

Marketing Issues

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Entrepreneurship and Freelancing
(SICT 3314)

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Learning Objectives (1 of 2)

- 11.1** Explain the three steps (segmenting the market, selecting a target market, and establishing a unique market position) entrepreneurial firms use to identify their customers.
- 11.2** Define a brand and explain why it is important to an entrepreneurial firm's marketing efforts.
- 11.3** Identify and explain the 4Ps of marketing activities (product, price, promotion, and place) used by entrepreneurial firms.

Learning Objectives (2 of 2)

11.4 Describe the seven-step sales process an entrepreneurial firm uses to identify prospects and close sales.

Selecting a Market and Establishing a Position (1 of 2)

- Important Questions That All Start-ups Must Ask
 - In order to succeed, a new firm must address this important issue: Who are our customers and how will we appeal to them?
 - A well-managed start-up approaches this query by following a three-step process:
 - Segmenting the market.
 - Selecting a target market.
 - Crafting a unique positioning strategy.

Selecting a Market and Establishing a Position (2 of 2)

Figure 11.1 The Process of Selecting a Target Market and Positioning Strategy



Market Segmentation

Segmenting the Market

- Involves studying a firm's industry and determining the different target markets in that industry.
- Markets can be segmented in a number of different ways, including:
 - Geography (city, state, country).
 - Demographic variables (age, gender, family size).
 - Psychographic variables (personality, lifestyle, values).
 - Behavioral variables (benefits sought, brand loyalty).
 - Product type (varies by product).

Example: Segmenting the Computer Industry

- The computer industry can be segmented in the following ways:
 - Product type (handheld computers, tablet computers, PCs, work stations, minicomputers, mainframes and super computers).
 - Customers served (individuals, businesses, schools or government).

Selecting a Target Market

Target Market

- Once a firm has segmented the market, a target market must be chosen.
- The market must be sufficiently attractive and the firm must have the capability to serve it.
- By focusing on a clearly defined market, a firm can become an expert in that market and then be able to provide customers a high level of service.

Establishing a Unique Position (1 of 4)

Positioning

- After selecting a target market, the firm's next step is to establish a “position” within the market that differentiates it from its rivals.
- A “position” is the part of a market that the firm is claiming as its own.
- A firm establishes a unique position in its customers' minds by drawing attention to two or three of the product's attributes.

