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**Assignment questions**

1. What is pay-per-click advertising? What factors have to be considered when advertising in this way?
2. What is distinctive about how communication takes place in social media?
3. b Explain the primary social media channels a nonprofit would be likely to use?
4. Describe the product life cycle model. What benefits might such an analysis offer fundraisers? What difficulties or drawbacks might there be in attempting to use the model in the context of fundraising?
5. Fundraising audits can be undertaken by external suppliers (agency staff or consultants), or the task can be allocated to internal staff. What do you think would be the advantages and drawbacks associated with each of these approaches?

**a)** “Our objective is to enter the corporate fundraising market.” What do you think of this as a fundraising objective? In what ways might it be improved?

**b)** Distinguish between market segmentation and product differentiation. When are these approaches typically appropriate?

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**Module Four**

Assignment for module three presented to Africa Institute for

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1. **What is pay-per-click advertising? What factors have to be considered when advertising in this way?**

**Pay**-**per**-**click** (PPC), also known as cost per click (CPC), is an internet advertising model in which advertisers pay each time a user clicks on one of their online ads. It is used to drive traffic to websites, in which an advertiser pays a publisher (typically a search engine, website owner, or a network of websites) when the ad is clicked. In pay-per-click advertising, businesses running ads are only charged when a user actually clicks on their ad, hence the name “pay-per-click”

While there are many advertising options to consider, the following factors among others have to be considered no matter what type of pay-per-click campaign you're running.

**Keyword Research -** This is the most important step because the entire advertising campaign is based on this research. It answers the question: “How are people looking for the product or service?”. There are many online keyword research tools that can assist. One very popular, and free, service is “Google Analytics”. Once this question is answered, the next step is to create content for the ad.

**Content is Key -** There are a variety of text and image advertisements one can place on search engines. No matter which type one chooses, its important to keep the following in mind when writing the content of the ads:

* Does the ad content match the website content?
  + If there is any form of discount to be offered in the ad make, the details of the discount are to be displayed on the website.
  + Any services or items that is to be promoted should be clearly listed on the website before including it in the ad.

Providing a high-quality content for visitors who click on the ads is important, and could result in a higher percentage of conversions.

**Dedicated Landing Page -** Equally important to ad content is sending visitors to an appropriate landing page. This means that all calls to action should lead to a website page dedicated to describing the details of the offer. Simply sending people to the home or contact page from the ads does not give people enough supplemental information to convert them into customers. This type of experience can result in less than optimal placing within the advertisement section on a search engine results page. (Colin McAndrew, 2017)

**Locations -** Choosing the geographic location for the pay-per-click advertising will depend on the market. It would not be wise to select a global target if the business can only cater for customer locally or within a specific geographic location only.

**Languages -** Just like location, setting the language locally will be good if you are only targeting local customers. Changing the language will depend on the needs and who the targeted audiences are.

**Bidding and Budget -** Controlling the expenses is very important for the sustainability and success of pay-per-click marketing campaign. Daily budget can be set, as well as how the bid levels of the chosen keywords will be determined – whether it is done manually or have AdWords choose it, but it is advisable to do it manually.

**Effective Call-To-Action –** Avery important factor in pay-per-click ads is Call-To-Action. It should be clear and concise and will tell exactly what the targeted audiences should do as the next step. This will increase the click through rates, either to generate leads from targets wanting to know more information or send them directly to sales for targeted customers who are already looking to buy.

**Tracking and Monitoring** –Tracking the performance of the ads is important in the overall pay-per-click marketing campaign. This will enable you to gauge if the program and campaigns are running smoothly and delivering results according to the plan. This can be done by making use of analytics provided by the ad network or use third party analytics packages that can help in tracking traffic and conversions among others. (Jomer Gregorio, n.d)

1. **What is distinctive about how communication takes place in social media?**

**Social media** refers to the means of electronic interactions among people in which they create, share, and/or exchange information and ideas in virtual communities and networks. This can take the forms of Facebook, WhatsApp, Twitter, Instagram, Snapchat, YouTube, LinkedIn etc. Facebook is seen as the most predominant social media platform with 2.01 billion monthly users, and 88% of 18-29 year olds using this platform, followed by Twitter, with 328 million monthly users, and 36% of 18-29 year olds using this platform, snapchat boasts roughly 166 million daily users, considering the fact that 56% of 18–29 year olds use Snapchat daily (Audrey W, 2017). However, it should be note that; social media has positive as well as negative impacts on communication skills.

