

Business Fundamentals for Analytics

Marketing

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Marketing Essentials



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Lesson Objectives

- Define marketing and its relationship to business goals
- Describe the high-level tasks and functions associated with marketing
- Define the 5 C's of business strategy and marketing strategy
- Explain the customer marketing model
- Explain the purpose of customer personas and the buyer journey



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Terminology

- **Marketing** – The creation and satisfaction of demand for a product or service.
- **Strategy** – A set of ideas that outline how a product line or brand will achieve its objectives.
- **Tactic** – A specific action or method that contributes to achieving a goal.



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Peter Drucker, Management Theory Guru

“Because the purpose of business is to *create a customer*, the business enterprise has two--and only two--basic functions: *marketing and innovation*. Marketing and innovation produce results; all the rest are costs. *Marketing is the distinguishing, unique function of the business.*”

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



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VISUALIZE A BICYCLE – DESCRIBE IT.



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Marketing—What's the Purpose?

Why so many different bicycles?



Road Bike



Mountain Bike



Hybrid Bike



Cruiser Bike



Dutch Bike



BMX



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Things a Firm Should Do in Marketing a Bicycle



- Analyze Needs
- Predict Wants
- Estimate Demand
- Determine Where
- Estimate Price
- Decide Promotion
- Estimate Competition
- Provide Service



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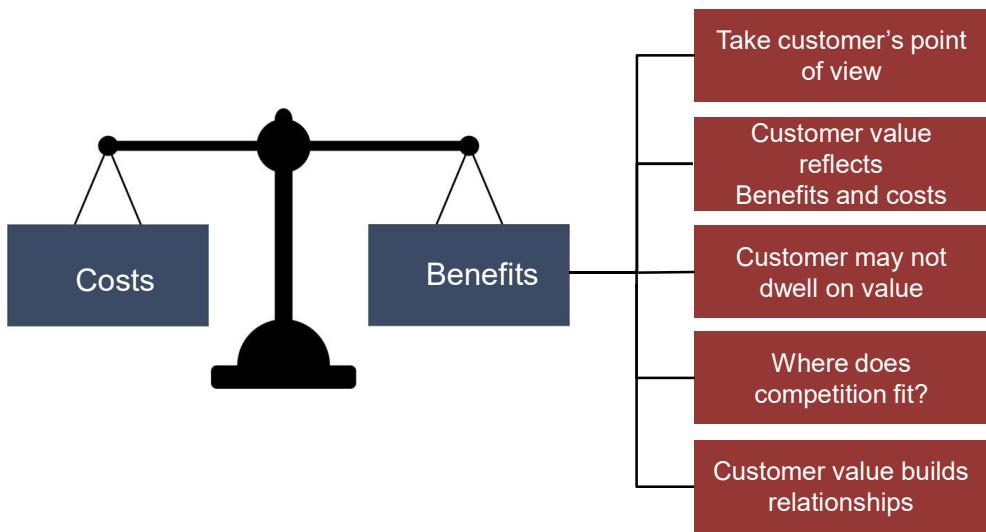
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Universal Functions of Marketing

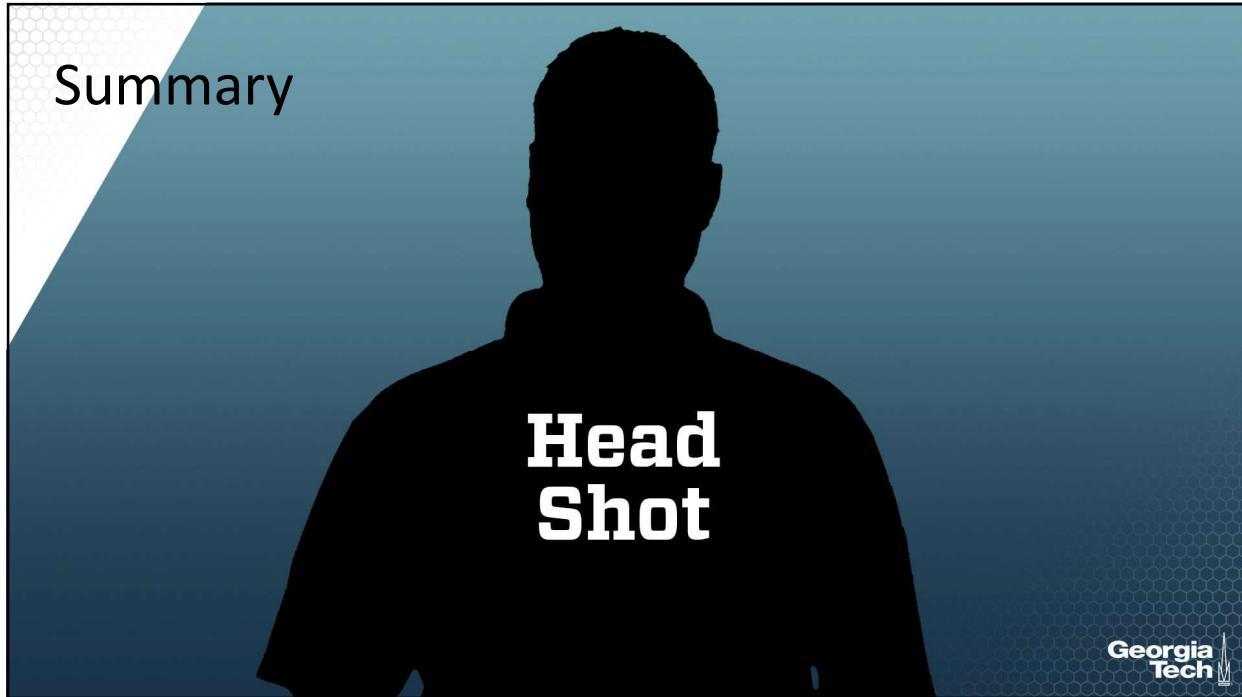


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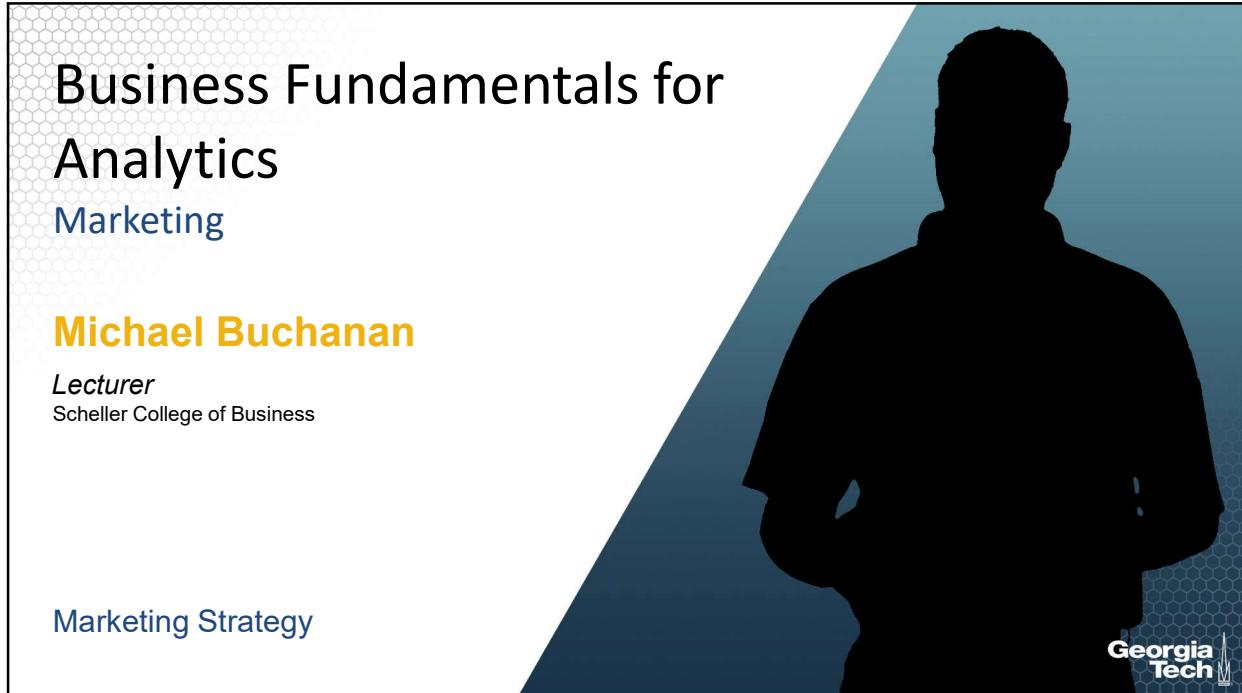
The Marketing Concept and Customer Value



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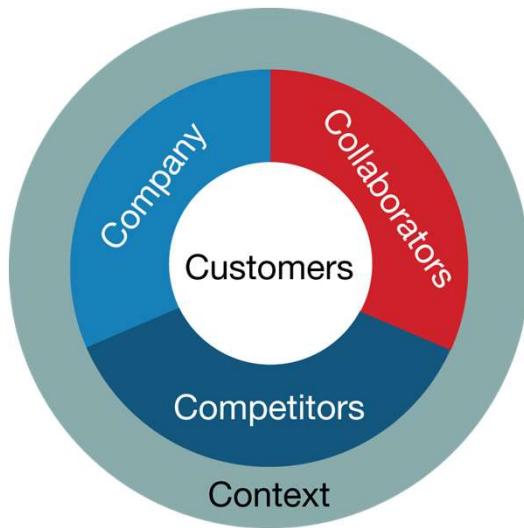


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Strategy – 5 C's



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Marketing Strategy

Controllable variables the company uses to satisfy the target group

Group of customers a company wishes to reach



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Customer Marketing Model



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Customer Profile / Personas



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Identify Specific Customer Needs

what's wrong?



