

Business Analytics



UNIVERSITAT DE
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i Empresa

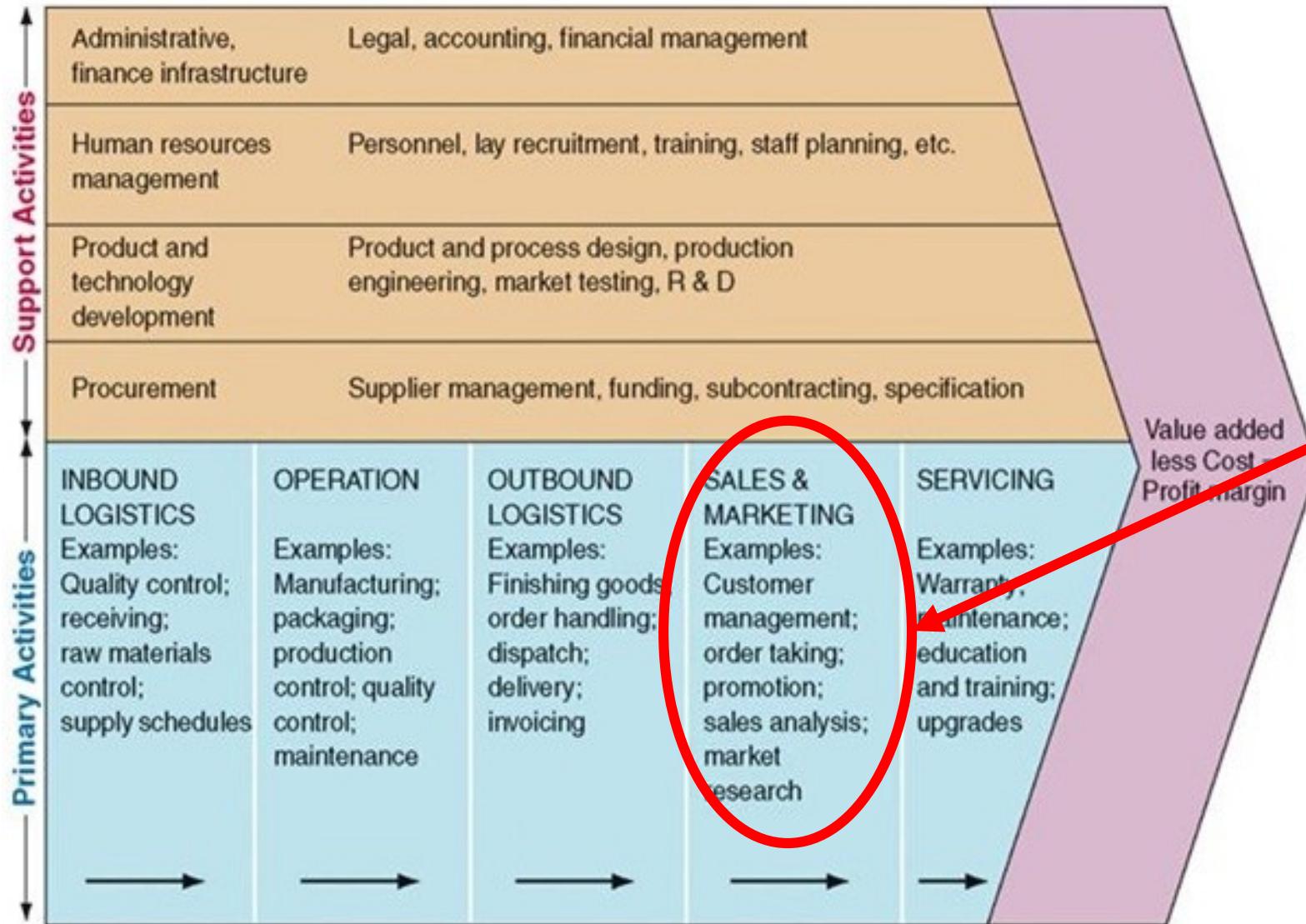
What are we going to do?

- Presentation.
- What is Business Analytics?
- Impact of Business Analytics in a Company. General approach.
 - Objectives: We will dedicate this sessions to analyze what is the impact of gathering, managing and analyzing data in the different areas of a Company
 - Strategy.
 - Technology.
 - Business Processes.
 - Internet of Thinks.
 - Clients, Products & Services. Marketing.

Clients, Product & Services. Marketing



Marketing and Business Analytics.

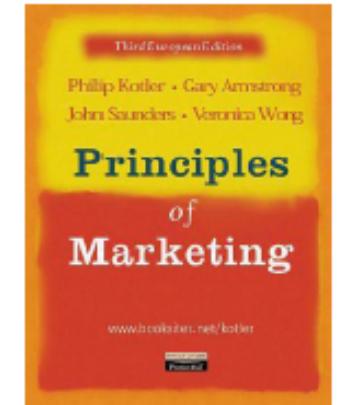


In this session we will focus on the analysis of the primary activity of marketing and sales according to Michael Porter's value chain model.

What is Marketing

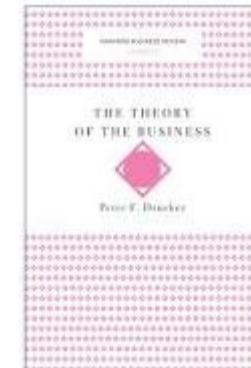
What is Marketing

- “All those activities that aim to satisfy consumer needs and wishes, through interchange”. Philip Kotler.
- Therefore, Marketing is NOT:
 - Not only designing products or services
 - Not just advertising
 - Not just sales promotions.
 - Not just packaging design



What is Marketing

- “Because the purpose of business is to create a customer, the business enterprises has two-and-only-two basic functions:
 - Marketing
 - Innovation
- Marketing and Innovation produce results. All the rest are cost.
- Marketing is the distinguishing, unique function of the business.”