There are several distinctive characteristics that make social media a unique communication tool.

First, it’s an honest fact that the authority of social media has shifted to the crowd. social media users are content creators. People can create their own blogs, write a Facebook or Twitter post expressing their thoughts on an issue, or post a video blog about their latest travel adventures on YouTube. This enables users to be active participants in the communication process.

Another distinctive characteristic of social media is instant communication. Audiences do not have to wait for scheduled news broadcasts to receive information because reporters and media outlets can bring the news directly to social media platforms. (Jasmine R, n.d)

Social media also foster a sense of interconnectedness in the community by bringing people across the globe together online. Those living in the United States can easily interact with those living in Australia. Valentini and Kruckeberg (2012) write that social media could not exist without their users, given that the interactivity characteristics create a community feeling. Also as noted by Green (2012), “Social media provide the means by which clusters of like-minded individuals can easily swap ideas and scrutinize data on public matters” (para. 4).

**Negativity can spread like wildfire** - It's much easier for people to pan your show or slam some new company initiative without you being able to completely control the message. Now days, if you screw up, you are going to hear about it fast (but it also means you have the opportunity to personally connect with unhappy consumers to resolve the negative experience).

**It** **opens the door for viral messages** – In contrast to the possibility of a negative message spreading fast, a positive message can likewise spread just as fast. Social media allows news to travel at a faster pace among consumers. For example, a popular video posted to YouTube can be posted to a blog, can be re-tweeted on Twitter 100 times and can also appear on the main pages.

**b) Explain the primary social media channels a nonprofit would be likely to use?**

Social media serves as a tool to help people grow their nonprofit organizations and enable individuals with specific interests to share them with others. Social media allows nonprofits to nurture their online communities which, in fact, creates a viral marketing effect with little or no effort. By using social media, it makes it easier for an organization's beneficiaries, stakeholders and donors to find them and easily connect with their intervention messaging. It builds a bond that is crucial to the long-term success of the organization.

### A nonprofit organization would be likely to use the following social media channels; -

### **Using Facebook for nonprofits -** According to Hootsuite, 2.23 billion users log into Facebook every month, making it a convincing choice for nonprofits. Ads on Facebook features made specifically for nonprofits, like donating buttons, pledge match donations, fundraising tools for supporters and donation reporting features etc. This social media platform is a powerhouse for sharing information with current and potential supporters. Once they do, their page is a voice for their cause, and along with useful fundraising tools, organizations can post valuable content about their mission, share videos, promote events and facilitate a group page where fellow supporters can interact with each other.

### **Using LinkedIn for Nonprofits -** LinkedIn helps nonprofits establish credibility and gain corporate support**s.** Because LinkedIn was designed for professionals and the business community, a nonprofit organization might overlook its usefulness for gaining support for their cause. As the world’s largest professional network, having a LinkedIn page has the potential to connect with more than 610 million users in more than 200 countries”(Audrey W, 2017).

### **Using Instagram for Nonprofits -** Instagram is a visual marketing dynamo, especially if you want to reach a younger audience. Tapping into this platform and engaging in the right way means your nonprofit could connect with 1 billion Instagram users all over the globe. The key to being successful on this social media platform is to use eye-catching photos and videos to share your nonprofit’s story or mission, and set up your profile as a business account to access analytic features. Images, videos and stories don’t always have to focus on the positive; they can include hardships, ask thought-provoking questions, and share gripping stories.

### **Using Twitter for Nonprofits -** News spreads fast on Twitter, and nonprofits can leverage this to share timely news. One of the benefits of Twitter is the “Incredible speed at which information and news spread” and the ability to have conversations with supporters quickly. Because of the ability to share timely news, on-the-ground updates, videos, photos, and live chats, Twitter goes a long way to amplify a message.