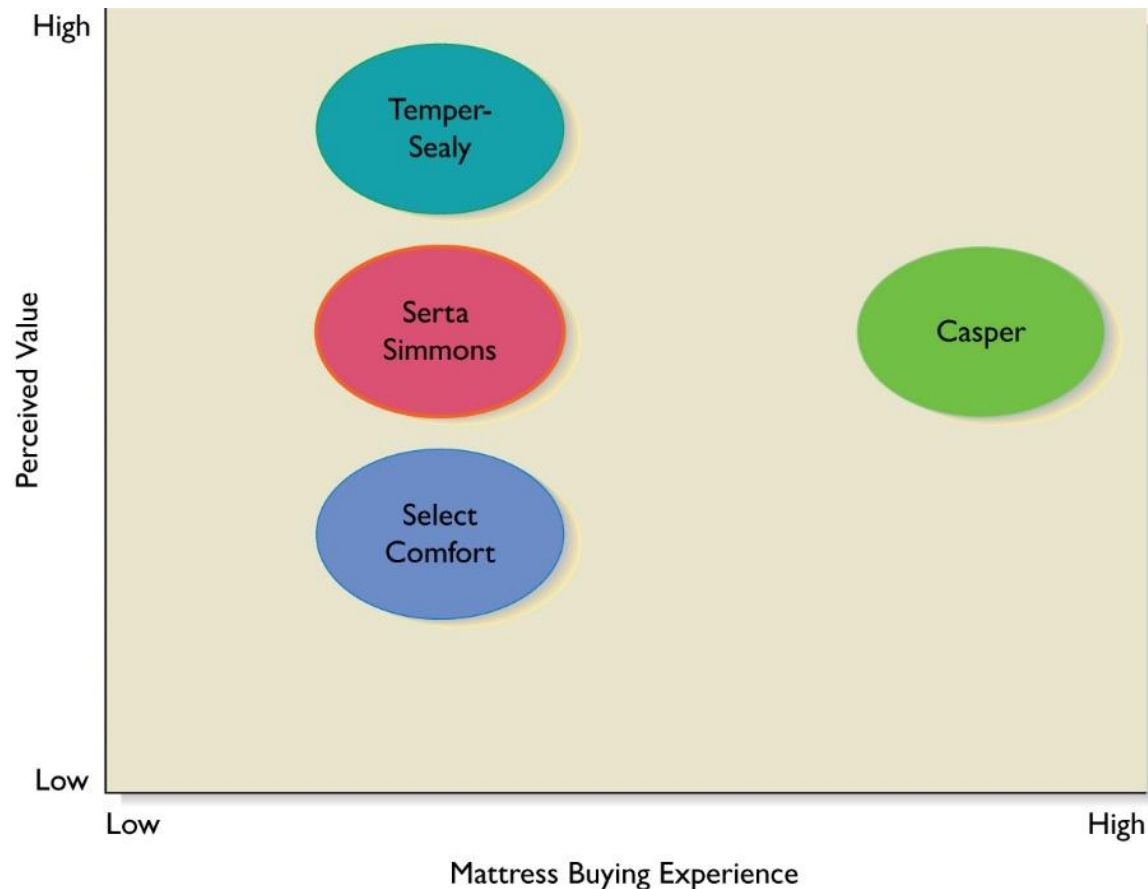
Establishing a Unique Position (2 of 4)

Positioning

- After a company has its position and primary points of differentiation, a helpful technique is to develop a product attribute map.
- A product attribute map illustrates a firm's positioning strategy relative to its rivals.
- The product attribute map for Casper (the mattress company featured in Case 5.2) is shown on the next slide.

Establishing a Unique Position (3 of 4)

Figure 11.2 product attribute map for casper



Establishing a Unique Position (4 of 4)

Tagline

- Firms often develop a “tagline” to reinforce the position they have staked out in their market, or a phrase that is used consistently in a company’s literature and thus becomes associated with the company.
- An example is Nike’s familiar tagline, “Just do it.”
 - The beauty of this simple three-word expression is that it applies equally to a 21-year old triathlete and a 65-year-old mall walker.

Taglines—Developed to Reinforce a Firm's Positioning Strategy

Table 11.1 Match the Company to Its Tagline

Company	Tagline
Wild Friends Foods	Live Better, Together!
Wiiivv	Rest Assured.
Patients Like Me	Write Better. Write Smarter.
Billy Goat Ice Cream	Real Companies, Real Cases in Real Time.
Prynt	Making Food Friendly.
Rover.com	Explore. Pain-Free.
Write Lab	Health is in your hands.
Real Time Cases	The New Era of Photography.
Owlet Baby Care	Be Good. <i>Eat Ice Cream.</i>
Tyto Care	Love your dog. Love your life.

Branding (1 of 4)

- Establishing a Brand
 - A brand is the set of attributes—positive or negative—that people associate with a company.
 - These attributes can be positive, such as trustworthy, innovative, dependable, or easy to deal with.
 - Or they can be negative, such as cheap, unreliable, arrogant, or difficult to deal with.
 - The customer loyalty a company creates through its brand is one of its most valuable assets.
- Brand Management
 - Some companies monitor the integrity of their brands through a program called “brand management.”