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Creating Customer Satisfaction

How are the Little Remedies set of products providing customer satisfaction?

When it's your baby...
there are no little coughs and colds,
just Little Remedies®.

That's why Little Remedies® created a line of products just to relieve little coughs, colds, and fevers. Each one contains safe, effective, pediatrician recommended ingredients without additives. So you know they're getting everything they need and nothing they don't. And that makes you both feel better.

✓ No Alcohol ✓ No Artificial Dyes or Flavors

✓ No Saccharin

✓ No Pseudoephedrine

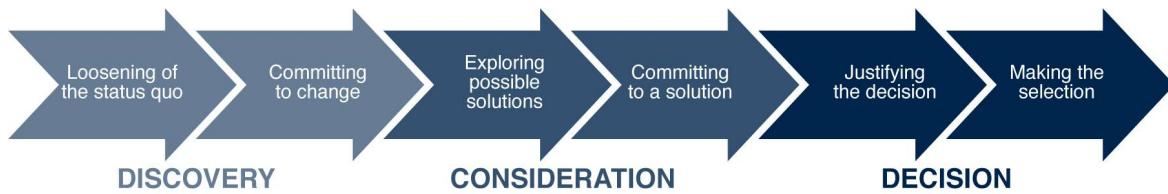
Little Remedies®
Products
We Make It All Better™

www.litleremedies.com

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Buyer Journey



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Building Customer Relationships

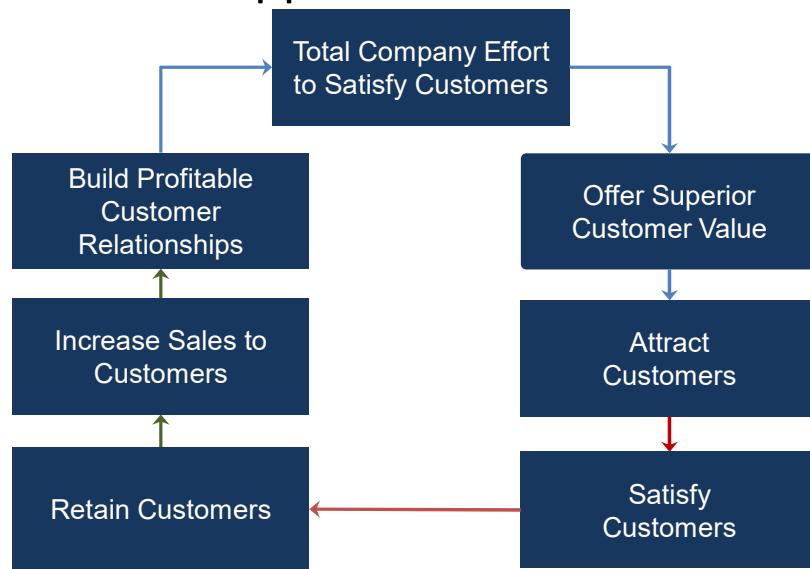
How are customer relationships built?

What elements support a strong customer relationship?



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A Comprehensive Approach



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Summary

**Head
Shot**



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Marketing Planning



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Lesson Objectives

- Explain the marketing strategy planning process and its importance
- Describe how organizations identify attractive opportunities
- Discuss the differences between market penetration and product development
- Explain the high-level components associated with the marketing mix



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Marketing Strategy

Controllable variables the company uses to satisfy the target group

Group of customers a company wishes to reach



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Elements of a Firm's Marketing Program



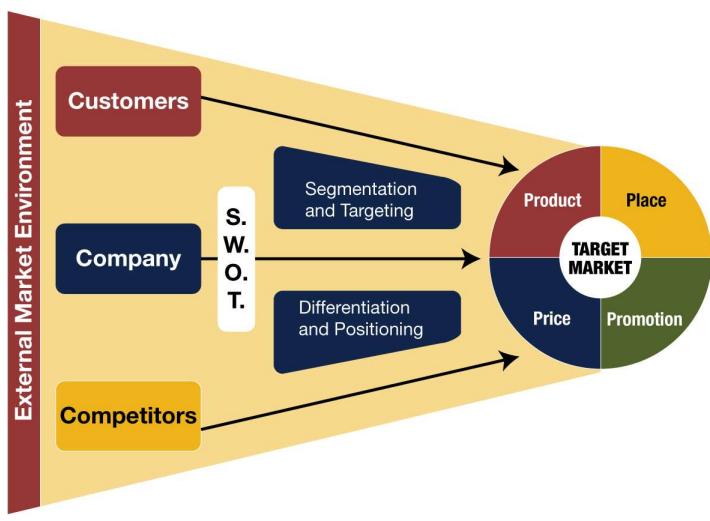
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The Management Job in Marketing



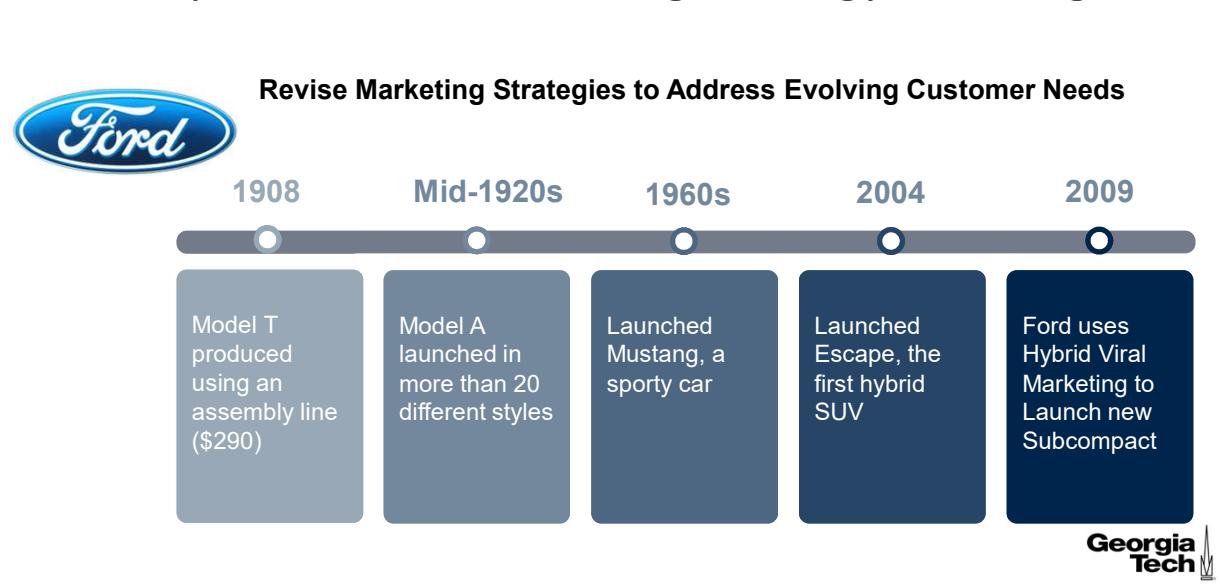
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Marketing Strategy Planning Process Highlights Opportunities



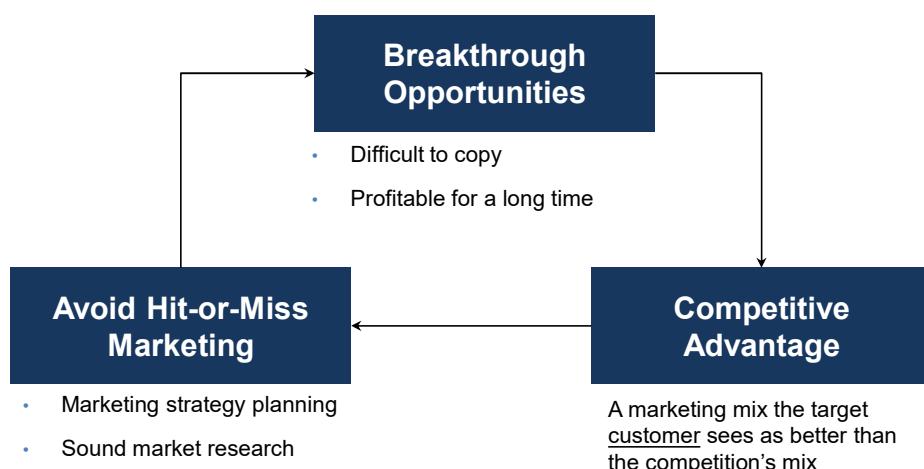
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The Importance of Marketing Strategy Planning



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Attractive Opportunities



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Selecting a Marketing-Oriented Strategy Is Target Marketing



Marketing-oriented manager
sees everyone as different and
practices “target marketing”

Production-oriented manager
sees everyone as basically
similar and practices “mass
marketing”



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Who is our target market?

