International Business Administration

# Introduction to Marketing

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## 1. What is Marketing?

**Learning Objectives**

1. Understand the **core concepts of marketing** and its **scope**.
2. Recognize how to create **customer value** and **satisfaction**
3. Understand how **marketing has evolved** over time.
4. Comprehend marketing from the **customer's perspective**.
5. Learn about customer **relationship management** and its significance.

General note: Unless otherwise stated, all content is based on Fahy/Jobber: Foundations of Marketing (recent edition)

1. Understand the core concepts of marketing and its scope.

## Marketing Definitions and Management Orientation

**Marketing is**

"…the study and management of exchange relationships" (Hunt, 1976).

"…so basic that it cannot be considered a separate function. It is the whole of business seen from the point of view of its final result, that is, from the customers point of view…Business success is not determined by the producer, but by the customer" (Drucker 1954).

"…the activity, set of institutions, and processes for creating, communicating, delivering, and exchanging offerings that have value for customers, clients, partners, and society at large."(AMA, Approved October 2007)

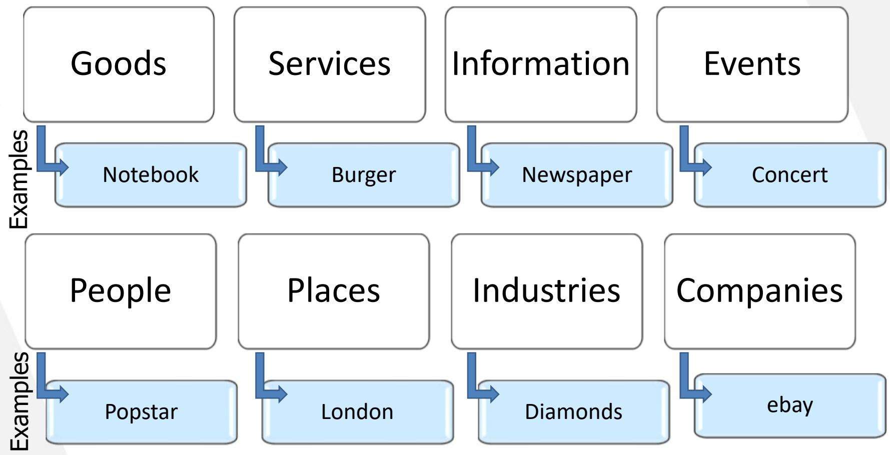
"…the achievement of corporate goals through meeting and exceeding customer needs better than competition" (Jobber/Fahy 2019, p. 5).

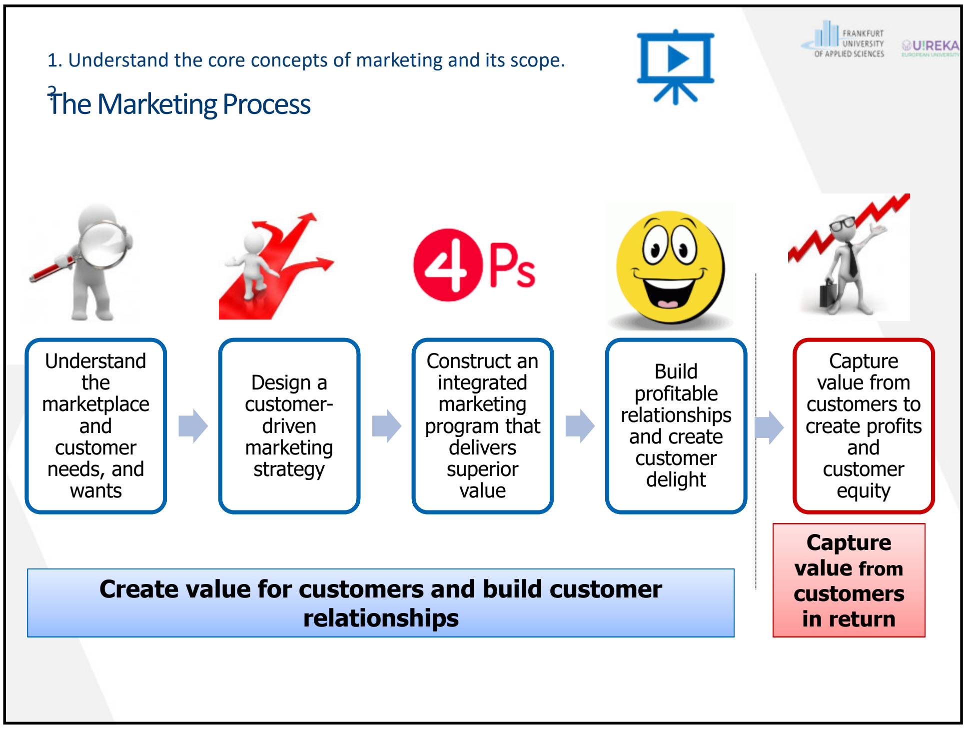
"… the management process responsible for identifying, anticipating and satisfying customer requirements profitably" The Chartered Institute of Marketing.

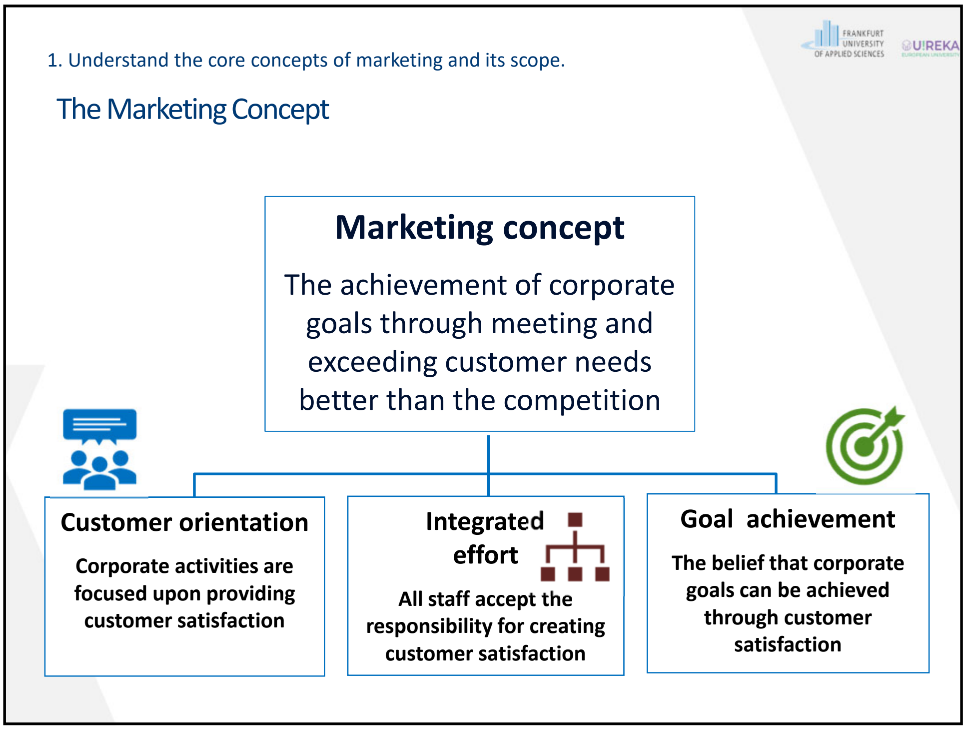
1. Understand the core concepts of marketing and its scope

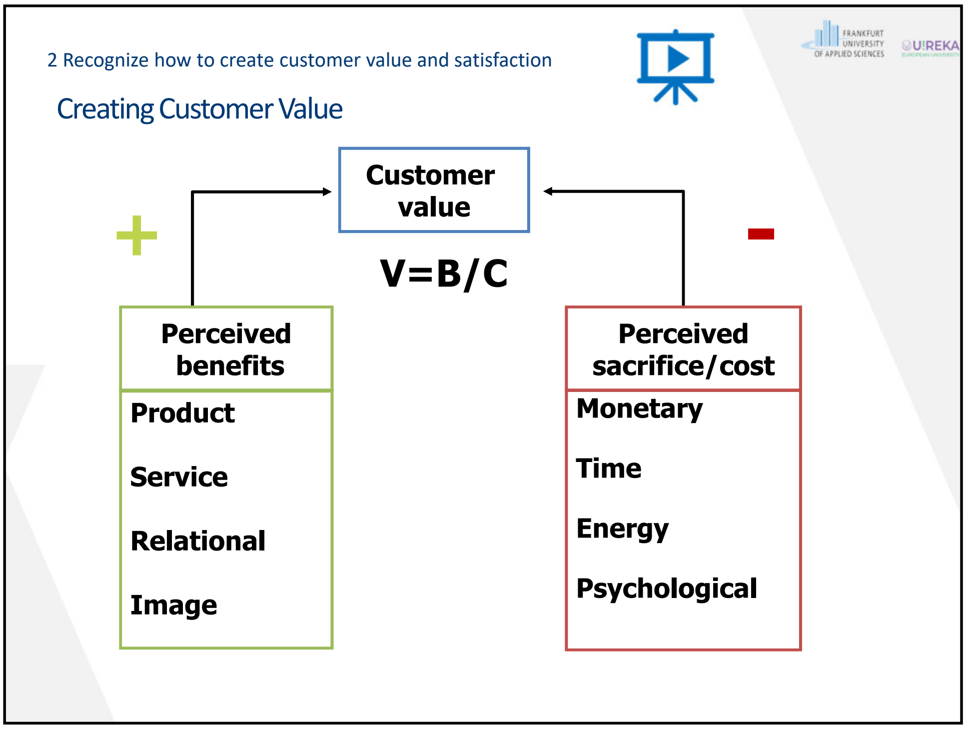
## What can be marketed?

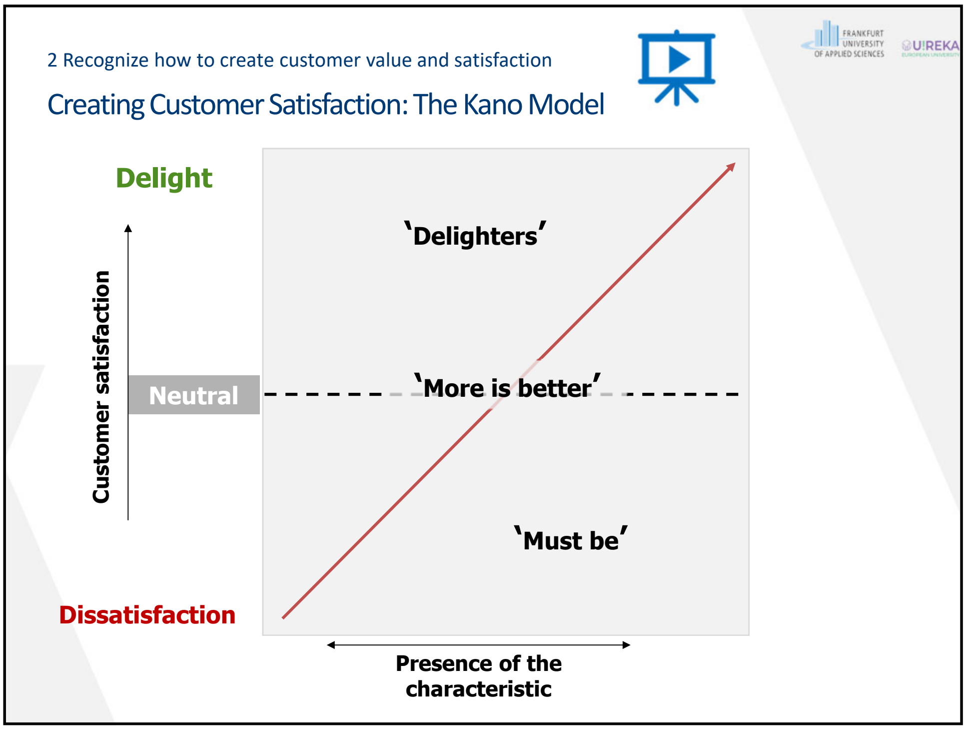
Marketing is not only for goods or services




1. Understand the core concepts of marketing and its scope.
The Marketing Process
4Ps
Understand the marketplace and customer needs, and wants
Design a customer-driven marketing strategy
Construct an integrated marketing program that delivers superior value
Build profitable relationships and create customer delight
Capture value from customers to create profits and customer equity
Create value for customers and build customer relationships
Capture value from customers in return


1. Understand the core concepts of marketing and its scope.
The Marketing Concept
Marketing concept
The achievement of corporate goals through meeting and exceeding customer needs better than the competition
Customer orientation
Corporate activities are focused upon providing customer satisfaction
Integrated effort
All staff accept the responsibility for creating customer satisfaction
Goal achievement
The belief that corporate goals can be achieved through customer satisfaction


2 Recognize how to create customer value and satisfaction
Creating Customer Value
Customer value
V=B/C
+
-
Perceived benefits
Product
Service
Relational
Image
Perceived sacrifice/cost
Monetary
Time
Energy
Psychological


2 Recognize how to create customer value and satisfaction
Creating Customer Satisfaction: The Kano Model
Delight
Customer satisfaction
Neutral
Dissatisfaction
'Delighters'
'More is better'
'Must be'
Presence of the characteristic

2 Recognize how to create customer value and satisfaction

## Customer Relationship Management (CRM)

All kinds of organizations are now becoming proficient users of customer relationship management systems to get to **know their customers better** and to **interact with them** on a regular basis.

**Customer relationship management (CRM)** is

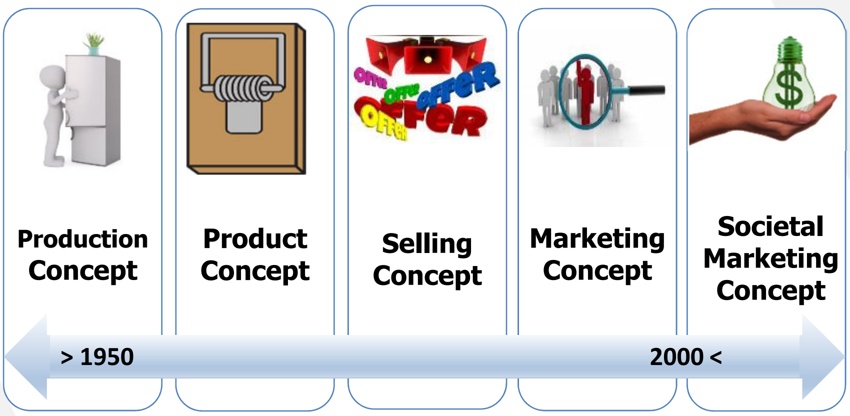
1. A **management philosophy** according to which a company's goals can be best achieved through identification and **satisfaction of the customers'** stated and unstated needs and wants.
2. The practice of **using information technology** to build customer profiles with the objective of identifying, serving and retaining the 'best' customers.

**Customer satisfaction** is the fulfilment of customers' requirements or needs.

3. Understand how marketing has evolved over time.

## The Development of Marketing

Marketing Management Orientations



4. Comprehend marketing from the customer's perspective.

## Marketing from the perspective of the customer

| | | |
|---|---|---|
| Need | Basic requirement | Hunger |
| Want | Desire for specific products | Burger |
| Demand | Buying power meets desire | Buyer power |

Glossary: Basic Marketing Terms

5. Learn about customer relationship management and its significance.

## Marketing and Business Performance:

**Does Marketing work?**

**Market Orientation** → **Improved business performance**

**A chain of marketing productivity demonstrates how marketing investments are reflected in firm outcomes (Rust et al)**

A key emerging area of control is **Marketing Metrics**. Two key elements of marketing metrics:

1. **The effectiveness of operational marketing activity and**
2. **The impact of marketing on the bottom line**

5. Learn about customer relationship management and its significance.

## Indicators of Market Versus Internally Driven Businesses

**Market driven business**

- Customer concern throughout business
- Know customer choice criteria and match with marketing mix
- Segment by customer differences
- Invest in market research and track market changes
- Welcome change
- Try to understand competition
- Market spend regarded as an investment
- Reward innovation
- Search for latent markets
- Being fast
- Strive for competitive advantage

**Internally orientated business**

- Convenience comes first
- Assume price and product performance are the key to most sales
- Segment by product
- Rely on anecdotes and received wisdom
- Cherish the status quo
- Ignore competition
- Marketing spend regarded as luxury
- Innovation punished
- Stick with the same
- Why rush?
- Happy to be me-too

## 2. Marketing Planning & Marketing Environment

Learning Objectives

1. Comprehend the **Marketing Planning Process**
2. Know the elements of the **Marketing Audit**
3. Comprehend **Environmental Analysis** and how it affects marketing strategy
4. Appreciate **structured** and **methodological** approaches such as **PEST** and **Five Forces Analysis**
5. Know how to conduct a **SWOT** analysis

1. Comprehend the Marketing Planning Process

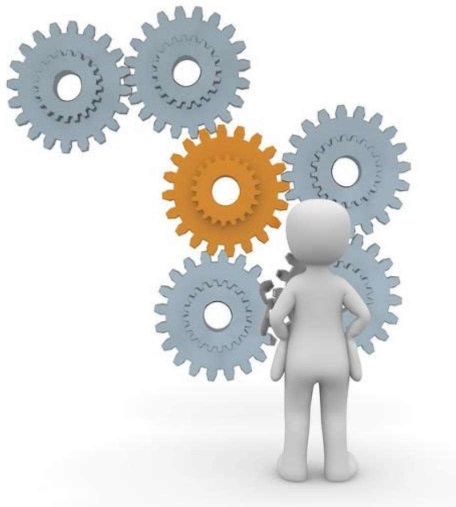
## The Marketing Planning Process

- Marketing does not operate in isolation
- Activities must be linked to all others of an organization.

Strategy: actions to reach a goal

Marketing uses a number of strategies to grow a business

- Marketing strategy must fit
  - To the environment
  - To the organization



1. Comprehend the Marketing Planning Process

## The Marketing Planning Process

Business mission
↓
Marketing audit
↓
SWOT analysis
↓
Marketing objectives
↓
Core strategy
↓
Marketing mix decisions
↓
Organization and implementation
↓
Control

Re-definition

2. Know the elements of the Marketing Audit

## The Marketing Audit

**Environmental Analysis**

Five forces analysis

PEST analysis

**Competitor Analysis**

**Customer Analysis**

**Marketing Mix Analysis**

**SWOT Analysis**

4. Appreciate structured + methodological approaches such as PEST and 5 Forces Analysis

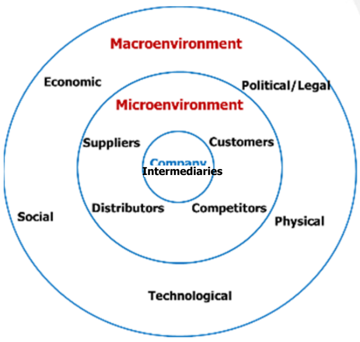
## The Marketing Environment

The marketing environment consists of the actors and forces which affect a company's capability to operate effectively in providing products and services to is chosen markets.

It can be classified into the:

**Microenvironment** and **Macroenvironment**

- To analyze the **Macroenvironment** the **PEST/PEEST** analysis is used.
- The **Five Forces** analysis primarily considers **microenvironmental** powers, which are, however, under the influences by the macro-forces as well.



4. Appreciate structured + methodological approaches such as PEST and 5 Forces Analysis

## PEST Analysis Framework

**Companies that proactively monitor and adapt to external forces are more likely to remain competitive, resilient, and aligned with evolving market demands.**

### Political
- Government stability
- Freedom of press, rule of law, bureaucracy
- Regulations trends
- Social/employment legislation
- Likely political change

### Economic
- Business cycle stage
- Growth, inflation, interest rates
- Unemployment, labor supply, labor cost
- Disposable income
- Likely economic change

### Socio-cultural
- Population growth/age profile
- Health, education, social mobility
- Employment patterns, attitudes to work
- Press, public opinion
- Lifestyle choices
- Likely socio-cultural change

### Technological
- Impact of emerging technologies
- Impact of internet, reduced communication cost
- R&D activity
- Impact of technology transfer
- Technological change

4. Appreciate structured + methodological approaches such as PEST and 5 Forces Analysis

## Examples: How macroenvironmental forces might impact companies

- **Economic:** During a recession, consumer spending drops, leading to decreased sales for retail companies like Target. This may force them to cut costs or delay expansion plans.
- **Technological:** Advances in AI technology may force a logistics company like FedEx to invest in automation to stay competitive. Failing to adapt could result in higher operational costs and lower customer satisfaction.
- **Political/Legal:** New data privacy regulations in the EU, such as the GDPR, require tech companies like Meta to change how they collect and store user data. Non-compliance could lead to heavy fines and reputational damage.
- **Sociocultural:** Growing environmental awareness has increased demand for sustainable products, pushing companies like Coca-Cola to invest in eco-friendly packaging. Ignoring this trend risks losing environmentally conscious consumers.
- **Environmental:** Severe droughts linked to climate change can disrupt agricultural supply chains, affecting food companies like Nestlé. This may lead to higher costs or product shortages.
- **Demographic:** An aging population in Japan forces healthcare companies to shift focus from pediatric to geriatric care. Adapting to demographic changes becomes essential for long-term growth.

