Market to catch consumers in the proper mental frame to process their message, to obtain broad coverage of the higher-educated market, and to have the flexibility to update ads at the last minute with the short-lead time of papers. The *Metropulse* and the *News Sentinel* were selected under the reasoning that their contrasting readership will hit more of Runner’s Market’s target markets. While college students are more likely to read the *Metropulse* as it is a free, newsstand-distributed paper, “baby-boomers” are more likely to subscribe to the *News Sentinel*.

- **Out-of-home ads**: The Out-of-Home advertising would be in the format of a large banner along the fence at the corner of Westland and Northshore at Lakeshore and a smaller-sized banner on the bulletin board at the west-end parking lot of Cherokee Blvd. These are meant to target current runners before and after they run by serving as an opportune purchase reminder. These prospective customers are in the mental frame to consider running advertisements and would be more likely to selectively shop at Runner’s Market the next time they are looking for shoes or running paraphernalia. It is also advantageous due to its geographic flexibility because it can easily be placed most places that runners often run.

- **Yellow pages**: The yellow pages advertisements would target the younger end of our target market, mostly the Generation X consumers and college students. Research has shown that yellow page readers are generally more educated than the general population and have higher incomes. These prospective customers are in the ideal state of mind to attend to our ad because they are actively seeking out information either in the phone book or online. It is a good complement to the rest of the media because it is a secondary location that most of Runner’s Market consumers would see the company’s advertisements.

- **Website, Banner Ads, and Superstitial**: On the website, Runner’s Market will have a superstitial running man to capture the attention of the users, which

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will enhance their motivation to process brand information. The site will allow users to browse and purchase merchandise online. Banner ads will be placed on the Knoxville Track Club website, track team websites, and other area sports pages. These would work to increase both awareness and sales. The website would mainly target college students and Generation X consumers.

- **Database uses:** Runner's Market currently has a house database that can be used to segment current customers by particular attributes.
  - **P-mail** will be used to reach current customers and enhance brand loyalty and image. P-mail coupons of $10 can be sent on customer's birthdays and holidays to remind them that Runner's Market cares about them. The holiday mailer would be sent around November 1st as a mass distribution to the customer database. The use of direct mailings would enable Runner's Market to target specific customers. It thus eliminates waste and cuts costs characteristic of mass mailings.
  - **Opt-in email:** The database can additionally be used for opt-in emailing, allowing current and potential customers the option of whether or not they want to receive Runner's Market emails and promotions. This would not only enhance customer loyalty but also brand recall and purchase. Both opt-in email and p-mail will be relied on heavily to push the sale of gift certificates around birthdays and winter holidays.

- **Doctor's referral:** The implementation of doctor's referrals would help achieve all of the objectives. First, it could bring in new customers by directing patients who had never shopped at Runner's Market to visit. Next, it also spreads the name of Runner's Market to those who have never heard of the store. It also enhances brand image by using a trustworthy source to recommend Runner's Market, implanting a positive image in the customers' minds. Lastly, it will increase revenue as patients take advantage of their doctors' recommendations and purchase specific, supportive shoes. In exchange for providing the referrals, the orthopedist would have the availability of using the store for one afternoon a week to set up a table to gain some exposure for his practice. The store would hold normal operating hours, and the doctor would come during the early afternoon hours on one weekday a week, when the foot traffic is slow. Runner's Market employees would assist the doctor by setting up appointments for brief examinations at the store. If a customer mentioned having leg or foot pain while they were buying shoes, the employees would suggest the customer stop in and see the doctor on his day in the store. This allows for all parties to benefit.
**Sponsorship Marketing**: Sponsorship marketing will be used to increase awareness and enhance brand image. The following are examples of events that Runner’s Market will sponsor.

- **Knoxville Marathon** This event is planned for March 20, 2005. The course starts in downtown Knoxville and winds a 26.2 mile course through the city. It includes run, jog, and walk options. Runner’s Market will set up a tent and donate a pair of socks for all participants in the Knoxville Marathon. The tent will be in the registration area before and after the actual race. Besides providing the free sock promotions, this will also serve as a sampling opportunity for consumers to experience the customer service and to try on the shoes or clothes that the store sells. Runner’s Market will be able to reach a fairly wide geographic area from TN and the surrounding southeastern states who will be participating in the event. Advertising for this will begin in January and will be geared toward reminding marathon participants to replace their training shoes before the big event.

- **Team Pizza Nights** Every two weeks the Runner’s Market will host a pizza dinner for a middle/high school track team. Runner’s Market employees will hold it at the store and give the athletes free pizza, shoe fittings, and discounts on running shoes. They will try to have all area track teams come once a season. Track teams from around the Knoxville area will be invited for team nights. Advertising should be before and during the track teams’ seasons. Track season starts in late February and early March. That means the store needs to contact team managers starting in the pre-season, around mid-January, before the team members have been selected. The cost of this campaign method will include pizzas, drinks, and an extra hour of salary for four employees.

- **Track Team** The Runner’s Market will be giving the Tennessee track teams some trial Adidas running shoes to promote the store. The team can practice in, compete with, or just wear the shoes on campus and in everyday use. The Tennessee track teams practice year round, but we will focus on the very beginning of their season.

**Continuity Program** (running card): Continuity programs such as a running card will increase repeat purchases and customer loyalty among current customers, which will ultimately increase revenues. This will give customers incentive to return to Runner’s Market when they are looking for another running-related purchase. This card will have several boxes to be checked off before giving the customer $15 off a pair of shoes. This program would be continuous and the cards will be available at the sales counter.