Business Fundamentals for Analytics
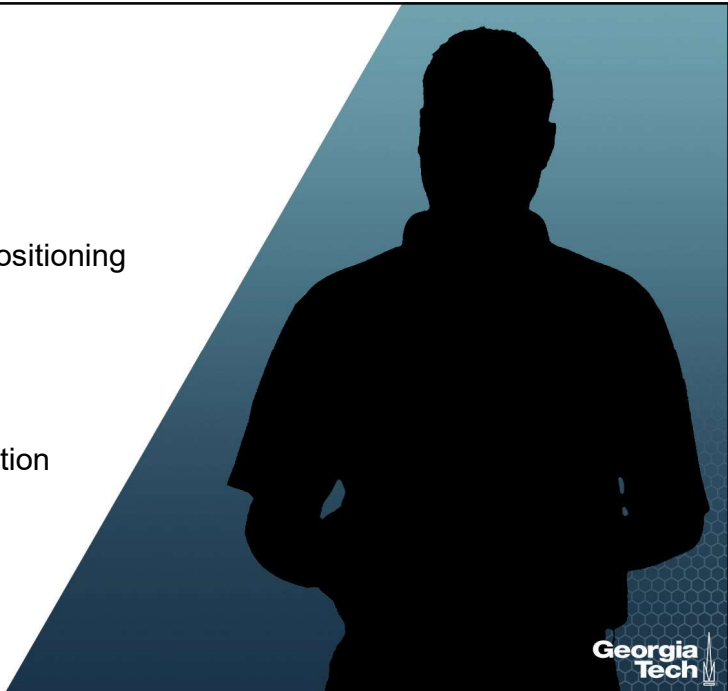
Marketing

Michael Buchanan
Lecturer
Scheller College of Business

Positioning & Differentiation

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1

Lesson Objectives

- Define positioning
- Discuss the components of a positioning statement
- Describe perceptual mapping
- Define differentiation
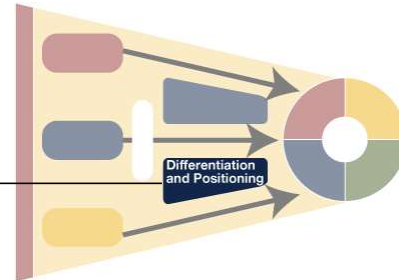- Discuss examples of differentiation strategies

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Focusing Marketing Strategy with Differentiation & Positioning

Positioning & Differentiation
- Understanding customer's view
- Evaluating segment preferences
- Positioning techniques
- Differentiating the marketing mix

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3

Customer Perception

CUSTOMER PERCEIVED BENEFIT − CUSTOMER PERCEIVED COST = CUSTOMER PERCEIVED VALUE

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4

Market Segment	Importance of Need (1 = not important; 10 = very important)		
	Features	Easy to Use	Easy to Learn
Fearful typists	3	8	9
Power users	9	2	2
Professional specialists	7	5	6

Potential Customer	Importance of Need (1 = not important; 10 = very important)			
	Features	Easy to Use	Easy to Learn	Type of Computer
A	8	1	2	LG Gram
B	6	6	5	Apple MacBook Air
C	4	9	8	Apple MacBook Pro
D	2	6	7	HP Spectre
E	5	6	5	Microsoft Surface
F	8	3	1	Asus ZenBook
G	4	6	8	MSI Prestige

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What is Positioning?

An approach that refers to how customers <u>think</u> about proposed or present brands in a market; the <u>image</u> your product/service has in the minds of your target customers
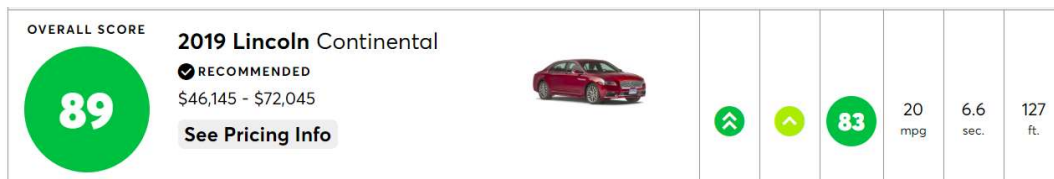
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6

Positioning

What do you <u>think</u> about the
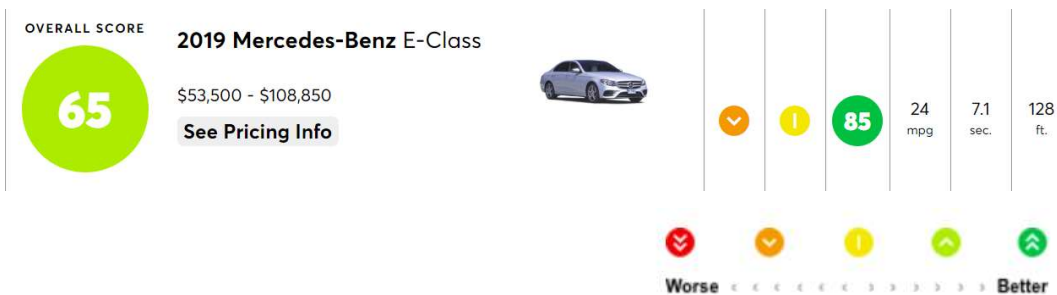Mercedes brand and it's personal-
line of vehicles?

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Luxury Midsize Car Ratings – Consumer Reports (2019)

OVERALL SCORE

89

2019 Lincoln Continental
✔ RECOMMENDED
$46,145 - $72,045
See Pricing Info

83 | 20 mpg | 6.6 sec. | 127 ft.

9 other cars in between

OVERALL SCORE

65

2019 Mercedes-Benz E-Class
$53,500 - $108,850
See Pricing Info

85 | 24 mpg | 7.1 sec. | 128 ft.

Worse ‹ ‹ ‹ ‹ ‹ › › › › › Better

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8

Positioning Statement Provides Direction for Marketing Strategy

For (<u>our target market</u>), (<u>our brand</u>) of all (<u>product type</u>) delivers (<u>key benefits or point of differentiation</u>) because (<u>our brand</u>) is (<u>reasons to believe</u>).
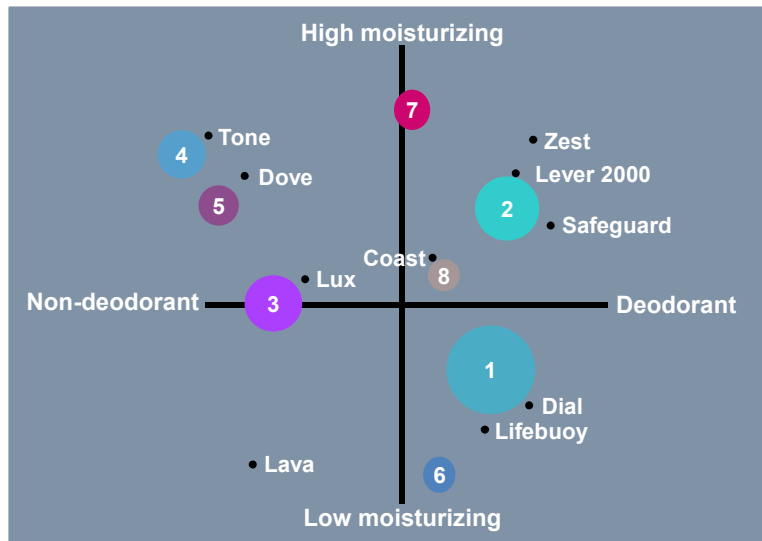
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Positioning Statement Provides Direction for Marketing Strategy

For 16–24-year-old males, who embrace excitement, adventure, and fun, Mountain Dew of all carbonated soft drinks, delivers great taste that exhilarates like no other because Mountain Dew is energizing, thirst-quenching, and has a one-of-a-kind citrus flavor.