Branding (2 of 4)

Table 11.2 What's a Brand? Different Ways of Thinking About the Meaning of a Brand

- A brand is a promise to serve stakeholders' interests.
 - A brand is a firm's guarantee of a level of performance.
 - A brand indicates the promises a firm makes to those it serves.
 - A brand expresses a firm's reputation.
 - A brand presents a firm's credentials.
 - A brand is an indicator of trust and reduced risk.
 - A brand describes a company's nature.
 - A brand serves as a handshake between a firm and its customers.
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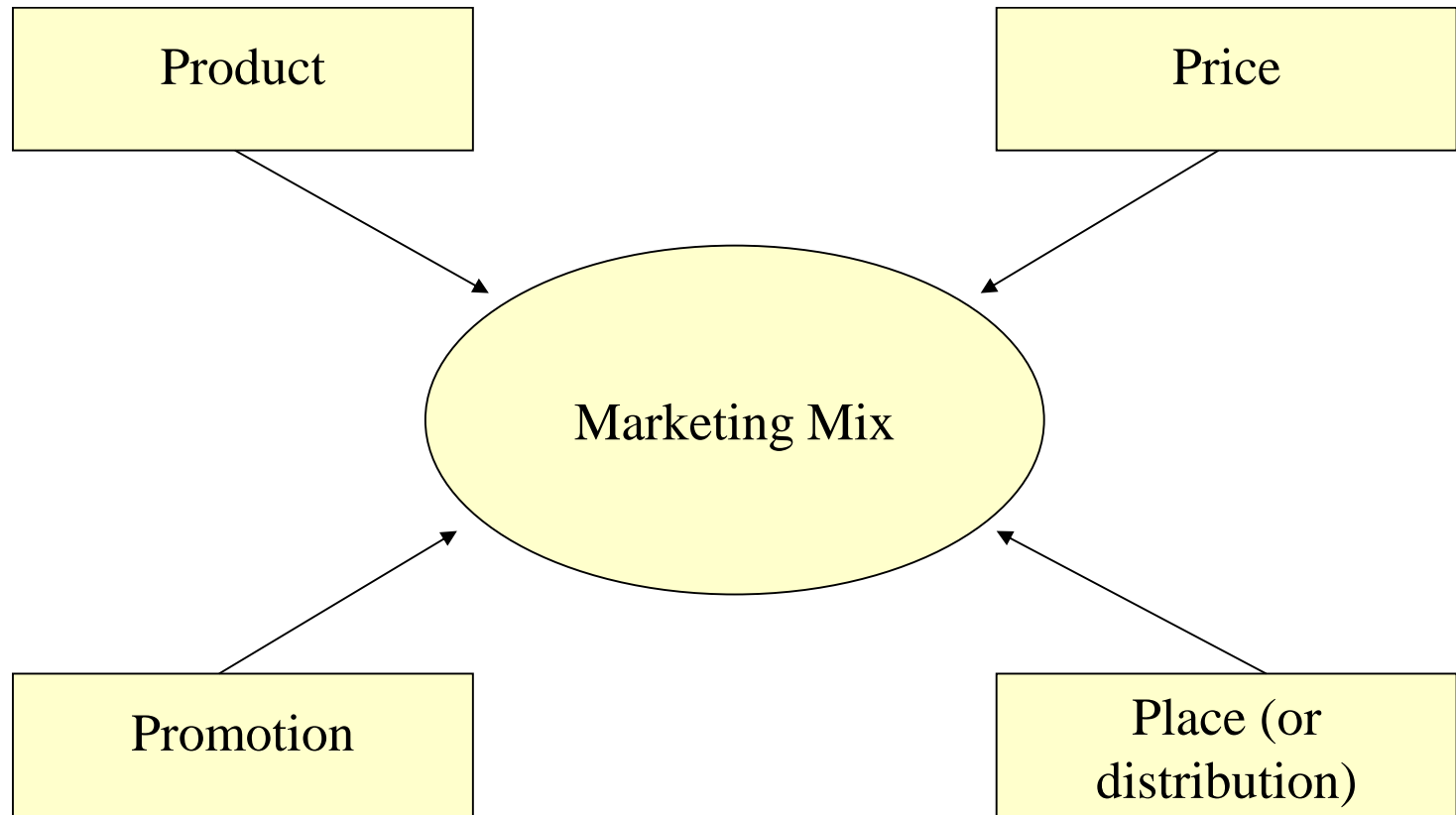
Branding (3 of 4)