How are the market's needs
being satisfied with this product?



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Market Penetration

- Drive increased sales of current product in existing markets
- Enhance customer relationship (LTV)

How is Starbucks achieving market penetration via its gift card program?



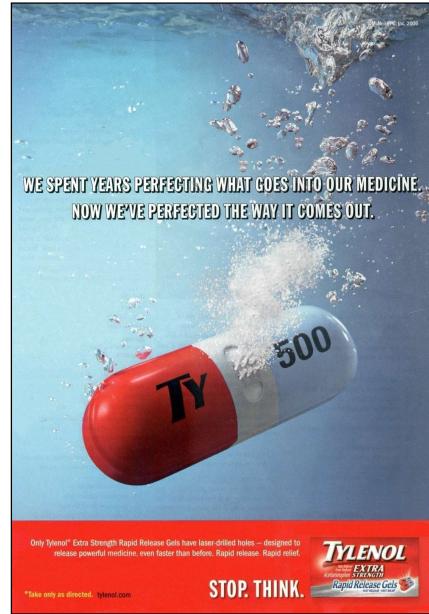
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Product Development

- New/Unique benefits
- Create new market(s)

What unique benefits are being offered to consumers via Tylenol's Rapid Release Gels?



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Innovation
distinguishes
between a
leader and a
follower.

Steve Jobs



What are some examples of recent innovations?



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Customer Lifetime Value (LTV)

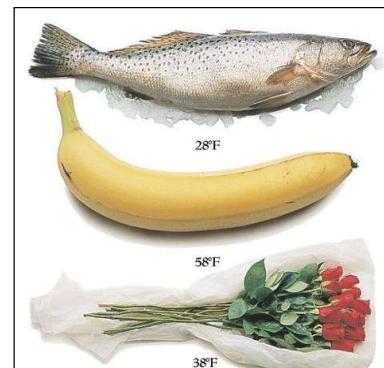


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What consumer shipping needs are being met by BWI's service?

- Specific storage Needs
- Efficiency through multiple dist. centers
- Can handle air, rail and port connections

How does this drive increased LTV?



Whatever your perishable, BWI has your number.

Most every perishable has its own ideal storage temperature and at Baltimore/Washington International Airport (BWI), we've got you covered. In refrigerated distribution, come what may, your perishable goods will not perish! We also know that with these critical shipments time is money. So from on-board to on-the-road, BWI offers one of the quickest and most efficient ways to get your goods where they need to go.

When you consider our highway, port and rail connections, there's every good reason to ship BWI.

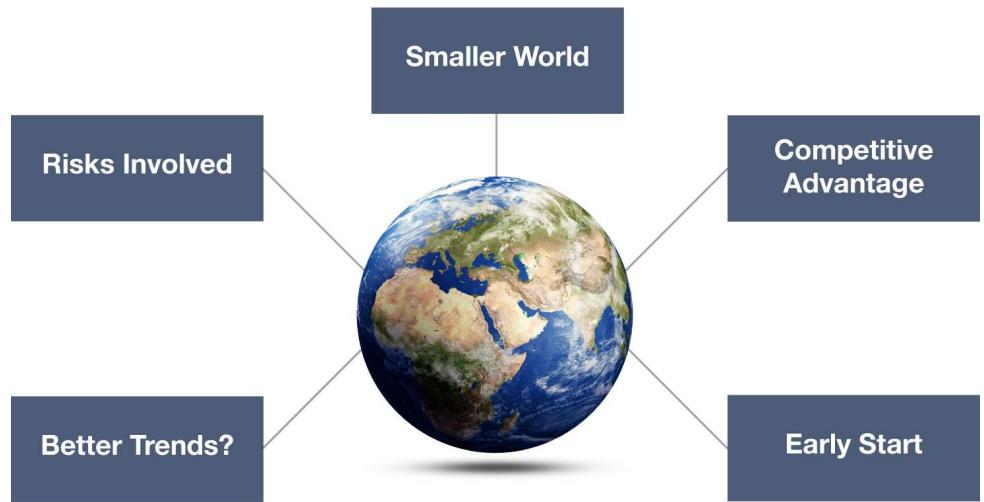
To discover more about what makes BWI the best place to ship your perishables, contact our Cargo Development team at (410) 899-7030. Fax (410) 899-3960. Email: Info@BaltimoreWashingtonBWI.com.



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International Opportunities Should Be Considered



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Summary

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Marketing Mix

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The Product Element of the Marketing Mix

- Physical characteristics
- Warranties
- Application benefits

What are the benefits of this product to a consumer?

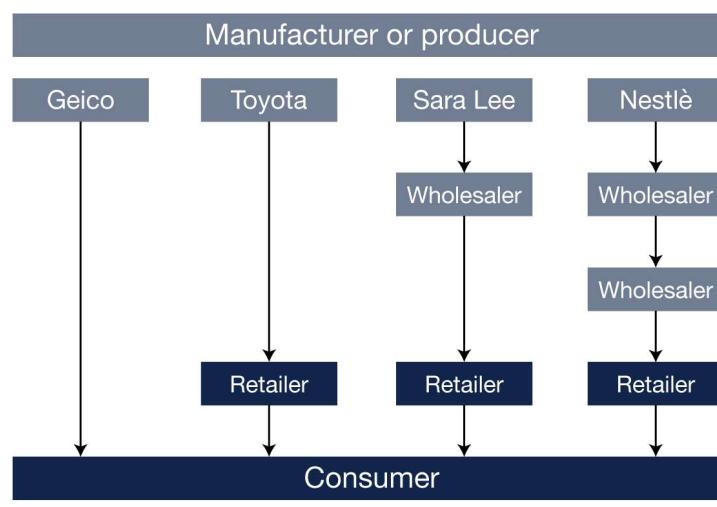


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The Place Element of the Marketing Mix

Get the right product, to the right consumer, in the right place, at the right time, in the right quantity, and in the right condition



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The Promotion Element of the Marketing Mix – 3 Types



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The Price Element of the Marketing Mix



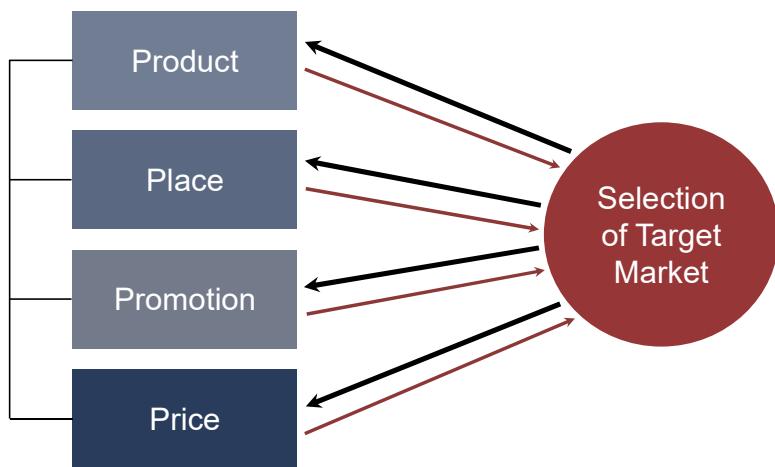
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What is Apple's Pricing Objective?



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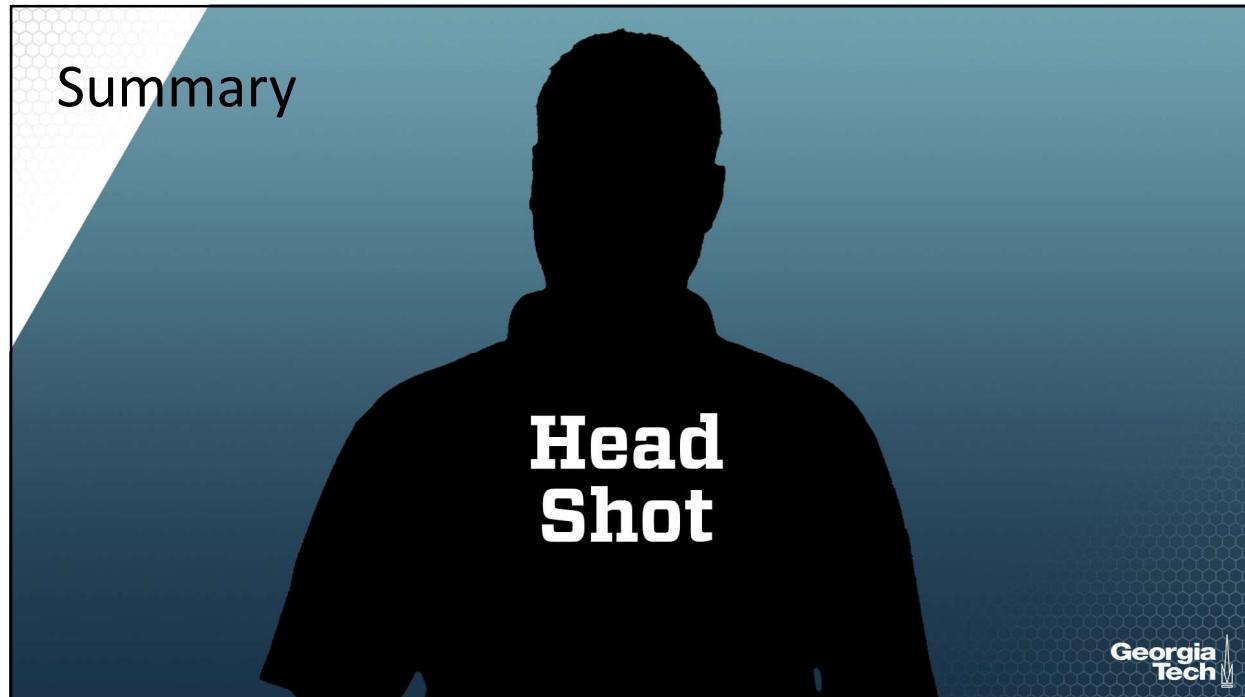
All Four Ps Contribute to the Whole



Understanding the Target Market leads to sound strategies.



