Enterprise Management

MEIC 2021-2022

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Marketing fundamental concepts

Philip Kotler, Kevin Lane Keller; Marketing Management, Pearson, 2016, part 1

What is marketing?

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Omega & traditional swiss watch industry

Swatch

Omega Swatch 2022

1970's

2000's

1960's

1980's

2022

Hong-Kong digital quartz watch

Smart watches

Marketing concept

Marketing is 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.

(American Marketing Association 2017)
https://www.ama.org/the-definition-of-marketing-what-is-marketing/

Marketing orientation

The aim of marketing is to know and understand the customer so well that the product or service fits him/her and sells itself.

Ideally, marketing should result in a customer who is ready to buy. All that should be needed is to make the product or service available.

(Peter Drucker)

Marketing of ...

- **Goods**
- **Services**
- **Product service systems (PSS)**
- Experiencies
- Events
- People
- Places
- Organizations
- Ideas

Markets

- Groups of customers who buy products or services.
  - Consumer markets – consumer purchases usually made by individuals or decision making units.
  - Business markets – purchases made by other companies or networks of companies. Purchase decisions are professional.

Strategic and tactical marketing

Value creation and delivery chain

Strategic marketing

Tactical marketing

Product
Variety
Quality
Design
Funcionality
Brand name
Packaging
Size
Services
Warranties
Target market
People
Participants
Staff
Customers to customers
Co-creation
7 P's of Marketing mix
Process
Service blueprint
Process design
Self-service technologies
Online service provision
Price
List price
Descounts
Credit
Promotion
Sales promotions
Advertising
Sales force
Public relations
Direct marketing
Place
Channels
Coverage
Stock availability
transport
Physical evidence
Service environment
Sound
Sight
Smell
Taste
Touch

Product/service/solution

- Which solutions (products, services, product service systems) will be offered by the company, and which will be the product development startegy.
- How does the product/service is positioned in the face of competitors.

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Price

- Price is an important decision that should support the company strategy and its positioning
  - Penetration strategy: price is used as a strategy to increase sales
  - Price is not used as a marketing tool and is the same as competitors. Other elements of the marketing mix make the difference.
  - Premium price. The price is purposefully high to convey the quality and distinctiveness of the product.

Promotion

- Integrated communication plan to promote the company and its products and services to current and potential customers, explaining their attributes and how they satisfy customer needs, to foster company's sales and profitability.
  - Advertising
  - Personal sales
  - Promotions
  - Social networks
  - Public relations

https://marketeer.sapo.pt/mariana-monteiro-da-a-cara-pela-tranquilidade

Distribution

- Sales and distribution comprise all interactions with the final customer, wholesalers and retailers.
  - Personal interactions
  - Service provision to customer (information, after sales service, service recovery).
  - Product and service delivery

People in services

- The service employees who are in direct contact with the customers have a crucial impact on the service delivered.
- Many of the delightful experiences and dreadful experiences are related to the people of deliver the service.

Service delivery process

- methods and sequence of activities of the service delivery system, specifying how they are interrelated to create value offerings to customers.

Physical evidence

- Style and visual environment where the service is provided, and has a strong impact on the customer experience.
  - communicates the service positioning;
  - facilitates the process of service delivery;
  - provides clues about the service

Segmentation

Philip Kotler, Kevin Lane Keller; Marketing Management, Pearson, 2016, Chapter 10

Segmentation

- Customers are all different. To better respond to customer specific needs, it’s important to identify segments.

- Segmentation is a process of identifying groups of customers with similar preferences, and different from other groups of customers.

Levels of segmentation

- Mass marketing
- Market segmentation
- Niche-marketing
- Marketing one-to-one

Mass marketing

- Develop of a single marketing mix, which is offered to all customers in a global market.
- Least cost production paradigm
  - Example: Fort T

Segment marketing

- Development of solutions adapted to the specific needs of the different market segments.
- Segment – a group of customers who share some needs and wants.
  - Example:
    - Accor (hotel chain): sofitel, mercure, novotel, ibis
    - Inditex: Zara, Pull&Bear, Massimo Dutti, Bershka, Stradivarius, Oysho, Zara Home and Uterqüe

Niche marketing

- Adaptation of the company's offering to a small segment of customers with specific needs and preferences.
- Niche – narrow customer group seeking a distinctive mix of benefits or values.
  - Macrobiotic food

The long tail

- The advent of technologies and the internet has made niche marketing much more profitable.