- Establishing a Brand
 - So how does a firm establish a brand?
 - On a philosophical level, a firm must have meaning in its customers' lives. It must create value—something for which customers are willing to pay.
 - On a more practical level, brands are built through a number of techniques, including advertising, public relations, sponsorships, support of social causes, social media, and good performance.
 - A firm's name, logo, website design, Facebook page, Instagram account and even its letterhead are part of its brand.

Branding (4 of 4)

- Power of a Strong Brand
 - Ultimately, a strong brand can be a very powerful asset for a firm.
 - Over 50% of consumers say that a known and trusted brand is a reason to buy a product.
 - A brand allows a company to charge a price for its products that is consistent with its image.
 - A successful brand can increase the market value of a company by 50% to 75%.

The Four Ps of Marketing for New Ventures



Product (1 of 2)

- Is the good or service a firm offers to its target market.
- The most important attribute of a product is that it adds value in the mind of its target customers.
- An important distinction should be made between a firm's core product and the actual product.
 - The core product is the product itself, such as a CD that contains a tax preparation program.
 - The actual product is the product plus all the attributes that come with it such as features, design, packaging, and so on that constitutes the collection of benefits that the customer ultimately buys.

Product (2 of 2)

- The initial rollout is one of the most critical times in the marketing of a new product.
- All firms face the challenge that they are unknown and that it takes a leap of faith for the first customers to buy their products.
 - Some start-ups meet this challenge by using reference accounts.
 - A reference account is an early user of a firm's product who is willing to give a testimonial regarding his or her experience with the product.

Price

- Price is the amount of money consumers pay to buy a product.
- The price a company charges for its products sends an important message to its target market.
 - For example, Oakley positions its sunglasses as innovative, state-of-the-art products that are both high quality and visually appealing.
 - This position in the market suggests a premium price that Oakley charges.
- Most entrepreneurs use one of two methods to set the price for their products, as shown on the next slide.

Two Methods for Setting the Price of a Product

Cost-Based Pricing

- The list price is determined by adding a markup percentage to a product's cost.

Value-Based Pricing

- The list price is determined by estimating what consumers are willing to pay for a product.

Promotion

- Promotion
 - Refers to the activities the firm takes to communicate the merits of its product to its target market.
 - There are several common activities that entrepreneurs use to promote their products and services.
- Advertising
 - Advertising is making people aware of a product or service in hopes of persuading them to buy it.

Pluses and Minuses of Advertising (1 of 2)

Pluses

- Raise customer awareness of a product.
- Explain a product's comparative features and benefits.
- Create associations between a product and a certain lifestyle.