Macroenvironment Forces

## Economic Factors

- The general state of both national and international economies can have a profound effect on an individual company's prosperity.
- Economies tend to fluctuate according to the 'business cycle'.

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Find the latest data:

in the EU by member state

- GDP growth rate
- Unemployment rate
- Central Bank interest rate
- Inflation rate
- Hourly Labor Cost
- Exchange rate: Euro to U.S. dollar (USD)

Macroenvironment Forces

## Social Forces

- 2 major aspects: demographic changes and cultural differences
- Demographic forces refers to changes in population
- Globalization has given rise to two demographic effects
  - Migration
  - Rise of middle and wealthy classes in countries with a low average GDP per capita

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Find the latest data:

Population growth & distribution by

- Continent
- Age
- Gender
- Density
- Migration
- Disposable income per capita

Macroenvironment Forces

## Political and Legal Forces

- European Union & Brexit
- Pro-competitive legislation (Antitrust law)
- Consumer legislation
- Codes of Practice

Recent Examples

- Unfair Competition Act (UWG),
- German Digital Services Act (DDG)
- General Data Protection Regulation (GDPR)

Aim to prevent misleading advertising, protect consumer data, and ensure fair practices in online and offline marketing.

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Find the latest data:

- Brexit results
- Antitrust fines against tech companies
- GDPR and data protection in Europe: 2 years later

Others

- Accessibility Strengthening Act (BFSG)
- Mandatory E-Invoice Readiness

Macroenvironment Forces

## Ecological Forces

- Climate change
- Pollution
- Conservation of scarce resources
- Recyclable and non-wasteful packaging
- Use of environmentally friendly ingredients
- Animal testing of new products
- Use of environmentally friendly ingredients
- Corporate Social Responsibility (CSR)
- Marketing ethics
- Consumer movement

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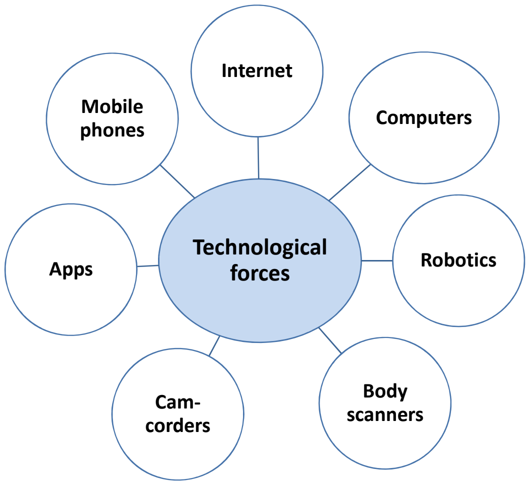
Find the latest data:

- On selected issues from the left

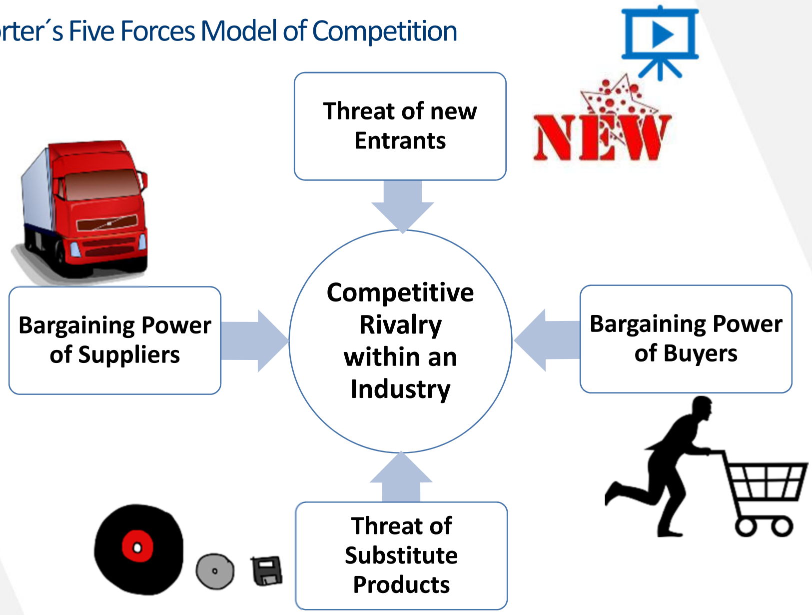
## Technological Forces

Technology and innovation can offer opportunities for growth and efficiency or pose risks due to outdated technologies and high investment costs.



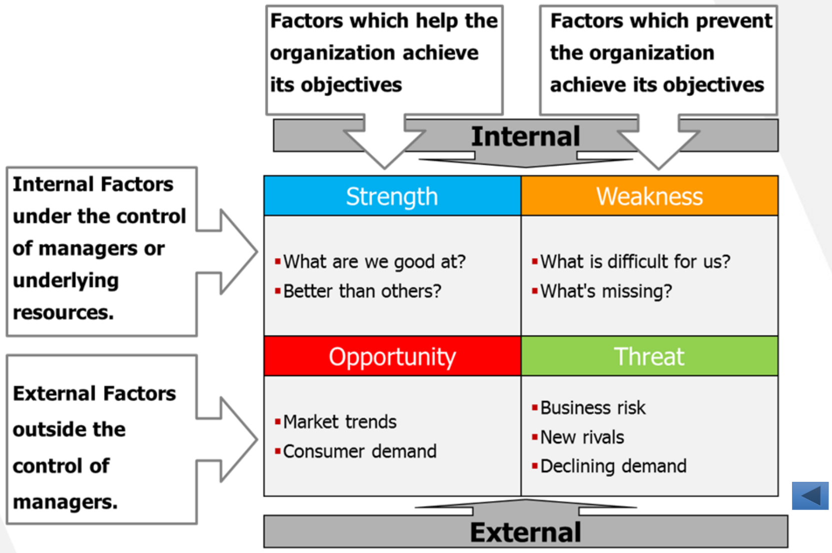

4. Appreciate structured + methodological approaches such as PEST and 5 Forces Analysis

## Porter´s Five Forces Model of Competition



5. Know how to conduct a SWOT analysis

## The SWOT Analysis




## 3. Consumer Behavior

**Learning Objectives**

1. Comprehend **the factors influencing consumer behavior** and key **consumer behavior theories**.
2. Understand **learning theories,** including classic and operant conditioning.
3. Recognize **consumer behavior** as a **sociocultural process**.
4. Learn about the **buyer decision-making process** and the **roles** involved.
5. Discuss the **influence** of **groups** and **compare business markets**, business buyer behavior, and the buying process.

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1. Comprehend factors influencing consumer behavior + consumer behavior theories

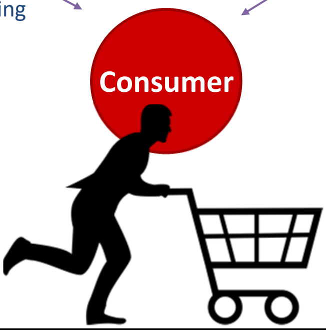
## Factors Affecting Consumer Behavior

The main influence on consumer buying behavior are: the buying situation, personal and social influences.

**The Buying Situation**

**Personal influences**

- Information processing
- Motivation
- Beliefs and attitudes
- Personality
- Lifestyle
- Lifecycle




**Social influences**

- Culture and Subculture
- Social class
- Reference groups

1. Comprehend factors influencing consumer behavior + consumer behavior theories

## How do consumers buy? Understanding Consumer Behavior

**Information processing approach (IPT)**

- dominant paradigm in consumer behavior
- roots in cognitive psychology
- consumption = rational process – the outcome of a consumer recognizing a need and engaging in a series of activities to attempt to fulfil that need.

**Consumer culture theory (CCT)**

- alternative paradigm has emerged in recent years
- consumption = much less rational or conscious.
- more sociocultural or experiential activity - laden with emotion

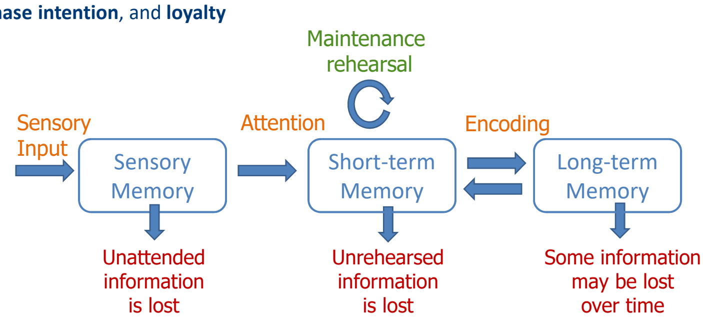
| Attribute | Information Processing | Consumer Culture Theory |
|---|---|---|
| Level of analysis | Individual | Society |
| Focus | Cognitive | Context of Consumption |
| Purpose of consumption | Utilitarian | Experiential |
| Process of consumption | Logical | Random |
| Key consumption influence | Rationality | Social |

1. Comprehend factors influencing consumer behavior + consumer behavior theories

## The Information Processing Model at work

… explains how consumers receive, process, and store information about products, brands, + services, which influences decision-making and purchasing behavior.

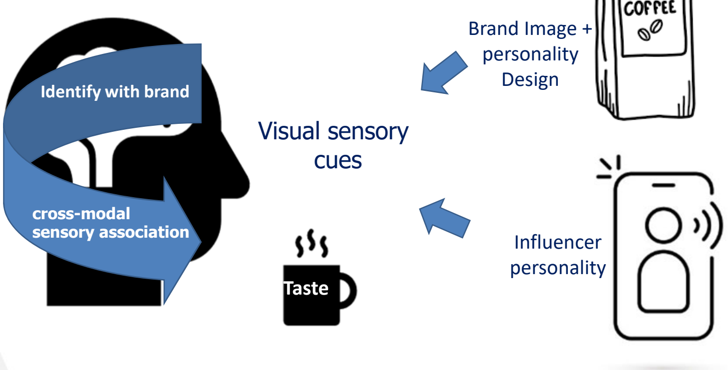
- **Sensory input** from ads or products gets processed and either forgotten or moved into **short-term memory** based on **attention**.
- If the consumer **rehearses** or finds the information important, it can be **encoded** into **long-term memory**.
- The information in long-term memory can influence future behavior, including **brand recall**, **purchase intention**, and **loyalty**




1. Comprehend factors influencing consumer behavior + consumer behavior theories

## 3Using CCT to explain how brand and influencer effects the taste of coffee

A coffee drinker with individual experiences seeking symbols to identify with that will impact preferences



2. Understand learning theories, including classic and operant conditioning.

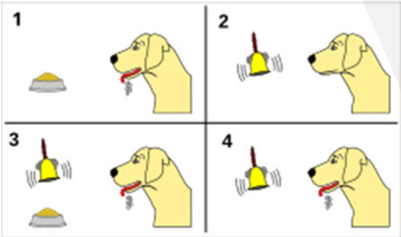
## Learning concepts in cognitive psychology - Classical conditioning (Pavlov's dog)

An unconditional and a conditional stimulus are coupled together.

After conditioning, the conditional stimulus triggers the same reaction as the unconditional stimulus beforehand.

- Marketing application: Use of humor in ads

1. **Before Conditioning:** The bell (neutral stimulus) doesn't cause salivation, but food (unconditioned stimulus) does.
2. **During Conditioning**: The bell is repeatedly paired with the food, so the dog starts to associate the bell with food.
3. **After Conditioning**: The bell (conditioned stimulus) alone now triggers salivation (conditioned response).
4. **Extinction**: If the bell is repeatedly presented without food, the salivation response fades away.





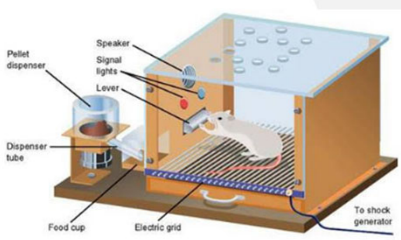

2. Understand learning theories, including classic and operant conditioning.

## Learning concepts in cognitive psychology - Operant conditioning (Skinner)

Modifying behavior through rewards and punishments with 4 main types

| **Operant Conditioning Type** | **Marketing Example** | **Explanation** |
|---|---|---|
| Positive Reinforcement | Loyalty Programs (e.g., Starbucks Rewards) | Rewarding customers with points or discounts to encourage repeat purchases. |
| Negative Reinforcement | Free Shipping for Orders Over a Certain Amount | Removing the "unpleasant" shipping fee to encourage larger purchases. |
| Positive Punishment | Late Fees for Payments (e.g., Credit Card Companies) | Adding a late fee to discourage customers from making late payments. |
| Negative Punishment | Account Suspension (e.g., Social Media Bans) | Removing access to a service to discourage rule violations or unwanted behavior. |

**Skinner Box**



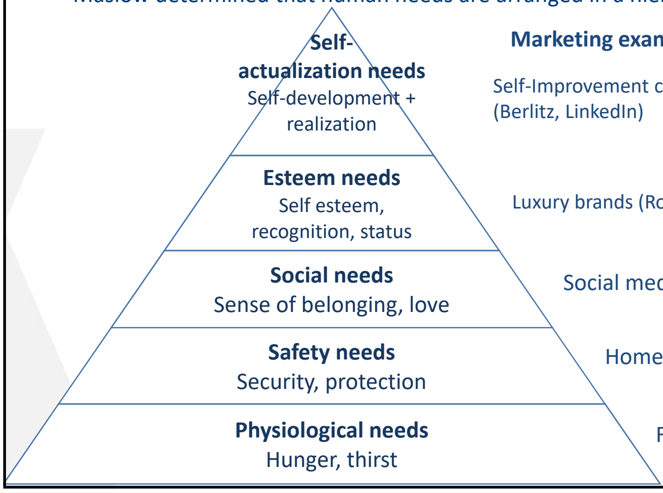

McLeod, S. A. (2007). Skinner - Operant Conditioning. Retrieved from http://www.simplypsychology.org/operant-conditioning.html, 

3. Recognize consumer behavior as a sociocultural process.

## Consumer behavior as sociocultural process

**Motivation: Maslow´s hierarchy of needs**

- Explains why people are driven by particular needs at particular times.
- Maslow determined that human needs are arranged in a hierarchal fashion.




**Marketing examples**

Self-Improvement courses (Berlitz, LinkedIn)

Luxury brands (Rolex, Ferrari)

Social media platforms

Home insurance (AXA, Allianz)

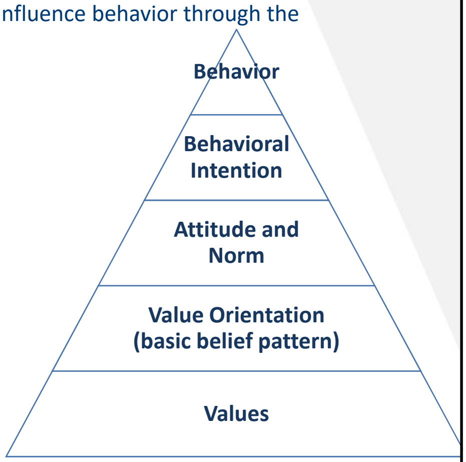
Fast food chains (McDonald's)

3. Recognize consumer behavior as a sociocultural process.

## The value-attitude-behavior (VAB) hierarchy/cognitive hierarch model

VAB proposes that consumer values indirectly influence behavior through the mediating role of attitudes

- Values: key principles that shape a person's worldview and overall life philosophy - deeply ingrained and stable over time
- Attitude: lasting, general evaluations of people, objects, advertisements, or issues - helps to determine a number of preferences and actions
- Belief: pattern of thought with regard to an object, e.g. a brand; considered true without facts.

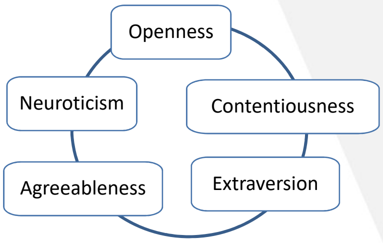



The VAB model is used to understand and predict consumer behavior, particularly in areas like sustainable consumption or the purchase of specific products.

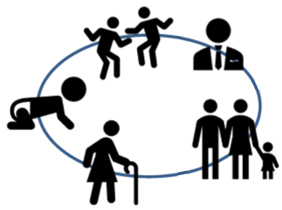
3. Recognize consumer behavior as a sociocultural process.

## Key concepts in psychology (2/2)

- **Personality**: the inner psychological characteristics of individuals that lead to consistent responses to their environment.
- The **Big 5** or **five-factor model** (**FFM**) is a widely used scientific model for describing how personality traits differ across people using five distinct factors.




- **Lifestyle**: the pattern of living as expressed in a person´s activities, desires and interest.
- **Lifecycle**: consumption patterns change in the course of a consumer's life from childhood, youth, singles, families with/without children, senior citizens



3. Recognize consumer behavior as a sociocultural process.

## Key concepts in psychology (2/2)

| Social Cognitive Theory (Bandura, 1986) | Social Comparison Theory (Festinger, 1954) | Parasocial Interaction (Horton & Wohl, 1956) | Self-Discrepancy Theory (Higgins, 1987) | Heuristic-Systematic Model (Chaiken, 1980) |
|---|---|---|---|---|
| People **learn by observing others**. Key concepts: observational learning, self-efficacy, and reciprocal determinism. | People evaluate themselves by **comparing to others**. Upward comparisons may lower self-esteem; downward comparisons may boost it. | One-sided emotional bonds with media figures that feel real but are not reciprocated. | Emotional distress arises from **gaps** between the **actual, ideal, and ought selves.** | People process messages either via quick mental shortcuts (heuristics) or detailed analysis (systematic), depending on motivation and ability. |

## HSM Application: Marketing a Smartphone

**Heuristic Processing** → Mental Shortcuts → Quick Decisions

- Quick, less effortful decision-making
- Based on cues like credibility (e.g., celebrity endorsements) or emotion

**Systematic Processing** → Detailed Evaluation → Careful Decisions

- Involves careful analysis and deeper evaluation of information
- Consumers examine facts, reviews, and specifications

**Heuristic Processing**:
**Target**: Casual consumers, less motivated
**Tactics**: **Celebrity Endorsement** (A famous influencer promotes the phone.) **Simplified Messaging**: "Best Camera Ever" or "Unbeatable Battery Life". **Visual Appeal**: Attractive design, emotional imagery.

**Systematic Processing**:
**Target**: Tech enthusiasts/highly involved buyers.
**Tactics**: **Detailed Technical Information**: Processor speed, camera specs, etc. **Comparisons**: Side-by-side specs with competitors. **Consumer Testimonials**: In-depth reviews from users.

**Heuristic Processing**: For low-involvement purchases **Systematic Processing**: For high-involvement purchases. **Successful campaigns** use both methods to reach a wider audience.

