

International Business Administration

Introduction to Marketing

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1. What is Marketing?

Marketing: create customer value and satisfaction

Learning objectives

- | | | |
|----|------------------------|--|
| 01 | Core concepts | Explain the core concepts and scope of marketing. |
| 02 | Customer value | Explain how marketing creates customer value and satisfaction. |
| 03 | Evolution of marketing | Describe how marketing has evolved over time. |
| 04 | Customer perspective | Explain marketing from the customer's perspective. |
| 05 | Marketing orientation | Relate marketing orientation to business performance. |

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

1. Explain the core concepts and scope of marketing.

Marketing Definitions and Management Orientation

Marketing Is About Creating and Delivering Customer Value

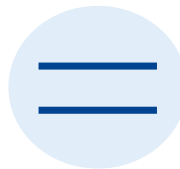
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Customer perspective Explain

“...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)

2



Value & exchange

“...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 (2007)

3



Competition

“...the achievement of corporate goals through **meeting** and **exceeding customer needs** better than **competition**”
— Jobber & Fahy (2026)

1. Explain the core concepts and scope of marketing.

What can be marketed?

Marketing can be applied to almost anything that is offered, chosen, supported or experienced.



Goods

Notebook



Services

Haircut



Information

Newspaper



Events

Concert



People

Popstar



Places

London



Industries

Diamond industry



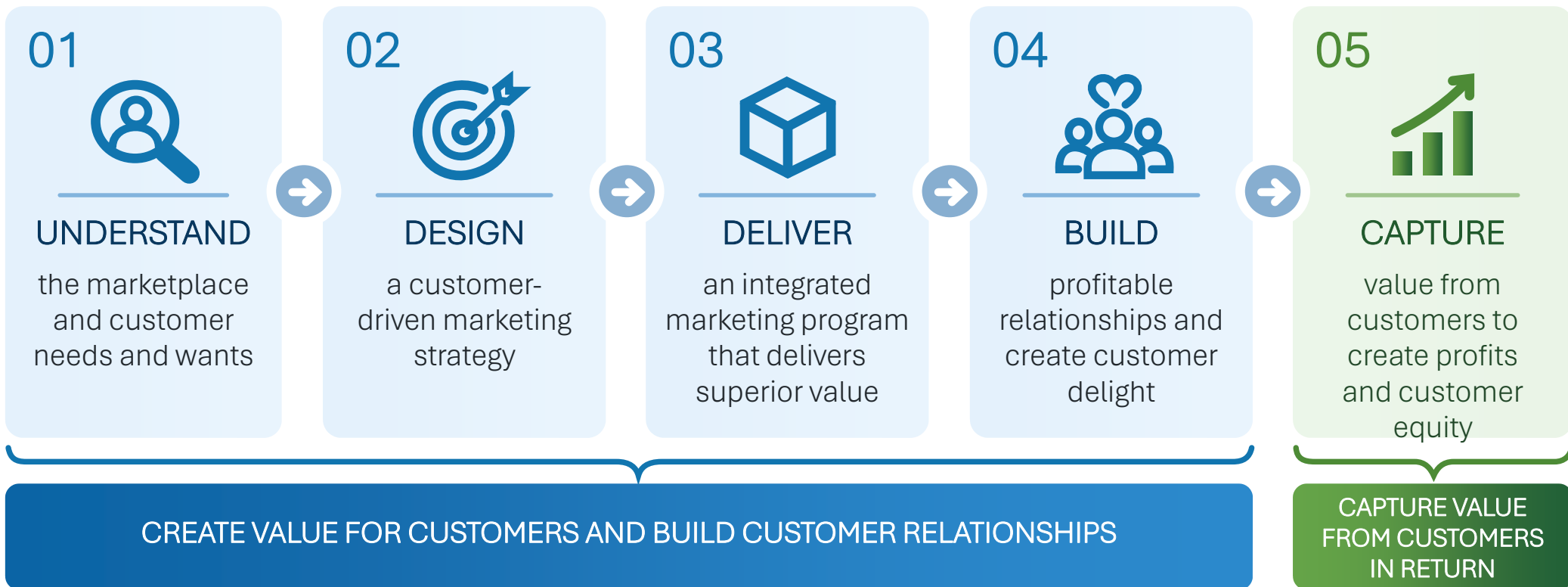
Organizations

eBay

2. Explain how marketing creates customer value and satisfaction.

The Marketing Process

From understanding the marketing to capturing value



2. Explain how marketing creates customer value and satisfaction.

The Marketing Concept

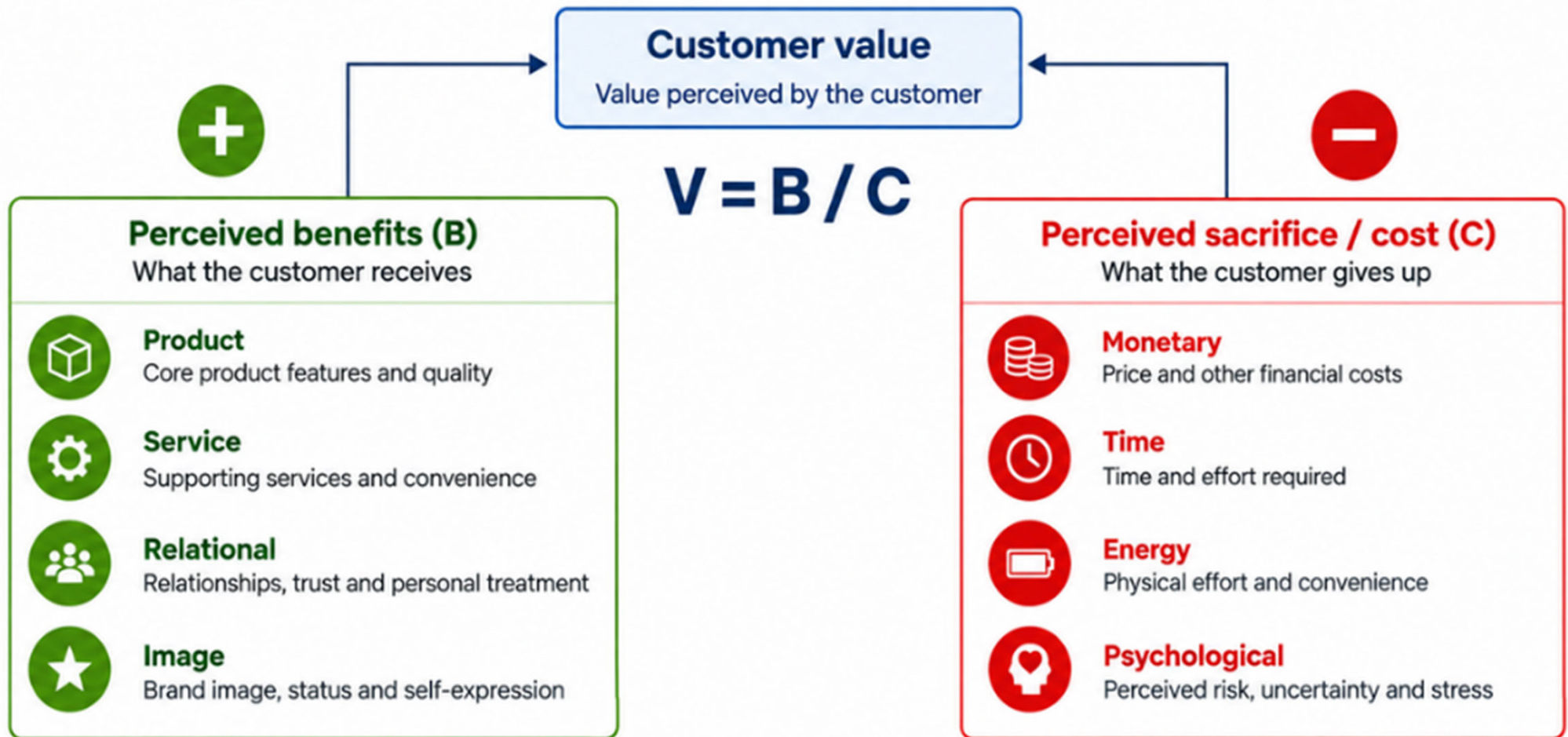
The Marketing Concept Links Customer Satisfaction to Corporate Goals



2. Explain how marketing creates customer value and satisfaction.

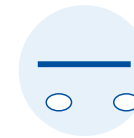
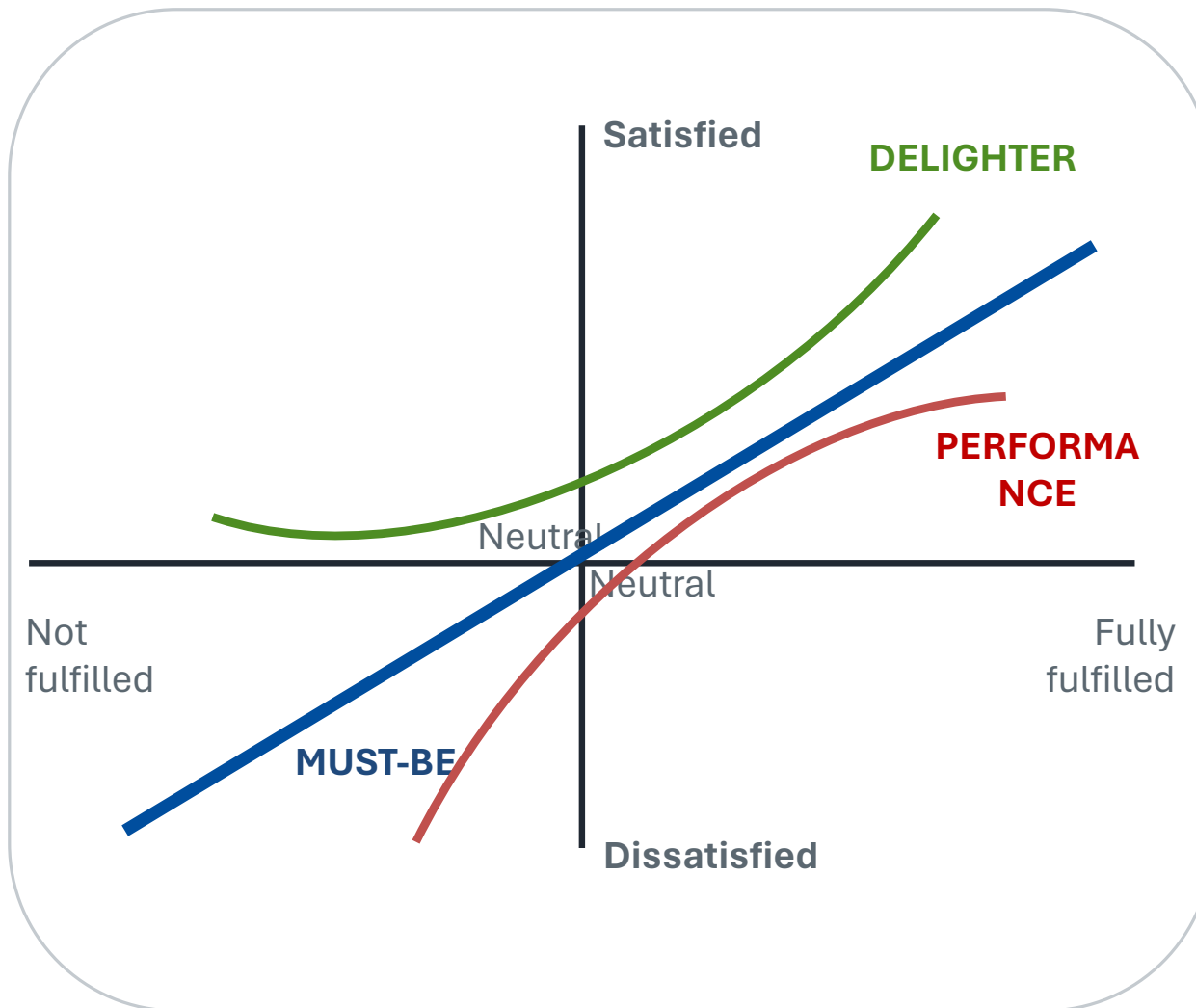
Creating Customer Value

Customer Value Increases When Benefits Rise or Costs Fall



2. Explain how marketing creates customer value and satisfaction.

Creating Customer Satisfaction: The Kano Model



MUST-BE

Basic expectations
Absence causes dissatisfaction



PERFORMANCE

More is better
Fulfilment drives satisfaction



DELIGHTER

Unexpected extras
Can create disproportionate delight

2. Explain how marketing creates customer value and satisfaction.

Customer Relationship Management (CRM)

Organizations seek to 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. Management philosophy

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. Use of information technology

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. Describe how marketing has evolved over time.

The Development of Marketing

Marketing Orientations Have Shifted from Production to Customer and Societal Value



4. Explain marketing from the customer's perspective.

Marketing from the perspective of the customer

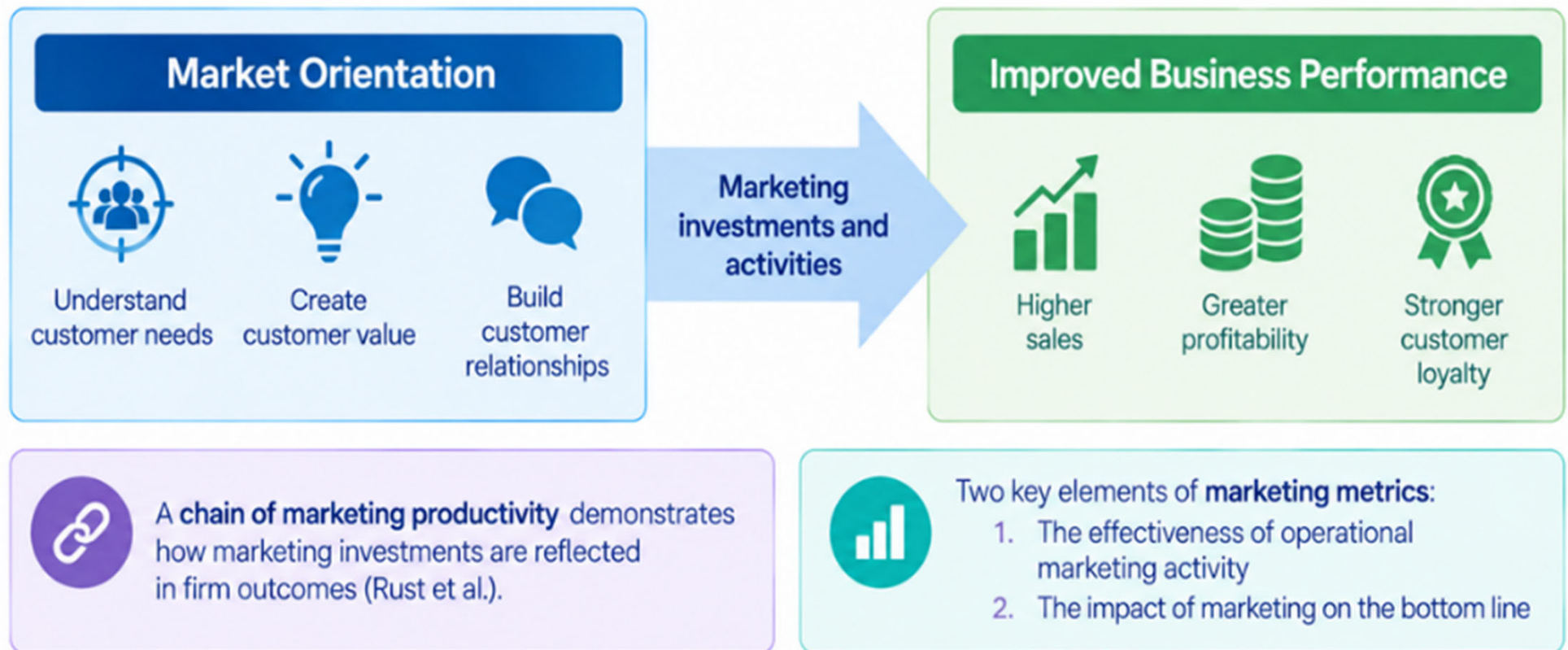


These are key terms in marketing

5. Relate marketing orientation to business performance.

Marketing and Business Performance

Does Marketing work?



 A customer-focused market orientation leads to improved business performance!

5. Relate marketing orientation to business performance.

Market-oriented vs. Internally Driven Businesses

Consider these as selected indicators

	Market-driven	Internally oriented
 Starting point	Customer choice criteria	Internal assumptions
 Segmentation	Customer differences	Product categories
 Information	Research & market change	Anecdotes / received wisdom
 Competition & change	Monitor and adapt	Protect the status quo
 Marketing investment	Investment in advantage	Discretionary cost
 Use the contrasts diagnostically — not as two perfectly pure types of organization.		

2. Marketing planning: understand the environment

Learning objectives

- | | | |
|----|------------------------|--|
| 01 | Marketing planning | Explain the stages of the marketing planning process. |
| 02 | Marketing audit | Identify the main elements of a marketing audit. |
| 03 | Environmental analysis | Explain how the marketing environment influences strategic decisions. |
| 04 | Analytical tools | Apply PEST and Porter's Five Forces to analyze the external environment. |
| 05 | SWOT analysis | Assess internal strengths and weaknesses alongside external opportunities and threats. |

1. Explain the stages of the marketing planning process

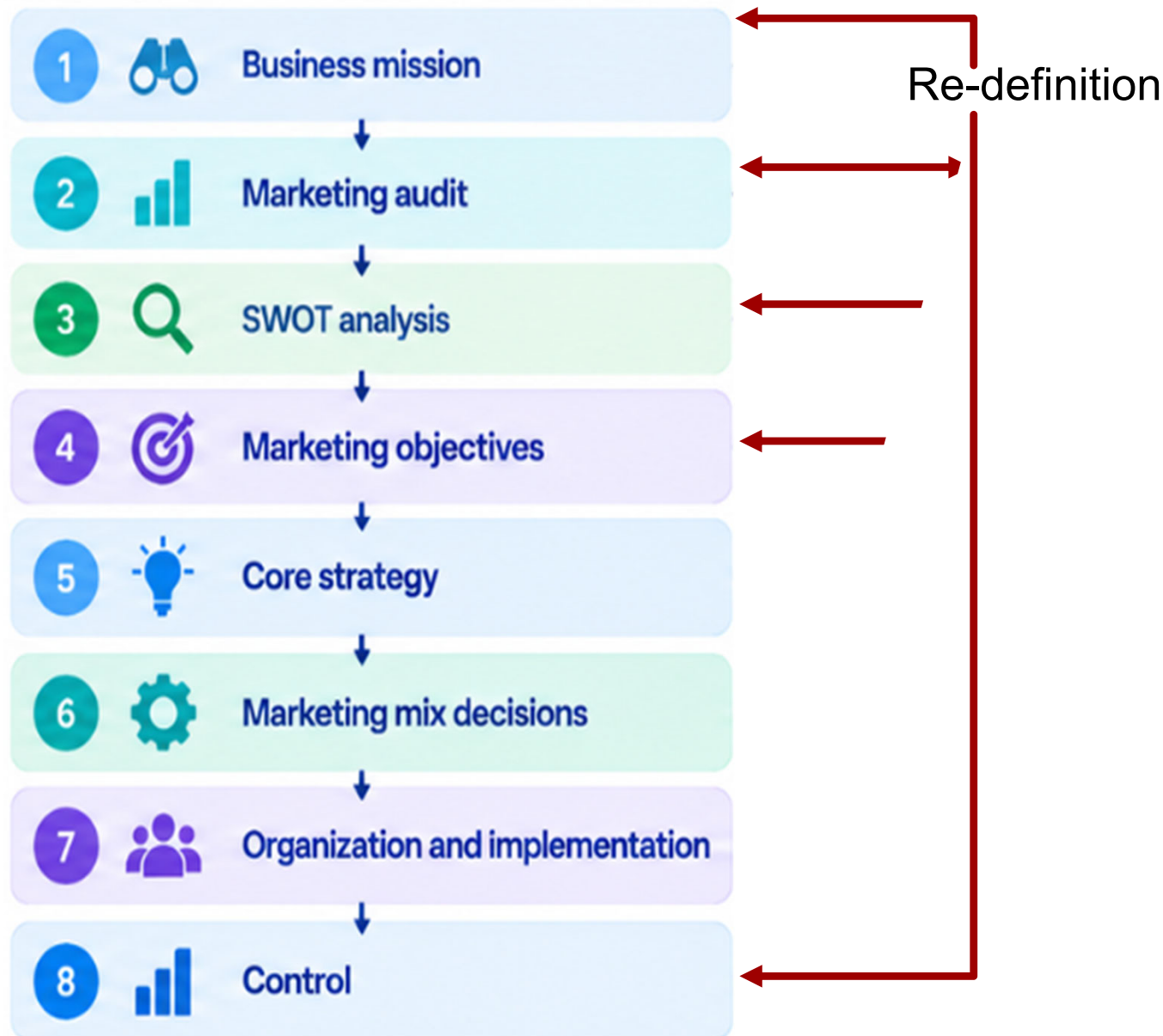
The Marketing Planning Process

Marketing strategy must fit the organization and its environment



1. Explain the stages of the marketing planning process

The Marketing Planning Process



2. Identify the main elements of a marketing audit.

The Marketing Audit

A marketing audit brings together four areas of analysis and is the basis for the SWOT analysis



3. Explain how the marketing environment influences strategic decisions.

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 its chosen markets.

It can be classified into:



Microenvironment

Direct actors that influence the company.



Macroenvironment

Broader forces that shape the industry and market.

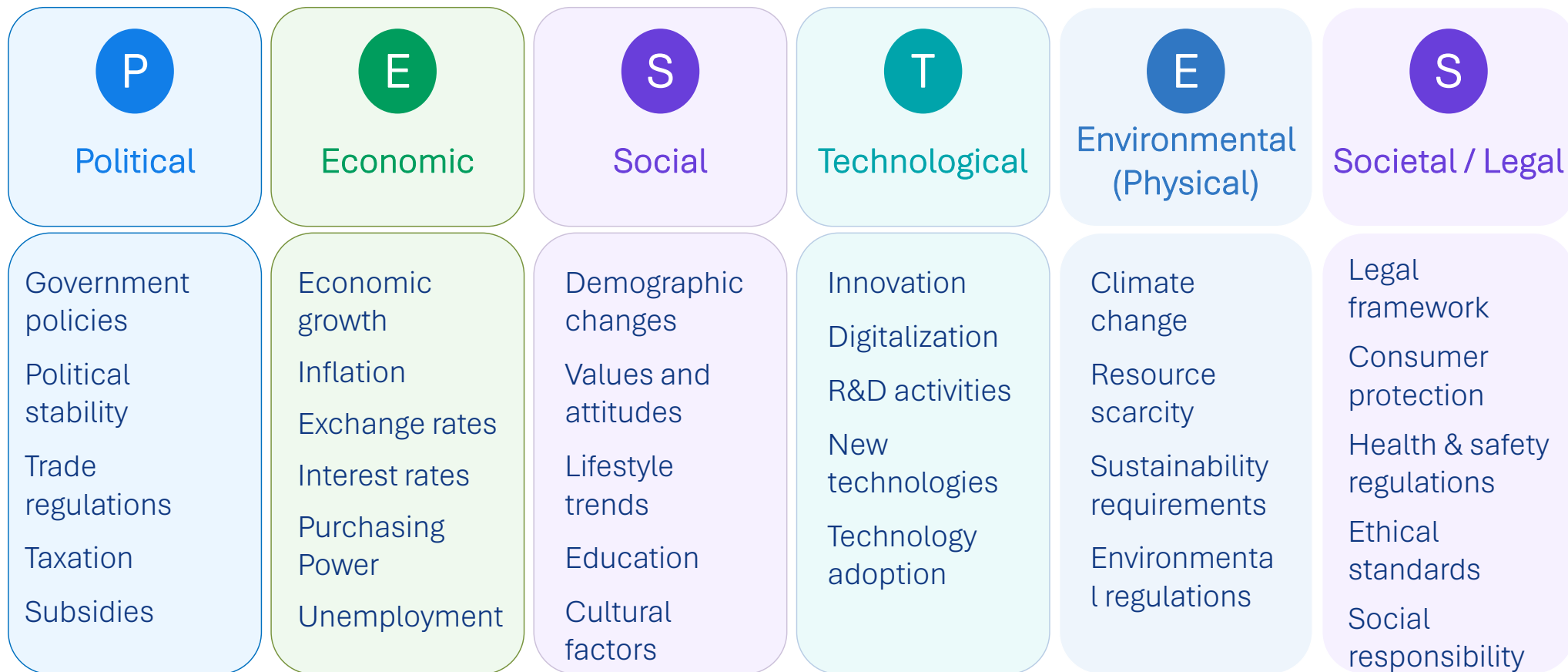
- To analyze the macroenvironment, the PEST/PEEST analysis is used.
- The Five Forces analysis primarily considers microenvironmental powers, which are, however, under the influences of the macro-forces as well.



3. Explain how the marketing environment influences strategic decisions.

PEST Analysis Framework

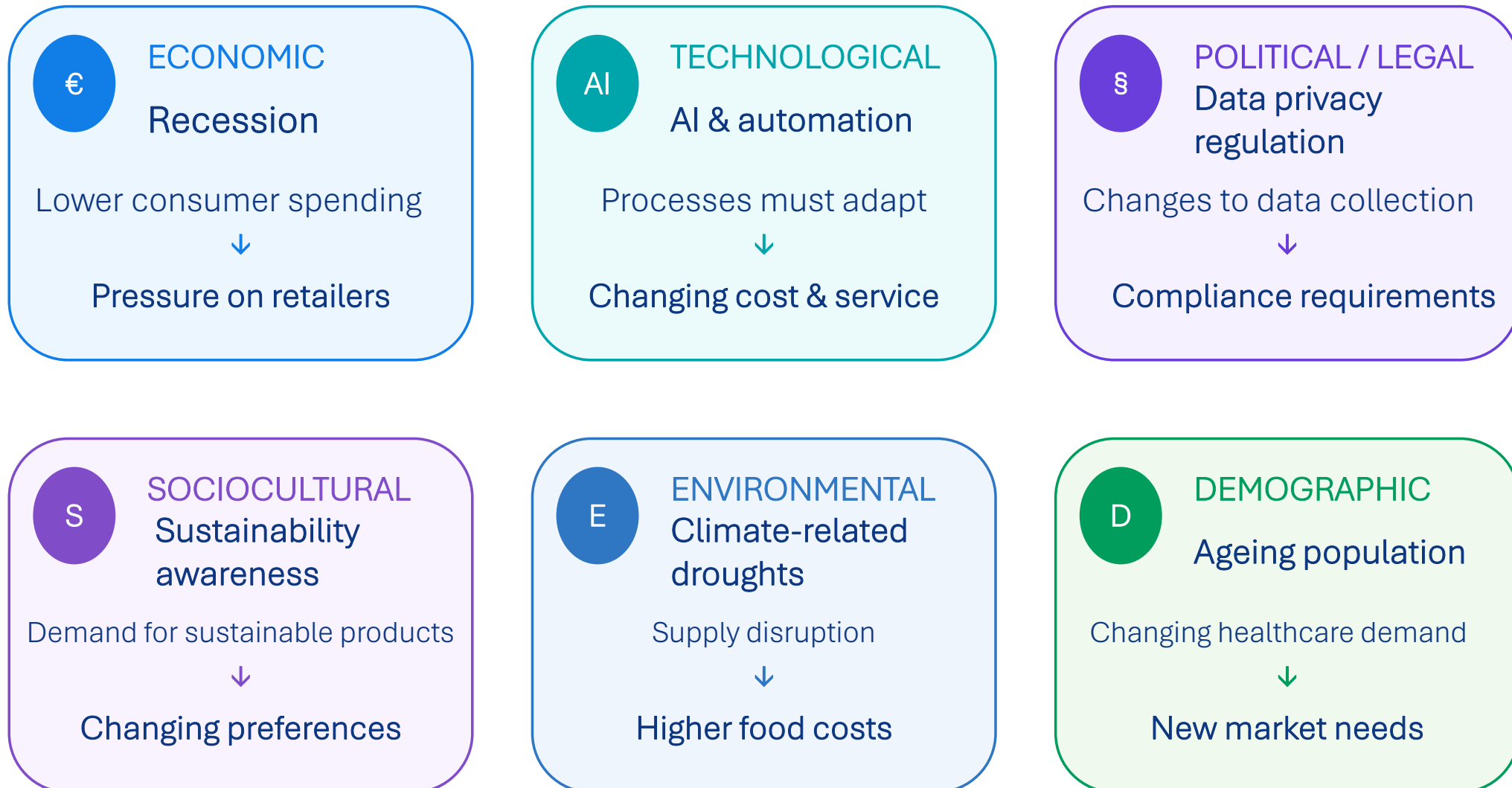
Companies that proactively monitor and adapt to external forces are more likely to remain competitive, resilient, and aligned with evolving market demands.



These macroenvironmental forces create opportunities and threats for the company.

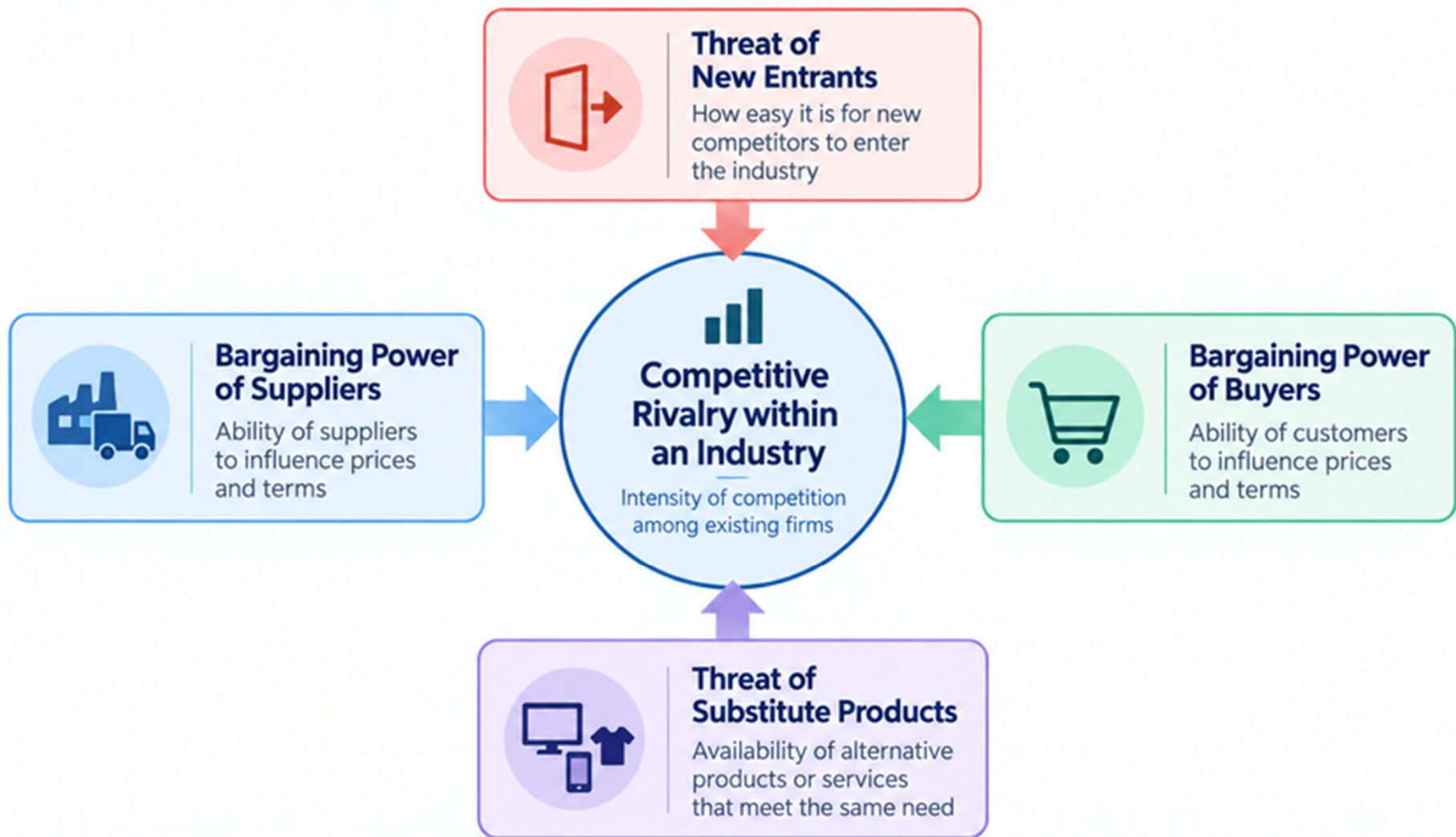
3. Explain how the marketing environment influences strategic decisions.