No matter what social media outlet nonprofit organizations chooses, they need to dedicate time and resources to it (or them). The strategy should include developing consistent content, engaging with supporters, beneficiaries, and donors, posting calls to action and regularly reviewing analytics against “SMART” goals (Lara D, 2019)

1. **Describe the product life cycle model. What benefits might such an analysis offer fundraisers? What difficulties or drawbacks might there be in attempting to use the model in the context of fundraising?**

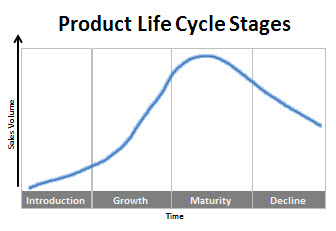
The Product Life-cycle (PLC) describes the sequence of stages that every product progresses through until it reaches the stage where it is finally abandoned or discontinued from the market i.e. from launch to being discontinued. It is a strategy tool that helps companies plan for new product development and refine existing products. The product life cycle has 4 very clearly defined stages, each with its own characteristics; that mean different things for organizations that are trying to manage the life cycle of their particular activities. An understanding of these stages can greatly aid a fundraiser, as the appropriate tactics for the successful management of each activity will often vary between each stage of its life cycle. Wilson, Gilligan, and Pearson (1994, p. 274) summarize the four stages in the product life cycle concept thus; - introduction, growth, maturity, and decline.

**Introduction Stage** – This stage of the cycle could be the most expensive for a company launching a new product. This therefore calls for more funds and intensive fundraising to realize enough funds to facilitate this stage. The size of the market for the product is small, which means sales are low, although they will be increasing. On the other hand, the cost of things like research and development, consumer testing, and the marketing needed to launch the product can be very high, especially if it’s a competitive sector. In the context of fundraising, the life cycle model can also be used to plan the introduction of new fundraising activities. As an organization realizes that one activity is soon to decline, it can plan the introduction of new activities. In this case the organization is attempting to time new introductions to ensure that the volume and value of donations from this particular source remains relatively constant, or ideally increasing, over time.

**Growth Stage** – The growth stage is typically characterized by a strong growth in sales and profits, and because the company can start to benefit from economies of scale in production, the profit margins, as well as the overall amount of profit, will increase. From a fundraising context, this makes it possible for organizations to fundraise and invest more money in the promotional activity to maximize the potential of this growth stage.

**Maturity Stage** – During the maturity stage, the product is established and the aim for the manufacturer is now to maintain the market share they have built up. This is probably the most competitive time for most products and businesses need to invest wisely in any marketing they undertake. They also need to consider any product modifications or improvements to the production process which might give them a competitive advantage.

**Decline Stage** – Eventually, the market for a product will start to shrink, and this is what is known as the decline stage. This shrinkage could be due to the market becoming saturated (i.e. all the customers who will buy the product have already purchased it), or because the consumers are switching to a different type of product. While this decline may be inevitable, it may still be possible for companies to make some profit by switching to less-expensive production methods and cheaper markets.

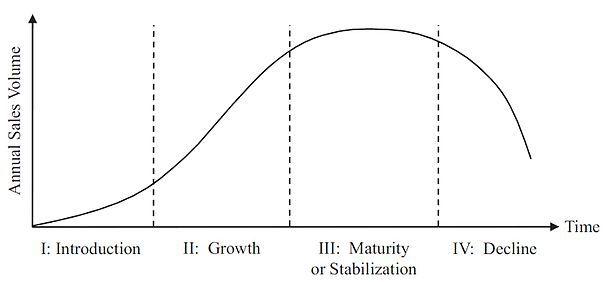


The product life cycle analysis model offers the following benefits to fundraisers.

**Strategies** – The number 1 benefit of product life cycle is that it can help you to define the strategies which can be used based on the life cycle stage. So if an activity is in growth stage, then naturally a lot of advertising, fundraising and investments are needed to keep the activity in the growth stage. Thus, strategizing for fundraising becomes easier with the product life cycle.