4. Learn about the buyer decision-making process and the roles involved.

## Who is important? - Roles In The Decision Process

Decider

Gatekeeper

Buyer

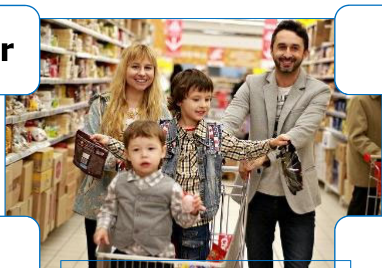


Bild von Виктория Бородинова auf Pixabay

User

Initiator

Influencer

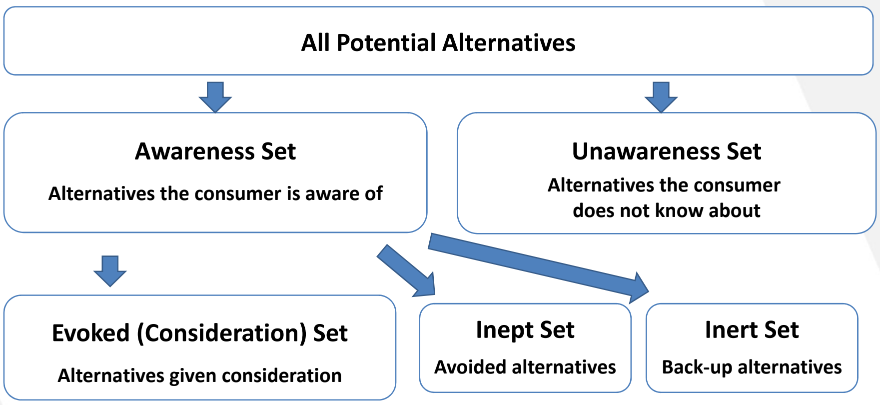
3.3. Roles in the Decision Making Process

4. Learn about the buyer decision-making process and the roles involved.

## The Buyer Decision Process


4. Learn about the buyer decision-making process and the roles involved.

## Evaluation of Alternatives




3.2. Consumer Decision Making Process

4. Learn about the buyer decision-making process and the roles involved.

## Decision Criteria Influencing Consumer Behavior

| Technical | Economic | Social | Personal |
|---|---|---|---|
| • Reliability<br>• Durability<br>• Performance<br>• Style/looks<br>• Comfort<br>• Delivery<br>• Convenience<br>• Taste | • Price<br>• Value for money<br>• Running costs<br>• Residual value<br>• Life-style costs | • Status<br>• Social belonging<br>• Convention<br>• Fashion | • Self-image<br>• Risk reduction<br>• Ethics<br>• Emotions |

**Knowing the decision criteria of the customers of a product is important for marketers to develop an effective Marketing Mix**

3.2. Consumer Decision Making Process

4. Learn about the buyer decision-making process and the roles involved.

## Types of Consumer Decision

**Consumer decisions can be broken down into 4 types:**

| Type of Behavior | Description | Example |
|---|---|---|
| **Extended Problem Solving** | High-involvement, thorough research | Buying a car or a house |
| **Habitual Problem Solving** | Routine purchase with minimal effort | Buying same brand of toothpaste |
| **Limited Problem Solving** | Moderate involvement, some comparison | Buying a birthday gift |
| **Variety-Seeking Behavior** | Switching for fun or curiosity | Trying new snack or drink brands frequently |

**Types can be explained by the Heuristic-Systematic Model (HSM) (Chaiken, 1980)**

5. Discuss the influence of groups

## Group Influence

**Four main group types that influence purchase decisions**

| | Definition | Example |
|---|---|---|
| **Primary Groups** | small, intimate groups where members interact regularly, such as **family** and **close friends.** | A family choosing what to buy for a holiday. |
| **Secondary Groups** | larger and **less personal**. Interactions are not as frequent or intense as in primary groups. | **Colleagues** or members of a professional association. |
| **Reference Groups** | groups that **individuals look up to** and use as a standard for behavior and decision-making. **People may not be part of the group** but aspire to join or follow their lifestyle. | Celebrity endorsements or following a **social media influencer**'s recommended products. |
| **Aspirational Groups** | Groups that an individual does not currently belong to but **desires to join** or emulate. | A young professional **aspiring to join an elite social club or buy high-end luxury products**. |

5. Compare business markets, business buyer behavior, and the buying process.

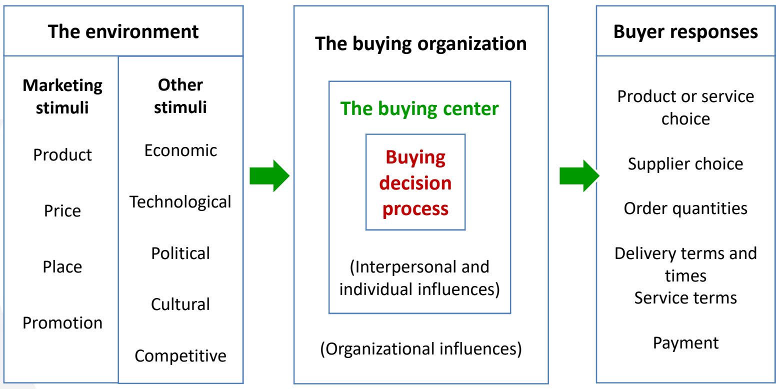
## Comparison of Buyer Decision Making Processes

| **Consumer** | **vs.** | **Organizational** |
|---|---|---|
| Need recognition/problem awareness | → | Recognition of a problem (need) |
| | | Determination of specification and quantity of needed item |
| Information Search | → | Search for and qualification of potential sources |
| Evaluation of alternatives | → | Acquisition and analysis of proposals |
| | → | Evaluation of proposals and selection of supplier(s) |
| Purchase | → | Selection of an order routine |
| Post-purchase evaluation | → | Performance feedback and evaluation |

5. Compare business markets, business buyer behavior, and the buying process.

## Business Buyer Behavior Model

Business Decision Making is More Complex than Consumer Decision Making




Source: adapted from Kotler, Armstrong, et al. (2009)

## 4. Marketing Research

**Learning Objectives**

1. Understand the meaning of **Customer Insights** and **the Value of Data**
2. Distinguish **Marketing Research vs. Mktg. Information Systems (MIS)** and **Marketing Databases vs. Customer Relationship Mgt. (CRM) Systems**
3. Identify sources of Data: **Internal/External; Primary/Secondary**
4. Differentiate the **Types of Marketing Research** and **Types of Data**
5. Comprehend the **Marketing Research Process** and **Sampling Methods**
6. Discuss **Primary Data Collection Methods**

1. Understand the meaning of Customer Insights and the Value of Data

## Marketing Research

- … defined as the systematic design, collection, analysis, and reporting of data relevant to a specific marketing situation.
- … describes a broad range of potential activities, many of which are quite different from each other and therefore, it can be classified in a number of different ways.

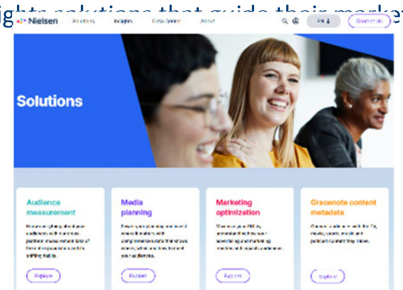
**The Research Life Cycle**


1. Understand the meaning of Customer Insights and the Value of Data

## The Role of Customer Insights

**Customer insight** = 'knowledge about the customer' that is valuable for a firm.

- Customer **needs** are continually **changing**, often very subtle.
- To **innovate** new forms of value for customers, accurate and timely customer insights are very important.
- Insights can inform product innovation, product design and features, advertising campaign themes, and so on.
- **Nielsen** helps client companies to turn its research and media data into consumer insights solutions that guide their marketing strategies.

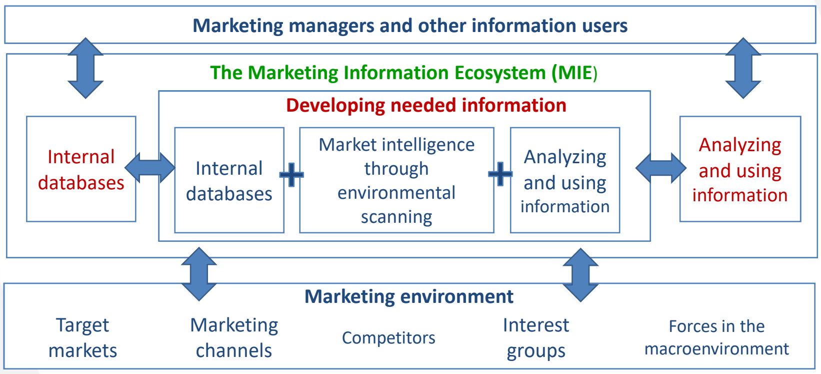



https://www.nielsen.com/solutions/solutions/

1. Understand the meaning of Customer Insights and the Value of Data

## The Importance of Marketing Research

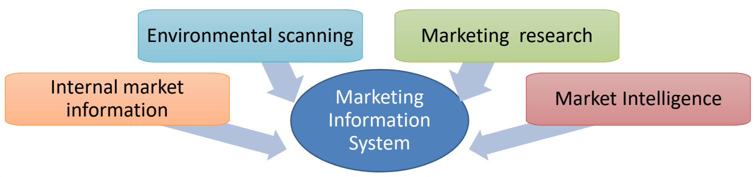
- Market-led companies recognize the need to be in touch with what is happening in the market place
- Market research plays a role in many different activities
- Market research helps companies to make better marketing planning decisions




2. Distinguish Marketing Research vs. MIS and Marketing Databases vs. CRM Systems

## 4.2 Marketing information systems

- = a system in which marketing information is formally gathered, stored, analysed, and distributed to managers in accord with their informational needs on a regular basis.
- The quality of a marketing information system influences the effectiveness of decision-making.



3. Identify sources of Data: Internal/External; Primary/Secondary

## Sources of Data

**Secondary data** is information that already exists somewhere, having been collected for another purpose. (Available from internal + external sources)

**Advantages**

- Lower cost
- Obtained quickly
- Cannot collect otherwise

**Disadvantages**: Data may not be

- Relevant
- Accurate
- Current
- Impartial

**Primary data** is information collected for the specific purpose at hand.

**Primary Data Collection Methods**

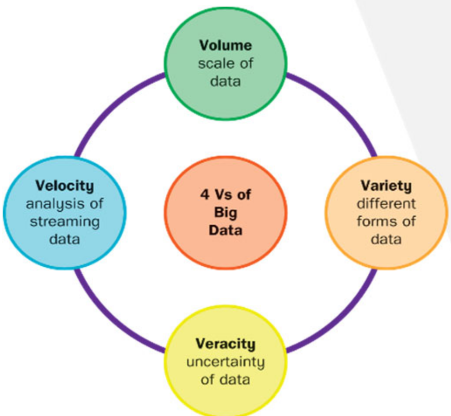
- **Surveys/Questionnaires**: structured questions to gather mostly quantitative responses.
- **Depth/expert interviews**: one-on-one conversations to gather qualitative insights.
- **Focus Groups**: moderators explore attitudes, perceptions + opinions
- **Observations**: in natural settings, without interference.
- **Experiments**: test causal relationships and hypotheses.

3. Identify sources of Data: Internal/External; Primary/Secondary

## Market Intelligence

- **Market intelligence** = systematic collection of data on what is happening in a market.
- **'Big data'** = wide range of external sources of information that can be used to aid marketing decision-making. It comes from marketing research, internal transaction data, and real-time data flowing from its social media monitoring, connected devices, and other digital sources.
- Collection, aggregation, and analysis of information is becoming more **sophisticated**, supported by vast **data storage** capabilities, faster **software**, and people equipped with necessary **analytical skills**.

**The 4 V's of Big Data**




Bishop (2017)

4. Differentiate the Types of Marketing Research and Types of Data

## Types of Marketing Research

**Ad-hoc research**

Focuses on a specific marketing problem and involves the collection of data at one point in time from one sample of respondents, such as a customer satisfaction study or an attitude survey

**Continuous research**

Involves conducting the same research on the same sample repeatedly to monitor the changes that are taking place over time. This form of research plays a key role in assessing trends in the market and one of the most popular forms of continuous research is the consumer panel

4. Differentiate the Types of Marketing Research and Types of Data

## Types of Marketing Research

**Custom research:** research that is conducted for a single organization to provide specific answers to the questions that it has.

**Syndicated research:** research that is collected by research firms on a regular basis and then sold to other firms.

**Exploratory research:** used to carry out a preliminary exploration of a research area to gain some insights or form some research hypotheses.

**Descriptive research:** used to develop stronger conclusions about a research problem.

**Casual research:** seeks to establish cause-and-effect relationships.

4. Differentiate the Types of Marketing Research and Types of Data

## Types of Data

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- **Experiments**: test causal relationships and hypotheses.

5. Comprehend the Marketing Research Process and Sampling Methods

## The Marketing Research Process

Marketing Research = the systematic **design**, **collection**, **analysis**, and **reporting** of **data relevant** to a **specific marketing situation** facing an organization.

Defining the problem and research objectives → Developing the research plan for collecting the information → Implementing the research plan – collecting and analyzing the data → Interpreting and reporting findings

Defining the problem and research objectives:

- Exploratory
- Descriptive
- Causal

Developing the research plan for collecting the information:

- Secondary/primary
- Population/sample
- Sampling unit/-plan
- Non-/-Probability sample

Source: Kotler 2016, p. 135

5. Comprehend the Marketing Research Process and Sampling Methods

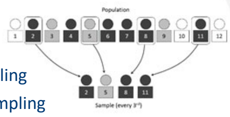
## Research Methods and Sampling

### Basic Research Methods

- **Exploratory:** qualitative, preliminary study of a research area, often prior to the main data collection stage, e.g. focus groups. Suited to collect ideas.
- **Descriptive:** quantitative, systematic examination of a marketing question in order to draw conclusions, e.g. surveys. Used to calculate means, proportions and perform inductive analysis.
- **Causal:** study of cause-and-effect relationships

### Sampling

1. Definition of the **population** = group that forms the subject of study in a survey. Aims to provide results that are representative of this group.
2. Search for a **sampling frame** = a list of the chosen population from which a sample can be selected.
3. **Sampling methods**:
   - Probability samples
     - Simple random sampling
     - Stratified random sampling
   - Non-probability samples
     - Convenience sampling
     - Quota sampling
4. Select **sample size**



Dan Kernler, CC BY-SA 4.0 <https://creativecommons.org/licenses/by-sa/4.0>, via Wikimedia Commons

6. Discuss Primary Data Collection Methods

## Comparison of Different Survey Methods

| Category | Face to Face | Telephone | Mail | Online |
|---|---|---|---|---|
| **Questionnaire** | | | | |
| Use of open-ended questions | High | Medium | Low | Low |
| Ability to probe | High | Medium | Low | Low |
| Use of visual aids | High | Poor | High | High |
| Sensitive questions | Medium | Low | High | Low |
| Resources | | | | |
| Cost | High | Medium | Low | Low |
| **Sampling** | | | | |
| Widely dispersed populations | Low | Medium | High | High |
| Response rates | High | Medium | Low | Low |
| Experimental control | High | Medium | Low | Low |
| **Interviewing** | | | | |
| Control of who completes questionnaire | High | High | Low | Low/high |
| Interviewer bias | Possible | Possible | Low | Low |

6. Discuss Primary Data Collection Methods

## Primary Data Collection Online

**Online behavioral and social tracking and targeting**

- Behavioral targeting
- Online listening
- Social targeting

On the internet, marketers know a lot about consumers. They use such insights to personalize offerings and online shopping experiences.

Is this "just sophisticated marketing" or "a little scary"?

Netflix and big data analytics: While members are busy watching Netflix videos, Netflix is busy watching them—watching them very, very closely. Then it uses the big data insights to give customers exactly what they want.

Vantage_DS/Shutterstock

## 5. Segmentation and Positioning

**Learning Objectives**

1. Understand the **purpose of Market Segmentation**
2. Know how and why **Segmentation** is done
3. Discuss the **Criteria for Effective Segmentation**
4. Comprehend market **Targeting and Differentiation**
5. Develop a **Positioning** Strategy and a **Perceptual Map**
6. Explain **Repositioning**

1. Understand the purpose of Market Segmentation

## Developing a Customer Driven Marketing Strategy

**Select customers to serve**

**Segmentation**
Divide the total market into smaller segments

**Targeting**
Select the segment or smaller segments to enter

**Create Value For targeted customers**

**Decide on a value proposition**

**Differentiation**
Differentiate the market offering to create superior customer value

**Positioning**
Position the market offering in the minds of target customers

2. Know how and why Segmentation is done

## Segmentation

**Benefits**

- Improved customer retention
- Enhanced opportunities for growth
- Enhanced profitability
- More effective targeting of communications
- Opportunity of segment dominance

**Segmentation Variables**

- Geographic
- Demographic
- Psychographic
- Behavioral

**Requirements for Effective Segmentation**

- Measurable
- Accessible
- Substantial
- Differentiable
- Actionable

2. Know how and why Segmentation is done

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- Actionable

2. Know how and why Segmentation is done

## Consumer Segmentation Methods

| Variable | Examples |
|---|---|
| **Behavioural** | |
| Benefits sought | Convenience, status, performance |
| Purchase occasion | Self-buy, gift, special occasions |
| Purchase behaviour | Brand loyal, brand switching, innovators |
| Usage | Heavy, light |
| Media behaviour | Primarily online, primarily offline |
| **Psychographic** | |
| Lifestyle | Trendsetters, conservatives, sophisticates |
| Personality | Conscientious, agreeable, extrovert |
| **Demographic/Profile** | |
| Age | Under 12, 12–18, 19–25, 26–35, 36–49, 50–64, 65 and over |
| Gender | Female, male |
| Life cycle | Young single, young couples, young parents, middle-aged empty-nesters, retired |
| Social class | Upper middle, middle, skilled working |
| Education | Primary -, Secondary School , Higher Education, Postgraduate, PhD/Doctor |
| Income | Income breakdown according to study objectives and income levels per country |
| **Geographic** | North vs south, urban vs rural, country |
| Geodemographic | Upwardly mobile young families living in larger owner-occupied houses, older people living in small houses, European regions based on language, income, age profile and location |

2. Know how and why Segmentation is done

## Psychographic segmentation

...divides a market into different segments based on social class, lifestyle, or personality characteristics.

People in the same demographic group can have very different psychographic characteristics!

**Example**

Personicx™ is a target group segmentation that divides private consumers into up to 214 sub-groups structured based on a comprehensive analysis of consumer behavior and lifestyle data.


Acxiom Corporation

**https://www.personicx.co.uk/index.html**

2. Know how and why Segmentation is done

## Multivariable segmentation systems

**...** merge geographic, demographic, lifestyle, and behavioral data to help companies segment their markets down to zip codes, neighborhoods, and even households.

**Example**

Experian groups together individuals likely to share similar demographics, lifestyles and behaviors into 18 summary groups and 68 detailed types in the UK market


Digital and mobile technology allow for **Hyperlocal social marketing**

- ➢ creating content and campaigns that are relevant to a specific community, neighborhood, or even a specific street.

3. Discuss the Criteria for Effective Segmentation

## Criteria for Segmentation

| Benefits | Segmentation Variables | Requirements for Effective Segmentation |
|---|---|---|
| Improved customer retention | Geographic | Measurable |
| Enhanced opportunities for growth | Demographic | Accessible |
| Enhanced profitability | Psychographic | Substantial |
| More effective targeting of communications | Behavioral | Differentiable |
| Opportunity of segment dominance | | Actionable |

4. Comprehend market Targeting and Differentiation

## Targeting Approaches

| Undifferentiated (mass) marketing: | Differentiated (segmented) marketing: | Concentrated (niche) marketing: | Micromarketing (Local or individual marketing) |
|---|---|---|---|
| A market-coverage strategy in which a firm decides to ignore market segment differences and goes after the whole market with one offer. | A market-coverage strategy in which a firm decides to target several market segments and designs separate offers for each. | A market-coverage strategy in which a firm goes after a large share of one or a few segments or niches. | A market-coverage strategy in which a firm focuses on a small group or few selected consumers |

**Broad** ← **Targeting** → **Narrow**

4. Comprehend market Targeting and Differentiation

## Market Targeting: Selecting Target Segments

A target market consists of a **set of buyers** who share common needs or characteristics that the **company decides to serve**. **Target marketing refers to the choice of specific segments to serve.**

| Undifferentiated (mass) marketing: | Differentiated (segmented) marketing: | Concentrated (niche) marketing: | Micromarketing (Local or individual marketing) |
|---|---|---|---|
| A market-coverage strategy in which a firm decides to ignore market segment differences and go after the whole market with one offer. | A market-coverage strategy in which a firm decides to target several market segments and designs separate offers for each. | A market-coverage strategy in which a firm goes after a large share of one or a few segments or niches. | A market-coverage strategy in which a firm focuses on a small group or few selected consumers |

**Broad** **Targeting** **Narrow**

4. Comprehend market Targeting and Differentiation

## Identifying Possible Value Differences and Competitive Advantages

**Competitive advantage** is an advantage **over competitors** gained by offering **greater customer value,** either through **lower prices or** by providing **more benefits** that justify higher prices.