How macroenvironmental forces might impact companies



4. Apply Porter's Five Forces to analyze the external environment

Porter's Five Forces Model of Competition

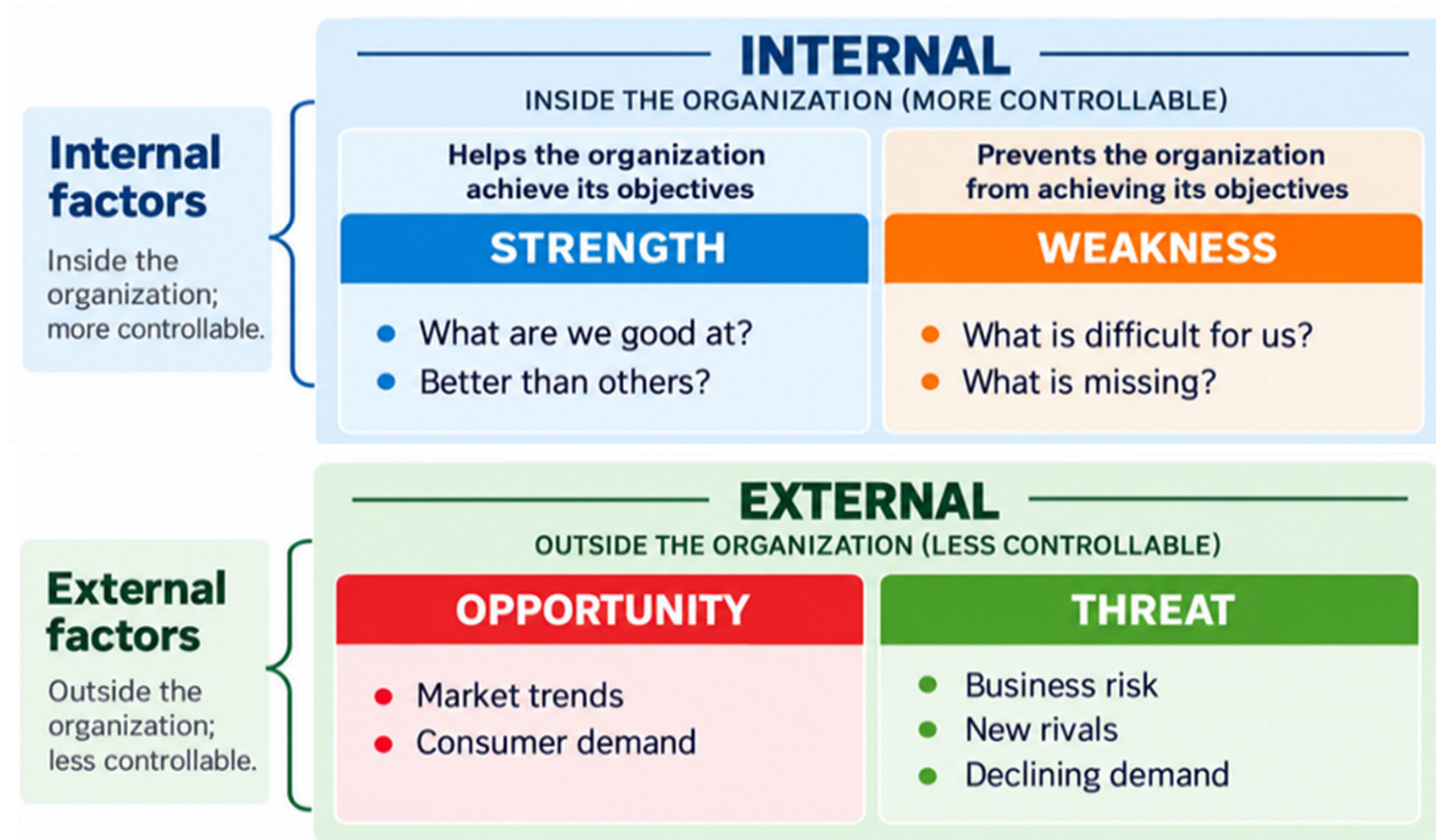


Industry profitability depends on the combined strength of these five forces.

5. Assess internal strengths + weaknesses alongside external opportunities + threats

The SWOT Analysis

The goal is to turn data into an actionable strategic plan.



3. Consumer behavior: understand buying decisions

Learning objectives

01	Consumer behavior	Explain the main influences on consumer behavior and compare key theoretical perspectives.
02	Learning	Explain how classical learning theories shape consumer behavior.
03	Social influences	Analyze how culture and social groups influence consumption.
04	Purchase decisions	Describe the consumer decision-making process and the roles people play in a purchase.
05	Business markets	Compare consumer and business markets, including buyer behavior and purchasing processes.

1. Explain the main influences on consumer behavior and compare key theoretical perspectives.

What influences consumer behavior?

The same consumer may choose differently across situations and social contexts.

BUYING SITUATION

The purpose of the purchase, available time and level of involvement affect the decision.

PERSONAL INFLUENCES

Information processing

How information is noticed and interpreted

Motivation

Needs and goals behind the purchase

Beliefs and attitudes

What consumers think and feel

Personality and lifestyle

Enduring traits and everyday patterns

Life cycle

Needs that change over a lifetime



Consumer choice

SOCIAL INFLUENCES

Culture and subculture

Shared values and practices

Social class

Social position and resources

Reference groups

People whose views or behavior matter

These influences interact. Importance varies with the product and buying situation.

1. Explain the main influences on consumer behavior and compare key theoretical perspectives.

Two perspectives on consumer choice

A purchase involves both decision processes and meanings shaped by culture.

INFORMATION PROCESSING

How does a consumer arrive at a choice?

Attention

Which product information is noticed?

Interpretation & memory

How do prior experience and claims shape understanding?

Evaluation & choice

Which attributes, trade-offs or shortcuts guide the decision?

Example: choosing running shoes

Fit, cushioning, price and reviews inform the choice.

CONSUMER CULTURE THEORY

What meanings does the purchase carry?

Identity

How can a product express who someone is or wants to be?

Social practices

How do friends, communities and routines shape use?

Cultural meanings

What meanings do brands and media attach to the product?



The shoes may also signal a sporting identity or belonging to a running community.

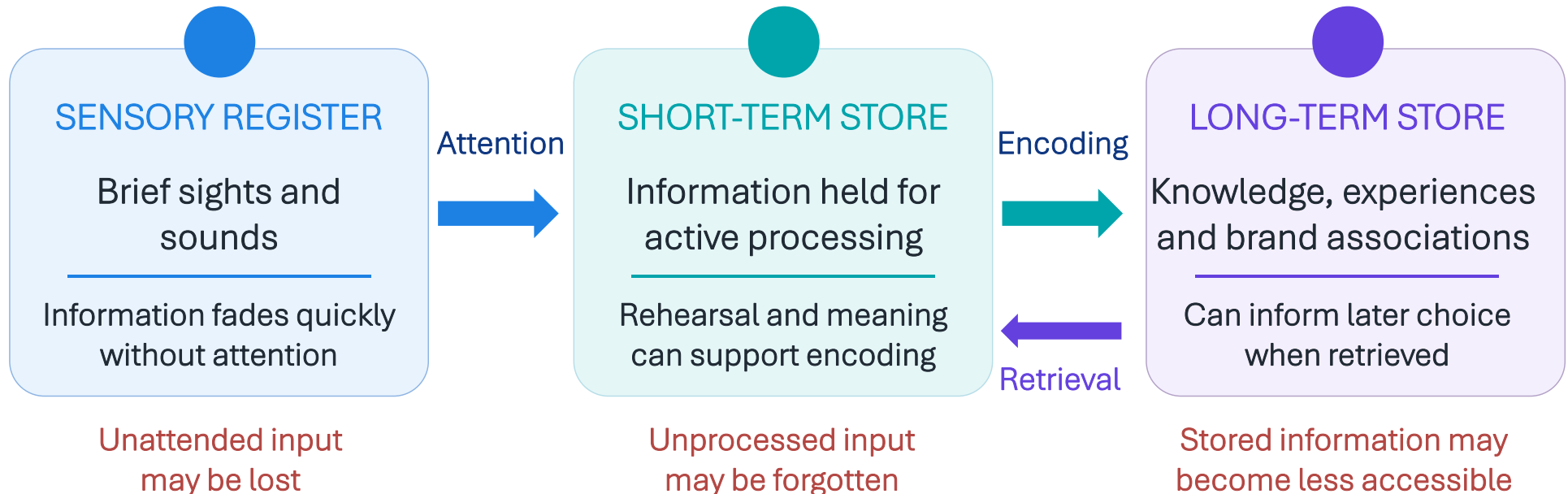
 Together, the perspectives explain how consumers choose & what consumption means in context.

1. Explain the main influences on consumer behavior and compare key theoretical perspectives.

The information processing model at work

Attention selects incoming information; some of it is processed + can later be retrieved.

Incoming product information -> a claim in an ad, packaging or a product review



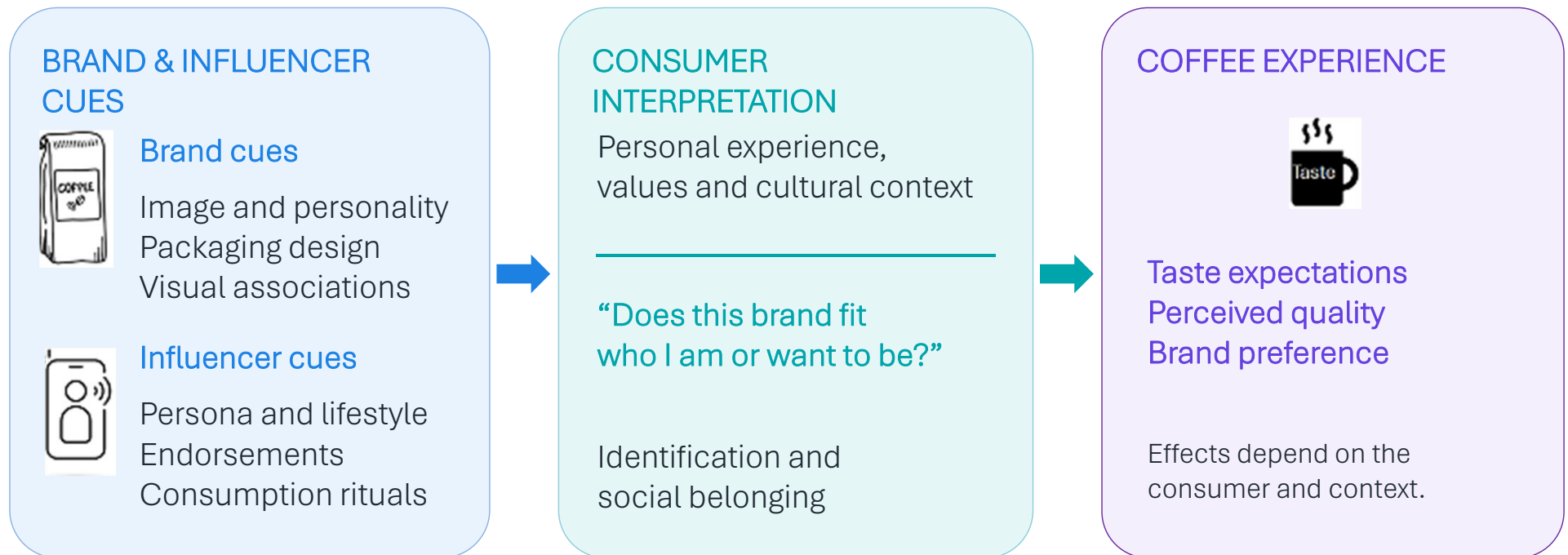
Example: a shopper notices a shoe claim, connects it with past experience and recalls it in store.

Note: memory does not always follow one fixed sequence.

Illustration: CCT and sensory research explain different parts of the experience.

Coffee choice: identity, expectations and taste

Brands and influencers provide cues that consumers interpret through experience and culture.



CCT focus Coffee consumption can express identity and shared cultural meanings.

Sensory cues Visual cues can evoke taste associations and shape expectations.

2. Explain how classical learning theories shape consumer behavior.

Classical conditioning: learning by association

A neutral cue can gain the ability to elicit a response through repeated pairing with another stimulus.

Before conditioning

Food (unconditioned stimulus) causes salivation (unconditioned response). A neutral bell does not.

During conditioning

The bell repeatedly precedes food.
The dog learns an association between the two.

After conditioning

The bell alone (conditioned stimulus) now elicits salivation (conditioned response).

Extinction

When the bell repeatedly occurs without food, the learned salivation response weakens.



Maxxl², CC BY-SA 4.0, via Wikimedia Commons

MARKETING APPLICATION

Pairing a brand with humorous content can create positive brand associations.

Related mechanism:
evaluative conditioning

The key mechanism is a learned association between stimuli.

2. Explain how classical learning theories shape consumer behavior.

Operant conditioning: learning from consequences

Consequences influence whether a behavior becomes more or less likely to occur again.

Consequence	REINFORCEMENT Behavior increases	PUNISHMENT Behavior decreases
POSITIVE Add a stimulus	Positive reinforcement A purchase earns loyalty points. Desired effect: more repeat purchases.	Positive punishment A late payment incurs an extra fee. Desired effect: fewer late payments.
NEGATIVE Remove a stimulus	Negative reinforcement Adding items to a basket removes the delivery charge. Desired effect: more orders reach the threshold.	Negative punishment A rule violation leads to temporary loss of account access. Desired effect: fewer rule violations.

Behavior

➡

Consequence

➡

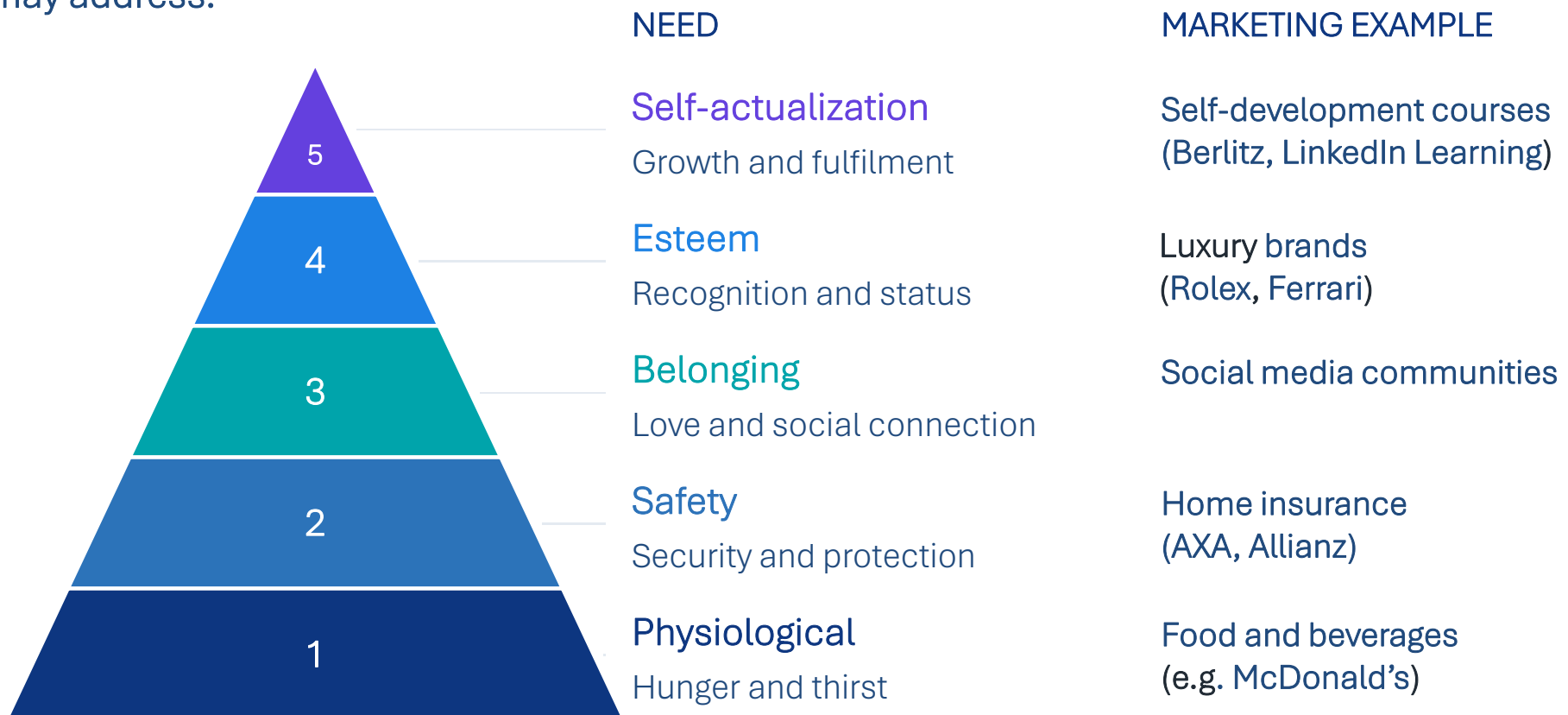
Future behavior

Classification depends on the observed change in behavior, not only on the intended effect.

2. Explain how classical learning theories shape consumer behavior.

Motivation: Maslow's hierarchy of needs

Maslow proposed that needs differ in priority. Marketing can connect an offer with the needs it may address.

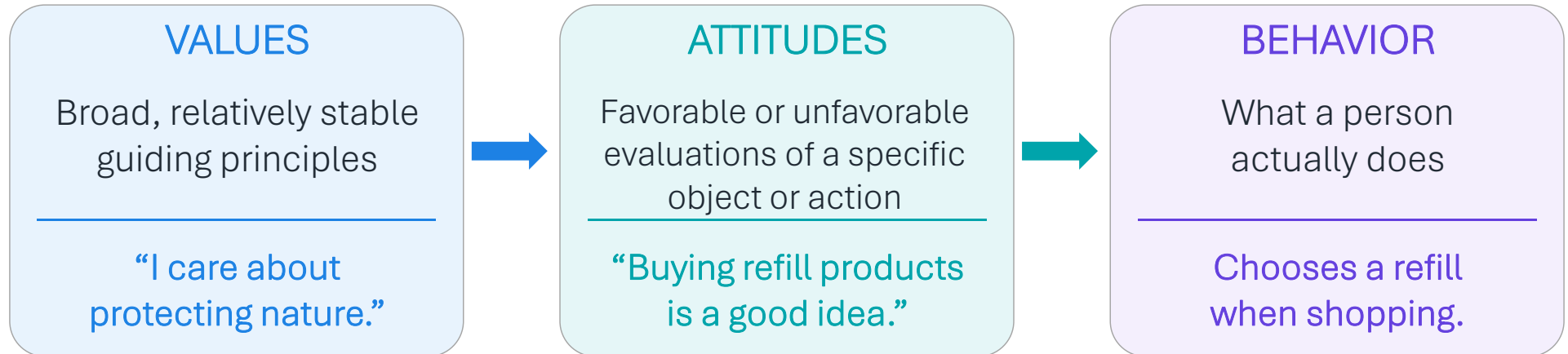


Needs may operate together, and their priority can vary with the person and context.

2. Explain how classical learning theories shape consumer behavior.

The value–attitude–behavior hierarchy

The VAB model says that attitudes mediate the link between broad values and specific actions.



Intentions may not become action when price, availability or habits get in the way.

3. Analyze how culture and social groups influence consumption.

Personality, lifestyle and life stage

These perspectives describe different aspects of consumers and the choices they make.

PERSONALITY

Relatively enduring patterns of thinking, feeling and behaving.

The Big Five describe five continuous dimensions.

THE BIG FIVE (OCEAN)

O	Openness	Curiosity and receptiveness to new ideas
C	Conscientiousness	Organisation and responsibility
E	Extraversion	Sociability and assertiveness
A	Agreeableness	Cooperation and concern for others
N	Neuroticism	Tendency to experience negative emotions

LIFESTYLE

How people live, expressed through their activities, interests and opinions.

Examples: leisure, shopping and media habits.

LIFE STAGE

Needs change with age, household structure and life events.



Personality traits vary by degree, and life stages do not follow one universal sequence.

3. Analyze how culture and social groups influence consumption.

How groups influence consumer choices

Relationships & reference points are 2 complementary ways to describe group influence.

NATURE OF THE RELATIONSHIP

Primary groups

Close, frequent personal contact.
Shared habits, emotional ties and advice.
Family planning a holiday; close friends.

Secondary groups

More formal or less intimate contact.
Professional expectations + information.
Colleagues or professional associations.

ROLE AS A REFERENCE POINT

Reference groups

Groups used as standards for attitudes or behavior. They can be groups we already belong to. Their norms, lifestyles and opinion leaders can guide choices.

Aspirational groups

Groups we want to join or emulate.
Example: admired club or community.

These categories overlap: a close friendship group can also be a reference group.

3. Analyze how culture and social groups influence consumption.

Three theoretical perspectives on consumer judgments

How people compare themselves, evaluate who they are and process persuasive messages.

Social Comparison Theory

Festinger (1954)

People evaluate their opinions + abilities by comparing with others.

Upward comparison

Others doing better may inspire or discourage us.

Downward comparison

Others doing worse may provide reassurance.

Self-Discrepancy Theory

Higgins (1987)

Gaps between actual self + personal standards can create emotional discomfort

Actual self

Who I believe I am

Ideal self

Who I would like to be

Ought self

Who I believe I should be

Heuristic–Systematic Model

Chaiken (1980)

Judgments draw on quick rules of thumb and careful examination of arguments.

Heuristic processing

Uses simple cues and rules.

Systematic processing

Examines message arguments.

Both modes can operate together.

Effects depend on comparison context, personal standards, motivation and processing ability.

3. Analyze how culture and social groups influence consumption.

HSM in practice: marketing a smartphone

Message design can support quick judgments and more detailed evaluation.

HEURISTIC PROCESSING

Uses simple cues and learned rules of thumb.



Source cue → Shortcut → Judgment

Recognisable endorser or brand
A simple, credible benefit message
Attractive design and imagery

Useful when effort or attention is limited.

SYSTEMATIC PROCESSING

Examines arguments, evidence and product details.



Evidence → Analysis → Judgment

Camera and battery test evidence
Side-by-side specifications
Detailed user and expert reviews

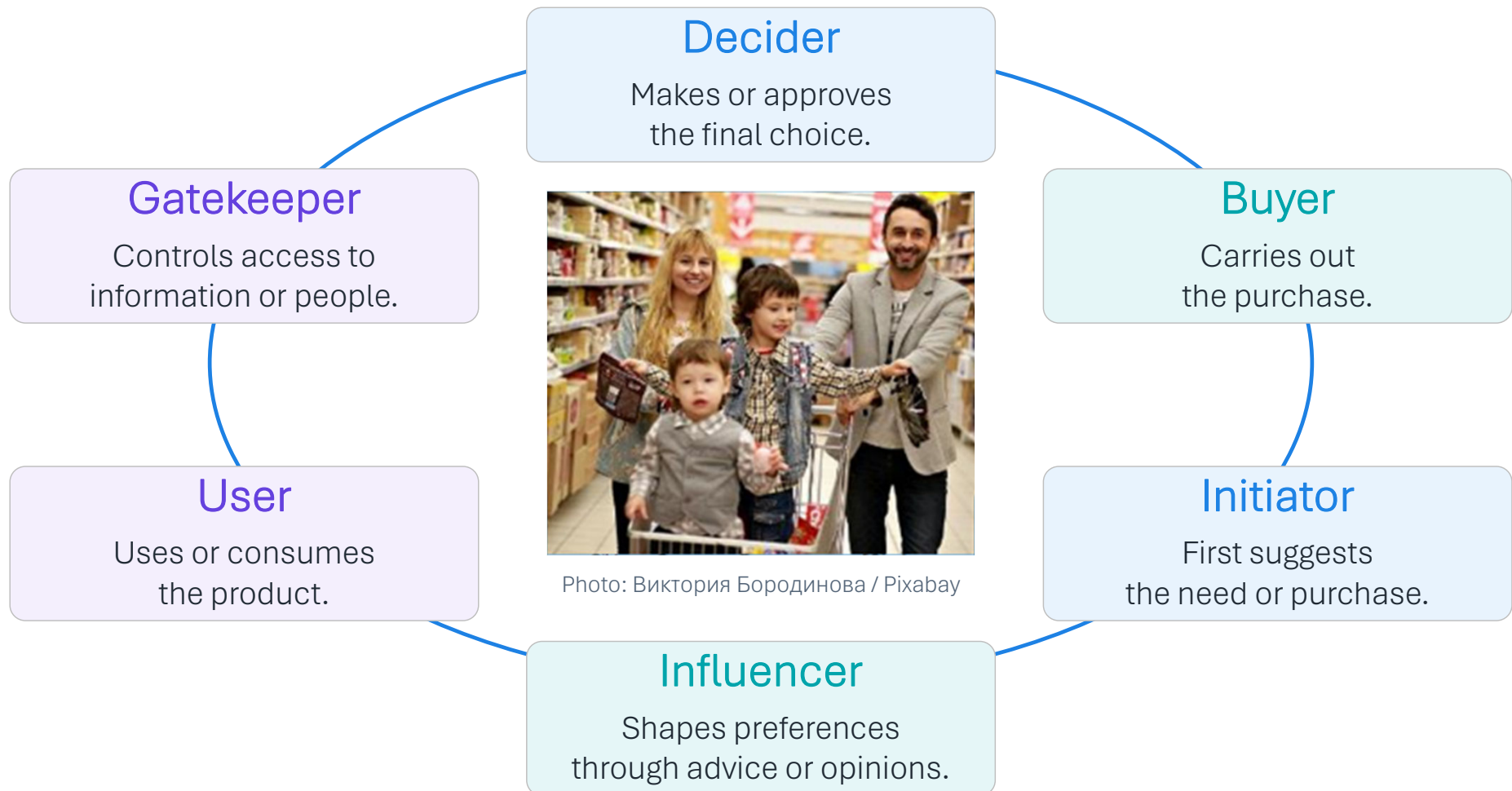
Supported by motivation and ability.

Both can operate together. A campaign can offer clear cues and accessible evidence.

4. Describe the consumer decision-making process + roles people play in a purchase.

Who is important? - Roles in the buying decision

A purchase may involve several people. One person can perform several roles.



4. Describe the consumer decision-making process + roles people play in a purchase.

The Buyer Decision Process: making a product relevant

Example: The iPad's added value must become clear.

STAGE	CUSTOMER PERSPECTIVE	MARKETING & MEDIA
1 Need recognition & awareness	"I have an iPhone and a laptop. Why an iPad?"	Advertising: simple use scenarios such as browsing, reading and video.
2 Information search	"What could I actually use it for?"	Website & flyers: explain features, apps and everyday uses in detail.
3 Evaluation of alternatives	"Which tasks would it do better for me?"	Demos & reviews: compare the iPad with existing devices; let users try it.
4 Purchase	"Which model should I buy, and where?"	Store & webshop: explain models, prices, availability and how to order.
5 Post-purchase evaluation	"Am I getting the benefits I expected?"	Tutorials & support: help users get started and discover useful apps.

Simple messages build interest; detailed information and hands-on experience support the decision.

4. Describe the consumer decision-making process + roles people play in a purchase.

Four patterns of consumer decision-making

Search effort varies with familiarity, involvement and perceived risk.

LESS SEARCH AND EVALUATION

MORE SEARCH AND EVALUATION

Habitual choice

Routine buying with minimal evaluation.



Same toothpaste brand

Limited problem solving

Some search and comparison.



Choosing a birthday gift

Extended problem solving

Extensive research for an important purchase.



Buying a car or a house



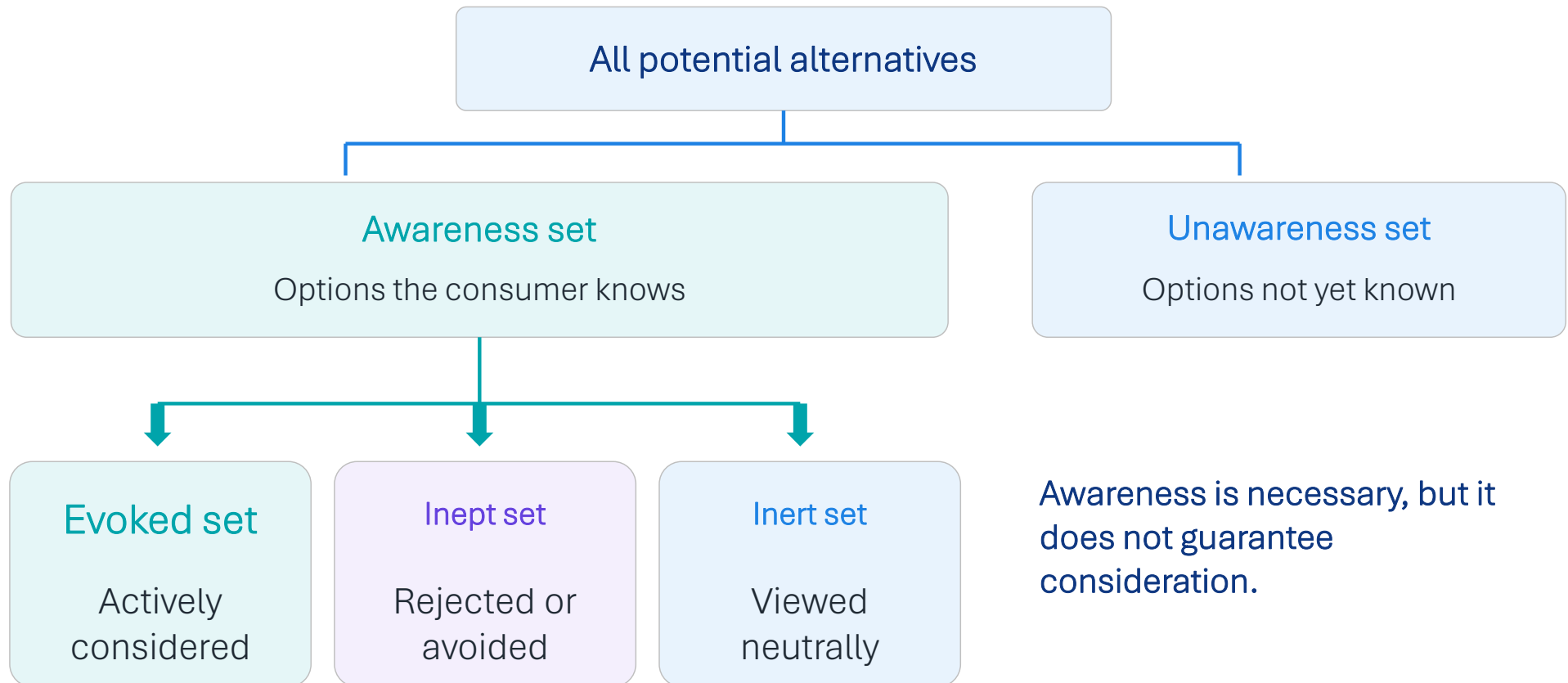
Variety-seeking

Switching for novelty or curiosity, such as trying a different snack or drink. It need not involve extensive search.

4. Describe the consumer decision-making process + roles people play in a purchase.

Which alternatives enter the consideration set?

Consumers first need to know an option before they can actively consider it.

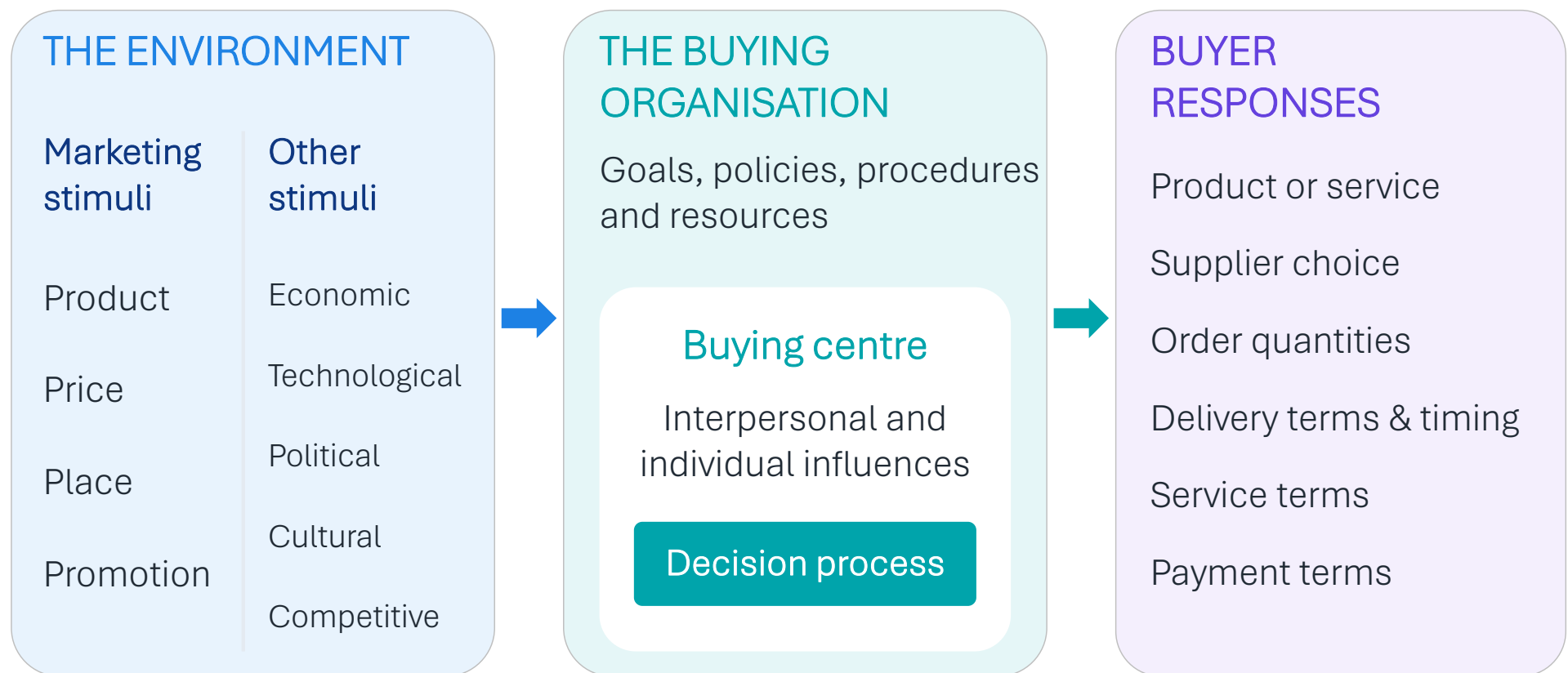


Evoked set = consideration set.

