

THE MARKETING FUNNEL AS AN EFFECTIVE WAY OF THE BUSINESS STRATEGY

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Abstract. The function of marketing strategy, the role of using marketing funnel for increasing the amount of leads and turning them to loyalty buyers, the AIDA model as a main tool of funnels and the CVO process have been determined in the article.

Keywords. Marketing strategy, marketing funnel, AIDA model, leads, CVO process.

FORMULATION OF THE PROBLEM.

Every business needs to generate new customers in order to grow or at least continue functioning. And to generate them, the company needs to implement the marketing funnel. This also means the firm is going to need a well-devised sales funnel that will effectively guide the target audience throughout the purchase process and turn them into buying customers.

However, the actual process of developing a marketing funnel that works can be a huge challenge as well. The marketers need to thoroughly develop a marketing plan for executing each stage of the funnel so that it yields the desired results. This means the company should consider how the attraction, engagement and conversion stages will play a role in generating positive customers for the business.

ANALYSIS OF RESEARCH AND PUBLICATIONS.

The issue of marketing funnel is the subject of research by many scholars, including Philip T. Kotler, Chris Smith, Nathan Williams and others. The area of marketing funnel in the marketing field is at the crossroads of many disciplines: marketing, business strategy, sales, customer behavior, economics and business, etc.

The interest of marketers in the customer behavior of buying goods is due to the need to explore mechanisms such as marketing funnel that affect the purchase of goods not because of its consumer characteristics, but for reasons of aesthetics, status and desire of the person to stand out. The study of marketing funnel in the business is being pursued in the following areas: motives and behavioral mechanisms of consumers, decision making process, sales, factors influencing purchase decisions, etc.

Researchers note particular attention to the study of marketing strategy and its main tools such as AIDA model and CVO process. Additionally, American researchers are studying the peculiarities of marketing funnel, process of turning leads to buyers' loyalty.

The works of domestic researchers are mainly focused on the following aspects: building up marketing funnels, making marketing analysis of a company, motives and behavioral mechanisms of consumers, decision making process, sales, factors influencing purchase decisions, etc.

THE PURPOSE OF THE ARTICLE.

The purpose of the article is to determine the place and role of marketing funnel in implementing the marketing strategy of company to understand how to increase the amount of customers and convert them to buyers using the AIDA model as a main tool of funnel. The process of AIDA model have been characterized, the marketing funnel as an effective way of business strategy has been determined. The research results can be used to teach subjects related to the theory of marketing and sales industry.

THE MAIN MATERIAL.

Nowadays, marketing is a fundamental part of every business. The marketing function plays a very important role in business and our society. Marketers create the lead for the development of great new products and services, work hard to discover consumer needs, create elaborate distribution channels to get products to client. Moreover, they convey valuable information about products and services, making it easier for clients to shop and buy. Life would be very different without marketing.

According to the business practice, marketing is how companies wage competitive battle in the marketplace. If a company doesn't fight the good fight, it won't be around long. Companies that excel at marketing not only survive, but they grow in value. But marketing is a hard work. Competition changes, new competitors enter the market, and the old competitors try new things to take customers away. Marketers are also affected by changes in technology. Innovations in new products, as well as new ways to connect to customers, especially social media, have a dramatic impact on the marketing function. But companies are also affected by external factors, like political climate, economic conditions, as well as the regulatory environment. Furthermore, the bottom line is that marketers create value so people can have a better quality of life. But what really defines a great marketer is the one who practices it ethically.

As it has been mentioned, marketing is a fundamental part of every business and in today's market. In the competitive marketplace a company creates a marketing strategy, which describes all of its marketing goals into one comprehensive plan. A good marketing strategy should be drawn from market research and focus on the right product mix in order to achieve the maximum profit potential and sustain the business. The marketing strategy is the foundation of a marketing plan.

The company's marketing plan is the written document which details the marketing methods selected (advertising, price promotions, etc) and specific marketing actions or marketing activities. It also examines the resources needed (both financial and human) to achieve specific marketing objectives, such as an increase in sales or a successful product launch, over a given period of time.

