1

Defining Marketing for the 21st Century
Demand States

- Negative
- Nonexistent
- Latent
- Declining
- Irregular
- Unwholesome
- Full
- Overfull
Key Customer Markets

- Consumer markets
- Business markets
- Global markets
- Nonprofit/Government markets
Types of Needs

- Stated
- Real
- Unstated
- Delight
- Secret
Marketing Channels

Communication

Distribution

Service
Marketing Environment

Demographic

Economic

Political-legal

Socio-cultural

Technological

Natural
Major Societal Forces

- Network information technology
- Globalization
- Deregulation
- Privatization
- Heightened competition
- Industry convergence
- Retail transformation
- Disintermediation
- Consumer buying power
- Consumer participation
- Consumer resistance
Company Orientations

- Production
- Product
- Selling
- Marketing
Holistic Marketing
Relationship Marketing

Customers

Employees

Marketing Partners

Financial Community
Internal Marketing

*Internal marketing* is the task of hiring, training, and motivating able employees who want to serve customers well.
The Marketing Mix

Product
- Product variety
- Quality
- Design
- Features
- Brand name
- Packaging
- Sizes
- Services
- Warranties
- Returns

Price
- List price
- Discounts
- Allowances
- Payment period
- Credit terms

Promotion
- Sales promotion
- Advertising
- Sales force
- Public relations
- Direct marketing

Place
- Channels
- Coverage
- Assortments
- Locations
- Inventory
- Transport
The New Four Ps

People

Processes

Programs

Performance
Marketing Management Tasks

- Develop market strategies and plans
- Capture marketing insights
- Connect with customers
- Build strong brands
- Shape market offerings
- Deliver value
- Communicate value
- Create long-term growth
2

Developing Marketing Strategies and Plans
Phases of Value Creation and Delivery

- Choosing the value
- Providing the value
- Communicating the value
What is the Value Chain?

The value chain is a tool for identifying ways to create more customer value because every firm is a synthesis of primary and support activities performed to design, produce, market, deliver, and support its product.
Core Business Processes

- Market-sensing process
- New-offering realization process
- Customer acquisition process
- Customer relationship management process
- Fulfillment management process
Characteristics of Core Competencies

- A source of competitive advantage
- Applications in a wide variety of markets
- Difficult to imitate
Maximizing Core Competencies

- (Re)define the business concept
- (Re)shaping the business scope
- (Re)positioning the company’s brand identity
What is Holistic Marketing?

Holistic marketing sees itself as integrating the value exploration, value creation, and value delivery activities with the purpose of building long-term, mutually satisfying relationships and co-prosperity among key stakeholders.
What is a Marketing Plan?

A marketing plan is the central instrument for directing and coordinating the marketing effort. It operates at a strategic and tactical level.
Levels of a Marketing Plan

- **Strategic**
  - Target marketing decisions
  - Value proposition
  - Analysis of marketing opportunities

- **Tactical**
  - Product features
  - Promotion
  - Merchandising
  - Pricing
  - Sales channels
  - Service
Good Mission Statements

- Focus on a limited number of goals
- Stress major policies and values
- Define major competitive spheres
- Take a long-term view
- Short, memorable, meaningful
### Table 2.2

**Major Competitive Spheres**

- Industry
- Products
- Competence
- Market segment
- Vertical channels
- Geographic
### Product Orientation vs. Market Orientation

<table>
<thead>
<tr>
<th>Company</th>
<th>Product</th>
<th>Market</th>
</tr>
</thead>
<tbody>
<tr>
<td>Missouri-Pacific</td>
<td>We run a railroad</td>
<td>We are a people- and-goods mover</td>
</tr>
<tr>
<td>Railroad</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Xerox</td>
<td>We make copying equipment</td>
<td>We improve office productivity</td>
</tr>
<tr>
<td>Standard Oil</td>
<td>We sell gasoline</td>
<td>We supply energy</td>
</tr>
<tr>
<td>Columbia Pictures</td>
<td>We make movies</td>
<td>We entertain people</td>
</tr>
</tbody>
</table>
Figure 2.2 The Strategic Planning Gap
Figure 2.3 The Business Unit Strategic Planning Process

- Business mission
- SWOT analysis
  - External environment (opportunity & threat analysis)
  - Internal environment (strengths/weaknesses analysis)
- Goal formulation
- Strategy formulation
- Program formulation
- Implementation
- Feedback and control
SWOT Analysis

- Strengths
- Weaknesses
- Opportunities
- Threats
Market Opportunity Analysis (MOA)

- Can the benefits involved in the opportunity be articulated convincingly to a defined target market?
- Can the target market be located and reached with cost-effective media and trade channels?
- Does the company possess or have access to the critical capabilities and resources needed to deliver the customer benefits?
Market Opportunity Analysis (MOA)

- Can the company deliver the benefits better than any actual or potential competitors?
- Will the financial rate of return meet or exceed the company’s required threshold for investment?
Figure 2.4
Opportunity and Threat Matrices