5. Compare consumer + business markets, incl. buyer behavior + purchasing processes.

A model of business buyer behavior

External stimuli are interpreted within the buying organisation before a purchasing response emerges.

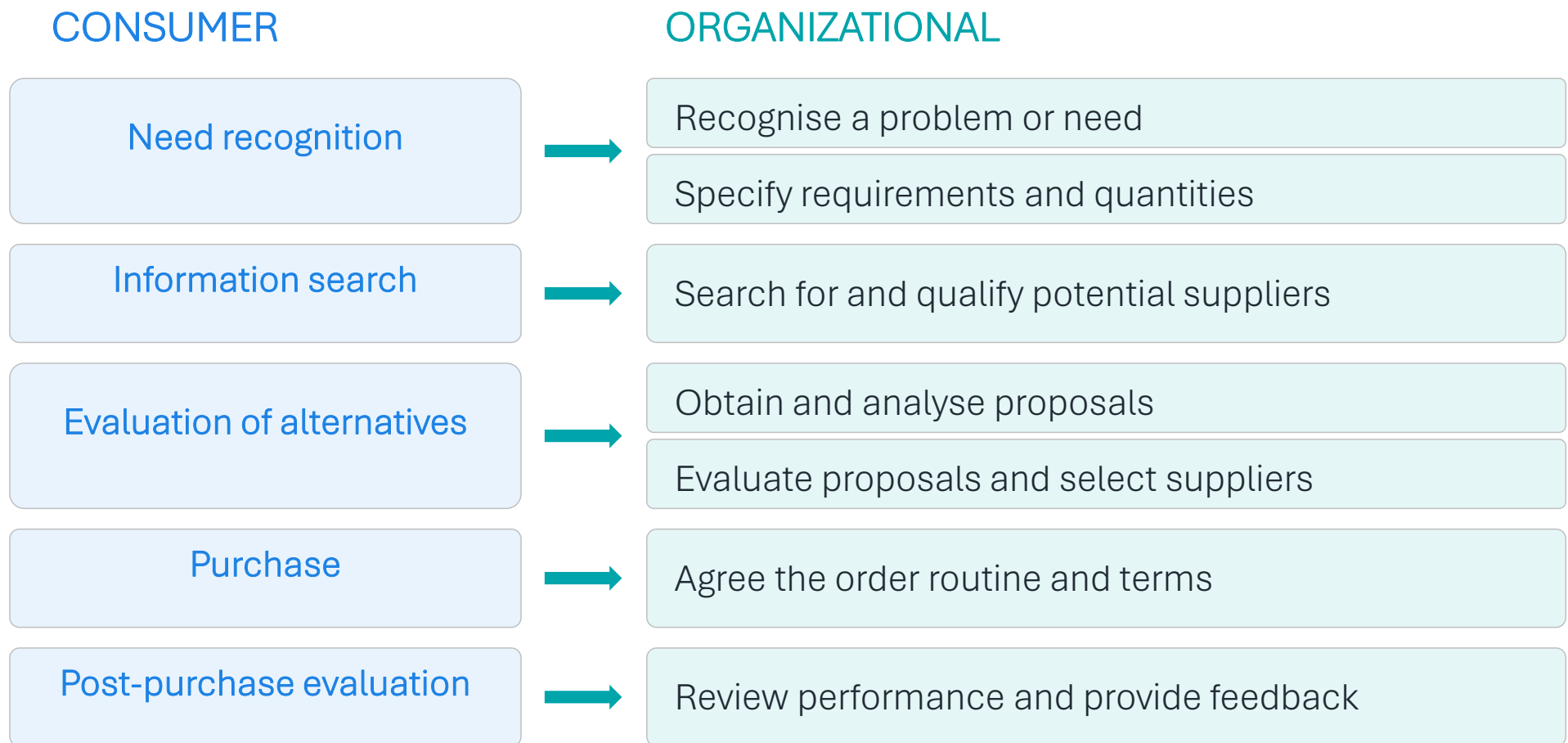


The buying centre brings together the people involved in the organisation's purchase.

5. Compare consumer + business markets, incl. buyer behavior + purchasing processes.

Consumer and organizational buying processes

Organizational buying makes specifications, supplier assessment + ordering more explicit.



New purchases may involve every activity; routine reorders can be much simpler.

4. Marketing research: from questions to decisions

Learning objectives

01	Customer insights	Explain how research and information systems turn data into marketing insights.
02	Data sources	Distinguish internal and external sources, and primary and secondary data.
03	Research design	Compare research purposes and qualitative and quantitative approaches.
04	Research process	Outline the research process and select an appropriate sampling approach.
05	Data collection	Compare primary data collection methods and evaluate online research opportunities.

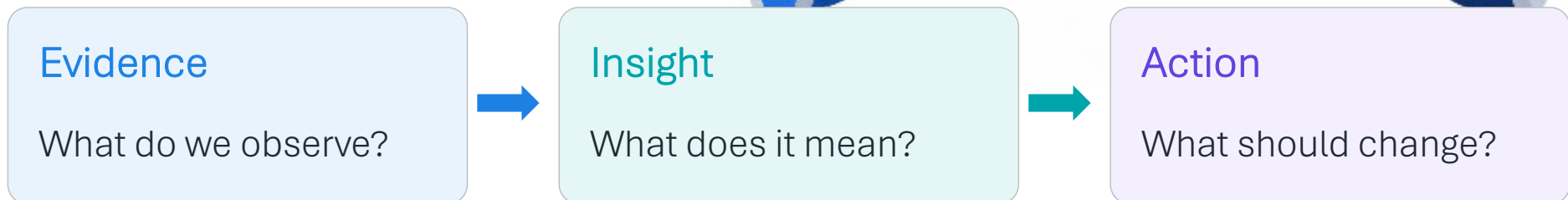
1. Explain how research and information systems turn data into marketing insights.

Customer insights connect evidence with action

Marketing research systematically designs, collects, analyses and reports evidence for a specific marketing question.

An insight explains a customer need and why it matters.

Needs can be subtle and change over time. Timely research helps firms understand those changes and improve their offering.

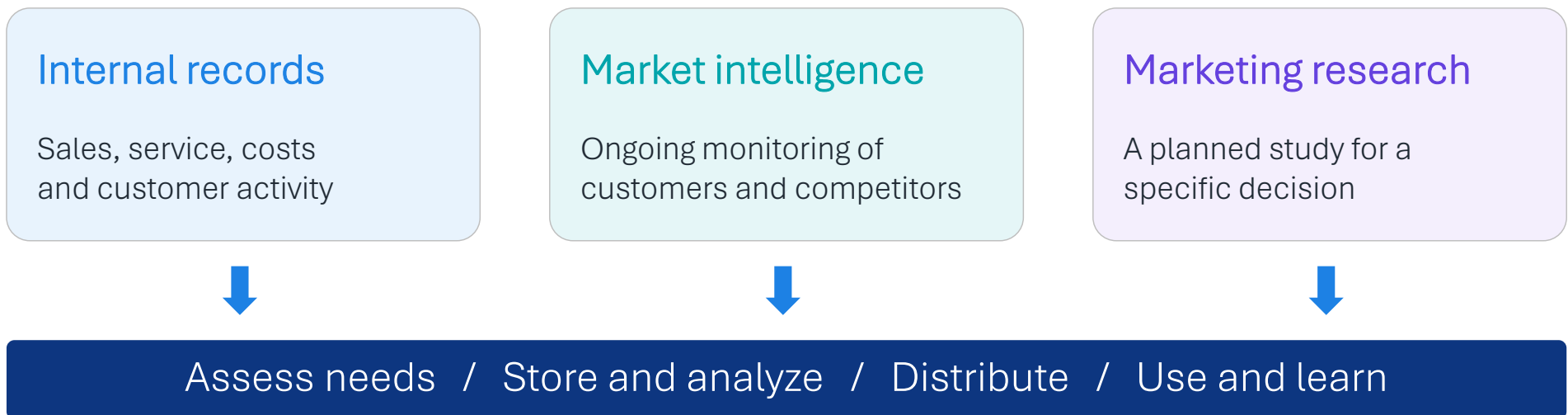


Applications: product innovation, design, features and campaign messages.

1. Explain how research and information systems turn data into marketing insights.

An MIS connects research with everyday decisions

A marketing information system organizes people, processes and tools to provide relevant information regularly.



Marketing database

Stores organised customer and market data.



Customer relationship management

Uses customer information to manage interactions and relationships.



Decision needs guide information collection. Data quality affects the value of the result.

2. Distinguish internal and external sources, and primary and secondary data.

Data sources have two separate dimensions

Internal or external describes the source.

Primary or secondary describes the purpose of collection.

	Internal source	External source
Primary data	Observation of users on new app (eye-tracking in own lab)	Survey of the target audience about interest in new products
Secondary data	Existing sales, returns, costs, service records, and previously collected studies	Published statistics, reports and published research studies

PAIR DISCUSSION · 2 minutes

Which internal and external data could a retailer use to understand falling repeat purchases? Name three sources and one limitation.

2. Distinguish internal and external sources, and primary and secondary data.

New data fills gaps in existing evidence

Secondary data can save time and cost. Primary data addresses questions the available data cannot answer.

Secondary data

- Already collected for another purpose.
- Often faster and less costly and may cover inaccessible settings.

Quality check

- Relevant to this question?
- Accurate and credible?
- Current enough?
- Potentially biased?

Primary data collection

Surveys

Structured questions across respondents

Depth / expert interviews

Detailed experiences or specialist knowledge

Focus groups

Moderated discussion of perceptions

Observation

Behavior in natural or controlled settings

Experiments

Manipulate a factor to test its effect

Method choice follows the research question, access, budget and quality requirements.

2. Distinguish internal and external sources, and primary and secondary data.

Market intelligence uses data from many sources

Ongoing market monitoring and big data are related, but they describe different things.

Market intelligence

Systematic monitoring of market developments: customer signals, competitor activity, channels and the wider environment.

Volume

How much data?

Velocity

How quickly does it arrive?

Variety

Which formats and sources?

Veracity

How trustworthy is it?

Big data

Large, fast-moving and diverse datasets can combine internal transactions with external and digital sources.

Value depends on analysis, skills and a useful decision.

3. Compare research purposes and qualitative and quantitative approaches

Research purpose determines the study design

Illustrative question: why are fewer customers renewing a subscription?

Exploratory

Explore experiences and possible explanations.

Example: depth interviews with former customers.

What might explain it?

Descriptive

Measure characteristics, patterns or frequencies.

Example: survey reasons for cancellation.

How common is it?

Causal

Test the effect of a factor while controlling alternatives.

Example: randomised test of a new renewal offer.

What causes a change?

- Qualitative data captures ideas, meanings and experiences.
- Quantitative data captures numerical measures.

3. Compare research purposes and qualitative and quantitative approaches

Research also differs by timing and commissioning

These are separate choices. A study can be custom and continuous, for example.

WHEN IS THE RESEARCH CONDUCTED?

Ad hoc

A project for a specific question or decision.

Continuous / tracking

Repeated measurement to monitor change.

A panel follows same participants. Repeated cross-sectional studies draw new samples.

WHO COMMISSIONS OR USES THE RESEARCH?

Custom research

Designed for one organization's questions.

Syndicated research

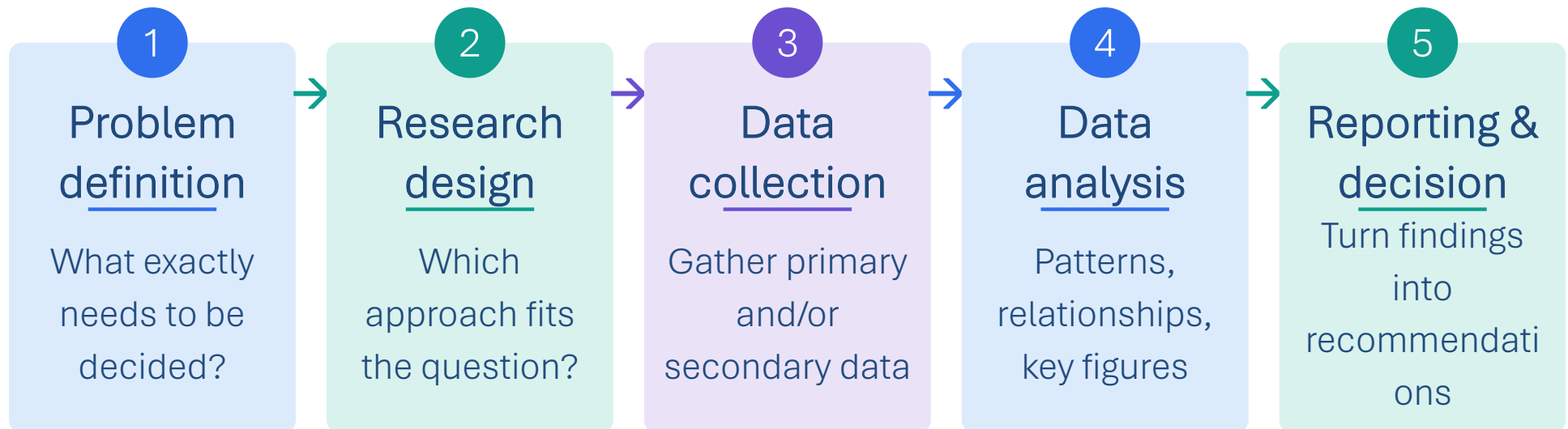
Standardized findings sold to multiple clients.

4. Outline the research process and select an appropriate sampling approach

The research process begins with a decision problem

From business problem to decision

Each step narrows down what to research and how to use the results.

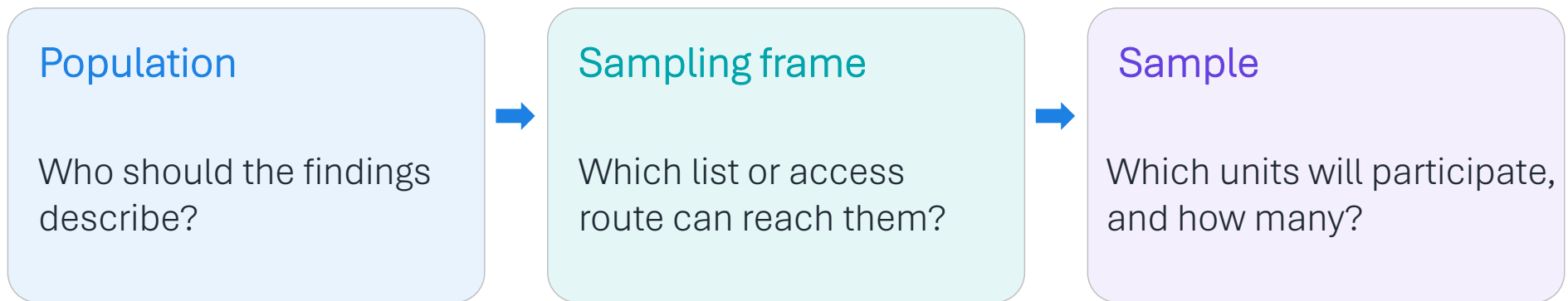


Market research is not an end in itself — it exists to support marketing decisions.

4. Outline the research process and select an appropriate sampling approach

A sample is useful only if it fits the population

A larger sample cannot compensate for systematic selection bias.



Probability sampling

- Known, non-zero selection probabilities.
- Simple random: random selection.
- Stratified: random selection within groups.

Non-probability sampling

- Selection probabilities are unknown.
- Convenience: accessible participants.
- Quota: recruit to specified group targets.

- Choose sample size for the study purpose and design.
- Check coverage and nonresponse as well.

5. Compare primary data collection methods and evaluate online research opportunities.

Survey modes involve different trade-offs

Typical tendencies for structured surveys. The design and target population can change the comparison.

Criterion	Face to face	Telephone	Postal mail	Online
Clarification / probing	High	Possible	None live	None live*
Visual materials	Easy	Limited	Printed	Rich media
Interviewer influence	Possible	Possible	Absent	Absent*
Fieldwork effort	High	Interviewer time	Printing / postage	Low marginal cost
Geographical reach	Travel needed	Remote	Remote, slower	Fast, remote
Coverage risks	Access / location	Phone access	Address quality	Digital access
Who responds?	More observable	Partly verifiable	Less observable	Depends on recruitment

Response rates depend on recruitment, topic, incentives and follow-up. Online surveys can also support experiments.

*Self-administered online questionnaire.
Live online interviews are a different format.

5. Compare primary data collection methods and evaluate online research opportunities.

Online behavior informs personalization, with limits

Observed activity can reveal patterns. It does not directly reveal every motive or need.



Example: NETFLIX

Viewing history and ratings help estimate what a member may enjoy.
Recommendations are predictions, not certainty.

DISCUSS: When does useful personalization begin to feel intrusive?

Consider transparency, user control, data minimization and biased or incomplete signals.

5. Compare primary data collection methods and evaluate online research opportunities.

Current trends in market research

Speed and automation are rising — but methodological rigor still matters most.

S

Social listening

Automated analysis of social media content to capture opinions, sentiment, and trends in real time.

D

Big data

Using large, often unstructured data sets (transactions, click paths, sensor data) for deeper, more granular insight.

A

AI-assisted research

Automated text analysis, predictive analytics, and AI-generated synthetic audiences complement classic methods.

Common thread: speed and automation are increasing — classic methodological skill remains the foundation for interpretation.

5. Compare primary data collection methods and evaluate online research opportunities.

Ethical aspects of market research

Good methodology still has to be conducted responsibly.

✓ Informed consent

Participants must agree voluntarily and with full knowledge of purpose, procedure, and data use.

✓ Data protection (GDPR)

Collecting, storing, and processing personal data must be lawful and transparent.

✓ Anonymity & confidentiality

Personal details are protected; results are reported only in aggregated, non-identifiable form.

✓ No manipulation

Even with nudging or experiments, participants must never be deceived or pressured.

6a. Segmentation and Positioning

Learning objectives

01	Purpose	Explain how segmentation helps firms create customer value.
02	Segmentation bases	Compare behavioral, psychographic, demographic and geographic variables.
03	Effective segments	Assess whether segments are useful for marketing decisions.
04	Targeting	Compare targeting approaches and sources of differentiation.
05	Positioning	Develop a positioning statement and interpret a perceptual map.
06	Repositioning	Explain how a firm can change its market position.

1. Explain how segmentation helps firms create customer value.

Customer strategy connects four decisions

Choose whom to serve, then define and deliver a meaningful value proposition.

SELECT CUSTOMERS

Segmentation



Which groups have different needs or responses?

Targeting



Which segment or segments will the firm serve?



DEFINE CUSTOMER VALUE

Differentiation



What valuable difference can the offering deliver?

Positioning



How should target customers perceive it against alternatives?

Better fit can support retention, growth, profitability + more relevant communication.

2. Compare behavioral, psychographic, demographic and geographic variables

Four bases describe different aspects of customers

Useful segmentation often combines variables rather than relying on one characteristic.

Behavioral



What do they seek or do?

Benefits: convenience, status, performance
Occasion: everyday purchase or gift
Loyalty, switching and adoption
Usage intensity and media behavior

Psychographic



What matters to them?

Values and lifestyle
Interests and activities
Personality characteristics
Attitudes towards products or consumption

Demographic



Who are they?

Age, gender and life stage
Education and occupation
Income and household structure
Socioeconomic profile

Geographic



Where are they?

Country, region and language area
Urban or rural setting
Neighborhood or postcode
Geodemographics combines place + profile

3. Assess whether segments are useful for marketing decisions.

Five tests distinguish useful segments from labels

A segment must support a different and feasible marketing response.

- | | | |
|---|----------------|---|
| 1 | Measurable | Can we describe and estimate it?
Size, purchasing power and relevant characteristics. |
| 2 | Accessible | Can we reach and serve it?
Suitable channels, communication and distribution. |
| 3 | Substantial | Is it worth serving?
Enough economic potential for the intended strategy. |
| 4 | Differentiable | Does it respond differently?
Meaningful differences in needs or marketing response. |
| 5 | Actionable | Can we deliver an appropriate offer?
Capabilities and resources to act on the distinction. |

Discussion: would “people who like blue” be a useful segment for a backpack brand?

3. Assess whether segments are useful for marketing decisions.

Similar demographics can hide different needs

Psychographics describes lifestyle, values and personality. Commercial systems often combine several data types.



Illustrative: similar age and income, different backpack priorities.

Multivariable segmentation

Combines location, demographics, lifestyle and behavior to create more detailed customer groups.

Commercial examples

Acxiom Personix- Experian Mosaic

Used for profiling and local targeting.

Group profiles do not describe every individual.

3. Assess whether segments are useful for marketing decisions.

Data Driven Segmentation Models

Trends in Marketing Technology (software, tools and platforms)

- 
Customer Value value to the company, based on current or potential revenue.
- 
Product Preferences purchased products/services
- 
Loyalty retention & share of wallet
- 
Price Sensitivity reaction to price changes
- 
Usage Behavior frequency & engagement of product or service usage

Customer data platforms unify fragmented data, AI dynamically adapts customer segments to enable personalized engagement across touchpoints in real time.

3. Assess whether segments are useful for marketing decisions.

Personas make customer needs concrete

A persona is a fictional customer profile based on research that represents shared needs and behaviors within a target segment.

FROM SEGMENT TO PERSONA

Segment: commuters seeking a practical everyday backpack



Alex, commuter

Illustrative persona

Goal

Carry a laptop comfortably in the rain.

Barrier

Unsure about fit and durability.

FROM INSIGHT TO MARKETING

Needs reliable protection

Product: rain protection and padded storage.

Worries about comfort

Content: show fit, weight and everyday use.

Compares online, wants to try

Channels: clear web information and an in-store trial.

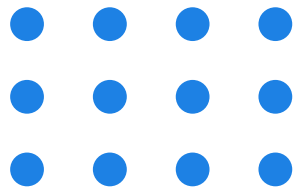
Research first: validate needs and behaviors, avoid stereotypes, update regularly.

4. Compare targeting approaches and sources of differentiation.

Targeting ranges from a common offer to individual fit

Choice depends on customer differences, resources and the economics of adaptation.

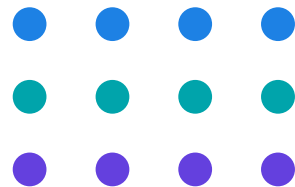
Undifferentiated



One offer for the broad market.

Scale and consistency

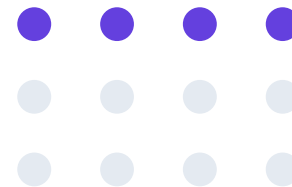
Differentiated



Separate offers for several selected segments.

More segment fit, more coordination

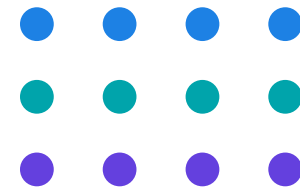
Concentrated



Focus on one or a few niches.

Depth of expertise, concentrated risk

Micromarketing



Adapt to a local group or individual.

High relevance, greater complexity

Broad coverage

Local or individual fit



4. Compare targeting approaches and sources of differentiation.

Differentiation gives customers a reason to choose

Competitive advantage depends on delivering greater perceived value than relevant alternatives.

Comparable benefits at a lower price / Added benefits that justify a higher price

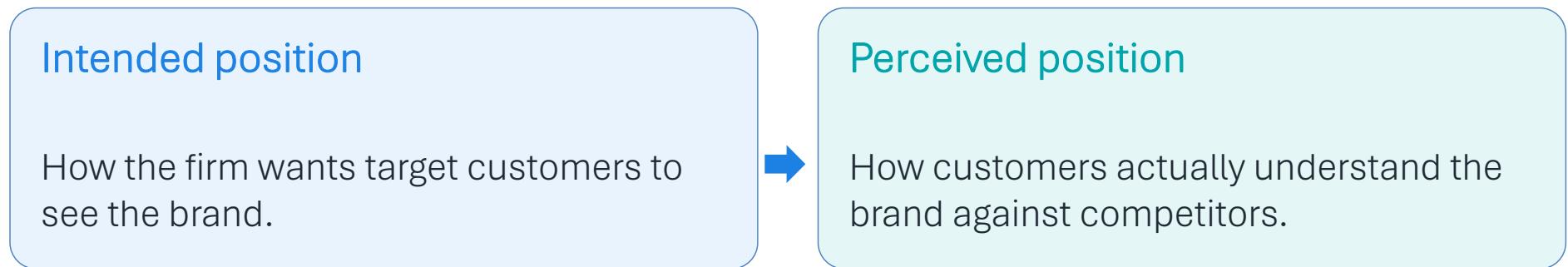
- | | | |
|----|----------|---|
| 01 | Product | Features, performance and reliability |
| 02 | Services | Convenience, support and advice |
| 03 | Channels | Availability and ease of access |
| 04 | People | Skills and quality of interaction |
| 05 | Image | Distinctive and credible brand associations |

A useful difference matters to the target customer and can be delivered credibly.

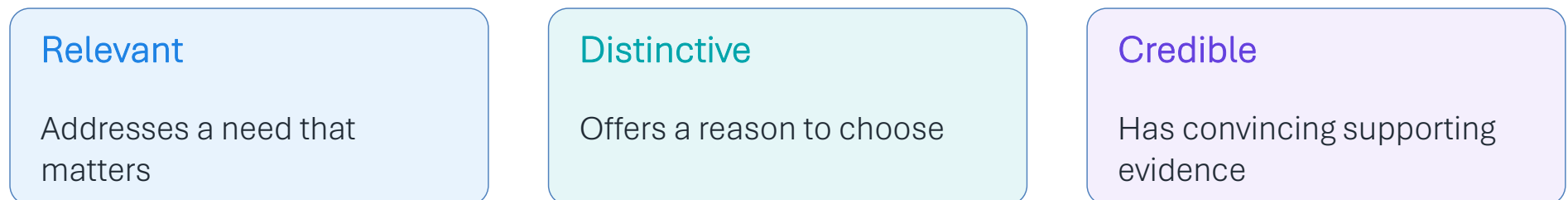
5. Develop a positioning statement and interpret a perceptual map.

Positioning is the place a brand holds in customers' minds

A meaningful position connects a customer need with a distinctive benefit relative to alternatives.



The offering and customer experience connect the two.



5. Develop a positioning statement and interpret a perceptual map.

A positioning statement makes the strategic choice explicit

The statement guides decisions internally. It is NOT an advertising slogan.

For	Target customer and need
Our brand is	Category or frame of reference
That offers	Relevant point of difference
Because	Evidence or reason to believe



EXAMPLE · MILKA (not an official company statement)

For chocolate lovers seeking a gentle treat, Milka is a chocolate brand offering a tender taste, supported by its Alpine milk association.

PAIR TASK: Write a statement for a favorite brand using all four elements.

Then ask: is the difference specific, relevant and supported?

5. Develop a positioning statement and interpret a perceptual map.

Perceptual maps show how customers see alternatives

Select meaningful attributes and use customer evidence to locate competing brands.

1 Choose competitors

Define the category and target customers.

2 Identify attributes

Find dimensions that influence choice.

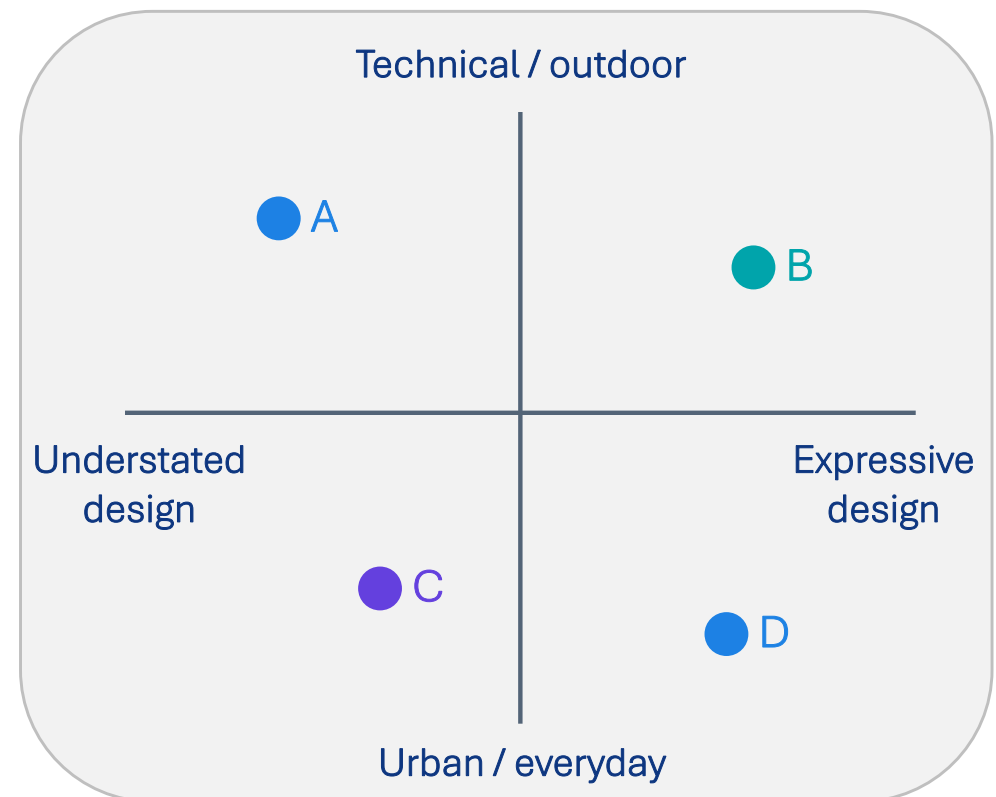
3 Collect perceptions

Ask customers to rate the brands.

4 Plot and interpret

Look for clusters, gaps and trade-offs.

BACKPACKS · ILLUSTRATIVE POSITIONS

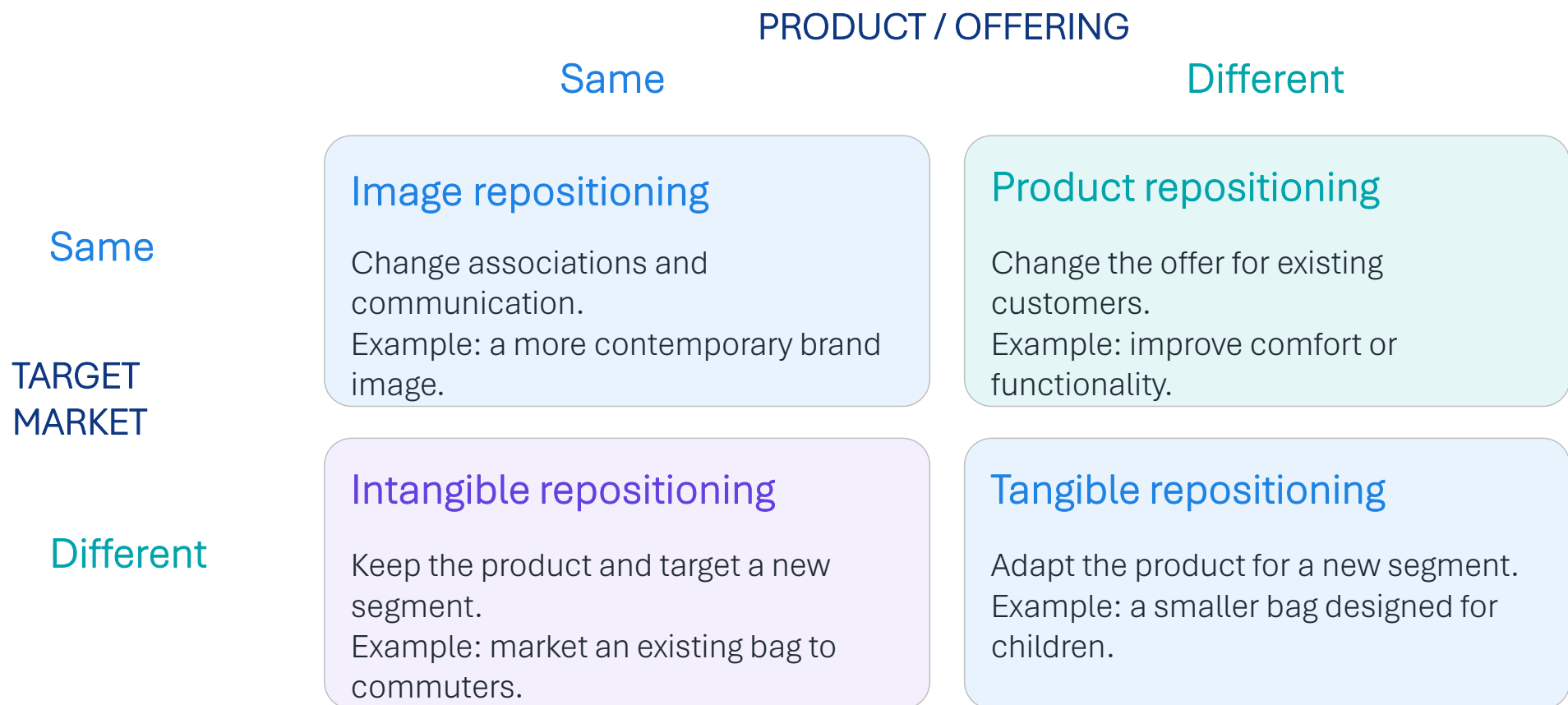


Price and perceived quality might not be useful axes.
Avoid redundant dimensions and unsupported placements.