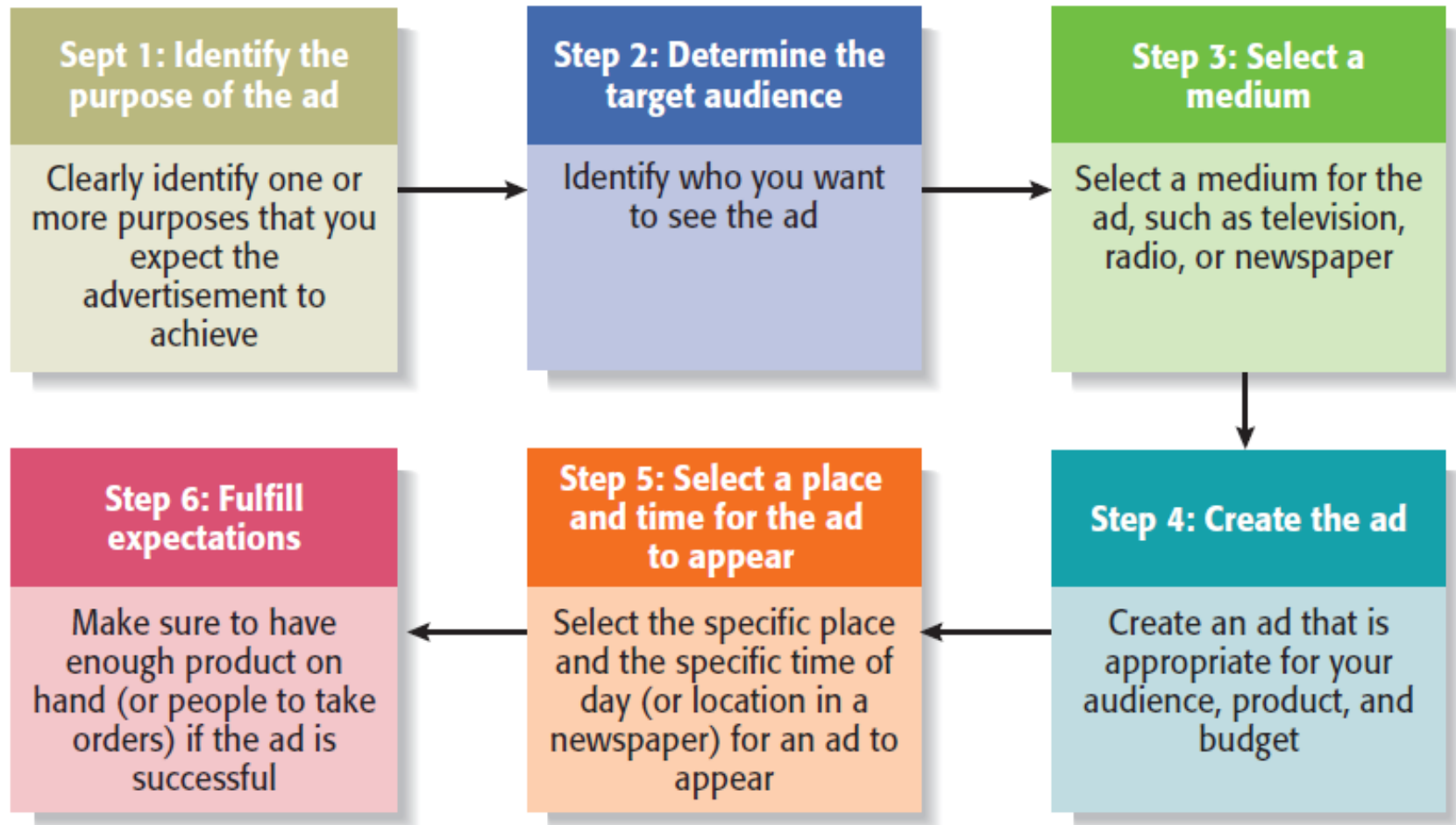
Pluses and Minuses of Advertising (2 of 2)

Minuses

- Low credibility.
- The possibility that a high percentage of people who see the ad will not be interested.
- Message clutter (meaning that after hearing or reading so many ads, people simply tune out).
- Relative costliness compared to other forms of promotions.
- The perception that advertising is intrusive.

Steps Involved In Putting Together an Advertisement

Figure 11.3



Google AdWords and AdSense Program (1 of 2)

- AdWords
 - Allows advertisers to buy keywords on the Google home page.
 - Triggers text-based ads to the side of (and sometimes above) search results when the keyword is used.
 - The program includes local, national, and international distribution.
 - Advertisers pay a certain amount per click.
 - Advertisers benefit because they are able to place their ads in front of people who are already searching for information about their product.

