

POM

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1 Introduction to Marketing

What is marketing? Well, one can talk about this in various different way, but let's start with the word itself.

Market + ing

As the word implies, it can be seen as "doing the market", or, trying to be better with dealing markets. Therefore one can say that marketing is

Any transaction between Producer and Consumer to Promote trading

That makes marketing to be seen as "Trading Obstacles Elimination Process". What kinds of obstacles are there? More specifically, what can be seen as obstacle? Obstacle is anything that separates from Producer and consumer(Under condition that, of course, consumer wants to consume and producer want to produce). It can be relabeled as "Distance obstacle factor". There are 4 main factors.

- form
- ownership
- placement
- time

The main task of marketing therefore can be seen as eliminating these factors. For this 4 possible following tasks can be stated.

- Make product that consumer wants
- Make it noticeable by people
- Solve the possible causes that make buying difficult.
- Keep the continual trading relationship.

To actually solve this task, we have **4P & STP**. Also we wish to have an overall management system to sustain these tasks. This system is called "Market Research Monitoring"

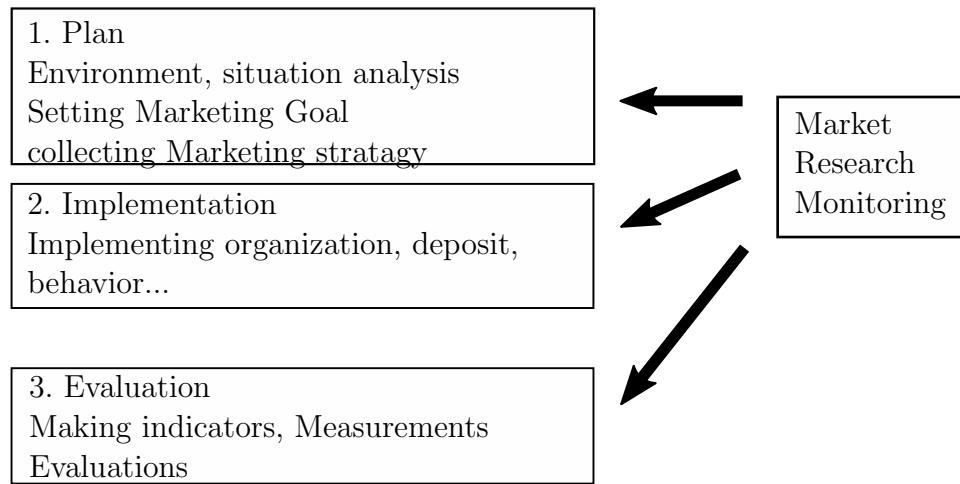


Figure 1: Marketing Management System

This system has key 4 noticeable character.

1. Recursive Plan - Implementation - Evaluation (Non - Stop)
2. Not iterative, but parallelizable & both - directive.
3. Continual monitoring & improvising
4. Happens within brand/category level

There are 3 main orientation in modern marketing. These are what direction of marketing should be :

1. Customer orientation
 - What do customer want?
 - How do they react?
2. Long - Term orientation

- Long term relationship with customers
- Strategic brand management

3. Synergy orientation

- synergy within level of business strategies
- synergy within Mix or mix elements

throughout the history, there has been a lot of different marketing philosophies. These philosophies can be understood as Marketing concept. Here are main 3 of them.

- Production oriented
- Salesmanship oriented
- Customer oriented

1.1 Importance of CSM

Benefit of CSM is rather trivial:

- repetitive purchase
- Price elasticity reduced
- Less cost consumption by failure of products
- Less price of keeping consumers
- Business reputation
- Endorsing atmosphere of business members

However it is not obvious that CS produces greater **Net Profit**. But that turns out to be the case. Analysis done with years of data and Time series regression analyses.

$$ROI_t = -1.10 + 0.75ROI_{t-1} + 0.40CS_t$$

Also, model of Expectation confirmation tells us several things.

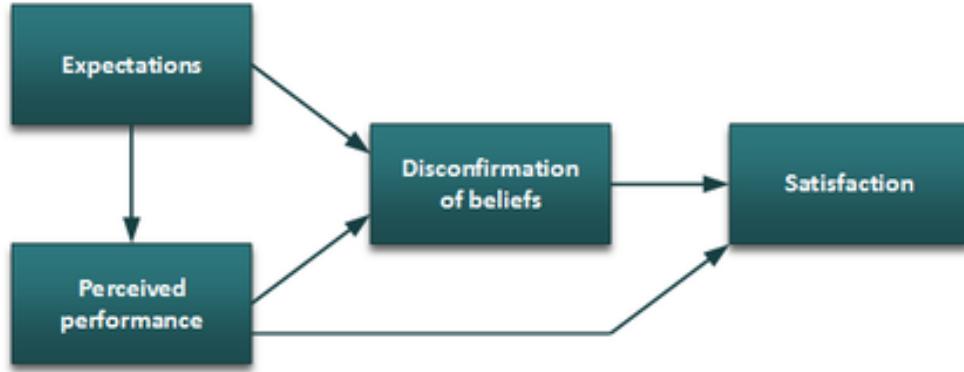


Figure 2: Model of Expectation confirmation theory

1. Product, service quality management is very important.
2. Managing expectation is important
3. Overall management is important (Law of multiplication)

To be doing CSM is equivalent to "Market oriented business". Then, the core competence should be endorsed.

$$\text{CS core competence} = \textit{MarketOrientation}$$

To be market oriented, you need to collect a lot of data, disseminate them, and utilize them.

Therefore overall, one can make CSM index with two Variable

1. Consumer satisfaction index
2. Market oriented index

These are key points of Consumer satisfaction marketing, which is crucial.

2 Environmental Analysis & Setting Marketing Goal

As we have already discussed, within our first step of marketing management system there are 3 main substeps.

- Environmental & Situational analysis
- Setting marketing goal
- Collecting marketing strategies (STP & Mix)

2.1 Marketing Goal

1. Financial Goal (Quantitative goal)
 - Appearance goal (sales & market share)
 - should we build? keep? shrink? shut off (demarketing)?
 - type that pushes Growth goal
 - Net Profit goal (business profit)
 - Reduce first cost?
 - Increase price?
2. Market Goal (more customer - oriented goal than previous one) (Quality goal)
 - Increase Customer satisfaction
 - Increase brand value
 - Develop new item

Out of all these different goals, decideing what is necessary is dependent entirely on the situation of the business. Yet, one of the most frequent marketing goal is **Financial Goal**, and especially **Growth goal**. Growth goal can be differentiated into 4 areas, give by the chart.

	Existing Market	New market
Existing Product	penetrate market	Develop market
New Product	Develop new product	Diversification

2.2 Marketing Environment

If I were to do a business, you can consider the following two cases:

1. Market is really good, but I'm really bad.
2. I am really good, but market is really bad.

Which scenario is better? If you think 1st one is better, you are **Industrial Structuralist**. According to Porter, there are 5 forces that will effect your business.

1. Threat of New entrants
2. Threat of Substitutes
3. Power of customers
4. Power of suppliers
5. Competitive rivalry

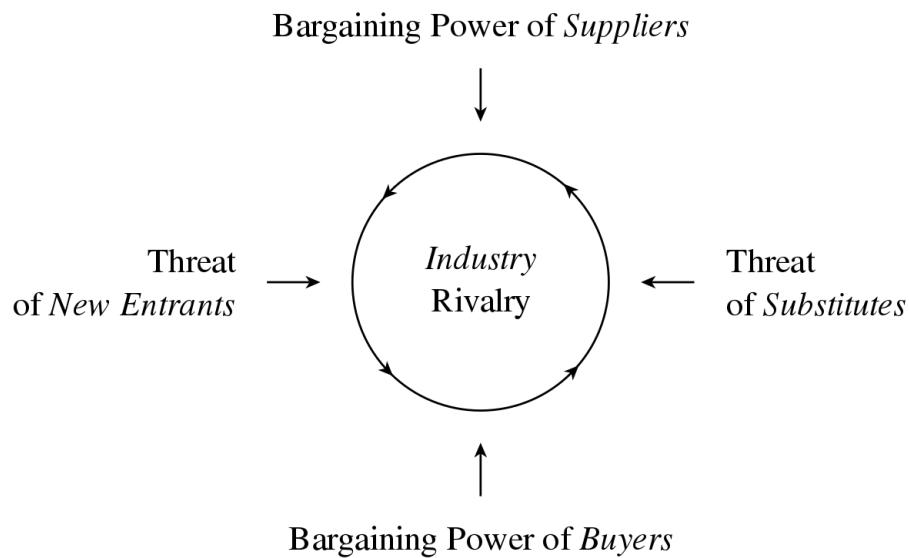


Figure 3: Porter's Five Forces

In industrial structure view, you have your environment considered as an outside.

2.2.1 Outside Environment

1. Macro Environment

- Economy
- Tech
- Socio - culture
- Politics
- Law

2. Micro Environment

- Supply
- Demand
- Competition
- Customer
- Business relation

Also you can stand in the position that how well you do in the market is more impactful than your environment. This is called **Resource-Based View**. In this view, you can consider your environment as Inside view.

2.2.2 Inside Environment

Core competence

1. Condition of Core competence: (source of continual competition frontier -position)
 - Needs to be better than competitors
 - Needs to be difficult to follow.
 - Needs to be not - purchasable.
 - Can be implemented to a lot of different businesses

2. Types of Core competence:

- Form : production line, distribution line, etc...
- Formless : Brand, data, formulas, etc...

Inside situation

1. Business Successfulness

- Financial result (profit, cash flow, debt rate ...)
- Market result (market share, customer's evaluation, brand power)

2. Distribution of usable resources

3. Prior strategy

Now, when do we really do our environment analysis? Assume that Market goal was made in the spring, and evaluation is ought to be done at winter. What is the most appropriate time for Environmental analysis? → **Always**. We collect and watch the data every time, so it can be used anytime.

What is important about theses analysis is the relative change rate. It is almost always about how stuff "change", not how stuff "is".