6. Explain how a firm can change its market position.

Repositioning can change the product, the market or both

The aim is to alter the offering's meaning or relevance for a chosen audience.



Illustrative examples. Any new position needs a credible offer and customer acceptance.

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	
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

6b. Products and branding

Learning objectives

- | | | |
|----|--------------------|---|
| 01 | Product value | Define a product and distinguish its three levels. |
| 02 | Product portfolio | Explain product line and product mix decisions. |
| 03 | Product and brand | Distinguish products from brands and explain brand equity and benefits. |
| 04 | Brand strategy | Compare brand naming, architecture and development strategies. |
| 05 | Portfolio planning | Apply the BCG matrix and recognise its limitations. |

1. Define a product and distinguish its three levels.

A product is an offering that satisfies a need

Products include physical goods, services, experiences, places, people, organisations and ideas.

Customers buy a useful outcome, supported by an offering.

Consumer products

Bought by final consumers for personal use.

Example: a microwave for a home kitchen.

Business / industrial products

Bought for further processing or business operations.

Example: a microwave for a staff kitchen.

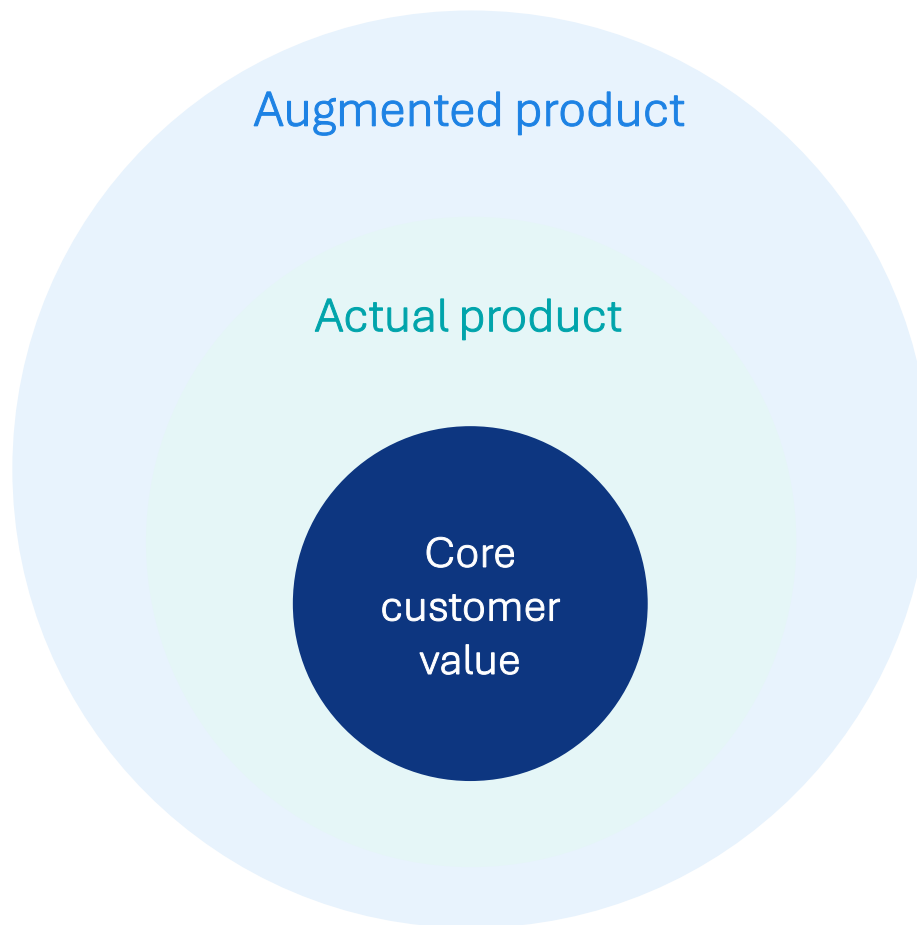
Business categories include materials and parts, capital items, supplies and services.

The purpose of the purchase determines the classification, not the object alone.

1. Define a product and distinguish its three levels.

Three product levels build the complete offering

A microwave illustrates the core benefit along with features + supporting services.



CORE · Quick, convenient food preparation

ACTUAL · Capacity, controls, power settings, design, quality, packaging and brand.

AUGMENTED · Delivery, setup guidance, customer support and warranty service.



1. Define a product and distinguish its three levels.

Individual product decisions shape the customer experience

Attributes, identity, packaging and services need to work together.

Attributes

Quality, features, style and design

What must the product do well?

Branding

Name, signs, symbols and visual identity

How will customers recognize it?

Packaging

Protection, containment, convenience, information and branding

How does the package work across its life cycle?

Labelling

Identification, attributes, instructions and relevant product information

What does the customer need to know?

Support services

Delivery, setup, advice, maintenance and repair

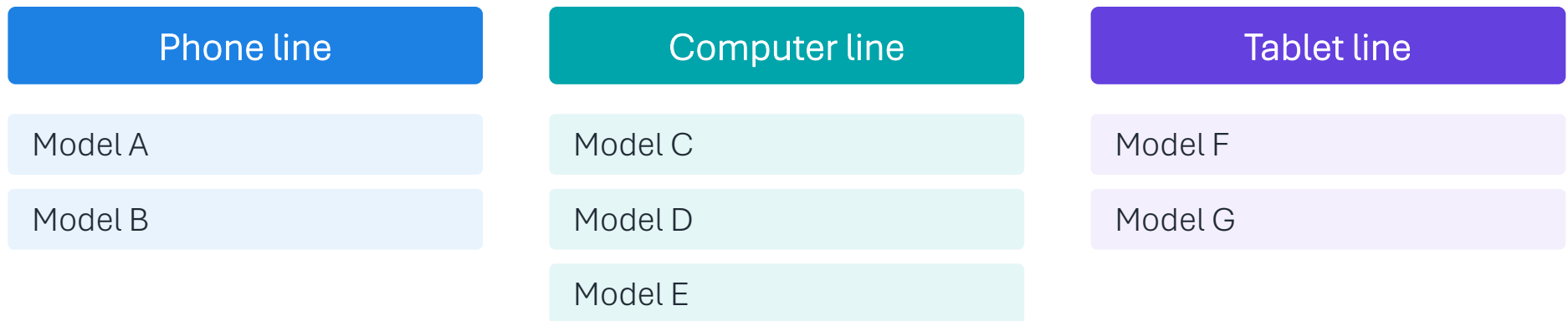
What helps customers achieve the benefit?

Servitization adds service value around a product. Its benefits depend on execution.

2. Explain product line and product mix decisions.

A product mix has width, length, depth and consistency

A product line groups related products. The mix contains all the lines and items the seller offers.



ILLUSTRATIVE TECHNOLOGY PORTFOLIO · 3 lines, 7 product items

Width

3 product lines

Length

7 items across all lines

Depth

Versions of one item, e.g. storage and colour

Consistency

How closely lines relate in use, production or channels

3. Distinguish products from brands and explain brand equity and benefits

Products deliver benefits and brands add meaning

Branding creates recognizable identity and associations that distinguish an offering from alternatives.

Product

The good, service or other offering that meets a need.

Functional performance and the actual experience.

Brand

The identifying name or symbols and the associations customers attach to them.

Recognition, expectations and meaning.

Example: an iPhone is a product sold under the iPhone and Apple names. Its brand meaning extends beyond its technical features.

A name or logo identifies the offer. Customer experience determines whether its promise is credible.

3. Distinguish products from brands and explain brand equity and benefits

Brand equity changes how customers respond

Customer-based brand equity is the difference that brand knowledge makes to response to the offer and its marketing.

Benefits for customers

- Easier recognition and choice
- Less search effort
- A signal of expected quality
- Lower perceived purchase risk
- Functional and symbolic meaning

Benefits for companies

- Preference and loyalty
- Potential pricing power
- Defense against competitors
- A base for extensions
- More effective marketing

Brand equity concerns customer response.
Brand value estimates the brand's financial worth.

Benefits are earned and can be lost. A familiar brand can also evoke negative associations.

3. Distinguish products from brands and explain brand equity and benefits

Brand strategy coordinates four sets of decisions

A consistent strategy connects customer meaning with the way the brand is named, used and developed.

Positioning

Attributes, benefits, beliefs and values

What should the brand stand for?

Name selection

Memorability, relevance, distinctiveness and protection

How will people identify it?

Brand sponsorship

Manufacturer brand, private label, licensing or co-branding

Whose name supports the offer?

Brand development

Line extensions, category extensions, multibrands or new brands

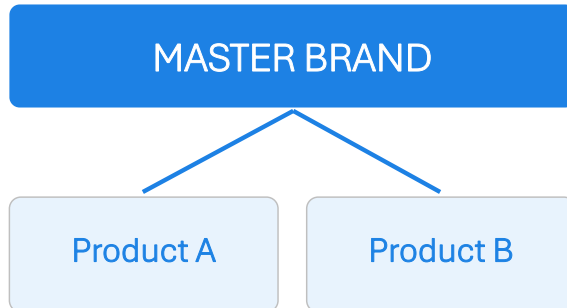
How should the portfolio grow?

3. Distinguish products from brands and explain brand equity and benefits

Brand architecture defines relationships between names

These are common patterns. Many firms use a hybrid architecture.

Family / umbrella

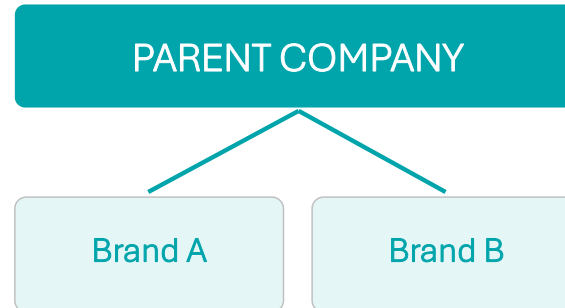


One shared name across several products.

Example: Nivea

Shared recognition; shared reputational risk.

Individual brands

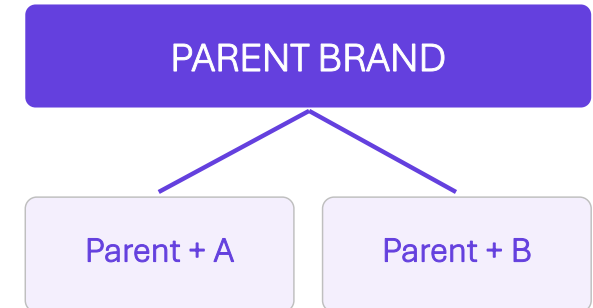


Distinct brands address different markets.

Example: P&G

Focused positioning; separate investment.

Combination



A parent name endorses or combines with a specific name. Example: BMW

Transfers credibility; requires clear relationships.

4. Compare brand naming, architecture and development strategies.

A brand name must be memorable and usable

Naming choices should support the positioning and work in the intended markets.

Selection considerations

- Positive, relevant associations
- Easy to pronounce and remember
- Distinctive from alternatives
- Meaningful across languages
- Suitable for future development

Name type	Illustrative example
Descriptive	General Motors
Evocative/ associative	Amazon
Invented	Kodak
Wordplay / lexical	Flickr
Acronym	IBM
Geographical	Air France

Check availability and earlier rights before commitment.

4. Compare brand naming, architecture and development strategies.

Brands need protection and clear rules for shared use

A brand is a market asset. A trademark is a form of legal protection for a distinguishing sign.

Protecting identifiers

Names, logos and other eligible signs can receive trademark protection.

Registration is a central route. Protection and clearance depend on territory and the goods or services.

Germany also recognizes protection arising through qualifying use or reputation.

Licensing

Permission to use a brand under agreed conditions.

Co-branding

Two brands appear together on an offering.

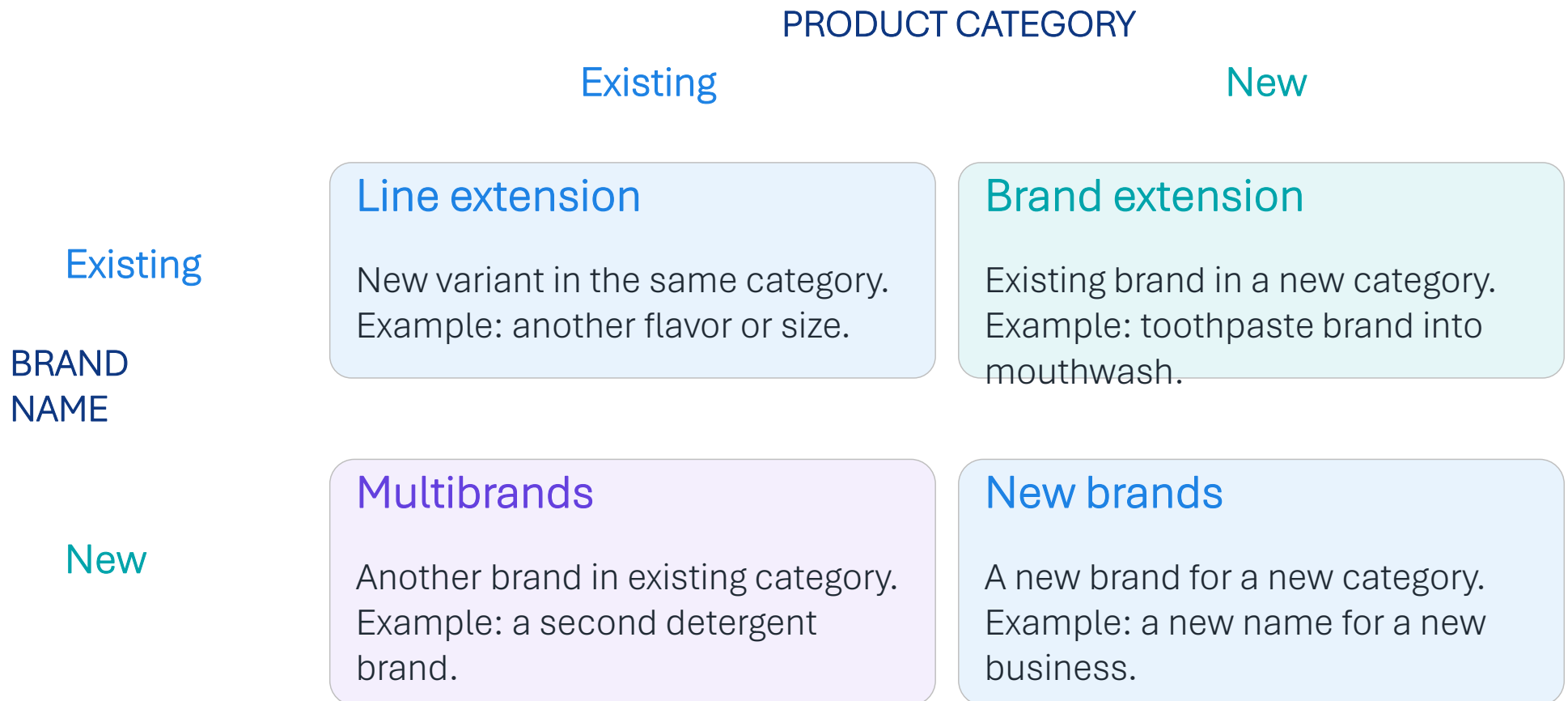
Ingredient branding

A branded component signals value within another product.

4. Compare brand naming, architecture and development strategies.

Brand development depends on the name and category

A clear distinction between line extension and category extension avoids confusion.



Extensions may transfer equity, but poor fit or performance can weaken the parent brand.

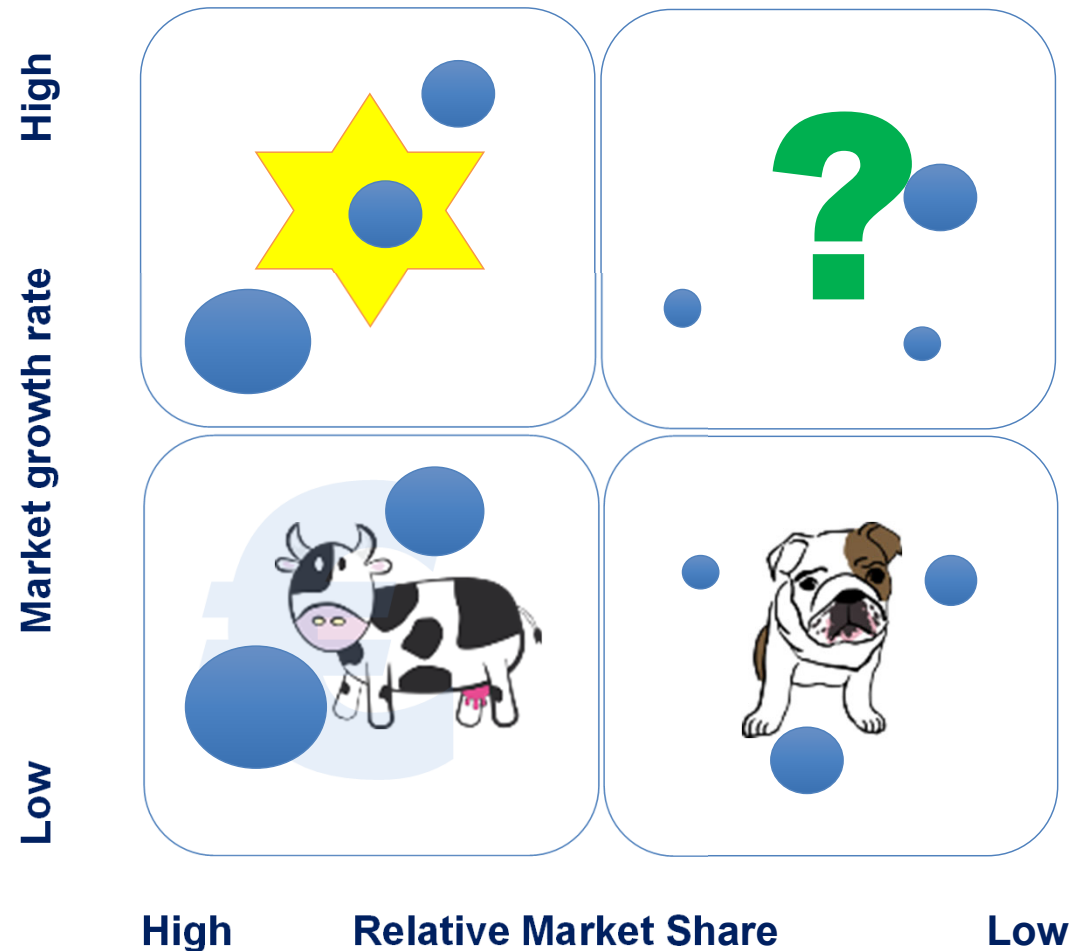
5. Apply the BCG matrix and recognize its limitations.

The BCG matrix frames portfolio investment choices

The BCG matrix aims to support budget allocation by management.

Market growth and relative market share are indicators, not complete measures of attractiveness or performance.

Define the market, growth threshold and unit of analysis before classifying the portfolio.



Relative market share = our market share ÷ the largest competitor's market share.

New Product Development

Learning objectives

- | | | |
|-------|-------------------------|---|
| 01 | Innovation choices | Explain why firms develop new products and distinguish degrees of product newness. |
| <hr/> | | |
| 02 | Development process | Describe and evaluate the stages from idea generation to testing and commercialization. |
| <hr/> | | |
| 03 | Life cycle and adoption | Compare product life-cycle strategies and explain differences in the timing of customer adoption. |

1. Explain why firms develop new products and distinguish degrees of product newness

What is innovation?

“New” can mean an improvement—or an entirely new offer Development helps firms respond to changing needs, renew their portfolio and pursue growth.

Product replacements

Revisions or improvements to an existing product. Example: a quieter, more efficient appliance.

Line extensions

Additional variants within an existing line. Example: a new size or flavour.

New product lines

A category that is new to the company. Example: a backpack brand adds luggage.

New-to-the-world products

A genuinely novel offer that may establish a new category or market.

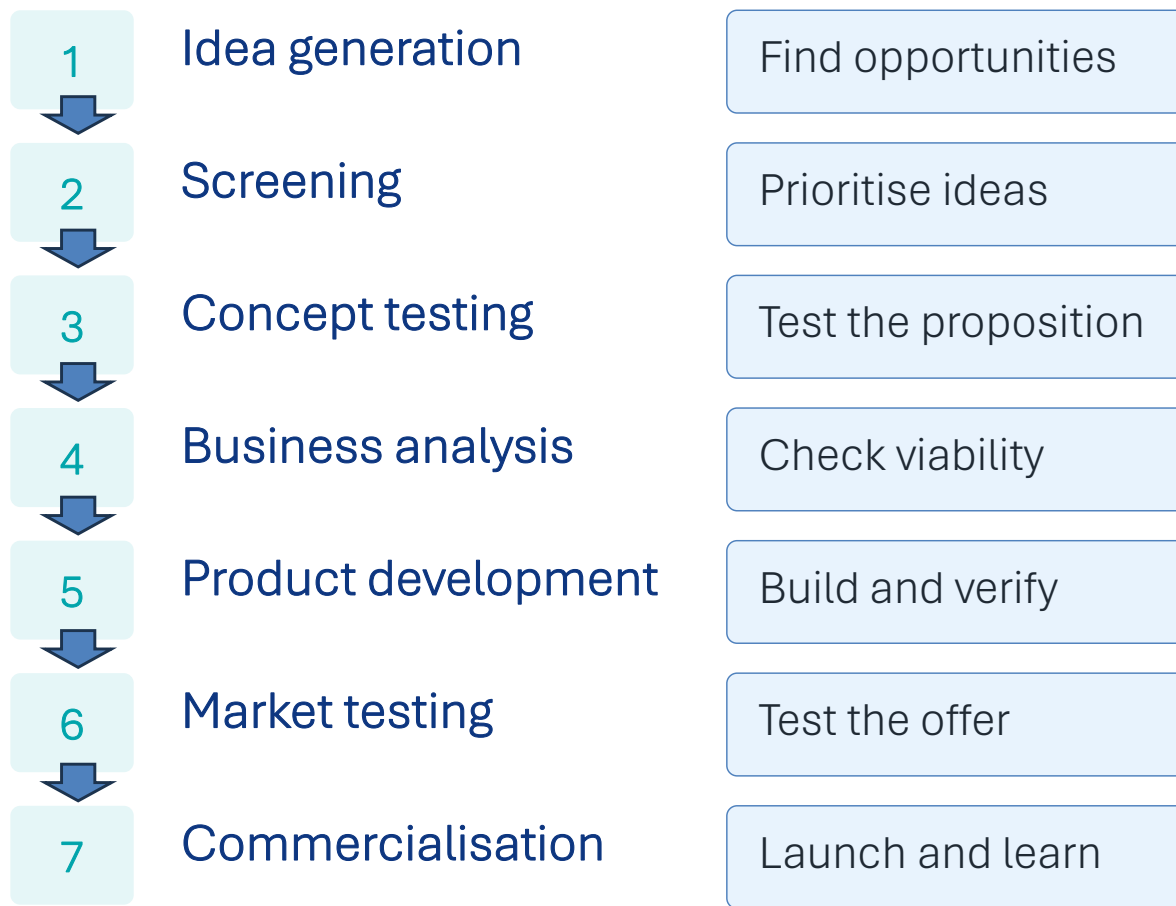
Pioneer or follower?

Weigh learning costs, uncertainty, speed and the ability to capture value.

2. Describe and evaluate the stages from idea generation to testing and commercialization.

Develop in stages; use evidence to decide what happens next

A simplified development process: progress, revise or stop as uncertainty is reduced.



Hybrid models retain the strategic milestones of **Stage-Gate** while allowing flexibility within development stages through **agile** approaches such as Scrum and iterative sprints.

2. Describe and evaluate the stages from idea generation to testing and commercialization.

Good ideas combine company knowledge with outside insight

Start from an unmet need or an opportunity — not only from a technology or a brainstorming session.

Company-led discovery

- Combine expertise from R&D, marketing, sales and service.
- Observe customer difficulties and emerging trends.
- Study complaints, usage and competitors.
- Generate alternative solutions through structured ideation.

Collaborative discovery

- Open innovation: work with external partners and knowledge.
- Lead users: learn from people with needs ahead of the wider market.
- Co-creation: involve customers in developing solutions.
- Customization and self-design reveal valued choices.

Example: observe why children resist toothbrushing before proposing another toothbrush design.

2. Describe and evaluate the stages from idea generation to testing and commercialization.

Screen ideas before committing major resources

Keep promising opportunities, identify missing evidence and stop ideas that do not fit.

Customer & market

Who is the target? How large is the opportunity? Which need is insufficiently served?

Competitive position

What alternatives exist? Why would buyers prefer this offer?

Portfolio & channels

Could it cannibalise existing products?
Can current channels support it?

Strategic & operational fit

Does it fit our objectives? Do we have the resources and capabilities to deliver?

PROCEED

REVISE / RESEARCH

STOP

2. Describe and evaluate the stages from idea generation to testing and commercialization.

3 Tests answer three different development questions

A compelling idea still needs customer appeal, viable economics and a workable solution.

Concept testing

Do customers want it?

Present the idea in meaningful customer terms.

Assess understanding, relevance, credibility and perceived value.

Business analysis

Can it make business sense?

Estimate demand, price, costs, investment and profitability.

Test assumptions under alternative scenarios.

Product development

Can we deliver it?

Build prototypes or service pilots.

Verify performance, usability, quality and feasibility.

Stated purchase interest is evidence to investigate; it is not the same as actual sales.

2. Describe and evaluate the stages from idea generation to testing and commercialization.

A product concept makes an idea concrete enough to test

Use a consistent presentation so respondents evaluate the proposition rather than different layouts.

Example Concept Standard



1 **Introducing Elation Facial Crema, All-Natural Facial Care**

Tired of artificial formulas that fail to deliver on their promises? Elation's Facial Crema is an all-natural facial-care system that cleans and protects your skin from harmful pollutants. Elation Facial Crema System:

- Evens skin tone
- Minimizes pores
- Brightens dull skin
- SPF 30
- Hydrates and nourishes
- Promotes soft skin

Elation's Facial Crema is made from all-organic and responsibly farmed ingredients that include: starfish extract, aloe vera, tea tree oil, organic beeswax.

2 **ELATION**
OUR COSMETIC BRAND

3

4 Size: 8oz

5

6

Each Concept Must Have:

1 Headline	5 New Product Description and Benefits
2 Brand Name	6 Neutral Prose
3 Illustration of Package	7 Same Layout, Fonts, and Font Sizes
4 Package Size Reference	

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Concept checklist

- 1 Clear headline and product description
- 2 Brand name and package illustration
- 3 Package size or usage reference
- 4 Customer benefits and reasons to believe
- 5 Neutral wording and comparable layouts

Discuss: Is this example's wording genuinely neutral?

2. Describe and evaluate the stages from idea generation to testing and commercialization.

Market testing checks the offer before a wider launch

Test the product together with relevant parts of the marketing program—not just product liking.

Field test

- Trial in a real buying environment: selected stores, regions or a controlled webshop rollout.
- Observe conversion, usage, repeat purchase and operational delivery.

Simulated test market

- Recreate relevant shopping and choice conditions in a controlled setting.
- Gain control and speed, but check how well behavior transfers to the market.

Commercialisation: introduce the product to the market

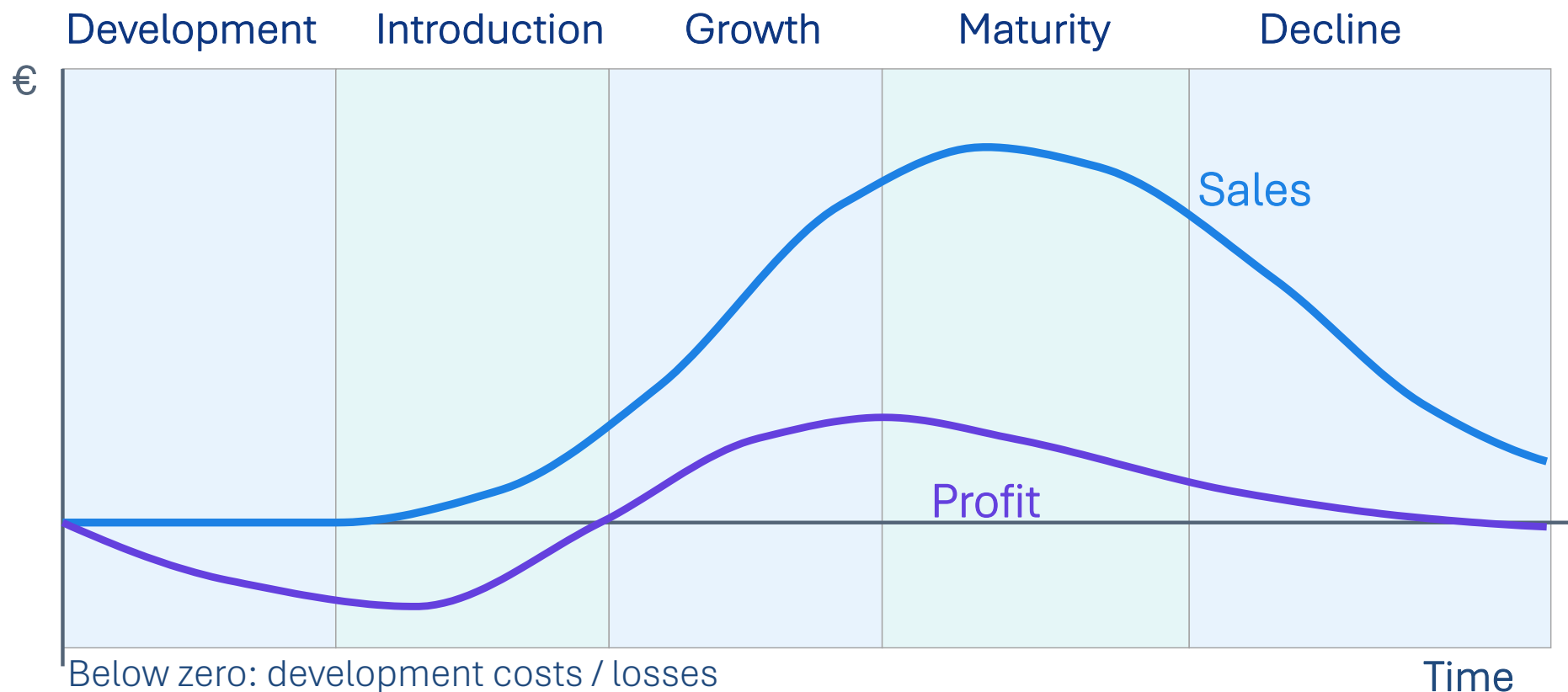
Decide launch timing, target market, channels, capacity, support and success measures.

A sensory or prototype test alone is not a complete test market. Match the method to the question.

3. Compare product life-cycle strategies + explain differences in timing of customer adoption.

The product life cycle links market development to economics

An illustrative pattern of sales and profit over time—not a prediction of every product's future.



Stage length and curve shape vary. Marketing decisions can influence the trajectory.

3. Compare product life-cycle strategies + explain differences in timing of customer adoption.

Review the marketing strategy as conditions change

Life-cycle stages suggest questions and options; they do not prescribe one fixed marketing mix.