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Perceptual Mapping

11

What is Differentiation?

Utilizing the marketing mix in a distinct way such that customers see it as different from the competition.

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What Brand Shoe is This?

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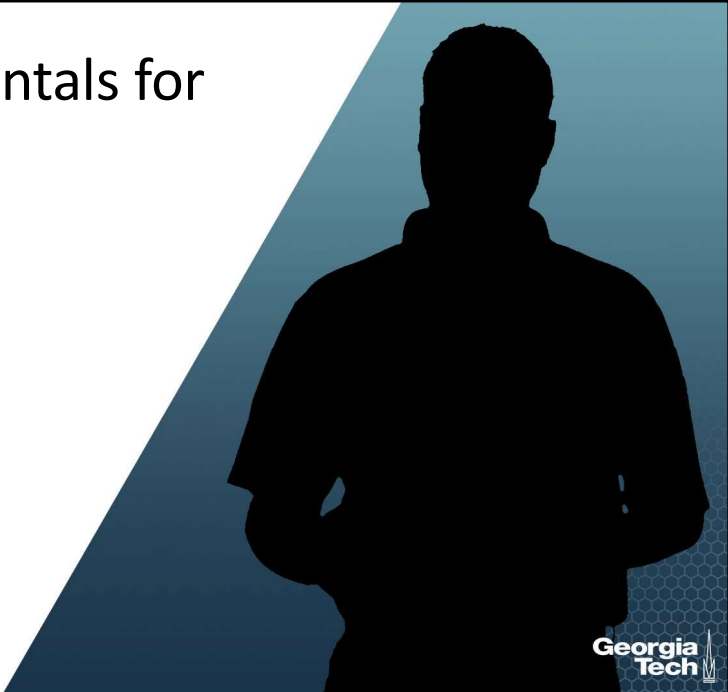Tech

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Examples of Differentiation Strategies

- Owning a product attribute in the mind of the customer

- Being perceived as an innovator

- Effectively maximizing user experience

- Being the first to enter a market

- Having the lowest price

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15

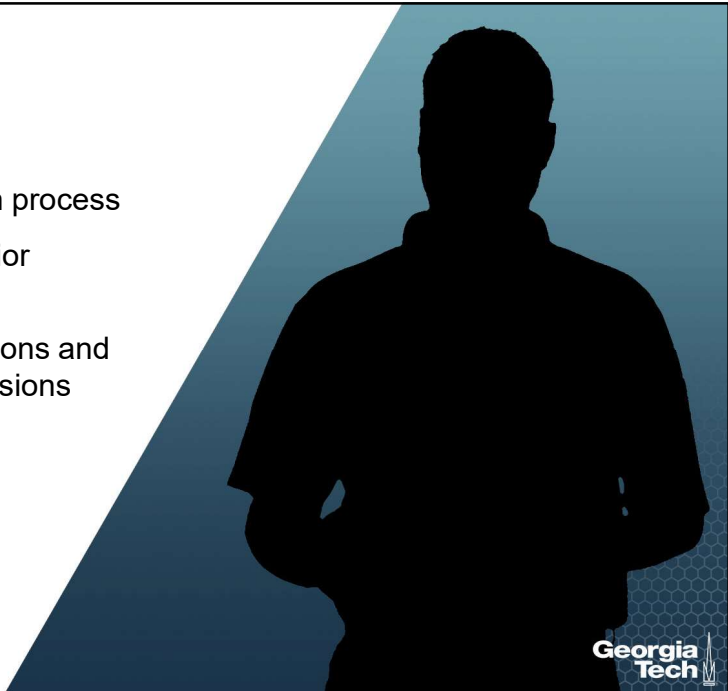16

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Consumer Buying Behavior

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Lesson Objectives

- Discuss the consumer adoption process
- Describe the key buying behavior influences
- Discuss how customer perceptions and attitudes impact marketing decisions

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Consumer Behavior for Marketing Strategy Planning

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Adoption Process

Awareness

↓

Interest

↓

Evaluation

↓

Trial

↓

Decision

↓

Confirmation
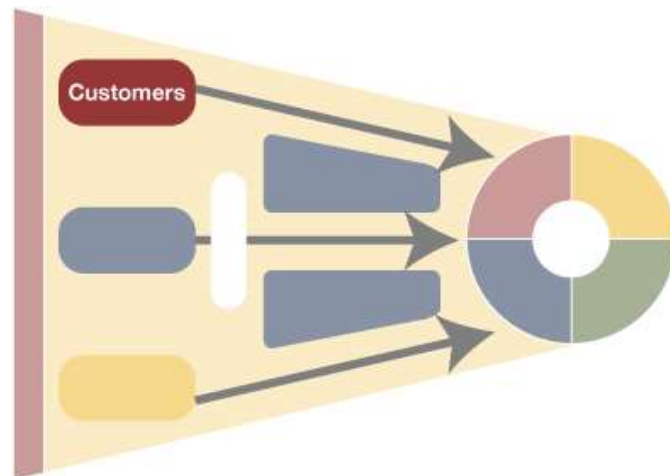
Dissonance may set in after the decision.

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Consumer Problem Solving Continuum

Low Involvement
Frequently purchased
Inexpensive
Little risk
Little information needed

High Involvement
Infrequently purchased
Expensive
High risk
Much information needed

Routinized Response Behavior	Limited Problem Solving	Extensive Problem Solving

← **Low Involvement** — **High Involvement** →

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Learning Determines What Specific Response is Likely

Drive — Unsatisfied need exists

Cues — Stimuli that trigger a drive or response

Reinforcement

Response — An effort to satisfy a drive

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Summary

Head Shot

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Business Fundamentals for Analytics

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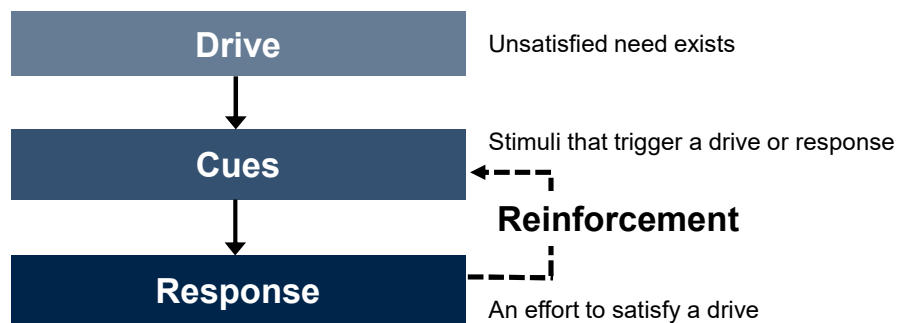Scheller College of Business