2.3 SWAT Analysis

Factors that engage with your business can be classified into 4 different parts

	Positive Factor	Negative Factor
Inside Env	Strength	Weakness
Outside Env	Opportunity	Threat

Things to Consider about SWAT analysis:

1. Collect, collect, collect DATA!
2. Don't just list and stop, think about their importance.
3. Make their CROSSESECTION

		내부환경	
		(+) Strength	(-) Weakness
외부환경	(+) Opportunity	OS	OW
	(-) Threat	TS	TW

Figure 4: Crossection of SWOT analysis

For example, OW represents how you would manage the opportunity despite your weakness.

We talked about different types of Growth goal. Now it is time to think about more fundamental type of question: Will we grow this business at all? To answer this, we do a portfolio analysis.

2.4 Product Portfolio Analysis Model

2.4.1 Basic Model

Basic model of portfolio analysis consists of two axis, both of which representing some kind of measure of performance that describes the business.

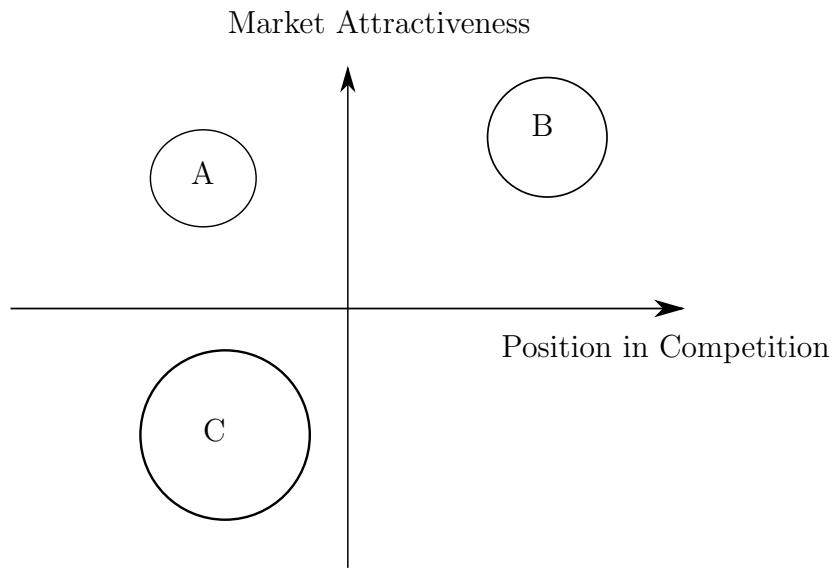


Figure 5: Basic Model

2.4.2 BCG

The Purpose of BCG model: Set the balance of Cash Flow.

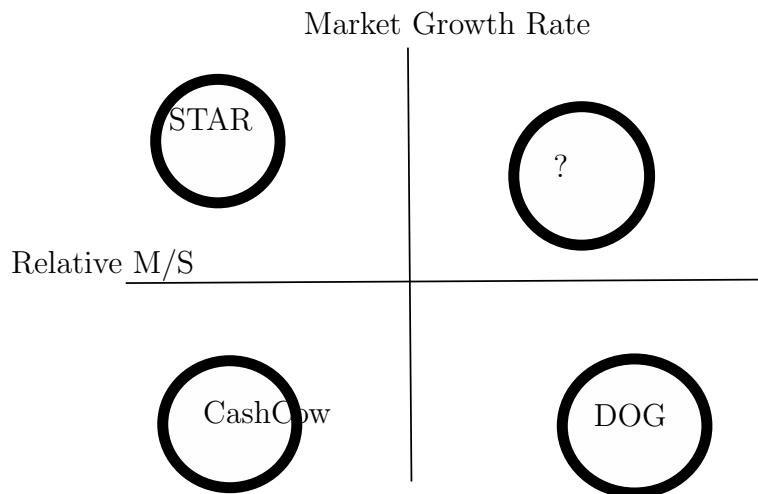


Figure 6: BCG model

Problem of BCG Model

- Way too simple x, y cord.
- Vague definition of market.
- Vague borderline of MGR, H/L
- Considers only present state.
- Can be too drastic.
- Don't consider any synergic possibilities.

3 Marketing Research

3.1 Marketing research Steps

1. Analyzing situation step

- Changes in Inside, outside Environments
- Strength, weakness of our, opponent companies
- catching opportunities/analyzing market character
- analyzing consumers

2. Collecting strategies step

- Researching consumer's recognition
- Marketing test (concept, elasticity of price, prediction of demand, effectiveness of ad)

3. Execute strategies step

- Ad tracking (ad acceptance rate, recognition rate, product recognition rate ...)
- New product tracking (recognition, preference ...)

4. Evaluate step market share, mind share, brand equity, satisfaction etc...
How do we get the data?

1. Search for it (online, researches...)
2. Make them!
3. Buy them! (or let others make them)

3.2 Marketing Research Process

1. Decide whether we need to research
2. Specify why we need to research (specifically research for what?)
3. Types of research construction
4. Data Source (Do we make them? search for it? etc..)
5. How do we collect our data?

6. Extract samples and collect Data (what is our sample group? how? how many?)
7. Analysis of our data (coding, correlational analysis, causal analysis...)
8. Organize the result.

3.2.1 Type of research construction

1. Exploratory research
 - "Why do we lack net profit?"
 - "would single family's consuming mind different?"
2. Descriptive research (much more enumerative and analytical, more to correlational study)
 - "Is the reason of lack of net profit differ by different areas?"
 - "Is the single family consumer sentiment differ by different age?"
3. Causal research (not much correlational, more causality research)
 - "Is price discount better than quantity discount?"
 - "Is minimalization better than advancing?"

3.2.2 Data source

1. Secondary Data
 - Inside data (Business related data..)
 - Outside data (통계청, 국책연구소, 민간경제연구소, 상공회의소 등...)
2. Primary data
 - survey, test (Field, Laboratory, fMRI)
 - Observation and interview
3. New raw Data
 - Purchase Data

- clickstream Data
- UCC, SNS Data
- Big data (3V's: volume, variety, velocity)

3.2.3 Example: Coke or Pepsi?

Pepsi Challenge

”New coke” blunder

Despite all the research, why did so many people hate New coke?

”are you sure that taste only comes with tongue?”

By doing fMRI study of brain, one can find out that while blind testing, VMPFC of brain was triggered, while drinking coke, DLPFC and Hippocampus was triggered.

3.2.4 Method of collecting Data (Survey)

1. Collecting Method

- face-to-face/or not
- mail, phone
- online
- mobile

2. Sampling

- sampling frame (list of things you draw a sample from)
- method of sampling (random sampling/easy sampling)
- sampling size

3.2.5 Research Analysis

1. Statistical Analysis

- univariable analysis
- multivariable analysis
- non - parametric analysis

2. Analyzing meaning

- correlational
- Causal

4 Consumer Behavior Analysis

4.1 Frame of Consumer behavior analysis

1. Understanding consumer's Perspective

- who? (who is our customer?)
- what would they want?
- How would they react? (to this product?)
- why?

For consumer, there are 5 steps that takes place per every purchasement. 2. 5 Decision making steps

1. facing the problem
2. searching for information
3. look for alternative
4. Buying the product
5. Action after purchase (usage and feedback)

Who would face the problem? Not necessarily the one who uses. They can be his/her parents, related people, friends, ... etc..

In similar fashion, who would search for alternative? Who would actually purchase? Above steps can be done by all separate people. The 2. can be questioned by 1. therefore 20 questions can arise in total. However, the 1. can be much more descriptive.

Personal traits can be influential to individual decision steps. This can be,

- Memory

- attitude.
- etc...

Moreover environmental traits can be also influential. This can be:

- Demographical statistic
- Economic situation
- Socio - cultural
- Technological env.
- Law - related env.

Therefore theses factors play great role on understanding consumer's behaviors.

4.2 General Characteristics of Consumer Behaviors

Every consumer is human, therefore behaves in very "generalizable" way. It is natural to think that people behave in calculative, rational way. But this turned out to be very wrong.

1. Decision making method routinized
 - Extensive problem solving (Searching for all possible info)
 - Limited problem solving (not thinking carefully)
 - Routinized behavior
2. Behaviors within relationships(Between other objective beings)
 - Reference group influence (e.g. by pressure, I'm now fine with alcohol)
 - Trickle down Effect There are differences between social hierarchy within behavior of consumers. So called "lower class" tends to follow "higher class"

- Social modeling (People tends to follow other people in general, especially who they admire) Why is it that, despite not believing the model is only working for "money", the influence is still there. This works for other examples not bounded by human models.



Figure 7: Wine bottle with image of Picasso sells dramatically

3. Expected Irrationality (We are very irrational indeed, but we are irrational in very rational way. Therefore, pre-calculatable)
 - Heuristics and biases

- Emotional decisions
- Non conscious behaviors (Done without conscious)

These behaviors can be (in a way) predicted by marketers, making marketing process much efficient. How many of us make un-rational decisions? about 80% (says our professor).

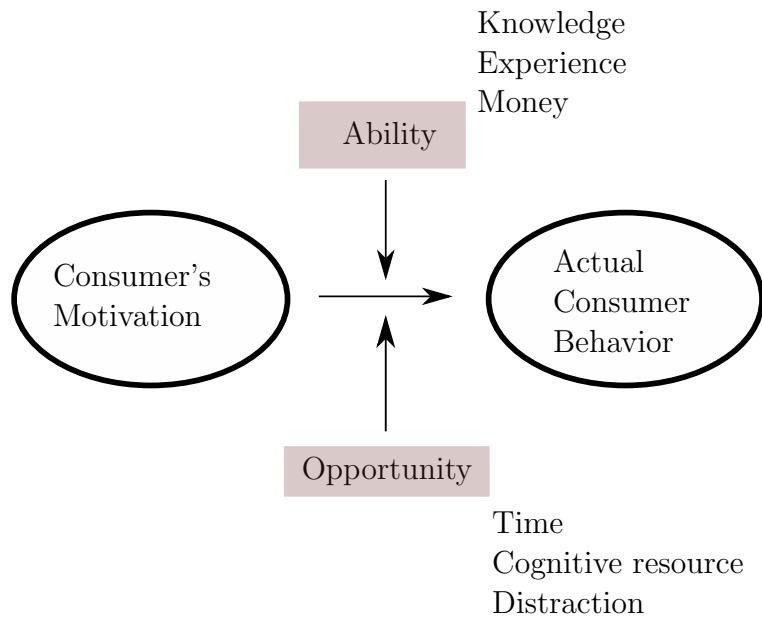


Figure 8: What drives consumer Motivation?