To develop the marketing strategy the company uses the stages known as AOSTC (Analysis, Objectives, Strategies, Tactics and Control). Firstly, it is necessary to make an analysis. For this, marketers gather the information of the current market situation, find out the competition in the marketplace, what the competitors sell, what is their positioning - how they control the way the customers see the products or services. At the second stage, the company sets the marketing objectives - the

achievements in terms of image and sales. Exactly how a firm will achieve its mission is known as the strategic plan. This involves various steps such as getting to know the firm's strengths and weaknesses, formulating a product strategy, knowing the marketing mix, and then planning resources which will be needed to implement the plan. Tactics are generally not included in long term strategic plans, however, tactics are important for the organization to achieve short term goals and hence they can be formulated along with the marketing strategy. Tactics may include giving sales discounts, addition promotional support, or any such support which motivates the customer to buy the product. To control the market, the marketers use tracking, which is how the marketing success will be measured and how marketing will be assessed.

Clearly, every company should understand customers and identify their needs. In this hyperactive and accelerated marketing landscape one thing has held for the most part, fairly steady and that's the marketing funnel.

The marketing funnel is the foundation by which the marketers understand the customer's journey on the path of purchase. It is a model all customers experience and its incredibly important to company's marketing foundation. This article reveals the role of the marketing funnel, how it's used and how we can leverage it to improve marketing in each stage of the buyer's journey. The individual segments of a funnel, customer touchpoints have been described for better understanding how to improve the performance of the marketing funnel.

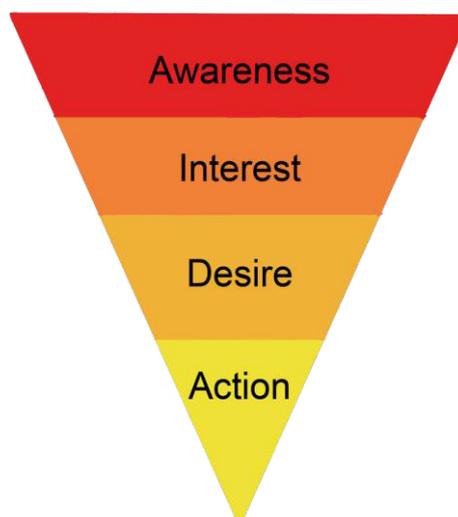
Furthermore, a sales funnel is a way to represent the customer journey as they move towards the purchase of company's product or service. At the top, where the widest point of the funnel, is where buyers start their journey, and the bottom, the narrowest part, is where they complete it. The marketers' goal is to funnel prospects into buyers, moving them from the top to the bottom of the funnel. The shape reflects the fact that a large number of people will never complete the journey through the funnel.

In fact, in 1898 Elias St. Elmo Lewis created a model that outlines the steps within a customer's journey. He created what's known as the AIDA model, which is an acronym for Awareness, Interest, Desire and Action. It is the concept which stands for the fundamental stages of a customer's journey. The idea proposes that marketing efforts must focus on moving the consumers through these steps sequentially. This funnel serves as a tool to view and evaluate company's offer from the perspective of consumer. Additionally, the funnel to each of consumer segments is used to motivate customers to move from stage to stage. Also the marketers use it to evaluate issues with conversation rates, to optimize the performance of campaigns, and even to facilitate automation efforts.

Table 1

AIDA model

Awareness	Marketing must first attract the customers attention to the product. Customers become aware of a product and know it is available
Interest	Marketing should create an interest in the product. Customers will develop an interest in the product
Desire	Marketing must develop a desire to own or have the product so that customers actively want the product
Action	Marketing must prompt action to purchase, so that customers take steps to buy the product



A funnel is always demonstrated with segmentation, and the most traditional funnel follows AIDA (awareness, interest, desire and action). At the top there is *awareness*. A prospect has to become aware of two things, problems of customers and solution of the company. It's in this stage that the brand is exposed to the prospect alongside competitors. The next stage is an *interest*. At this step, consumers begin to explore the products or services available to them. Next there is *desire*, which the company can also call consideration. It is here that the prospect wants to make a purchase, but it may or may not be with the brand. They are, however, in the final stages of evaluating whether or not to commit. The last is an action. Clients are either going to buy or not. They may select this company, another company, or, based on their findings, they may decide they are not making a purchase at all. That is the foundation of the funnel.

At the first stage of the funnel, *awareness*, the main goal is to capture the consumers' attention. The marketers need them to be aware of a product or service. Awareness is based on three things: first is the fact that the company, second - what the company sells, finally how to motivate clients to buy product or services. This is possible with the help of advertising, pay-per-click ads, webinars, direct mail, social media, blog posts, and so on. Awareness also comes from the competitors, the media, and consumers environment. So as it is seen from above, advertising should be shown to the company's target audience.