Buying Behavior Influences

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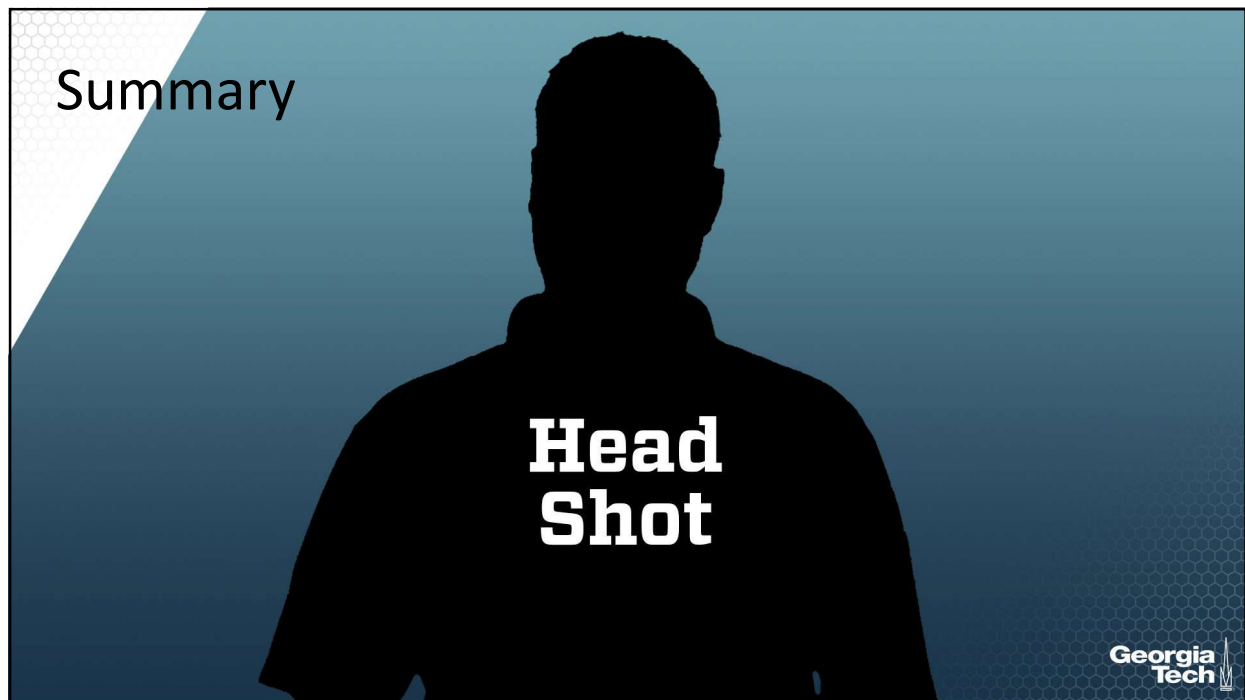
24

A Model of Influences on Consumer Behavior

Marketing mixes **All other stimuli**

Person making decision

Economic needs
• Economy of purchase
• Convenience
• Efficiency in use
• Dependability

Psychological variables
• Motivation
• Perception
• Learning
• Attitude
• Trust
• Lifestyle

Social influence
• Family
• Social class
• Reference groups
• Culture
• Ethnic groups

Purchase situation
• Purchase reason
• Time
• Surroundings

Consumer decision process

Person does or does not purchase (response)

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Economic Needs Affect Many Buying Decisions—But They're Not the Whole Story

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The Power of Emotions
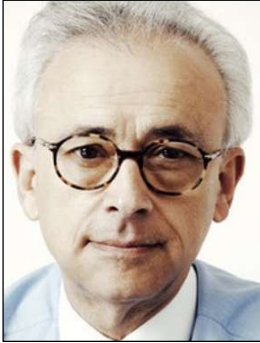
"We are not thinking machines that feel; rather, we are feeling machines that think."

- Antonio Damasio

Orbitofrontal cortex
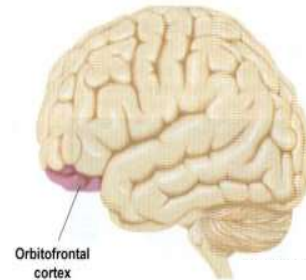
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Emotions Drive Decisions

1. Desire for control
2. I'm better than you
3. Excitement of discovery
4. Revaluing
5. Family values
6. Desire to belong
7. Fun is its own reward
8. Poverty of time

9. Desire to get the best
10. Self achievement
11. Sex, love, romance
12. Nurturing response
13. Reinventing oneself
14. Makes me smarter
15. Power, dominance, & Influence
16. Wish fulfillment

push the emotional buttons that get people to buy

HOT BUTTON MARKETING

barry feig
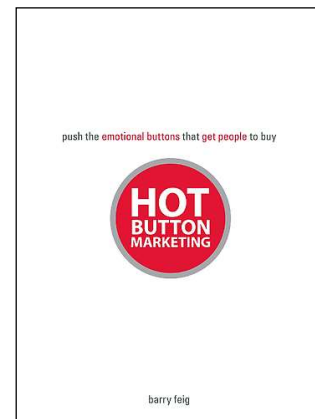
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Psychological Influences within an Individual

29

The PSSP Hierarchy of Needs

Personal Needs
Need for; self-esteem, accomplishment, fun, freedom, and relaxation
"So it costs a bit more, but I'm worth it!" - L'Oreal hair color

Social Needs
Need for; love, friendship, status, esteem, and acceptance by others
"When you care enough to send the very best" - Hallmark

Safety Needs
Need for; protection and physical well-being (perhaps involving health, food, drugs, and exercise)
"Because so much is riding on your tires" - Michelin

Physiological Needs
Need for; food, drink, rest, and sex
"It really quenches your thirst" - Gatorade

30

Perception Determines What Consumers See and Feel

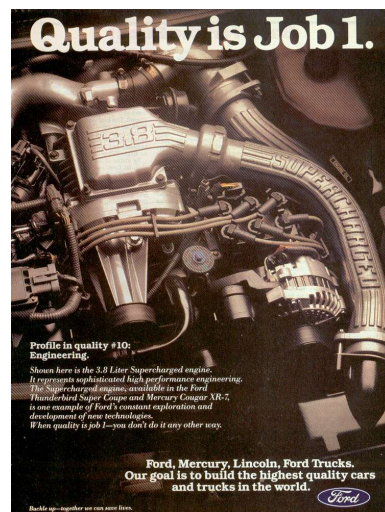|	
Selective Exposure	We notice messages that interest us.
Selective Retention	We remember messages that are consistent with beliefs & attitudes, but do not remember those that conflict.
Selective Perception	We let in messages that are consistent with beliefs, attitudes, etc. and filter out those that conflict.

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What goes through a customer's mind when they see an ad like this from Ford if they've had a bad personal experience with one of Ford's automobiles?

Quality is Job 1.