(a) Opportunity Matrix

<table>
<thead>
<tr>
<th>Success Probability</th>
</tr>
</thead>
<tbody>
<tr>
<td>High</td>
</tr>
<tr>
<td>Low</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Attractiveness</th>
</tr>
</thead>
<tbody>
<tr>
<td>High</td>
</tr>
<tr>
<td>Low</td>
</tr>
</tbody>
</table>

1. Company develops more powerful lighting system
2. Company develops device to measure energy efficiency of any lighting system
3. Company develops device to measure illumination level
4. Company develops software program to teach lighting fundamentals to TV studio personnel

(b) Threat Matrix

<table>
<thead>
<tr>
<th>Probability of Occurrence</th>
</tr>
</thead>
<tbody>
<tr>
<td>High</td>
</tr>
<tr>
<td>Low</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Seriousness</th>
</tr>
</thead>
<tbody>
<tr>
<td>High</td>
</tr>
<tr>
<td>Low</td>
</tr>
</tbody>
</table>

1. Competitor develops superior lighting system
2. Major prolonged economic depression
3. Higher costs
4. Legislation to reduce number of TV studio licenses
Goal Formulation and MBO

- Unit’s objectives must be hierarchical
- Objectives should be quantitative
- Goals should be realistic
- Objectives must be consistent
Porter’s Generic Strategies

- Overall cost leadership
- Differentiation
- Focus
Marketing Plan Contents

- Executive summary
- Table of contents
- Situation analysis
- Marketing strategy
- Financial projections
- Implementation controls
Evaluating a Marketing Plan

 ✓ Is the plan simple?
 ✓ Is the plan specific?
 ✓ Is the plan realistic?
 ✓ Is the plan complete?
3
Collecting Information
and
Forecasting Demand
What is a Marketing Information System?

A marketing information system consists of people, equipment, and procedures to gather, sort, analyze, evaluate, and distribute needed, timely, and accurate information to marketing decision makers.
Internal Records and Marketing Intelligence

- Order-to-payment cycle
- Sales information system
- Databases, warehousing, data mining
- Marketing intelligence system
Needs and Trends

- Fad
- Trend
- Megatrend
Major Forces in the Environment

- Demographic
- Political-legal
- Technological
- Economic
- Socio-cultural
- Natural
Population and Demographics

- Population growth
- Population age mix
- Ethnic markets
- Educational groups
- Household patterns
Economic Environment

- Consumer Psychology
- Income Distribution
- Income, Savings, Debt, Credit
Income Distribution

- Subsistence economies
- Raw-material-exporting economies
- Industrializing economies
- Industrial economies
Social-Cultural Environment

- Views of themselves
- Views of others
- Views of organizations
- Views of society
- Views of nature
- Views of the universe
Natural Environment

- Shortage of raw materials
- Increased energy costs
- Anti-pollution pressures
- Governmental protections
Technological Environment

- Pace of change
- Opportunities for innovation
- Varying R&D budgets
- Increased regulation of change
The Political-Legal Environment

Business Legislation

Growth of Special Interest Groups
4 Conducting Marketing Research
What is Marketing Research?

Marketing research is the systematic design, collection, analysis, and reporting of data and findings relevant to a specific marketing situation facing the company.
5
Creating Long-Term Loyalty Relationships
Figure 5.1 Customer-Orientations
What is Customer Perceived Value?

- **Customer perceived value** is the difference between the prospective customer’s evaluation of all the benefits and all the costs of an offering and the perceived alternatives.
Figure 5.2 Determinants of Customer Perceived Value

- Total customer benefit
  - Product benefit
  - Services benefit
  - Personal benefit
  - Image benefit

- Total customer cost
  - Monetary cost
  - Time cost
  - Energy cost
  - Psychological cost
Steps in a Customer Value Analysis

- Identify major attributes and benefits that customers value
- Assess the qualitative importance of different attributes and benefits
- Assess the company’s and competitor’s performances on the different customer values against rated importance
- Examine ratings of specific segments
- Monitor customer values over time
What is Loyalty?

**Loyalty** is a deeply held commitment to re-buy or re-patronize a preferred product or service in the future despite situational influences and marketing efforts having the potential to cause switching behavior.
What is Quality?

Quality is the totality of features and characteristics of a product or service that bear on its ability to satisfy stated or implied needs.
Maximizing Customer Lifetime Value

Customer Profitability

Customer Equity

Lifetime Value
What is Customer Relationship Management?

**CRM** is the process of carefully managing detailed information about individual customers and all customer touch points to maximize customer loyalty.
Framework for CRM

- Identify prospects and customers
- Differentiate customers by needs and value to company
- Interact to improve knowledge
- Customize for each customer
Attracting and Retaining Customers

- Reduce the rate of defection
- Increase longevity
- Enhance share of wallet
- Terminate low-profit customers
- Focus more effort on high-profit customers
Figure 5.4 The Marketing Funnel
6

Analyzing Consumer Markets
What Influences Consumer Behavior?

- Cultural Factors
- Social Factors
- Personal Factors
What is Culture?