Marketing one-to-one

- Adaptation of the company's offering to the individual customer preferences.
  - Traditional services, such as shoemaking.
  - With new technologies, this is possible for a wide set of customers: "*mass customization*".
    - Exemple:
      - Dell sells computers with the components and funcionalities specifically chosen by each customer.

Segmentation variables

- Geographic segmentation
- Socio-demographic segmentation
- Psychographic segmentation
- Behavioral segmentation

Geographical segmentation

- Adaptation of the offering to the different geographical groups of customers.
  - Expresso coffe at McDonalds in Portugal.
  - Different levels of sugar in Coca-cola in different US regions.

Socio-demographic segmentation

- Definition of market segments according to variables such as age, gender, income, professional status, education…

  - Apparel: different offerings for men and women.
  - Cars: different cars targeted to different age and income segments.

Psychographic segmentation

- Definition of market segments according to variables such as psychological/personality traits, lifestyle, or values.
  - Activities
  - Interests
  - Opinions

http://www.strategicbusinessinsights.com/vals/ustypes.shtml

Behavioral segmentation

- Definition of market segments according to knowldege of, attitude toward, use of, and response to a product (decision role, occasion, purchase behavior, usage rate, loyalty status, benefits sought…)
  - Hard-core loyals, split loyals, shifting loyals, switchers.
  - Sporadic users vs. intensive users.
  - Customer who go for a professional lunch vs. a romantic dinner.

Effective segmentation criteria

To be useful, a market segment should be:

- Measurable
  - The size, purchasing power, and characteristics of the segments must be measurable.
- Substantial
  - The segment must be large and profitable enough to serve.
- Accessible
  - The segment can be effectively reached and served
- Differentiable
  - The customers in the segments have sufficiently preferences and are willing to pay for a distinctive offering.
- Actionable
  - The company should be able to effectivelly develop na offering that satisfies the specific segment preferences.

Exercise

- Characterize the segments of the watch consumers
  - Which segmentation variables may be relevant?
  - Which segments can you find, based on these variables?
    - https://www.npd.com/news/press-releases/2019/a-new-breed-of-watch-wearer-is-emerging-and-theyre-not-just-sporting-smart-reports-npd/
    - https://www.linkfluence.com/blog/luxury-watch-innovation

Selecting target markets

- Taking into account the segment's attractiveness and the company's objectives and resources, several strategies can be defined:
  - Single-segment concentration
  - Product specialization
  - Market specialization
  - Full market coverage

Single-segment concentration

- The company concentrates on a sinlge segment, trying to serve it particularly well.
  - Advantages: specialization and deep knowledge of the segment.
  - Disadvantages: dependency on a single segment.
- Exemple: Bigonline – Banco Big

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PESQUISA DE TÍTULOS

Nome ou ticker

exemplo: JMAR

Pesquisa avançada

Selective specialization

- The company selects a number of segments, each objectively attractive and appropriate.
  - Advantages: risk diversification.
  - Disadvantages: effort dispersion.
- Exemplo: Sonae

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Product/service specialization

- The firm specializes in a product or service, which is sold to different market segments.
  - Advantages: the firm leverages its image and reputation across different markets.
  - Disadvantages: the product or service may be supplanted by and entire new technology.
- Ex: Corticeira Amorim; Jerónimo Martins (Feira Nova, Pingo Doce)

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Market specialization

- The firm concentrates on serving many needs of a particular segment.
  - Advantages: The firm gains reputation in its customer segment.
  - Disadvantages: risk of market segment reduction or disappearance.
- Exemplo: Joint strategy and stores of Vista Alegre, Atlantis and Cutipol.

Full market coverage

- The company attempts to serve all customer segments, in all their needs.
  - Advantage: broad market coverage, satisfying a wide range of customer needs.
  - Desvantagens: high costs.
- Exemplo: Financial conglomerates.

Positioning

Philip Kotler, Kevin Lane Keller; Marketing Management, Pearson, 2016, cap. 10

Positioning

- Poisitioning is the act of designing the company's offering and image to occupy a distinctive place in the mind of the target market.
- Positioning reflects the company's strategy and its competitive advantage.
  - An offering that is valued by customers
  - Is unique and different from competitors
  - Hard to immitate
- Category membership
  - The market offerings with which a brand competes and that function as close substitutes.

Positioning statement

- Among (*target market*), our offering is the brand of (*frame of reference*) that (*point of difference*) because (*reason to believe*).

Points of difference

- Attributes or expected benefits that are strongly associated with the offering, are valued by customers and cannot be found in competitors' offerings.