**Options for Differentiation by benefits:**

- **Product** (features and functions)
- **Services** (convenience and advice)
- **Channels** (distribution)
- **People** (skills)
- **Image** (brands)

5. Develop a Positioning Strategy and a Perceptual Map

## Positioning

- The act of designing the company's offering so that it occupies a **meaningful and distinct position** in the **target consumers mind**.
- Effective positioning is the act of **linking products and services to the solutions** that consumers seek.
- A product's position is the way the **product is defined by consumers** on important attributes – the place the product occupies in the consumer's mind **relative to competing products**


Develop a **Positioning** Strategy and a **Perceptual Map**

## Writing positioning statements

**A Positioning statement** summarizes company or brand positioning using this form: **To** (target segment and need) our (brand) **is** (concept) **that** (point of difference)

**Examples**

- **Nike**: "For **athletes who need high-performance sportswear**, Nike is the athletic brand that **delivers innovative and superior products**, because we push the boundaries of **technology and design to inspire greatness**."
- **Apple**: "For **individuals seeking a seamless and intuitive computing experience**, Apple is the technology brand that **offers elegant and user-friendly devices**, because of our commitment to **innovation and design**."
- **Milka**: "To **mainstream chocolate consumers** Milka is the brand of chocolate that is the **most tender tasting** because it is **made with milk from the Alps**."

**How might the positioning statement for your favourite brand look like?**

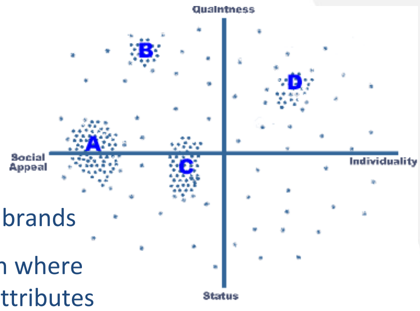
Develop a **Positioning** Strategy and a **Perceptual Map**

## The Positioning or Perceptual Map

**A perceptual map is a useful tool for determining the position of a brand in the marketplace.**

**Steps in producing a perceptual map:**

1. Identify a set of competing brands
2. Identify the important attributes consumers use when choosing between brands
3. Conduct quantitative marketing research where consumers score each brand on all key attributes
4. Plot brands on a two-dimensional map




**Note:** Maps based on the **two dimensions Quality + Price do not make any sense**, because they are interrelated.

6. Explain Repositioning

## 5.6 Repositioning

Repositioning involves changing:

- the target markets;
- the differential advantage;
- or both.

1. **Image** R.: keep product + target market, but change the product image (McDonald's green logo color)
2. **Intangible** R.: retain product, but changing the market segment it is aimed at. (Jägermeister targets young audiences)
3. **Tangible** R.: change product + target market. (Apple with affordable product versions)
4. **Product** R.: change product + same target market (Pillsbury Toaster strudel)

**Alternative repositioning strategies**

| | | Products: Same | Products: Different |
|---|---|---|---|
| **Markets** | **Same** | **Image repositioning** | **Product repositioning** |
| | **Different** | **Intangible repositioning** | **Tangible repositioning** |

Source: Ansoff, Igor in Jobber and Fahy (2019), p. 371 f.

6.a Products and Branding

## Learning Objectives

1. Define a **Product** and describe the **three levels of a product**
2. Explain **Product Line** and **Mix Decisions**
3. Understand the difference between a **Product** and a **Brand**
4. Comprehend **Brand Characteristics and Benefits**
5. Know **brand name strategies**
6. Apply the **Boston Consulting Matrix**

1. Define Product and describe the three levels of a product

## What is a Product?

A product is **anything that can be offered to a market** for **attention**, **acquisition**, **use**, or **consumption** that might **satisfy a want or need**.
(Kotler/Armstrong 2016, p. 256)

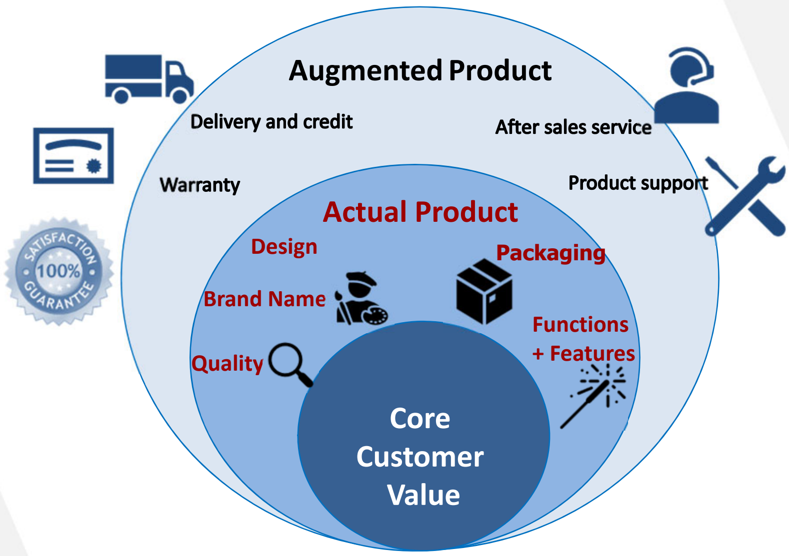
A product is **anything capable of satisfying customers needs**. (Fahy/Jobber 2019, p. 167)

**Consumer products** are products bought by final consumer for personal consumption.
**Industrial products** are those purchased for further processing or for use in conducting a business

- materials and parts
- capital items
- supplies and services

1. Define Product and describe the three levels of a produ

## The Three Levels of a Product




1. Define product and describe the three levels of a product

## Actual and Augmented: Individual Product Decisions

| Product Attributes | Branding | Packaging | Labeling and logos | Product support services |
|---|---|---|---|---|
| • Quality<br>• Features<br>• Style and design | • Name, term, sign, or design or a combination<br>• Brand logo makeovers | designing and producing the container or wrapper for a product:<br><br>**Functions**<br>1. Protection<br>2.Containment<br>3.Information<br>4.Branding<br>5.Convenience<br>6.Sustainability | identify the product or brand, describe attributes, and provide promotion. | **augment** actual products –<br>**Trend**: "Servitization" allows to diversify, boost customer loyalty, and stand out from competition |

2. Explain Product Line and Mix Decisions

## Product Line and Mix Decisions

- **Product line** is a group of products that are closely related because they function in a similar manner, are sold to the same customer groups, are marketed through the same types of outlets, or fall within given price ranges (e.g. Nikes offers several lines of athletic shoes and apparel).
- **A product mix** (or product portfolio) consists of all the product lines and items that a particular seller offers for sale
  - Product mix **width** refers to the number of different product lines the company carries (e.g. shoes for running, soccer, fitness,..).
  - Product mix **length** refers to the total number of items the company carries within its product lines e.g. (running shoes for women, men, kids, ...).
  - Product mix **depth** refers to the number of versions offered of each product in the line (e.g. shoe styles and color).
- **Consistency** of the product mix refers to how closely related the various product lines are.

Source: Kotler/Armstrong (2016) p. 267-268

3. Understand the difference between a Product and a Brand

## Brands vs. Products

- **A product is anything we can offer to a market for attention, acquisition, use, or consumption that might satisfy a need or want.**
- **A product may be a physical good, a service, a retail outlet, a person, an organization, a place, or even an idea.**

**A brand is more than a product, as it can have dimensions that differentiate it in some way from other products designed to satisfy the same need.**

**Example:** A **smartphone** is a product, and an **iPhone** is a brand.

3. Understand the difference between a Product and a Brand

## Branding and a Brand Definition

- Branding is the process by which companies distinguish their product offerings from the competition.
- Branding permits customers to develop associations (e.g. status, prestige) with products, which eases the purchase decision.

A **brand** is the **name**, **term**, **sign**, **symbol**, or **design**, or a **combination** of these, that **identifies** the maker or seller of a product or service. Kevin Lane Keller (2009)

- Brands are among a company's most valuable assets
- A Brand represents what the company is and what it stands for
- A Brand implies trust, consistency, and a defined set of expectations
- The strongest brands own a place in the customer's mind

4. Comprehend Brand Characteristics and Benefits

## Benefits of Brands

**To Companies**

- Company value/brand equity
- Consumer preference and loyalty
- Barrier to competition
- High profits
- Base for brand extensions
- **Brands make marketing more effective**

**To Consumers**

- Simplifies the purchase decision
- Provides quality assurance
- Reduces search time
- Communicates features and benefits
- Reduces the risk in purchasing
- Symbolic value

4. Comprehend Brand Characteristics and Benefits

## Brand Strategy and Brand Equity

The primary goal of a **brand strategy** is to increase **brand equity,** which is the differential effect that **knowing** the **brand name** has on the **customer response to the product and its marketing**.

**Building brands** involves making decisions about:

- The brand name
- How the brand is developed
- How the brand is positioned in the marketplace

5. Know brand name strategies

## Brand Name Strategies

**Family Brand Names**

- One brand name used for multiple related products
- Apple (iPhone, iPad, MacBook) Samsung (TVs, phones, appliances) Nike (shoes, apparel)

**Individual Brand Names**

- Each product has a unique brand, independent of the parent company
- P&G: Tide, Pampers, Gillette Unilever: Dove, Axe, Lipton

**Combination Brand Names**

- Combines parent brand with specific product name
- Nestlé KitKat Toyota Corolla Microsoft Office

5. Know brand name strategies

## Brand name considerations

**A good brand name should:**

- Evoke **positive** associations
- Be **easy** to pronounce and remember
- Suggest product **benefits**
- Be **distinctive**
- Use **numerals** when emphasizing **technology**
- **Not infringe** an existing registered brand name

**Brand Name Categories**

| | |
|---|---|
| **Descriptive** | General Motors, The Body Shop, Shredded Wheat |
| **Evocative** | Amazon, Patagonia, Nike |
| **Invented** | Exxon, Kodak, Xerox |
| **Lexical** | Flickr, Kleenex, Snapchat |
| **Acronym** | IBM, HP, GE |
| **Geographical** | American Express, Halifax, Air France |

5. Know brand name strategies

## Trademarks and uses of strong brands

- **Legal protection** for a brand name, brand mark, or trade character is **provided through the registration**.
- The **Nike swoosh**, the **Starbuck's mermaid**, and the **Apple icon** are all highly valuable and protected by their owners through trademarks.
- Each year, brand and trademark **values are assessed** by researchers. The most **prominent rankings** are:
  - Interbrand - Best Global Brands 2024
  - BrandZ - Most Valuable Global Brands

**Check out the latest rankings**

- **Brand Extension -** use established brand name for a new product in the same/related product category, e.g. Colgate → Colgate Mouthwash
- **Brand Stretching** – use brand name to enter a different product category, e.g. Harley-Davidson → Harley-Davidson Perfume
- **Co-branding -** leverages strengths and reputations of each brand, e.g. Nike+ Apple fitness products.
- **Ingredient Branding,** component or ingredient is branded to highlight importance and quality, e.g Intel Inside, Gore-Tex.

5. Know brand name strategies

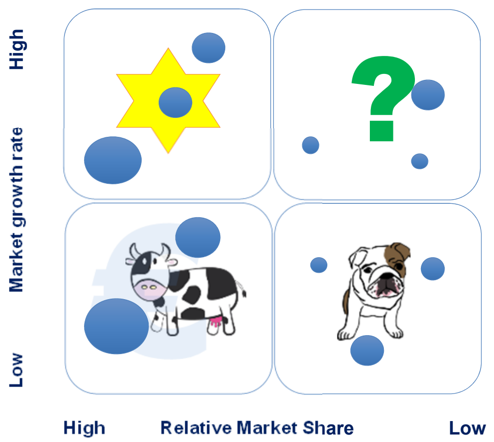
## Brand Strategy: Building Strong Brands

Brands are powerful assets that must be carefully developed and managed. Assets can be expressed in terms of brand equity and brand value.

| Brand positioning | Brand name selection | Brand sponsorship | Brand development |
|---|---|---|---|
| • Attributes<br>• Benefits<br>• Beliefs and values | • Selection<br>• Protection | • Manufacturer's brand<br>• Private label brand<br>• Licensing<br>• Co-branding | • Line extensions<br>• Brand extensions<br>• Mulitbrands<br>• New brands |

6. Apply the Boston Consulting Matrix

## Portfolio Planning: Boston Consulting Group Matrix



6.b New Product Development

## Learning Objectives

1. Understand the **necessity** of **developing new products** and the **ways** to do so.
2. Describe a typical **process for developing new products**.
3. Distinguish **Product Life-Cycle Strategies**
4. Comprehend **Diffusion of Innovation Theory**

1. Understand the necessity of developing new products and the ways to do so.

New Product Development

**Introducing new products to the marketplace is the lifeblood of corporate success.** Four broad categories of new product exist:

- **Product replacements:** (45%) = revisions + improvements to existing products
- **Additions to existing lines:** (25%) Add to a company's existing product lines
- **New product lines:** (20%) Represent a move into a new market
- **New-to-the-world products:** (10%) Create entirely new markets

**Companies vary in their willingness to pursue new products**

- **Innovators…reactors**
- Market **pioneers** have difficulty with "really new" products
- **First movers** may have advantages in launching "incrementally new" products because there is less risk
- **Early follower** firms have approximately the same survival risks

https://www.fastcompany.com/most-innovative-companies/list

1. Understand the necessity of developing new products and the ways to do so.

## Why New Products?

Companies seek to improve and/or complement their current products for the following reasons:

- to increase revenue and profits
- as an effort to better satisfy current customers or attract new customers
- to stave off competition
- to be consistent with an innovative image
- a simple point of corporate pride

Change is inevitable because the macroenvironmental context continually shifts

**For example**

- Changes in demographics
- Changes in consumer preferences
- Changes in natural resources, etc.

2. Describe a typical process for developing new products.

## The New Product Development Process

**Idea generation** → **Screening** → **Concept testing** → **Business analysis** → **Product development** → **Market testing** → **Commer-cialization** → **New products**

2. Describe a typical process for developing new products.

## Idea Generation Approaches

- Traditionally ideas comes from inside the company.
  - Brainstorming
  - Identifying customer challenges (e.g. Brushing kids' teeth)
  - Observing trends (e.g. Healthier eating)
  - Listening to customers, sales force and/or frontline service people
  - Observing competitors

"Top-Down" approach

- More recent approaches seek to involve parties outside the company during the entire process
  - Open-Innovation
  - Lead-Users
  - Customization
  - Self-Design

"Co-Creation" approach

2. Describe a typical process for developing new products.

## Idea screening

**Screening new-product ideas in order to spot good ideas and drop poor ones as soon as possible.**

Companies make use checklists of screening questions to identify most promising ideas:

- Who is the **target segment**?
- What is its **size**?
- What **competitors** already seek their dollar?
- What products of our own might sales **cannibalize**?
- Do we have channels already in place for the **distribution** of this product?
- How does the new product initiative **fit** with our organizational goals and our marketing objectives?

2. Describe a typical process for developing new products.

## Concept Testing - Business analysis - Product development

**Concept testing is testing new-product concepts with a group of target consumers to find out if the concepts have strong consumer appeal.**

A Product concept is a detailed version of the new-product idea stated in meaningful consumer terms.

**Business analysis is a review of the sales, costs, and profit projections for a new product to find out whether**

**these factors satisfy the company's objectives.**

**Product development is developing the product concept into a physical product in order to ensure that the product idea can be turned into a workable market offering.**

2. Describe a typical process for developing new products.

## Test marketing and Commercialization

In **(Area-/Field-) Test markets** the product and marketing program are tested in realistic market settings. In **simulated (Lab-/Studio-) test markets** consumers are exposed to a replicated market situation.

The distinction between field tests and lab tests have blurred but is still relevant. Test markets now take a data-driven, regional and digital-first approach, offering faster, more flexible and cost-effective testing than physical, town-based models of the past.

**Examples**:
**Field**: Controlled E-commerce tests on Amazon or company-owned webshops or partnership with Retailers to run in stores by Tesco (UK), Carrefour (France), or Walmart (USA).

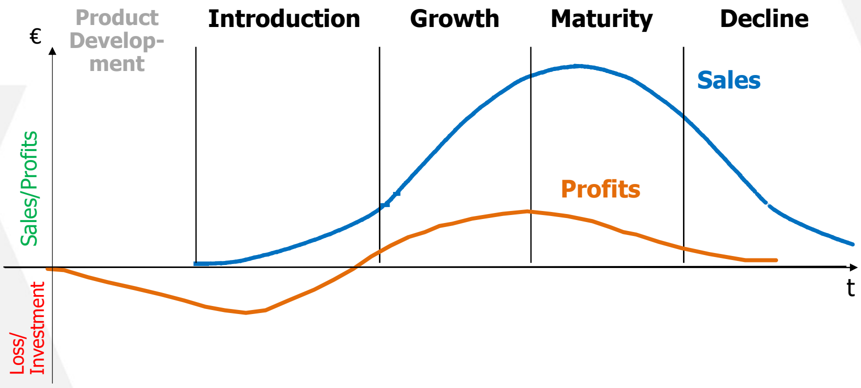
**Lab**: Testing product prototypes, Sensory labs in FMCG for testing new flavors.

**Commercialization involves introducing a new product into the market.**

3. Distinguish Product Life-Cycle Strategies

## Product Life Cycle (PLC)

The product life cycle represents the path of a product's sales and profits over its lifetime.




3. Distinguish Product Life-Cycle Strategies

## Marketing Objectives and Strategies over the PLC

The PLC shows the need to review marketing objectives and strategies over time. Changes in market conditions and competition may cause the need for adaptation of marketing strategies. However, not all products follow the typical s-shaped curve. Some products rise and fall quickly while seem to stay endlessly. The duration of the stages is unpredictable. Finally it can be argued that the PLC is the result of marketing activities not its cause.

| | Introduction | Growth | Maturity | Decline |
|---|---|---|---|---|
| Strategic marketing objective | Build | Build | Hold | Harvest/manage for cash |
| Strategic focus | Expand market | Penetration | Protect share | Productivity |
| Brand objective | Product awareness/trial | Brand preference | Brand loyalty | Brand exploitation |
| Products | Basic | Differentiated | Differentiated | Rationalized |
| Promotion | Creating awareness/trial | Creating awareness/ trial repeat purchase | Maintaining awareness/ repeat purchase | Cut/eliminated |
| Price | High | Lower | Lowest | Rising |
| Distribution | Patchy | Wider | Intensive | Selective |

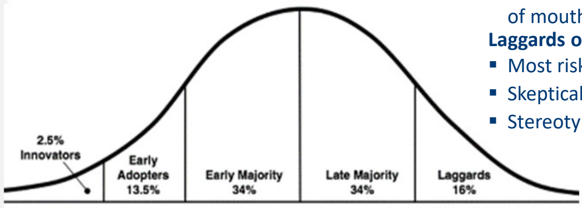
4. Comprehend Diffusion of Innovation Theory

## Diffusion of Innovation: The Adoption Curve (Rogers 1962)

Not all people or organizations in a market will be in the same state of readiness to buy a new product when it is launched. (It is a useful starting point for choosing a target market.)