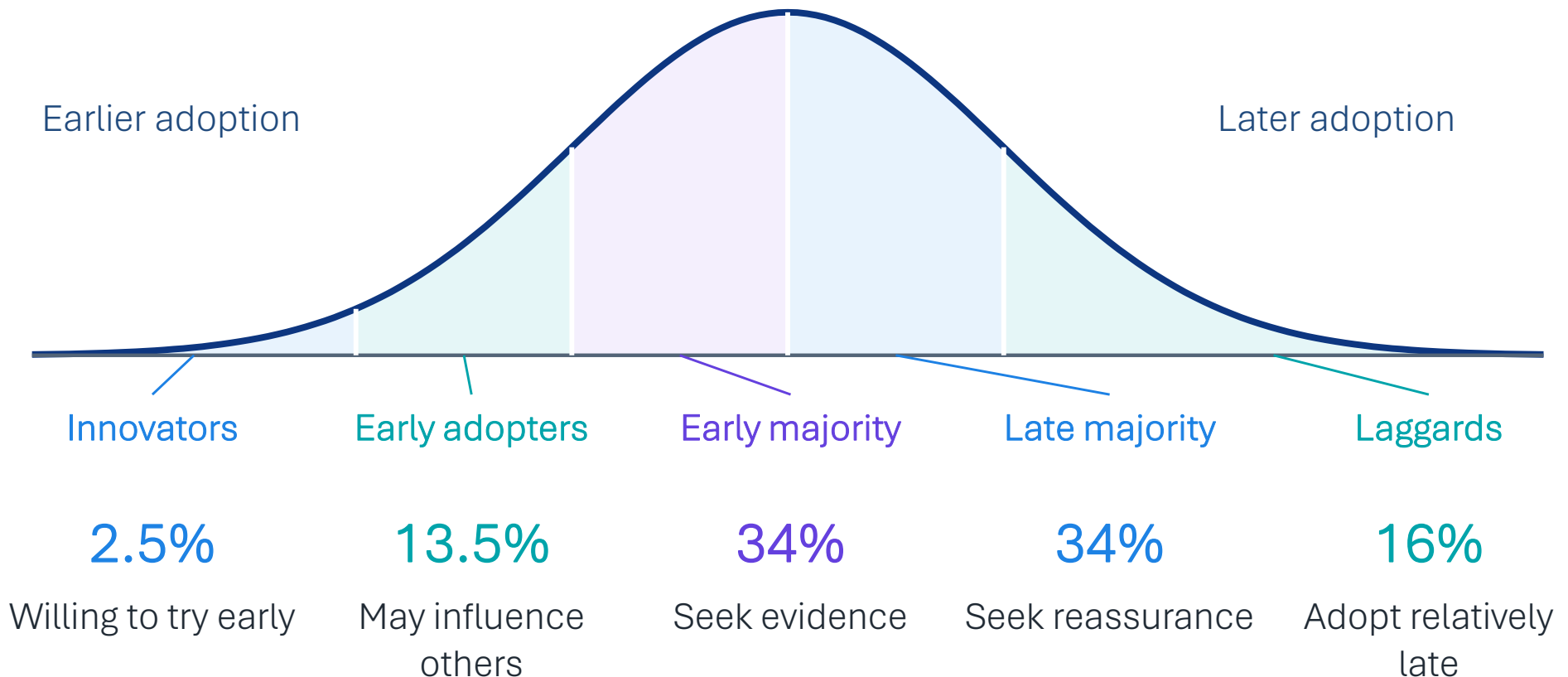
Decision	Introduction	Growth	Maturity	Decline
Objective	Build awareness and trial	Build preference and adoption	Defend value and loyalty	Renew, harvest or withdraw
Product	Prove the core benefit	Improve and differentiate	Refresh and optimise the line	Focus or reposition
Promotion	Explain and encourage trial	Support preference and repeat buying	Reinforce benefits and retention	Target remaining profitable demand
Price	Skimming or penetration	Review value and competition	Manage margins and differentiation	Context-dependent; not always lower
Distribution	Secure suitable initial access	Expand suitable market coverage	Optimise coverage and efficiency	Review profitable outlets / channels

Diagnose customer needs and economics before deciding whether to invest, adapt or exit.

3. Compare product life-cycle strategies + explain differences in timing of customer adoption.

Customers adopt an innovation at different times

Rogers' adopter categories describe relative adoption timing within a social system.



These are model proportions, not a sales forecast. Late adopters are not the same as non-adopters.

3. Compare product life-cycle strategies + explain differences in timing of customer adoption.

Five perceived attributes influence the rate of adoption

Rogers: adoption depends on how potential users perceive the innovation—not only on its technical features.

Attribute	The customer's question	Marketing implication
Relative advantage	Is it better than what I use now?	Make the improvement visible: benefits, savings or convenience.
Compatibility	Does it fit my needs, values and habits?	Connect the offer to existing routines and experience.
Complexity	How difficult is it to understand and use?	Simplify the offer, setup and learning process.
Trialability	Can I try it before committing?	Provide demonstrations, samples or limited trials.
Observability	Can I see the results for other users?	Show observable outcomes through demonstrations and user examples.

Adoption tends to be faster with more advantage, compatibility, trialability and observability—and less complexity.

7. Service marketing

Learning objectives

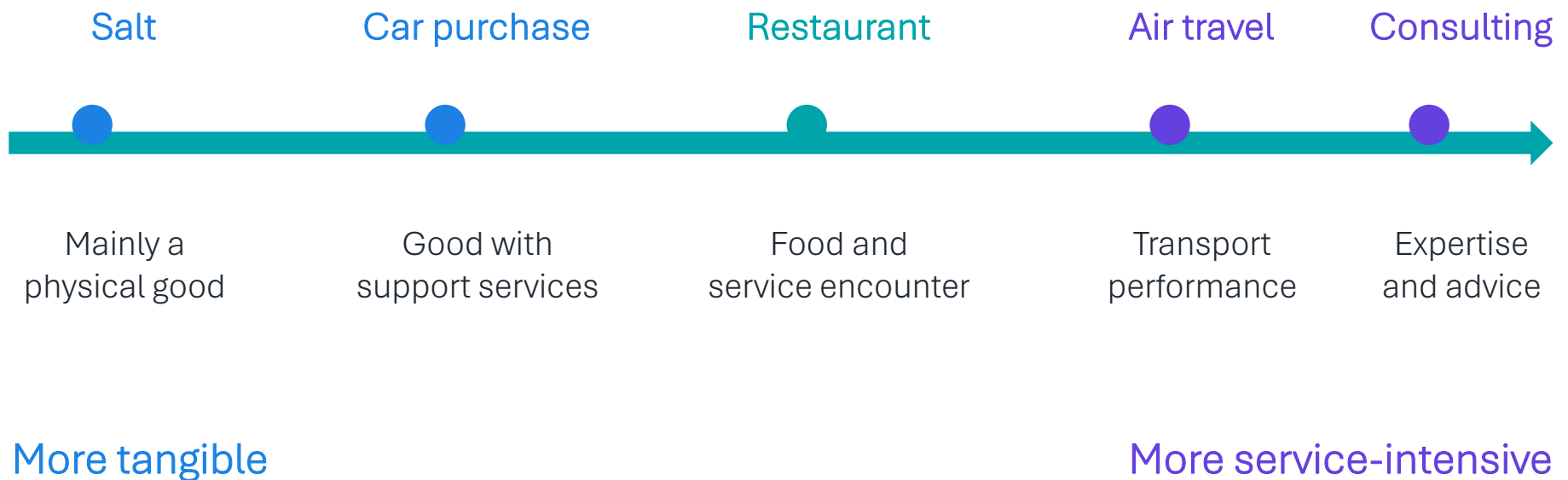
- | | | |
|----|-------------------------|---|
| 01 | Service characteristics | Define services and explain the implications of their four traditional characteristics. |
| 02 | Services marketing mix | Apply people, process and physical evidence alongside the four Ps. |
| 03 | Service management | Explain how providers can improve quality, productivity and customer relationships. |
| 04 | Quality measurement | Compare expectations with perceptions and use SERVQUAL, SERVPERF and the gap model. |

1. Define services and explain the implications of their four traditional characteristics.

Most offerings combine goods and services

A service is an activity, performance or benefit. Customers often gain access or an outcome rather than ownership of a physical object.

The balance between tangible elements and service performance varies.



The continuum is illustrative. A service still relies on physical assets, people and systems.

1. Define services and explain the implications of their four traditional characteristics.

4 service characteristics create management challenges

These traditional characteristics vary by service. Digital and standardized services may differ from the textbook pattern.

Characteristic	Typical implication	Possible response
Intangibility	Quality can be difficult to evaluate before purchase.	Provide evidence, demonstrations and credible reassurance.
Inseparability	Production and consumption often involve the customer.	Design the interaction and clarify customer participation.
Variability	Performance can vary across people, settings and occasions.	Train, support and standardize critical steps.
Perishability	Unused time-specific capacity cannot be sold retrospectively.	Manage appointments, demand and flexible capacity.

2. Apply people, process and physical evidence alongside the four Ps.

The services marketing mix extends the four Ps

People, process and physical evidence make the service promise tangible and deliverable.

Product



Benefit and service offer

Price



Fees and perceived value

Place



Access and delivery channels

Promotion



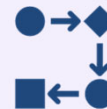
Communication and promises

People



Employees, customers and others involved in delivery.

Process



The steps, systems and handovers through which service happens.

Physical evidence



The setting and tangible cues used to assess the service.

Service branding connects the promise with these seven elements. It is not an additional P.

2. Apply people, process and physical evidence alongside the four Ps.

People and evidence make service differences visible

Customers judge the service encounter through interaction, surroundings and signs of reliable performance.

People

Competence, courtesy and responsiveness
Clear communication and empathy
Employee support and decision authority
Customer participation in delivery



The encounter combines human behavior with supporting systems.

Physical evidence

Layout, cleanliness and equipment
Signs, documents and visual identity
Ambient conditions and accessibility
Visible evidence of service standards



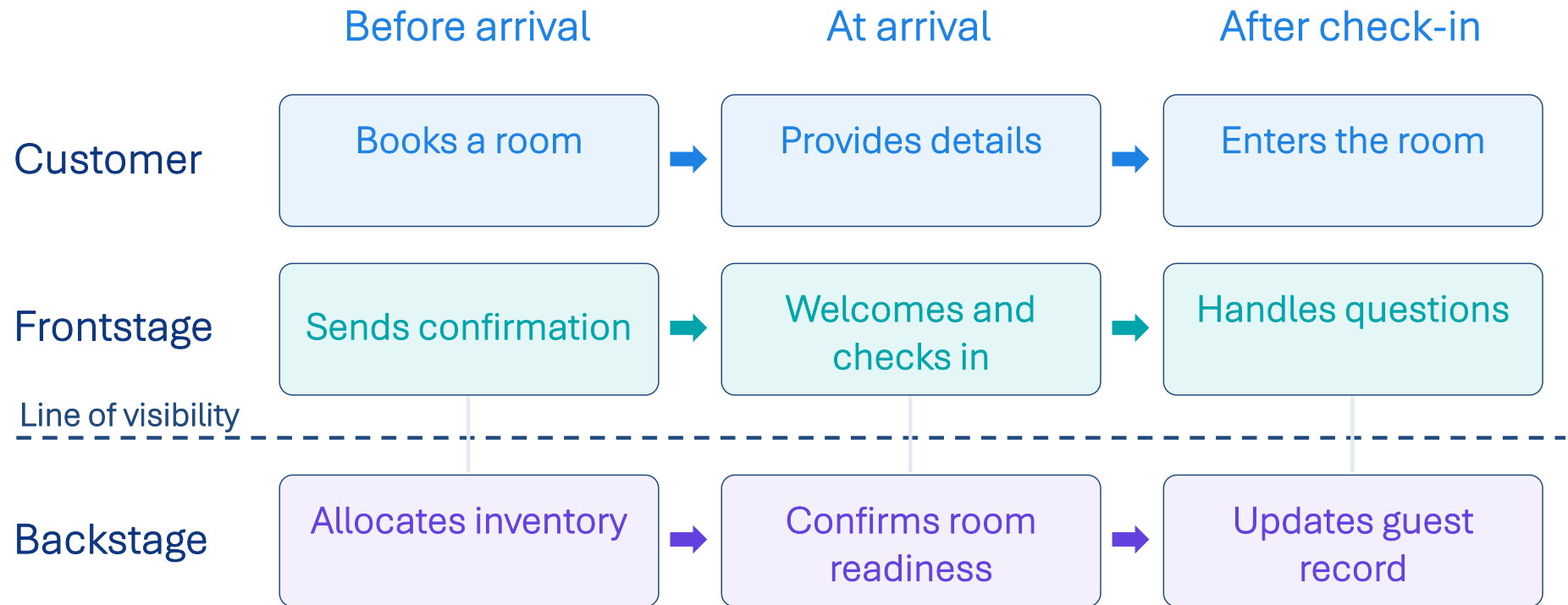
The servicescape shapes expectations and evaluations.

Differentiation must be supported by delivery. A memorable name alone cannot establish quality.

2. Apply people, process and physical evidence alongside the four Ps.

A service process links visible contact with backstage work

Hotel check-in blueprint: the customer sees only part of the delivery system.



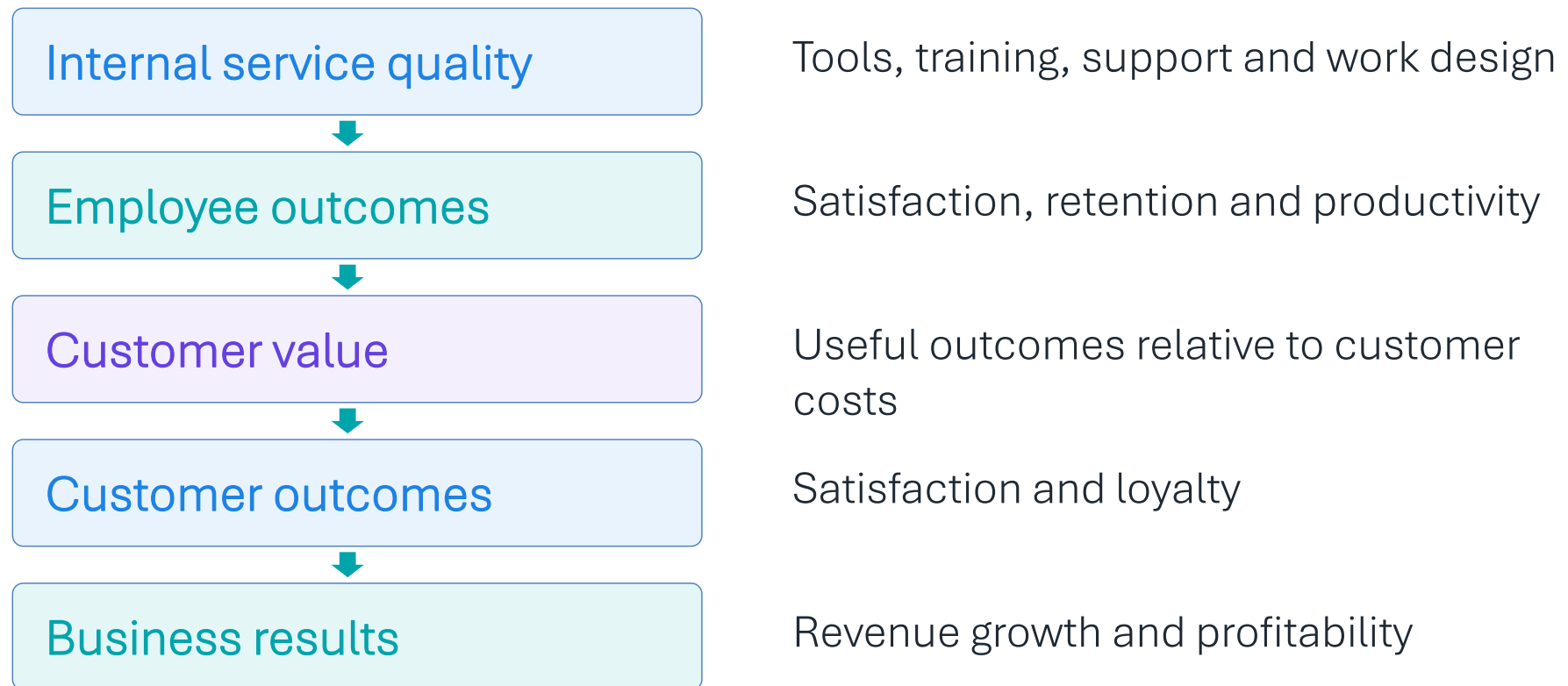
Productivity improves when delays, duplication and rework fall. Self-service should also preserve access to help.

Evaluate speed and cost alongside errors, customer effort and service outcomes.

3. Explain how providers can improve quality, productivity and customer relationships.

The service-profit chain begins inside the organization

The model links employee conditions and service value with customer relationships and business results.

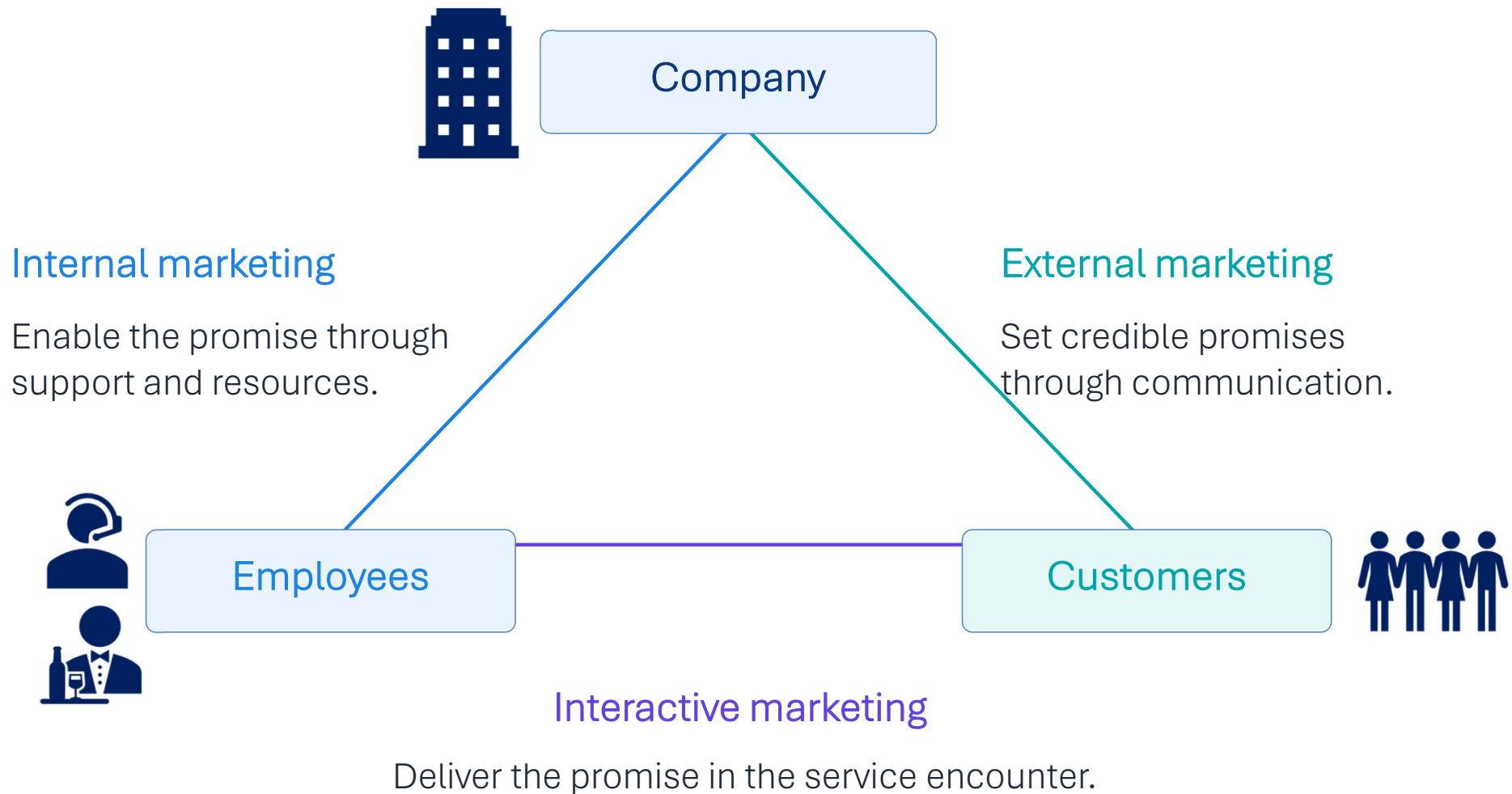


The links need measurement. Employee satisfaction alone does not guarantee profitable growth.

3. Explain how providers can improve quality, productivity and customer relationships.

Service marketing aligns promises with delivery

Internal, external and interactive marketing connect the company, employees and customers..



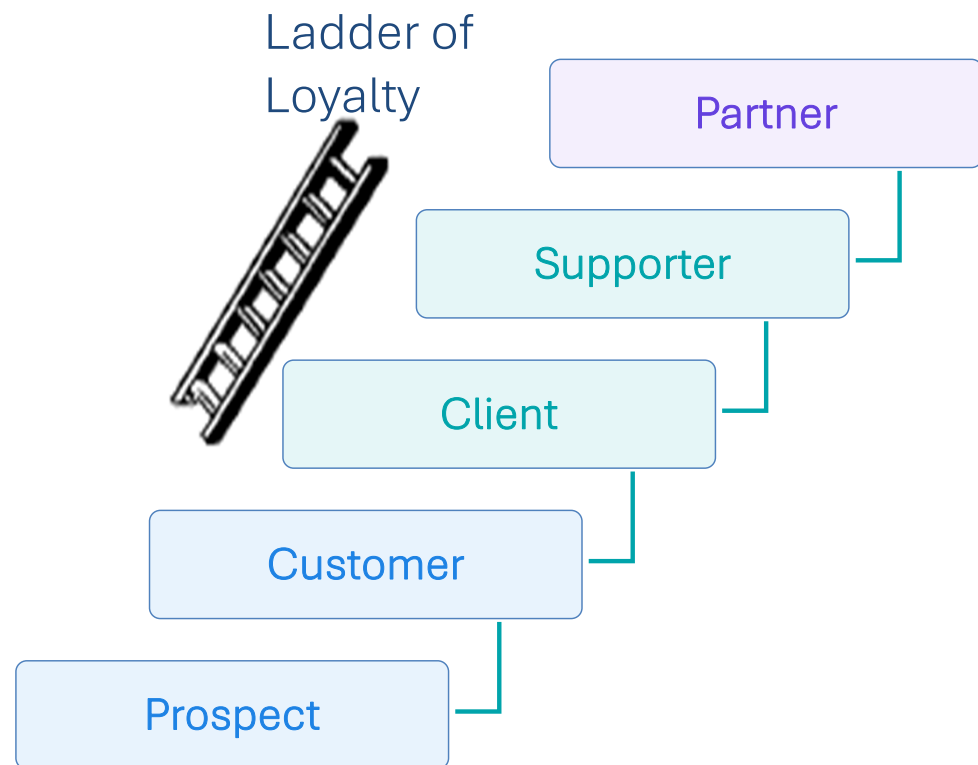
3. Explain how providers can improve quality, productivity and customer relationships.

Relationship marketing develops value beyond one transaction

Repeat business and advocacy depend on a relationship that customers find worthwhile.

Potential benefits

- Repeat purchases
- Lower need for reacquisition
- Higher customer lifetime value
- Positive word of mouth
- Stronger competitive position

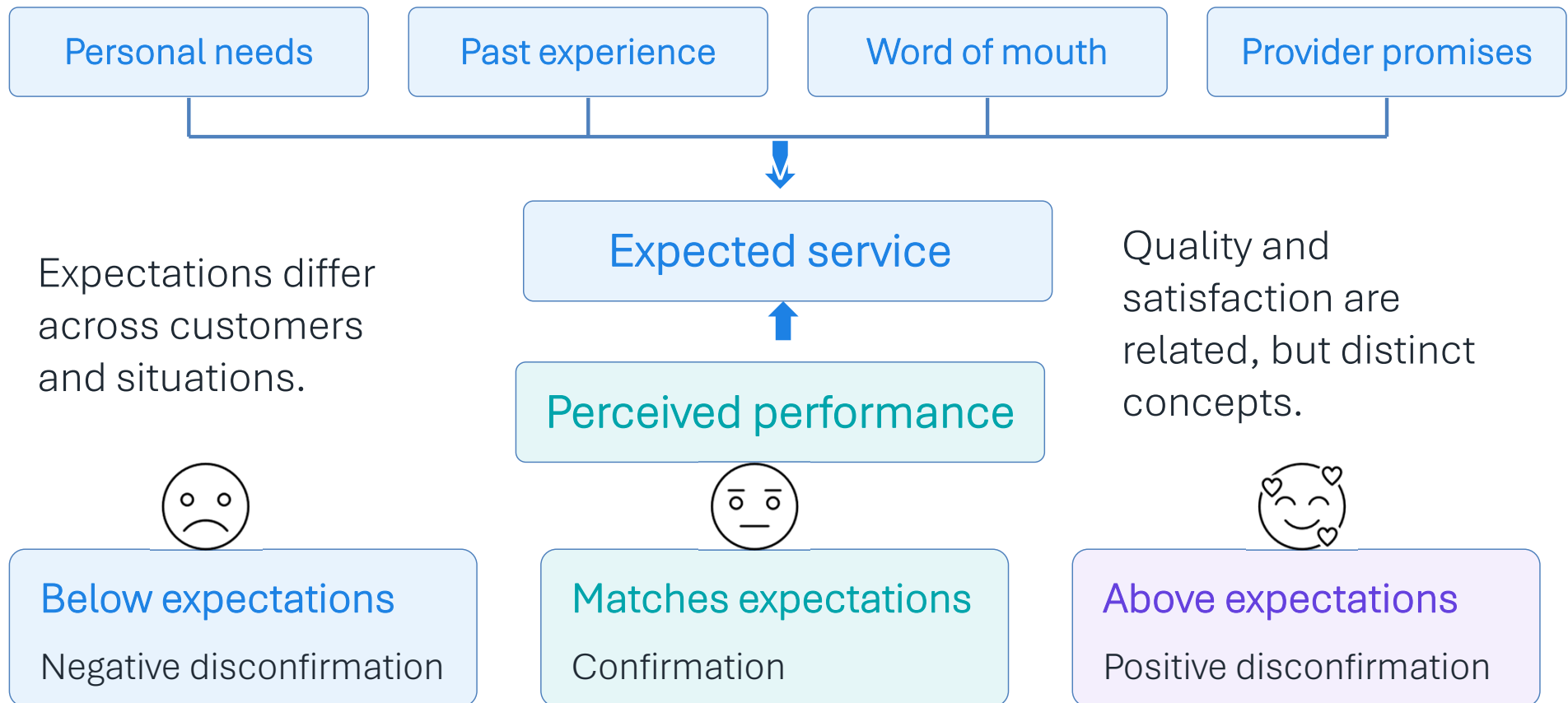


Acquisition starts the relationship. Retention and development require continuing value.

3. Explain how providers can improve quality, productivity and customer relationships.

Customers compare perceived performance with expectations

The confirmation–disconfirmation framework helps explain satisfaction after a service experience.



Manage realistic promises and delivery together. Lowering expectations is not a complete strategy.

4. Compare expectations with perceptions + use SERVQUAL, SERVPERF + the gap model

SERVQUAL and SERVPERF measure service quality differently

Five dimensions guide the assessment. Their relevance and measurement need checking in the service context.

Tangibles	Facilities, equipment and visible appearance
Reliability	Dependable, accurate performance of the promise
Responsiveness	Willingness to help and provide prompt service
Assurance	Knowledge, courtesy and ability to inspire trust
Empathy	Caring, individual attention

SERVQUAL · perceptions – expectations

Identifies shortfalls against the chosen standard.

SERVPERF · performance perceptions

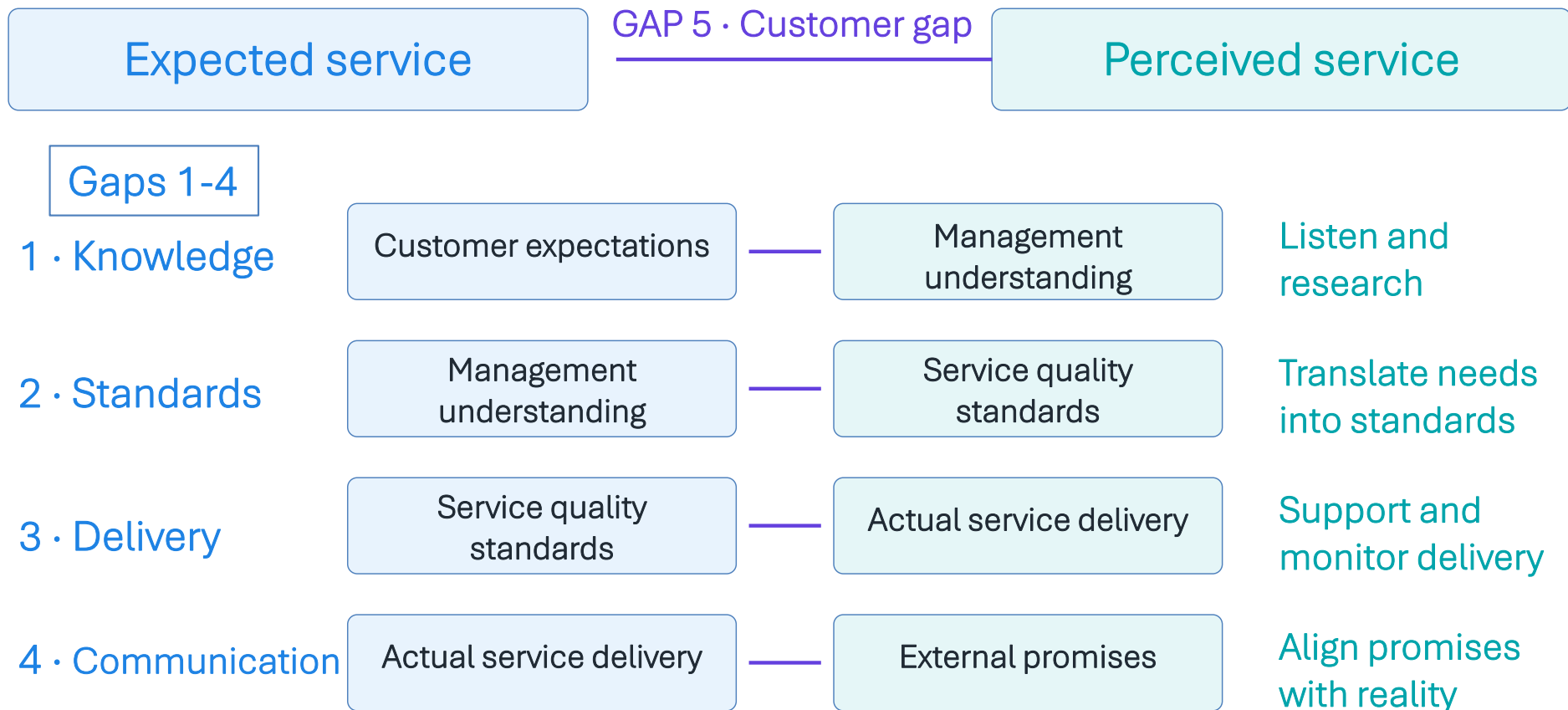
Assesses perceived performance directly.

Illustration: expectation 6, perception 4 on the same 1–7 scale gives a SERVQUAL gap of –2.

4. Compare expectations with perceptions + use SERVQUAL, SERVPERF + the gap model

The gap model diagnoses where service promises break down

Gap 5 is the customer shortfall. Gaps 1–4 identify possible organizational sources.



Diagnostic task: the website promises instant support, but customers wait 30 minutes.
Which gap fits?

8. Pricing

Learning objectives

01	Pricing decisions	Explain how value, objectives and the marketing mix shape price.
02	Pricing methods	Compare cost-based, competitor-oriented and market-led pricing.
03	Portfolio and channels	Assess product-line, complementary-product and channel effects.
04	Launch and price changes	Choose launch strategies and evaluate price changes over time.
05	Digital pricing	Distinguish auctions, dynamic pricing and yield management.

1. Explain how value, objectives and the marketing mix shape price.

Price links customer value to company objectives

A price decision starts with a clear objective.

Customer value

Perceived benefits compared with the total sacrifice required to obtain them.

Company return

Price × volume produces revenue; costs determine how much becomes profit.



Market signal

Price helps communicate quality, positioning and the brand's intended audience.

Price is the money charged. Customers also give up time, effort and other resources to obtain benefits.

BUILD

Win adoption / share

HOLD

Defend position

HARVEST

Generate cash

REPOSITION

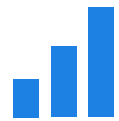
Change perception

Choose a method, check portfolio and channel fit, and monitor customer response.

2. Compare cost-based, competitor-oriented and market-led pricing.

Three reference points for setting a price

Each method answers a different question. A sound decision considers all three.



Cost-based

What must we cover?

Start with unit cost and add a markup.

Useful for cost discipline; may miss customer value.



Competitor-oriented

What do alternatives cost?

Use rival prices, going rates or bids as a reference.

Useful for positioning; may copy rivals' mistakes.



Market-led

What is it worth to buyers?

Start with perceived benefits and willingness to pay.

Useful for value capture; requires customer evidence.

Costs test viability; competition supplies a reference; customers decide whether value is sufficient.

2. Compare cost-based, competitor-oriented and market-led pricing.

Cost-plus pricing and break-even answer different questions

Example · €10 variable cost per unit, €1,000 fixed cost per period, and 1,000 planned units.