Profile in quality #10: Engineering.

Shown here is the 3.8 Liter Supercharged engine. It represents sophisticated high performance engineering. The Supercharged engine, available in the Ford Thunderbird Super Coupe and Mercury Cougar XR-7, is one example of Ford's constant exploration and development of new technologies. When quality is job 1—you don't do it any other way.

Ford, Mercury, Lincoln, Ford Trucks. Our goal is to build the highest quality cars and trucks in the world. Ford

Buckle up—together we can save lives.

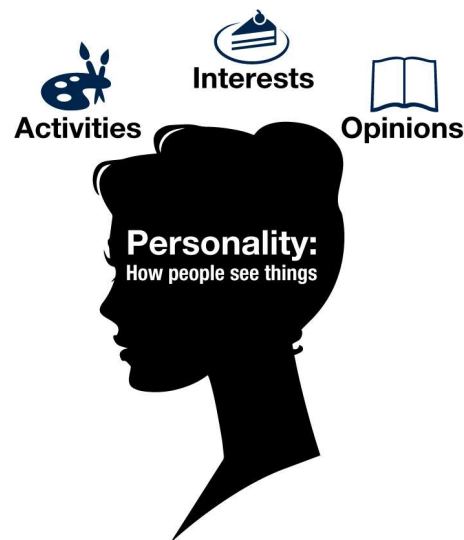**Georgia Tech**

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9/3/2019

Attitudes Relate to Consumer Buying Decisions

33

Psychographics Focus on Activities, Interests, and Opinions

34

17

Lifestyle Dimensions (and some related demographic dimensions)

Dimension		Examples	
Activities	Work Hobbies Social events	Vacation Entertainment Club membership	Surfing web Shopping Sports
Interests	Family Home Job	Community Recreation Fashion	Food Media Achievements
Opinions	Themselves Social issues Politics	Business Economics Education	Products Future Culture
Demographics	Income Age Family life cycle	Geographic area Ethnicity Dwelling	Occupation Family size Education

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Simple Approaches for Measuring Social Class in the U.S.
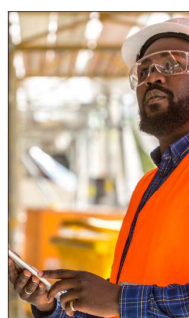
Occupation

Education

Type of Housing

Location of Housing

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Other Social Influences

Reference Groups

Opinion Leaders

Culture

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Consumer behavior in International Markets

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Individuals Are Affected by the Purchase Situation

| Purchase Reason | Time Available | Physical Surroundings |
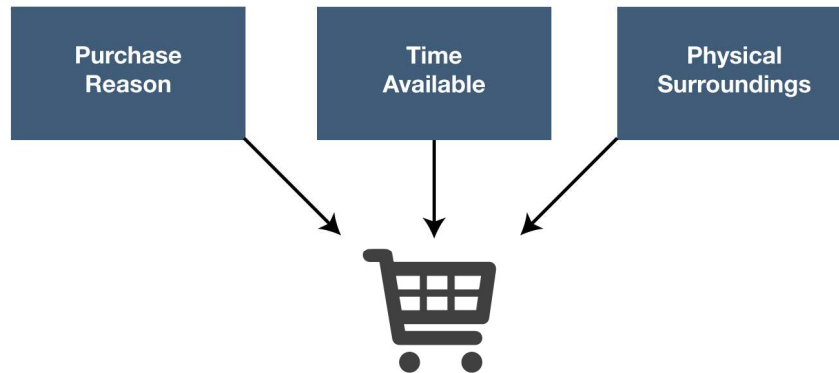
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An Expanded Model of Consumer Behavior

Marketing mixes   **All other stimuli**

| Economic needs | Psychological variables | Social Influences | Purchase situation |

Consumer decision process

Need awareness

Routinized response

Problem solving
• Information search
• Identify alternatives
• Set criteria
• Evaluate alternatives

Purchase decision

Experience after the purchase

Postpone decision

Feedback based on experience

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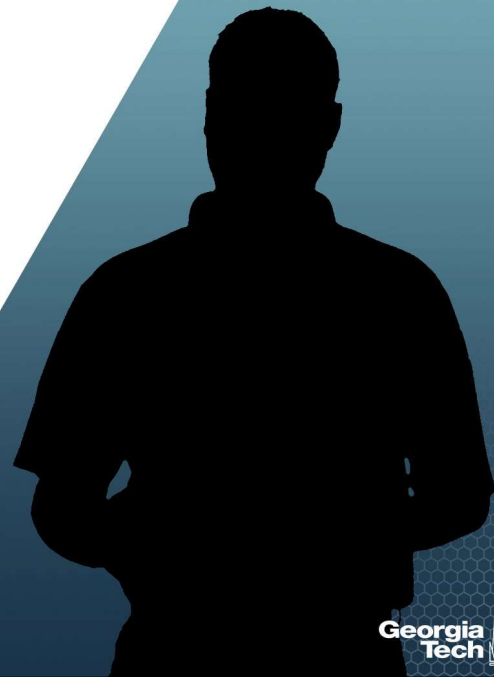
Business/Organizational Customer Buying Behavior

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Lesson Objectives

- Discuss business and organizational customer types

- Evaluate roles and buying influences for customers

- Discuss the organizational buying process

- Define different business relationship dimensions

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Understanding Business & Organizational Customers for Marketing Strategy Planning

Customers

Final Consumers and Their Buying Behavior

Business and Organizational Customers and Their Buying Behavior

Key characteristics of specific types of organizational customers
- Manufacturers
- Producers of services
- Retailers & wholesalers
- Government units

Key differences between organizational customers & final consumers
- Purchase criteria & specifications
- Multiple buying influences
- Problem-solving process
- Buyer-seller relationships
- B2B e-commerce

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Business and Organizational Customers

```
                    ┌─────────────────┐      • Manufacturers
                    │    Producers    │──────• Farms, mines, etc.
                    └─────────────────┘      • Financial Institutions
                                             • Other providers

                    ┌─────────────────┐      • Wholesalers
                    │  Intermediaries │──────• Retailers
┌──────────────┐    └─────────────────┘
│ All Business &│
│ Organizational│
│   Customers   │   ┌─────────────────┐      • Federal
└──────────────┘    │ Government Units│──────• State and Local
                    └─────────────────┘

                    ┌─────────────────┐      • National
                    │    Nonprofits   │──────• Local
                    └─────────────────┘
```