**Innovators**: first 3-5%
- Like to try new products & willing to take risks

**Early adopters**: next 10-15%
- Even more influential as opinion leaders, not considered fanatics




**Early majority**: next 34%
- More risk averse
- Waiting to hear about favorable experiences

**Late majority next** (34%)
- Even more cautious
- Often older and more conservative
- Rely on consistent messages received via word of mouth

**Laggards or non-adopters**: next 5-15%
- Most risk averse
- Skeptical of new products
- Stereotypically lower in income

## 7. Service Marketing

### Learning Objectives

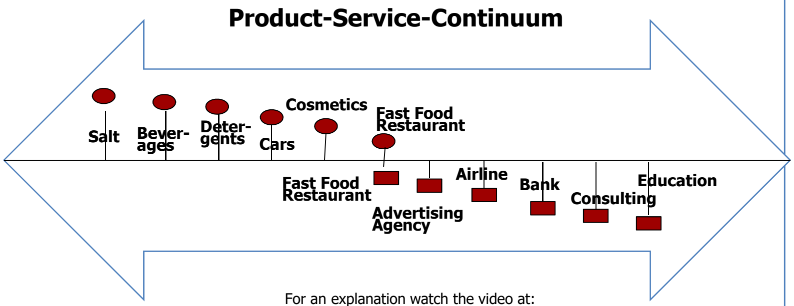
1. Define **services** and know their **4 unique characteristics**
2. Comprehend the additional elements of the **services marketing mix**
3. Know how **to manage service productivity** and **service quality**.
4. Measure **service perceptions** against **customer expectations**.

1. Define services and know their 4 unique characteristics

## What are Services?

**Services are products that are intangible, are not stored and do not result in ownership of something if bought.**

- Most products are a combination of a goods and services




For an explanation watch the video at:
https://www.youtube.com/watch?v=hriOz9yl-Ro

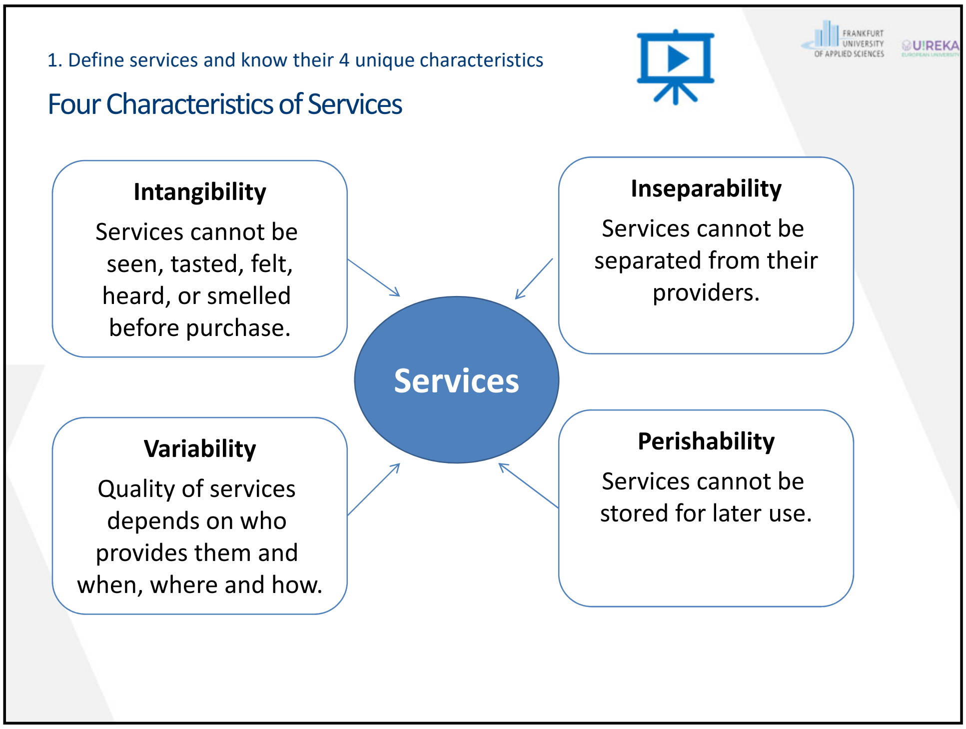
Source: Translation from Kotler, Armstrong et al. (2011)

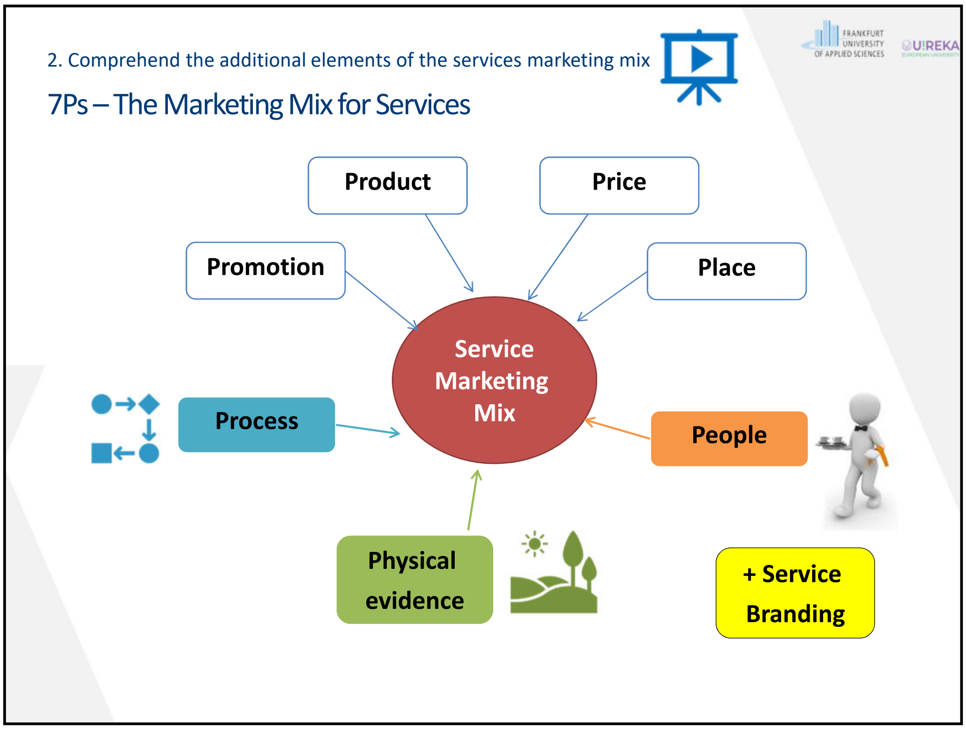
1. Define services and know their 4 unique characteristics

## The service-dominant (S-D) logic

| | Explanation |
|---|---|
| 1 | Service is the fundamental basis of exchange |
| 2 | The service basis of exchange is not always apparent as it is masked by goods, money, institutions, etc. |
| 3 | Goods are a distribution mechanism for service provision |
| 4 | Resources such as knowledge and skills are the primary source of competitive advantage |
| 5 | All economies are service economies |
| 6 | The customer is always a co-creator of value |
| 7 | The enterprise cannot deliver value but only offer value propositions |
| 8 | A service-centred view is inherently customer-oriented and relational |
| 9 | All social and economic actors are resource integrators |
| 10 | Value is always uniquely determined by the beneficiary |

**Source:** Vargo & Lusch (2008) *Service-dominant logic: continuing the evolution, Journal of the Academy of Marketing Science*, 36, 1–10.


1. Define services and know their 4 unique characteristics
Four Characteristics of Services
Intangibility
Services cannot be seen, tasted, felt, heard, or smelled before purchase.
Inseparability
Services cannot be separated from their providers.
Services
Variability
Quality of services depends on who provides them and when, where and how.
Perishability
Services cannot be stored for later use.


2. Comprehend the additional elements of the services marketing mix
7Ps – The Marketing Mix for Services
Product
Price
Promotion
Place
Service Marketing Mix
Process
People
Physical evidence
+ Service Branding

2. Comprehend the additional elements of the services marketing mix

## People + Physical Evidence

**Service encounter = interaction between customer and service provider**

Service encounter dimensions:

- Social contact dimension
- Physical dimension
- The quality of service is only as good as its worst employee

**Servicescape = formed from 'Service' & 'Landscape'**

- refers to the environment in which the service is delivered, e.g. physical elements of the service encounter
- where the firm and customer interact
- influence purchase decisions, service quality evaluations, and customer satisfaction

2. Comprehend the additional elements of the services marketing mix

## Process

- The service process refers to the **procedures, mechanisms, and flow of activities by which a service is acquired**.
- The service process usually contains **two elements**, namely, that which is **visible** to the customer and where the **service encounter** takes place and that which is **invisible** to the customer but is still critical to service delivery.
- Service process decisions usually involve some trade-off between levels of service **quality** (effectiveness) and service **productivity** (efficiency).
- The service process will also be significantly influenced by the **service provider's attitude** towards **investments** in **technology**.

3. Know how to manage service productivity and service quality.

## Marketing strategies for service providers

The **value chain of the service** leads the profits of a service provider back to the employee and customer satisfaction.

**The service profit chain**

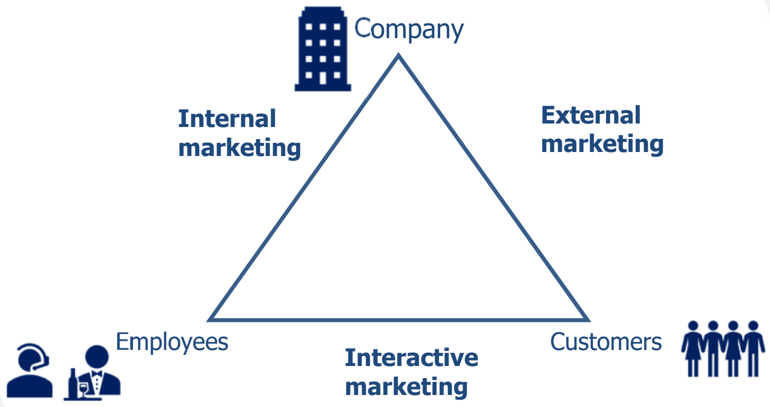
1. Internal service quality
2. Satisfied and productive service employees
3. Greater service values
4. Satisfied and loyal customers
5. Healthy service profits and growth

- **Service employees** are the **starting point** for customer **satisfaction** and **business success**
- Thus, **internal** and **interactive marketing** is of particular relevance

3. Know how to manage service productivity and service quality

## Three Areas of Marketing in Service Companies

Service marketing requires **not only** traditional **external marketing** using the 4 Ps. It also requires **internal marketing** and **interactive marketing**.



3. Know how to manage service productivity and service quality

## Differentiation as a Strategic Challenge

- For services **differentiation is difficult** as the direct comparison for customers is hardly possible (e.g. immaterial)
  - ➢ Thus **increased risk of price competition**
- In addition: **Innovations** in services can be **easily copied** by competition because they **cannot be protected/patented**.
- General **possibilities** to **differentiate**:
  - ➢ **Employees**
  - ➢ **Environment**
  - ➢ **Process of service delivery**
  - ➢ **Branding** →

4 characteristics of **successful services brand names**:

1. **Distinctiveness** (Airbnb)
2. **Relevance** (DocMorris)
3. **Memorability** (Uber)
4. **Flexibility** (Amazon)

3. Know how to manage service productivity and service quality

## Relationship Marketing

**Benefits of Strong Customer Relationships**

- Increased purchases
- Lower cost (customer acquisition)
- Lifetime value (loyal customers)
- Sustainable competitive advantage
- Word of mouth promotion
- Decreased staff turnover

**Ladder of Loyalty**

**Prospect**

**Customer**

Emphasis on new customers (customer catching)

**Client**

**Supporter**

**Partner**

Emphasis on developing & enhancing relationships (customer keeping)

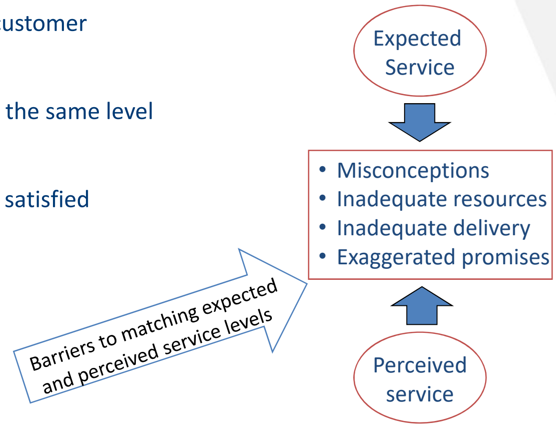
Source: Christopher/ Payne/Ballantyne (1991) Relationship Marketing, p. 22

3. Know how to manage service productivity and service quality

## Providing Quality Service

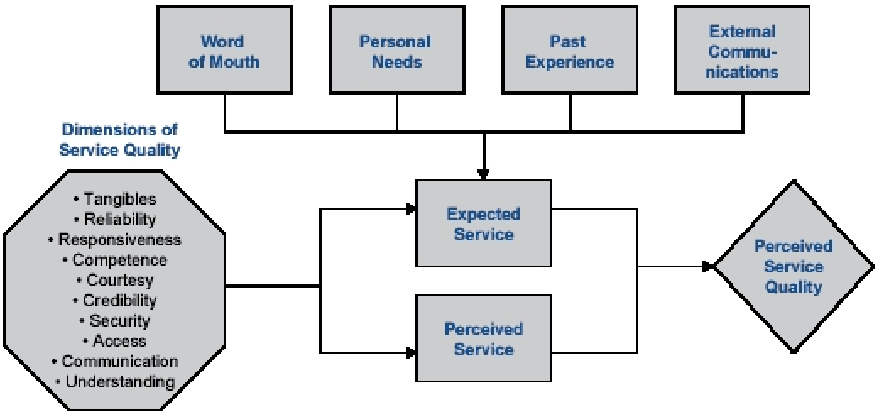
- Quality service ensures that customers are satisfied with what they have paid for
- Satisfaction is based on customer expectations
- Not all customers expect the same level of service
- Not all customers can be satisfied

**Confirmation-Disconfirmation (C/D)-Paradigma**




3. Know how to manage service productivity and service quality

## Factors influencing Service Quality




*Source: A. Parasurman, Valarie A. Zeithaml und Leonhard L. Berry: A Conceptual Model of Service Quality and Its Implications for Future Research, in: Journal of Marketing, Fall 1985, p. 44.*

4. Measure service perceptions against customer expectations.

## Measuring Service Quality

**SERVQUAL** measures **customer perceptions** of **5 key dimensions**

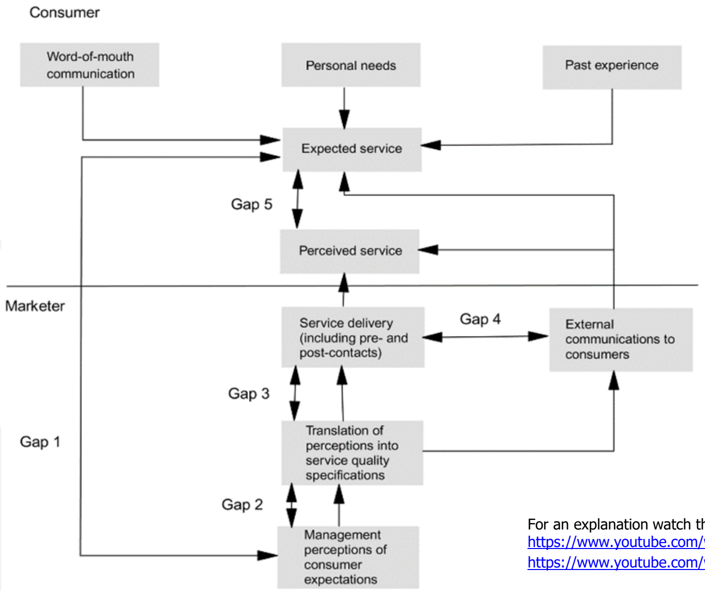
1. Tangibles
2. Reliability
3. Responsiveness
4. Assurance
5. Empathy

*Source: A. Parasurman, Valarie A. Zeithaml und Leonhard L. Berry: A Conceptual Model of Service Quality and Its Implications for Future Research, in: Journal of Marketing, Fall 1985, p. 44.*

- **SERVQUAL** focuses on the **gap** between **expectations** and **perceptions** of the service received. It measures the difference to identify areas for improvement. The method is controversial -> asking customers about expectations may lead to **inflated claims** about service performance, which may be **unrealistic to fulfill**.
- Based on the criticisms **Servperf** approach was developed, which **only examines perceptions** of service performance.

4. Measure service perceptions against customer expectations.

## Service Quality Model - "Gap"-Analysis




*Source: A. Parasurman, Valarie A. Zeithaml und Leonhard L. Berry: A Conceptual Model of Service Quality and Its Implications for Future Research, in: Journal of Marketing, Fall 1985, p. 44.*

For an explanation watch the video at:
https://www.youtube.com/watch?v=AyyvFASW6Nw
https://www.youtube.com/watch?v=s7UUf5c0Oqk

8. Pricing

## Learning Objectives

1. Know the **key aspects in price decisions**
2. Understand **cost-based, competitor-oriented or market-led** pricing
3. Comprehend **additional aspects** influencing pricing
4. Distinguish pricing **new products – skimming or penetration**
5. Apply **pricing strategies** to **objectives** and **price changes**.
6. Recognize **pricing approaches in the digital world**

1. Know the key aspects in price decisions

## About Pricing

- **Price** = the sum of all the **values** that **consumers give up** in order to **gain** the **benefits** of having or using a product or service.
- **Value** is an assessment of what the customer gets compared with what the customer gives up.
  - ➢ **Value = Benefit/Price**
- Pricing allows the company to obtain **feedback** from **customers**
- Pricing is **easier to change** than the other marketing mix variables
- Pricing sends a **signal** regarding the **positioning** and image of the brand

1. Know the key aspects in price decisions

## Pricing Decisions

**Pricing Objectives**
Build | Hold | Harvest | Reposition

**Pricing Methods**
Cost-based | Competition-based | Market-led

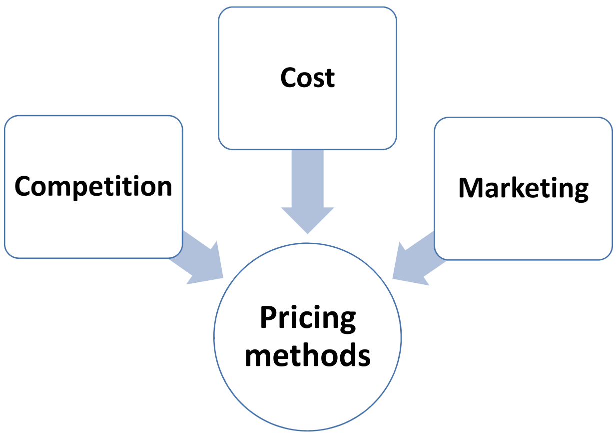
**Factors to consider**
Positioning | Marketing Mix | Timing | PLC | Channel

**Price Changes**
Circumstances | Tactics | Response | Increase | Cut

2. Understand cost-based, competitor-oriented or market-led pricing

## Pricing methods

**Guide** in setting prices that **align** with **customer expectations**, **company** and **competitive positioning**, and **cost structures**. They **optimize** **profitability** while **maintaining** customer **satisfaction** and **loyalty**.

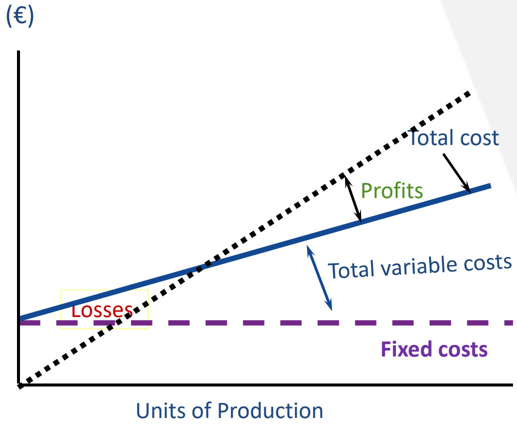


2. Understand cost-based, competitor-oriented or market-led pricing

## Illustration cost-based pricing

| Cost | Amount per Unit |
|---|---|
| Variable Cost per Unit | €10 |
| Fixed Costs per Period | €1,000 |
| Total Cost per Unit | €10 (Variable Cost) + €1 (Allocated Fixed Cost for 1.000 units) |
| Markup (20%) | 20% |
| Price per Unit | €13.20 |

**Determining the Break-Even Point**




2. Understand cost-based, competitor-oriented or market-led pricing

## Competitor-oriented pricing and market-led pricing

### Competitor-Oriented Pricing

**May take one of 3 forms:**

- Where firms **follow** the prices charged by leading competitors
- Where producers take the **going-rate price**
- Where contracts are awarded through a **competitive bidding** process

### Market-led Pricing

**= estimating value to the customer**

3 **useful techniques** for determining **customers' perception of value**:

- **Trade-off analysis:** customers compare different product attributes and make choices
- **Experimentation**: testing different prices in real-world or controlled settings (lab-test)
- **Economic value analysis (EVC);** calculates the value that a product offers to the customer over substitutes, incl. cost-, time savings, or other gains.