Culture is the fundamental determinant of a person’s wants and behaviors acquired through socialization processes with family and other key institutions.
Subcultures

- Nationalities
- Religions
- Racial groups
- Geographic regions
Social Classes

Upper uppers
Lower uppers
Upper middles
Middle
Working
Upper lowers
Lower lowers
Social Factors

- Reference groups
- Family
- Social roles
- Statuses
Reference Groups

- Membership groups
- Primary groups
- Secondary groups
- Aspirational groups
- Disassociative groups
Personal Factors

- Age
- Life cycle stage
- Occupation
- Wealth
- Personality
- Values
- Lifestyle
- Self-concept
Brand Personality

- Sincerity
- Excitement
- Competence
- Sophistication
- Ruggedness
Figure 6.1 Model of Consumer Behavior
Perception

- Selective attention
- Selective retention
- Selective distortion
- Subliminal perception
Figure 6.4 Consumer Buying Process

- Problem Recognition
- Information Search
- Evaluation of alternatives
- Purchase Decision
- Postpurchase Behavior
Sources of Information

- Personal
- Commercial
- Public
- Experiential
7

Analyzing Business Markets
8

Identifying Market Segments and Targets
What is a Market Segment?

A market segment consists of a group of customers who share a similar set of needs and wants.
Segmenting Consumer Markets

- Geographic
- Demographic
- Psychographic
- Behavioral
Demographic Segmentation

- Age and life cycle
- Life stage
- Gender
- Income
- Generation
- Social class
- Race and Culture
Behavioral Segmentation: Decision Roles

- Initiator
- Influencer
- Decider
- Buyer
- User
Behavioral Segmentation: Behavioral Variables

- Occasions
- Benefits
- User Status
- Usage Rate
- Buyer-Readiness
- Loyalty Status
- Attitude
Loyalty Status

- Hard-core
- Split loyals
- Shifting loyals
- Switchers
Segmenting for Business Markets

- Demographic
- Operating variable
- Purchasing approaches
- Situational factors
- Personal characteristics
Steps in Segmentation Process

- Need-based segmentation
- Segment identification
- Segment attractiveness
- Segment profitability
- Segment positioning
- Segment acid test
- Market mix strategy
Effective Segmentation Criteria

- Measurable
- Substantial
- Accessible
- Differentiable
- Actionable
Porter’s 5 Forces Model

- Threat of Rivalry
- Threat of Buyer Bargaining Power
- Threat of Substitutes
- Threat of Supplier Bargaining Power
- Threat of New Entrants
Figure 8.4 Possible Levels of Segmentation
Creating Brand Equity
Steps in Strategic Brand Management

- Identifying and establishing brand positioning
- Planning and implementing brand marketing
- Measuring and interpreting brand performance
- Growing and sustaining brand value
What is a Brand?

A **brand** is a name, term, sign, symbol or design, or a combination of them, intended to identify the goods or services of one seller or group of sellers and to differentiate them from those of competitors.
The Role of Brands

• Identify the maker
• Simplify product handling
• Organize accounting
• Offer legal protection
The Role of Brands

- Signify quality
- Create barriers to entry
- Serve as a competitive advantage
- Secure price premium
What is Branding?

Branding is endowing products and services with the power of the brand.
What is Brand Equity?

**Brand equity** is the added value endowed on products and services, which may be reflected in the way consumers think, feel, and act with respect to the brand.
Advantages of Strong Brands

- Improved perceptions of product performance
- Greater loyalty
- Less vulnerability to competitive marketing actions
- Less vulnerability to crises
- Larger margins
- More inelastic consumer response
- Greater trade cooperation
- Increased marketing communications effectiveness
- Possible licensing opportunities
What is a Brand Promise?

A brand promise is the marketer’s vision of what the brand must be and do for consumers.
Brand Equity Models

- Brand Asset Valuator (BAV)
- Brandz
- Brand Resonance
Figure 9.3
Brand Dynamics Pyramid

- Nothing else beats it
- Does it offer something better than the others?
- Can it deliver?
- Does it offer me something?
- Do I know about it?

- Bonding
- Advantage
- Performance
- Relevance
- Presence

Strong relationship/
High share of category expenditure

Weak relationship/
Low share of category expenditure
Figure 9.4 Brand Resonance Pyramid

Stages of Brand Development

4. Relationships = What about you and me?
3. Response = What about you?
2. Meaning = What are you?
1. Identity = Who are you?

Brand Building Blocks

Resonance
Judgments
Feelings
Performance
Imagery
Salience

Branding Objective at Each Stage

Intense, active loyalty
Positive, accessible reactions
Points-of-parity & difference
Deep, broad brand awareness
Brand Building Blocks

- Brand
- Resonance
- Judgments
- Feelings
- Performance
- Imagery
- Salience
Internal Branding

- Choose the right moment
- Link internal and external marketing
- Bring the brand alive for employees
Figure 9.6 Brand Value Chain

**Value Stages**
- Marketing Program Investment
  - Product
  - Communications
  - Trade
  - Employee
  - Other
- Customer Mind-set
  - Awareness
  - Associations
  - Attitudes
  - Attachment
  - Activity
- Brand Performance
  - Price premiums
  - Price elasticities
  - Market share
  - Expansion success
  - Cost structure
  - Profitability
- Shareholder Value
  - Stock price
  - P/E ratio
  - Market capitalization