Peter Drucker

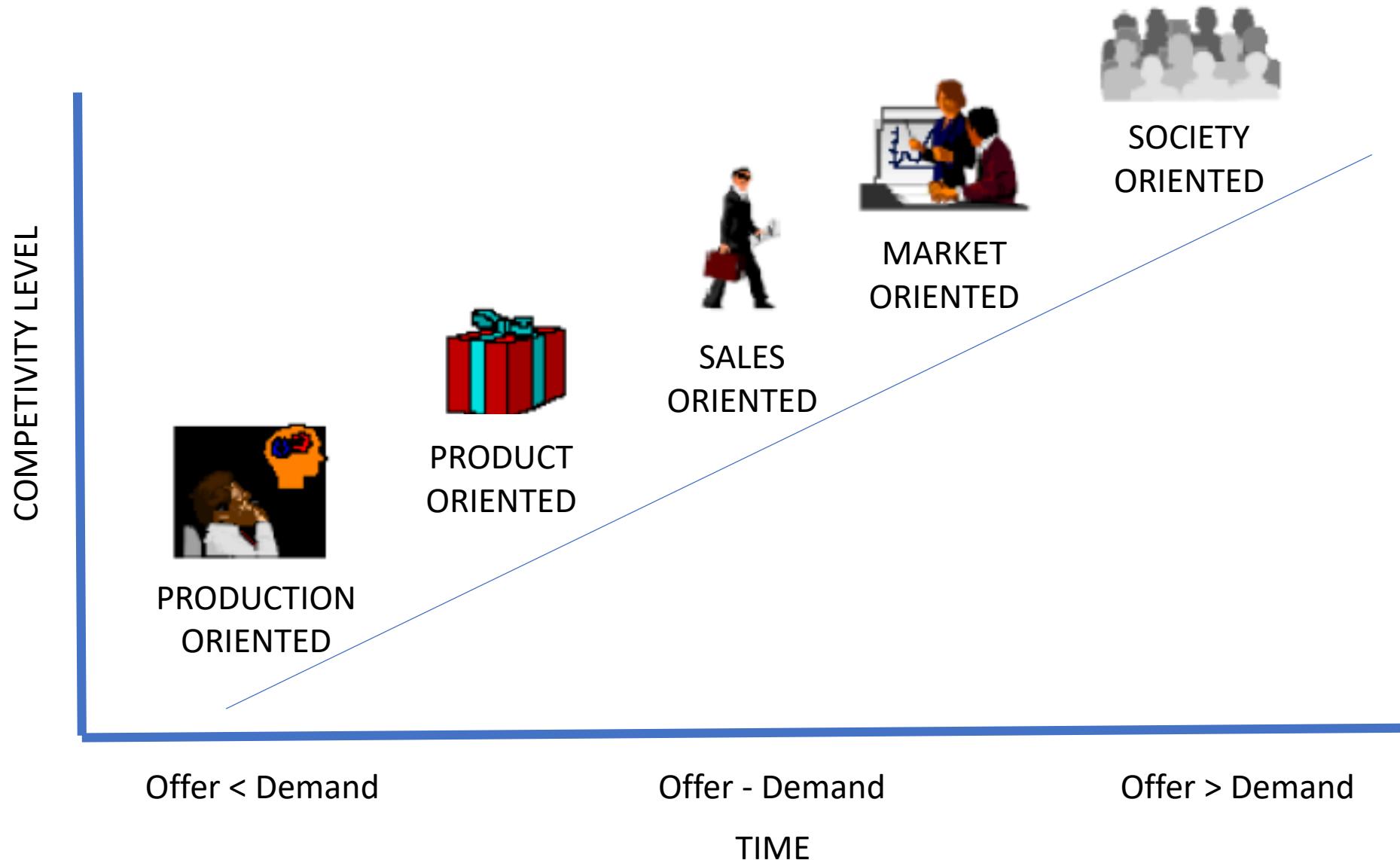
What is Marketing

- Marketing is the science and the art of exploring, creating and delivering value to satisfy consumer needs at a profit.
- Principles:
 - Consumer Orientation deep understanding of consumer needs.
 - Consistency with Company's Vision & Mission
 - Creating Competitive Advantages.
 - Market Definition: Target Market
 - Innovation & Creativity
 - Profit as final objective
- Marketing is both Philosophy and Technic.
 - Consumer satisfaction should be manifest in all the activities of the organization.
 - The whole organization should be consumer oriented.



Evolution of Marketing

Evolution of Business Orientations



Evolution of Business Orientations



PRODUCTION.

Companies encouraged the selling of affordable and widely distributed products, regardless of buyers actual desires.

*“Consumers can choose any color for their car, as soon as it is black” Henry **Ford** (1863-1947).*

*“I already know what consumers want,
I do not need to ask them....”*

*“We know what quality is: we have been in the business for
over 20 years....”*

PRODUCT.

Consumers will benefit best quality product.

Innovation is leaded by engineer & technical departments in these companies.

Evolution of Business Orientations.

SALES.

Heavy emphasis on the functions of selling and distribution:
“You need to put pressure on the consumer so that they buy”.



CONSUMER / MARKETING.

The key is to find out what consumers want and then produce it better than others.

Marketing Plan Elements

Marketing Plan Elements

Strategic Marketing Plan

Market Research		Tactical Marketing			
Market Segmentation and Targeting	Competitive Environment	Definition of Offering	Market Positioning & Strategy	Marketing & Selling Model	Product Launch
<ul style="list-style-type: none">• Market Segmentation• Identification of target Segments & Customers• Confirmation of Customer Needs (Voice of the Customer)	<ul style="list-style-type: none">• Identify and profile Primary competitors and Secondary competitors• Prioritize customer needs• Providers strategy.	<ul style="list-style-type: none">• Description of offering• Pricing strategy• Channel strategy.• Advertising & promotion strategy• Validation testing	<ul style="list-style-type: none">• Unique Selling Proposition• Market entry strategy• Major barriers• Alternative strategies• Objectives• Critical Success Factors.	<ul style="list-style-type: none">• Sales strategy• Sales force organization• Sales metrics and incentives• Brand strategy	<ul style="list-style-type: none">• Timeframe & milestones• Potential risks and bottlenecks• Key success factors• Marketing action plan

Discovering market opportunities

Discovering market opportunities

Strategic Marketing Plan



Discovering market opportunities

- Speak to prospects you've lost
 - Ask what deterred them from taking out your product or service and if a trend emerges see if it's a gap worth exploring.
- Talk to current customers
 - Send out some surveys, grab the phone or arrange a few focus groups to pick their brains. Think about asking questions like:
 - Is there anything you think our product or service is missing?
 - Could any of our current features be enhanced?
 - Are there any complementary services you'd like to see from us?
 - What do you think our competitors do better than us?
 - What caused you to buy our product or service?
 - Where did you hear about us?

Discovering market opportunities

- Competitor analysis
 - It's good practice to regularly keep abreast of your competitors. Which competitors are noticeably growing? And why might this be?
 - What do they offer that you don't?
 - What's their value proposition?
 - Who are they targeting? And how?
 - Which suppliers and partners are they working with?
 - While you're at it, list their strengths and weaknesses to see if any differentiation opportunities arise.
- Understand the market
 - Commission some market research to learn things like:
 - How big the market actually is,
 - Whether it's growing or shrinking,
 - How many people in the market buy,
 - What's stopping people from buying,
 - How tight the competition is,
 - If new competitors are around the corner, and
 - Whether alternative solutions are likely to enter the market.

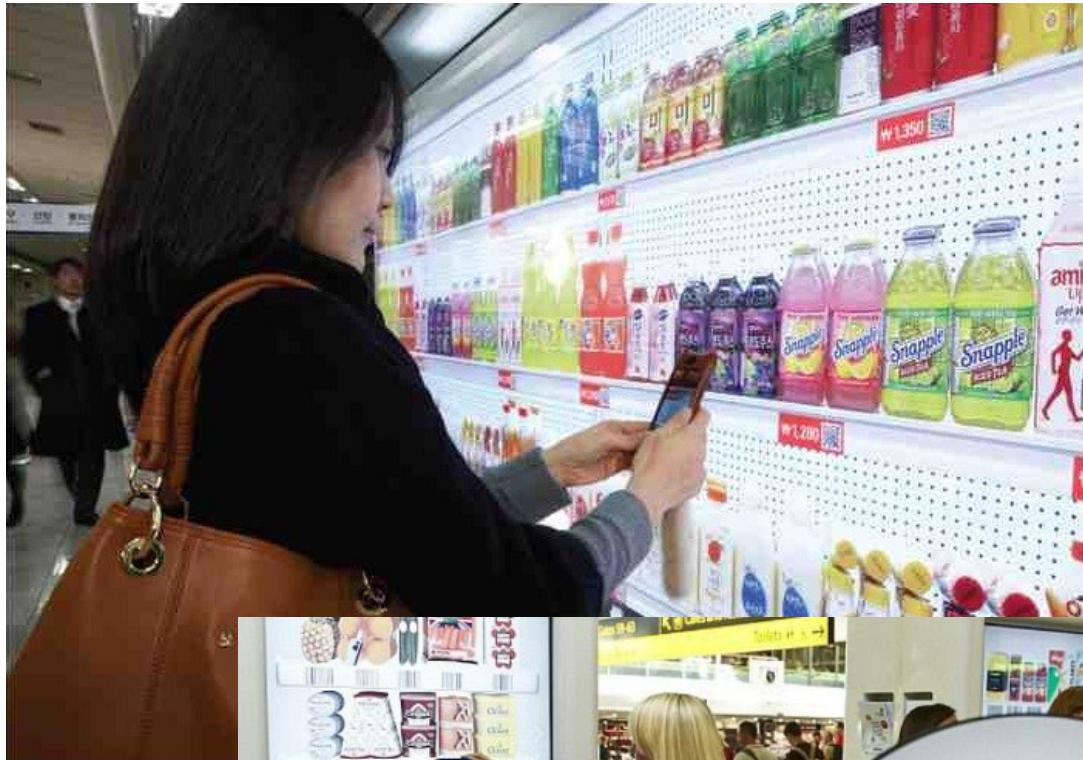
Discovering market opportunities

- Explore indirect opportunities
 - Sometimes, there's only so much you can grow within your current model so consider casting your net a little wider by expanding your offering
 - Before you add an adjacent product or service suite just remember to:
 - Measure the demand,
 - Calculate the profitability, and
 - Understand the framework.
- Look at environmental factors
 - They can be split into six categories:
 - Technological developments
 - Scientific advancements
 - Government regulations
 - Trade policies
 - Social and cultural norms
 - Economic shifts

Discovering market opportunities

- Analyse foreign markets
 - This one can go one of two ways (or both):
 - If you're currently domestic-only it might open up overseas opportunities.
 - Businesses operating in the same industry but a different country might have strategies and ideas you didn't consider but could employ.
 - Remember though, different cultures have different tastes, habits and norms, so just because something works in, say, France, it doesn't necessarily mean it will for you.
- Investigate other industries
 - If you want to pioneer the way things work in your industry you need to do something no-one else is doing, and to do that you need inspiration from outside your industry's box.
 - So, see how other companies are leading the way in their sector and decide what, if anything, you can replicate within your own to create something new or better.