3. Comprehend additional aspects influencing pricing

## Product Line Strategy

- Companies usually develop product lines rather than single products. They need to take account of where the price of a **new product fits** into its **existing product line**. Management must decide on the price steps to set between the various products in a line.
- Where **multiple segments** appear attractive, **modified versions** of the product should be designed, and **priced differently**, not according to differences in costs, but in line with the respective values that each target market places on a product.
- The seller's task is to establish perceived quality differences that support the price differences.
- **Example Rewe Product Portfolio:** REWE Beste Wahl, REWE Regional, REWE Bio, REWE Feinkost, ja!

4. Distinguish pricing new products – skimming or penetration

## Companion Products or "Razors and Blades" Pricing

"If you make money on the blades, you can give away the razors."

- One item is **sold at a low price** (or given away for free) in order to **increase sales of a complementary good**, such as consumable supplies.
- Sale is **dependent upon the sale of primary product**
  - Video games are dependent upon the sale of the game console
  - Cellular service providers subsidize the phone and make money on calling plans
  - Other examples: printers and cartridges, vacuum cleaner bags, Swiffer duster,…

3. Comprehend additional aspects influencing pricing

## Channel Management Strategy

- When products are sold through intermediaries such as distributors or retailers, the list price to the customer must reflect the margins required by the distributors.
- The implication is that pricing strategy is dependent on understanding not only the ultimate customer but also the needs of distributors and retailers who form the link between them and the manufacturer.

4. Distinguish pricing new products – skimming or penetration

## 8.4 New-Product Pricing: Skimming + Penetration-Pricing

- Market Skimming
  - Charging a **premium price** so that fewer sales are needed to break even
  - May occur at the introduction stage of product life cycle
  - Luxury goods marketers use price to differentiate products
    - LVMH, Mercedes-Benz

- Penetration Pricing
  - Charging a **low price** in order to **penetrate market quickly**
  - Appropriate to saturate market prior to imitation by competitors

➢ Packaged food product makers, with products that do not merit patents, may use this strategy to get market saturation before competitors copy the product

4. Distinguish pricing new products – skimming or penetration

## 8.4 New Product Launch Strategies

- **Rapid Skimming Example:** Apple iPhone which is launched with heavy promotion and a very high price.
- **Slow Skimming Example:** Mercedes Benz and Harley Davidson new models
- **Rapid Penetration Example:** Mobile services launched by a new firm where contracts are offered along with new smartphones at throw away prices.
- **Slow Penetration Example:** Private Label brands

| Price \ Promotion | High | Low |
|---|---|---|
| High | **Rapid** skimming | **Slow** skimming |
| Low | **Rapid** penetration | **Slow** penetration |

5. Apply pricing strategies to objectives and price changes.

## Product Life Cycle Pricing

**Introduction stage**

- **Penetration**: seek market share - Price low to stimulate sales, encourage trial, and trigger word of mouth
- **Skimming**: seek profit - Price high initially, then lower to make product more accessible

- **Adjust price** in **various stages**; usually end with lower prices in decline stage

| | Introduction | Growth | Maturity | Decline |
|---|---|---|---|---|
| Strategic marketing objective | Build | Build | Hold | Harvest/manage for cash |
| Strategic focus | Expand market | Penetration | Protect share | Productivity |
| Brand objective | Product awareness/trial | Brand preference | Brand loyalty | Brand exploitation |
| Products | Basic | Differentiated | Differentiated | Rationalized |
| Promotion | Creating awareness/trial | Creating awareness/ trial repeat purchase | Maintaining awareness/ repeat purchase | Cut/eliminated |
| Price | High | Lower | Lowest | Rising |
| Distribution | Patchy | Wider | Intensive | Selective |

(You know this table from unit 5)

5. Apply pricing strategies to objectives and price changes

## Competitive Marketing Strategy

| STRATEGIC OBJECTIVE | PRICE IMPLICATION |
|---|---|
| Build objective | Price lower than competition |
| Hold objective | Maintain or match price relative to competitors |
| Harvest objective | Set premium prices |
| Reposition objective | Price change |

Source: Fahy/Jobber (2019) pp. 226-244

5. Apply pricing strategies to objectives and price changes

## Managing Prices: Initiating Price Changes

**Price strategies** are subject to **mid-** to **long-term** perspective. Firms also **need to manage prices short-term**. Managing prices changes includes an understanding of the **circumstances** of the price change, possible **tactics** to react and to estimate the likely **competitor reaction**.

| Category | Increases | Cuts |
|---|---|---|
| Circumstances | Value greater than price,<br>Rising costs,<br>Excess demand,<br>Harvest objective | Value less than price,<br>Excess supply,<br>Build objective,<br>Price war unlikely,<br>Pre-empt competitive entry |
| Tactics | Price jump,<br>Staged price increases,<br>Escalator clauses,<br>Price unbundling,<br>Lower discounts | Price fall,<br>Staged price reductions,<br>Fighter brands,<br>Price bundling,<br>Higher discounts |
| Estimating competitor reaction | Strategic objectives,<br>Self-interest,<br>Competitive situation,<br>Past experience | Strategic objectives,<br>Self-interest,<br>Competitive situation,<br>Past experience |

5. Apply pricing strategies to objectives and price changes

## Managing Prices: Reacting to Competitors' Price Changes

When competitors are initiating price changes, companies need to analyse appropriate reactions. Three issues are being considered: when to follow and when to ignore price changes and if the reaction should be quick or slow.

| Category | Increases | Cuts |
|---|---|---|
| When to follow | Rising costs,<br>Excess demand,<br>Price-insensitive customers,<br>Price rise compatible with brand image, Harvest or hold objective | Falling costs,<br>Excess supply,<br>Price-sensitive customers,<br>Price fall compatible with brand image, Build or hold objective |
| When to ignore | Stable or falling costs,<br>Excess supply,<br>Price-sensitive customers,<br>Price rise incompatible with brand image, Build objective | Rising costs,<br>Excess demand,<br>Price-insensitive customers,<br>Price fall incompatible with brand image, Harvest objective |
| Tactics | Quick response,<br>Slow response | Margin improvement urgent,<br>Gains to be made by being friend,<br>Offset competitive threat,<br>High customer loyalty |

5. Apply pricing strategies to objectives and price changes

## Promotional Pricing - Tactics and Problems

**Temporarily** reducing the price of an established product in order to **increase demand**

**Tactics/Forms:**

- Point-of-Sale Discounts
- Coupons
- BOGOF (Buy one get one Free)
- Bulk Buys
- Trade Discounts

- Easily copied by competitors
- Creates deal-prone consumers
- May erode brand value
- Not a legitimate substitute for effective strategic planning
- Frequent use leads to industry price wars which benefit few firms, if at all.

6. Recognize pricing approaches in the digital world

## Yield Management

**Price is negotiated** by buyer and seller

- Online Auctions have been gaining in popularity (eBay)

**Reservation price**

- Point of indifference: estimate of customers willingness to pay

  If the price is higher than reservation, don't buy. If it is lower, then buy. (Lufthansa Upgrade)

## Dynamic Pricing

Monitoring demand and **set prices based on demand patterns** to maximize revenue or profits from a fixed, perishable resource (airline or hotel industry)

Involves **control of inventory** to sell it to the right customer at the right time for the right price.

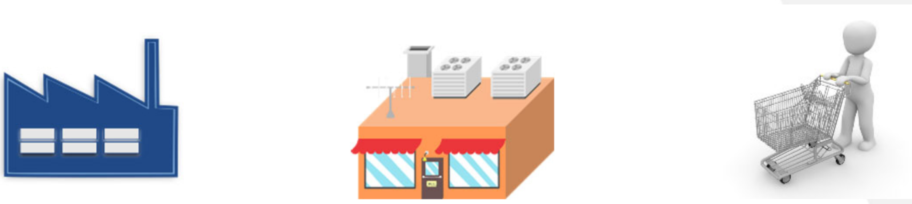
# 9. Place – Management of Distribution Channels

Learning Objectives

1. Understand the **Nature** and **Importance** of **Distribution Channels**
2. Distinguish **Vertical** vs. **Horizontal Marketing Systems**
3. Comprehend **Channel Strategy** Decisions
4. Know how to perform **Channel Management** and the source of **Channel Conflicts**
5. Discuss **Retail Store Formats**

1. Understand the Nature and Importance of Distribution Channels

## Distribution Channels for Consumer Goods



Producer → Consumer

Producer → Retailer → Consumer

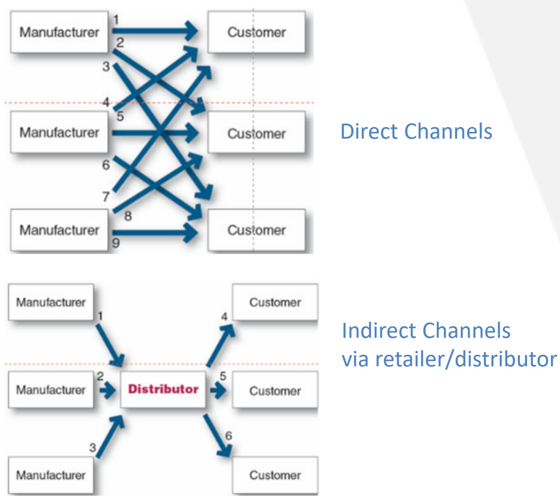
Producer → Wholesaler → Retailer → Consumer

Producer → Agent → Wholesaler → Retailer → Consumer

1. Understand the Nature and Importance of Distribution Channels

## How Channel Members Add Value

- Information
- Promotion
- Contact
- Matching
- Negotiation
- Physical distribution
- Financing
- Risk taking



1. Understand the Nature and Importance of Distribution Channels

## 9.1 Channel Intermediaries perform many key functions

- **Information**: Gathering and distributing marketing research and intelligence information about actors and forces in the marketing environment needed for planning and aiding exchange.
- **Promotion**: Developing and spreading persuasive communications about an offer.
- **Contact**: Finding and communicating with prospective buyers.
- **Matching**: Shaping and fitting the offer to the buyer's needs, including activities such as manufacturing, grading, assembling, and packaging.
- **Negotiation**: Reaching an agreement on price and other terms of the offer so that ownership or possession can be transferred.
- **Physical distribution**: Transporting and storing goods.
- **Financing**: Acquiring and using funds to cover the costs of the channel work.
- **Risk taking**: Assuming the risks of carrying out the channel work
- In **general** they make distribution **more efficient** for producers and consumers.

1. Understand the Nature and Importance of Distribution Channels

## Channel Strategy

- The design of the distribution channel needs to be **integrated** with other **marketing mix** decisions
- Marketing channel design includes designing effective marketing channels by analyzing **consumer needs**, setting **channel objectives**, identifying major **channel alternatives**, and **evaluating** them.
- Premium products should be only available in a selected number of stores and tightly controlled.

**Channel strategy**

- **Channel selection**
  - Market factors
  - Producer factors
  - Competitive factors
- **Distribution intensity**
  - Intensive
  - Selective
  - Exclusive
- **Channel integration**
  - Conventional marketing channels
  - Franchising
  - Channel ownership

2. Distinguish Vertical vs. Horizontal Marketing Systems

## Vertical Marketing Systems (VMS)

Conventional Marketing System

Producer → Wholesaler → Retailer → Consumer

Vertical Marketing System (producers, wholesalers, and retailers acting as a unified system) :

Producer / Retailer / Wholesaler → Consumer

2. Distinguish Vertical vs. Horizontal Marketing Systems

## Three Types of Vertical Marketing Systems

| Corporate | Contractual | Administered |
| --- | --- | --- |
| Integrates successive stages of **production** and **distribution** under **single ownership**: Zara, H&M,.. as well as Flagship Stores | Independent firms at different levels of production and distribution who **join** together **through contracts** e.g. franchise | Leadership through size and **power** of one or a few dominant channel members.<br>➢ Retailers dictating conditions to smaller product makers<br>or<br>➢ Large manufacturers strong brands forcing power of retailers |

Apple Flagship store, Zurich
(Pic by Ank Kumar)

2. Distinguish Vertical vs. Horizontal Marketing Systems

## 9.2 Horizontal Marketing Systems (HMS)

= Channel arrangement in which **two or more companies at one level** (e.g. two producers) **join** together to follow a new marketing opportunity.

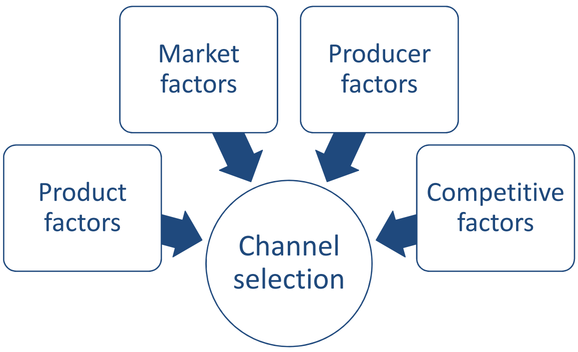
**Examples**:
- Banks and supermarkets agree to have the bank's ATMs located at the supermarket's locations
- Starbucks operates cafés inside many Barnes & Noble bookstores
- Walmart stores have a McDonald's inside.
- Apple and Nike created a product line that integrated Apple devices with Nike fitness products.
- Hotels accommodate casino operators within their premises

**HMS** can **unlock new audiences and reduce risk**. But they're **difficult to sustain long-term. VMS** tend to be **more stable**.

3. Comprehend Channel Strategy Decisions

## Channel Selection

**Selecting the right distribution channels requires a careful analysis** of product, producer (company), market, and competitive landscape.



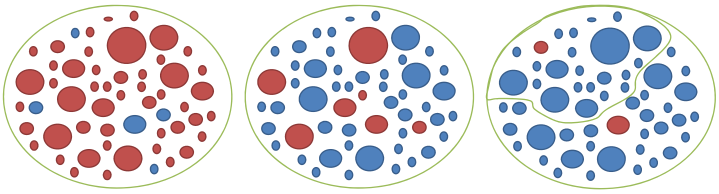

**Why are many fast moving consumer goods sold in supermarkets instead of direct? Examine the four factors to find the answer.**

Source: Fahy/Jobber (2019) pp. 255-273

3. Comprehend Channel Strategy Decisions

## 9.3 Distribution Intensity

- **Intensive** (ubiquitous) distribution: aims to provide saturation coverage of the market, the goal is maximum exposure and availability: **FMCG**.
- **Selective** distribution enables market coverage to be achieved. A producer uses a limited number of outlets in a geographical area to sell its products. **Pandora** are sold via branded stores, authorized retailers, & selected department stores.
- **Exclusive** distribution is an extreme form of selective distribution in which only one distributor is used in a particular geographic, **Rolls-Royce** or **Ferrari**, which often have only one authorized dealership in a large region.




Source: Fahy/Jobber (2019) pp. 255-273

4. Know how to perform Channel Management and the source of Channel Conflict

## Channel Conflict

### Channel conflict is disagreement among marketing channel members on goals, roles, and rewards

- Conflict can arise when channel partners differ in their opinions on how to please customers and maximize profit
- **Horizontal conflict** occurs among firms **at the same level** of the channel. For example, two franchises who open two restaurants across the street from each other would be in a horizontal conflict or when one firm in a distribution channel offers lower prices than the members of the distribution channel and therefore attract more customers.
- **Vertical channel conflict** occurs when manufacturers (brands) **disintermediate** their channel partners, such as distributors, retailers, dealers, and sales representatives, by selling their products directly to consumers through general marketing methods and/or over the Internet.
- Conflict may motivate parties to find alternative solutions

4. Know how to perform Channel Management and the source of Channel Conflict

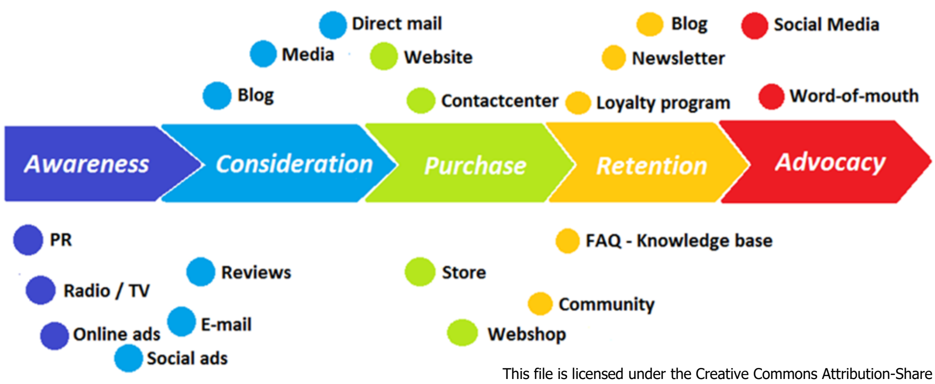
## Multichannel Distribution Systems

- Distribution systems in which a single firm sets up two or more marketing channels to reach one or more customer segments.
- A regular distribution system is targeting one particular customer segment; a multichannel distribution system aims for seamless communication and coordination across all customer touchpoint.
- They are harder to manage and to control and generate more conflicts, especially when internal (direct sales via catalogs, telephone, Internet) and external (retailers) distribution channels are combined.
- The goal is to support customers along the entire custome decision journey.

4. Know how to perform Channel Management and the source of Channel Conflict

## The Customer Journey..

...describes the individual cycles a customer goes through before deciding to buy a product. It refers to all points of contact (touchpoints) of a consumer with a brand, a product or a service. An in-depth understanding of the entire customer journey is a prerequisite for customer-oriented marketing and sales orientation.



4. Know how to perform Channel Management and the source of Channel Conflict

## Channel Management Decisions

Channel management involves **selecting**, **managing**, and **motivating** individual **channel members** and evaluating their performance over time.

**Evaluating the Major Alternatives**

- Assess likely sales, costs, and profitability of different channel alternatives (e.g. channel member's years in business, other lines carried, location, growth, profits, cooperativeness, reputation.
- Even large companies may struggle to have their **full product range** and **preferred** conditions **accepted** by powerful retailers.
- Firms are giving some **control** over the marketing of the product to retailers, and some take more control than others.
- Companies try to keep channels **flexible** so they can **adapt** to environmental changes.

5. Discuss Retail Store Formats

## Major Store and Non-store Types

| | |
|---|---|
| Supermarkets | Large self-service stores: Tesco, Carrefour |
| Department stores | various product lines sold in departments: Macy's , Karstadt |
| Speciality shops | Narrow product line: Tie Rack |
| Discount houses | Low prices, selling high volumes and bulk items; premium outlets |
| Category killers | Narrow product focus large depth and width: IKEA, Toys R US |
| Convenience stores | Close location and long opening hours, small range: Spar |
| Catalogue stores | Mail or Online: Argos, Heine, |
| Mail order | Catalogues as well but transaction via mail: Otto-Versand, Grattan |
| Automatic vending | 24/7 for drinks, snacks, newspapers,..: Coca Cola, Aramark, Selecta |
| Online retailing | Fastest growing form or retailing: Amazon |

5. Discuss Retail Store Formats

## Key Retailing Marketing Decisions

- **Retail Positioning** – choice of target markets and differential advantage
- **Store atmosphere** - includes the physical characteristics (design, color and layout; exterior and interior, signage, materials, lighting) to create an image to attract customers. Research shows that store atmosphere leaves a distinct impression on customers and has an impact on purchase behavior.
- **Store location** – type of goods sold, accessibility, visibility, and traffic, competition and neighbors, location cost
- **Product assortment and services** – breadth and depth: specialty retailers (e.g. candle store) have a smaller product breadth than a general merchandise store. Their products have a narrower focus and specific niches. They may have an equal, if not wider, product depth if they choose to stock a greater variety of each product line.
- **Price/location cost**




## 10. Promotion Strategy in a Digital World

### Learning Objectives

1. Understand the concept of **Integrated Marketing Communication** (IMC)
2. Know the major **Promotional Tools and their Roles** within the promotional mix
3. Comprehend the process for **Developing Marketing Communication** (setting goals + budget, developing the message, testing the outcome)
4. How green is digital marketing?