- Volvo vs. Alfa Romeo
- https://www.youtube.com/watch?v=r__E_xT9ijM
- https://www.youtube.com/watch?v=NIkg1EvyhO0

Since 1927, our philosophy has been to deliver pioneering innovations that put people first. Welcome to our world built on quality, safety and care for the environment.

DNA is built on a unique motoring history. The brand's best-in-class performance and pure Italian spirit deliver an unparalleled driving experience.

Since its founding in Milan, Italy, in 1910, Alfa Romeo has designed and crafted some of the most stylish and exclusive cars in automotive history. That tradition lives on today as Alfa Romeo continues to take a unique and innovative approach to designing automobiles.

In every Alfa Romeo, **technology** and **passion** converge to produce a true work of art – every detail essential, every design the perfect harmony between beauty and purpose, engineering and emotion.

Fully reviving Alfa Romeo's spirit and maximizing its global appeal has been one of FCA's priorities. Following a clear and well-defined strategy, Alfa Romeo is writing a **new chapter** in its more than **century-long history** that represents an extraordinary opportunity to realize the brand's full potential.

Today, Alfa Romeo is a true showcase of the Group's best resources, talent and technological know-how.

First with the Giulia, and more recently with the Stelvio, Alfa Romeo has created two models that capture the pure and original spirit of the brand – that instantly recognizable thoroughbred character. These models are testament to Alfa Romeo's *La meccanica delle emozioni* spirit and quintessential examples of what people have come to expect from this prestigious brand.

Alfa Romeo is winning the hearts of a new generation and retaking its rightful position as one of the world's most desired premium brands. It is, once again, one of the leading symbols of **Italian engineering** and **style**, an icon of Italy's technological excellence and creative spirit.

After a more than 30 year absence from the sport, in 2018 Alfa Romeo made its return to **Formula One**, and the world of racing.

Points of parity

- Attributes or expected benefits that are not necessarily unique to the company's offering but may be shared with other brands.
- Category points of parity:
  - Consumers view the points of parity as essential for a brand to be credible in a certain product or service category (Ex: requirements to be a 4* hotel)
- Competitive points of parity
  - Associations designed to negate competitors' points of difference.

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http://www.pingodoce.pt/precos_baixos.asp Go Links

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Apoio ao Cliente

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As Nossas Lojas
As Nossas Marcas
Dicas e Sugestões
Saudável e Saboroso
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Analisando os números destes últimos quatro anos, concluímos que **enquanto o custo de vida, em Portugal, ia subindo, no Pingo Doce os preços iam descendo, sempre**. E a baixa de preços foi tão clara que hoje o Pingo Doce comprova ter preços iguais ou mesmo mais baixos do que o Minipreço.

Mailing List Pingo Doce
Registe-se e mantenha-se informado sobre as novidades

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one Internet

Hotel Ibis Porto Gaia : reserva do seu hotel Ibis em VILA NOVA DE GAIA - Windows Internet Explorer

http://www.ibishotel.com/ibis/fichehotel/pt/ibi/1274/fiche_hotel.shtml

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Tel : (+351)22/7728200 Fax : (+351)22/7728201

Gerente do hotel : Mr. Nicolau Pinheiro da Veiga
Código do hotel: 1274

Tarifas & reserva

O Hotel | Mapa e acesso | Atrações próximas

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O hotel Ibis Porto Gaia está localizado à entrada da cidade do Porto, a 4 km do centro histórico. O hotel fica a 12 km do aeroporto do Porto, a 15 km do Parque de Exposições da Exponor e a 5 min de carro das adegas de vinho do Porto e do centro de VilaNova de Gaia. Reserve um dos nossos quartos com ar-condicionado e conheça o nosso restaurante, terraço e snack bar 24 horas. Tem também estacionamento externo privativo e 3 salas de reuniões. Hóspedes em negócios ou lazer têm acesso Wi-Fi à Internet.

O quarto

108 quartos

- Quartos climatizados
- 3 quartos para hóspedes com dificuldade de locomoção

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Criteria for choosing points of difference and parity

- Relevance
- Distinctiveness
- Believability
- Feasibility
- Communicability
- Sustainability

Exercise

- Define the target segments for:
- Define the positioning for:
  - Omega
  - Swatch
  - Apple watch

Omega Swatch

- Is Omega Swatch a good move? Prons & Cons
- https://www.swatch.com/pt-pt/bioceramic-moonswatch.html