Discovering market opportunities. Tesco Home Plus



© Rob Lawson

Discovering market opportunities. After party shoes vending machine



Discovering market opportunities. Trunk Club.

From its start in 2009, Trunk Club pioneered the at-home try-on model within the men's clothing industry.

- Each customer works with a styling specialist who curates clothing for their box (called a "trunk"), which is shipped to their home or office; the customer can then either keep the clothes or send items back to Trunk Club, with billing occurring at the end of the process for any kept items.
- Trunk Club also offers an in-person styling service at the company's six locations, or "clubhouses". The in-person offering includes ready-to-wear clothing for men and women, as well as made-to-order custom formalwear for men.

TRUNK CLUB
OUTFITTERS FOR MEN

HOW IT WORKS ABOUT US SIGN UP

Guys get great clothes without going shopping.

SAVE TIME AND AVOID SHOPPING

Trunk Club sends you hand picked items for you to try on.

GET PERSONALIZED CLOTHING EXPERTISE FOR FREE

Your Trunk Club stylist is available, anytime you need clothes.

TRUNK CLUB
MEN'S OUTFITTERS

HAND-SELECTED OUTFITS SHIPPED TO YOUR DOOR

The traditional shopping process, whether in stores or online, doesn't work for men. Trunk Club is different.

We start with an assortment of the best brands in men's fashion, and then personally hand select a 'trunk' of clothes for you based on your preferences.

GET STARTED

SKIP THE STORES IN 3 STEPS

STEP 1.

Tell us about yourself. Talk with a Trunk Club stylist via phone or email, or build your profile online.

STEP 2.

Receive your personalized trunk via FedEx along with a pre-paid return label.

STEP 3.

Try your clothes on at home/work. Keep what you like, send the rest back at no cost to you.

WHAT OUR CLIENTS SAY

Discovering market opportunities. Adidas Runbase Tokyo

Opened by Adidas Japan, this running station is located one minute from exit 4 of Nagatacho subway station. Adidas is most known for its well-crafted athletic footwear, and the staff at Runbase, are there to help you to have a comfortable run. Visitors can get custom shoe fittings and technical support, resulting in bespoke running shoes made with customer input. Amenities feature heavily in this space, with 248 lockers and eight shower each for men and women. In addition, Adidas' latest products and apparel are available.

Adidas Runbase Tokio



Discovering market opportunities. Adidas Runbase Tokyo



RUNBASE TOKYO adidas

THE NEW HOME
FOR RUNNERS &
URBAN ATHLETES
IN TOKYO

**TOKYO
RUNNING
MAPS**

ADIDAS RUNNERS
TOKYO

RUNNING COURSE 1 MEIJIJINGU GAIEN COURSE

1 New National Stadium

The new stadium will be used to replace the old National Stadium built in 1958. Located in the heart of Tokyo, the stadium will host main national and international sport events and competitions in the future. The stadium was designed by Kengo Kuma, famous contemporary Japanese architect.

2 Meiji Memorial Picture Gallery

Built almost 100 years ago, this memorial is located at the center of Gaien and contains more than 80 paintings depicting the life of the Emperor Meiji. Don't miss the illumination at night when running around.

3 Ichō Namiki

The 300-meter-long ginkgo-lined avenue at Meiji Jingu Gaien is an iconic spot in Tokyo for admiring autumn foliage. From mid-November to mid-December the foliage of ginkgo trees turns in a beautiful yellow: perfect scenery for your refreshing autumn run.

RUNNING COURSE 2 IMPERIAL PALACE COURSE

4 Imperial Palace

Residence of Japan's imperial family, the Imperial Palace is located on the old site of Edo castle from where the shogun used to exercise its power. The East gardens are open to the public throughout the year.

5 Tokyo Station

Looking on your right while running, you will notice a prominent red brick building built in 1914 and recently renovated: Tokyo main station where more than 3,000 trains commute every day. Finish of Tokyo Marathon is located in front of the station.

RUNNING COURSE 3 TOKYO TOWER ROPPONGI COURSE

7 National Diet Building

Building where the constitution of Meiji was adopted in 1889. Nowadays, the building hosts Japanese bicameral legislature system responsible for passing the laws and selected the Prime Minister.

8 Tokyo Tower

Iconic spot for the city, Tokyo tower is located in the center of Roppongi district standing 333 meters high. Apart from being the symbol of Japanese post-war rebirth, Tokyo tower is also used as a broadcast antenna. It is highly recommended to run around the bottom of the tower to enjoy the light ups at night.

9 Aoyama cemetery

Pleasant place to enjoy a run in a remarkably quiet area for its downtown location. Famous and historically important people are buried here. Don't miss the opportunity to run the cemetery during cherry blossom season.

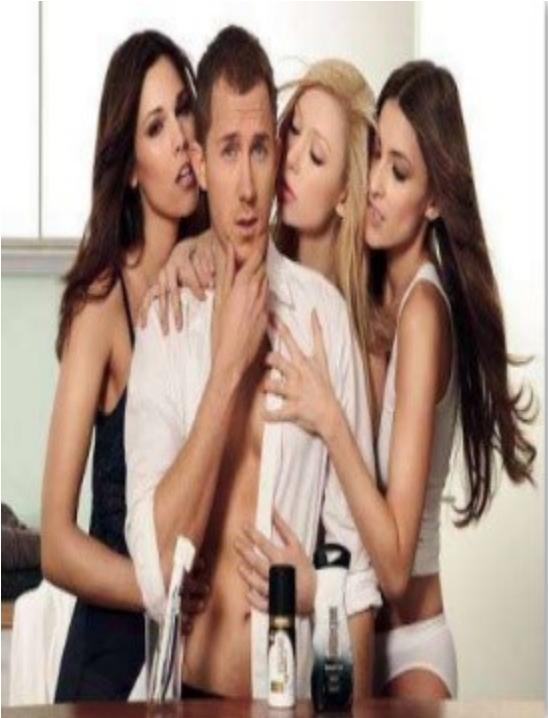
Discovering market opportunities. Nespresso.

The returns on Nespresso's **customer relationship innovation**:

- 1** Provide **better customer experience**: improve tastes, machines & services based on feedback.
- 2** **Better customer service**: due to the direct personal interaction ('Le Club').
- 3** **Increase customer loyalty**: through more targeted promotions and unexpected rewards.
- 4** **Increase consumption**: through timely replenishment reminders (crucial for installed based profit model).
- 5** **Customer retention**: targeted discounts for people who haven't ordered in a while.
- 6** **Improve customer advocacy**: through personalised services and perks for referrals.
- 7** **Improve your R&D process**: by prototyping new flavours on limited member base.
- 8** **Richer data**: verbal feedback, when correctly evaluated, is more valuable to understand customers' desires.



Discovering market opportunities. Axe



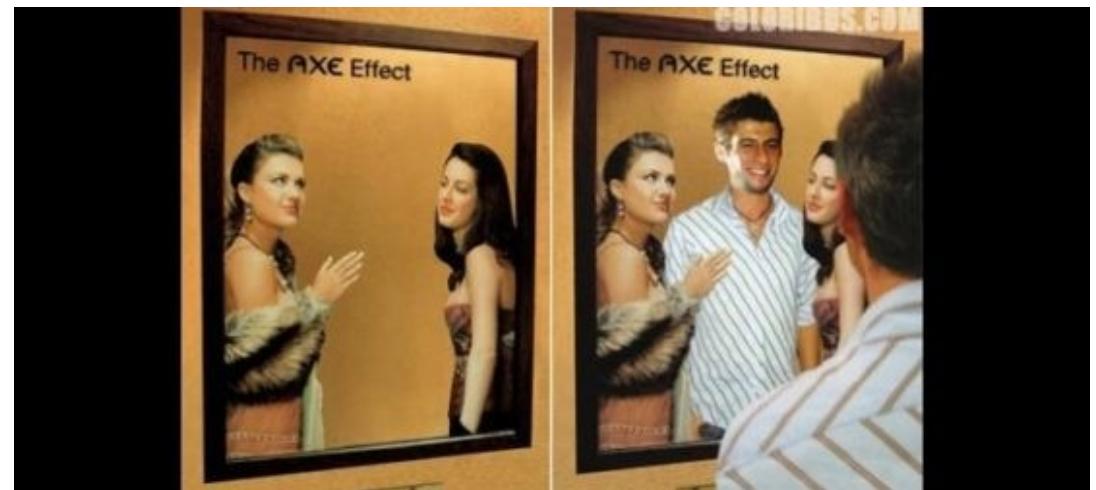
Marketing strategy

AXE targets 15-25 year old males who are interested in improving their appeal to the opposite sex.