At the second step, *interest*, the goal is to reinforce that the prospect is in the right place and guide customers towards what they need to know about the offering. Here the customers would like to learn more about the product or service, but they are not really interested in the company. The company makes customers understand that they can solve their problems. At this stage it is necessary to give consumers what they need to improve their interest. Doing some research helps clients to understand what they get using company's services. Interest can feel indistinguishable from desire or consideration. The nuance here is in the fact that is when consumers learn more about the offer, they consider the reasons for choosing company's product or service, as well as how useful it can for them. This is a great opportunity to build that relationship and nurture that lead. This is also where a firm starts to introduce those remarketing strategies and email drip campaigns. Using tailored landing pages, webinars, newsletters, testimonials, customer guides, online videos, media interviews, blogs, and even customer service training is a perfect way to get consumer interest.

Of all the stages in the marketing funnel, the *desire*

stage is the one that gets most from model to model. And this is because it's often the longest step. Depending on the business, this stage can last weeks or even months, so it's crucial that during this phase, marketers reinforce relationship with the customer, and give them the necessary information they are using to evaluate this decision. For an e-commerce site, the interest might be reflected in making shipping policies clear, answering FAQs on how returns are handled, demonstrating the security of the website, and providing the user with clear and authentic reviews from others.

If all goes according to plan, customers will make the decision to take *action*. They've gone from being a prospect to a customer. But it's not that simple. This stage shares incredible overlap with consideration and every consumer is different. And how each consumer arrives to complete a cell is different as well. Some need social proof as they evaluate the business. Others need reassurance at the time of purchase, because they second-guess themselves before checking out. There's still plenty of time for a consumer to get distracted. It is here that the marketer has to be focused on making this purchase process as seamless as possible. This part of the funnel needs to be extremely slick. The focus is to give the consumer incentive to act right now, a new formulation, a new sales offer, an expiring-soon promotion. The answer here lies in how the company has positioned the brand. And one last thing to remember, buyers can always finish the action or purchase but still be left frustrated, confused, or upset. A truly positive experience at this stage in the funnel means the marketers have moved the customer closer to the advocacy and loyalty stage.

The final stage of the funnel is where most companies fall flat. Sure, marketers can send repeat offers and keep the customer aware of what else company is selling, but the most successful brands create a user who will advocate. Any consumer that advocates for brand and spreads the word about several products in a positive manner is a brand promoter. It's important to be working towards creating brand promoters. These customers recommend this firm, share this content, and spread the word about what this brand stand for. The best promoters start sharing content about you online. It could be amongst

their colleagues in a professional space such as LinkedIn or publishing an Instagram of the product in use. The New York Times conducted a study to understand why brand promoters share and they found four reasons. The first is to bring valuable and entertaining content to one another. The second is to define themselves to others. Third is to grow and nourish relationships. And fourth is for self-fulfillment and to get the word out about causes they care about. The cheapest path to conversion is through existing customers. Retention is paramount. It is necessary to keep them in the flow and give them ample opportunity to share about the company's brand.

Besides using the AIDA model, the next tool of the marketing funnel is CVO (customer value optimization) process, which helps to build up a trustworthy customer's attitude to the brand. Moreover, this business tool helps to induce a customer to willingly buy a product or service without additional investment in manufacturing, advertising, or product changing.

CVO process stands for:

1. *Lead magnet* is a valuable piece of information given in exchange for contact information (usually an email address)
2. *Tripwire* is a low-dollar (usually \$1 to \$20) that is intended to convert the maximum number of leads into customers.
3. *Core product* is what most businesses already have. This is the main product and is usually a higher dollar amount.
4. *Profit maximizer* describes the upsell, cross sell, bundle/kit, etc that are used to maximize the transaction value of each new customer.
5. *Return path* is the tactics used to bring existing customers and customers back into the funnel.

CONCLUSIONS AND SUGGESTIONS.

The role of a marketing funnel as a foundation has been studied. It has been found that marketing funnel is a way to frame other marketing strategies and understand how the customer interacts with a company. To make it real, it is necessary to use the AIDA model and CVO process, which are the main tools of creating the marketing funnels.

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