4.2.1 Consumer Behavior's Megatrend (keyword)

- Consumer rights
- Produmer (producer and both consumer)
- Life's quality (well being, health, prestige, small luxury)
- Green Friendly (ethical, green, shared consumption)
- High-Tech (Mobile, AI, IoT, VR, Robot)
- Decision disorder (info overload, decision curator)

5 Segmentation and Targeting

Now we collect strategies. We will start with STP. In this section, we will look at S and T.

5.1 Segmentation

Definition: splitting the market into few 'segments', to be considered later.
But do we really need market segmentation?

5.1.1 Necessity of Market Segmentation

First, the customers are very different. → You can be very precise to customer's needs.

Also, the company has very limited resources. → You can choose and focus on one point.

And finally, there are just too much competition. Segmenting makes different opportunities stand out very easily. Plus, you can also act very quickly to changes.



Figure 9: Target market : Easily enjoying liquor, for age 20 ~30, woman, lives in cities.

5.1.2 Standards for Market segmentation

- Geological variable → weather, pop density, areas
- Demographic variable → age, gender, income level, educational, job
- Psychological variable → Values, personality traits, motivation, lifestyle
- Behavioral variable → Pursuit of convenience , amount of usage, preferences, bargaining

Geological, Populational-statistical Variable (i.e. Demographic variable)

- Sometimes define the demand for entire category!! (weather, population, age, gender, income level)
- Creates **subculture** (Generation wise, jobwise, area wise culture)
- Customer Porfile elements → "accessibility" (who are they? How do we(company) approach them?)

Example: Cookies (HaeTae and Lotte)

Do cookies really need market segmentation?

You can make an argument that everyone likes cookies. Almost everyone consumes cookies. Yet, there seemed to be **geological difference** between areas. Why is that? Even though heavy consumers are children, it seemed like area's conflict seemed to be engaged: Therefore focus on the **distributor**. Thing are getting better nowdays. link: <http://www.donga.com/news/article/all/20030826/7976875/1>

Psychological Variable

- Effects almost every aspect of consumer's behavior (values, personality traits, lifestyle etc...)
- One of the Customer's profile's elements : → Appealing methods (How do we invoke consumer's motivation to buy?)

Question: How do you segment market by personal values?

LOV Segmentation

1. Main Value measurement

- Rokeach survey (36 value items)
- List of value (LOV) (9 value items)

2. Rounding off by main values → **Factor analysis**

3. Making Segments → **Clustering analysis**

Question: How do you exactly do factor analysis?

After factor analysis, you make clustering by looking at the data.

Behavioral Variable

- Craving product benefit
- Heavy user/ Light user
- Reaction Step: (recognition → knowledge → preferable → buying experience → recursive purchase) Example : if everyone likes it and nobody buys it, there must be purchase obstacle.
 - if nobody knows it, must let them know first.
 - if everyone know it but nobody likes it, change their attitude.
 - etc etc...
- Price sensitivity
- Usage situation: (Where do people use our product?)
- Accepting innovative product (Would they buy beta version?)

In what variable do we use to segment market?

* **Let's think...**

1. Using any standard, market does get segmented. (Now is it just matter of your choice?)
2. You simply can't use all the standards, because it isn't profitable and way too complicated. → **use right amount**
3. Thus you need **Efficient market segmentation**

5.2 Effective Market Segmentation

Effectiveness:::

1. Measurable
2. Accessible
3. Substantial (Segmented by 99 : 1 is just meaningless. There has to be meaningfulness)
4. Differentiable by segments (if strategies among segments are equal, it is meaningless)

→ Yet, **per variable, Effectiveness is different.**

5.2.1 How do you deal with that? Wedel & Kamakura's

	General character variable	Product related variable
Observable	Demographical	Usage, Use situ, Royalty
Non Observable	Per Trait, LOV, lifestyle	Preference, recognition of product

[] G/O | G/NO | P/O | P/NO]
Then what??

- Use Multiple Variable
- Actionable Variable
- use high - Accessible variable to make profile.

5.3 Steps for Market Segmentation

1. Collect Data
2. Measure variable by marketing search
3. Segment by actionable variable

4. Make Profile for each segmented market.

Toothpaste Market:

Product benefit can be very different

5.4 Time variant Segmentation

How do you segment markets real-time? Well, after fully knowing the method, you still don't know what will come out as a result, nor what is really efficient. Knowing certain stuff beforehand can be described as **a priori segmentation**, other is **a posterior segmentation**

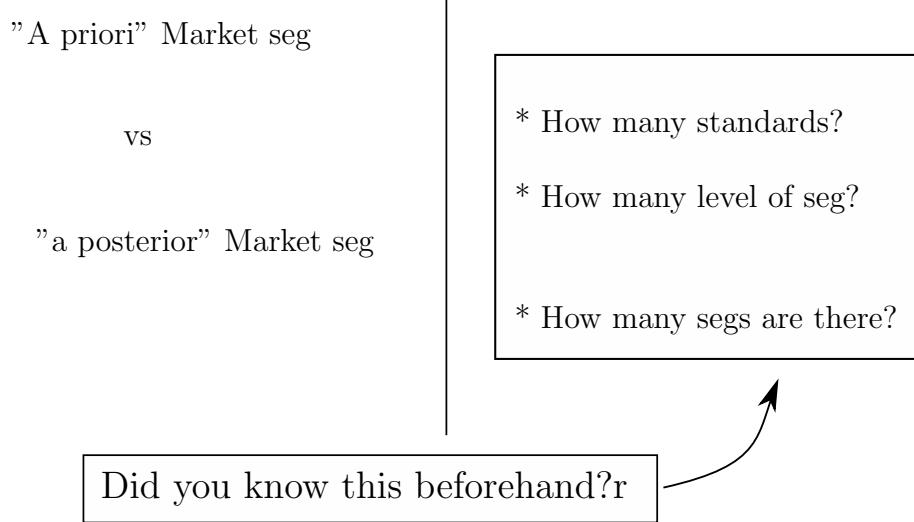


Figure 10: Different segment

For example LOV, you knew how you choose the segmenting method, but you didn't know the result. The result of 4 factor can be considered as a posterior.

6 Targeting

Ok. you've segmented the market. (that was hard) Now you have to choose what part of segment you are going to be engaging in.

6.1 Standards for Target segment's Decision

1. Segment's attractiveness

- Outside conditions (market size, potential, growth rate, product's life cycle, seasonal)
- Structural condition (competition difficulty, threat of alternatives, power of buyer/producer, Wall of entrance(진입장벽))
- Environmental condition (Economy, society, ...)

2. Relative competitive position within the segment

How well will your company do when you enter the segment? To answer this, you need to know how much strength you have (competence) against others, for these following example categories:

- differentiated strength?
- Price strength?
- Operative strength?

The way "competition" is defined can be varied by level

- By brand (e.g: Digital Camera 1 vs Digital Camera 2)
- Form of product e.g: Digital Camera vs DSLR vs Mirrorless
- Fundamental convenience (e.g: D.c vs Phone)

Example: Asking frontier brand's most fearful competitor

- chamilul → Samsung TV
- Lineage → America Drama
- sulwhasoo → Korean medic
- Bakcas → Starbucks
- Nike → Nintendo

Marketing Myopia → look at the market from long distance. (would above competition make sense?) the fundamental values can be provided by much different product. Therefore beware of not - knowing your place or your competitors.

3. Compatibility

with...

- company resources
- company's mission & culture
- existing market, existing marketing mix.

Now all these standards can be calculated and weighted - summed, so one can decide which market segments to enter.

Then, Target market can be treated

- as differentiated into one or more segments.
- or treated as same or different

6.2 Treating Segments differently: How much?

The more you differentiate your treatment to targeted market, the more you'll earn, but also more you'll investigate. Therefore one has to find the right balance.

7 Positioning

Definition: finding position inside consumer's **mind**

- competitive differentiation consumer perceive
- problem of competitive structure's overall harmonizing marketing mix.
- Not reality, just perception
- Can define direct competitors
- Can grasp market opportunities

7.1 Positioning Map

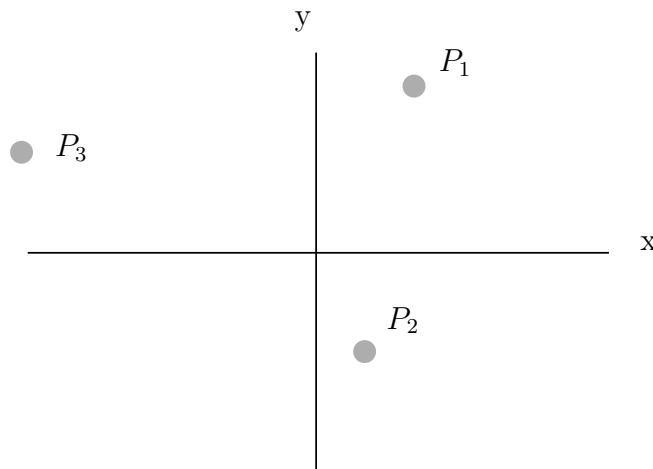


Figure 11: Structure of positioning map

7.1.1 Making of positioning map

1. Multi Attribute Model (MAM) → what constitutes a product is used as axis. (and how good they are per product of different companies)

2. Multi Dimensional Scaling (MDS) → Asking consumers for unknown axis, and trying to search for axis.
1. MAM
- grasp main character of products.
 - Per product, find the values for characters.
 - Factor Analysis
 - figuring out the underlying dimensions
 - find the scale value per these basis dimension.

- Make positioning map.

2. MDS

”Making positioning map under recognition of consumer’s similarity”

Ask customer’s their measure of similarity of different products.