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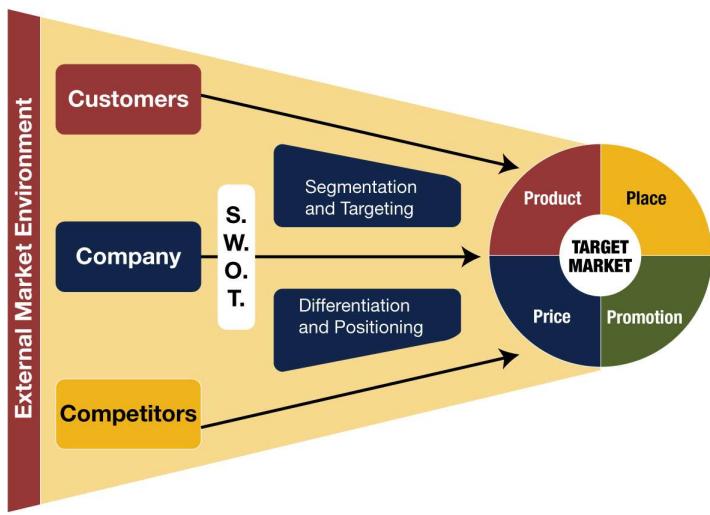
Lesson Objectives

- Reinforce the components of marketing strategy planning
- Describe the marketing environment
- Discuss company and competitive analysis
- Describe the components of the external marketing environment
- Discuss marketing planning grids and profit analysis



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Marketing Strategy Planning Process Highlights Opportunities



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High Level Marketing Strategy Planning Process

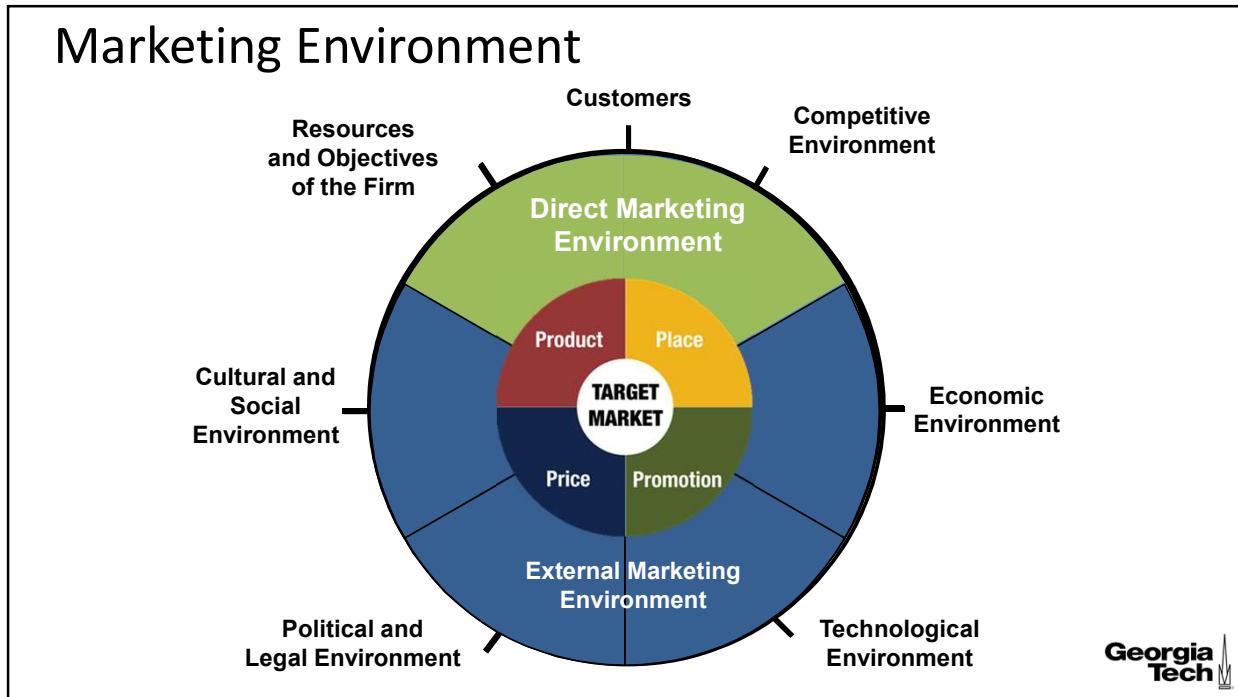


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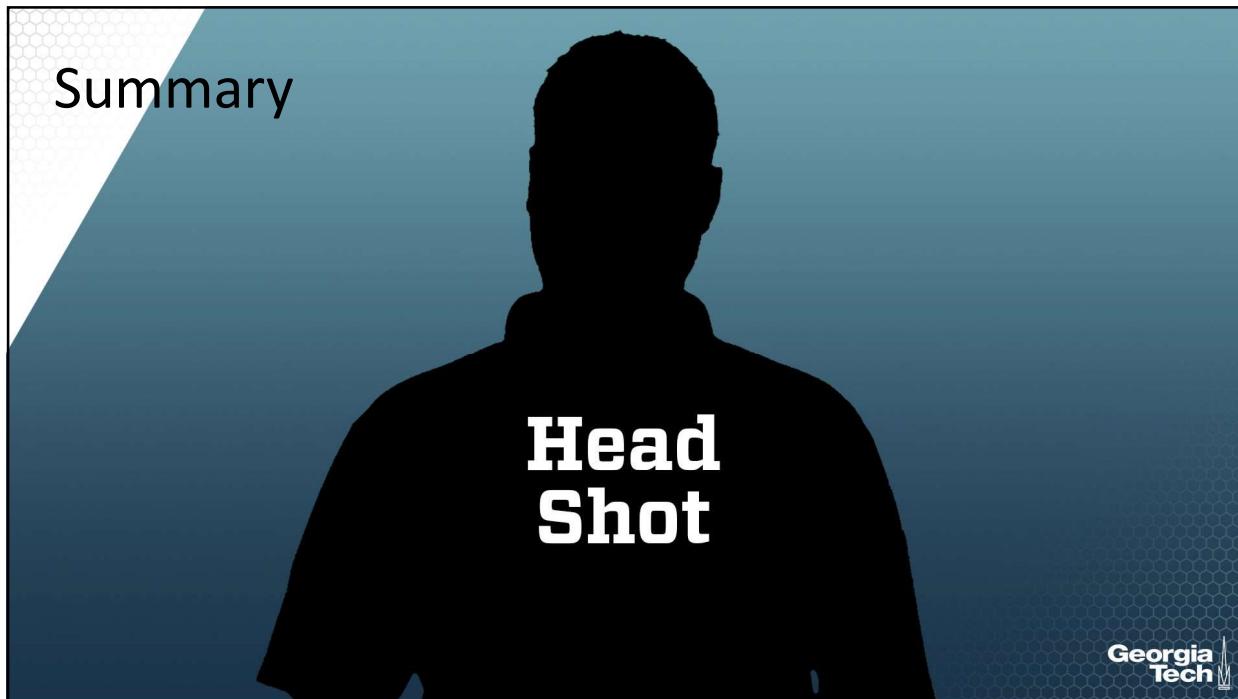
Marketing Strategy Planning