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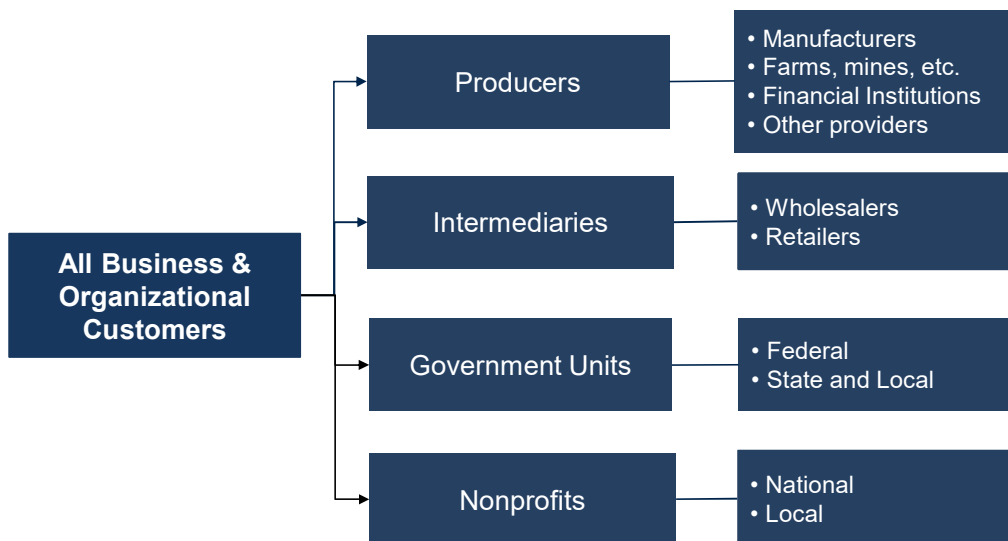
45

Organizational Customers May Have Different Purchase Priorities

- What are the psychological needs/wants addressed in this ad?

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Multiple Influence and Roles in the Buying Center

Buyers

Users

Buying Center

Influencers

Gatekeepers

Deciders

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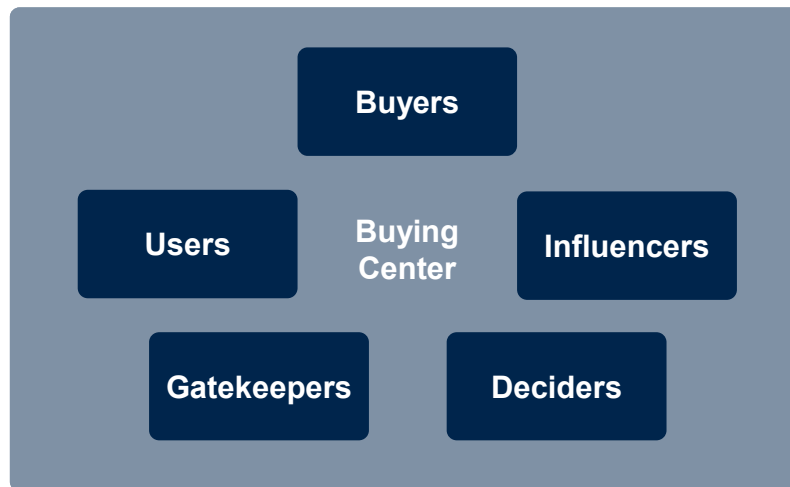
47

Evaluating Organizational Buying Influences

Vendor Analysis considers all areas of performance

Behavioral needs are important too

Ethical conflicts may arise

Purchasing may be centralized

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Overlapping Needs of Individual Influencers and the Customer Organization
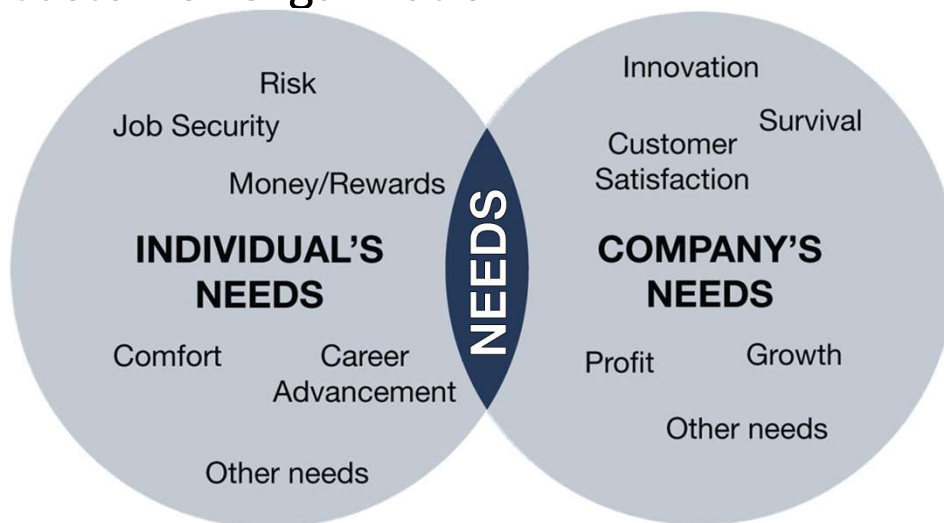
49

Organizational Buying Processes

Characteristics	Type of Process		
	New-Task Buying	Modified Rebuy	Straight Rebuy
Time required	Significant	Medium	Little
Multiple influence	Significant	Some	Little
Review of suppliers	Significant	Some	None
Information needed	Significant	Some	Little

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Major Sources of Information Used by Organizational Buyers

	Marketing Sources	Nonmarketing Sources
Personal Sources	• Salespeople • Others from suppliers firm • Trade shows	• Buying center members • Outside business associates • Consultants and outside experts
Impersonal Sources	• Online events and virtual trade shows • Sales literature and catalogs • Emails & newsletters • Web site content including blogs, videos, case studies, & white papers	• Online searches • Rating services • Trade associations • New publications • Product directories • Online comunities

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New-Task Buying Opportunities for Interaction

Search Engines

Web Sites

Competitive Bids

Online Communities

New-Task Buying Requires Information

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Business Relationship Dimensions

53

The Government Market

54

Caterpillar

Head Shot

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Marketing

Michael Buchanan
Lecturer
Scheller College of Business

Product Planning and Development

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Lesson Objectives

- Discuss branding

- Evaluate packaging and warranty implications for products

- Discuss business and consumer product classes

- Define different business relationship dimensions

- Discuss the lifecycle of products

- Evaluate new product planning

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Product Decisions for Marketing Strategy Planning