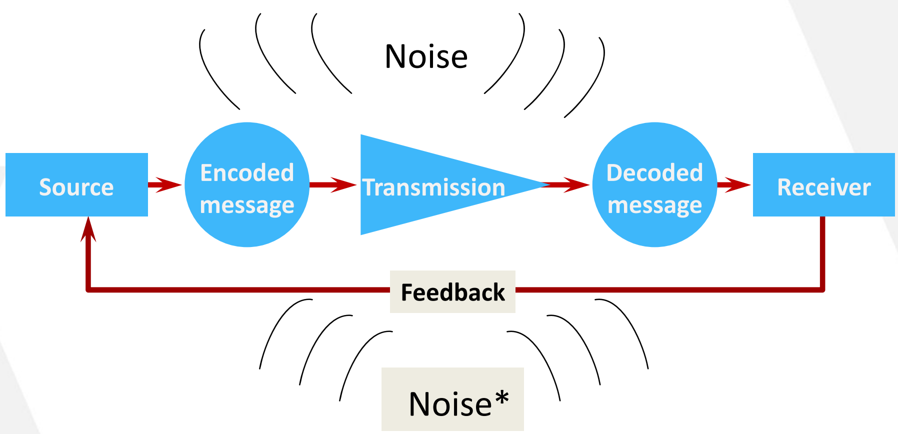
1. Understand the concept of Integrated Marketing Communication (IMC)

## What is Promotion/Marketing Communication?

- Coordinated promotional messages delivered through one or more channels such as print, radio, television, direct mail, and personal selling to influence attitudes or behavior.
- Marketing communications purpose/objectives:
  - **Inform**
  - **Remind**
  - **Persuade**
  - **Build relationships**
- It's the "promotion" mix of the "Marketing Mix" or the "four Ps": price, place, promotion, and product.

1. Understand the concept of Integrated Marketing Communication (IMC)

## 10.1 The Communication Process




* any type of disruption that interferes with the transmission or interpretation of information from the sender to the receiver

1. Understand the concept of Integrated Marketing Communication (IMC)

## Integrated Marketing Communications

The system by which companies co-ordinate their marketing communications tools to deliver a **clear, consistent, credible, and competitive message** about the organization and its products.

**Idea: Maintain message's holistic nature across all media choices**

**Choice of promotional blend depends on:**
- Resource availability and the cost of promotional tools
- Market size and concentration
- Customer information needs
- Product characteristics
- Push versus pull strategies

**Carefully blended mix of promotion tools**


2. Know the major Promotional Tools and their Roles within the promotional mix

## Digital media is NOT only social media

Traditional media (TV, radio, print, etc.) have evolved to include digital platforms, complementing their original formats with streaming, websites, and social media presence.

**Example: Frankfurter Allgemeine Zeitung (FAZ)**
- **Traditional Media Roots -** originally a **print-only daily newspaper**.
- **Digital Expansion: FAZ.net** - news articles, opinion pieces, analysis online—with multimedia content
- **Digital Subscriptions**: digital-only and combined print/digital subscription, allowing readers to access the paper on smartphones, tablets, + computers.
- **FAZ Apps**: for easy access to news on the go.
- **Social Media Presence**: news highlights, analyses, links on **Twitter (X), Facebook, LinkedIn, and Instagram**

This integration of digital and traditional formats allows for a **hybrid approach**, where traditional media can leverage **digital tools to enhance their reach and engagement** while maintaining their core content and brand identity.

2. Know the major Promotional Tools and their Roles within the promotional mix

## The Promotional Mix

**The 7 main techniques known as the "promotional mix" are:**

1. Advertising
2. Sales promotion
3. Publicity
4. Sponsorship
5. Direct marketing
6. Digital marketing
7. Personal selling

**Other techniques** include:

- Exhibitions
- Events
- Product placement in
  - Movies
  - Songs
  - Video games

2. Know the major Promotional Tools and their Roles within the promotional mix

## Key Characteristics of the 7 Promotional Mix Tools (1/2)

**Advertising**

- Good for awareness building because it can **reach a wide audience** quickly
- Repetition means that a **brand positioning** concept can be effectively communicated; TV/video is particularly strong
- Can be used to **aid** the **sales** effort: legitimize a company and its products
- **Impersonal**: Lacks flexibility and questions cannot be answered
- Limited capability to close the sale

**Sales Promotion**

- Incentives provide a quick **boost** to **sales**
- Effects may be only **short term**
- Excessive use of some incentives (e.g. money off) may **damage** brand image

**Publicity**

- Highly **credible** as message comes from a third party
- **Higher readership** than advertisements in trade and technical publications
- **Lose control** - press release may or may not be used - content distorted

2. Know the major Promotional Tools and their Roles within the promotional mix

## Key Characteristics of the 7 Promotional Mix Tools (2/2)

| Personal Selling | Direct Marketing | Digital Communication | Sponsorship |
|---|---|---|---|
| • **Interactive**: questions can be answered and objections overcome<br>• **Adaptable**: presentations can be changed depending on customer needs, complex arguments can be developed<br>• **relationships** can be built, personal<br>• opportunity to close the sale<br>• **costly** | • **Individual targeting** of costumers most likely to respond<br>• can be **personalized**<br>• **Short-term** effectiveness can easily be measured<br>• continuous **relationship** through periodic contact can be built<br>• **less visible** to competitors<br>• **Response rates** are often **low**<br>• Poorly targeted direct marketing activities cause consumer **annoyance** | • Global reach at relatively low cost (but successful digital marketing requires efforts)<br>• Relatively easy to **measure** effectiveness due to availability of data, but needs to be extracted<br>• A **dialogue** between companies, and their customers and suppliers can be established<br>• Content and prices can be changed quickly and cheaply<br>• **Hard** to **get trough** due to the huge amount of messages | • Very useful for **brand building** and generating **publicity**<br>• Provides an opportunity to **entertain business partners**<br>• Can be used to demonstrate the company's **goodwill** to its local community or society in general<br>• **Popular** due to the fragmentation of traditional media |

2. Know the major Promotional Tools and their Roles within the promotional mix

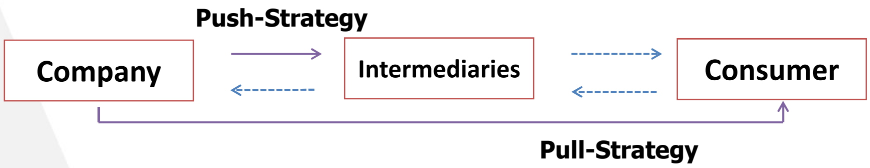
## 10.2 Advertising - Pull vs. Push strategies

**Advertising** = any paid form of non-personal communication of ideas or products in the prime media (i.e., television, the press, posters, cinema and radio, the Internet and direct marketing) by an identified sponsor.

### Pull vs. Push strategies

**Consumer pull** the targeting of consumers with communications (e.g. promotions) designed to create demand that will *pull* the product into the distribution chain

**Distribution push** the targeting of channel intermediaries with communications (e.g., promotions) to *push* the product into the distribution chain



2. Know the major Promotional Tools and their Roles within the promotional mix

## 10.2 Sales Promotion

Incentives to customers or the trade that are designed to **stimulate purchase.**

Some of the key reasons for the popularity of sales promotion:

- Increased impulse purchasing
- The rising cost of advertising and advertising clutter
- Shortening time horizons
- Competitor activities
- Measurability

**Consumer Promotion**

- Coupons
- Premiums
- Money Off
- Bonus Packs
- Free samples
- Prize Promotions
- Loyalty Cards

**Trade Promotion**

- Free Goods
- Allowances
- Competitions
- Price discounts

2. Know the major Promotional Tools and their Roles within the promotional mix

## 10.2 Public Relations and Publicity

Communication of a **product or business** by placing information about it in the media **without paying for time or space directly**.

No matter which means is used to carry the information, publicity has three important characteristics:

1. The message has high credibility
2. No direct media costs
3. No control over publication

2. Know the major Promotional Tools and their Roles within the promotional mix

## 10.2 Sponsorship

A business relationship between a provider of funds, resources or services and an individual, **event or organization** which offers in return some rights and association that may be used for commercial advantage

**Principal Objectives:**

1. Gain publicity
2. Create entertainment opportunities
3. Foster favorable brand and company associations
4. Improve community relations
5. Create promotional opportunities

**New development in Sponsorship: Ambush marketing** – activities of companies that try to associate themselves with an event without paying any fee to the event owner, e.g. Nike during various Olympic Games

2. Know the major Promotional Tools and their Roles within the promotional mix

## 10.2 Ambient Advertising

Refers to advertising carried on **outdoor media** that does **not** fall into the **established** outdoor **categories** such as billboards and bus signs.

**Examples:**

- Shopping bags
- Petrol pump nozzles
- Balloons
- Banners towed by airplanes
- Street pavements
- Overhead lockers in airplanes

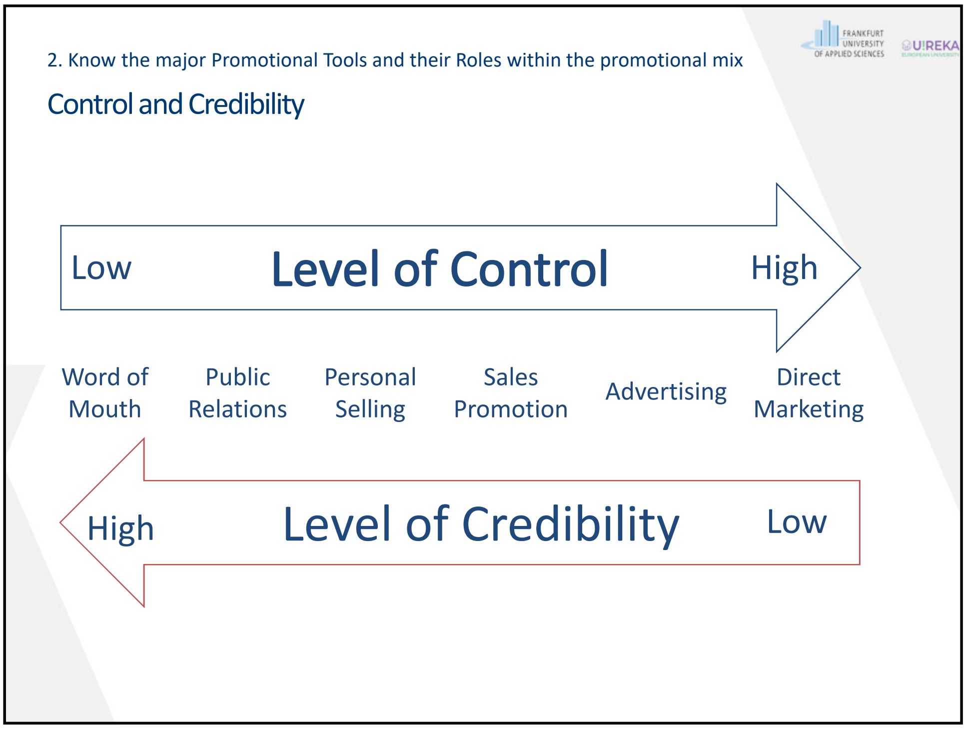
➢ Kitkat Wood Bench
➢ McDonalds Boardwalk

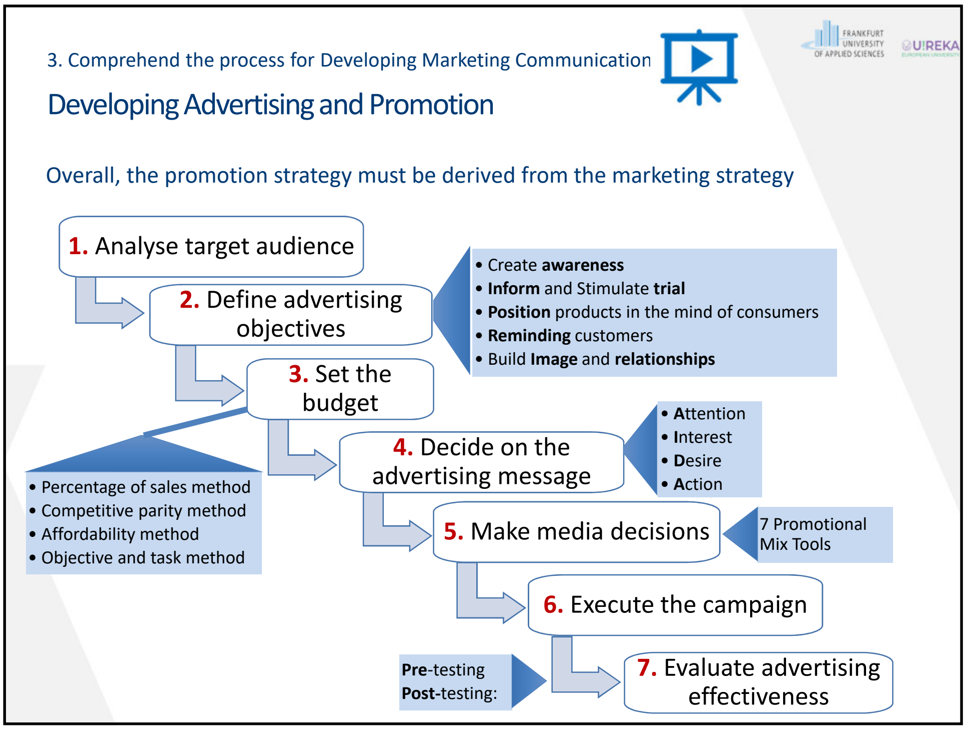
## Guerilla Marketing

The delivery of advertising messages through **unexpected means** and in ways that almost “ambush” the consumer to gain attention.

**Examples:**

- Coca Cola Happiness Machine
- Burger Kind “Subservient chicken”
- Ritter Sport “Santa Claus Exchange Machine”

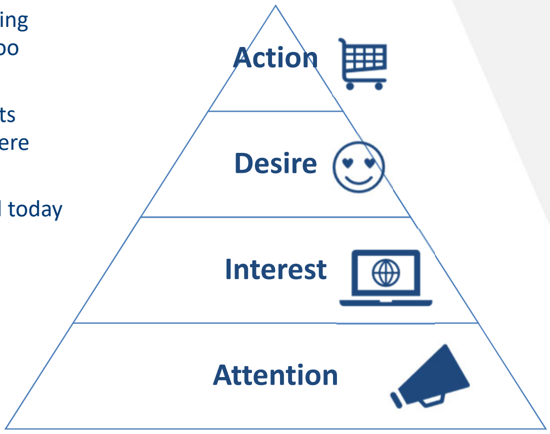

2. Know the major Promotional Tools and their Roles within the promotional mix
Control and Credibility
Low
Level of Control
High
Word of Mouth
Public Relations
Personal Selling
Sales Promotion
Advertising
Direct Marketing
High
Level of Credibility
Low


3. Comprehend the process for Developing Marketing Communication
Developing Advertising and Promotion
Overall, the promotion strategy must be derived from the marketing strategy
1. Analyse target audience
2. Define advertising objectives
• Create awareness
• Inform and Stimulate trial
• Position products in the mind of consumers
• Reminding customers
• Build Image and relationships
3. Set the budget
• Percentage of sales method
• Competitive parity method
• Affordability method
• Objective and task method
4. Decide on the advertising message
• Attention
• Interest
• Desire
• Action
5. Make media decisions
7 Promotional Mix Tools
6. Execute the campaign
Pre-testing
Post-testing:
7. Evaluate advertising effectiveness

3. Comprehend the process for Developing Marketing Communication

## The AIDA model (Lewis 1898)

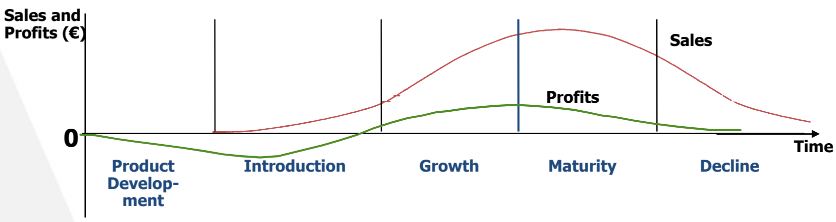
- Developed for classic marketing campaigns, but considered too simplified
- Over time additional elements (satisfaction + confidence) were added.
- Due to its simplicity still used today e.g. in digital and influencer marketing.




3. Comprehend the process for Developing Marketing Communication

## Advertising Goals and (again) the Product Life Cycle

- **Introduction**: get the word out, **inform** the consumer of offering
- **Growth**: **enhance** positive attitudes about offering
- **Maturity**: **remind** consumers of offering
- **Decline**: ad **spending** is greatly **reduced**



4. How green is digital marketing?

## Importance of Sustainability in Marketing

- **Environmental Responsibility**
  - Marketing has traditionally been seen as a growth driver, but modern marketing must also mitigate its **ecological footprint**.
  - **Digital marketing,** while less visible than print or TV, still has **significant carbon emissions**.
- **Reputation and Brand Value**
  - Consumers increasingly favor **eco-conscious brands**.
  - Companies seen as sustainable attract loyalty, talent, and media attention.
- **Regulatory Pressure**
  - ESG (Environmental, Social, Governance) reporting is becoming **mandatory in many regions**.
  - Companies must report emissions across **Scope 1–3, including digital operations**.
- **Cost Savings**
  - **Efficient digital campaigns** not only lower emissions but also **reduce ad spend**, bandwidth, and energy costs.
- **Future-Proofing**
  - Climate-aware marketing ensures brands stay **relevant in a carbon-constrained world**.

4. How green is digital marketing?

## Digital Marketing Emissions by Scope

**Scope 1 – Direct Emissions**
- Company-owned servers, employee travel
- Examples: On-site data centers, diesel generators

**Scope 2 – Indirect Emissions (Purchased Energy)**
- Office power use, hosted servers
- Example: Green vs. grey electricity for hosting

**Scope 3 – Indirect Value Chain Emissions**
- Ad tech partners, platforms, user devices
- Email lists, 3rd-party scripts, influencer campaigns

Frankfurt University of Applied Sciences | Titel der Vorlesung | Name des/der Autors*in

4. How green is digital marketing?

## Sustainable Solutions

### Scope 1 Solutions

- Optimize in-house servers
- Use electric vehicles for events
- Replace travel with virtual events

### Scope 2 Solutions

- Green energy contracts for offices and IT
- Use of green hosting (e.g., Google Cloud, GreenGeeks)
- Smart lighting and heating in offices

### Scope 3 Solutions

- Reduce unnecessary tracking scripts
- Efficient email marketing (opt-outs, smaller images)
- Compressed video & banner formats
- Select eco-conscious vendors and agencies
- Encourage user actions: dark mode, lower resolution



## 11. Online Marketing and Communication

### Learning Objectives

1. Explain **online communication/digital marketing**
2. Know how to **design an effective digital marketing campaign**.
3. Discuss the different **digital channels and media**
4. Explain how companies **create an omni-channel marketing strategy**
5. Identify and discuss the **public policy issues** presented by digital marketing
6. Know how to **measure digital marketing** efforts

1. Explain online communication/digital marketing

## Digital marketing…

….an umbrella term for the **targeted**, **measurable**, and **interactive** marketing of products or services using **digital technologies** to **reach and convert leads into customers** and **retain** them.


**Key objective** = **promote brands**, **build preference** and **increase sales** through various digital marketing techniques.