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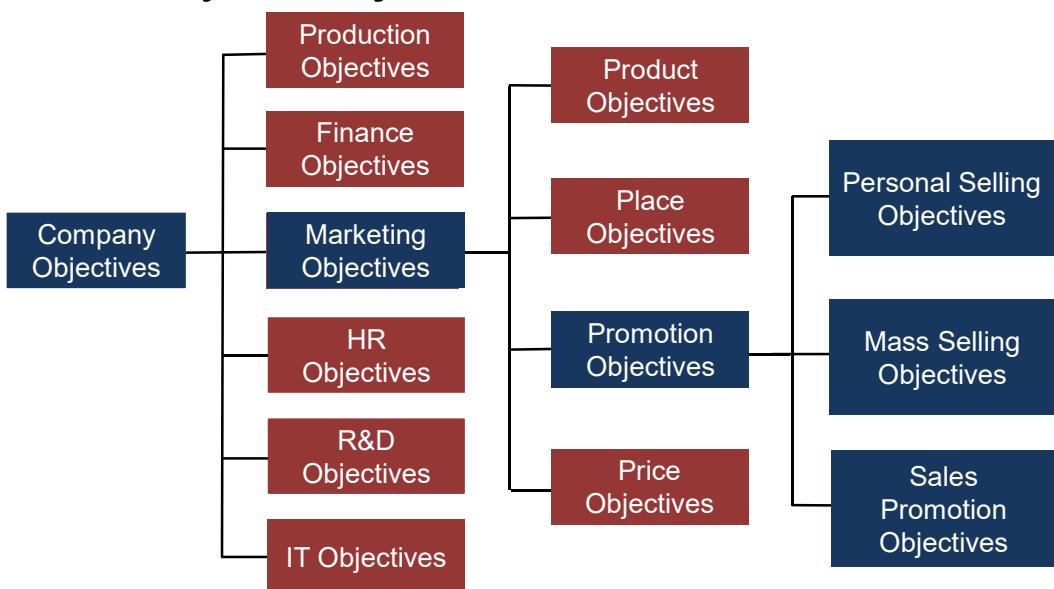
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Company & Competitive Analysis



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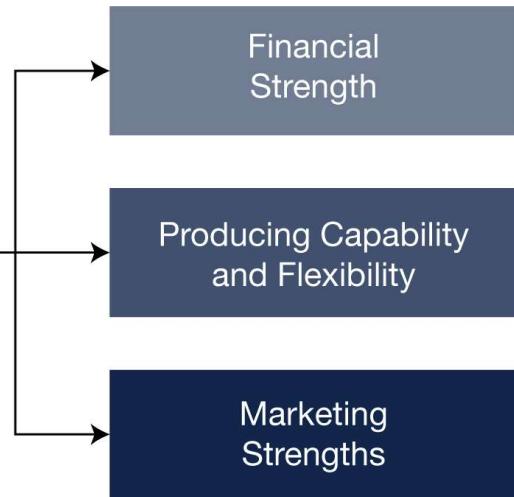
Hierarchy of Objectives



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Company Resources May Limit Opportunities



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Examples of Company Resources

- Financial strength (AT&T)
- Production flexibility (Dell)
- R&D (IBM)
- Channel relationships (P&G)
- Loyal customer base (Apple)
- New product capability (3M)



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Marketing Strengths

What marketing strengths does Aveeno have?



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Analyzing Competitors and the Competitive Environment

Choose a Strategy to Minimize Head-On Competition

↓
Know the Market Situation

↓
Monopoly

↓
Monopolistic Competition

↓
Oligopoly

↓
Pure Competition



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Competitive Advantage

What advantages does SudaCare have over its competition?



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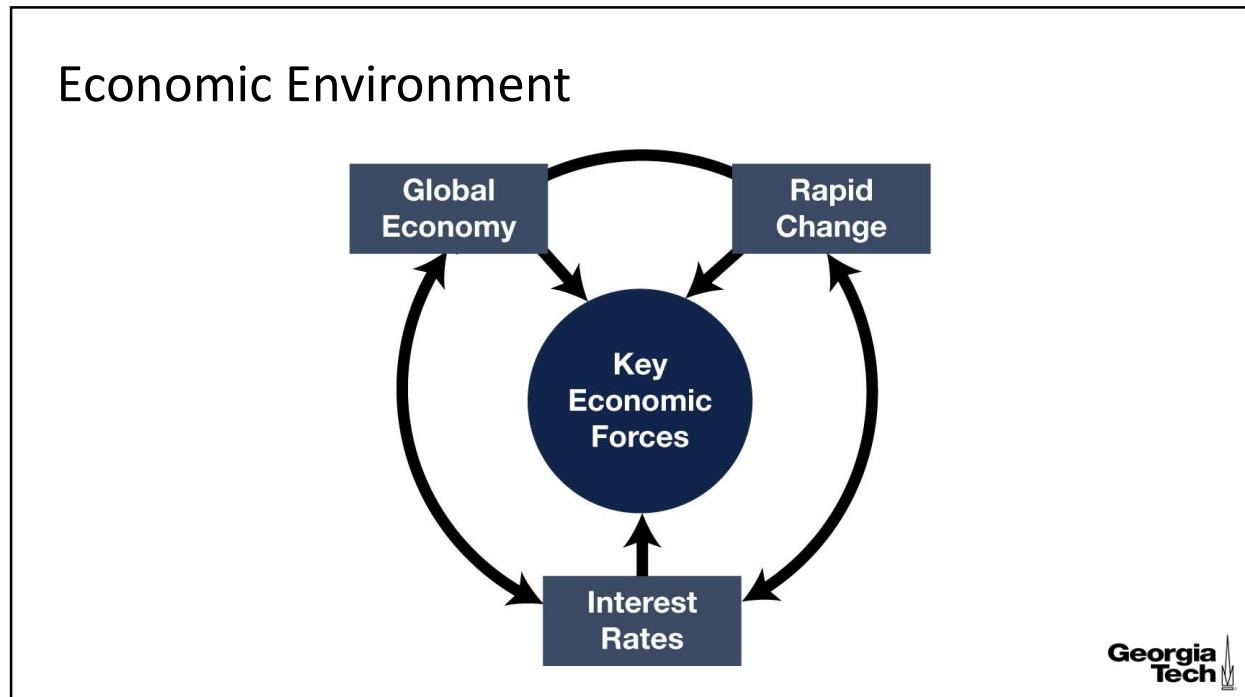
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External Marketing Environment



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Political Environment



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Legal Environment



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Cultural and Social Environment



Health
Consciousness

Demographic
Data



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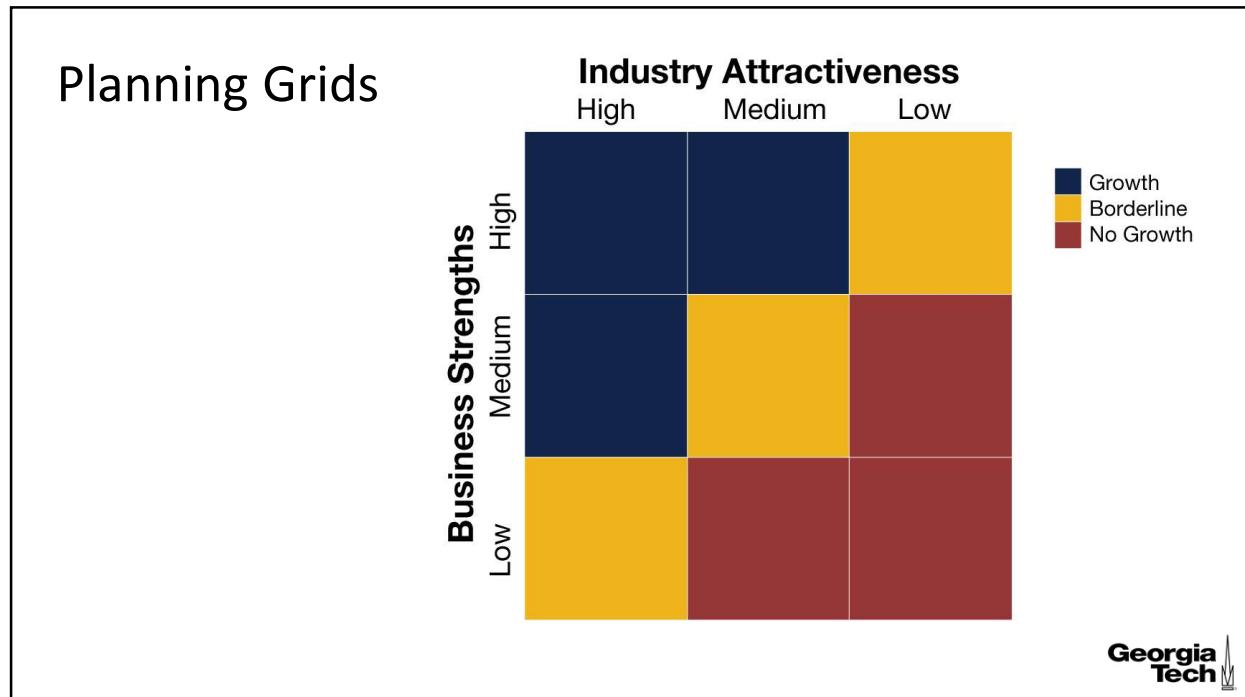
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Planning & Profit Analysis



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Product Expansion – Procter & Gamble



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P&G produces numerous CPG items, but they also avoid certain products/categories.

What are some reasons why P&G chooses to do so (both participate and not participate)?