Elements of Product Planning for Goods & Services

Product Idea	Branding	Packaging	Warranty	Product classes
Features Experience Quality Level	Individual or Family Manufacturer or Dealer	Protecting Promoting Enhancing	None Limited Full Extended	Consumer Class Business Class
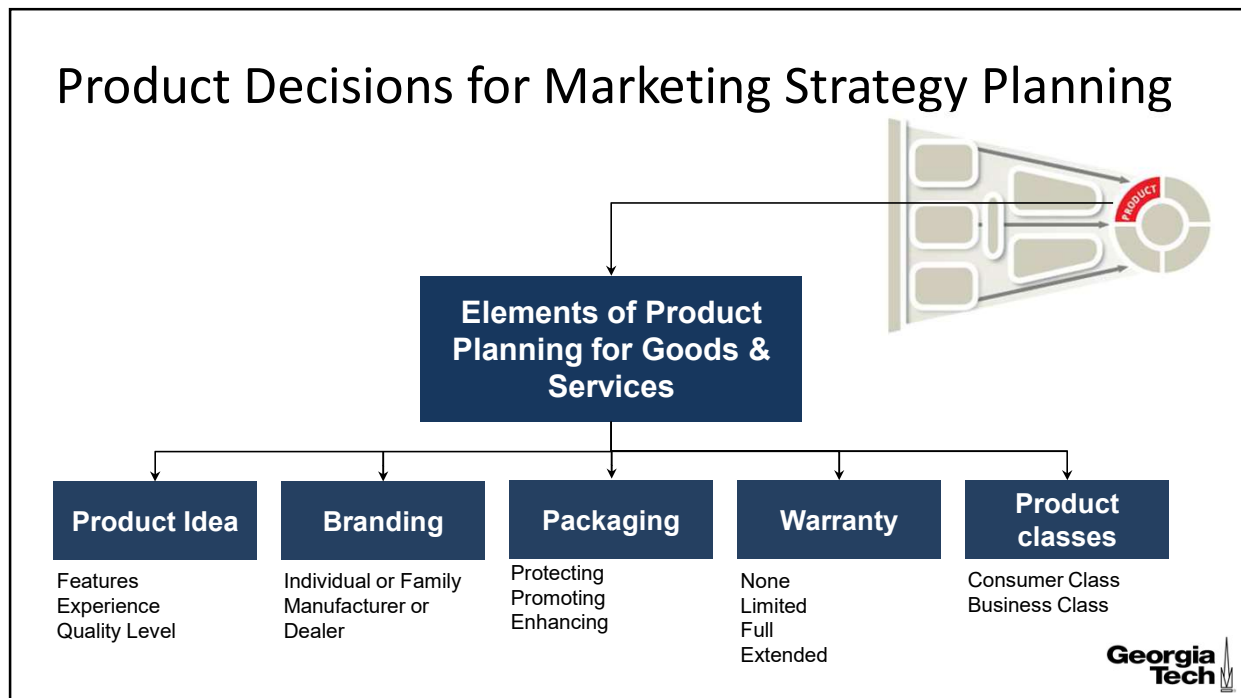
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Possible Blends of Physical Goods and Services in a Product

Canned soup, steel pipe, paper towels

Restaurant meal, cell phone, automobile tune-up

Satellite radio, hair styling, internet service

Physical good emphasis ← → Service emphasis

Blend of physical goods and service

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Ikea

Bed frame HEMNES
209.–

Interesting Solution!
Maybe also interesting: 0180/5 35 34 35. Your IKEA Assembly Service.

61

Branding

The use of a name, term, symbol, design (or the combination of these) to identify a product…..and, create an emotional response

62

Recognized Trademarks and Symbols Help in Promotion

63

Tropicana

What key changes do you observe?

When Tropicana changed their packaging design it impacted sales.

What do you think happened and why?

64

Achieving Brand Familiarity

Brand Rejection

Brand Non-Recognition

Brand Recognition

Brand Preference

Brand Insistence

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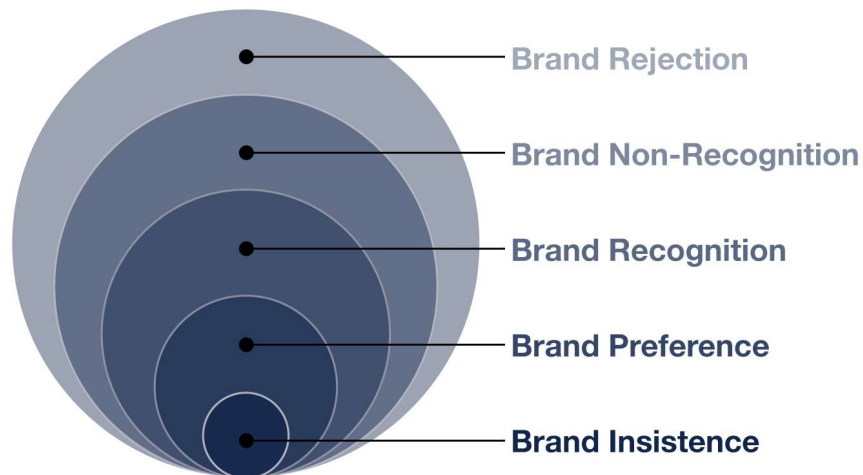
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Conditions Favorable to Successful Branding

Product quality and best value

Easy to label and identify

Dependable, widespread availability

Key Issues

Favorable shelf or display space

Market price can be high if solid demand

Economies of scale

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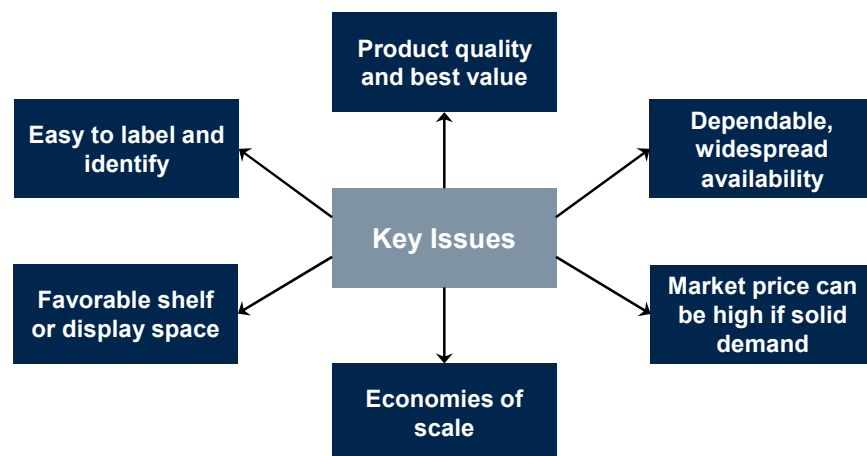
66

What Kind of Brand to Use?

Family Brand
Same brand name used
for several products

Licensed Brand
Sellers pay a fee to use
a well-known brand

Generic "Brand"
No brand other than
identification with the contents

Individual Brand
Used for unrelated
products

BRAND CHOICES

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Packaging Promotes, Protects, and Enhances

Packaging Can Enhance the Product
- Easier to use
- Safer to use
- Deter shoplifting
- Green objectives

Packaging Can Lower Distribution Costs
- Save space
- Decrease weight
- Lower production cost

Packaging Sends a Message
- Convey information

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Mayonnaise Package Shape

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Warranty Policies Are a Part of Strategic Product Planning

Promises in Writing

Magnuson-Moss Act (clearly written)

Service Guarantees

May Improve Marketing Mix

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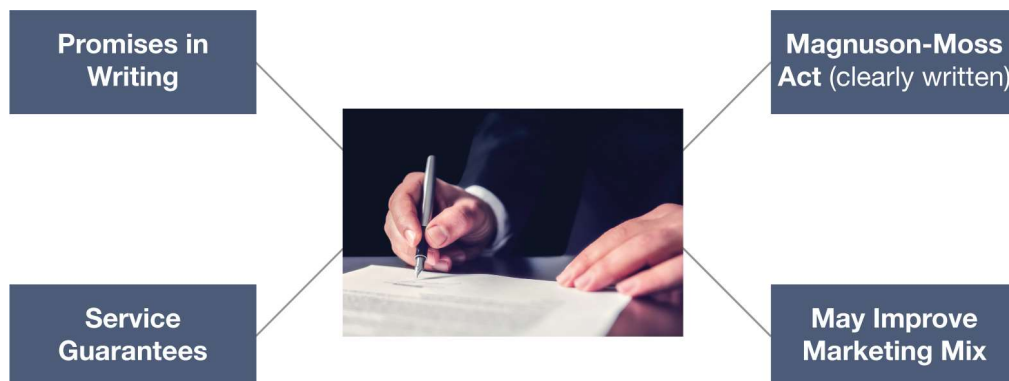
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Business Product Classes