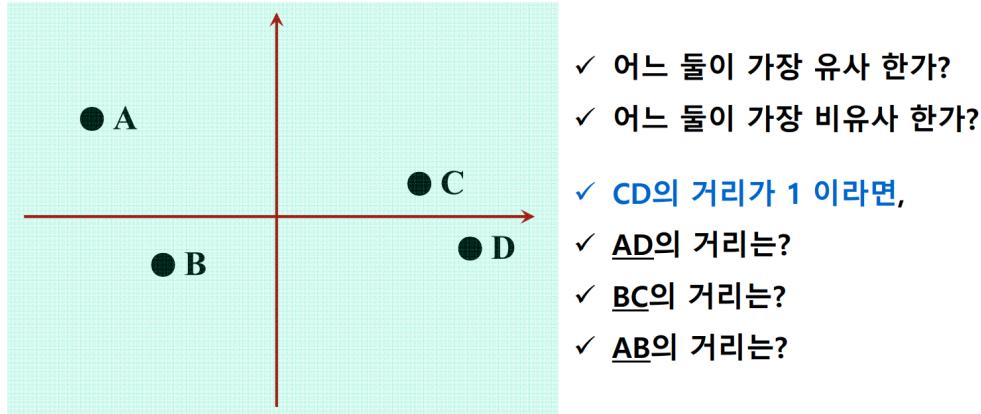


Figure 12:

7.2 Positioning Strategy

Here we will talk about:

1. Overall Quality - Price positioning

2. Specific POD(point of difference) positioning
3. condition of Efficient positioning

7.3 Overall Quality - Price positioning

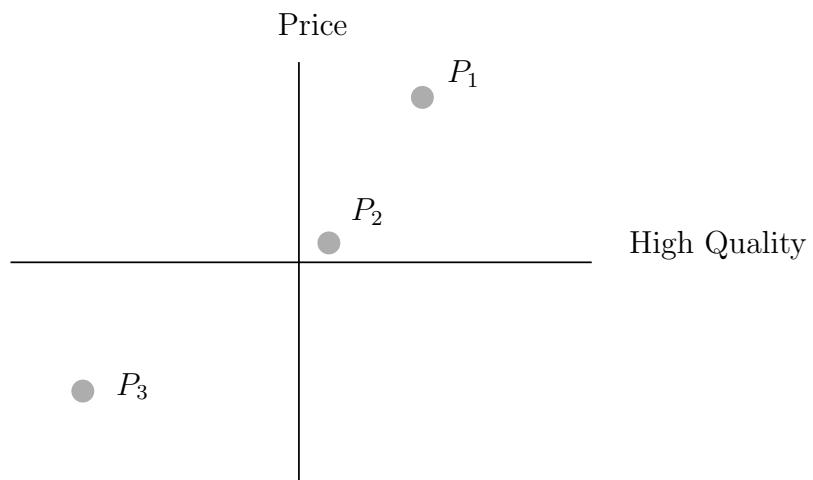


Figure 13: Simple MAM with price, quality axis.

7.4 Specific POD(point of difference) positioning

- property POD
- Service POD
- User POD
- Usage situation POD

Many time, positioning is done with specific property POD
 But sometimes, user specific POD is made. (풀무원:(환경친화적인 당신은)
 이미 풀무원입니다)

7.5 Efficient POD condition

1. POD's dimension is important
2. That difference must be perceived meaningfully

Meaningful POD vs not! meaningful POD

1. Work in existing field, → make strategies within known map
 - difference within already existing dimension
 - comparing quality between other competitors ("alignable" difference) examples could be (cheaper, bigger, tastes better, stronger, faster etc...)
 - Property based POD is almost all this case
2. Change the existing field → taking strategies to change the existing map
 - Have property that no others have. : (nonalignable difference)
 - Changes structure of Positioning map by introducing new axis!

7.5.1 Case 1. Make strategies within known map

Here, the specific dimension is very important, but the problem is that "challenger's" claim isn't well informed. Specifically,

- Most of the difference is ignored (Prototype effect)
- Especially qualities that aren't directly noticeable.

Then how do we solve this problem? 3 possible approaches :

- noticeable Property (Searchable property vs Experienceable property vs trust based property)
- Enough difference
- Enumerable difference

7.5.2 Case 2. POD engaging New property dimension

New property must be meaningful one. But making consumer recognize their importance is not EASY. Then how do we solve this problem?

- Density principle
 - make perception's density higher. (variants, voice, shelf space)
- Synergy principle
 - across ads & over time, linearity within contents
- Categorization effect
 - Category label (subcategorization) : put category on our product within this market, and label it so that others can perceive it.

7.6 Positioning Step

1. Analyze current position (Make positioning map)
→ MAM or MDS
2. Choose goal position
3. Execute Repositioning strategies
4. Evaluate transformed position (Make positioning map again!)

8 Product Life Cycle

Product viewed as Life(metaphor)
Birth → growth → maturity → decline → death

: to know what stage our product is, to take action accordingly.

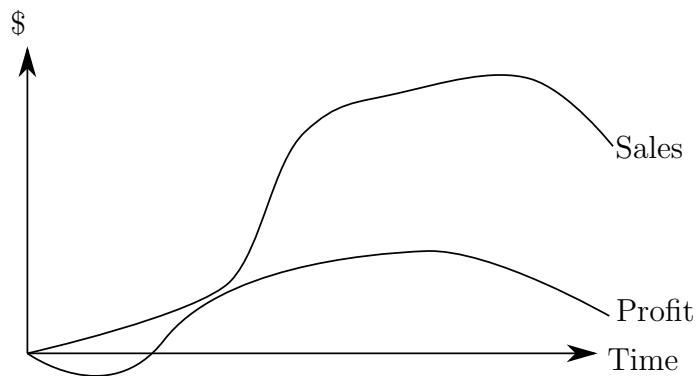


Figure 14: Graph of Product life cycle

Marketing goal must be very different according to the stage of PLC they are in. **Example:**

Entering Stage : Create AW & trial
 Growing Stage L Maximize MS
 Mature Stage: Max profit & MS
 Decline Stage : Reduce Expenditure

8.1 Unit of analyzing PLC

1. Product class
2. Product form
3. Brand
 1. Hard to predict "which stage" & "how long"
 2. Self - fulfilling prophecy (: If you decide on which stage you are in, you will be in that stage)

9 Product Management & NPD (new product development)

9.1 Product Management Basic

A. Concept of Product.

1. Core Product
2. Actual Product
3. Augmented Product

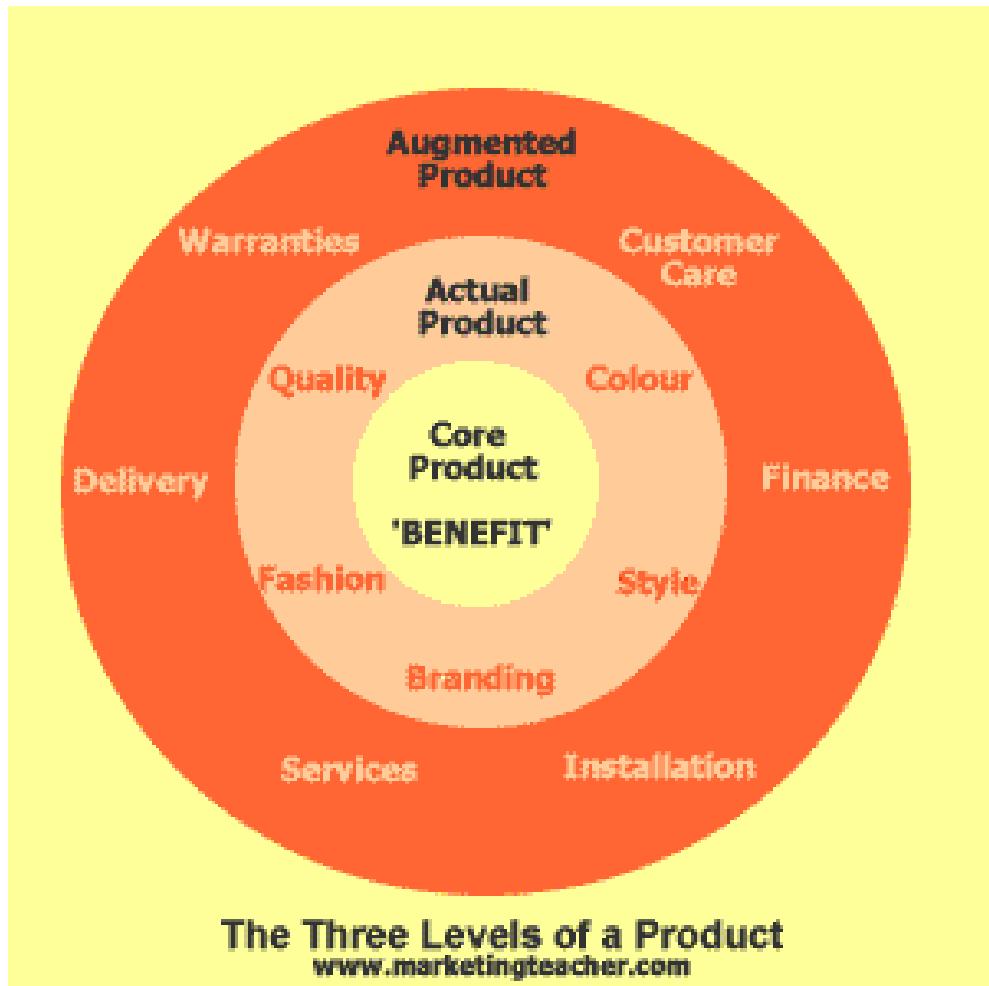


Figure 15: Examples of Core products (From www.marketingteacher.com)

If we were to differentiate from the enemy company, there are these 3 options to be made.

B. Product Classification

1. Industrial goods vs Consumer goods
2. Durable goods vs non-durable goods vs services
3. Convenience goods vs Shopping goods vs Special goods
4. Exploratory based vs Experience based vs Trust based

C. Product mix

- Width of Product mix → number of product line within company
- Product line → category of related product
- Length of Product line L → number of Brands per one product line
- Depth of Product line. → number of items in one brand.

Example : P&G product Mix.