**Decision making** – Whenever you are presented with multiple options, you need more data to take a decision on which direction to move in. Product life cycle helps managers with such decision making because it has the sales data as well as performance over time data. The combination of these 2 can help managers take decisions faster, whether or not there is need for fundraising; and if so when and how that fundraising would be done will depend on the available data

**Forecasting fundraising becomes easier** – With enough experience, it is easier to forecast how an activity will move through the product life cycle and therefore, what levels of funds/donations will it achieve. From a fundraising perspective, the product life cycle helps to forecast expected costs and expenses in running the product, and this already informs the fund raising department to look for funds to cover expenses related to a particular stage



For example – If Samsung launches a new mobile phone, it knows that the mobile phone will grow for 1 or 2 months, it will then reach maturity for 3 to 6 months and then the model will start declining because consumers start searching for new models. On an average, a single product in the portfolio of Samsung Smartphones survives for 2 – 3 years at the maximum, even though product series like Galaxy or Note might survive longer.

**Competitive advantage** – A marketing manager can also run the product life cycle of competitor’s products besides running their own. This gives a good insight into the preparations that the competitors must be going through. Accordingly, the firm doing this analysis has a competitive advantage as it can take one step ahead of the competitor.

Example – if the competitor’s product is in the introductory stage whereas the company’s product is in the maturity stage. The mature product starts advertising, fundraising and pulling customers so that the newer product never takes off. Or alternatively, the company themselves can raise more funds to introduce a new product which competes with the competitor’s product.

**Saying Goodbye** – Its always hard to say goodbye especially to a product you launched with so many hopes. However, the product life cycle is the perfect measure of when to say goodbye to a product and it can help marketing managers with the decision to eliminate a product from their portfolio when the sales has declined far below the market average. Such products will demand investments but the returns will be very poor. And it can be an indicator of another fund to initiate new or alternative products

## Drawbacks of the Product Life Cycle

**Fluctuations in sales data** – One major problem in the product life cycle is that the graph is completely dependent on sales data. Thus if there are fluctuations in the sales data, then the graph is useless and cannot be used to predict precisely the movement of products or the overall product rise and decline. Such fluctuations can arise due to production issues, seasonal sales of the product or due to any other reason(s).

**Delay in sales data** – Another limitation for the product life cycle is that there is delay in collecting and analyzing the sales data. Sales is generally recorded after the movement of goods; and besides this, the actual movement of one product from one life cycle to another might be recorded months down the line. This is because of delay in analytics.

**Varying market conditions** – There may be a variance in the sales data due to varying market conditions. Therefore, products which are hit in one place, might not be hit in other regions or territories due to the differences in consumption patterns of those territories.

**Effect of other elements** – There are various other elements which affect the product life cycle. Product itself is just one, other elements such as Price, Place, promotions or even people and packaging may affect the product life cycle. Overall Marketing, Logistics, Price etc. have an effect on the sales of the product and hence the stages and their length in the Project Life Cycle might vary based on these elements.

**Not applicable to brands or services** – Product life cycle is generally applicable to products only and not applicable to brands or services. For example – Microsoft has so many products which have come and gone but this does not mean that the brand Microsoft is in Maturity stage or decline stage. Some products of the brand are growing whereas others are maturing or declining.

1. **Fundraising audits can be undertaken by external suppliers (agency staff or consultants), or the task can be allocated to internal staff. What do you think would be the advantages and drawbacks associated with each of these approaches?**

Fundraising audit is essentially a detailed review of any factors that are likely to impinge on the organization’s ability to raise funds, taking into account both those generated internally and those emanating from the external environment. The fundraising audit is thus a systematic attempt to gather as much information as possible about the fundraising function and its environment. Organizations perform a fundraising audit to comprehensively assess the status of their current fundraising efforts, to identify strengths and weaknesses, and to seek out areas for growth.

Established organizations with larger budgets typically hire external suppliers or consultants to conduct their fundraising audit. However, organizations with smaller budgets that cannot afford a professional consultant might look for someone with trusted fundraising experience to examine their strategy on a volunteer basis.