1 Set the cost-plus price

Full unit cost

$$€10 + (€1,000 \div 1,000) = €11$$

20% markup on cost

$$€11 \times 1.20 = €13.20$$

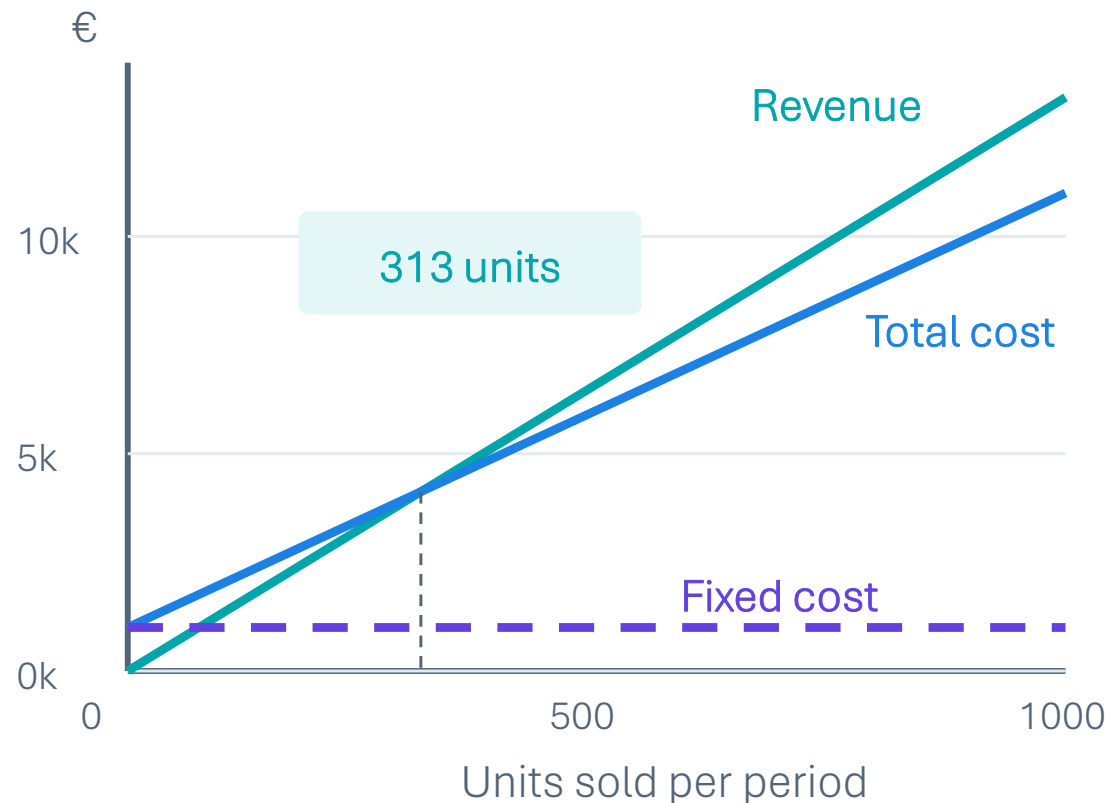
Unit contribution

$$€13.20 - €10 = €3.20$$

Break-even quantity

$$€1,000 \div €3.20 = 312.5 \rightarrow 313 \text{ units}$$

2 Compare revenue with total cost



Markup ≠ margin: a 20% markup on cost gives a 16.7% gross margin on the selling price.

2. Compare cost-based, competitor-oriented and market-led pricing.

Competition gives a reference; research reveals value

Market-led pricing asks how customers compare benefits, trade-offs and alternatives.

Competitor-oriented pricing

Follow a leading competitor's price.

Use the market's going rate.

Submit a competitive bid for a contract.

Check differences in service, quality and total customer cost.

Evidence for market-led pricing

Trade-off analysis: observe choices between feature–price combinations.

Price experiments: test response to different prices.

Economic value to the customer: estimate gains or savings versus the best alternative.

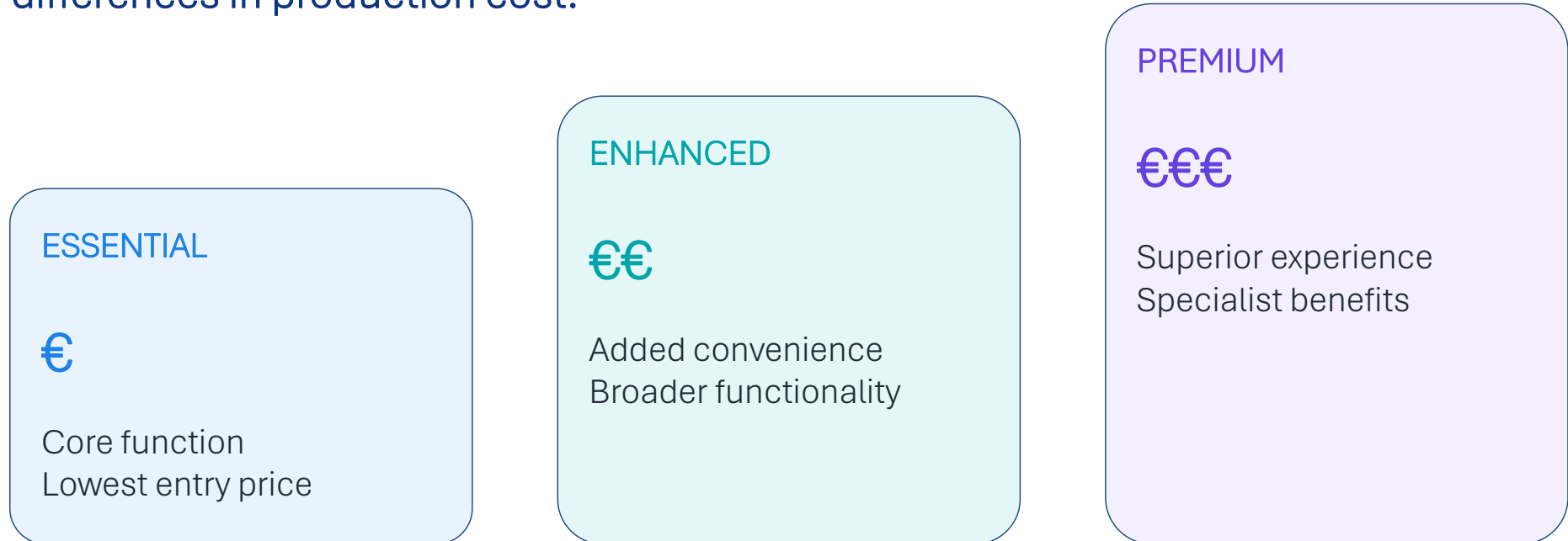
Higher economic value does not automatically translate into equal willingness to pay.

3. Assess product-line, complementary-product and channel effects.

A product line needs meaningful price steps

Offer versions that serve different needs and make the reasons for paying more visible.

Price differences should reflect benefits valued by each segment—not only differences in production cost.

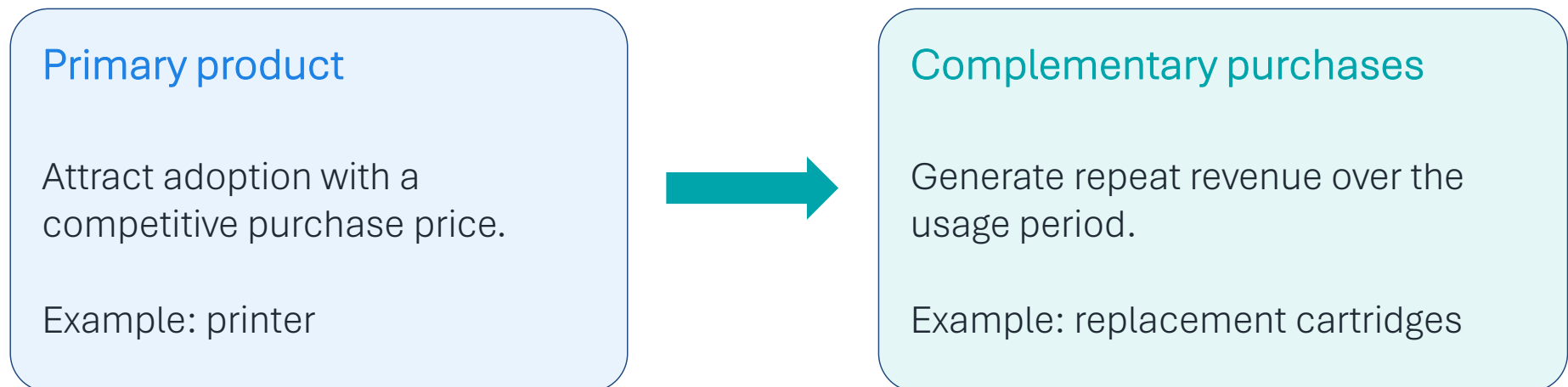


Check: Is the upgrade worthwhile? Is the price gap clear? Could the new tier cannibalize another?

3. Assess product-line, complementary-product and channel effects.

Price the whole system of complementary products

A low entry price can support later revenue from consumables, content or services.



Evaluate total customer lifetime economics

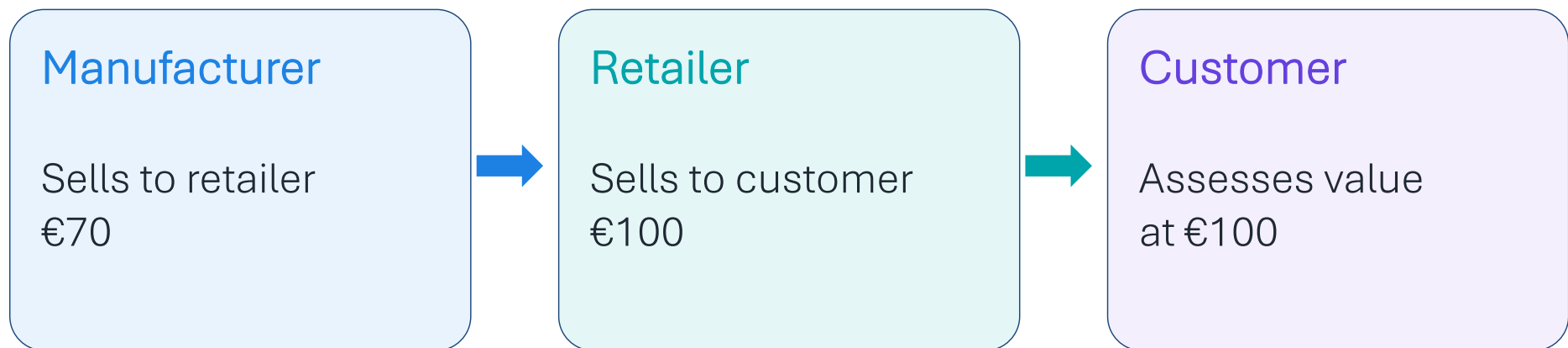
Entry contribution + expected repeat contribution – acquisition and support costs

Customer lens: total ownership cost, compatibility and the cost of switching.

3. Assess product-line, complementary-product and channel effects.

Channel margins must fit the final customer price

Work back from the price customers will accept and allow for each partner's costs and margin.



Retailer gross margin = $(€100 - €70) \div €100 = 30\%$

The €30 must still cover retail operating costs before it becomes profit.

Coordinate list prices, discounts, channel services and direct-versus-retail positioning.

4. Choose launch strategies and evaluate price changes over time.

New products: skim value or build adoption?

Launch pricing depends on willingness to pay, demand sensitivity, capacity and competitive response.

Market skimming



Start high, then reduce the price to reach additional segments.

Best fit: distinctive benefits and buyers willing to pay for early access.

Trade-off: higher contribution per sale, but slower adoption and possible competitive entry.

Penetration pricing



Start relatively low to encourage trial and gain adoption or share.

Best fit: price-sensitive demand and capacity to serve larger volume.

Trade-off: faster uptake may require lower early margins and more funding.

A permanently high luxury price is premium positioning; it is not automatically price skimming.

4. Choose launch strategies and evaluate price changes over time.

Launch strategy combines price and promotion

“Rapid” and “slow” distinguish the level of promotional effort in this framework.



Class prompt: Which quadrant would you choose for an unfamiliar product—why?

4. Choose launch strategies and evaluate price changes over time.

Price should follow the objective—not a fixed life-cycle rule

A product's stage helps frame the decision, but does not determine one inevitable price path.

Objective	Typical life-cycle context	Possible price implication
Build	Introduction / growth	Penetration to encourage adoption, or skimming to fund a differentiated launch.
Hold	Maturity	Maintain a competitive value proposition; defend margin and loyalty.
Harvest	Late maturity / decline	Protect contribution where buyers remain willing to pay; manage cash.
Reposition	Any stage	Change price with the product, service and brand promise.

Decline may mean discounting excess stock—or sustaining prices for a loyal niche.

4. Choose launch strategies and evaluate price changes over time.

Initiating a price change: diagnose, choose, anticipate

Short-term price management should support the longer-term strategy.

	Price increase	Price reduction
Possible triggers	• Rising costs • constrained capacity • excess demand • value exceeds current price	• Excess capacity • weak demand • value falls short of price • adoption objective
Available tactics	• One-step or staged rise • reduce discounts; • unbundle optional services • agreed escalation clauses	• One-step or staged cut • targeted discounts • Bundles • lower-priced version/ fighter brand
Before acting	• Check willingness to pay • retention risk • brand fit • competitor response	• Check extra volume required • brand effects and • risk of a price war

Model the effect on contribution—not simply the change in sales volume.

4. Choose launch strategies and evaluate price changes over time.

A competitor changes price: do you need to follow?

First ask whether the change materially threatens your customers, positioning or economics.

Competitor move	Reasons to consider following	Reasons to hold your price
Raises price	• Your costs also rise • demand is strong • customers accept the value • position supports a rise	• Costs are stable • capacity is available • customers are sensitive • you want to build share
Cuts price	• Customers are price-sensitive • offers are comparable • share is at risk • lower costs support a cut	• Your differentiation is credible • loyalty is strong • costs are rising • margin damage outweighs gains

Choose timing deliberately: act fast on a clear threat; gather evidence when the effect is uncertain.

4. Choose launch strategies and evaluate price changes over time.

Promotions can lift demand—but must earn their cost

Promotional pricing temporarily changes the offer to stimulate trial, volume or purchase timing.

Common forms

- Point-of-sale discounts and coupons
- Buy one, get one free
- Temporary quantity offers
- Promotional trade discounts

Common risks

- Easy for competitors to copy
- Customers learn to wait for deals
- Brand value or reference price may weaken
- Stockpiling shifts future sales forward

Example: price €20, variable cost €12. A 20% discount halves unit contribution (€8 → €4).

You need twice the volume to preserve total contribution—before any additional promotion costs.

5. Distinguish auctions, dynamic pricing and yield management.

Digital pricing: three related but different mechanisms

Digital tools make price adjustment easier; these mechanisms also exist outside digital markets.

Auctions / negotiation

Price emerges from bids or bargaining.

A buyer's reservation price is the maximum they are willing to pay.

eBay / car dealer

Dynamic pricing

Prices change as conditions change—for example demand, capacity or time.

It is a pricing mechanism, not necessarily individualized pricing.

Uber

Yield management

Manage sales of perishable capacity across customer segments and booking periods.

Uses forecasts, availability controls and often dynamic prices.

Lufthansa

Personalized pricing – telematics car insurance: Premiums or discounts reflect individual driving behaviour; safer driving can lead to lower costs.

9. Distribution: make value available to customers

Learning objectives

01	Channel roles	Explain channel structures and how intermediaries add value.
02	Channel systems	Distinguish conventional, vertical and horizontal arrangements.
03	Channel strategy	Evaluate channel selection, distribution intensity and coordination.
04	Channel management	Select and support partners, assess performance and manage conflict.
05	Retail decisions	Connect retail positioning with assortment, location and store experience.

1. Explain channel structures and how intermediaries add value.

Consumer goods can reach buyers through different routes

Channel length describes the number of intermediary levels between producer and consumer.

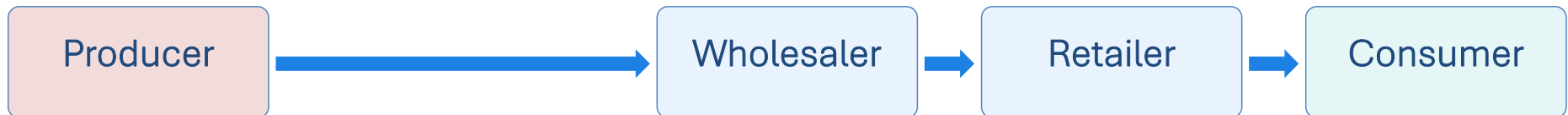
DIRECT



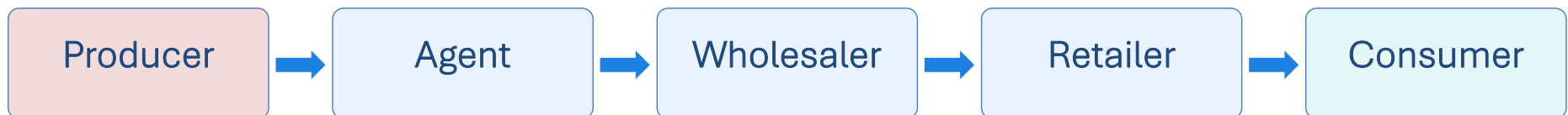
ONE LEVEL



TWO LEVELS



THREE LEVELS



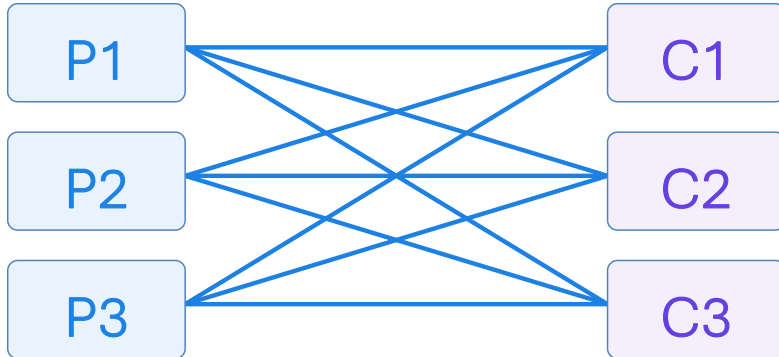
An agent usually facilitates exchange; wholesalers and retailers typically buy and resell goods.

1. Explain channel structures and how intermediaries add value.

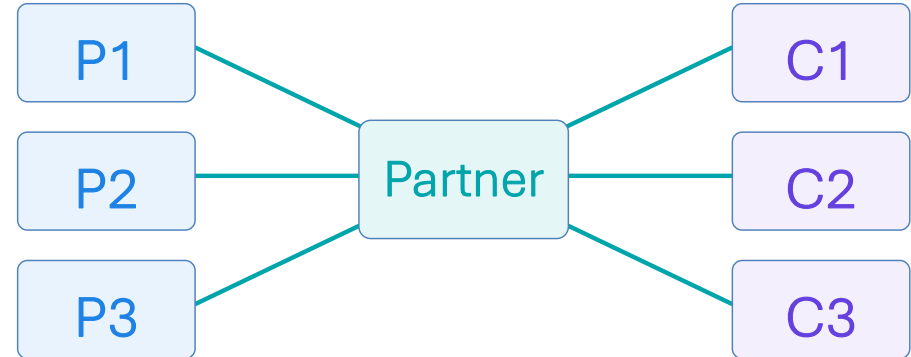
Intermediaries reduce contacts and perform useful work

With 3 producers and 3 customers, 1 intermediary can reduce 9 potential links to 6.

Direct: $3 \times 3 = 9$ links



Via intermediary: $3 + 3 = 6$ links



Connect

Information ·
promotion · contact

Complete exchange

Matching · negotiation

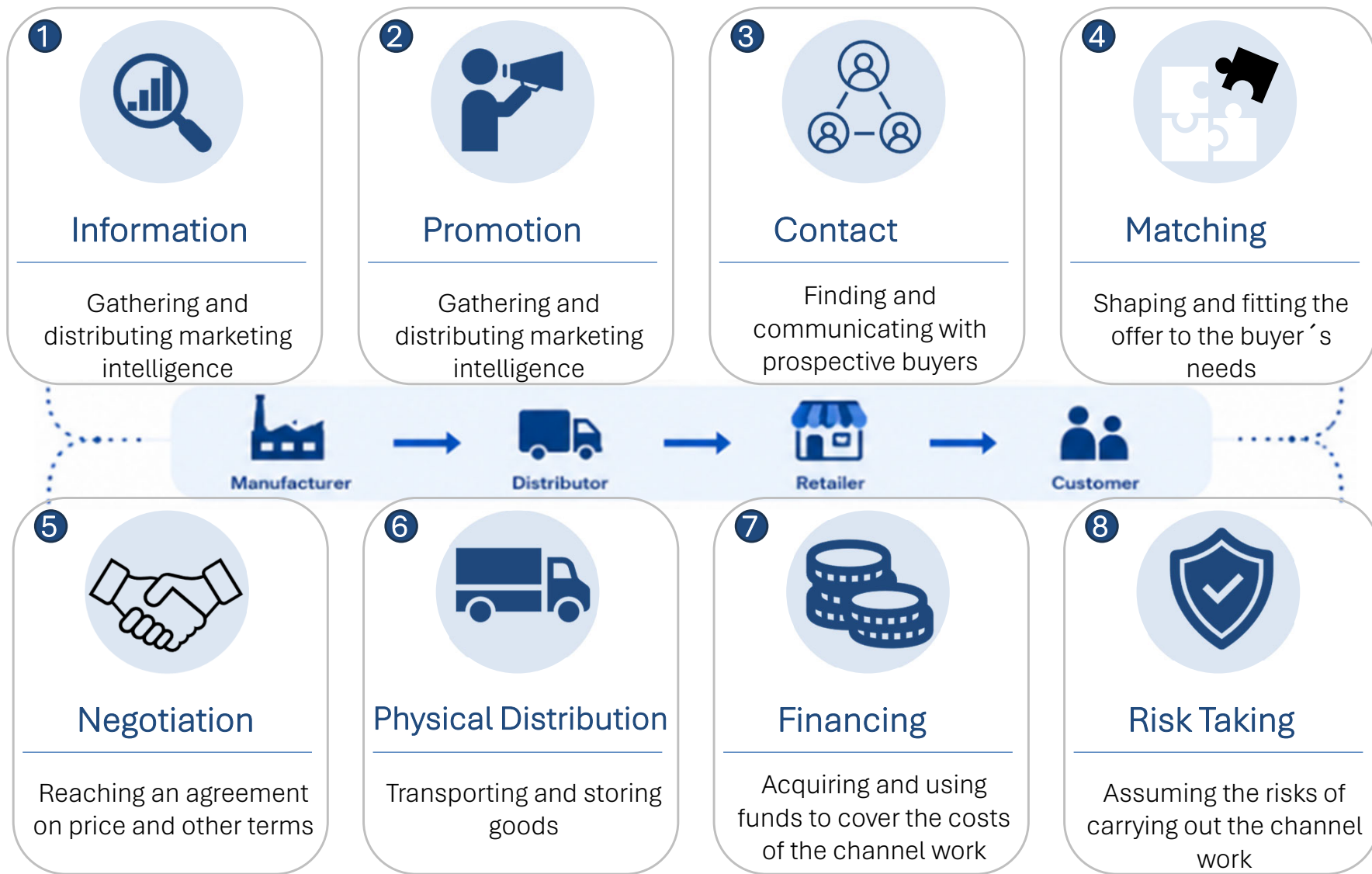
Enable delivery

Physical distribution ·
financing · risk taking

Fewer links can improve efficiency; the partner must still create more value than it costs.

1. Explain channel structures and how intermediaries add value.

Channel Intermediaries perform many key functions



In general, they make distribution more efficient for producers and consumers.

1. Explain channel structures and how intermediaries add value.

Design the channel around customer needs and strategic fit

Choose a route that supports the product, price and communication promise.

Market

Where do buyers shop?
How much convenience, speed or advice do they need?

Product

Is it perishable, complex, high-value or expensive to ship?

Producer

Can the firm fund, operate and control the channel effectively?

Competition

Which routes do rivals use?
Where is there an unmet access need?

Evaluate the alternatives

Economics: sales, cost and profit • Control: brand and service • Flexibility: ability to adapt

Discussion: Why are many everyday grocery products sold through supermarkets rather than direct?

2. Distinguish conventional, vertical and horizontal arrangements.

Vertical systems coordinate different channel levels

A conventional channel relies on independent decisions; a VMS coordinates the channel as a system.

CONVENTIONAL CHANNEL



Each member pursues its own goals; coordination depends on separate negotiations.

VERTICAL MARKETING SYSTEM

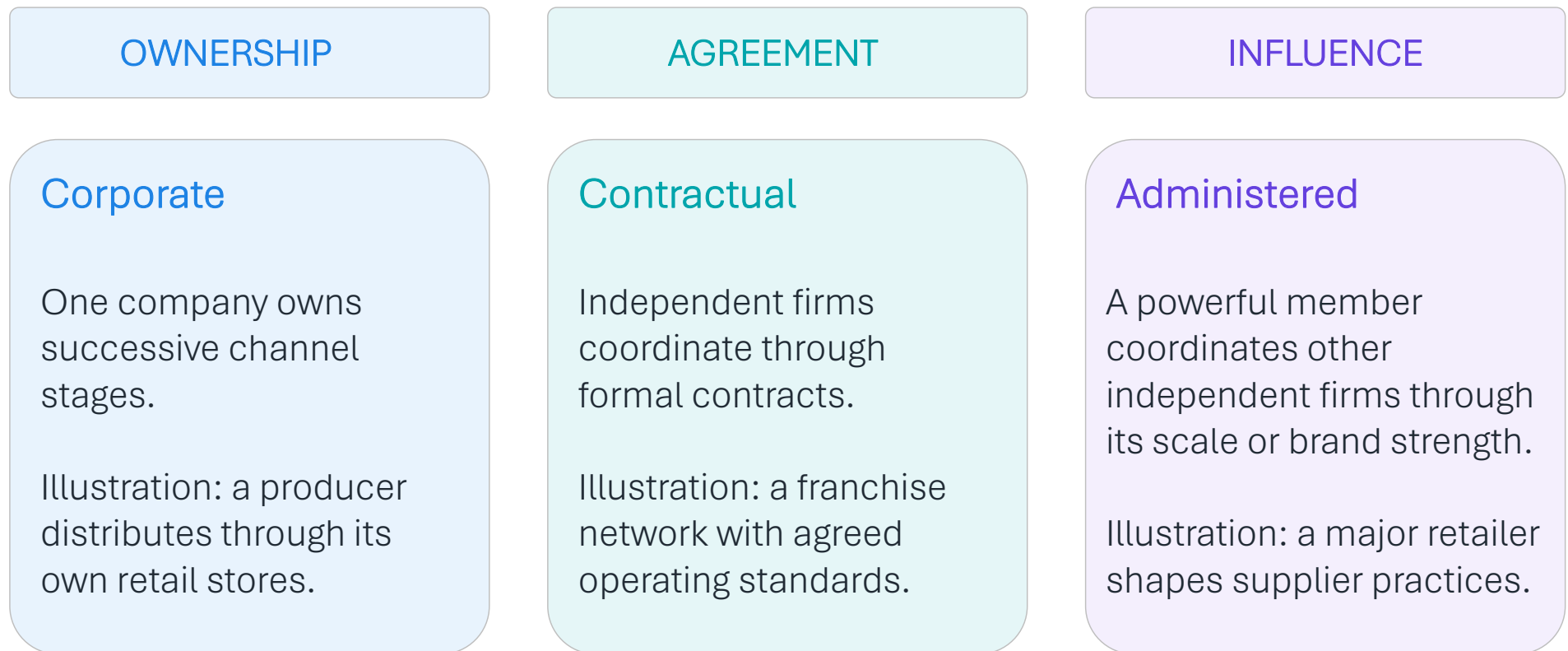


Coordination can come from ownership (flagship store), contracts (franchise) or the influence of a powerful channel member.

2. Distinguish conventional, vertical and horizontal arrangements.

Three mechanisms can coordinate a vertical system

The key distinction is the source of coordination.

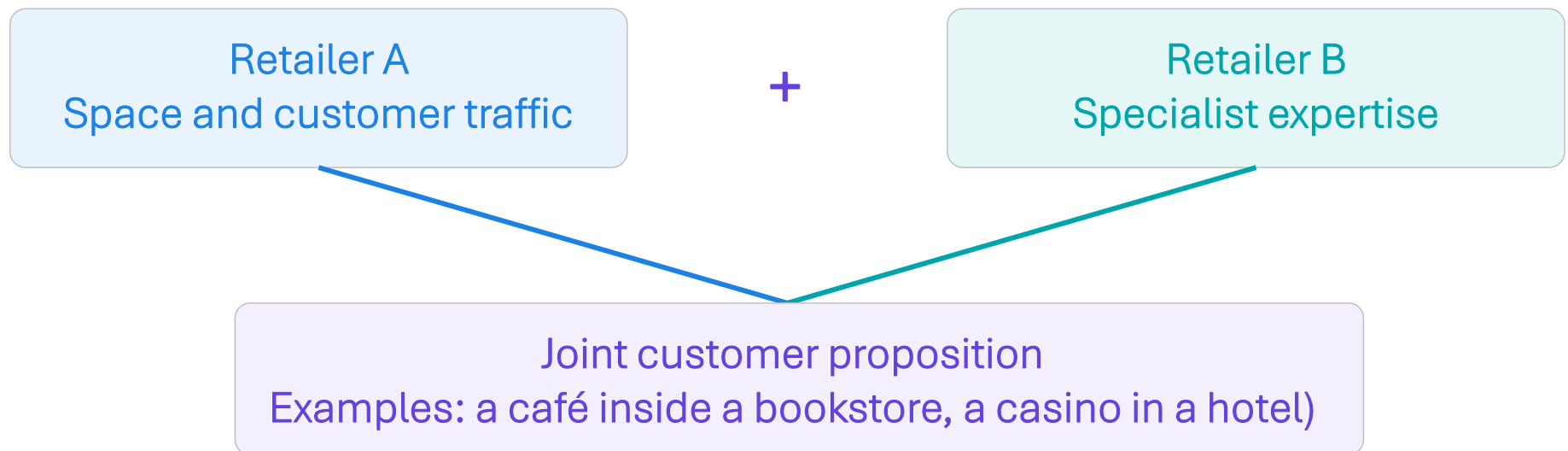


Do not infer ownership from a familiar brand name: production, distribution and stores may differ.

2. Distinguish conventional, vertical and horizontal arrangements.

Horizontal partnerships combine complementary strengths

Two or more firms at the same channel level cooperate to pursue a marketing opportunity.



Potential gains

New audiences, shared resources and a more convenient experience.

Requirements

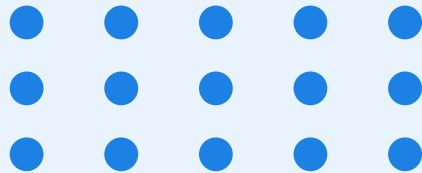
Compatible goals, clear roles and a fair allocation of costs and rewards.

3. Evaluate channel selection, distribution intensity and coordination.

Distribution intensity balances reach and channel control

Decide how many suitable outlets should carry the offer in a market or territory.

Intensive

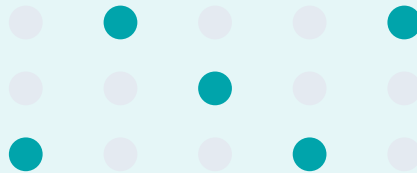


As many suitable outlets as possible.

Priority: convenient availability.

Typical fit: everyday packaged goods.

Selective

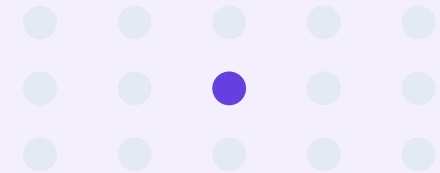


A chosen group of qualified outlets.

Priority: coverage with service standards.

Typical fit: specialist products.

Exclusive



One or very few authorized partners in a defined territory.

Priority: close coordination and investment.

Dots = potential outlets; colored dots = authorized outlets.
Intensity is separate from channel length.

4. Select and support partners, assess performance and manage conflict.

Manage partners through a continuing performance cycle

Channel management involves selecting, enabling, motivating and evaluating individual partners.

1 Select

Assess market access, reputation, financial strength, service capability and strategic fit.

2 Enable

Clarify roles; provide training, information, product support and operating standards.

3 Motivate

Align incentives and joint plans; recognise that powerful partners have their own goals.