It has projected it's strategy through humorous ads and effective media use.

<https://youtu.be/gEpfTicDVUE>

https://youtu.be/EqGQCM_JIUc



Competitive Environment

Competitive environment

Strategic Marketing Plan



5 Forces Model.

The 5 Forces Model of Michael Porter is a outside-in business unit strategy tool that is used to make an analysis of the attractiveness (value) of a project or industry. Is made by the identification of 5 fundamental competitive forces:

- Threat of new Entry. How easy or difficult is it for new entrants to start to compete, which barriers do exist.
- Treat of Substitution. How easy can our product or service be substituted, specially cheaper.
- Bargaining power of buyers. How strong is the position of buyers, can they work together to order large volumes.
- Bargaining power of suppliers. How strong is the position of sellers, are there many or only few potential suppliers, is there a monopoly.
- Rivalry among existing players. Is there a strong competition between the existing players

Threat of New Entry

- Time and cost of entry
- Specialist knowledge
- Economies of scale
- Cost advantages
- Technology protection
- Barriers to entry

Threat of New Entry

Competitive Rivalry

- Number of competitors
- Quality differences
- Other differences
- Switching costs
- Customer loyalty

Supplier Power

- Number of suppliers
- Size of suppliers
- Uniqueness of service
- Your ability to substitute
- Cost of changing

Competitive Rivalry

Buyer Power

Threat of Substitution

- Substitute performance
- Cost of change

Buyer Power

- Number of customers
- Size of each order
- Differences between competitors
- Price sensitivity
- Ability to substitute
- Cost of changing

5 Forces Model. Threat of new entrants.



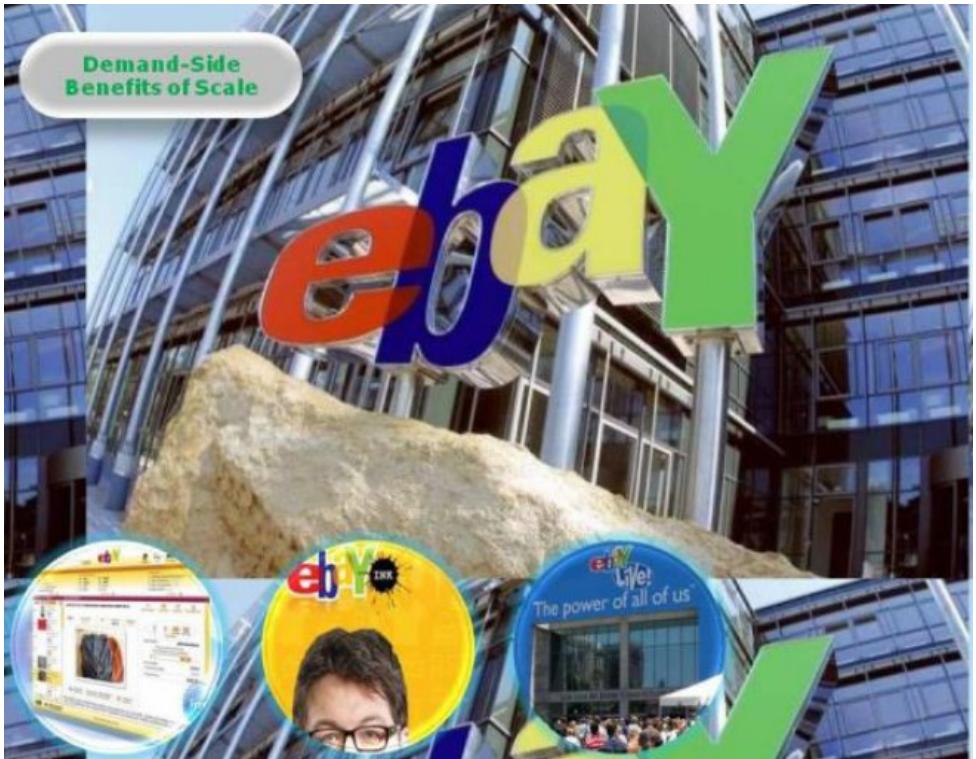
Supply-Side
Economies of Scale

Supply side economies of Scale

Threat of new entrants to furniture and home appliances manufacturing industry in general is significant. There are no or minimum legal or regulatory barriers to enter the industry and knowledge barriers are not substantial as well. However, the threat of new entrants at the global scale to rival IKEA can be assessed as not significant due to a number of entry barriers.

- Firstly, the new market entrants would not be able to benefit from the economies of scale to the same extent as IKEA, at least during the initial stages of operations.
- Secondly, it will be difficult for new entrants into the global furniture and home appliances industry to gain access to distribution channels similar to IKEA. This is because it took the Swedish furniture chain several decades to establish 422 stores in 50 markets around the world.
- Last, but not least, the time of entry can be specified as another entry barrier for new businesses taking into account the fact that the global market of furniture and home appliances is already highly saturated one.

5 Forces Model. Threat of new entrants.



Sell side economies of Scale

New entrants can reduce the company's market share and revenues. In this Five Forces analysis, the following external factors are relevant to the moderate intensity of the threat of new entry against eBay:

- Low cost of entry represents the low capitalization needed to establish online operations, such as a retail/auction website
- Low switching costs. Many customers experience minimal consequences in shifting from eBay to new entrants' online marketplaces.
- Moderate cost of brand development. New entrants need large funds to popularize their brands in the industry. In contrast, eBay Inc. already has a popular brand among consumers and merchants
- High economies of scale. The global scale of the company's trading platform, classifieds, and other e-commerce operations creates effectiveness and efficiencies that many new entrants find difficult to match.
- High economies of scope (weak force) the scope of eBay's operations (marketplace, classifieds, and ticket exchange) increases business performance through expertise development and human resource sharing within the organization.

5 Forces Model. Threat of new entrants.



What should be noticed is that Nespresso is selling coffee, which is a global commodity traded by the kilo. However, Nespresso is still charging about 3 times that of a regular cup of premium coffee, which means it is not competing on product, but rather on an experience. The Nespresso experience is the way it is served and the image it creates in the mind of the consumer.

Nespresso is a great case study for other companies. Creating an ecosystem around your product offerings can be a tremendous opportunity. However, an ecosystem must be guarded and requires extensive nurturing to flourish. Establishing brand loyalty is no easy job. However, by ensuring high switching costs you make it easier for your customer to remain loyal.

Customer switching cost

5 Forces Model. Threat of new entrants.



High entry barriers = High cost of capital

The shipbuilding industry had relatively low entry barriers in a simpler ship market and high entry barriers in a sophisticated ship market. The entry barriers in the sophisticated ship market are so high that European shipbuilders still maintain a strong presence in cruise ships and offshore units. The main reason can be summarized as a strong supply chain and basic design capability. For new entrant shipbuilders, the threats of entry are driven not only by the new entrants in the world shipbuilding market but also by Chinese shipbuilders who try to enter into high value added ship market.