Google AdWords and AdSense Program (2 of 2)

- AdSense
 - Allows advertisers to buy ads that will be shown on other Web sites instead of Google's home page.
 - Google selects sites of interest to the advertiser's customers.
 - Advertisers are charged on a pay-per-click basis.
 - Advertisers benefit because the content of the ad is often relevant to the Web site.
 - Web site owners benefit by using the service to monetize their Web site.

Public Relations (1 of 2)

- One of the most cost effective ways to increase the awareness of the products of a company is through public relations.
- Public relations refer to efforts to establish and maintain a company's image with the public.
- The major difference between public relations and advertising is that public relations is not paid for—directly.

Public Relations (2 of 2)

Table 11.4 Public Relations Techniques

- Press release.
- Traditional media coverage.
- Social media coverage.
- Articles in industry press and periodicals.
- Blogging.
- Monthly newsletter.
- Civic, social, and community involvement.

Social Media

- Social Media
 - Consists primarily of blogging and connecting with customers and others through social networking sites such as Facebook, Twitter, Instagram, or Snapchat.
- Blogging
 - The idea behind blogs is that they familiarize people with a business and help build an emotional bond between a business and its customers.
- Facebook, Twitter, Instagram and Pinterest.
 - Businesses establish a presence on these sites to build a community around their products and services.

Other Promotions Techniques

Viral Marketing

Facilitates and encourages people to pass along a marketing message about a particular product or service.

Guerrilla Marketing

A low-budget approach to marketing that relies on ingenuity, cleverness, and surprise rather than traditional techniques.

Place (or Distribution)

- Encompasses all the activities that move a firm's product from its place of origin to the consumer.
- The first choice a firm has to make regarding distribution is whether to sell its products directly to consumers or through intermediaries (such as wholesalers and retailers).
- Within most industries, both choices are available, so the decision typically depends on how a firm believes its target market wants to buy its product.

Selling Direct Vs. Selling Through an Intermediary (1 of 2)

Approach to Distribution	Description
Selling Direct	Many firms sell direct to the customer, maintaining control of the distribution and sales process.
Selling Through Intermediaries	Other firms sell through intermediaries and pass off their products to wholesalers who place them in retail outlets to be sold.

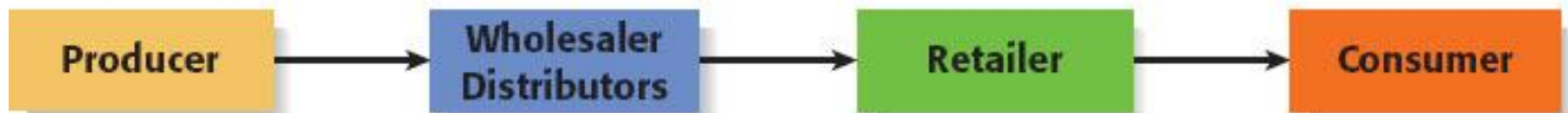
Selling Direct Vs. Selling Through an Intermediary (2 of 2)