**Multipliers**
- Program Multiplier
  - Clarity
  - Relevance
  - Distinctiveness
  - Consistency
- Customer Multiplier
  - Competitive reactions
  - Channel support
  - Customer size & profile
- Market Multiplier
  - Market dynamics
  - Growth potential
  - Risk profile
  - Brand contribution
Devising a Branding Strategy

- Develop new brand elements
- Apply existing brand elements
- Use a combination of old and new
Brand Roles in a Brand Portfolio

- Flankers
- Cash cows
- Low-end, entry-level
- High-end prestige
10
Crafting the
Brand Positioning
Defining Associations

**Points-of-difference**
Attributes or benefits consumers strongly associate with a brand, positively evaluate, and believe they could not find to the same extent with a competitive brand

**Points-of-parity**
Associations that are not necessarily unique to the brand but may be shared with other brands
Point-of-Difference Criteria

- Desirable
- Deliverable
- Differentiating
Figure 10.1a Perceptual Map: Current Perceptions
Designing a Brand Mantra

- Communicate
- Simplify
- Inspire
Conveying Category Membership

- Announcing category benefits
- Comparing to exemplars
- Relying on the product descriptor
Examples of Negatively Correlated Attributes and Benefits

- Low-price vs. High quality
- Taste vs. Low calories
- Nutritious vs. Good tasting
- Efficacious vs. Mild
- Powerful vs. Safe
- Strong vs. Refined
- Ubiquitous vs. Exclusive
- Varied vs. Simple
Means of Differentiation

- Employee
- Channel
- Image
- Services
Emotional Branding

- Strong culture
- Communication style
- Emotional hook
11

Competitive Dynamics
Protecting Market Share

Responsive anticipation

Creative anticipation
Figure 11.2 Types of Defense Strategies
Market Challenger Strategies

- Define the strategic objective and opponents
- Choose a general attack strategy
- Choose a specific attack strategy
General Attack Strategies

- Frontal attack
- Flank attack
- Encirclement attack
- Bypass attack
- Guerilla warfare
Specific Attack Strategies

- Price discounts
- Lower-priced goods
- Value-priced goods
- Prestige goods
- Product proliferation
- Product innovation

- Improved services
- Distribution innovation
- Manufacturing-cost reduction
- Intensive advertising promotion
Niche Specialist Roles

- End-User Specialist
- Vertical-Level Specialist
- Customer-Size Specialist
- Specific-Customer Specialist
- Geographic Specialist
- Product-Line Specialist
- Job-Shop Specialist
- Quality-Price Specialist
- Service-Specialist
- Channel Specialist
Figure 11.4 Sales and Profit Life Cycles

[Diagram showing the sales and profit life cycle phases: Introduction, Growth, Maturity, Decline]
Changing Brand Course

- Market Modification
- Product Modification
- Marketing Program Modification
Decline

- Declining sales
- Low cost per customer
- Declining profits
- Laggards
Marketing in an Economic Downturn

- Invest
- Get close to customers
- Review budgets
- Use a compelling value proposition
- Fine-tune offerings
12
Setting Product Strategy
What is a Product?

A product is anything that can be offered to a market to satisfy a want or need, including physical goods, services, experiences, events, persons, places, properties, organizations, information, and ideas.
Figure 12.1 Components of the Market Offering
Figure 12.2 Five Product Levels
Product Classification Schemes

- Durability
- Tangibility
- Use
Durability and Tangibility

Nondurable goods

Durable goods

Services
Consumer Goods Classification

- Convenience
- Shopping
- Specialty
- Unsought
Industrial Goods Classification

- Materials and parts
- Capital items
- Supplies/business services
Product Differentiation

- Product form
- Features
- Customization
- Performance
- Conformance

- Durability
- Reliability
- Repairability
- Style
Service Differentiation

- Ordering ease
- Delivery
- Installation
- Customer training
- Customer consulting
- Maintenance and repair
- Returns
The Product Hierarchy

- Need family
- Product family
- Product class
- Product line
- Product type
- Item
Line Stretching

- Down-Market Stretch
- Up-Market Stretch
- Two-Way Stretch
Product-Mix Pricing

- Product-line pricing
- Optional-feature pricing
- Captive-product pricing
- Two-part pricing
- By-product pricing
- Product-bundling pricing
What is the Fifth P?