Baby Care	Fabric care	Oral care	Skin care	hair care	home care
Luvs	Tide Crest	Ivory	Head&Shol	Febreze	
Pampers	Cheer	oral- B	SK-II	Pantene	Cascade
	Bounce	Scope	Gillette	Old spice	Dawn
	Downy	Fixodent	Olay		

D. Level of New Product.

By the quality of improvement by new product, we can classify the new product's level

1. Simple Renewal
this can be caused by...
 - Increased price
 - simply renew the feeling
 - etc...
2. Product Variants / Improvement (Just improving a bit)
3. Product line-up (What do you mean by lineup?)
→ Constituted by product quality & price. (i.e. New item is much better and expensive. This is different by case 1)
4. New Product - New line /Category (**new** is to be taken relative to myself.)
 - Continuous innovation
 - Dynamically continuous innovation.
 - Discontinuous innovation

9.2 Main Content within Product management

- Managing individual products. (renewal, morphism, improvement)
- Decisions within product line (i.e. portfolio management with multiple items)
So why do we need Product length/depth?
 - Consumer's need is very different.
 - People crave for diversity. (we never consume one food)
 - Price sensitivity differ.
 - Inhibit other company's competitive entry.
 - Positioning (Making Subcategory (This is necessary for "density" condition.))

But what are some considerations?

- Increase of Cost. (making diverse product inevitably increases price.)
 - Distribution's cooperation.
 - confusion of consumer's recognition
 - Cannibalization / Synergy
 - Enough Resources and management capacity
- Managing NPD

9.3 Developing New product

- Managing NPD
- Market Testing NP

9.3.1 Is making New product actually necessary?

It is

1. Resource of Company's Growth. (i.e. you can't make consumers buy a single thing forever!)

2. Method of Market's Attack and Defense (as a matter of competition.)

- Flanker Brand (As a defense to attacker in a market (they will have cheaper - item attack) , usually make cheaper item to defend)
- Fighter Brand (As an attack)
- Decoy Brand (as a trap)
e.g. : Magazine Economist has 3 options for subscription
 - online (59\$)
 - offline (125 \$) → this item is decoy brand
 - online + offline (125\$)

3. At mature market, make alternative need by making new product.

4. As a leader of industry, need to keep the reputation.

And importantly,

Pioneer Advantage

9.4 Why would some New product fail?

- Null of differentiated convenience
- Change of consumer's utility
- Targeting/ positioning problem
- Timing of release
- Error within demand estimate
- etc etc...

9.5 Management system for developing new product

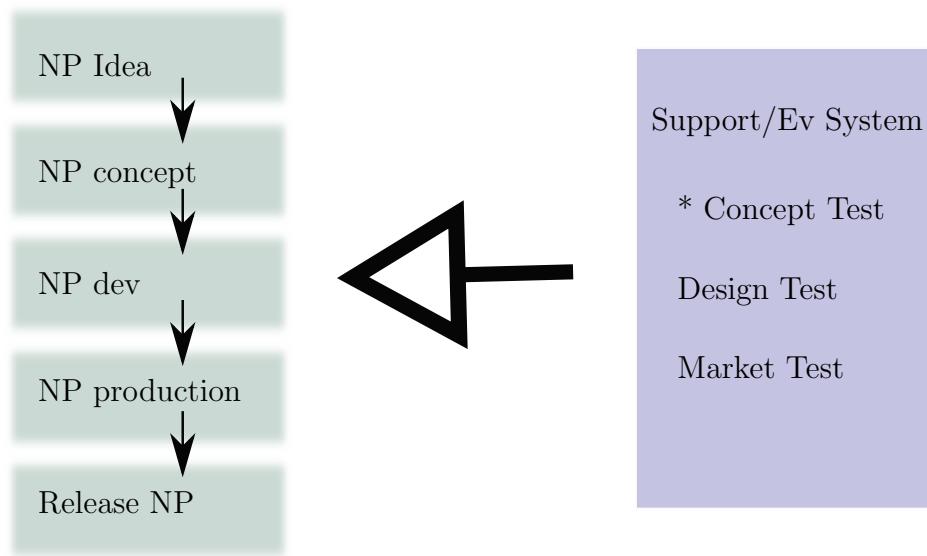


Figure 16: New Product Development Managing System

9.5.1 Deciding New Product idea

There are a lot of different origin of ideas and many methodologies. From there, we extract the ideas, which we then decide what idea we will choose.

It is important to produce many ideas (Because this is very cheap!)

→ **Thus, Diversify origin and Methodology.**

Where do we get the idea? (Origin of ideas)

- Customers
- Competitor
- Inside community
 - R&D

- Idea Team
- Idea institution
- Distributor, Selling member
- Socialnet Data

How do we make the data? (Methodology)

- Brainstorming
- FGI
- Town watching
- Trend analysis
- Attribute Listing
- etc etc...

Make the chosen idea more specific.
 → Product Concept

9.5.2 Idea Into Product concept

Definition:

Product idea **described as manner of consumer's perspective**, such as product's shape, character, utility, convenience, price etc...

- What property and character? (Product attributes)
- Gives what? (consumer Benefit Proposition)
- Usage situation
- For whom? (Target consumer)
- Price and distribution? (Marketing mix)
- etc ..

9.5.3 Concept Test, Design Test

As we make concept and design, we need to test them simultaneously.]

Conjoint analysis : make a lot of profile

→ choose the feasible profile and ask them for which is most reasonable.

Purchase intention

Also, make standard evaluation chart beforehand.

Test standard:

- Technological feasibility
- Trade feasibility

At NPD's beginning Step, everybody's participation is important!

* Potential net profit model.

1. Transforming "purchase intension" / preference chart
2. Making selling formation model (46 min 판매형성 모형)

$$P = A_w A_v \sum B_c$$

1. lab test
2. Pro test
3. Customer test (Conjoint analysis)

9.5.4 Test market

1. Purpose :

- much precise net profit estimate
- getting diagnostic information

2. Types :

- National - scale market reenactment
- Experimental method (mini test market)

3. Weakness

- High price
- Competitor's recognition and disturbances
- Delay of release

9.5.5 Pre - test market

1. Purpose,
 - Appropriate prediction made (75% and above)
 - Reasonably accurate tests
 - Not much time consuming
 - Relatively low price
2. Types :
 - Non-durable model (e.g. ASSESSOR)
 - Durable model (e.g. Information Acceleration)

10 통합적 브랜드 관리

10.1 Brand's Definition

"Name, term, symbol, design, and its combination that producer uses to identify it's product different from others"

But brand has to play a role other than differentiation. For example:

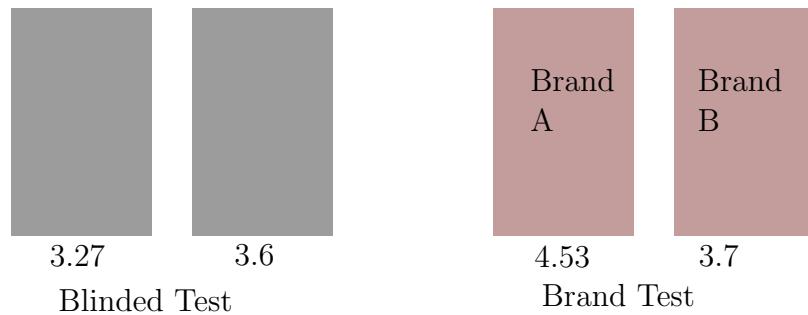


Figure 17: Blind test for cigar brand.

10.2 Brand's Role

1. Increase of probability that consumer choose the product. (recognition, preference)
2. Distributor's preference. → power of negotiation (협상) increase!
3. possible to make premium price.
4. Reduce the marketing price
5. New production's success rate increase.
6. Can collect licensing profit.
7. MA, there is brand possession.

→ **Brand is equity asset!**

How do you measure brand value?

2018년도 글로벌 브랜드 평가 – 인터브랜드

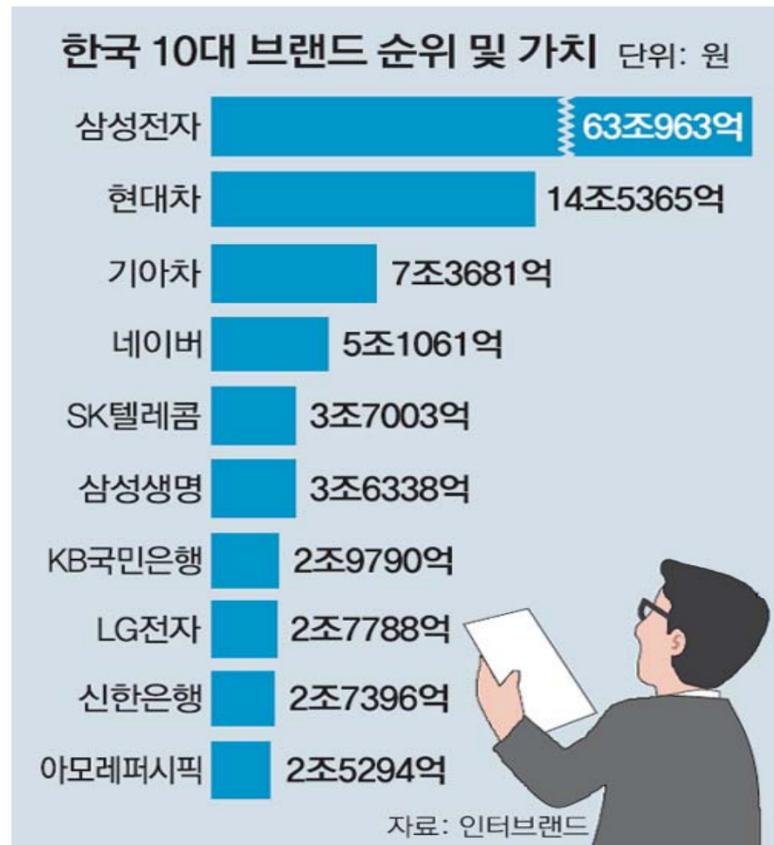


Figure 18: 2018 Korean Brand values

- 사업성과
- 구입하느느 시점에서 미친 효과
- 미래에 미치는 영향

Role of Brand:

→ Given same marketing effort, how much difference is made (There must be difference, this is brand equity.)?

10.3 Brand Equity Model (Keller)

For what reason is this difference made? This can be explained by Keller's Brand model.

There is a brand knowledge.