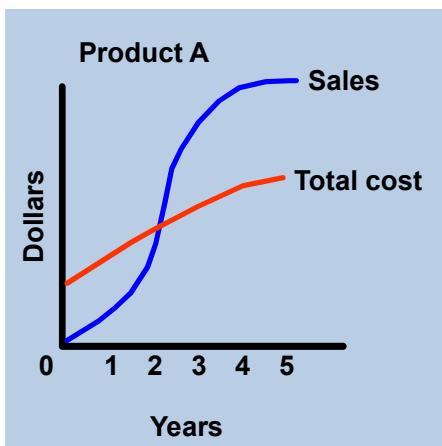
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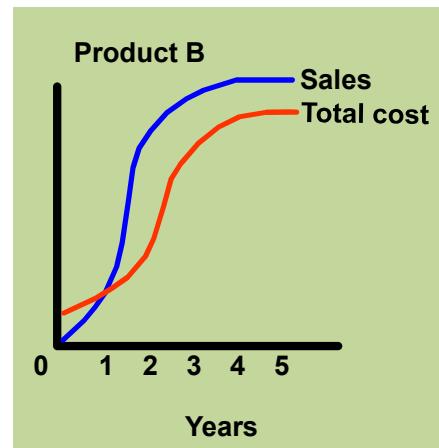


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Total Profit Approach – Quantitative Screening



Improved Product



“Me-too” Product



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Segmentation



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Lesson Objectives

- Describe markets and the role in selecting a target market strategy
- Define segmentation and its role in identifying possible target markets
- Discuss key criteria for determining segments
- Describe core segmentation dimensions
- Discuss segmenting business markets
- Outline best practices for segmenting product markets

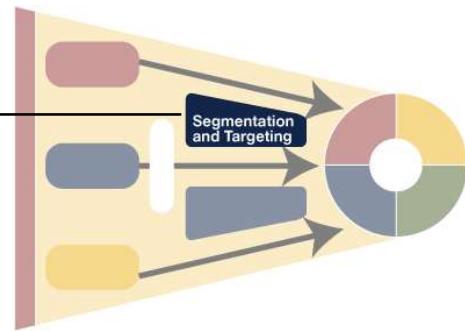


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Focusing Marketing Strategy with Segmentation

Segmentation

- Defining markets
- Dimensions to use
- Identifying segments
- Identifying segments to target
- Segmentation approaches



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Understanding Markets

What is a company's market?

Don't just focus on the product – customer needs/wants

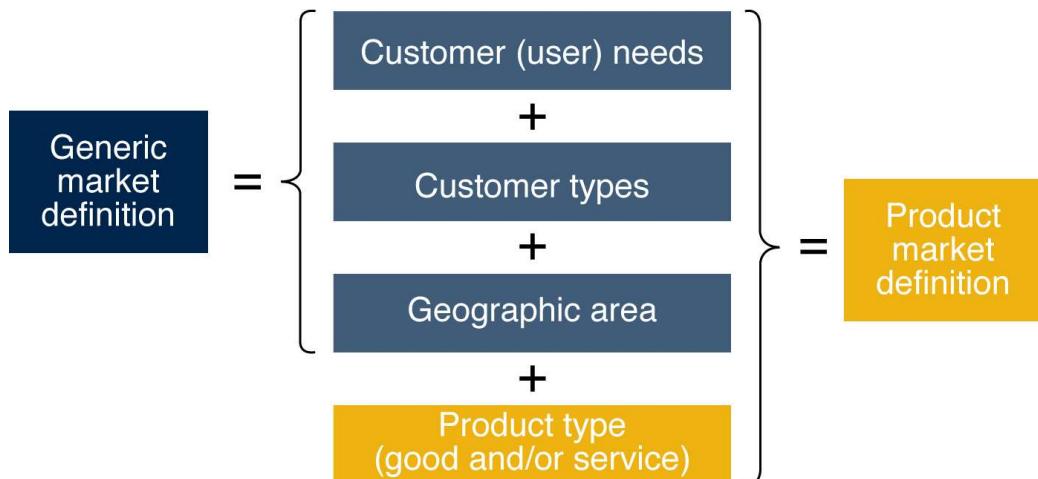
Generic Markets vs. Product Markets

Broaden market definitions to find opportunities



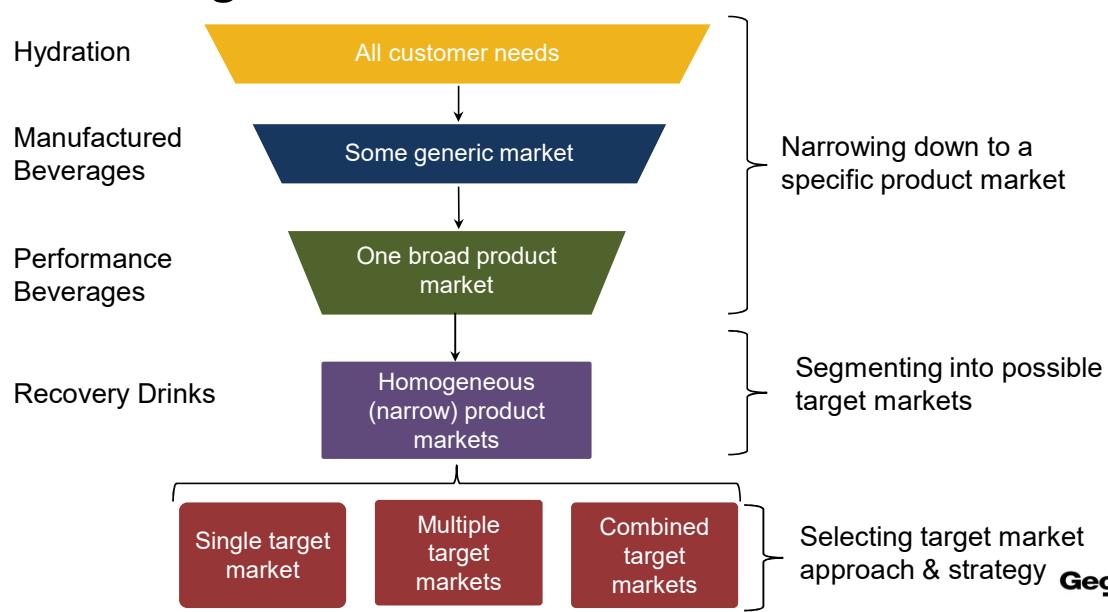
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Relationship Between Generic and Product Markets



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Marketing Environment



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What is Segmentation?

An aggregating process that clusters people with similar wants and needs into a market segment



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Market Segmentation Defines Possible Target Markets

1. Define the broad product market

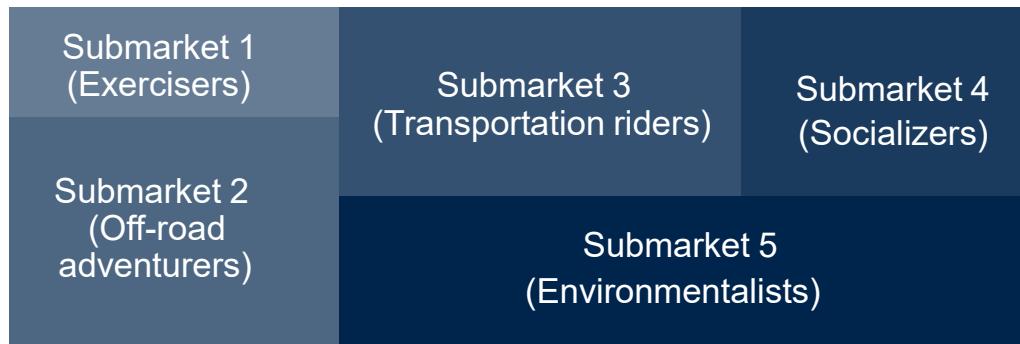
Bicycle Riders



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Market Segmentation Defines Possible Target Markets

1. Define the broad product market
2. Segment it into sub-markets



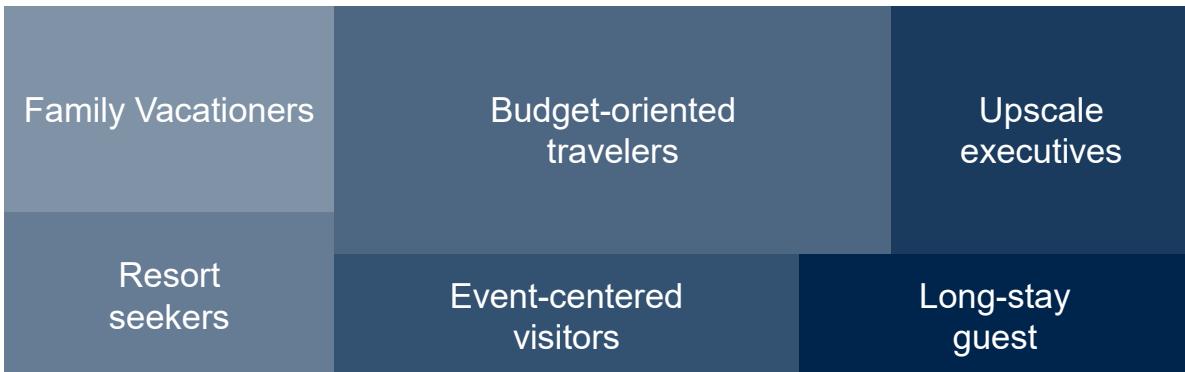
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Hotel Guest Market



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Market Grid Diagram for Hotel Guest Market with Product Markets



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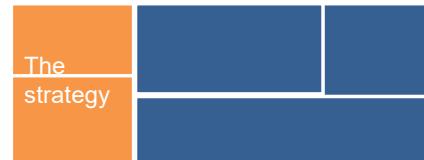
Segmenting vs. Combining

Segmenting develops a different marketing mix for each segment.