Packaging, sometimes called the 5th P, is all the activities of designing and producing the container for a product.
Factors Contributing to the Emphasis on Packaging

- Self-service
- Consumer affluence
- Company/brand image
- Innovation opportunity
Packaging Objectives

- Identify the brand
- Convey descriptive and persuasive information
- Facilitate product transportation and protection
- Assist at-home storage
- Aid product consumption
13
Designing and Managing Services
14
Developing Pricing Strategies and Programs
Synonyms for Price

- Rent
- Tuition
- Fee
- Fare
- Rate
- Toll
- Premium
- Honorarium
- Special assessment
- Bribe
- Dues
- Salary
- Commission
- Wage
- Tax
Common Pricing Mistakes

- Determine costs and take traditional industry margins
- Failure to revise price to capitalize on market changes
- Setting price independently of the rest of the marketing mix
- Failure to vary price by product item, market segment, distribution channels, and purchase occasion
Consumer Psychology and Pricing

- Reference prices
- Price-quality inferences
- Price endings
- Price cues
Table 14.1 Possible Consumer Reference Prices

- “Fair price”
- Typical price
- Last price paid
- Upper-bound price
- Lower-bound price
- Competitor prices
- Expected future price
- Usual discounted price
Steps in Setting Price

- Select the price objective
- Determine demand
- Estimate costs
- Analyze competitor price mix
- Select pricing method
- Select final price
Price Discounts and Allowances

- Discount
  - Quantity discount
  - Functional discount
  - Seasonal discount
- Allowance
Promotional Pricing Tactics

- Loss-leader pricing
- Special-event pricing
- Cash rebates
- Low-interest financing
- Longer payment terms
- Warranties and service contracts
- Psychological discounting
Differentiated Pricing

- Customer-segment pricing
- Product-form pricing
- Image pricing
- Channel pricing
- Location pricing
- Time pricing
- Yield pricing
Traps in Price Cutting Strategies

- Low-quality trap
- Fragile-market-share trap
- Shallow-pockets trap
- Price-war trap
Methods for Increasing Prices

- Delayed quotation pricing
- Escalator clauses
- Unbundling
- Reduction of discounts
15
Designing and Managing Integrated Marketing Channels
What is a Marketing Channel?

A marketing channel system is the particular set of interdependent organizations involved in the process of making a product or service available for use or consumption.
Channels and Marketing Decisions

- A push strategy uses the manufacturer’s sales force, trade promotion money, and other means to induce intermediaries to carry, promote, and sell the product to end users.

- A pull strategy uses advertising, promotion, and other forms of communication to persuade consumers to demand the product from intermediaries.
Buyer Expectations for Channel Integration

- Ability to order a product online and pick it up at a convenient retail location
- Ability to return an online-ordered product to a nearby store
- Right to receive discounts based on total online and offline purchases
Figure 15.2 Consumer Markets

(a) Consumer Marketing Channels

0-level
- Manufacturer
  - Consumer

1-level
- Manufacturer
  - Wholesaler
  - Retailer
  - Consumer

2-level
- Manufacturer
  - Wholesaler
  - Jobber
  - Retailer
  - Consumer

3-level
- Manufacturer
  - Wholesaler
  - Retailer
  - Consumer
Figure 15.2 Industrial Markets

(b) Industrial Marketing Channels

0-level
- Manufacturer
  - Manufacturer
    - Manufacturer's representative
      - Manufacturer's sales branch
        - Industrial customer

1-level
- Manufacturer
  - Manufacturer
    - Manufacturer's representative
      - Manufacturer's sales branch
        - Industrial customer

2-level
- Manufacturer
  - Manufacturer's representative
    - Industrial distributors
      - Industrial customer

3-level
- Manufacturer
  - Manufacturer's sales branch
    - Industrial customer
Designing a Marketing Channel System

- Analyze customer needs
- Establish channel objectives
- Identify major channel alternatives
- Evaluate major channel alternatives
Service Outputs of Channels

- Lot size
- Waiting and delivery time
- Spatial convenience
- Product variety
- Service backup
Identifying Channel Alternatives

- Types of intermediaries
- Number of intermediaries
- Terms and responsibilities
Number of Intermediaries

- Exclusive
- Selective
- Intensive
Terms and Responsibilities of Channel Members

- Price policy
- Condition of sale
- Distributors’ territorial rights
- Mutual services and responsibilities
Channel-Management Decisions

- Selecting channel members
- Training channel members
- Motivating channel members
- Evaluating channel members
- Modifying channel members
Channel Power

- Coercive
- Reward
- Legitimate
- Expert
- Referent
Channel Integration and Systems

- Vertical marketing systems
  - Corporate VMS
  - Administered VMS
  - Contractual VMS
- Horizontal marketing systems
  - Multichannel systems
Channel Conflict

- What types of conflict arise in channels?
- What causes conflict?
- What can marketers do to resolve it?
Causes of Channel Conflict

- Goal incompatibility
- Unclear roles and rights
- Differences in perception
- Intermediaries’ dependence on manufacturer
Table 15.3 Strategies for Managing Channel Conflict

- Strategic justification
- Dual compensation
- Superordinate goals
- Employee exchange
- Joint memberships
- Cooptation
- Diplomacy
- Mediation
- Arbitration
- Legal recourse
E-Commerce

- Pure-click
- Brick-and-click
Managing Retailing, Wholesaling, and Logistics
### Table 16.1 Major Retailer Types

- Specialty store
- Department store
- Supermarket
- Convenience store
- Discount store
- Off-price retailer
- Superstore
- Catalog showroom
Levels of Retail Service

- Self service
- Self selection
- Limited service
- Full service
Nonstore Retailing