Figure 11.4 Selling Direct versus Selling Through Intermediaries

Selling Direct



Selling Through Intermediaries

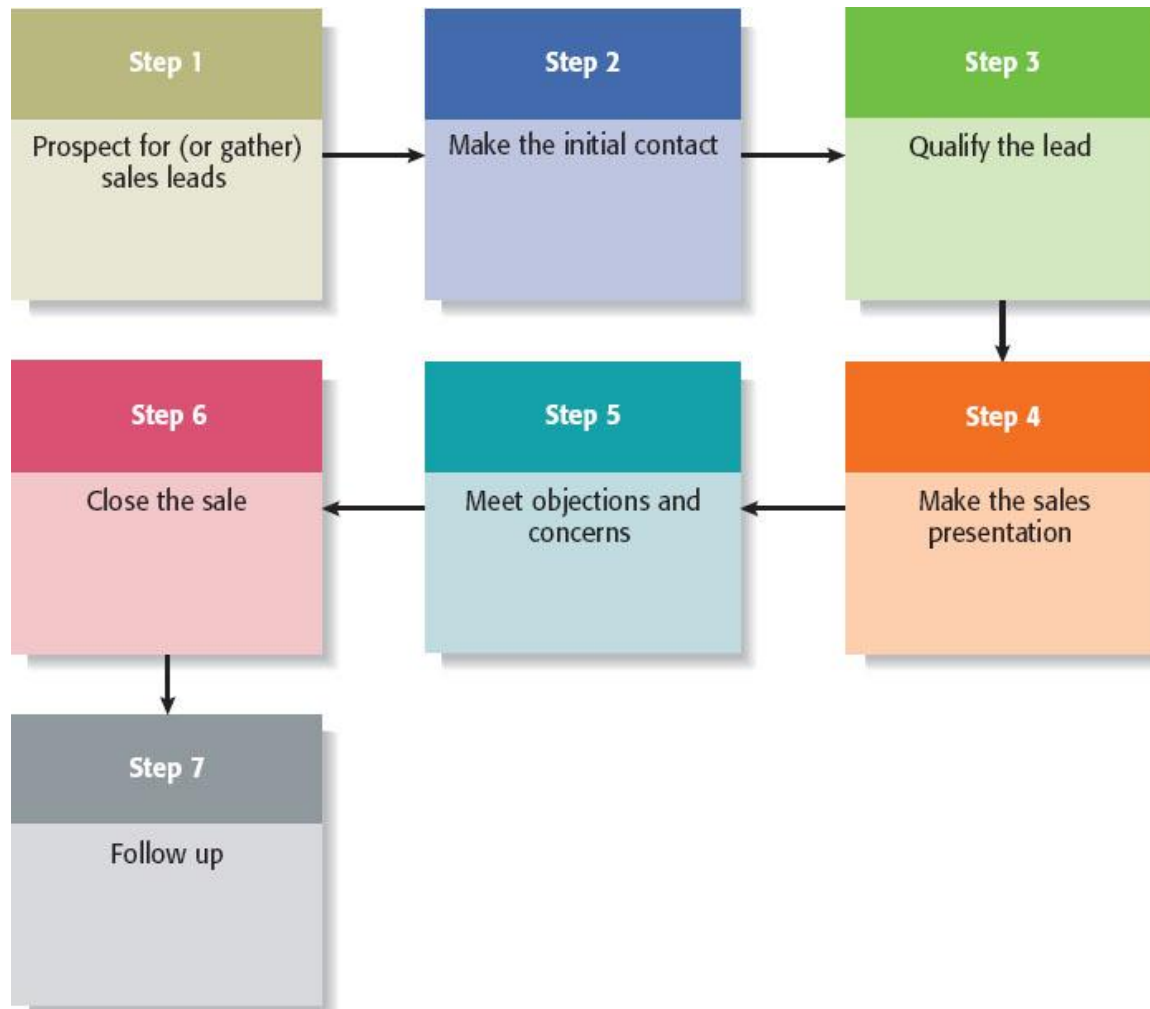


Sales Process (1 of 3)

- Sales Process
 - A firm's sales process depicts the steps it goes through to identify prospects and close sales.
 - A formal sales process involves a number of identifiable steps.
- Importance of Process
 - Some companies simply wing it when it comes to sales, which isn't recommended.
 - It's much better to have a well thought-out approach to prospecting customers and closing sales.

Sales Process (2 of 3)

Figure 11.5



Sales Process (3 of 3)

- Usefulness of Sales Process
 - Mapping the sales process in the manner shown on the previous slide provides a standard method for a firm's employees to use, and provides a starting point for careful analysis and continuous improvement.
 - Often, when companies lose an important sale they'll find that an important step in the sales process was missed or mishandled.
 - Having a well thought-out sales process, along with appropriate follow-through, can dramatically improve a company's sales performance.

References

These slides are based on those accompanying the book:

Entrepreneurship: Successfully Launching New Ventures, 6th edition.