Consumer Product Classes

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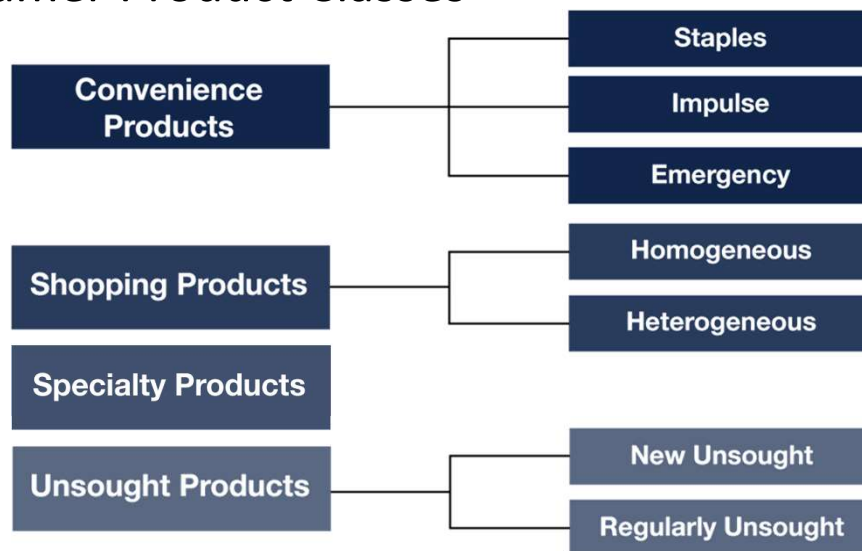
Product Development

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The Role of Product Management and New-Product Development in Marketing Strategy

Product Management & New Product Development

The Product Life Cycle	New Product Development	Managing Brands
• Stages	• 5 Step Process	• Product managers
• Strategy planning for stages	• Success factors	• Managing product quality

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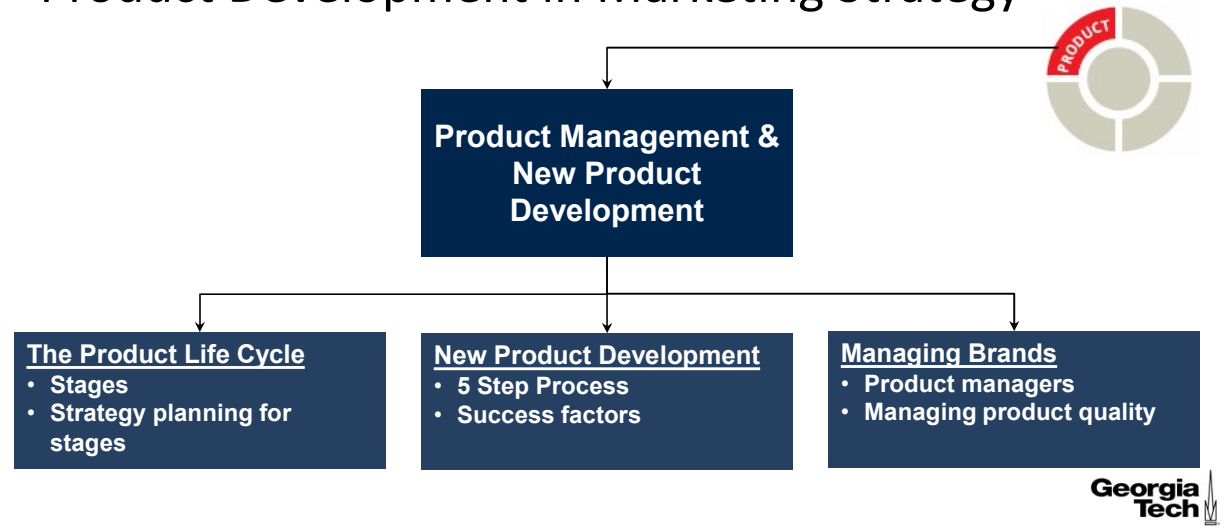
75

Typical Life Cycle of a New Product Concept

	Market Introduction	Market Growth	Market Maturity	Sales Decline
Goals:	Gain Awareness	Stress Differentiation	Maintain Brand Loyalty	Milk, Phase-Out or Sell

Total Industry Sales

Total Industry Profit

Money

0 -

Time

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Market Introduction: Investing in the Future

What are some common areas of investment in this stage of the product?

- Sales promotion
- Market research
- Heavy advertising
- High unit costs (less efficient manufacturing)

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Market Growth Stage

Innovation Attracts Competition

Monopolistic Competition Develops

Profits Peak and then Begin to Decline

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Market Maturity Stage—Sales Level Off, Profits Continue Down

- Persuasive, More Costly Sales Promotion
- Brands are More Similar
- Greater Price Competition/ Price Sensitivity
- Maturity Stage *May* Last a Long Time → Strategy Dilemma

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Sales Decline

IBM z13 is designed for digital business

Users
Data
Transactions

- Performance, scale, intelligent I/O, and security enhancements to support transaction growth in the **mobile** world
- Large memory, new cache design, improved I/O bandwidth, and compression help to serve up more data for **analytics**
- Enterprise-grade Linux solutions, open standards, enhanced sharing, and focus on business continuity to support **cloud**
- Security, Encryption, Resilience, IT Analytics

14   ©2015 IBM Corporation   20 November 2015

IBM z Systems

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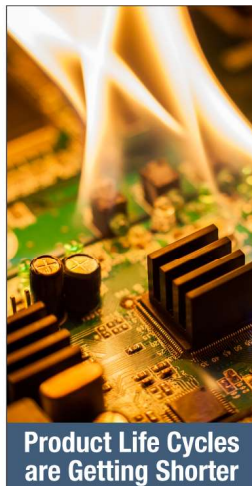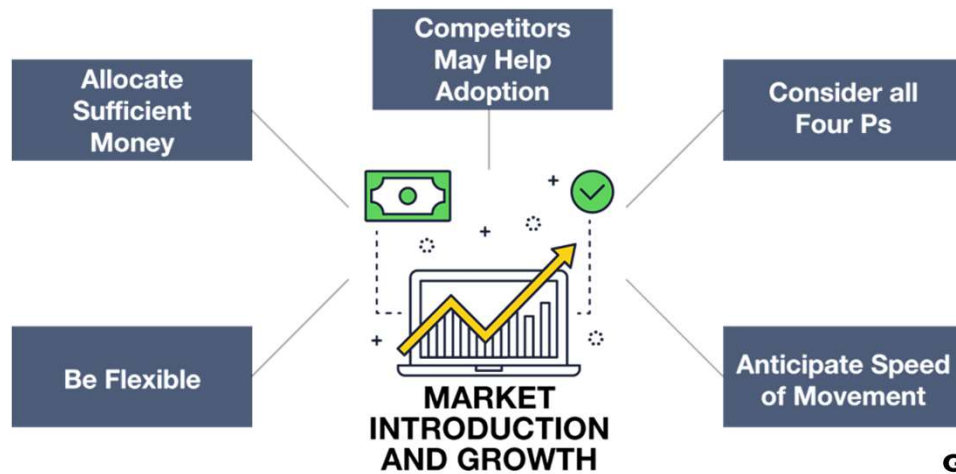
80