- Direct selling
- Direct marketing
- Automatic vending
- Buying service
### Table 17.1 Communication Platforms

<table>
<thead>
<tr>
<th>Events/ Experiences</th>
<th>Public Relations</th>
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<tbody>
<tr>
<td>• Sports</td>
<td>• Press kits</td>
</tr>
<tr>
<td>• Entertainment</td>
<td>• Speeches</td>
</tr>
<tr>
<td>• Festivals</td>
<td>• Seminars</td>
</tr>
<tr>
<td>• Art</td>
<td>• Annual reports</td>
</tr>
<tr>
<td>• Causes</td>
<td>• Charitable donations</td>
</tr>
<tr>
<td>• Factory tours</td>
<td>• Publications</td>
</tr>
<tr>
<td>• Company museums</td>
<td>• Community relations</td>
</tr>
<tr>
<td>• Street activities</td>
<td>• Lobbying</td>
</tr>
<tr>
<td></td>
<td>• Identity media</td>
</tr>
</tbody>
</table>
Figure 17.1 Elements in the Communications Process
An Ideal Ad Campaign

- The right consumer is exposed to the message at the right time and place
- The ad causes consumer to pay attention
- The ad reflects consumer’s level of understanding and behaviors with product
- The ad correctly positions brand in terms of points-of-difference and points-of-parity
- The ad motivates consumer to consider purchase of the brand
- The ad creates strong brand associations
Steps in Developing Effective Communications

- Identify target audience
- Determine objectives
- Design communications
- Select channels
- Establish budget
- Decide on media mix
- Measure results/manage IMC
Communications Objectives

- Category need
- Brand awareness
- Brand attitude
- Purchase intention
Designing the Communications

- Message strategy
- Creative strategy
- Message source
Select Communication Channels

- Personal
- Nonpersonal
Establish the Budget

- Affordable
- Percentage-of-sales
- Competitive parity
- Objective-and-task
Objective-and-Task Method

- Establish the market share goal.
- Determine the percentage that should be reached.
- Determine the percentage of aware prospects that should be persuaded to try the brand.
- Determine the number of advertising impressions per 1% trial rate.
- Determine the number of gross rating points that would have to be purchased.
- Determine the necessary advertising budget on the basis of the average cost of buying a GRP.
Characteristics of the Mix

Advertising

- Pervasiveness
- Amplified expressiveness
- Impersonality

Sales Promotion

- Communication
- Incentive
- Invitation
Characteristics of the Mix

Public Relations and Publicity
- High credibility
- Ability to catch buyers off guard
- Dramatization

Events and Experiences
- Relevant
- Involving
- Implicit
Characteristics of the Mix

Direct Marketing
- Customized
- Up-to-date
- Interactive

Personal Selling
- Personal interaction
- Cultivation
- Response

Word of Mouth Marketing
- Credible
- Personal
- Timely
Factors in Setting Communications Mix

- Type of product market
- Buyer readiness stage
- Product life cycle stage
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Managing Mass Communications
Figure 18.1 The Five M’s of Advertising

- **Mission**
  - Sales goals
  - Advertising objectives

- **Money**
  - Factors to consider:
    - Stage in PLC
    - Market share and consumer base
    - Competition and clutter
    - Advertising frequency
    - Product substitutability

- **Message**
  - Message generation
  - Message evaluation and selection
  - Message execution
  - Social-responsibility review

- **Media**
  - Reach, frequency, impact
  - Major media types
  - Specific media vehicles
  - Media timing
  - Geographical media allocation

- **Measurement**
  - Communication impact
  - Sales impact
Developing an Advertising Program

- Setting Objectives
- Deciding on the Budget
- Developing the Campaign
- Deciding on Media
- Making Measurement Plans
Advertising Objectives

- Informative
- Persuasive
- Reminder
- Reinforcement
Factors to Consider in Setting an Advertising Budget

- Stage in the product life cycle
- Market share and consumer base
- Competition and clutter
- Advertising frequency
- Product substitutability
Television

Advantages
- Reaches broad spectrum of consumers
- Low cost per exposure
- Ability to demonstrate product use
- Ability to portray image and brand personality

Disadvantages
- Brief
- Clutter
- High cost of production
- High cost of placement
- Lack of attention by viewers
Print Ads

Advantages
- Detailed product information
- Ability to communicate user imagery
- Flexibility
- Ability to segment

Disadvantages
- Passive medium
- Clutter
- Unable to demonstrate product use
Print Ad Evaluation Criteria

- Is the message clear at a glance?
- Is the benefit in the headline?
- Does the illustration support the headline?
- Does the first line of the copy support or explain the headline and illustration?
- Is the ad easy to read and follow?
- Is the product easily identified?
- Is the brand or sponsor clearly identified?
Variables in Media Selection

- Reach
- Frequency
- Impact
- Exposure
Choosing Among Major Media Types

- Target audience and media habits
- Product characteristics
- Message characteristics
- Cost
Major Media Types

- Newspapers
- Television
- Direct mail
- Radio
- Magazines

- Outdoor
- Yellow Pages
- Newsletters
- Brochures
- Telephone
- Internet
Media Schedule Patterns

- Continuity
- Concentrated
- Flighting
- Pulsing
Measuring Sales Impact of Advertising

- Share of Expenditures
- Share of Voice
- Share of Mind and Heart
- Share of Market
What is Sales Promotion?