- Single target market approach
- Multiple target market approach

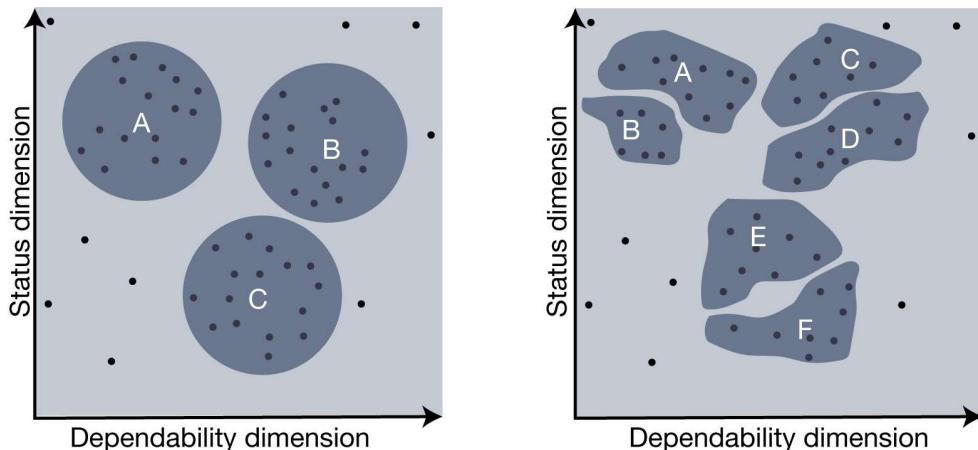


Combining aims at two or more submarkets with the same marketing mix.



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How Much Aggregation When Segmenting?



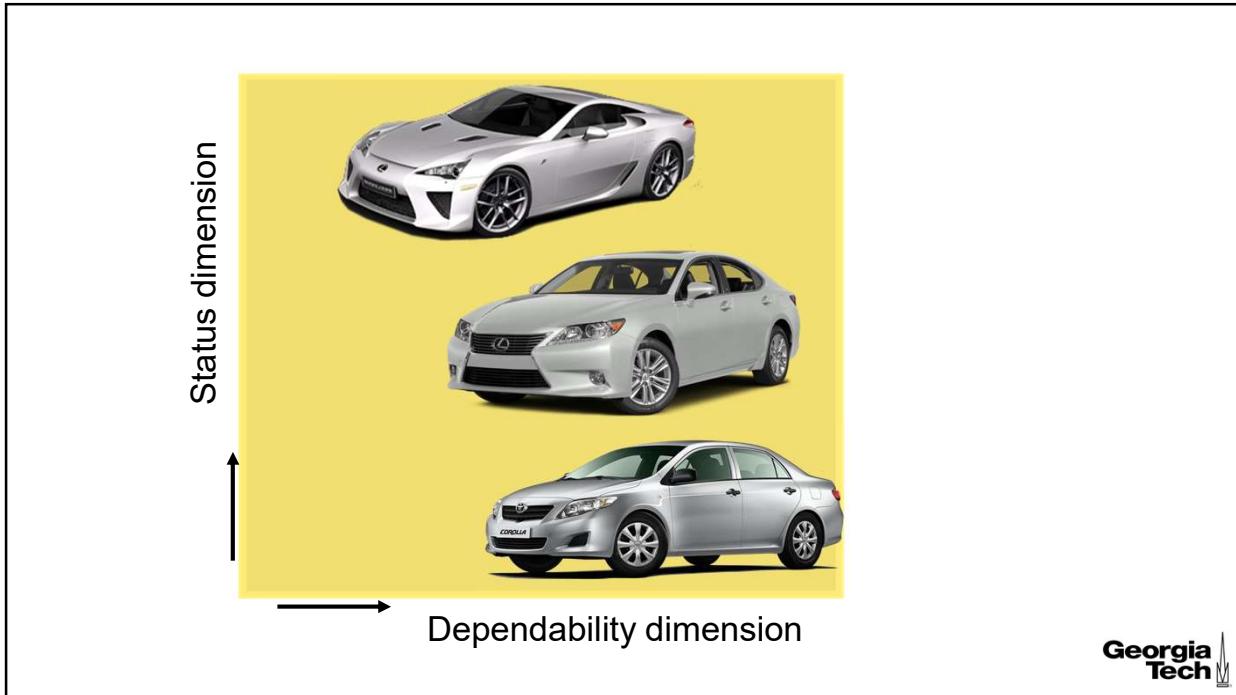
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Criteria for Determining Segments

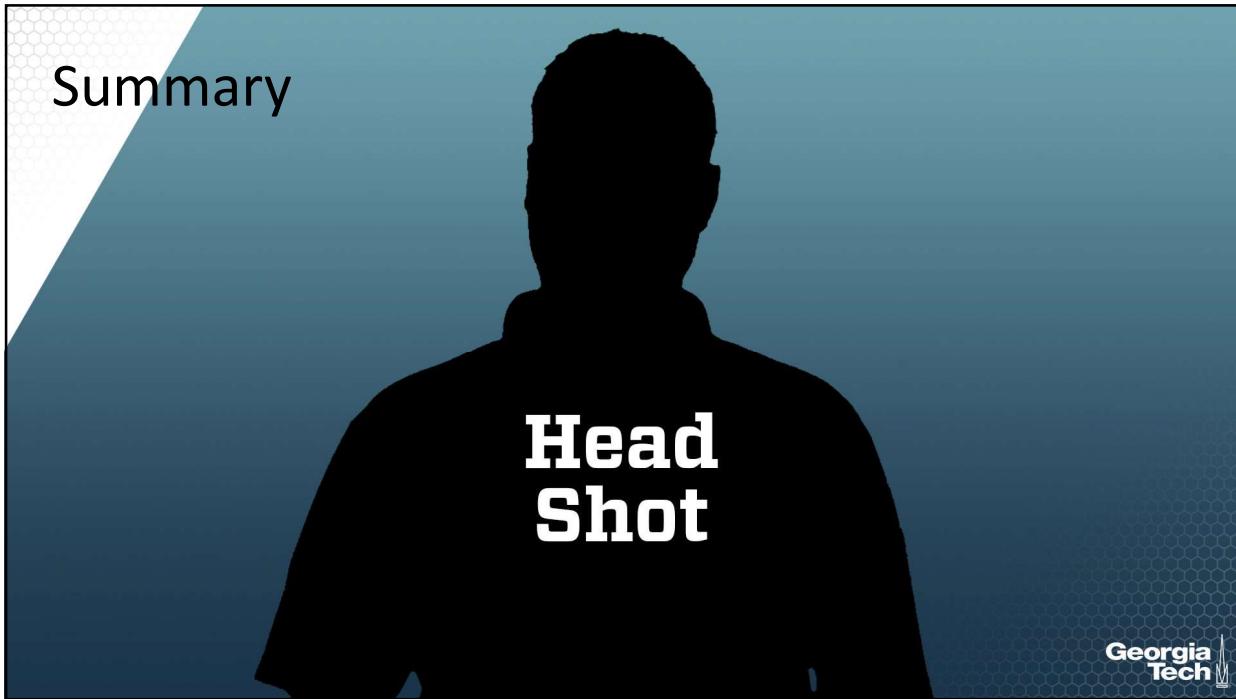
1. People in the segment are roughly alike, along some important consumer dimension(s).
2. People in the segment are different from people in other segments.
3. The segment is large enough to be profitable.
4. The segmenting dimensions should be useful for identifying customers and designing the marketing mix.
5. If chosen to pursue: the company has the resources available to adjust its marketing mix to appeal to each segment



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Segmentation Dimensions



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Demographic Dimensions



Demographic Segmentation Dimensions

- Income
- Sex or age
- Family size or family life cycle
- Occupation or education
- Ethnicity or social class