1. Brand Awareness
2. Brand image

Brand awareness:

1. Brand depth (How well do you recognize/recall?) Recognition is easier than recall.
assistance recall unassisted recall (보조, 비보조 회상)
2. Brand breadth (How often do you recognize/recall?) what what scenario do you recall?

Brand Image:

1. property
2. convenience
3. emotion
4. attitude

Therefore to have greater brand equity, one need to increase brand awareness and image.

Also, brand needs to have a position that is different than others. The brand image needs to be positive and also strong.

1. Favorability
2. Uniqueness
3. Strength

10.4 Building Brand Asset

Level:

1. Brand discriminationability (브랜드 식)
2. Brand meaning
3. Brand reaction
4. Brand relationship

Theses are needed. therefore:

1. Brand Introduction
2. Brand Elaboration
3. Brand Fortification

10.5 Brand Introduction

Purpose: brand 식별 and making meaning.

1. Making brand element
 - Brand name, logo, url, symbol, character, package, slogan.
2. Making brand concept
 - Functionality or experientiability or representational concept
3. Synergic positioning.

10.5.1 Brand Element Decision standard

1. Memorable
2. Meaningful
3. Likable
4. Transferable
5. Adaptable
6. Protectable.

10.5.2 Making Brand Concept

1. Functional Concept
 2. Experiment
 3. Symbolic Concept.
 - Difficult to make a one product differentiation.
 - Difficult to look forward do many concept at once,
 - Define closerly, the scope
-

10.5.3 Synergic positioning

1. Product Qualification
 - Inside production rule (원재료, 생산, 포장...)
 -
2. IMC (integrated market communication) (일관성/보완성)

Example: 풀무원, soya brand concept:

Product qualification:

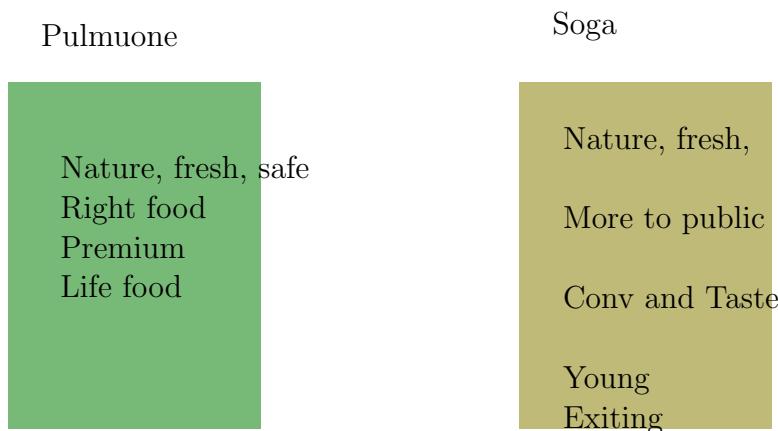


Figure 19: Pul and Soga

To decide which brand to be included, you have product qualification : is this product well made? cheap? enough fresh?
 IMC: The body shop:
 Makes a lot of eco friendly, 공정무역, nature friendly 원료, local 공급,
 PR, etc etc...
 All these needs to be done to be recognized to certain brand position!!!

10.6 Brand Elaboration

Purpose: Make brand image more precise!
 Good image: Favorability, Uniqueness, Strength
 But, no image is favorable + unique, therefore strong association has to be built! Strength means:

- Immediate,

- Powerful
- Emotional

Now how do we make that? Elaboration (depth of processing) → To make people think of the brand with more precision.

- Make concept more precise (elaborate) → 1. Concept wise elaboration strategy
- Brand experience more precise → Experience marketing
- Make company-wise activity precise and tight. → Enterprise BI integration

10.6.1 Brand Concept-wise elaboration

1. Functionality(drug, tools, etc...) Concept Elaboration
 - Improve existing features
 - Generalize problem solving (wider breadth solve range)
 - Professionalize problem solving. (Deeper-solution)
Product Mix & Product Line strategies!
2. Experience concept elaboration
 - Brand accessory/network strategy. (make accessory product, for **기존 상품's** wider pr)
 - Consume emotion manage.
3. Representational Concept elaboration (market protection strategy)
 -
 - item

Example: Tylenol

Tylenol can be seen as "Pain relieving brand", because they have wide range of pain-area solutions, and deep range of specific solution.

 ed TYLENOL® re nsion quid to gh multi- orarily View product details ▾	 use only as directed Children's TYLENOL® Cold + Flu Oral Suspension Grape flavored liquid to tackle your child's tough multi-symptom cold by temporarily relieving runny nose	 use only as directed TYLENOL® Cold + Flu Severe Day/Night Convenient caplets to relieve painful cold and flu symptoms like coughing, congestion, and sore throat both day and night. View product details ▾
--	---	--



Figure 20: Various options for wide range of problems

Barbie has main doll (main product), they have accessory products (doll's house, doll's car, doll's cloth, etc...) Make network of products to make them keep buying even if they are old.

10.6.2 Experiential marketing

1. Definition
 - Make consumer experience the brand emotionally, lifestyle & social identity campaign
2. Strategic experience module Sense, Feel, Think, Act, Relate

10.6.3 Enterprise Brand Identity Integration

Brand Identity:

- Brand As product
 - * product category, property, quality & price, usage situation, made in ...
- Brand as organization
- Brand as Person
- Brand as symbol

Pulmuone's Core identity is..

Right (바른) Product

right mind

right 조직

right People

All these things are synchronously managed with strict rules, to integrate brand image.

10.7 Brand Fortification

Purpose: Make brand equity stronger make brand grow.

Strengthen Equity → Beyond buyers (relationship)

Use equity → Brand extension

Brand system management → Brand architecture (there are more than 1 brands within a company)

10.7.1 Brand Equity Fortification

Making relationship with consumers

1. Brand attachment → relationship (Partially emotional)
 - Role of duality (both thinking and emotion needs to work)

- Pleasing enhancing enabling self
 - Trust is backbone
 - PLeasing : Taste, enjoyment experience giving;
 - Enriching : personality, identity giving;
 - Enabling : trusting brand.
 - Example: Nike Air Jordan → Tech is enabling, slogan... Jordan's quote is enabling.
2. Brand loyalty (recursive purchasement, etc..)
 - Serve incentive
 - Reduce obstacle factor
 - Lock-in
 3. Sense of community
 - User profile, defining lifestyle.
 - Brand community.

10.7.2 Use of Brand to strengthen the Brand

풀무원 이유식, 맥도날드 피자, 리바이스 정장, 샤넬 시계, 웅진 비데,
etc...

How new product success?

Product must be good, and it needs to be known, but uncertainty needs to be shortened,

→ Brand Extension.

	Ex brand	New brand
--	----------	-----------

1. Brand Extension's strength
 - Small marketing price,
 - If successful, mother brand's image is strengthened. (That's why brand's equity is used to strengthen the brand.)
2. Brand extension's Weakness
 - if fail, mother barnd's equity is damaged.
 - sometimse even success is damaging (웅진 비데 → 정수기 브랜드 is damaged)

3. Then what do you do?
 - Extend similar category
 - If not similar, still, keep the brand concept.
 - Sub - branding strategy. (Almani)

10.7.3 Brand Architecture

1. Brand portfolio
 - Product, brand, market matrix → there must be Differentiable element and 보완성 element
Ex. Pulmuone:
2. Brand hierarchy
 - Corporate brand
 - Family brands
 - Individual brands
 - Brand modifier
3. item

Brand hierarchy

1. 기업브랜드 현대 오리온 삼성
2. 가족 브랜드 닥터유
3. 개별 브랜드 그랜저 오프, 정 Zipel
4. 수식 브랜드 XG (제품군) 아삭

11 Price strategy

11.1 Price management basic

A. Price variable's properties:

1. Marketing Mix's actual "profit" part.
2. immediate effect high elasticity
3. Immediate execution is possible
4. Preparation execution is low - price.
5. Immediate response from competitor

11.2 Decidable price's category

- Acceptable price range
 - * maximum acceptable price
 - * minimum acceptable price
- Optimal price
- Adjusting price
- Product mix price (There are other products that you'll manage that will effect this product.)

11.3 Factors that will determine the price

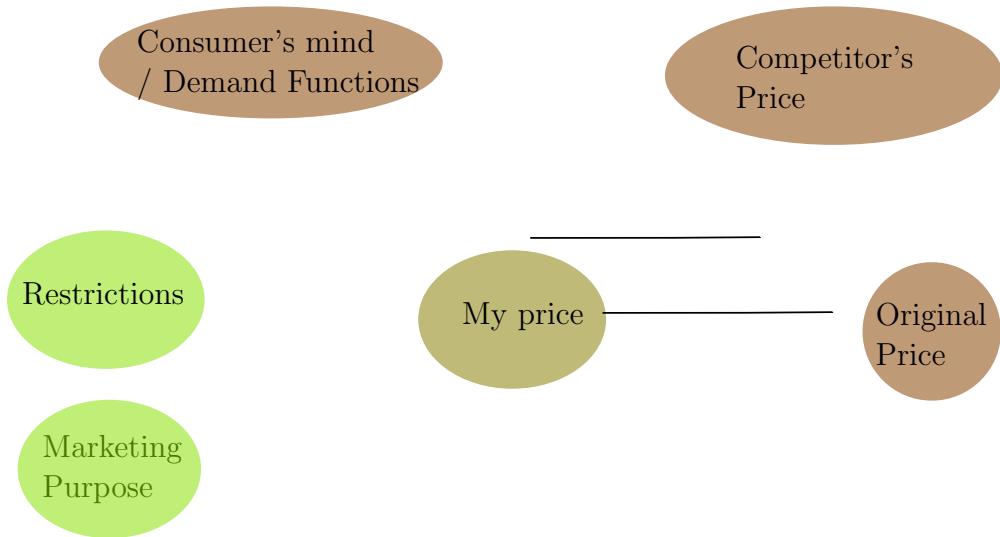


Figure 21: Factors that determines price

Check 9 min !!