**Fundraising consultants can be the greatest allies in taking the organization to the next level.** Hiring a fundraising consultant is a great first step to launch the organization’s fundraising. This approach comes with the following benefits; -

**Fundraising Feasibility Study –** One of the first step to launching a major fundraising campaign is conducting a feasibility study to ensure that the organization have the fundraising capacity and community support necessary to complete the effort.  Major fundraising campaigns require a fair amount of research before the campaign even begins. It is important to r**ely on the fundraising consultant to conduct the feasibility study research because they can provide an unbiased third-party opinion about the readiness of the organization to finance and manage major projects.** Fundraising consultants are experts in this field. Their unbiased opinion paired with their expertise makes them the perfect resource for organization’s fundraising

## Maximizing Project Fundraising Strategies - Fundraising consultants can help the organization assess past fundraising strategies in order to assist the organization in building futurestrategies. **While it can be difficult to identify the organization’s own past missteps, an unbiased third party can more easily see the gaps in the planning and help re-evaluate for the future.**

## Establish strategies to support a culture of Philanthropy - From the top executive to the frontline warriors, all of the staff, volunteers, and community members should be involved (and excited!) about fundraising efforts. External**consultant can help the leadership to create strategic plans to tackle fundraising efforts as a team. The** consultant can help establish how needs should be addressed through the personal goals of each team member. *(*Ally S, 2018)

**External audits are completely impartial** - External auditors have no previous relationship with the coders or providers at the organization. Audits can be performed without fear of repercussions in the workplace.

**External audits may provide validation to situations discovered during internal audits -** Sometimes recommendations received by multiple sources are better received. Sometimes an outsider may pick up on something that has previously gone unnoticed. External audits sometimes reveal potential template or system irregularities, which can easily be corrected.

**External auditors are focused solely on the audit -** Internal auditors may have other job duties and responsibilities that could be a hindrance. Engaging an outside professional to undertake a fundraising audit is valuable because they can bring a critical eye to an existing program, while staff may be too close to a situation to find their way to an alternative. A trusted partner can bring a fresh perspective, offer a candid assessment of your program, and make recommendations for improvement (Kerry A, 2018)

**Drawbacks associated with external audits**

## Biased Audits - Auditors may provide biased audits if their clients threaten them with taking their business to another audit company unless they get a favorable audit. The more profitable the audit and related consulting services, the more chances for an impaired report. However, the auditing companies might feel even more threatened by the possibility of losing high returns from future contracts.

## Erroneous Reports - Both auditors and consultants analyze the information provided by their client’s management. In case the management feeds incorrect data; for example, to cover up their mistakes, the professionals providing both audit and consulting services will inadvertently compile erroneous reports. This, in turn, might lead to the owners’ inappropriate decisions. A company providing faulty audit and non-audit services may lose credibility in both areas of expertise.

# **Internal Audit**

An internal audit is the evaluation of all aspects of an organization by an internal auditor, i.e. one who works as an employee of the organization. He keeps tabs on the financial reporting, accounting, operations, risk management, internal controls and all other such aspects of an organization. There are pros and cons to conducting an audit internally.

On the positive side, internal auditors already know the organization’s history, culture and ability to respond to opportunities. They have an understanding of the strengths and weaknesses of the program and people involved and the organization can save money by allocating staff time to do the research.

Unlike a statutory audit which only happens at the end of the year, an internal audit is recurring/ongoing. An internal audit may happen daily, weekly, monthly, quarterly etc. It is, in fact, a continuous process. They do not have to wait for the end of the year to review the company’s performance. This also means that if they are not on the correct path, this will help them change course and correct their mistakes immediately.

### **Improves performance of Staff** - The staff of the company remains alert and active. This is because there is the fear of their mistakes being caught by the internal auditor almost immediately. This will help improve their efficiency and performance. Also, they do not attempt to defraud the company for the same reasons. And on the other hand, it is a good morale booster for honest employees.

### **Ensures Optimum Use of Resources** - One other benefit of the process of internal audit is that it can be used as a tool to promote the optimization of resources. It will help point out the areas in which resources are being underutilized or wasted. And then these can be corrected. It will help control the costs and expenses of the company.

Like every good thing has a flip side, there exist some concerns about these limitations of internal audit.