5 Forces Model. Threat of new entrants.



Incumbents advantage

The charts below show the enormous financial advantage enjoyed by incumbents. That's one of the reasons re-election rates are so high — incumbents generally don't have to work as hard to get their name and message out.
As average the average Budget raised by incumbent is 28.6 M\$ and for challenger is just 5,2 M\$

Type of Candidate	Total Raised	Number of Candidates	Average Raised
Incumbent	\$888,134,538	31	\$28,649,501
Challenger	\$1,084,405,413	206	\$5,264,104
Open	\$87,403,226	48	\$1,820,901
Grand Total	\$2,059,943,177	285	\$7,227,871

5 Forces Model. Threat of new entrants.

Distribution Channels



Distribution Channels

- McDonald's caters to a large customers market with varying tastes and thus can't afford to introduce products without familiarizing itself with provincial preferences in food. For this reason, McDonald's distributes its products in foreign locations with franchises who are well aware in of that works in their country. This is an extremely intelligent distribution method because on the one hand, it doesn't create rifts between governments and McDonald's official, and on the other hand, it helps in providing people with the kind of products they desire.
- Coca Cola is a local business, typically products aren't shipped more than a few hundred miles. The Coca-Cola Company sells its products to bottling and canning operations, distributers, fountain wholesalers and some fountain retailers. They then distribute them to retail outlets, corner stores, restaurants, petrol stations and many more.

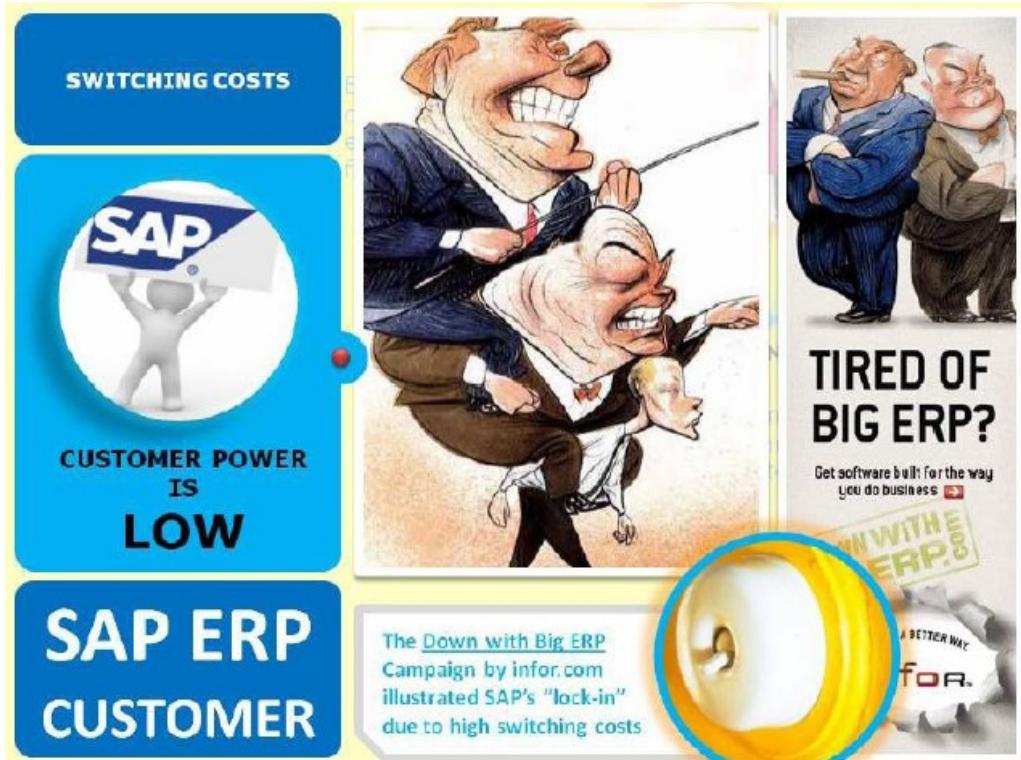
5 Forces Model. Buyer Power.



Differentiating products

The bargaining power of buyers is also described as the market of outputs. This force analyses to what extent the customers are able to put the company under pressure, which also affects the customer's sensitivity to price changes. The customers have a lot of power when there aren't many of them and when the customers have many alternatives to buy from. Moreover, it should be easy for them to switch from one company to another. Buying power is low however when customers purchase products in small amounts, act independently and when the seller's product is very different from any of its competitors. The internet has allowed customers to become more informed and therefore more empowered. Customers can easily compare prices online, get information about a wide variety of products and get access to offers from other companies instantly. **Companies can take measures to reduce buyer power by for example implementing loyalty programs or by differentiating their products and services.**

5 Forces Model. Buyer Power.



Switching costs

Seller's (supplier's) switching costs: Switching costs can affect both sides, suppliers and customers (=buyers).

- Manufacturers can face switching costs for upgrades of their productive assets to produce higher quality or higher performance outputs (e.g. steel, fuels, other commodities, electronic components, etc). Say they decide to not undertake one such upgrade as they don't anticipate sufficient return. If the market moves on they may find having to discount their lower performant or quality products more than they had anticipated
- Suppliers will generally pass their switch costs onto the buyer in the long run but economies of scale play a big role in this discussion as low scale will require higher unit cost increases (or longer amortisation times and profit compression)
- Interesting questions arise when regulations stipulate higher safety or environmental standards (often giving a multi-year switch window). Who will pay for this? The customer or the seller? Who in the short and who in the long run? Some sellers may switch immediately so they can use it for advertising reasons or offer it as optional (payable) component in the early days

5 Forces Model. Buyer Power.

To counter Customer Power



expand your services so it's harder for customers to leave you for a rival.

Bargain leverage

Bargaining leverage, particularly in industries with high fixed costs

Industries with high fixed costs (e.g. hotels, airlines) need to maximise revenue to contribute to their high fixed costs. This erodes their bargaining power esp if the industry has over-capacities and little differentiation

5 Forces Model. Buyer Power.

- Other factors that influence buyer bargaining power:
 - **Buyer information availability:**
 - The buyer may not have enough info to make good cost-benefit tradeoffs. Products can be opaque or complex (insurance anyone?)
 - This can lead to the company with the biggest marketing spend exert power over the customer
 - Comparison and review pages, on the other hand, can erode this power
 - **Power of distribution channels:**
 - Large retailers, such as Amazon, Walmart) have enormous power over their suppliers
 - Apple opened their own stores (online and brick-and-mortar) to reduce their retailer's power. They now dictate the terms (prices and maximum discounts) that normal retailers have to sign up to if they want to sell Apple products
 - Apple also is a distribution channel for music (iTunes) and apps (AppStore) and commands considerable margins over the suppliers (artists, labels)
 - **Network effects** can be powerful: switching away from Facebook costs you your network of friends and your photo/video gallery, etc (but multihoming comes with low barriers, e.g. using Snapchat and Facebook at the same time). Platform business models build competitive (and bargaining) power through indirect network effects

5 Forces Model. Threat of substitutes



It is not the same product from a different company. Buying petrol from a different brand petrol station is not a substitute. Driving an electric vehicle is a substitute for using oil (it's a substitute on the dimension of energy but not one on the dimension of transport). Using a train to commute to work is a substitute for using a car (on the transport dimension/industry).

- Substitutes satisfy the same basic/economic need (or utility) using a different technology (in a narrower viewpoint coming from the same industry).
- There are many things that compete for your recreational time which may be suitable to substitute each other. In this case, the substitutes may be coming from an entirely different industry.

5 Forces Model. Threat of substitutes



On which day does a tie substitute for a drill?

5 Forces Model. Threat of substitutes



5 Forces Model. Threat of substitutes



When a new product or service meets a similar customer needs in different ways, industry profitability suffers. For example services like Dropbox and Google Drive are substitute to storage hardware drives. The threat of a substitute product or service is high if it offers a value proposition that is uniquely different from present offerings of the industry.

Specially in food and beverage industry we can reduce threat of substitution:

- By being service oriented rather than just product oriented.
- By understanding the core need of the customer rather than what the customer is buying.
- By increasing the switching cost for the customers.

5 Forces Model. Rivalry among existing competitors

Intensity of rivalry among established firms



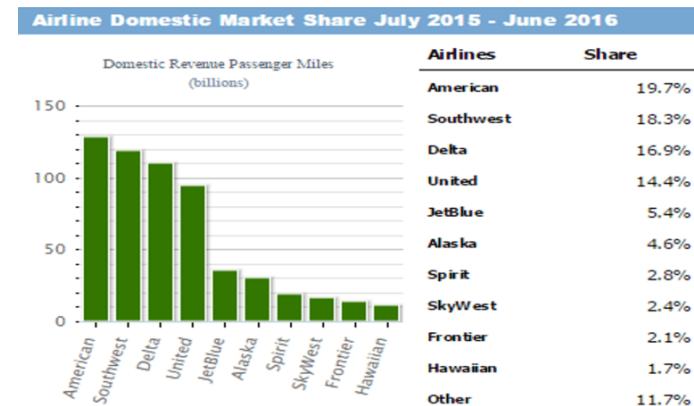
Examines how intense the current competition is in the marketplace, which is determined by the number of existing competitors and what each competitor is capable of doing. Rivalry is high when there are a lot of competitors that are roughly equal in size and power, when the industry is growing slowly and when consumers can easily switch to a competitor's offering for little cost.