Depanding on how much "weight" you put on, the above factors can influence your price. These are

11.3.1 Determining Price: Approach

A. Cost Based approach

1. 특징 : cosidering cost (original cost) to decide the price.
 - Margin - method (Mark-up pricing)
 - * This is specially done with retailers.
 - * How much margin will we put?
 - BEP (Break-even point)

- * Thinking of Break even price!!
- Target return pricing
 - * Considering the profit first, then deciding on price to achieve that goal
- 2. Weakness
 - Cost is different with sales.
 - Sales is different with cost

Example:

variable cost per unit : \$ 10
 Investing on facutly (Fixed cost): \$ 300,000
 Count of production: 30,000

→

- 5% margin?
- BEP?
- Goal : 1 million \$?

THIS IS TEST!

1. Markup pricing :

$$\rightarrow C = VC + FC/\text{count} = 10 + 300,000/30,000 = 20\$$$

$$\rightarrow 21 \$$$
2. BEP : $TR = QP$
 $TC = FC + \text{Total VC}$
 $TR = TC$

$$30,000 * P = 300,000 + 10 * 30,000 = 600,000$$

$$P = \$ 20$$

3. Goal profit:
 $TR = QP$ $TC = FC + \text{Total VC}$

$$TR = TC + \pi = TC + 150,000$$

$$P = \$ 25$$

B. Competition- based approach

1. – Looking at competitor's price and deciding price (equal, below, above)
 - Problem: NOT THE OPTIMAL PRICE → try Value - based
 - Problem 2 : Usually "latecomer's" low price's strategy → **Danger of price war**
2. Leader's response: AVOID THE WAR IF POSSIBLE!
 - make difference with quality!! (e.g. Gillet) (After BIC, they decided to develop product even more!!)
 - Smart promotion response / DO NOT DISTURBE PREMIUM IMAGE : make fighter brand
 - Move the other line: (the different category)

C. Demand - based approach

1. Finding Acceptable price range
 - Reference price
 - Lowest acceptable price Highest acceptable price
2. Demand curve calculation:
 - Look for practical pro & analyze existing datas
3. Deciding on price regard to Marketing Goal
 - (a) By company's goal → marketing goal → What should we focus? Total sale count? Net profit ratio? Market share?
 - (b) Market share goal price : Suppose target Q
 - (c) Profit rate goal price : $Q = 800 - 4P$ vc : 20
fc : 1,000,000

$pi = TR - TC = P(800 - 4P) = 880P - 4P^2 - 1016000 \rightarrow P = \110

11.4 Strategic Considerations

- In along term, willing to change the price? → **Dynamic Price strategies**
- Will charge the price for everyone? → **Discriminatory Price strategy**
- Related products, how do we deal with them? →
-

11.4.1 Dynamic Price strategy

1. Skimming Pricing
2. Penetrating Pricing

1. Skimming pricing :

Initially high price → **lower the price**

- Initial high - price acceptor exists
- Do people take the this price for index of quality? (Ramen: no. IT: yes)
- Is barrier of entry high? (Innovative product, license)
- High - quality image positioning
- Short PLC (e.g. smartphone PLC?)

2. Penetration Pricing

Initially low price → **higher the price**

Needs renewal:

- Demand's price elasticity is high.
- Size of economy is high (규모의 경제)

11.4.2 Related Product strategy

1. Line pricing
2. Option pricing (?)
3. Captive product pricing (As long as you buy the first product, you can't not buy second printer)
4. Bundle Pricing

11.4.3 Price Discrimination

1. Price discrimination's logic:

- Highest attainable price is difference per consumers.
-
-

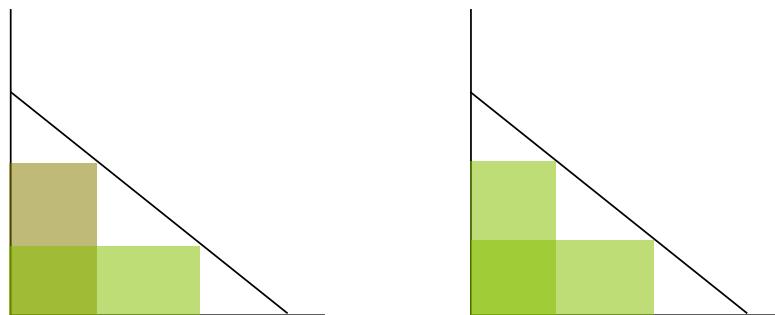


Figure 22: Logic of DisPrice

2. Different kinds of price discrimination

- Per customers (Student, elderly, ...)
- Per season/time (non-seasonal discount, earlybird)
- Per places (zone price)
- Per quantity (quantity sale, 누진 요금, bundle)

Have to be very careful!! → Others can feel "left out"

Also, there are regulations for "unfairness"

11.4.4 Price Regulation

1. Price fixing: (Cartel)
2. Predatory pricing: (trying to kill the other companies, for example: less than original cost)
3. Deceptive pricing: (Selling 50% discount for 360 days and sell original price rest of the year?)
4. Unfair discriminatory pricing: It has to be at least "eventually fair to everyone" (student, elderly, etc...) → you have to prove that original price is different or something... if not unfair.

12 Promotion strategy

12.1 Introduction

1. Definition : "Action-oriented Marketing event that will purposefully cause the consuming behavior of consumers"
2. Purpose of promotion:
 - Consumer acquisition → increase of sales (In long term)
 - reducing stock (short term)
 - Collecting customer database
3. Promote To who?
 - Final customers : consumer promotion

- Retailer: retailer promotion

4. Method of Promotion

Consumer Promotion

- Sample
- Bonus pack / special pack (Retailers often 중간에 띄어먹..)
- DC coupone
- Rebate (WTF is this)
- Refund
- Loyalty program (mileage)
- 사은품 / 경품
- POP display
- Customer finance

Retailer Promotion

- 중간상 공제 (allowances)
 - 장려금 , 수수료
 - * 입점공제 (신제품 입정口)
 - * 광고 공제
 - * 진열 공제
 - * 구매 공제 - 판매장려금
- Retailer coupone
- Return item
- Seller

Promotion Causes consumer's Psychological responses

12.2 Promotion & Consumer's Response

1. Provide using experience →
2. Make product "conditional" → Classical conditioning US (unconditional stimulus) + NS (Neutral stimulus) → NS alone → R
Ex. Meat + bell → Bell → slyiva
Promotion + Brand → Brand alone → enjoyment
It isn't exactly that we think first and 침흘리... → 침흘리 first and think!
3. Make behavior conditional
Behavior + incentive → increased behavior
Peaking + Food → More peaking
BUY + coupon → MORE BUY
4. Sometimes OPPOSITE EFFECT comes. - self - perception theory
if promotion's value increase → outside cause increase → attitude toward product decrease.
if effort to use promotion → inside cause increase → attitude toward product increase

12.3 Efficient Promotion??

1. Good for brand with low market share.
sale increase - at non-purchasing set of people or current customers?
2. HAs to be meaningful promotion. (Significant amount)
 - JND (just noticeable difference)
 - Weber's Law ($K = S_2 - S_1 / S_2$)
3. Sales organization distributor's cooperation is IMPORTANT!
4. Need to decide on PLC step.

Pull 판촉	도입기	성장기	성숙기	쇠퇴기
목표	인지도/시용	추가시용유도 반복구매유도	충성도강화 Switcher유인	판매극대화
수단	견본 시용팩 신문쿠폰 교차쿠폰 디스플레이 경품	포장내쿠폰 보너스팩	포장내쿠폰 지속프로그램 DM쿠폰	신문쿠폰 보너스팩

Figure 23:

12.4 Evaluating Effect of Promotion

Effect of Promotion = Sale amount at promotion - sale amount not at promotion

Problems:

- Not considering long term effect
- Can be other causes (competitor, other factors...)
- Bias at sale amount not at promotion

12.4.1 Promotion's Sale effect - 3 steps

12.4.2 Promotion Effect's suggestion

The above has been about Sale Promotion, the following is about Promotion

13 Promotion Management

Product and consumer has two way relation.

Kind of Promotion:

- Consumer promotion (pull)
- retailer promotion (push)

Methods of Promotion:

- Ad
- Sale promotion
- personal promotion
- PR

Effect of Promotion

- Awareness (make notice)
- Learning (learn the benefit of product)
- Liking
- Action (make them buy the product)

Sale promotion is "awareness" and "action", not "Learning" and "liking"

소비자 : 광고. 판촉 산업자: 인적판매

3. Method of promotion's mix calls synergy.

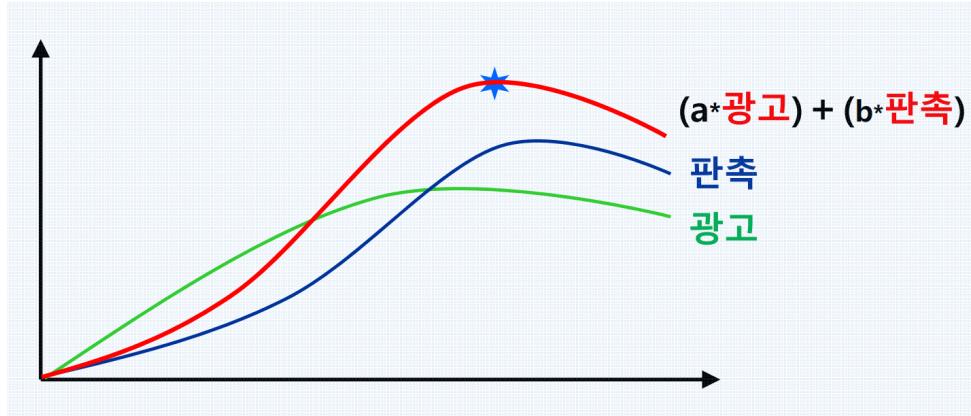


Figure 24: Making Sale promotion and Ad together can be very effective.
Above is Response Function

14 Ad

- A. Communication process
- B. Hierarchy of Ad Effect
- C. Difficulty of Ad strategy
- D. Ad system management

14.1 Communication's Method

If a "subject" (message) is well given to a target, that is well - communicated.

Sender (encoding message) → message → media → decoding → receiver Problems:

Is a message "well encoded?"

Is it well viewed to Consumers?

Is the viewed media well decoded by consumers?