4 Evaluate

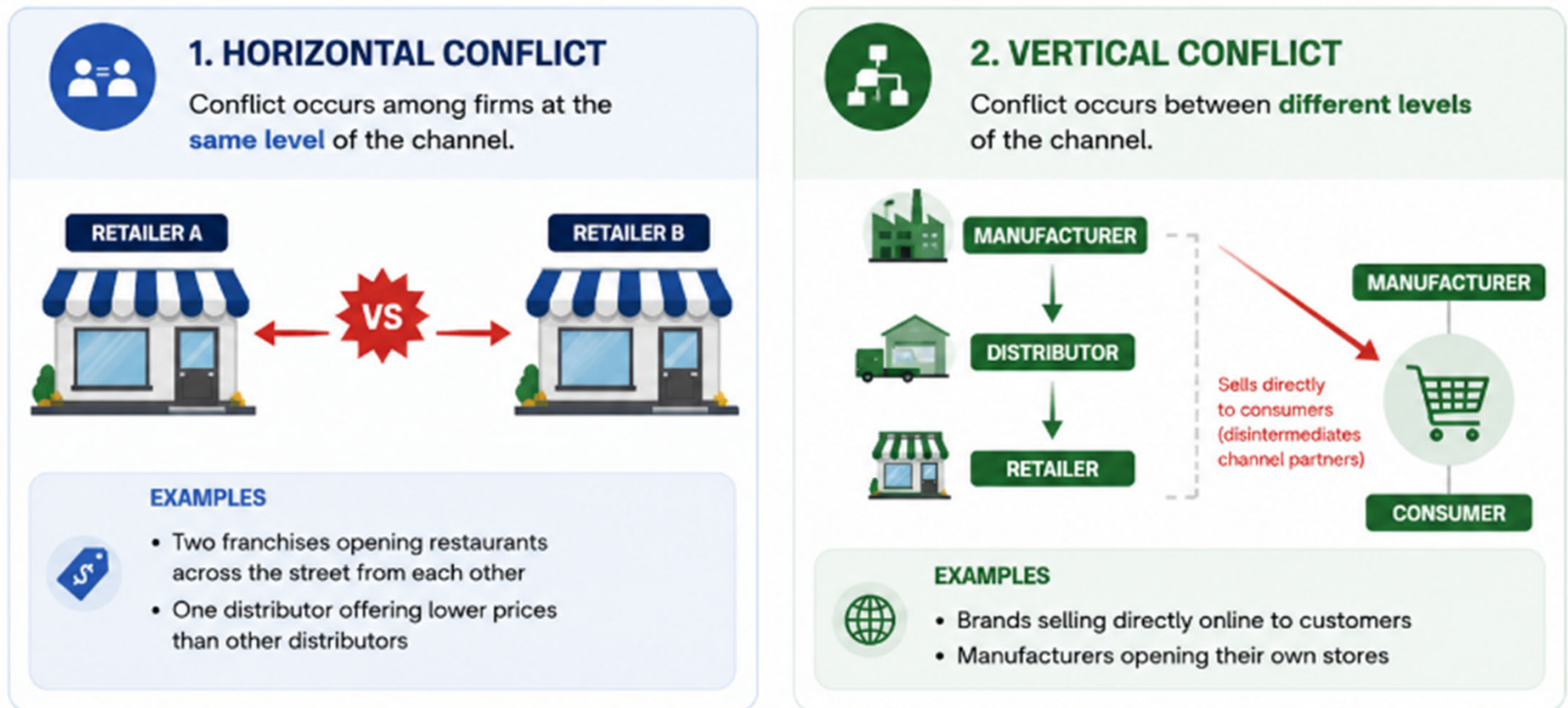
Review sales, profitability, availability, service quality and cooperation; adapt the relationship.

Agree measurable expectations while preserving enough flexibility to respond to change.

4. Select and support partners, assess performance and manage conflict.

Channel conflict can occur within or between levels

Conflict concerns goals, roles or rewards; selling direct is only one possible trigger.

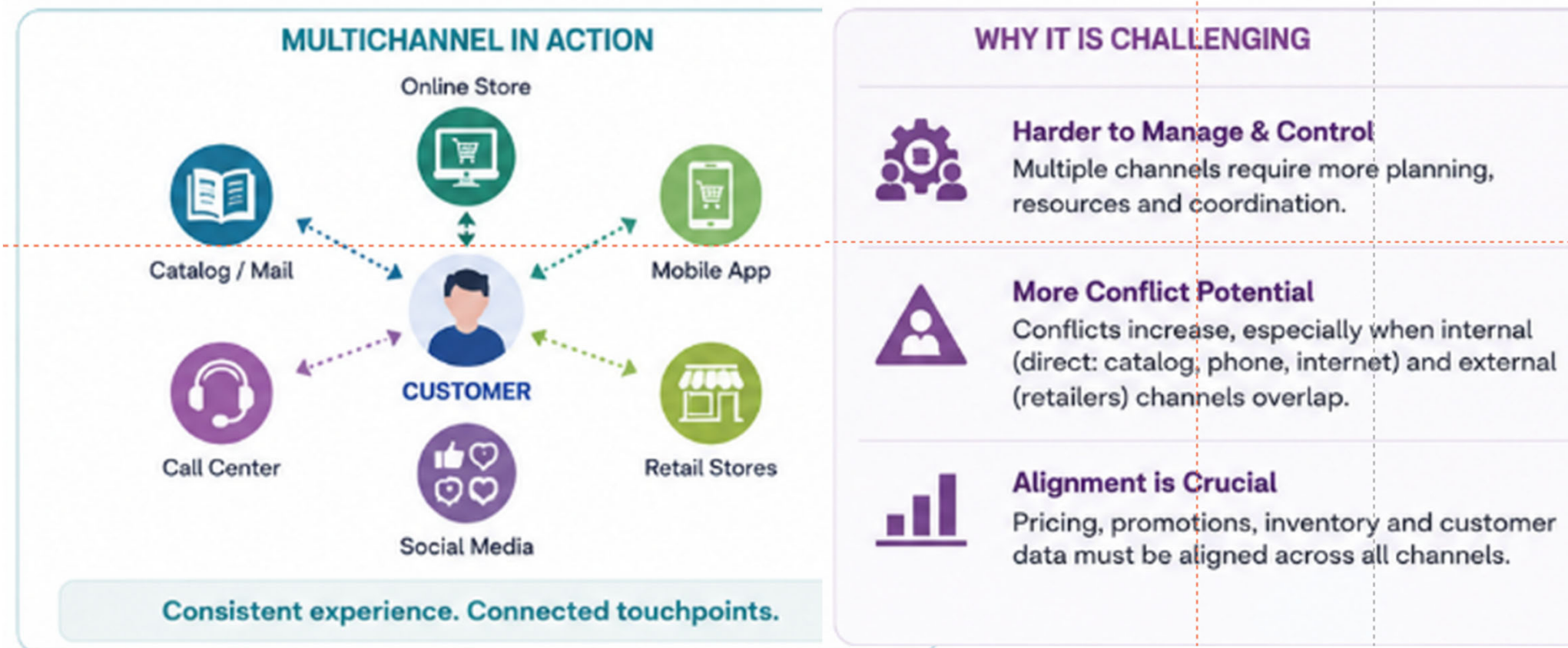


Manage the cause: Clarify roles → align incentives → share evidence
→ negotiate and review agreed solutions.

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.



The goal is to support customers at the entire decision journey. Need: integrated systems, consistent customer experience, clear channel roles, data driven insights

5. Connect retail positioning with assortment, location and store experience.

Retail positioning becomes tangible in the store experience

Start with the target customer and a clear reason to choose this retailer.

TARGET CUSTOMER + DIFFERENTIAL ADVANTAGE

Assortment & services

Breadth: number of categories.
Depth: choice within a category.
Services: advice, delivery and returns.

Atmosphere

Layout, lighting, color, materials, displays and signage shape the experience.

Location & access

Visibility, accessibility, customer traffic, neighbours and occupancy costs.

Price & value

Price level and promotions must fit the offer, service and operating economics.

Compare a specialist store with a general retailer:
how do breadth, depth and service differ?

5. Connect retail positioning with assortment, location and store experience.

Everyday store formats serve different shopping missions

Store format combines assortment, price, service and location around a customer need.

Store type	Main focus	Why customers choose it
Supermarket	Broad grocery range; fresh food and everyday household goods.	Complete the regular food shop in one visit.
Hypermarket / superstore	Large grocery offer plus substantial non-food ranges.	Combine a larger stock-up trip with other household purchases.
Discounter	Price-led offer, efficient operations and a curated core range.	Keep the everyday basket affordable.
Convenience store	Compact range for immediate needs, accessible locations and convenient hours.	Buy a snack, drink or missing item quickly.

Example: REWE supermarkets and REWE To Go serve different shopping missions within the same group.

5. Connect retail positioning with assortment, location and store experience.

Specialist and destination stores compete on different benefits

Assortment breadth is the range of categories; depth is the choice within a category.

Store type	Main focus	Why customers choose it
Department store	Several product categories organized into departments.	Browse and compare across categories in one location.
Specialty store	A focused category with depth, expertise or curated selection.	Find the right product with specialist advice.
Large category specialist	Extensive choice within a sector, often in a large store.	Compare many options and solve a larger project or purchase need.
Outlet / off-price store	Discounted branded merchandise; stock and selling models vary.	Find a branded bargain and enjoy discovery.

Example: a DIY specialist such as OBI combines product choice with project advice and practical services.

5. Connect retail positioning with assortment, location and store experience.

Physical stores remain central to an integrated retail offer

Choose each channel for the customer task it serves—and connect the experience across channels.

GERMANY · SHARE OF RETAIL SALES, 2025



Physical stores contribute

- Touch, try and compare
- Advice and human reassurance
- Immediate possession
- Collection, returns and service

Online channels contribute

- Search and product information
- Convenient ordering and delivery
- Access to broader assortments

Research online → try in store → order through the app → collect or return locally

Source: HDE Online-Monitor 2026, p. 8. Retail excludes pharmacies, vehicles and fuel.
Sales channel ≠ the full influence of digital touchpoints; category shares differ.

10. Promotion Strategy in a Digital World

Marketing communication: plan and evaluate promotion

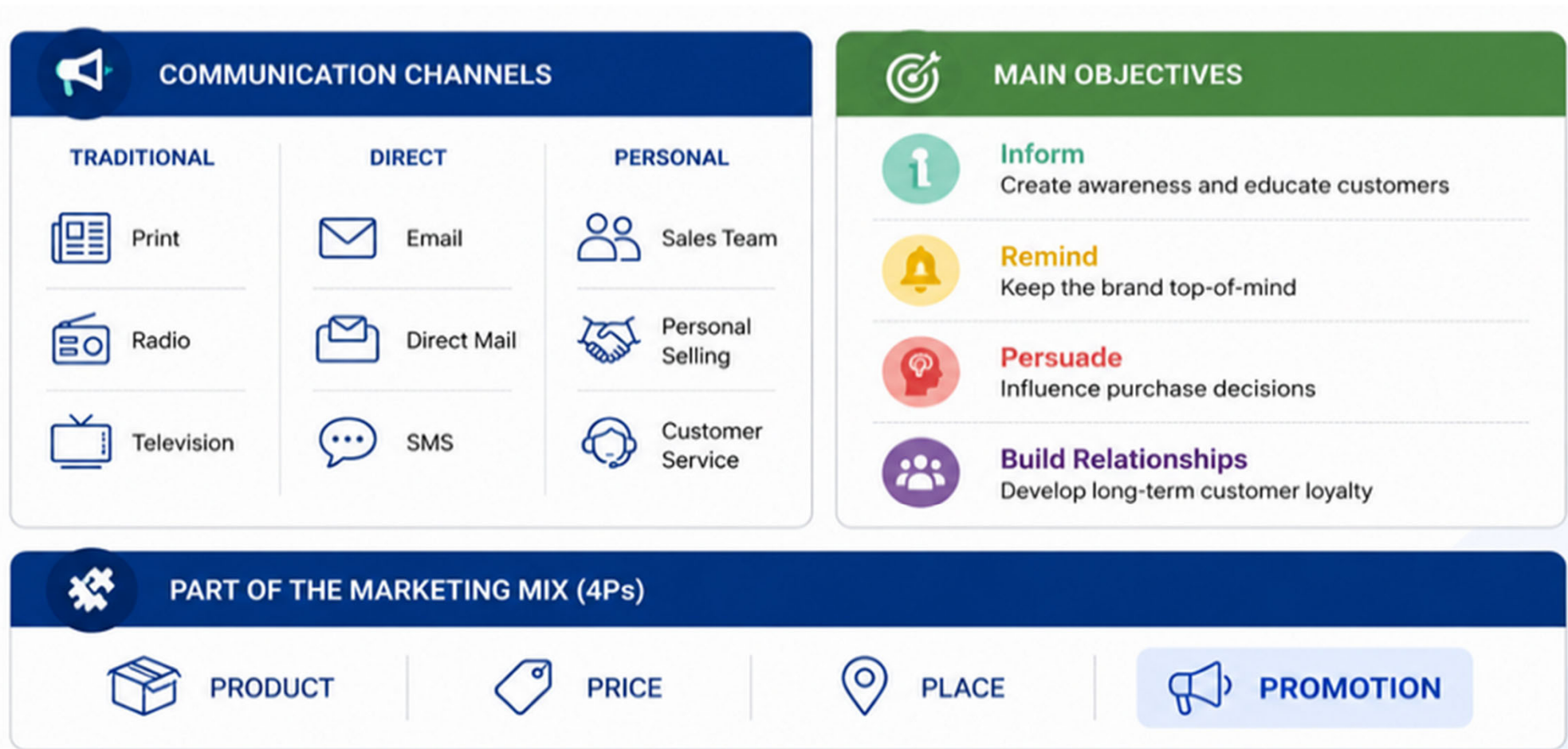
Four learning objectives

- | | | |
|----|-----------------------|---|
| 01 | Communication and IMC | Explain the role of marketing communication and integrated marketing communication (IMC). |
| 02 | Promotional tools | Distinguish and compare the major promotional tools. |
| 03 | Campaign planning | Develop the basic structure of a communication campaign. |
| 04 | Evaluation | Evaluate communication choices and outcomes. |

1. Explain the role of marketing communication and IMC

What is Promotion/Marketing Communication?

Coordinated promotional messages delivered through multiple channels to influence customer attitude and behavior.

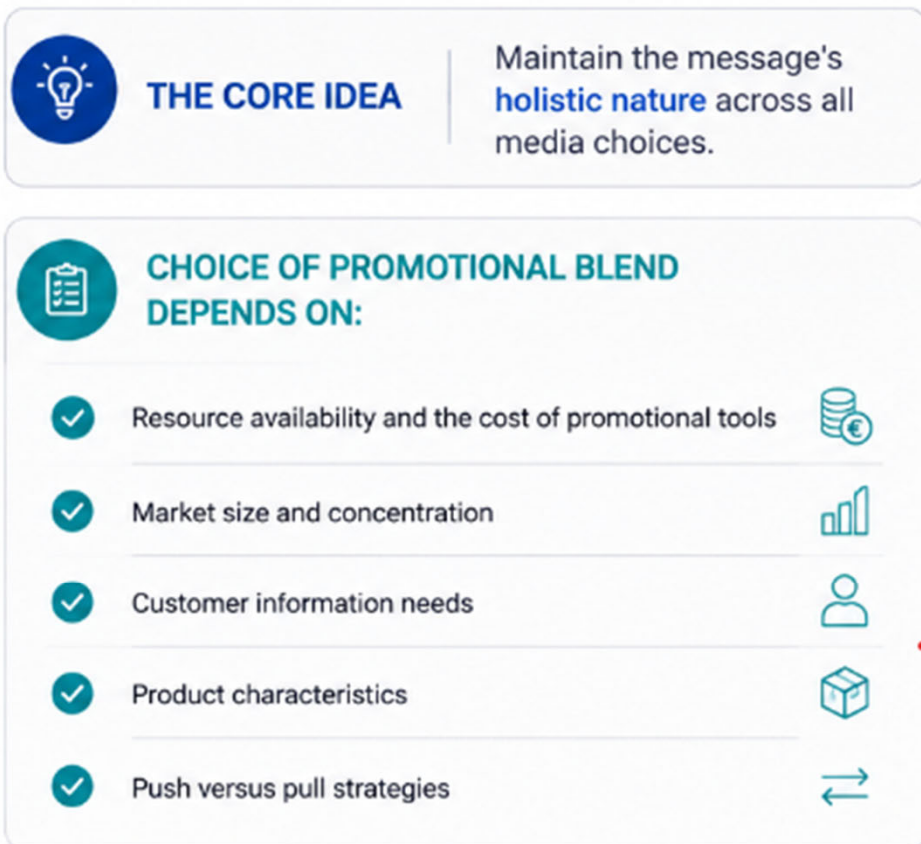


Marketing communication is the “Promotion” element of the Marketing Mix

1. Understand 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.



 IMC ensures the **right message** reaches the **right audience** through the **right channel** - every time.

1. Explain the role of marketing communication and IMC

How marketing communication works

A message works when the audience understands it as intended



Distraction, filtering& ad blockers, overload, competing messages or different interpretations



Clicks, comments and other responses help the brand learn what reached the customer.

2. Distinguish and compare major promotional tools

Digital media ≠ social media

Traditional media have gained digital formats - social platforms are on part of this landscape.

Traditional medium

Digital extensions



Newspaper

Printed edition



News website

articles and video



News app

mobile access



Social posts

links and discussion



Television

Broadcast programme



Streaming

live and on demand



Video clips

web and apps



Social posts

trailers and interaction



Radio

Scheduled broadcast



Live stream

online listening



Podcasts

on demand audio



Social posts

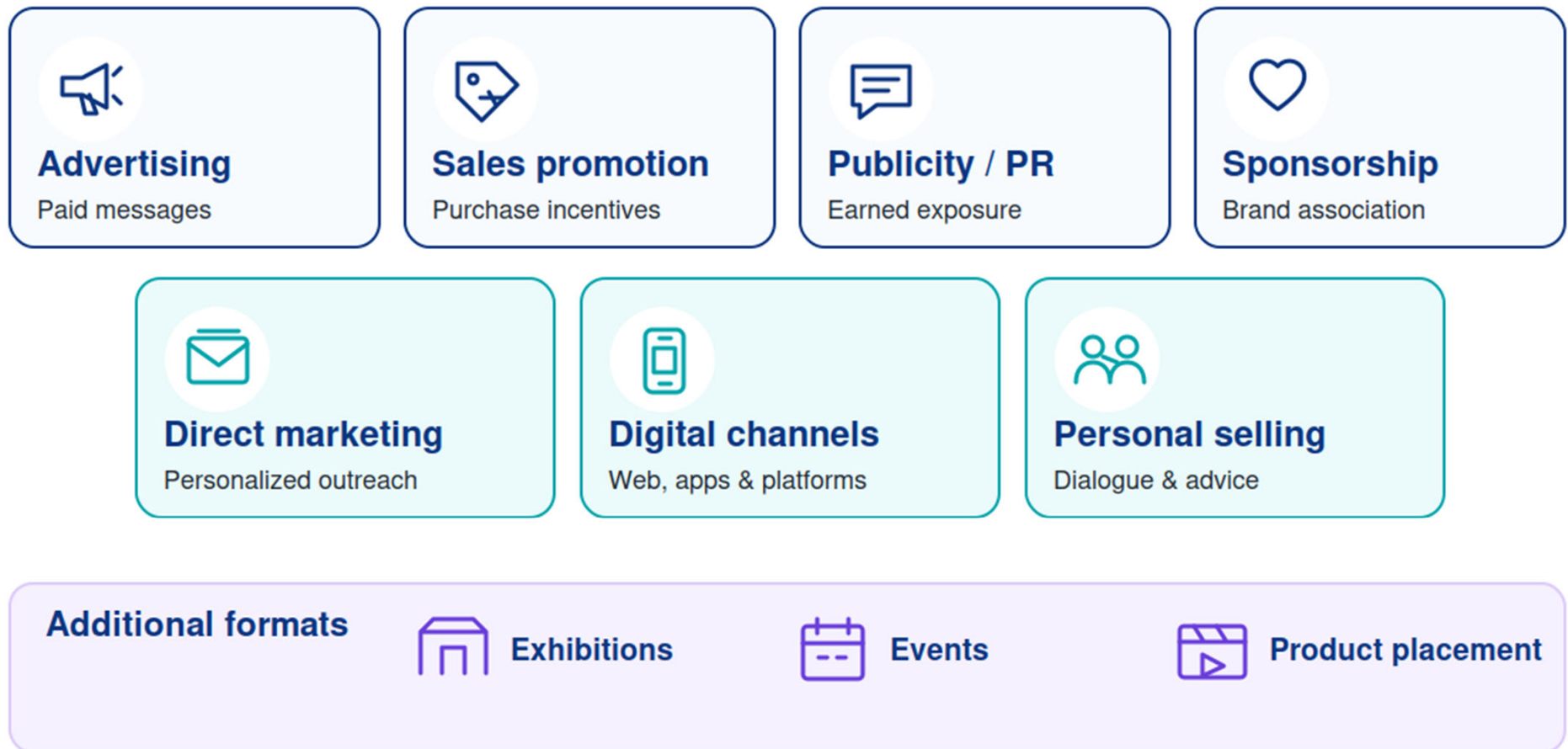
sharing and dialogue

Websites, apps, streaming and podcasts are digital media. Social Media is one category.

2. Distinguish and compare major promotional tools

The Promotional Mix

Combine tools to reach, engage and influence the target audience



Digital channels can carry advertising, direct marketing, PR and other tools

2. Major Promotional Tools and their Roles within the promotional mix

Advertising - Pull vs. Push strategies

Key difference: whom does the company address first?

Advertising = any paid form of non-personal communication across media

PUSH

First: channel intermediaries

Company



Retailer

Trade incentives · sales support

Retailer



Consumer

Stocking · display · recommendation

Aim: make the offer available and visible

PULL

First: end consumers

Company



Consumer

Consumer advertising · promotion

Consumer



Retailer

Requests · purchases

Aim: consumer demand prompts retailer orders

In practice, many campaigns combine push and pull.

2. Major Promotional Tools and their Roles within the promotional mix

Sales Promotion

Incentives aimed at customers or channel partners

Purpose: encourage trial, purchase or stocking or active support

CONSUMER PROMOTION

Incentives for end customers

- 1 **Coupons & price offers**
Reduce the purchase price
- 2 **Samples & trials**
Make trying easier
- 3 **Bonus packs & premiums**
Add value to the purchase
- 4 **Prizes & rewards**
Encourage participation or return

TRADE PROMOTION

Incentives for retailers / intermediaries

- 1 **Trade discounts**
Improve retailers' margins
- 2 **Allowances & free goods**
Support stocking or displays
- 3 **Dealer incentives**
Encourage selling effort

Aimed at partners in the distribution channel

Short term effect

Can prompt trial and quick sales response

Evaluate beyond redemption

Check incremental sales, margins & brand effect

2. Major Promotional Tools and their Roles within the promotional mix

Public Relations and Publicity

PR builds relationships; publicity is only one possible outcome

An organizations communicates with many groups not only journalists

PUBLIC RELATIONS

Build and maintain relationships with relevant stakeholders.

PUBLICITY

Earned editorial attention through independent media.

Possible benefit

Third-party coverage may be credible.

Trade-off

Less control over coverage and framing.

PR connects the organization with...



Publicity does not require buying ad space, but PR still takes time and resources

2. Major Promotional Tools and their Roles within the promotional mix

Sponsorship - an exchange of value

A sponsor supports a person, event or organization in return for agreed rights



What the sponsor may seek



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. Major Promotional Tools and their Roles within the promotional mix

Sponsorship in action

Coca-Cola x FIFA World Cup 2026

The partnership: official FIFA status and exclusive Trophy Tour rights



Discuss:

Which rights make this more than advertising? How could the brand effect be evaluated?

2. Major Promotional Tools and their Roles within the promotional mix

Unconventional Advertising

Two ways to attract attention beyond conventional ad placements

Ambient advertising

Unusual placement

The location becomes part of the ad.



Shopping bag

Branded everyday object



Pavement graphic

Message in public space



Bench or fixture

Unexpected advertising surface

Example: [McDonald's NL 2024](#)

Guerrilla marketing

Unexpected experience

An action or encounter creates surprise.



Interactive installation

People discover and engage



Public stunt

Attention in a shared space



Shareable moment

People talk about the experience

Example: [Disney+, Berlin \(2025\)](#)

Control and Credibility



3. Developing Marketing Communication

From marketing strategy to communication campaign

7 connected decisions – from defining the audience to learning from the results

Marketing strategy sets the direction

Customer needs – target segment – positioning - marketing goals

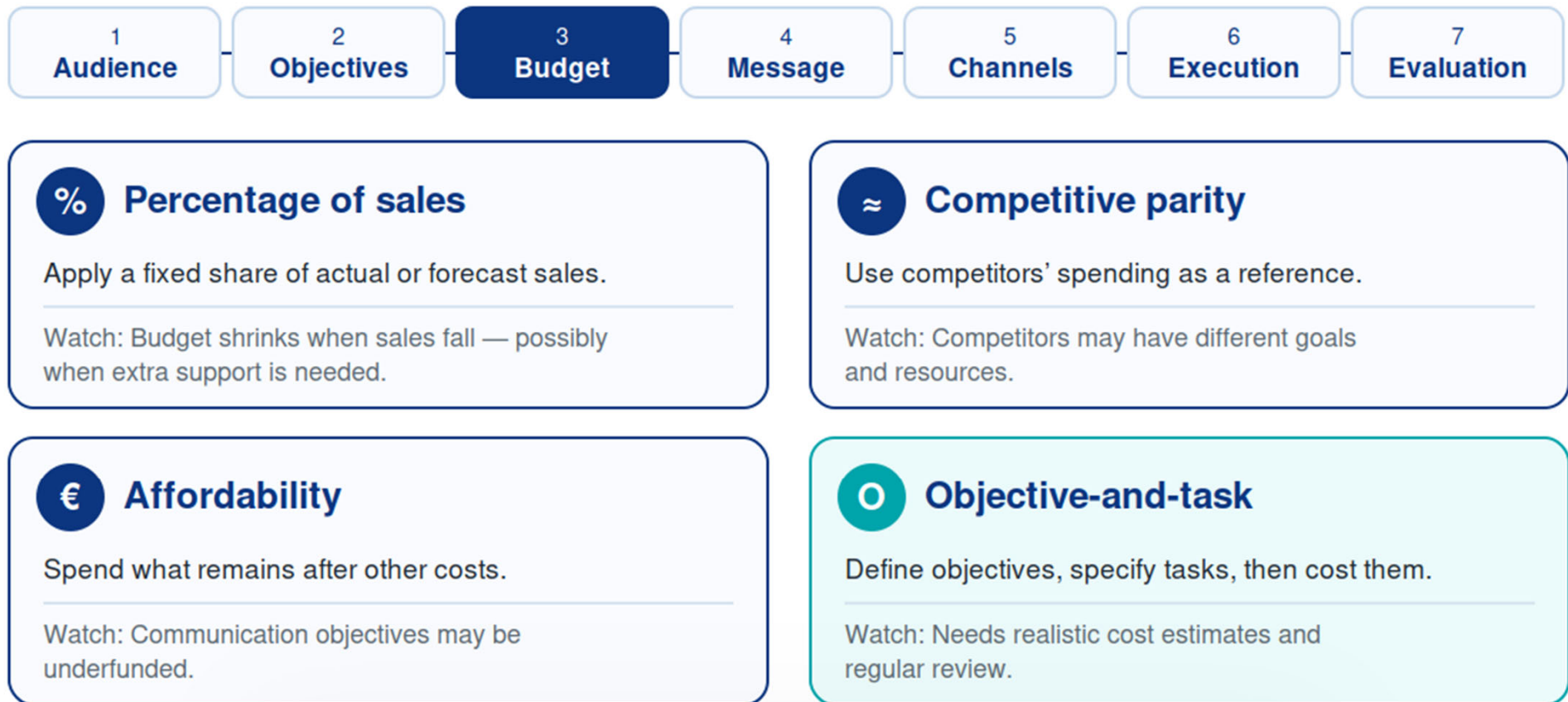


Example objectives: awareness, trial or action-
Evaluation: compare results with objectives

3. Developing Marketing Communication

Setting the communication budget

Four common methods - each answering a different budgeting question



Budget decisions follow objectives and be viewed against results

3. Developing Marketing Communication

Choosing communication tools

Compare tools against the campaign objectives and the needs of the target audiences

Seven questions for comparing tools

- 1 **Reach** How many of the intended audience can we reach?
- 2 **Targeting** How precisely can we select that audience?
- 3 **Interaction** Can people respond and ask questions?
- 4 **Credibility** How believable is the message in this context?
- 5 **Control** Who decides the timing, content and placement?
- 6 **Cost** What is the total and per-contact cost?
- 7 **Measurability** Can we observe results against the objective?

Illustrative tradeoffs

Advertising

Paid reach can be broad or targeted
Interaction and measurement vary by format

Publicity / PR

Third-party coverage may add credibility
Less control over whether or how it appears

Personal selling

Direct dialogue · tailored explanation
High cost per contact; focused reach

Other options: sales promotion – sponsorship – direct marketing – digital channels

3. Developing Marketing Communication

AIDA (Lewis 1898) – a classic model for message design

A simple heuristic – that´s why it is still used today



Use AIDA to ask:

- A Attention**
What gets noticed?
- I Interest**
Why is it relevant?
- D Desire**
Why might I want it?
- A Action**
What can I do next?

A planning guide, not a prediction.



3. Developing Marketing Communication

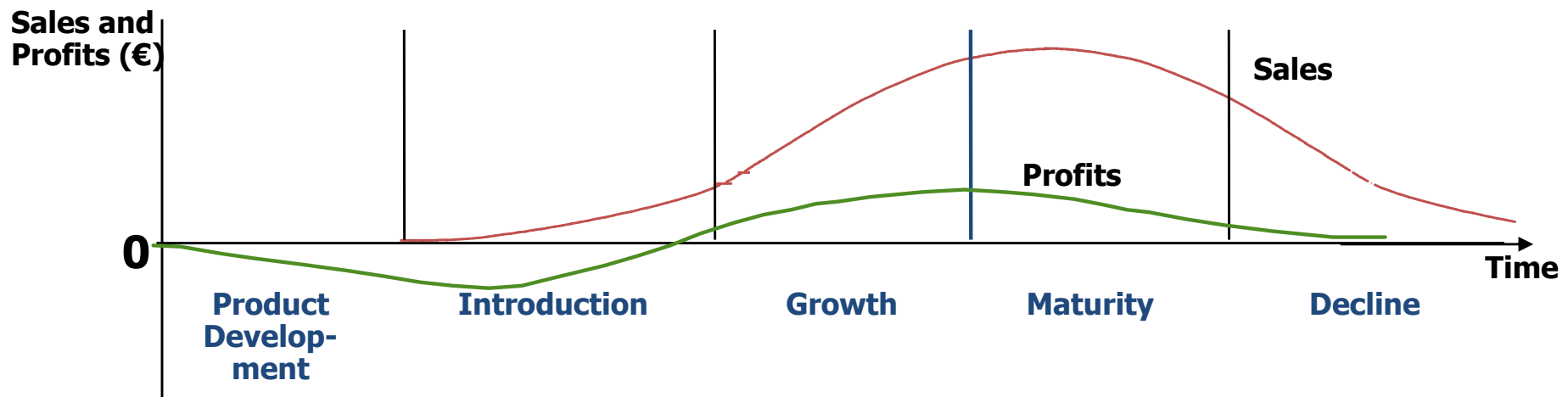
Advertising Goals and (again) the Product Life Cycle

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



11. Digital marketing: connect channels and customer journeys

Learning objectives

- | | | |
|----|-----------------------|---|
| 01 | Role in strategy | Explain the role of digital marketing within marketing strategy. |
| 02 | Digital channels | Distinguish the major digital channels and their uses. |
| 03 | Customer journey | Design a basic campaign around the customer journey and connect digital with physical channels. |
| 04 | Campaign metrics | Select metrics that match campaign objectives. |
| 05 | AI and responsibility | Assess the uses and limits of AI in promotion, including ethical, privacy and environmental issues. |

1. Explain the role of digital marketing within marketing strategy.

What is digital marketing?

Digital technologies and platforms help marketers create, communicate and deliver value.



Reach

Connect with people at relevant digital touchpoints.



Interact

Customers respond, share and take part.



Learn

Use behaviour and feedback to improve decisions.



Marketing strategy remains the starting point

1. Explain the role of digital marketing within marketing strategy.

Benefits of digital marketing



For buyers



Convenience

Access information and shop when it suits them.



Easier comparison

Compare products, prices and reviews.



Direct interaction

Ask questions and give feedback.



Community

Connect with brands and other customers.



For sellers



Market access

Reach audiences across locations.



Relationships

Support customers and maintain contact.



Flexibility and timing

Adapt messages to behavior, events and trends.



Learning and optimization

Test campaigns and track their results.

Potential benefits depend on execution, costs and customer acceptance.

2. Distinguish the major digital channels and their uses.

Key digital marketing tools



Search engine optimization

Improve website content and technical quality to help people find it in organic search results.



Social media marketing

Build connections and encourage conversation through social platforms and communities.



Content marketing

Use useful articles, videos and other content to attract and engage a defined audience.



Email marketing

Send relevant messages to nurture leads, support purchases and maintain customer relationships.