### **Shortage of Qualified Staff -** The work of an audit requires years of study and experience. An inexperienced auditor can cause more damage than good. So usually, the company will find it somewhat difficult to find enough qualified staff members for the process of an internal audit.

### **Time Lag -** There will always be a time lag between accounting and auditing. Internal audit cannot begin till the accounting is complete. They cannot be done simultaneously. So if the accounting process is delayed, so is the internal audit.

### **Ignorance of management** - Unlike a statutory audit, the findings of an internal audit are not published or made available to all. Their findings are only forwarded to the management. Even if an internal audit reports points out to the shortcomings of the company or the errors in the financial statements, the management may not take corrective action. They can choose to ignore such findings and then there will be no benefit gained from the internal audit.

Since internal auditors in many cases are employees of the entity, their independence can be threatened by interference from management, hence reducing their effectiveness. This may be reduced by ensuring that internal auditors are reporting to highest person or body in the entity.

1. **“Our objective is to enter the corporate fundraising market.” What do you think of this as a fundraising objective? In what ways might it be improved?**

Corporate fundraising is defined as income generated through a partnership with a commercial organization, which may provide money, skills or other resources to the charity organization.

One of the major objectives of corporate fundraising is to build an organization’s ‘brand,’ which includes its mission, its culture, and the qualities that make that organization unique. Social media campaigns and valuable content on websites such as articles, videos, and even live-stream sessions can increase audience engagement through likes, tweets, and comments on social media platforms. Through these methods, charitable organizations build awareness that can convert prospective donors into actual donors.

## Raise money for operating costs - Nonprofits must meet operating expenses to stay in business. These expenses include rent, utilities, liability insurance, payroll, buying office equipment and furniture, and launching campaigns for upcoming charitable events, and community outreach programs. Without the money from fundraising efforts, charitable organizations cannot meet these operating costs nor function the way they are intended.

## Corporate fundraising strategy can always be improved, and there is no better time to start thinking of new ways to increase donations than when the organization is planning its next fundraiser.

Being transparent with the donors; both financial andprogram transparency. It is important to ensure donors are given the easy way to digest how the organization is investing their money. Program Transparency is about showing impact. For sure, donors may want to know what percentage of donations was spent on fundraising software. But they also want to know how many people were helped, wells dug, etc. Donor satisfaction with the quality of service provided by the corporatefundraising team is the single biggest driver of improvingloyalty toward the organization(Jones & Sasser, 1995).

1. **Distinguish between market segmentation and product differentiation. When are these approaches typically appropriate?**

Market segmentation is the process of dividing a market of potential customers into groups, or segments, based on different characteristics. The segments created are composed of consumers who will respond similarly to marketing strategies and who share traits such as similar interests, needs, or locations. Its philosophy is "something for every- body," within practicable limits.

One of the main reasons for market segmentation is to gain a competitive advantage by understanding the needs of a specific customer base. Correctly using market segmentation allows a better knowledge of the customer base, and aligning the marketing efforts and messaging strategy. There are many different approaches that can be taken when segmenting the target market.

### **Geographic segmentation -** Geographic segmentation targets customers based on a predefined geographic border. Differences in interests, values, and preferences vary dramatically throughout cities, states, and countries, so it is important for marketers to recognize these differences and advertise accordingly.

### **Demographic segmentation -** Demographic segmentation divides a market through variables such as age, gender, education level, family size, occupation, income etc. This form of segmentation is a widely used strategy due to specific products catering to obvious individual needs relating to at least one demographic element.

### **Psychographic segmentation -** Unlike geographic segmentation and demographic segmentation, psychographic segmentation focuses on the intrinsic traits the target customer possesses. Psychographic traits can range from values, personalities, interests, attitudes, conscious and subconscious motivators, lifestyles, and opinions.

**Behavioral segmentation -** Behavioral segmentation has similar measurements to psychographic segmentation but focuses on specific reactions and the way customers go through their decision making and buying processes. Attitudes towards a particular brand, the way they use it, and their knowledge base are all examples of behavioral segmentation.