14.2 Hierarchy of Effects Model

1. Exposure
2. Awareness
3. Learning
4. Yield (수용)
5. Liking
6. Action

14.3 Difficult of Ad strategy

1. Wall of effect
 - Low Exposure
 - Low attention
 - Low comprehension
 - Low believability
 - Low memory
2. Complexity of Managing organization (10/7일 34분) 광고주 i - i 대행사
 - AE
 - Marketing Team
 - Creative Team
 - Media Team
3. High Price

15 Ad management

A. Making Ad target.

1. Deciding the target audience

Market's Target does not equal to target audience!!!

→ Ad to Expert, opinion leader!! (Target segment != Opinion leader (maybe has some commonality))

Opinion leader is completely different from target → then has no commonality (3rd case) (then why not just make them a target? ask professor)

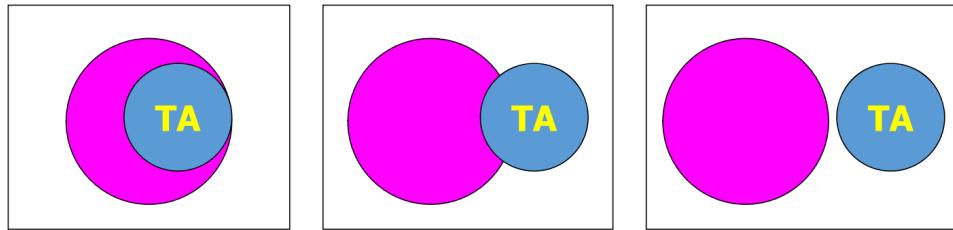


Figure 25:

2. Deciding on the effect's Goal!

What Goal:

- Sales

But!! Sales depend on other factors **AS WELL AS AD!!** $f(\text{Ad, Quality, Price, Competitor})$

- * Confounding (have noise!! cannot detect rather the sale was influenced by ad!)
- * Carryover (They have very long term effect, therefore not able to evaluate!)

- communication EFFECT

- * Product Awareness
- * Product knowledge
- * Product image/likeness
- * Product purchase - willness

3. DAGMAR principle

Defining Advertising Goal for Measured Advertising Results.

→ Set a AD goal so that one can measure its effect.

- Make clear target audience
- Set a measurable Goal

- Precise Benchmark
- Plan date
- Written-down-Goal. (every process, make sure that ad's goal is clear)

This is on TESTTT

Example: under certain situation, make DAGMAR goal.

"to city-living 30~40 profession woman as target, from 5/1 to 9/30,
make brand's awareness increase from 15% to 40%."

B. Ad message Strategy

1. Make ad concept → needs to be aligned with positioning concept.
2. Send the "concept"
 - (a) Informative ad vs Emotional ad.
 - (b) Creative method
 - explanation and negotiation (USP(Unique selling point!) → something that we have that others don't), evidence, comparison ad, dual side message(notice the weakness to make trust), agent)
 - Emotionally appeal (sex appeal, humor, fear, symbolic)
 - (c) Impact principle
 - Send a tiny bit of information. (too much content is expensive and not efficient)
 - Make something that relates. (little bit of discord, and inversion, awkward) "Strangeness and consensus"
 - Leave it to memory (slogan, quote)

Ex. USP : M& M is very easy to eat!!! (This is unique selling point)
→ "melts in your mouth instead of hand"

Kloud 맥주 → 물에 타지 않았따

Ex. Impact principle

사랑만 가지고 사랑이 되니? 2%.

Aha moment!!

C. Ad media strategy

1. 1. MEdia type
2. Deciding what media?
 - Is making effective message possible? (Amount of Data and comprehensiveness mobile? newspaper?)
 - Is quick ad execution possible?
 - Exposed to how many people?
 - price?
3. Media specific vehicle
 - reach - How much would it cover our target audience?
 - frequency - Average exposure count for Target audience
 - $\text{GRP} = \text{reach} * \text{frequency} * 100$
 - CPM = Price for exposing to 1000 target audience
4. Scheduling
 - Focus vs During vs Pulse ?: Low term, long term / High dense, Low dense. (PULSE IS MOST EFFECTIVE)
5. Mix of Media (at 38 min, 10/07) Ad Champaign (series of)

D. Ad budget setting method

1. 여유자금 (surplus money method)
2. % sales method (not really logical → backward logic, and sometimes not Strategic.)
3. Competitive parity method (can be making wrong decision)
4. Objective - Task method
5. Quantitative method (needed for 4.)

Example : OTM

Objective : sale \$ 100 uk won

if (price: 5000) →

16 PR (Public relations)

16.1 Introduction

A. Definition of PR:

Building good relations with the company's various publics including customers, investors, activists and the government.

B. PR's Task.

1. Obtaining favorable publicity
2. building up a good Corporate image.
3. Handling unfavorable rumors, stories, events

C. PR's specific methods:

1. publicity : news releases, speech, news conference...
2. CSR (corporations' social responsibility) : donations, sponsorships, social programs.
3. Corporate advertising - advocacy ad (On specific problem, 옹호 or 반대)
4. CI (corporate identity): brochures, logo, stationery, uniforms

D. PR's Strength and Weakness

- Strong impact on awareness at low cost.
- greater credibility than Advertising (more impactful)
- more effective in handling negative publicity and consumer boycotts
- Indirect link to business performance. (so, is it effective for business??)

Lets first look at CSR.

16.2 CSR, is it meaningful?

- Consumers "expect" that corporate has Social responsibility.
- They are willing to pay "premium price" for corporate with social responsibility.

Recent corporates' three pressure is : corporations's competitiveness,

16.3 CSR Marketing

A. CSR marketing concept:

"doing better by doing good"

- To imporve corporate performance
- to help worthy causes

by linking socially responsible activities to the benefit of the firm's performance.

B. 주요 지원/ 대상

- community (art, health, education,...)
- Diversity (Race, woman equality, family...)
- 균로 ()
-

There are many, so how to choose?

	국립 암 센터	환경보호 단체
시민 뉴스레터	3.45	4.38
기업 광고		

Figure 26:

기업광고 : 2.31, 3.46

So it is much better to 1. Let other tell your PR works. and choose

wisely OR Get backfire effect.

one more thought.

- ▶ 알래스카 기름오염 및 공해로 나쁜 사회적 이미지(3.24)
- ▶ 기부행위를 통한 이미지 향상을 꾀함

	국립 암 센터	환경보호 단체
신문 기사	5.13	3.12
기업 광고		

Figure 27:

3.xx, 2.03

ONE MORE THOUGHT

◆ Nicotine patch

	담배회사의 국립 암 센터 기부	“니코틴패치”사의 국립 암 센터 기부
적절한 기업 광고	4.17	6.30
과대한 선전		

Figure 28:

과대한 선전 : 1.63, 4.21 so it becomes much worse for Tabaco company.

So, the problem...

C. The problem.

1. Skepticism for the marketing effect FROM THE INSIDE.
2. Skepticism of "PURE MOTIVE" from the OUTSIDE.
 - (a) Is it trying to get out of the problem by IMAGE MAKING?
(기부로 때운다...?)
 - (b) Are they really interested in such topic?

→ What is the solution?

D. Consumer's Reaction.

기업의 사회적 책임이 제품의 사회적 책임에 대한 인식에 영향을 주는 것은 아니다! (점선)

It directly effects perception of coporate's ability & Image. (so they think they make better stuff!)

D. Consumer's Reaction (2)

Consumer thinks of TWO attribution : is it real interest or is it calculated move? → There are 3 factors that determines this attribute.

1. Corporate factor: company - topic match? / company's reputation?
2. Consumer's factor: Are people interested in such topic? CSR - CA(corporate ability) belief.
3. Situational factor: communication, alignment

E. Some Research Result.

1. Consumer and Company's "embodiment" is important.
 - Demographic profile matching (e.g. america express: support symphony group)
 - Topic that is important to consumers!
 - Luring for customer's executable process (e.g. PG 56분 in 10/14)
2. Effective for company with POWER.
 - Low CA:
3. CSR
4. commitment and openness (Needs to be continual & need to SHOW the effectiveness rather than just act and end.)

17 Distribution Strategy

17.1 Introduction

- A. Definition **Middle organization that serves to the FINAL consumers**
- B. meaningfulness

1. Effectiveness 제고
 - Total sales count : effective
 - economy of Size
 - experience economy.
2. Ability segmented/expertised

- Order, keep, promote, negotiate, ...

But problems by 낙후 유통구조.

C. Perspectives on 유통 관리

- Macro : Distribution improvements:
- Micro : Distributor's Business strategy
- Micro : Producer's distribution strategy
 - * Distribution structure,
 - * Distribution company management.

D. Distributor Types:

1. 도매상 (wholesaler)

- Merchant Wholesaler (상인 도매상)
- Agent/Broker (대리점/브로커)
- Manufacturer's branches/offices

2. 소매상 (retailer)

A. Distribution Length. How many middlemen?

B. Distribution Density. (Coverage, breadth)

1. Intensive
2. Selective
3. Exclusive

C. Factors to determine Distribution structure.

1. Product property.
2. Consumer's property.
3. Company's property.

Control investigation money balance!

17.2 Distribution Management

Why do you need it? A. Conflicts.

1. Causes

- (a) Bounded rationality.
- (b) Opportunism : everyone wants different things.

2. Effects

- (a) Vertical distribution conflict (profit share, strategy execution)
- (b) Horizontal distribution conflict: ()

Channel 롯데

B. Management forms: → VMS (vertical marketing System)

1. Administrated VMS

- reward power
- coercive power
- Legitimate power
- Referent power
- Expert power

2. Corporated VMS - ownership

3. Contractual VMS - franchise, SIS (shop in shop)

(14분, 10.14.2)

Chain franchise

- Short period

17.3 Distribution Business Trend and Future

Goes toward ONLINE MARKETS. just review this part. you didn't focus.

Omni Channel

17.4 Special Lesson

New distribution: Influencer Commerce

84% 의 소비자는 1차 정보. 76% 는 실제 구매.

브랜드에서 이점: ”잠재적” 소비자들에게 효과적 노출
구속, 제약이 적은 마케팅.

비용이 적고 지속 효과가 높음.

부정적 효과: 묻지마 추천/ 탈세/ 등등...