Sales promotion consists of a collection of incentive tools, mostly short term, designed to stimulate quicker or greater purchase of particular products or services by consumers or the trade.
Consumer-Directed Sales Promotion Tactics

- Samples
- Coupons
- Cash refund offers
- Price offs
- Premiums
- Prizes
- Patronage rewards
- Free trials
- Tie-in promotions
Trade-Directed Sales Promotion Tactics

- Price offs
- Allowances
- Free goods
- Sales contests

- Spiffs
- Trade shows
- Specialty advertising
Using Sales Promotions

- Establish objectives
- Select tools
- Develop program
- Pretest
- Implement and control
- Evaluate results
Why Sponsor Events?

- To identify with a particular target market or life style
- To increase brand awareness
- To create or reinforce consumer perceptions of key brand image associations
- To enhance corporate image
- To create experiences and evoke feelings
- To express commitment to community
- To entertain key clients or reward employees
- To permit merchandising or promotional opportunities
Using Sponsored Events

- Choose events
- Design programs
- Measure effectiveness
Public Relations Functions

- Press relations
- Product publicity
- Corporate communications
- Lobbying
- Counseling
Tasks Aided by Public Relations

- Launching new products
- Repositioning a mature product
- Building interest in a product category
- Influencing specific target groups
- Defending products that have encountered public problems
- Building the corporate image in a way that reflects favorable on products
Major Tools in Marketing PR

- Publications
- Events
- Sponsorships
- News
- Speeches
- Public Service Activities
- Identity Media
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Managing Personal Communications
What is Direct Marketing?

Direct marketing is the use of consumer-direct channels to reach and deliver goods and services to customers without using market middlemen.
Direct Marketing Channels

- Direct mail
- Catalogs
- Telemarketing
- Other direct response
Constructing a Direct-Mail Campaign

- Establish objectives
- Select target prospects
- Develop offer elements
- Test elements
- Execute
- Measure success
Elements of the Offer Strategy

- Product
- Offer
- Medium
- Distribution Method
- Creative Strategy
Types of Telemarketing

- Telesales
- Telecoverage
- Teleprospecting
- Customer service and technical support
Interactive Marketing

- Tailored messages possible
- Easy to track responsiveness
- Contextual ad placement possible
- Search engine advertising possible
- Subject to click fraud
- Consumers develop selective attention
Online Promotional Opportunities

- Websites
- Microsites
- Search ads
- Display ads
- Interstitials
- Internet-specific ads and videos

- Sponsorships
- Alliances and affiliate programs
- Online communities
- Email
- Mobile marketing
Online Ads

- Search Ads
- Display Ads
e-Marketing Guidelines

- Give the customer a reason to respond
- Personalize the content of your emails
- Offer something the customer could not get via direct mail
- Make it easy for customers to unsubscribe
Word of Mouth

Earned media

Paid media
Platforms of Social Media

- Online Communities and Forums
- Blogs
- Social Networks
How to Start Buzz

- Identify influential individuals and companies and devote extra effort to them
  - Supply key people with product samples
  - Work through community influentials
  - Develop word-of-mouth referral channels to build business
- Provide compelling information that customers want to pass along
Types of Sales Representatives

1. Deliverer
2. Order taker
3. Missionary
4. Technician
5. Demand creator
6. Solution vendor
Figure 19.3 Designing a Sales Force

- Sales Force Objectives
- Sales Force Strategy
- Sales Force Structure
- Sales Force Size
- Sales Force Compensation
Sales Tasks

- Prospecting
- Targeting
- Communicating
- Selling
- Servicing
- Information gathering
- Allocating
Workload Approach to Determining Sales Force Size

- Customers are grouped into size classes
- Desirable call frequencies are established
- Number of accounts in each size class multiplied by call frequency
- Average number of calls possible per year established
- Number of reps equal to total annual calls required divided by number possible
Introducing New Market Offerings
Categories of New Products

- New to the World
- Additions
- Improvements
- Repositionings
- Cost reductions
What is Adoption?

Adoption is an individual’s decision to become a regular user of a product.
Stages in the Adoption Process

1. Awareness
2. Interest
3. Evaluation
4. Trial
5. Adoption
Characteristics of an Innovation

- Relative advantage
- Compatibility
- Complexity
- Divisibility
- Communicability
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Tapping into Global Markets
What is a Global Firm?