1. Explain online communication/digital marketing

## Key Components of Digital Marketing

| | |
|---|---|
| **SEO (Search Engine Optimization)** | Long-term strategy that involves optimizing a website's structure, content, and technical aspects to help websites rank higher on Google. |
| **Social Media Marketing (SMM)** | Uses platforms like Instagram/LinkedIn to connect with audiences allows businesses to target specific demographics, measure engagement in real-time, and adjust strategies |
| **Content Marketing** | Involves blogs, videos, and infographics to attract and retain a clearly defined audience. Aims to educate, inform, and entertain the audience while subtly promoting a brand. |
| **Email Marketing** | A direct way to connect with potential customers via carefully crafted email campaigns. Businesses can nurture leads, send promotions, share product updates, and offer valuable content. |
| **Pay-Per-Click (PPC) Advertising** | Advertising model where advertisers pay a fee each time their ad is clicked. It is commonly used on platforms like Google Ads, Bing, Facebook, and Instagram |

1. Explain online communication/digital marketing

## Understanding Digital Marketing (1/2)

**Digital marketing**

The use of technology-intensive platforms such as the internet, mobile networks and devices, and social media to engage directly with carefully targeted individual consumers, consumer communities, and businesses.


**A New Digital Marketing Model**

Digital and direct to consumer marketing serves also as a **complete business model.**

Example:

Online travel company Expedia Group has successfully built its entire approach around digital marketing. Its Travelocity.com unit and the famous Roaming Gnome make it easy for customers to "Wander Wisely."

1. Explain online communication/digital marketing

## Understanding Digital Marketing (2/2)

**Benefits of DM to Buyers**

- Convenience
- Buyers benefit from increased
- price competition
- Brand engagement and community
- Interactive and immediate

**Benefits of DM to Sellers**

- Tool to build customer relationships
- Low-cost, efficient, fast alternative to reach markets
- Flexible
- Access to buyers not reachable through other channels
- Opportunities for real-time marketing
- Linking brands to important moments and trending events

2. Know how to design an effective digital marketing campaign.

## The Digital Marketing Process

Major Steps in the Digital Marketing Process

1

**Understanding digital marketing**

- Defining digital marketing
- Exploring the new digital marketing models
- Exploring the benefits of digital marketing to buyers and sellers

2

**Preparing digital marketing campaigns:**

- Knowing the digital consumer
- Understanding consumer omni-channel navigation behavior
- Using experimentation to understand what works

3

**Employing digital channels in an omni-channel strategy:**

- Using online, social media, and mobile marketing
- Creating an integrated omni-channel strategy

4

**Addressing public policy issues in digital marketing:**

- Consumer privacy Irritation, deception, and fraud
- Data integrity and security
- Antitrust concern

Source: Kotler et al. (2024) pp. 328-353

2. Know how to design an effective digital marketing campaign.

## Preparing for a Digital Marketing Campaign

**Knowing the Digital Consumer with Digital consumer personas =** detailed, nuanced, and tangible representations of prototypical consumers to be targeted by the digital campaign.

**Using Experimentation to Understand What Works** Netflix constantly uses A/B testing to assess the effectiveness of different online presentation formats across user segments

**Omni-Channel Navigation Behavior**

Consumers use multiple marketing channels, both digital and nondigital, across stages of the consumer buying decision process.

To effectively market to consumers with the right marketing content at the right place and time, marketers must **understand which channels consumers are using at each stage of the customer journey**.

3. Discuss the different digital channels and media

## Employing Digital Channels in an Omni-Channel Strategy

**Online marketing** = using company websites, online ads and promotions, email, online video, and blogs.

**Marketing Websites** engage consumers to move them closer to a direct purchase or other marketing outcome.

**Branded Community Websites** present brand content that engages consumers and creates customer community around a brand.

**Online advertising** appears while consumers are browsing online, e.g. display ads, search-related ads, online classifieds, and others.

**Online display ads** appear on an internet or mobile user's screen, often related to the information being viewed.

**Search-related advertising** = text/image ads, links appear atop or alongside search engine results on sites such as Google, Yahoo!, Bing.

**Email marketing** = sending highly targeted, highly personalized, relationship-building marketing messages via email.

**Spam** = unsolicited, unwanted commercial email messages.

3. Discuss the different digital channels and media

## Marketing and Brand community websites that excel

1. HubSpot (https://www.hubspot.com/)
- Clear value proposition
- Strong lead generation with free tools and resources
- Engaging blog and educational content

2. Airbnb (https://www.airbnb.com/)
- Beautiful visuals and storytelling
- Strong social proof and user-generated content
- Simple, intuitive booking system

Example of a brand community website : LEGO Ideas (https://ideas.lego.com/).
- User-Generated Content: Fans submit their own LEGO set ideas and vote on their favorites.
- Engagement & Gamification: Members earn badges and recognition for participation.
- Direct Brand Interaction: LEGO reviews top-voted ideas and turns some into official sets.
- Loyalty & Advocacy: Encourages creativity, collaboration, and long-term brand loyalty.

4. Explain how companies create an omni-channel marketing strategy

## Employing Digital Channels in an Omni-Channel Strategy

**Online video** marketing = posting digital video content on brand websites or social media sites (e.g. YouTube, Facebook, and others)

**Viral marketing** = the digital version of word-of-mouth marketing: videos, ads, and other marketing content that are so infectious that customers will seek them out and pass them along to friends.

**Examples**: ALS Ice Bucket Challenge, Coca-Cola's "Share a Coke" **Negative**: Bud Light & Dylan Mulvaney

**Blogs** = online journals where people + companies post their thoughts + other content, usually related to narrowly defined topics.

**Example**: Patagonia's blog shares stories about the environment, tells where the company stands on key issues, and spreads the brand's "save our home planet" message rather than promoting products and sales.

3. Discuss the different digital channels and media

## Social Media Marketing (1 of 2)

Independent and commercial online social networks where people congregate to socialize and share messages, opinions, pictures, videos, and other content

**Advantages**

- Targeted and personal
- Interactive
- Immediate and timely
- Cost effective
- Engagement and social sharing capabilities

- Image and Video Platforms
- Messaging Platforms
- Blogs/Microblogs
- Location Platforms
- Wikis
- Reviews and Ratings Platforms
- Livestreaming Platforms
- Metaverse Platforms

3. Discuss the different digital channels and media

## Social Media Marketing (2 of 2)

### Metaverse Platforms

- It´s in its infancy but growing.
- Brands are diving in with immersive metaverse spaces and experiences
- Fosters strong engagement and a sense of community among brand fans.

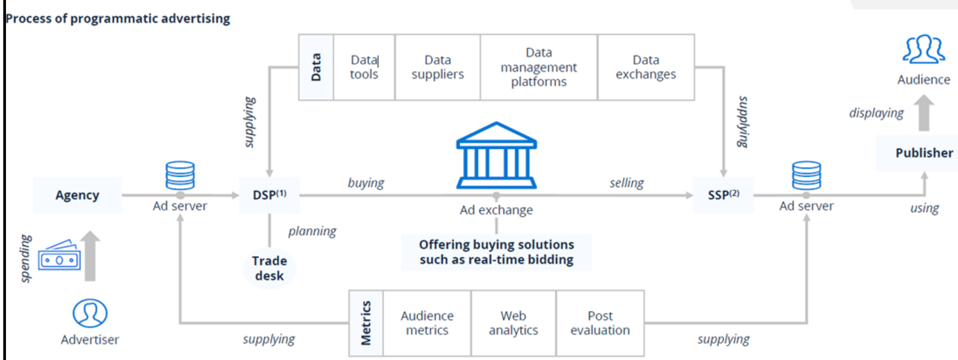
### Social Media Marketing Challenges:

- User controlled
- Brands need to earn the right to be there
- Even a seemingly harmless social media campaign can backfire

3. Discuss the different digital channels and media

## 11.3 Programmatic Advertising

Programmatic advertising is on the rise – representing 82% digital ads in 2024. It involves many different roles and relies heavily on metrics and data inputs




Source: Statista Market Insights 2024

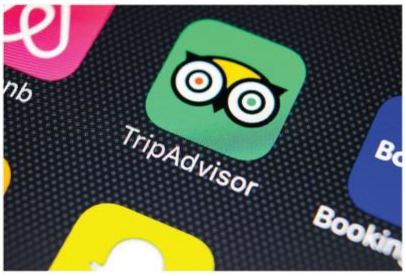
3. Discuss the different digital channels and media

## Mobile Marketing

**Mobile marketing** delivers messages, promotions, and other content to on-the-go consumers through mobile phones, smartphones, tablets, and other mobile devices.

For consumers, a smartphone or tablet can be a handy shopping companion. As a result, mobile advertising spending is surging.

TripAdvisor's mobile app—"your ultimate travel companion"—gives users as-they-travel access to crowd-sourced information about hotels, restaurants, places to go, and things to see worldwide. And booking options are always just a tap away.




4. Explain how companies create an omni-channel marketing strategy

## Creating an Integrated Omni-Channel Strategy

**Omni-channel marketing:** Creating a seamless cross-channel buying experience that integrates in-store, online, and mobile shopping.


**Challenges to Omni-Channel Marketing**

- Aligning Omni-Channel Marketing and the Overall Business Model
- Aligning Organizational Incentives and Structures
- Aligning the Marketing Mix

4. Identify and discuss the public policy issues presented by digital marketing

## 11.4 Public Policy Issues in Digital Marketing (1 of 2)

- **Irritation** includes annoying and offending customers.
- **Unfairness** includes taking unfair advantage of impulsive or less-sophisticated buyers.
- **Deception** includes "heat merchants" who design mailers and write copy designed to mislead consumers.
- **Fraud** includes identity theft and financial scams.

**Consumer privacy** involves concerns that marketers may have too much information and use it to take unfair advantage.

Critics worry that marketers who know too much about consumers' lives may exploit them. Consider what Google, Facebook, Amazon, and other companies alone likely know about their customers and account holders

4. Identify and discuss the public policy issues presented by digital marketing

## 11.4 Public Policy Issues in Digital Marketing (2 of 2)

**Irritation Deception and Fraud**

Consumer privacy: The ad industry has issued a set of online and mobile advertising principles through the Digital Advertising Alliance that call for digital marketers to provide transparency and choice to consumers if online data are collected or used for targeting interest-based advertising.

**Data Integrity and Security**

**Antitrust Concerns**

**A Need for Action**

- General Data Protection Regulation (GDPR)
- Children's Online Privacy Protection Act (COPPA)

5. Know how to measure digital marketing efforts

## Digital Metrics and Dimensions

| Metrics | Definition |
|---|---|
| Bounce rate | **Web analytics**: the % of visitors who leave after viewing only one page.<br>**Email marketing**: the % of emails in a campaign that are undeliverable. |
| Conversion rate | % of sessions visitors who take a desired action. |
| Average session duration | Average duration of user sessions represented in total seconds. |
| Ad clicks | Total number of times users have clicked on an ad to get the full details. |
| Cost per click | The cost or cost-equivalent paid per click-through. |
| Click-through rate (CTR) | Average number of click-throughs per 100 ad impressions, expressed as a %. |
| Cost per action (CPA) | Online advertising payment model in which payment is based solely on qualifying actions such as sales or registrations. |
| Cost per lead (CPL) | Online advertising payment model in which payment is based on the number of qualifying leads generated. |
| Time on page | Time a user spent on a particular page in seconds. |
| Page views per session | Average number of pages viewed in seconds. |

http://www.marketingterms.com/dictionary/c/

A closing note

## The Impact of AI on Promotion

As AI tools rapidly evolve, they are transforming how promotions are **designed, delivered, and optimized**:

- **Targeting & Personalization**: AI helps marketers deliver personalized messages at scale, based on user behavior and data.
- **Ad Creation**: AI can now generate headlines, images, even entire ads (e.g., Google's Performance Max, Meta Advantage+).
- **Campaign Optimization**: Algorithms automatically adjust bids, placements, and messaging in real time for best performance.
- **Chatbots & Customer Engagement**: AI-powered bots handle real-time interactions, answer queries, and even upsell.
- **Ethical Considerations**: With AI's power comes responsibility — data privacy, bias, and transparency are growing concerns.

**Stay curious** and aware of how AI will **reshape marketing roles and skills**.

## 12. Marketing Planning and Strategic Marketing

**Learning Objectives**

1. Revisit the **Marketing Planning Process**
2. Appreciate the rewards of **strategic marketing planning**
3. Understand the **Ansoff Matrix** and **Porter´s Competitive Strategies/Value Chain** as tools to develop growth strategies

1. Revisit the Marketing Planning Process

## Summing up: The Marketing Process - Review

Understand the marketplace and customer **needs** and **wants**
- **Research** customers and the marketplace
- Manage marketing **information** and **customer data**

Design a customer-driven **marketing strategy**
- Select customers to serve: market **segmentation** and **targeting**
- Decide on a value proposition: **differentiation** and **positioning**

Construct an **integrated** marketing **program** that delivers superior value
- **Product** and service design: build strong brands
- **Pricing**: create real value
- **Distribution**: manage demands and supply chains
- **Promotion**: Communicate the value proposition

Build profitable **relationships** and create **customer delight**
- **Customer** relationship management: build strong relationships with chosen customers
- **Partner** relationship management: build strong relationships with marketing partners

**Capture value from customers to create profits and customer equity**
- **Create satisfied loyal customers**
- **Capture customer lifetime value**
- **Increase share of market and share of customer**

1. Revisit the Marketing Planning Process

## Internal Marketing Audit - Review


1. Revisit the Marketing Planning Process

## Key Questions and the Process of Marketing Planning

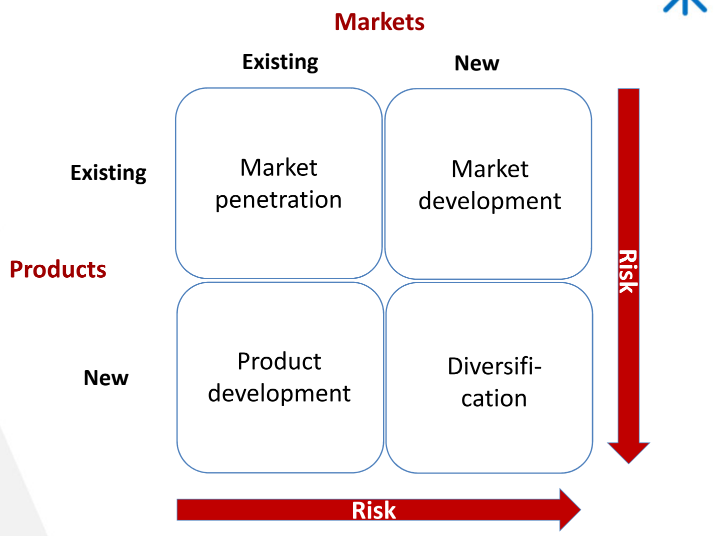
| Key Questions | Stages in marketing planning |
|---|---|
| Where are we now and how did we get there? | Business mission<br>Marketing audit<br>SWOT analysis |
| Where are we heading? | Marketing audit<br>SWOT analysis |
| Where would we like to be? | Marketing objectives |
| How do we get there? | Core strategy<br>Marketing mix decisions<br>Organisation<br>Implementation |
| Are we on course? | Control |

2. Appreciate the rewards of strategic marketing planning

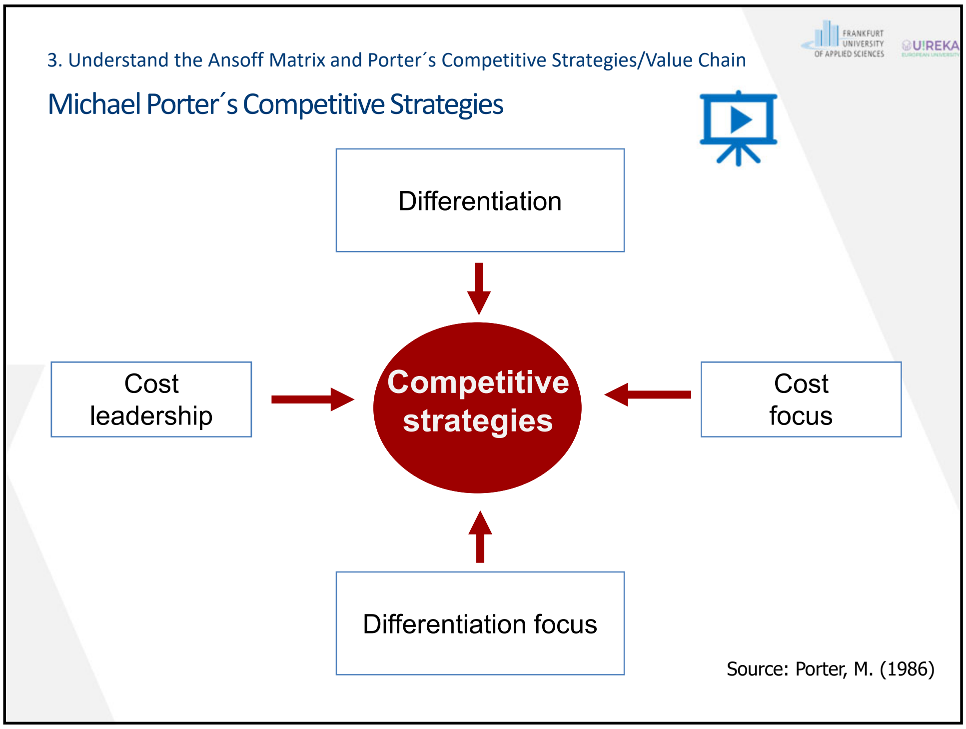
## The Rewards of Marketing Planning

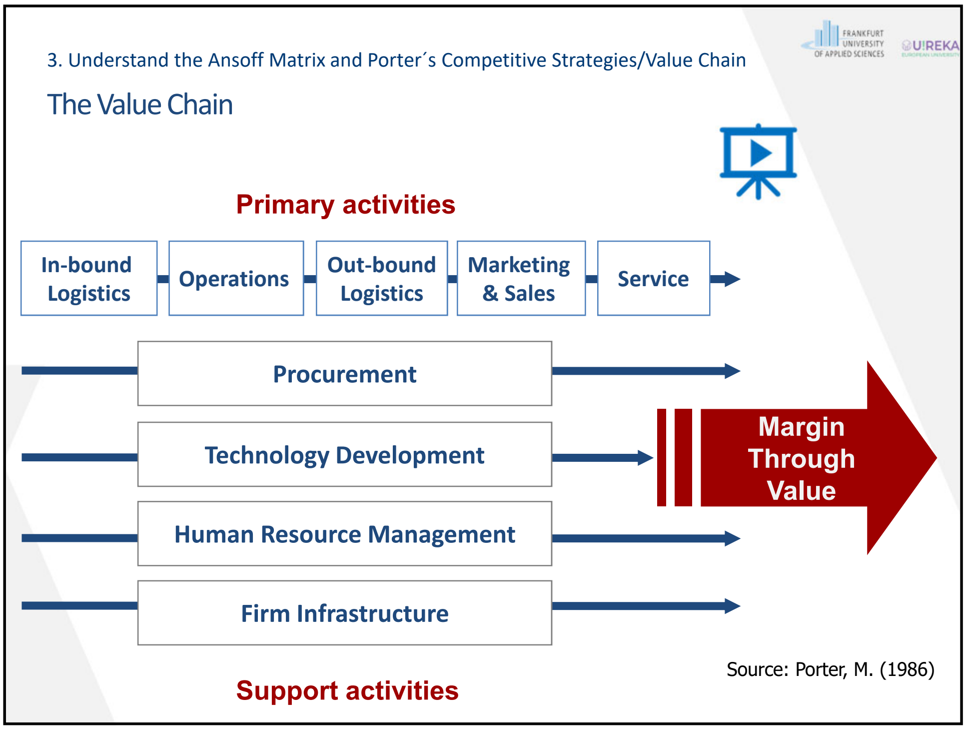

3. Understand the Ansoff Matrix and Porter´s Competitive Strategies/Value Chain

## Ansoff Growth Matrix




Source: Ansoff, Igor in Jobber and Fahy (2019), p. 371 f.


3. Understand the Ansoff Matrix and Porter´s Competitive Strategies/Value Chain
Michael Porter´s Competitive Strategies
Differentiation
Cost leadership
Competitive strategies
Cost focus
Differentiation focus
Source: Porter, M. (1986)


3. Understand the Ansoff Matrix and Porter´s Competitive Strategies/Value Chain
The Value Chain
Primary activities
In-bound Logistics
Operations
Out-bound Logistics
Marketing & Sales
Service
Procurement
Technology Development
Human Resource Management
Firm Infrastructure
Margin Through Value
Support activities
Source: Porter, M. (1986)