A good indicator of competitive rivalry is the concentration ratio of an industry. The lower this ratio, the more intense rivalry will probably be. When rivalry is high, competitors are likely to actively engage in advertising and price wars, which can hurt a business's bottom line. In addition, rivalry will be more intense when barriers to exit are high, forcing companies to remain in the industry even though profit margins are declining. These barriers to exit can for example be long-term loan agreements and high fixed costs.

5 Forces Model. Rivalry among existing competitors



When looking at the airline industry in the United States, we see that the industry is extremely competitive because of a number of reasons which include the entry of low cost carriers, the tight regulation of the industry wherein safety become paramount leading to high fixed costs and high barriers to exit, and the fact that the industry is very stagnant in terms of growth at the moment. The switching costs for customers are also very low and many players in the industry are similar in size leading to extra fierce competition between those firms. Taken altogether, it can be said that rivalry among existing competitors in the airline industry is high.



5 Forces Model. Power of suppliers.



This force analyses how much power and control a company's supplier (also known as the market of inputs) has over the potential to raise its prices or to reduce the quality of purchased goods or services, which in turn would lower an industry's profitability potential. The concentration of suppliers and the availability of substitute suppliers are important factors in determining supplier power. The fewer there are, the more power they have. Businesses are in a better position when there are a multitude of suppliers. Sources of supplier power also include the switching costs of companies in the industry, the presence of available substitutes, the strength of their distribution channels and the uniqueness or level of differentiation in the product or service the supplier is delivering.

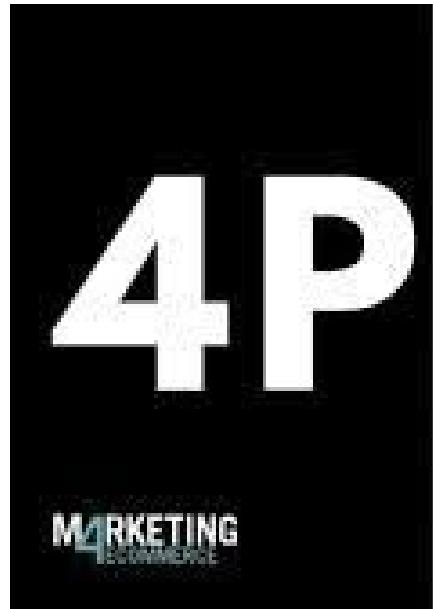
Definition of Offering

Definition of Offering: Marketing Mix, the 4 P's

Strategic Marketing Plan



Definition of Offering: Marketing Mix, the 4 P's

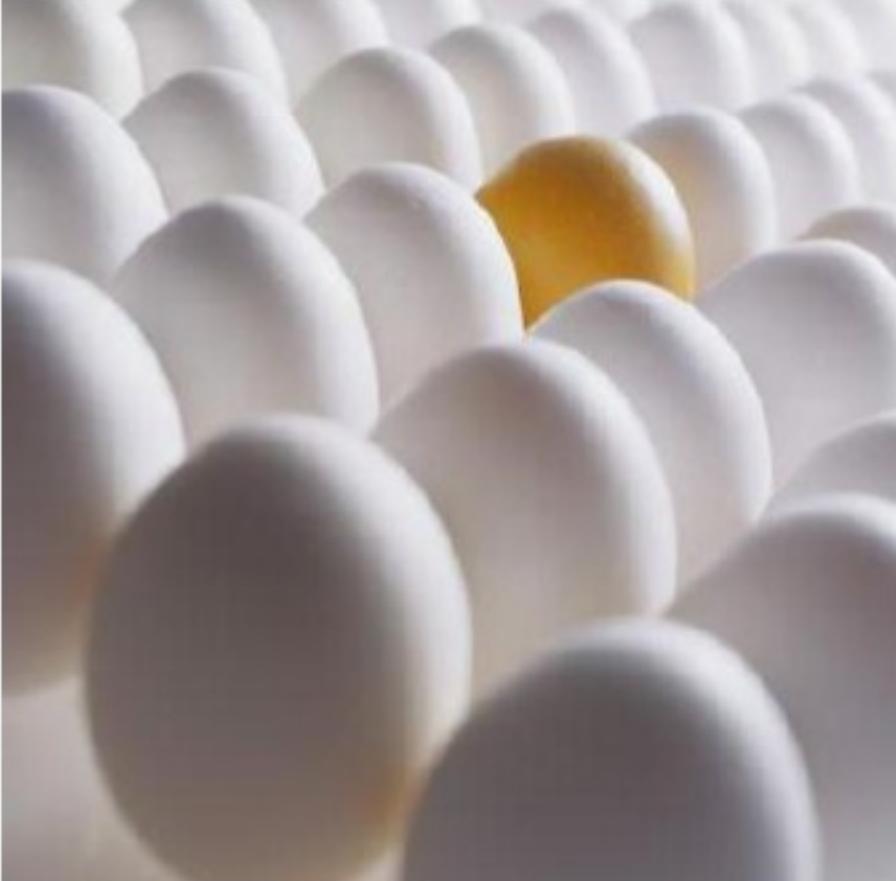


The **marketing mix definition** is simple. It is about putting the right product or a combination thereof in the place, at the right time, and at the right price.

As we noted before, the marketing mix is predominately associated with the 4P's of marketing, the 7P's of service marketing, and the 4 Cs theories developed in the 1990s.

Here are the principles used in the application of the right marketing mix starting with the 4P's. A marketing expert named E. Jerome McCarthy created the Marketing 4Ps in the 1960s.

Product



A product is an item that is built or produced to satisfy the needs of a certain group of people.

The product can be intangible or tangible as it can be in the form of services or goods.

You must ensure to have the right type of product that is in demand for your market.

So during the product development phase, the marketer must do an extensive research on the life cycle of the product that they are creating.

It is important for marketers to reinvent their products to stimulate more demand once it reaches the sales decline phase.

Marketers must also create the right product mix. It may be wise to expand your current product mix by diversifying and increasing the depth of your product line.

All in all, marketers must ask themselves the question “what can I do to offer a better product to this group of people than my competitors”.

Price

The price of the product is basically the amount that a customer pays for to enjoy it. Price is a very important component of the **marketing mix definition**.

It is also a very important component of a marketing plan as it determines your firm's profit and survival.

Adjusting the price of the product has a big impact on the entire marketing strategy as well as greatly affecting the sales and demand of the product.

When setting the product price, marketers should consider the perceived value that the product offers. There are three major pricing strategies, and these are:

- Market penetration pricing
- Market skimming pricing
- Neutral pricing



Placement

Placement or distribution is a very important part of the product mix definition. You have to position and distribute the product in a place that is accessible to potential buyers. This comes with a deep understanding of your target market. Understand them inside out and you will discover the most efficient positioning and distribution channels that directly speak with your market.

There are many distribution strategies, including:

- Intensive distribution
- Exclusive distribution
- Selective distribution
- Franchising



Promotion



Promotion is a very important component of marketing as it can boost brand recognition and sales. Promotion is comprised of various elements like:

- Sales Organization
- Public Relations
- Advertising
- Sales Promotion

Advertising typically covers communication methods that are paid for like television advertisements, radio commercials, print media, and internet advertisements. In contemporary times, there seems to be a shift in focus offline to the online world.

