



Markets and Marketing

Enterprise Management for Computer Scientists
Fall 2017



PESTEL Workshop

- Used Mintel and other databases/resources to consider market size, competitors, etc.
- Searched for appropriate trends or changes using the PESTEL framework...
- Which led to potential opportunities and threats being outlined
- A lot of useful information for “free”
- Use this approach for assignment

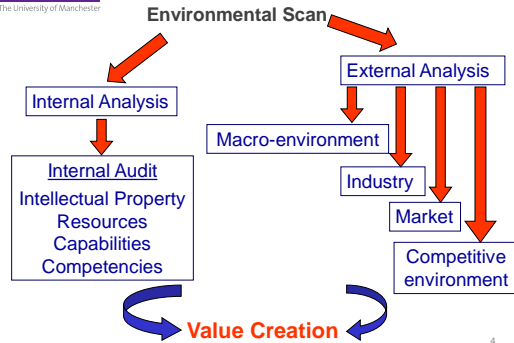
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Recap and Plan for Today

- We’ve been discussing the external business environment using tools like **PESTEL** and **Porter's Five Forces**
- Today we will continue by discussing
 - Marketing
 - The Marketing Mix
 - Brands

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What Does Our Business Offer?

- We've looked at the macro-environment, the industry, and competition, so now we need to think about competitive strategies
- The best place to start is with customers and markets

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Simple Models for this Week

- Timmons's Entrepreneurial Process
- 3 Ms framework
- 4 Ps of marketing (the marketing mix)
- Brands
- Segmentation, Targeting, and Positioning

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The Entrepreneurial Process



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Marketing

The management process responsible for identifying, anticipating and satisfying customer requirements profitably.

—Chartered Institute of Marketing

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Customers

"The sole purpose of a business is to create and retain customers!"

—Peter Drucker



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Why Do Customers Buy?

When the customers' **perceived value** of your offering is worth more to them than the money in their pocket



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The 3 Ms Framework

From the entrepreneur's point of view, there are 3 Ms:

- **Market Demand**
 - Is it something people want?
- **Market Structure**
 - Can you get your offering into the marketplace?
 - Will people choose it over the competition?
- **Margin Analysis**
 - Can I get it to the customer and still make money?

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The 4 Ps of Marketing

- Price
- Product
- Place
- Promotion



This or any similar textbook will be valuable for the exam

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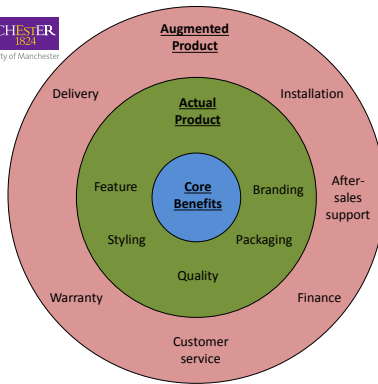


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Total Bundle of Satisfaction



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What is a brand?

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The Product as a Brand

- A brand is an easily identified 'concept'
- An easily **remembered** name
- A simple logo or product **message**
- **Identifiable** by packaging or colour
- Specific features convey **desirable** attributes to the customer

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Product Differentiation

- The “product concept” explains what is special about the product, e.g. how it's
 - Cleaner
 - Greener
 - Warmer
 - Faster
 - Lighter
 - Better looking
 - Packed with more features
- Short, simple statements (rarely objective) that make promises to customers

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Examples: Sub-Brands



Healthy Eating

How does rebranding relate to trends in the external environment?

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Airlines



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Earning a Profit

- Businesses need to make a profit
- The cost of all inputs (land, labour, and capital)...
- ...must be less than the selling price of the final product
- Value must be added to these inputs

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Selling Price and Value

- The total (gross) costs of making the product or service need to be recovered to **break even**
- **Profit** is earned when the selling price exceeds the above costs
 - Profit is like a reward consumers give to entrepreneurs to recognize good decision making
- If consumers are convinced that the value of the product/service is higher, they will pay more

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How Much Will You Pay for Jeans?