A *global firm* is one that operates in more than one country and captures R&D, production, logistical, marketing, and financial advantages in its costs and reputation that are not available to purely domestic competitors.
Major Decisions in International Marketing

- Deciding whether to go
- Deciding which markets to enter
- Deciding how to enter
- Deciding on the marketing program
- Deciding on the marketing organization
Reasons for Pursuing Global Markets

- Better profit opportunities
- Larger customer base to achieve economies of scale
- Less dependence on any one market
- Desire to counterattack global competitors in their home markets
- Customers require international service
Risks to Going Abroad

- Lack of knowledge of foreign culture
- Lack of understanding of foreign needs
- Lack of understanding of foreign regulations
- Lack of managers with international expertise
- Changes in the country environment
Four Stages of Internationalization

- Stage 1: No regular export activities
- Stage 2: Export via independent agents
- Stage 3: Establish sales subsidiaries
- Stage 4: Establish production facilities abroad
Momentum in Market Entry

- Waterfall Approach
- Sprinkler Approach
- Born Global
Regional Free Trade Zones

- European Union
- NAFTA
- MERCOSUL
- APEC
- ASEAN
Key Emerging Markets

- Brazil
- Russia
- India
- China
- Indonesia
- South Africa
Five Modes of Entry into Foreign Markets

- Indirect exporting
- Direct exporting
- Licensing
- Joint ventures
- Direct investment
Direct Exporting Methods

- Domestic-based export department
- Overseas sales branch or subsidiary
- Traveling export sales representatives
- Foreign-based distributors or agents
Table 21.2 Global Marketing

Advantages
- Economies of scale
- Lower marketing costs
- Power and scope
- Consistency in brand image
- Ability to leverage
- Uniformity of marketing practices

Disadvantages
- Differences in consumer needs, wants, usage patterns
- Differences in consumer response to marketing mix
- Differences in brand development process
- Differences in environment
Cultural Dimensions

- Individualism vs. collectivism
- Masculine vs. feminine
- High vs. low power distance
- Weak vs. strong uncertainty avoidance
What Marketing Aspects Might Be Adapted for International Marketing?

- Product features
- Labeling
- Colors
- Materials
- Sales promotion
- Advertising media
- Brand name
- Packaging
- Advertising execution
- Prices
- Advertising themes
Commandments of Global Branding

- Understand similarities and differences in the global branding landscape
- Do not take shortcuts in brand building
- Establish a marketing infrastructure
- Embrace integrated marketing communications
- Establish brand partnerships
Commandments of Global Branding

- Balance standardization and customization
- Balance global and local control
- Establish operable guidelines
- Implement a global brand-equity measurement system
- Leverage brand elements
Levels of Product Adaptation

- Production of regional product versions
- Production of country versions
- Production of city versions
- Production of retailer versions
What is a Gray Market?

A gray market consists of branded products diverted from normal or authorized distributions channels in the country of product origin or cross international borders; dealers in lower priced countries sell products in higher priced countries.
Whole-Channel Concept for International Marketing

- Seller
  - International headquarters
  - Channels between nations
  - Channels within nations
- Final buyers
The Marketing Organization

- Export Departments
- International Divisions
- Global Organization
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Managing a Holistic Marketing Organization for the Long Run
Trends in Marketing Practices

- Reengineering
- Outsourcing
- Benchmarking
- Supplier partnering
- Customer partnering
- Merging

- Globalizing
- Flattening
- Focusing
- Accelerating
- Empowering
Internal Marketing

- R&D
- Purchasing
- Manufacturing
- Marketing
- Sales
- Logistics
- Accounting
- Finance
- Public Relations
- Other Customer-Contact Personnel
Organizing the Marketing Department

- Functional Organization
- Geographic Organization
- Product- or Brand-Management Organization
- Market-Management Organization
- Matrix-Management Organization
Figure 22.1 Functional Organization

- Marketing vice president
  - Marketing administration manager
  - Advertising and sales promotion manager
  - Sales manager
  - Marketing research manager
  - New-products manager
Figure 22.2 The Product-Management Organization
Tasks Performed by Brand Managers

- Develop long-range and competitive strategy for each product
- Prepare annual marketing plan and sales forecast
- Work with advertising and merchandising agencies to develop campaigns
- Increase support of the product among channel members
- Gather continuous intelligence on product performance, customer attitudes
- Initiate product improvements
Market-Management Organization

- Market managers supervise several market-development managers, market specialists, or industry specialists.
- Market managers are staff people with duties like those of product managers. They develop long-range and annual plans for their markets.
- Companies organized this way are called market-centered organizations.
Building a Creative Marketing Organization

- Developing a company-wide passion for customers
- Organizing around customer segments instead of products
- Understanding customers through qualitative and quantitative research
How Can CEOs Create a Marketing-Focused Company?

- Convince senior management of the need to become customer focused
- Appoint a senior marketing officer and marketing task force
- Get outside guidance
- Change the company’s reward measurement and system
- Hire strong marketing talent
How Can CEOs Create a Marketing-Focused Company?

- Develop strong in-house marketing training programs
- Install a modern marketing planning system
- Establish an annual marketing excellence recognition program
- Shift from a department focus to a process-outcome focus
- Empower the employees
Corporate Social Responsibility

- Socially responsible behavior
- Ethical behavior
- Legal behavior
Branding a Cause Marketing Program

- Self-branded: Create Own Cause Program
- Co-branded: Link to Existing Cause Program
- Jointly branded: Link to Existing Cause Program
Social Marketing Campaigns

- Cognitive
- Action
- Behavioral
- Value