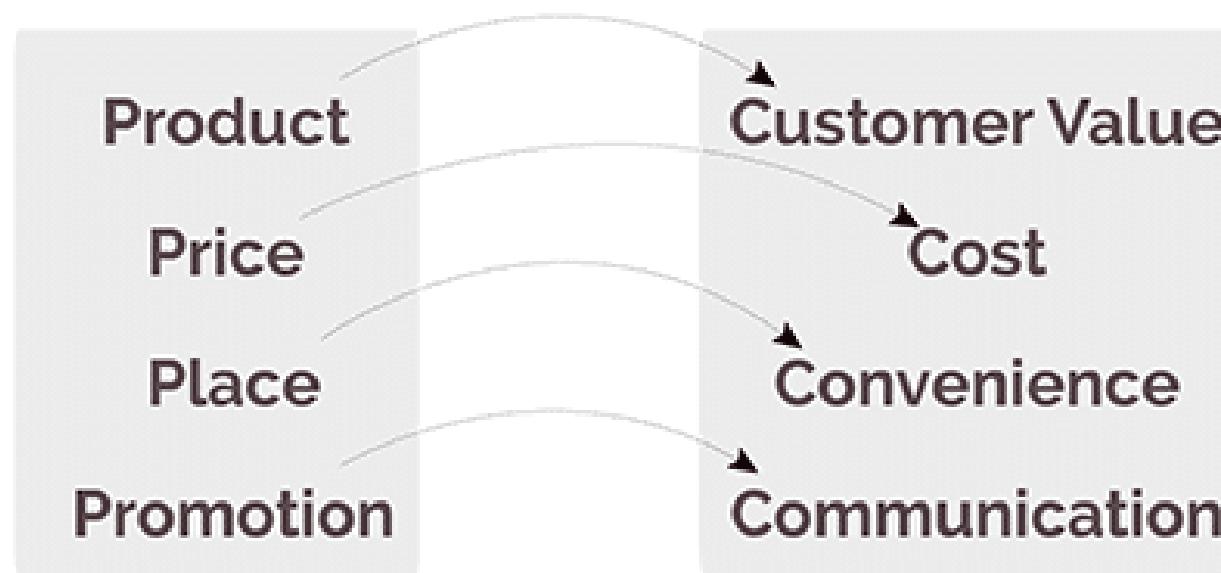
Public relations, on the other hand, are communications that are typically not paid for. This includes press releases, exhibitions, sponsorship deals, seminars, conferences, and events.

Definition of Offering: Marketing Mix, the 4 P's



Definition of Offering: 4 C's Model

4Ps to 4Cs



Definition of Offering: 4 C's Model

- The 4Cs marketing model was developed by Robert F. Lauterborn in 1990. It is a modification of the 4Ps model. It is not a basic part of the marketing mix definition, but rather an extension.
- Here are the components of this marketing model:
 - Communication – According to Lauterborn, “promotion” is manipulative while communication is “cooperative”. Marketers should aim to create an open dialogue with potential clients based on their needs and wants.
 - Consumer Wants and Needs – A company should only sell a product that addresses consumer demand. So, marketers and business researchers should carefully study the consumer wants and needs.
 - Convenience – The product should be readily available to the consumers. Marketers should strategically place the products in several visible distribution points.
 - Cost – According to Lauterborn, price is not the only cost incurred when purchasing a product. Cost of conscience or opportunity cost is also part of the cost of product ownership.

Definition of Offering: 7 P's Model



The 7Ps model is a marketing model that modifies the 4Ps model. Is generally used in the service industries.

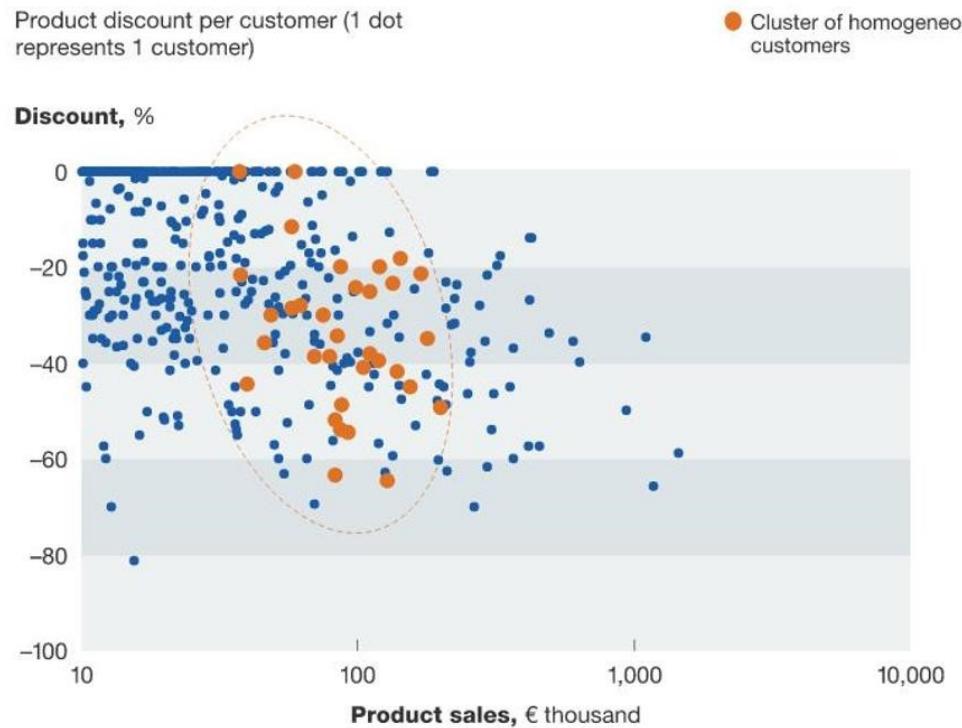
- **People**. Both target market and people directly related to the business.
Is important to discover whether there are enough people in your target market but the company's employees are important in marketing because they are the ones who deliver the service.
- **Processes**. The systems and processes of the organization affect the execution of the service.
It could be your entire sales funnel, a pay system, distribution system and other systematic procedures and steps to ensure a working business that is running effectively.
- **Physical Evidence**. In the service industries, there should be physical evidence that the service was delivered.
Physical evidence pertains also to how a business and its products are perceived in the marketplace. It is the physical evidence of a business' presence and establishment.
A concept of this is for example when you think of "fast food", you think of McDonalds.

Examples of application of
Business Analytics to Marketing.

Differentiating pricing strategies at the customer-product level and optimizing pricing.

- Time-consuming, manual practices for setting prices make it virtually impossible to see the pricing patterns that can unlock value. It's simply too overwhelming for large companies to get granular and manage the complexity of these pricing variables, which change constantly, for thousands of products.

Patterns in the analysis highlight opportunities for differentiated pricing at a customer-product level, based on willingness to pay.



- 75% of a typical company's revenue comes from its standard products
- 30% of the thousands of pricing decisions companies make every year fail to deliver the best price.
- With a 1% price increase translating into an 8.7% increase in operating profits, assuming there is no loss of volume, pricing has significant upside potential for improving profitability.

McKinsey

Differentiating pricing strategies at the customer-product level and optimizing pricing.

- Four steps to turn data into profits
 - **Listen to the data.** Setting the best prices is not a data challenge (companies generally already sit on a treasure trove of data); it's an analysis challenge. The best B2C companies know how to interpret and act on the wealth of data they have, but B2B companies tend to manage data rather than use it to drive decisions. Good analytics can help companies identify how factors that are often overlooked—such as the broader economic situation, product preferences, and sales-representative negotiations—reveal what drives prices for each customer segment and product.
 - **Automate.** It's too expensive and time-consuming to analyze thousands of products manually. Automated systems can identify narrow segments, determine what drives value for each one, and match that with historical transactional data. This allows companies to set prices for clusters of products and segments based on data. Automation also makes it much easier to replicate and tweak analyses so it's not necessary to start from scratch every time.

Differentiating pricing strategies at the customer-product level and optimizing pricing.