Product Life Cycles Vary in Length

| Comparitive Advantage | Easy to Use | Easy to Communicate |

SOME PRODUCTS MOVE FAST

| Compatible | | Can be Tried |

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Other Issues in Product Life Cycle Length

Product Life Cycles are Getting Shorter

Early Bird Makes Profits: First Mover Advantage

Fashions and Fads

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Planning for Different Stages of the Product Life Cycle

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New Product Planning

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New-Product Development Process

1. Idea Generation

2. Screening

3. Idea Evaluation

4. Development

5. Commercialization

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Step 1: Idea Generation

1. Idea Generation

2. Screening

3. Idea Evaluation

4. Development

5. Commercialization

Ideas from:
- Customers and users
- Marketing research
- Competitors
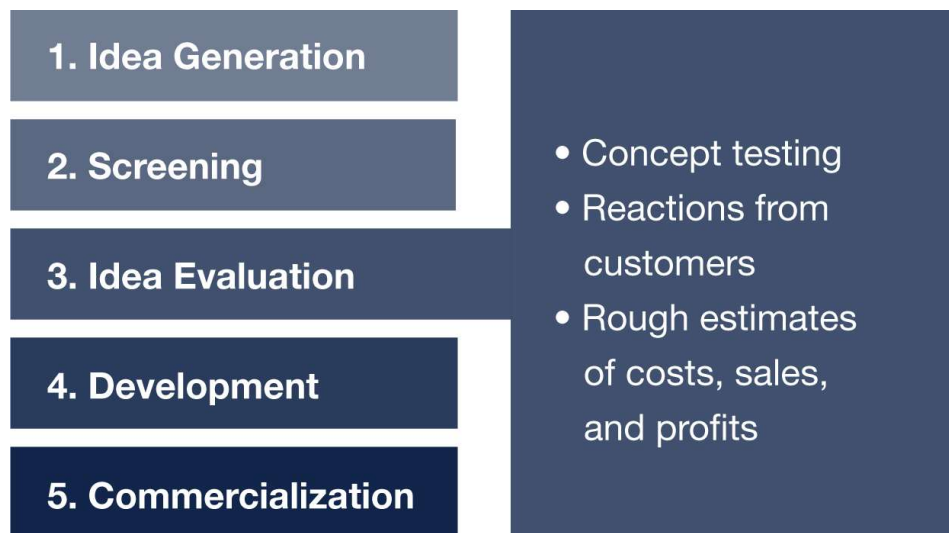- Other markets
- Company people, intermediaries, etc.

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Step 2: Screening

1. Idea Generation	
2. Screening	• Strengths and weaknesses
3. Idea Evaluation	• Fit with objectives
4. Development	• Market trends
5. Commercialization	• Rough ROI estimate

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Step 3: Idea evaluation

1. Idea Generation	
2. Screening	• Concept testing
3. Idea Evaluation	• Reactions from customers
4. Development	• Rough estimates of costs, sales, and profits
5. Commercialization	

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Step 4: Development

1. Idea Generation	• R&D
2. Screening	• Develop model or service
3. Idea Evaluation	• Test marketing mix
4. Development	• Revise plans as needed
5. Commercialization	• ROI estimate

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Step 5: Commercialization

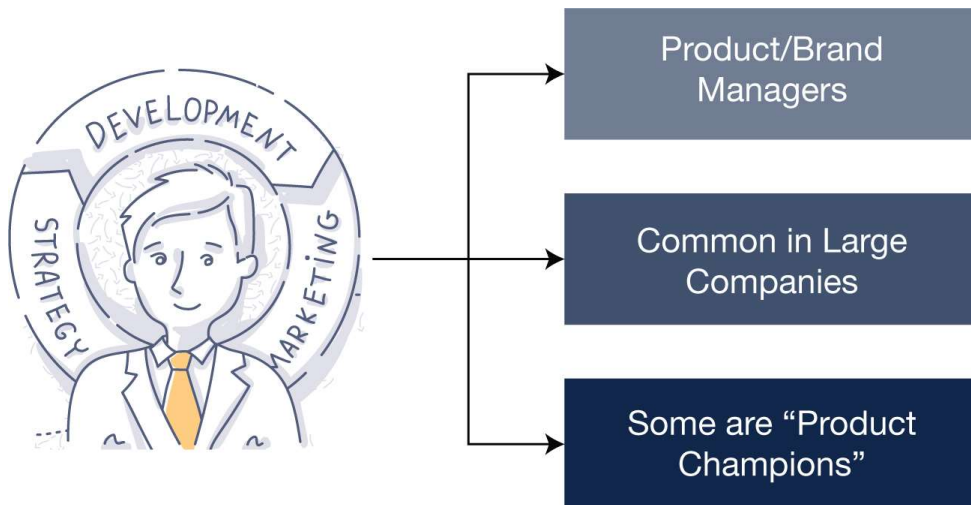| 1. Idea Generation | |
2. Screening	• Finalize product and marketing plan
3. Idea Evaluation	• Start production and marketing
4. Development	• "Roll out" in select markets
5. Commercialization	• Final ROI estimate

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New Product Development: A Total Company Effort
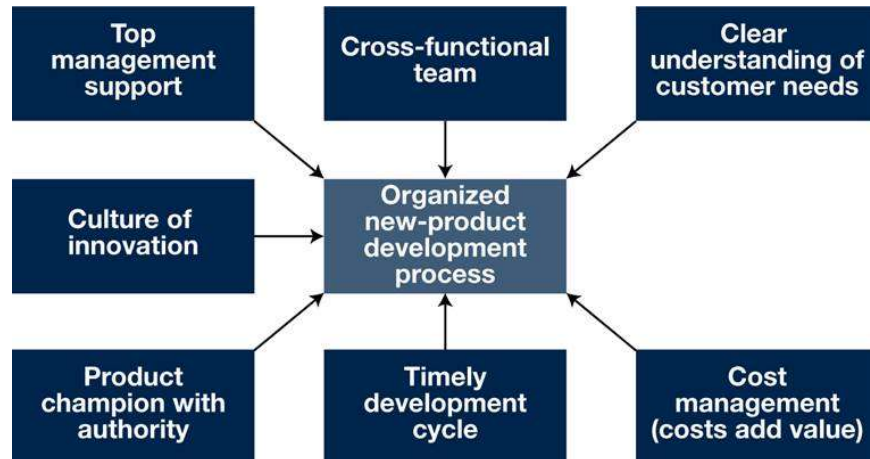
91

Need for Product Managers

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