Paid digital advertising

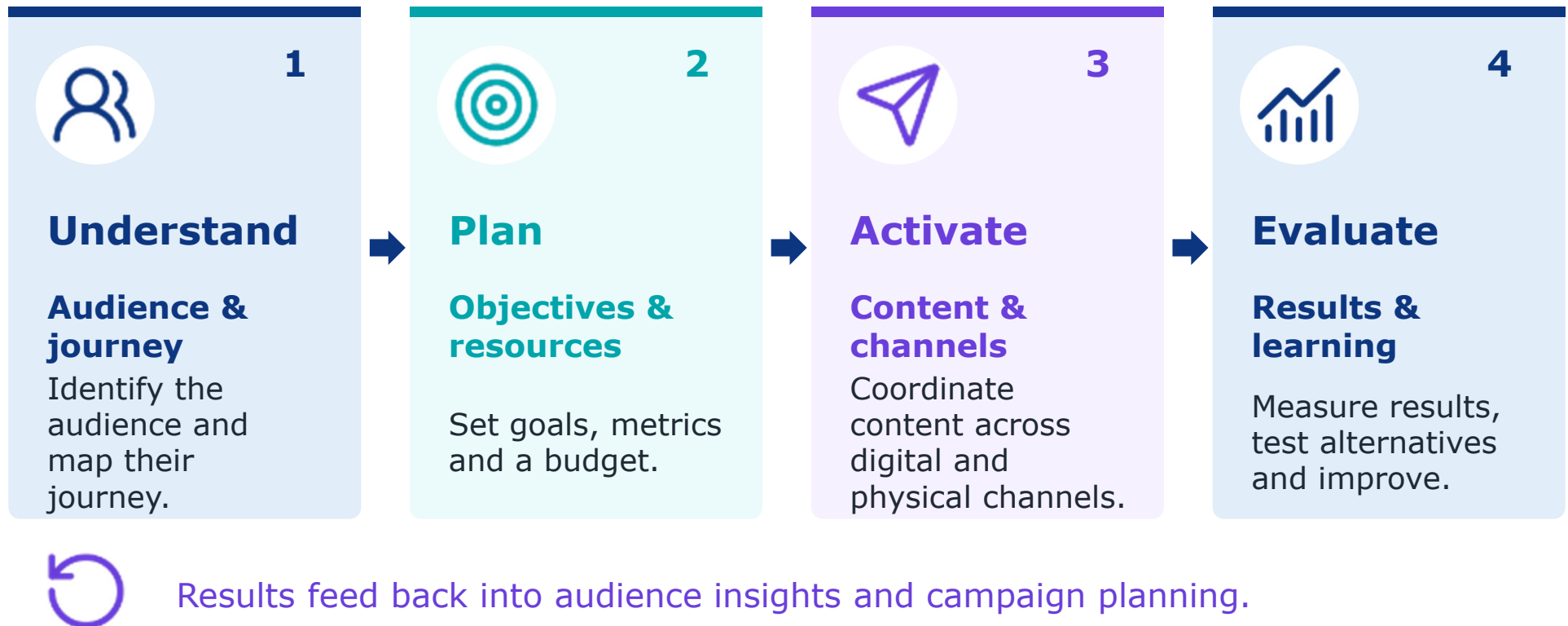
Buy placements in search, social and other media. Pay per click (PPC) is one pricing model.

These tools work together: one campaign can use several of them.

3. Design a basic campaign around the customer journey + connect digital with physical channels.

The digital campaign process

Marketing strategy guides every step.



Responsible marketing at every step

Privacy, transparency, data security and environmental impact

3. Design a basic campaign around the customer journey + connect digital with physical channels.

The customer journey

A customer's experiences and touchpoints before, during and after purchase

Example: choosing and visiting a café



Customers may skip, repeat or revisit stages.

The same channel can support several stages.

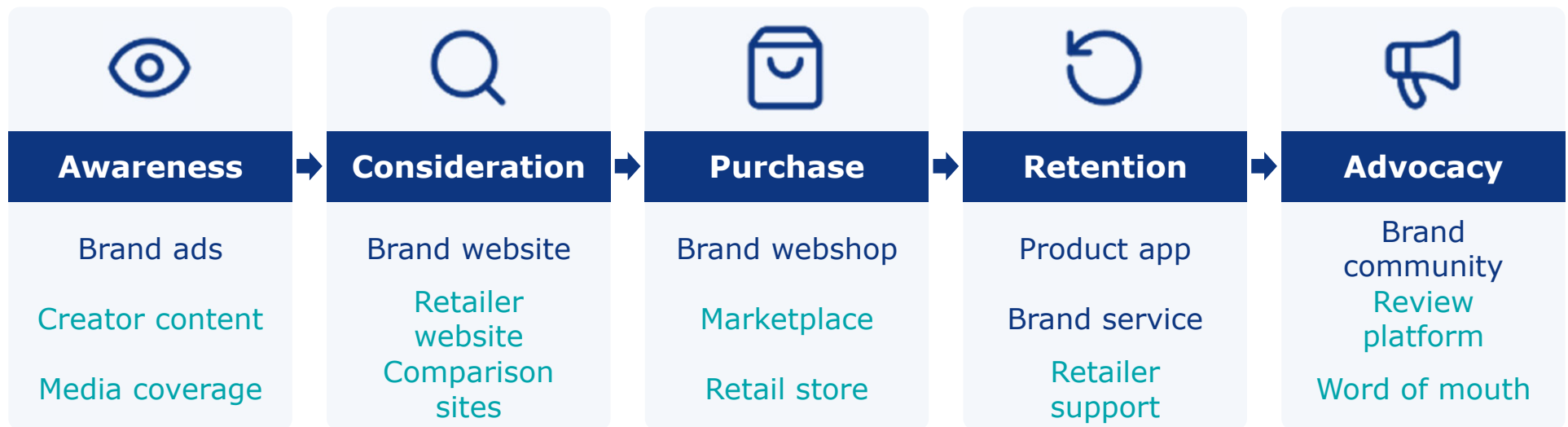
3. Design a basic campaign around the customer journey + connect digital with physical channels.

Customer journey: many touchpoints

The manufacturer sees only part of the customer's journey.

● Manufacturer touchpoints

● Retailers and third parties



Examples. Customers move between channels and revisit stages.

Challenges for manufacturers

Fragmented data

Retailer and platform data may be unavailable or incomplete.

Matching customers

Devices, accounts and permissions complicate identification.

Relevant responses

Messages need current context and coordination across teams.

3. Design a basic campaign around the customer journey + connect digital with physical channels.

Preparing a digital campaign

Audience evidence and testing guide campaign choices.



Know the audience

Consumer personas

Summarize needs, motivations, barriers and digital habits.

Base personas on research and customer data.



Map touchpoints

Across channels

Identify where customers seek information, buy and get support.

Connect digital and physical contacts.



Test assumptions

A/B experiments

Compare two versions using random assignment and a clear success metric.

Example: test two messages before scaling.



Use findings to choose content, channels and timing.

3. Design a basic campaign around the customer journey + connect digital with physical channels.

Digital channels and their roles

Connect digital touchpoints to create a consistent customer experience

Brand-managed touchpoints



Websites & webshops

Explain the offer and support enquiries or purchases.



Brand communities

Enable discussion, support and shared experiences.



Email

Send relevant updates, offers and follow-up messages.

Paid digital advertising



Search ads

Appear with search results to reach people expressing intent.



Display ads

Visual ads on websites and apps build awareness or remind visitors.



Paid listings / classifieds

Promote product or service listings on marketplaces and directories.



Omnichannel integration

Ad → relevant webpage → purchase or store visit → service

Keep the offer, information and service consistent across contacts.

3. Design a basic campaign around the customer journey + connect digital with physical channels.

Create useful content that people want to share



Online video

Show, explain and tell stories

Use demonstrations, tutorials or brand stories on websites and social platforms.

Example: a short product tutorial



Blogs & articles

Inform and build understanding

Publish useful guides, insights and stories that answer audience questions.

Example: a guide to choosing a product



Viral spread: audiences pass content on

People share content with others, potentially extending its reach.

Encourage sharing through relevance, emotion or participation.

Virality is not guaranteed. Sharing can amplify praise or criticism.

3. Design a basic campaign around the customer journey + connect digital with physical channels.

Use social media to connect, listen and engage

Social media enable people to create, share and discuss content and connect with others through online platforms.

What brands can do



Reach relevant audiences

Use content and paid targeting to connect with potential customers.



Join conversations

Respond, provide support and encourage participation.



Learn from feedback

Listen to questions, reactions and shared experiences.

Common social formats



Visual content

Images, videos and livestreams



Conversations & communities

Social networks, messaging and forums



Knowledge & recommendations

Blogs, wikis, reviews and ratings



Potential benefits need active management

Reach and costs depend on platform rules, competition and content.

4. Select metrics that match campaign objectives.

Select digital metrics to match the campaign objective

Measure exposure, response, outcomes and efficiency separately.

Objective	Metric	What it tells us
Awareness	Reach / impressions	How many people saw the ad? How often was it shown?
Response	Click-through rate (CTR)	What share of ad impressions generated a click?
Action	Conversion rate	What share of relevant visits led to a desired action?
Cost	CPC / CPA	How much did a click or a conversion cost?
Retention	Repeat purchase rate	How many customers bought again in a defined period?

Example: High CTR but low conversion? Check the offer and the landing page. Define the action and measurement period before comparing results.

5. Assess the uses and limits of AI in promotion, including ethical, privacy and environmental issues.

Manage social media with AI and human judgement

Social media marketing also presents challenges

Social media challenges



Platform dependence

Algorithms and platform rules influence reach and access to data.



Public reactions

Criticism can spread quickly; brands cannot control the conversation.



Trust and data

Misinformation, fake engagement and privacy concerns create risks.

Growing use of AI



Content creation

Draft posts, generate visuals and adapt content for audiences.



Community management

Suggest replies, sort enquiries and flag problematic comments.



Listening and analysis

Summarize feedback, detect trends and support reporting.



Human oversight remains essential

Check accuracy, bias and tone. Escalate sensitive cases to people.

5. Assess the uses and limits of AI in promotion, including ethical, privacy and environmental issues.

Make mobile and email messages relevant

Permission and contact preferences are planning principles

Mobile marketing



Mobile websites & apps

Make information, purchases and service easy on a small screen.



Push, SMS & messaging

Send timely updates, reminders and relevant offers.



Location-based messages

Use location or proximity when relevant and permitted.

Email marketing



Build a relevant audience

Segment subscriber lists by needs and interests.



Create useful messages

Match content and timing to the customer's situation.



Measure outcomes

Track clicks, conversions, bounces and unsubscribes.



Respect permission and contact preferences

Control frequency, explain the value and make opting out easy.

Interpret email open rates cautiously: privacy features limit tracking.

5. Assess the uses and limits of AI in promotion, including ethical, privacy and environmental issues.

Digital marketing raises six public policy concerns

Consumer experience, data use and market conduct all matter.

Irritation



Intrusive or excessive messages disrupt the customer experience.

Unfairness



Targeting can exploit vulnerable or less informed consumers.

Deception



Misleading claims or disguised advertising distort decisions.

Fraud



Impersonation, identity theft and scams cause direct harm.

Privacy & security



Tracking creates privacy concerns; weak protection exposes data.

Market power



Dominant platforms may limit competition and customer choice.

Policy responses address transparency, data protection, fraud and competition.

Examples of data protection rules: GDPR (EU); COPPA (US, children under 13).

5. Assess the uses and limits of AI in promotion, including ethical, privacy and environmental issues.

Digital Marketing affects all 4 Ps



Product

Customer feedback, Customization,
Digital products/services (Netflix, Spotify)

Price

Dynamic pricing, Comparison tools,
Promo codes (Airlines, Amazon)

Place

Mobile/E-commerce, Platforms (Amazon,
Zalando, Etsy)

Promotion

Social media, Search engines , Email
Influencer marketing

Key Point: Digital marketing is not only promotion - it affects all 4 Ps.

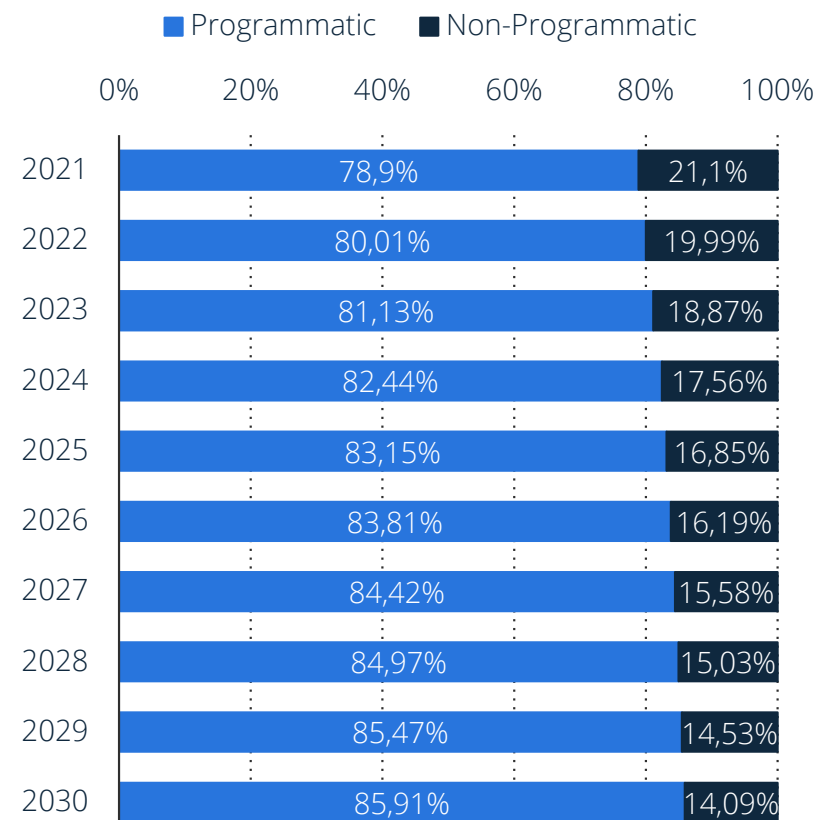
5. Assess the uses and limits of AI in promotion, including ethical, privacy and environmental issues.

Programmatic Advertising

Programmatic advertising is the automated buying and selling of online advertising space using software and algorithms.

Traditional Buying	Programmatic Buying
 Transactions Human negotiations	 Transactions Automated transactions
 Targeting Broad targeting	 Targeting Precise targeting
 Process Slower process	 Process Real-time decisions
 Data & Insights Limited data use	 Data & Insights Data-driven decisions

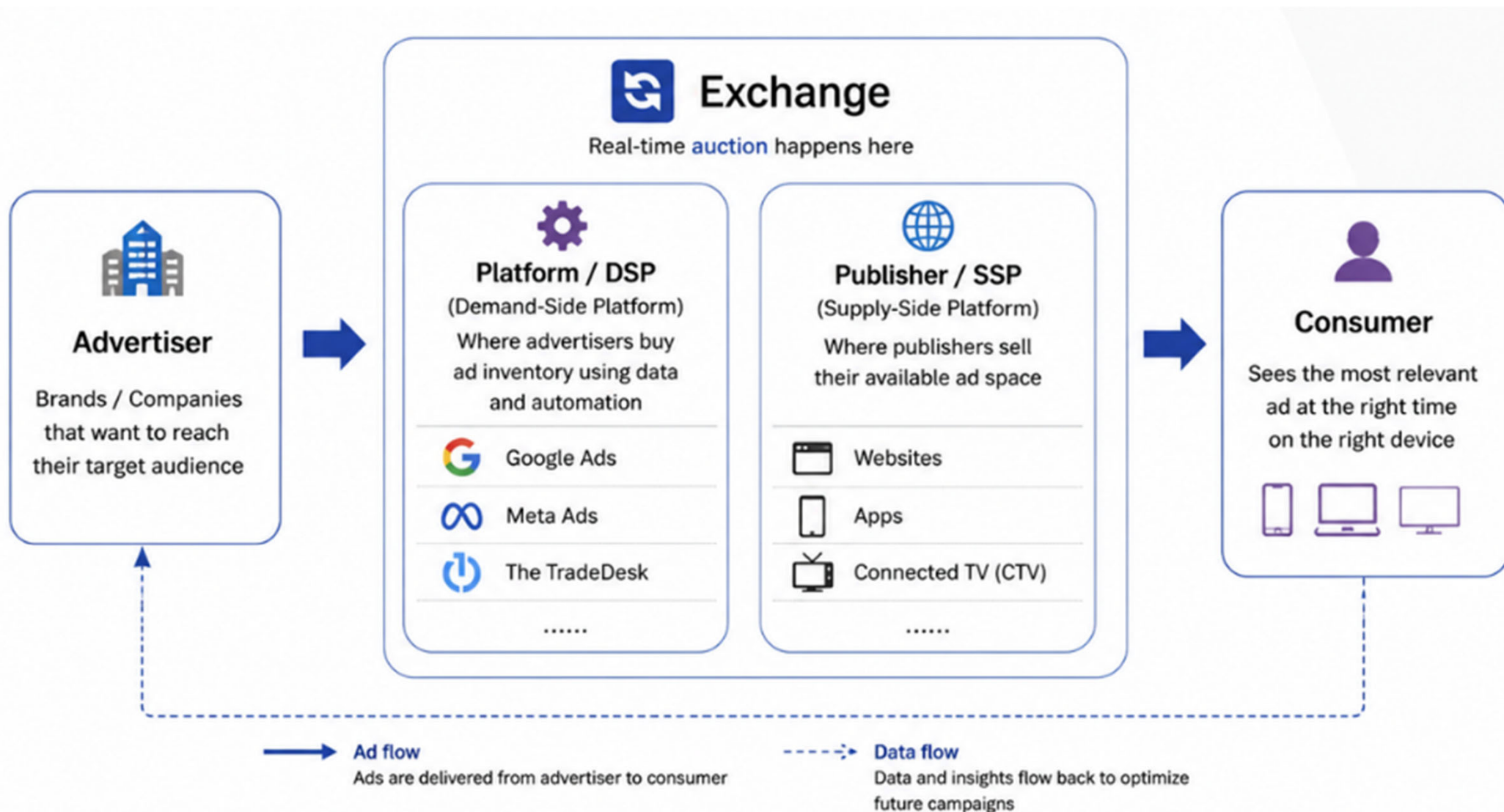
Digital ad spend worldwide 2021-2030



Source: Statista; Statista Market Insights

5. Assess the uses and limits of AI in promotion, including ethical, privacy and environmental issues.

The Programmatic Advertising Ecosystem



5. Assess the uses and limits of AI in promotion, including ethical, privacy and environmental issues.

Digital marketing has a physical footprint

Consider the infrastructure behind every digital touchpoint.



CREATE & PROCESS

Content, cloud & AI

Computing and storage use energy; equipment needs materials.



DELIVER

Networks & ad tech

Distribution uses networks, servers and advertising systems.



USE

Customer devices

Viewing and interacting use electricity and physical devices.

Across the lifecycle: materials → production → use → e-waste



Efficiency alone is not enough

Lower impact per contact can be offset by more contacts and consumption.

Source: UNCTAD, Digital Economy Report 2024. Full references in notes.

5. Assess the uses and limits of AI in promotion, including ethical, privacy and environmental issues.

Reduce digital waste and support better choices



1 Make content lighter

Right-size images and video. Remove unnecessary scripts and autoplay.



2 Avoid wasted contacts

Set frequency caps. Maintain mailing lists and respect contact preferences.



3 Ask suppliers for evidence

Request emissions methods, boundaries and energy data—not vague green labels.



4 Promote lasting value

Use content and CRM to support repair, reuse and longer product life.

Measure the whole campaign

Track total CO₂e AND CO₂e per meaningful outcome.

Use consistent boundaries. Explain estimates and uncertainty.

Sources: W3C Web Sustainability Guidelines (draft); Ad Net Zero GMSF; UNCTAD.

12. Marketing planning: turn analysis into strategic choices

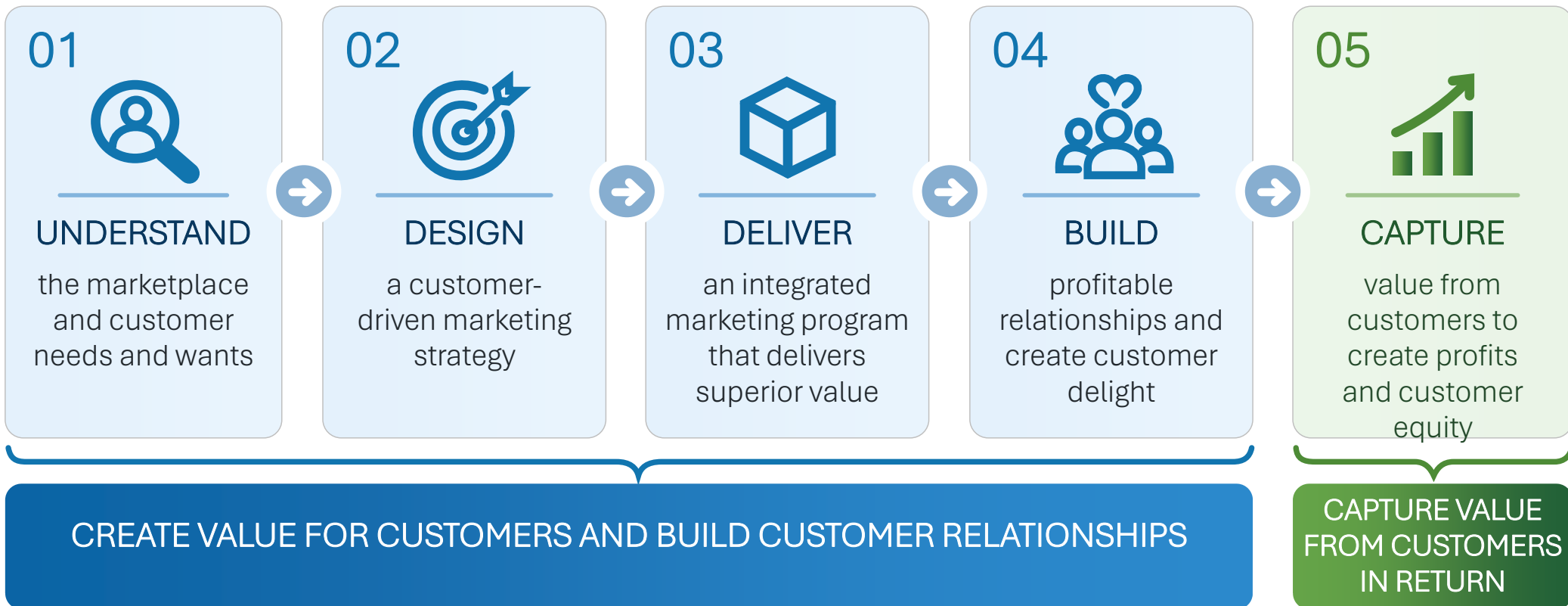
Learning objectives

- | | | |
|----|-----------------------|---|
| 01 | Marketing process | Connect customer understanding, strategy, execution and value creation. |
| 02 | Planning and control | Explain how audits, objectives, action plans and review guide decisions. |
| 03 | Growth directions | Apply the Ansoff matrix to compare product–market growth options. |
| 04 | Competitive advantage | Distinguish Porter’s strategies by competitive scope and source of advantage. |
| 05 | Value chain | Identify activities that create customer value or improve cost efficiency. |

1. Connect customer understanding, strategy, execution and value creation.

The marketing process connects customer and company value

Review: research informs strategy; a coordinated offer and strong relationships support sustainable returns.



2. Explain how audits, objectives, action plans and review guide decisions.

An internal audit connects performance with its drivers

Ask what is working, what is not, and which capabilities or choices explain the difference.

Results

Sales, market share, margins and costs by product, customer group and region.

Marketing mix

Effectiveness and fit of product, price, promotion and distribution.

Strategic issues: objectives · segments · positioning · advantage · capabilities · portfolio

Organisation

Marketing structure, skills, training and communication within and across teams.

Systems

Quality of marketing information, planning and performance control.

Combine this internal audit with external analysis: strengths/weaknesses differ from opportunities/threats.

2. Explain how audits, objectives, action plans and review guide decisions.

A useful plan answers five questions—and assigns action

Planning creates direction, resource discipline and a basis for learning when circumstances change.

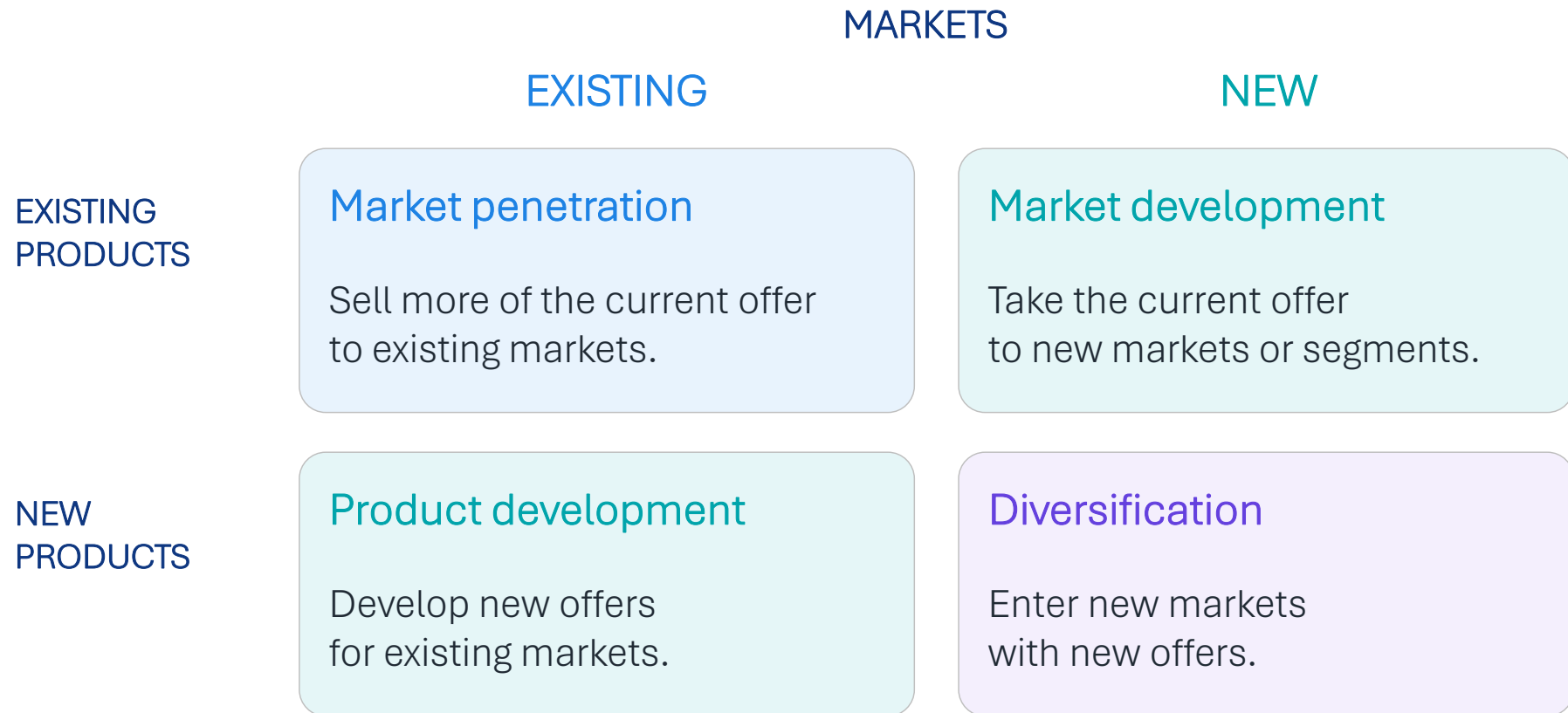
Key question	Planning work	Practical output
Where are we now?	Mission, internal and external audit, SWOT	Evidence-based situation assessment
Where are we heading?	Trends, assumptions and scenarios	Outlook if the current course continues
Where do we want to be?	Marketing objectives	Measurable targets and time horizon
How will we get there?	Core strategy, marketing mix and implementation	Actions, owners, budget and timing
Are we on course?	Monitoring, control and review	Compare outcomes; adapt the plan

Benefits: consistent decisions, focused resources, shared goals and earlier responses to change.

3. Apply the Ansoff matrix to compare product–market growth options.

The Ansoff Matrix asks: where will growth come from?

Classify opportunities by whether products and markets are existing or new to the firm.

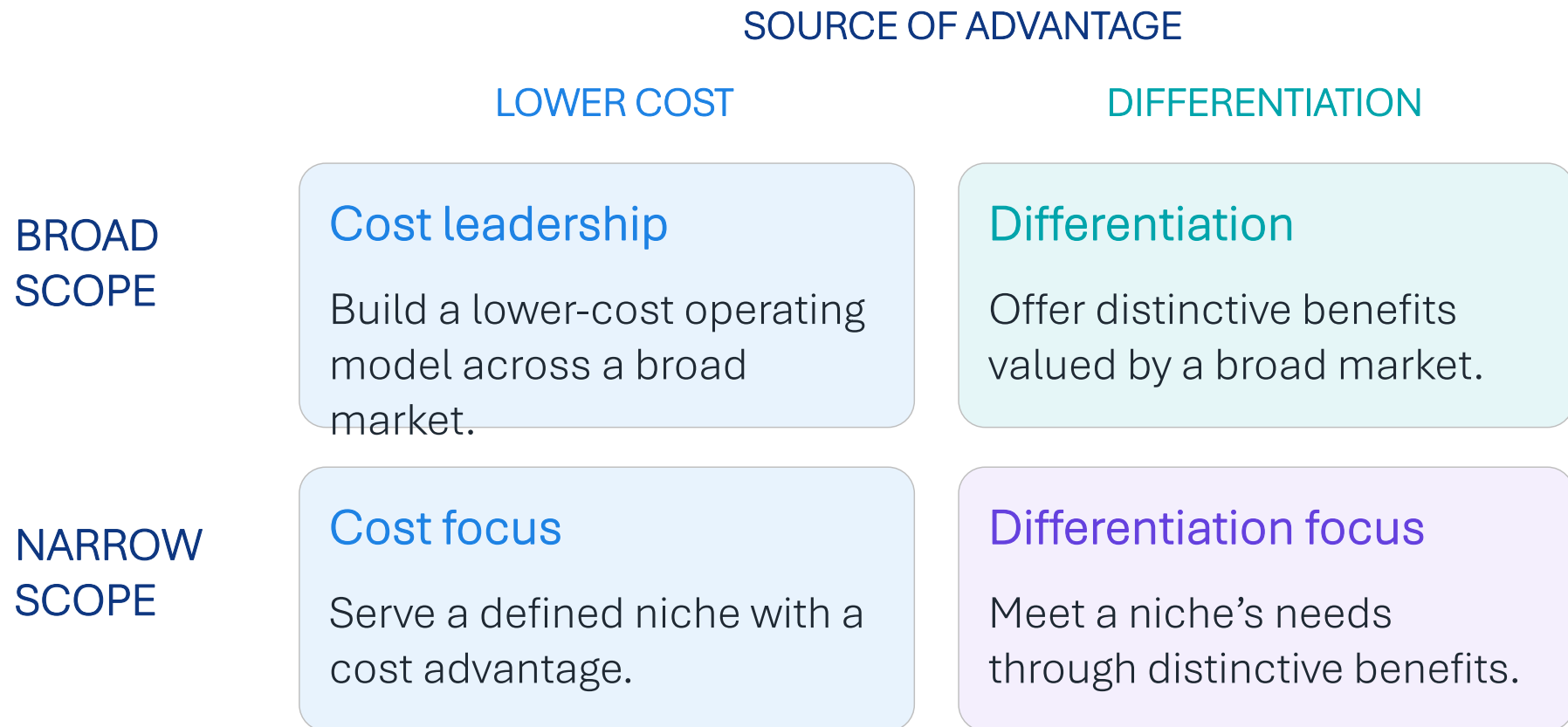


Greater unfamiliarity usually adds uncertainty; actual risk depends on capabilities, evidence and entry choices.

4. Distinguish Porter's strategies by competitive scope and source of advantage

Porter asks: how will the firm compete?

Competitive advantage depends on both the basis of advantage and the scope of the target market.



Low cost is an operating advantage—not simply a low price. Differentiation must matter to customers.

5. Identify activities that create customer value or improve cost efficiency

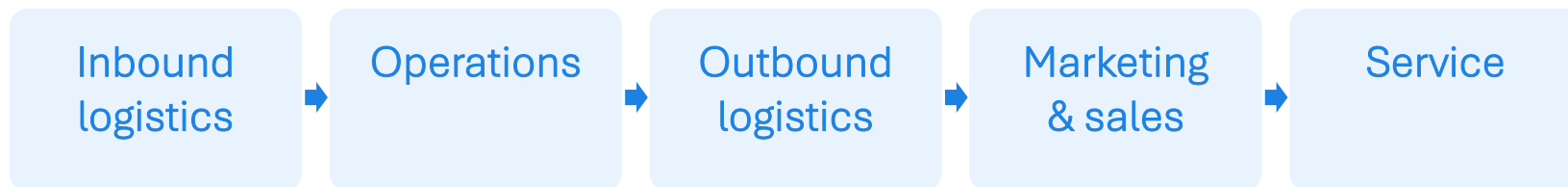
The value chain locates the activities behind advantage

Examine where the firm creates customer value, incurs cost and connects activities effectively.

SUPPORT ACTIVITIES



PRIMARY ACTIVITIES



Ask: Which activity lowers cost or creates a benefit that customers are willing to pay for?

Advantage can come from individual activities and from the way activities reinforce one another.