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Geographic Dimensions

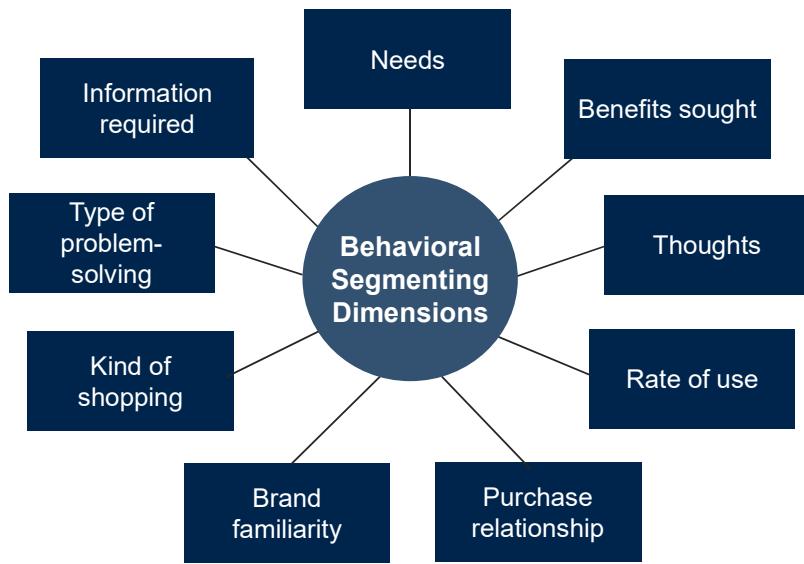


Geographic Segmentation Dimensions



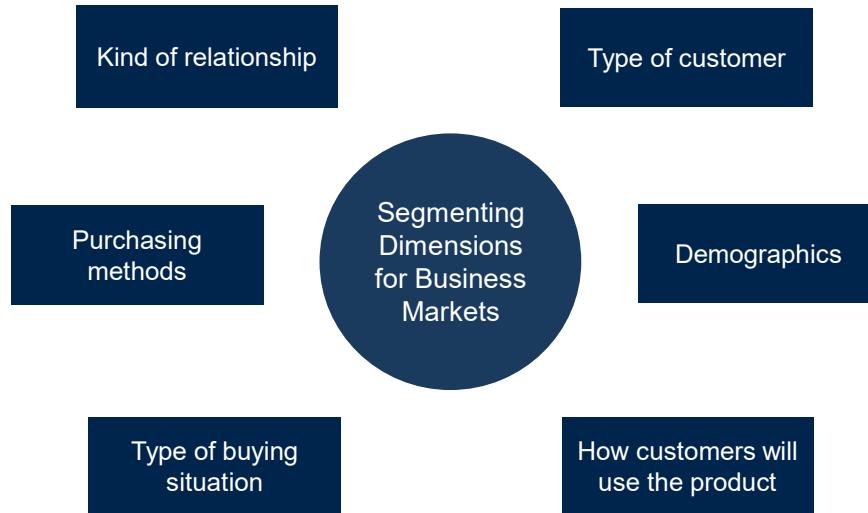
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Behavioral Dimensions



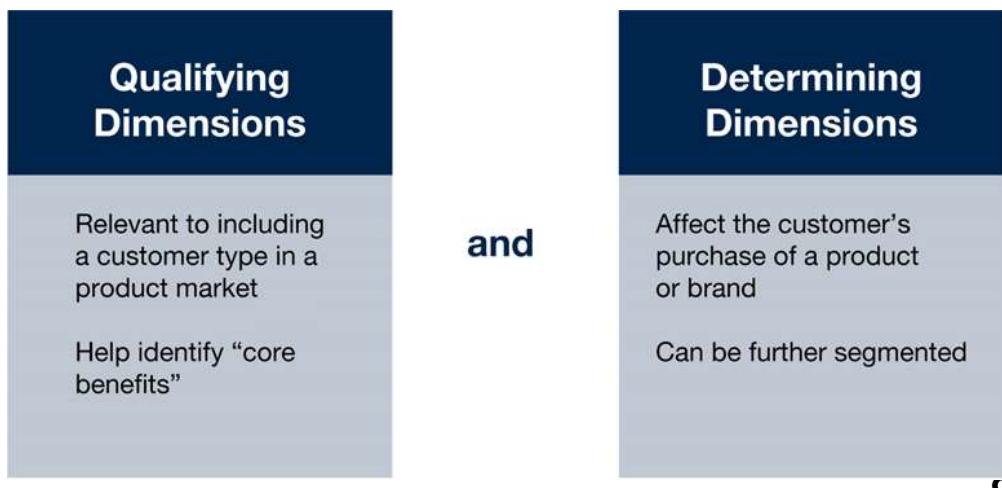
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Segmenting Business Markets



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Qualifying and Determining Dimensions



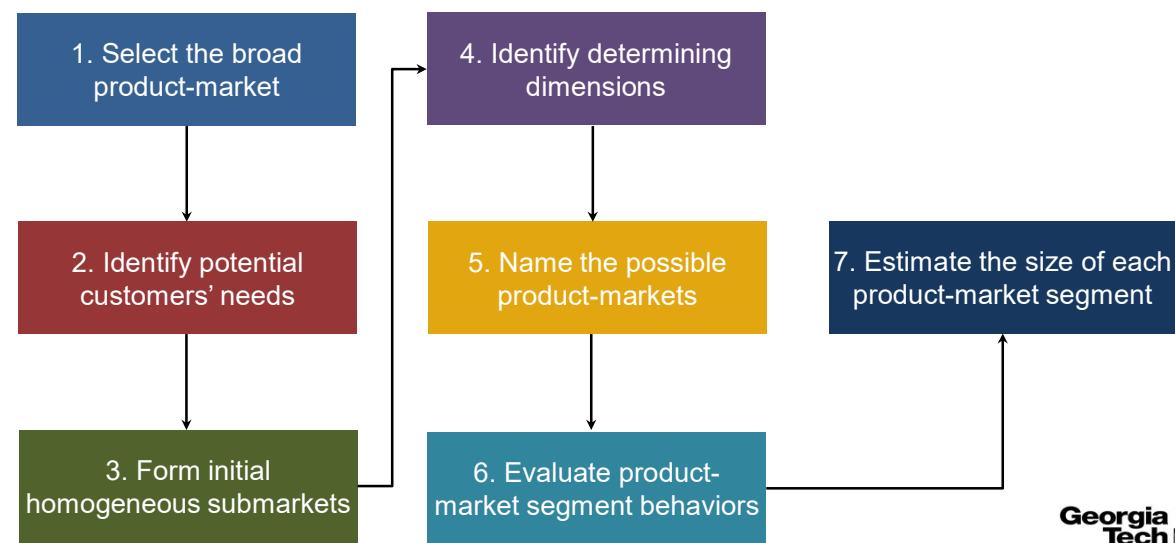
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Analytical Techniques for Segmentation

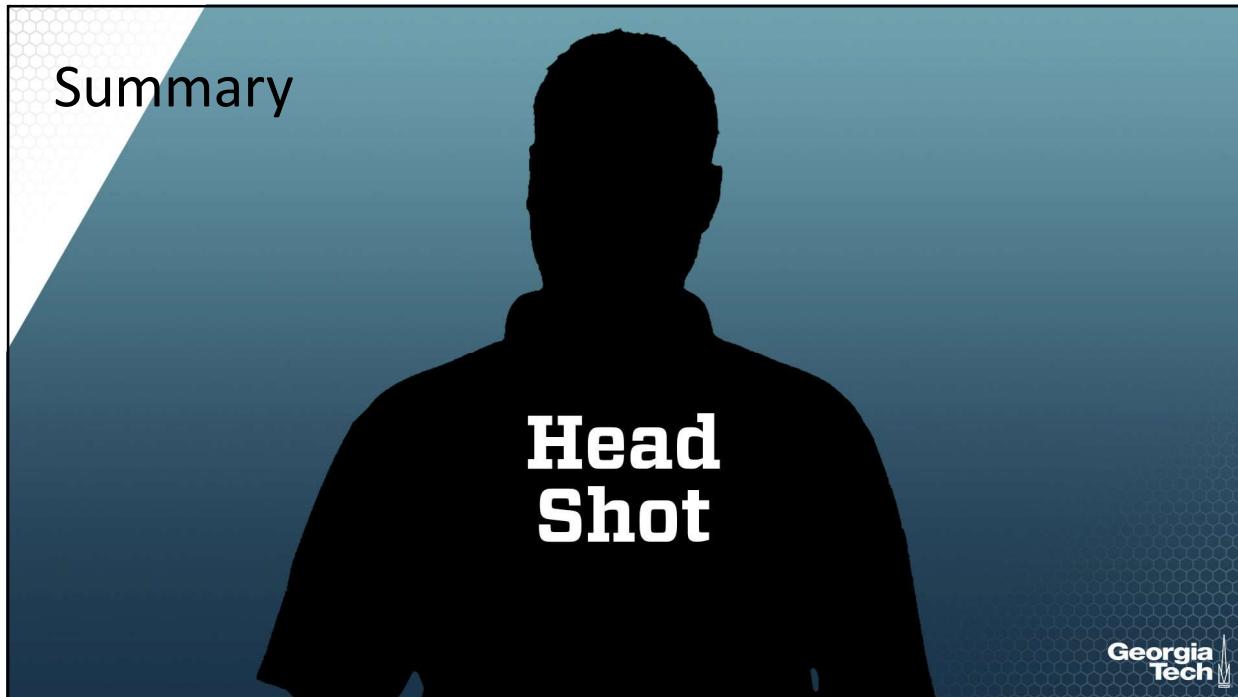


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Best Practice Approach for Segmenting Product Markets



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