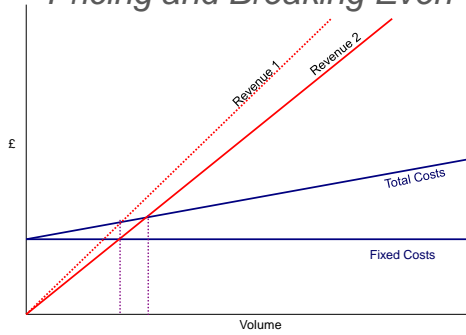
VERSACE
JEANS COUTURE

GEORGE



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Pricing and Breaking Even



Manchester Enterprise Centre



Price

- Pricing strategies (see Blackboard)
- Pricing levels
- Discounts, allowances
- Credit terms
- Flexibility
- Cost

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Promotion

- Media selection ([TV](#) or [Facebook](#)?)
- Corporate image and branding ([BP](#)?)
- Merchandising and display ([Primark](#)?)
- Promotional spend ([celebrity endorsements](#)?)

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Place

- Transportation
- Delivery
- Stock levels
- Distribution channels
- Export
- Availability, market exposure
- Atmosphere in outlets (retail)

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This Was the Simplest Version of the 4 Ps Model

- Extended versions of 4Ps exist, and learning about them is **proof of wider reading** that will be useful in the exam

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The Marketing Mix: Putting it Together

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A Quick Overview

- **Segmentation**
 - Dividing a potential market geographically, economically, or demographically
- **Targeting**
 - Focusing on a particular segment of the market
- **Positioning**
 - Strategy and product perception

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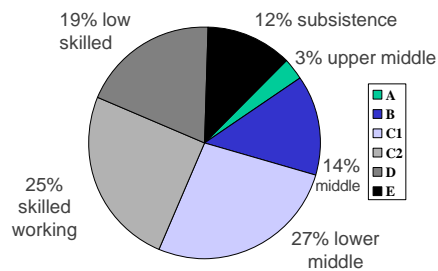
Market Segments

- A group of consumers who respond in a similar way to a given set of marketing stimuli (Kotler)
- A group of consumers with the same or similar needs (McDonald)

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Segmentation by Income



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Segmentation Exercise

What segments you can identify in the market for ridesharing?



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Targeting

Develop a strategy for the chosen segment

- Broad—Target everyone, everywhere
- Focus
 - Target young, old, or middle-aged?
 - Target male or female?
 - Target rich, middle-class, or working-class?

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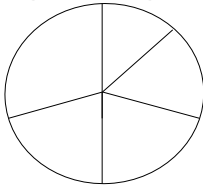
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Targeting in the Diving Market



The market for diving with 5 segments—which one to choose? PESTEL? Five Forces?

Segments must be:

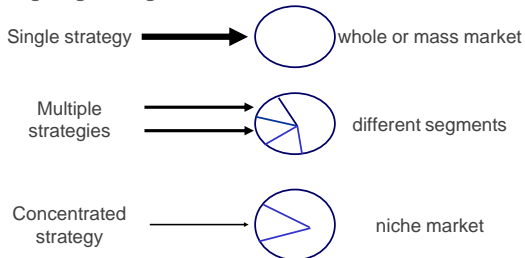
- Clearly defined
- Large enough to generate sufficient sales
- Accessible

What is the message?

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Targeting Strategies



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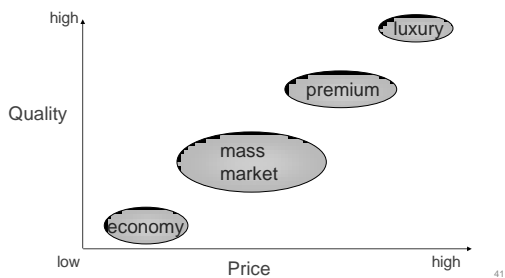
Positioning

- Choosing an image for the product or company, e.g.
 - High-quality and expensive
 - Low-quality and cheap
 - Unique design or mass-produced
- Congruity of strategy, structure, & service

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Positioning Strategies



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Segmentation, Targeting, and Positioning

- 1) Segment the entire market
- 2) Choose the segments to target & products or services to deliver
- 3) How is the firm being positioned?
 - Specialist (niche) expensive
 - Mass market market price
 - Unique product/service

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Summary

- **Segmentation**
 - Dividing the market in a meaningful manner, e.g. demographically, geographically, economically
- **Targeting**
 - Choosing a specific segment
- **Positioning**
 - Creating an image in the mind of the consumer

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