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| **When the approach can be used.**  Market segmentation approach is appropriate in paving the way for market penetration. As it allows businesses to identify the consumer pulse and helps them in developing a profound understanding of their consumers’ needs it serves as an essential factor that leads to market penetration (Dr. Jochen K, 2017).  Market segmentation approach is also appropriate in learning as much as possible about the consumers and with this information begin to craft highly targeted marketing campaigns. This is a much more affordable, effective and efficient way to reach potential clients and generate revenues. Ultimately, market segmentation adds to a business’ ability to cater to diverse needs of a considerably sized consumer market, where various sections of consumers may have varied needs, interests and perceptions of different products and services (Vanessa R, 2019)  Market segmentation approach is also appropriate in resource allocation. Taking into consideration different conclusions derived through market segmentation, businesses can allocate their resources to develop a marketing mix in coherence with the demands and requirements of their target consumers. Provides direction - Market segmentation is an approach that is relied upon as an essential tool by businesses to help them with the identification of consumer segments that consist of their target customers. Hence, market segmentation provides a direction to the businesses for adopting a feasible marketing approach and developing a workable marketing strategy.**Competitive edge** - Since market segmentation is considered as a facilitator towards the identification of specified consumer segments and their respective needs and requirements, as elaborated above, it helps businesses in offering their goods and services in accordance with the consumer demands. Consequently, through market segmentation, businesses are better able to fulfil the needs and requirements of their target consumers and attain a competitive edge over others. Although market segmentation is one of the most acknowledged tools of marketing approach in the present times, still there are some shortcomings that entail the concept of market segmentation, and for that very reason, it is subjected to widespread criticism. It is often suggested that market segmentation limits a business’ approach towards the identification of and interaction with target consumers. Hence, many point towards the possibility of businesses missing out on any potential consumers, who may not be a part of the identified consumer segments (**Kyle P,** 2019)  **Product differentiation**  Product differentiation on the other hand generally refers to the marketing of similar products with minor variations that are used by consumers when making a choice. It is a marketing strategy that strives to distinguish a company's products or services from the competition.  The objective of this tactic is to help businesses develop a competitive advantage and define compelling unique selling propositions which set their product apart from competitors. Organizations with multiple products in their portfolio may use differentiation to separate their various products from one another and prevent cannibalization. What does your product or service do/accomplish/offer that the competition does not? Product differentiation helps an organization answer this question and focus on the unique value a product brings to its users. If no effort is put into a differentiation strategy, products risk blending in with a sea of competitors and never getting the market hold they need to keep going (Christina G. 2014)  There are several different factors that can differentiate a product, however there are three main categories of product differentiation. Those include: horizontal differentiation, vertical differentiation, and mixed differentiation. **Horizontal Differentiation**- Horizontal differentiation refers to any type of differentiation that is notassociated with the product’s quality or price point. These products offer the same thing at the same price point. When making decisions regarding horizontally differentiated products, it often boils down to the customer’s personal preference. **Examples of Horizontal Differentiation:** Pepsi vs Coca Cola, bottled water brands, types of dish soap etc.**Vertical Differentiation-** In contrast to horizontal differentiation, vertically differentiated products are extremely dependent on price. With vertically differentiated products, the price points and marks of quality are different. And, there is a general understanding that if all the options were the same price, there would be a clear winner for the best. **Examples of Vertical Differentiation:** Branded products vs. generics, a basic black shirt from China vs. a basic black shirt from Germany, vehicle makes etc.**Mixed Differentiation -** Also called “simple differentiation,” mixed differentiation refers to differentiation based on a combination of factors. Often, this type of differentiation gets lumped in with horizontal differentiation. **Examples of Mixed Differentiation:** Vehicles of the same class and similar price points from two different manufacturers. (Michelle B, 2017) Product differentiation approach in helping the consumer in choosing one brand over another in a crowded field of competitors. It identifies the qualities that set one product apart from other similar products and uses those differences to drive consumer choice.  Product differentiation approach is also appropriate in creating brand loyalty among customers. The same strategy that gains market share through perceived quality or cost savings may create loyalty from consumers. The company must continue to deliver quality or value to consumers to maintain customer loyalty. In a competitive market, when a product doesn't maintain quality, customers may turn to a competitor. |

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