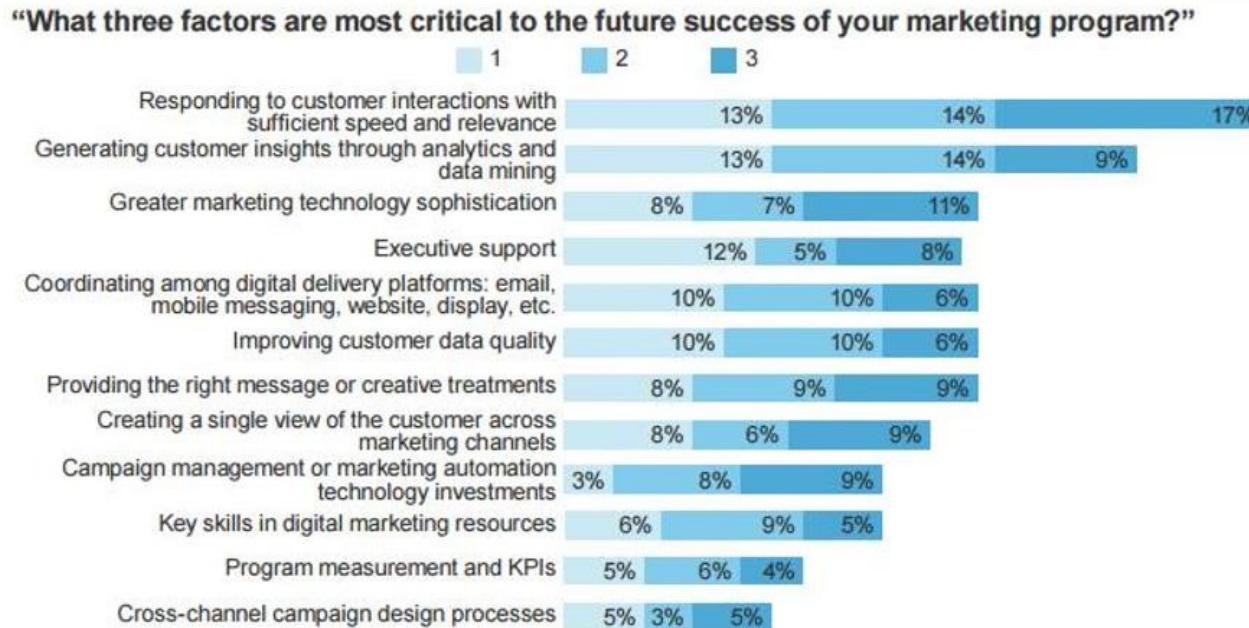
- **Build skills and confidence.** Implementing new prices is as much a communications challenge as an operational one. Successful companies overinvest in thoughtful change programs to help their sales forces understand and embrace new pricing approaches. Companies need to work closely with sales reps to explain the reasons for the price recommendations and how the system works so that they trust the prices enough to sell them to their customers. Equally important is developing a clear set of communications to provide a rationale for the prices in order to highlight value, and then tailoring those arguments to the customer. Intensive negotiation training is also critical for giving sales reps the confidence and tools to make convincing arguments when speaking with clients. The best leaders accompany sales reps to the most difficult clients and focus on getting quick wins so that sales reps develop the confidence to adopt the new pricing approach.
- **Actively manage performance.** To improve performance management, companies need to support the sales force with useful targets. The greatest impact comes from ensuring that the front line has a transparent view of profitability by customer and that the sales and marketing organization has the right analytical skills to recognize and take advantage of the opportunity. The sales force also needs to be empowered to adjust prices itself rather than relying on a centralized team.

Big data is revolutionizing how companies attain greater customer responsiveness and gain greater customer insights

- A Forrester study found that 44% of B2C marketers are using big data and analytics to improve responsiveness to 36% are actively using analytics and data mining to gain greater insights to plan more relationship-driven strategies.

FIGURE 3

Quick, Relevant Responses To Customers And Analytics Are Most Critical To Marketers' Future Success

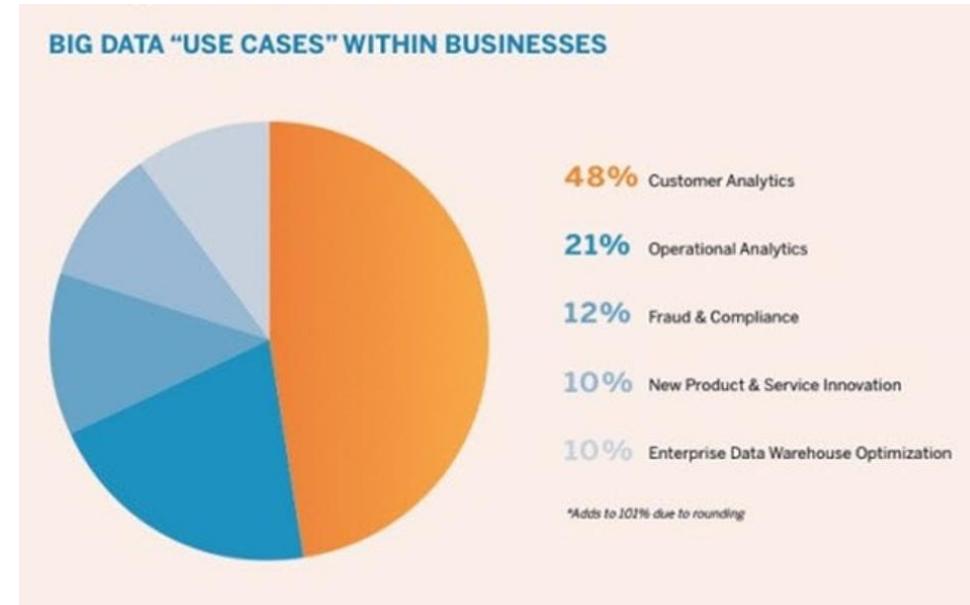


Base: 155 US-based enterprise marketing and sales decision-makers

Source: A commissioned study conducted by Forrester Consulting on behalf of StrongView, November 2013

Customer analytics dominate big data use in sales and marketing departments

- Customer Analytics (48%), Operational Analytics (21%), Fraud and Compliance (12%) New Product & Service Innovation (10%) and Enterprise Data Warehouse Optimization (10%) are among the most popular big data use cases in sales and marketing supporting the four key strategies of
 - increasing customer acquisition
 - reducing customer churn
 - increasing revenue per customer
 - improving existing products.

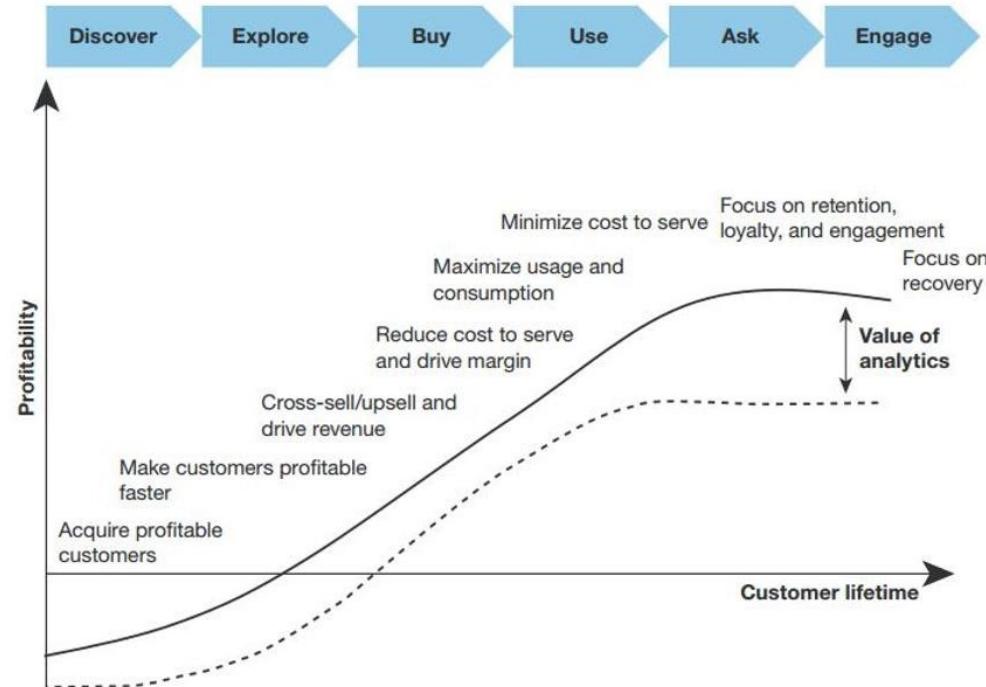


Source: [Big Data: A Competitive Weapon For The Enterprise](#) DataMeer

Big data analytics increases marketers' ability to get beyond campaign execution

- Forrester found that big data analytics increases marketers' ability to get beyond campaign execution and focus on how to make customer relationships more successful. By using big data analytics to define and guide customer development, marketers increase the potential of creating greater customer loyalty and improving customer lifetime.

FIGURE 3 Drive Customer Value Across The Life Cycle



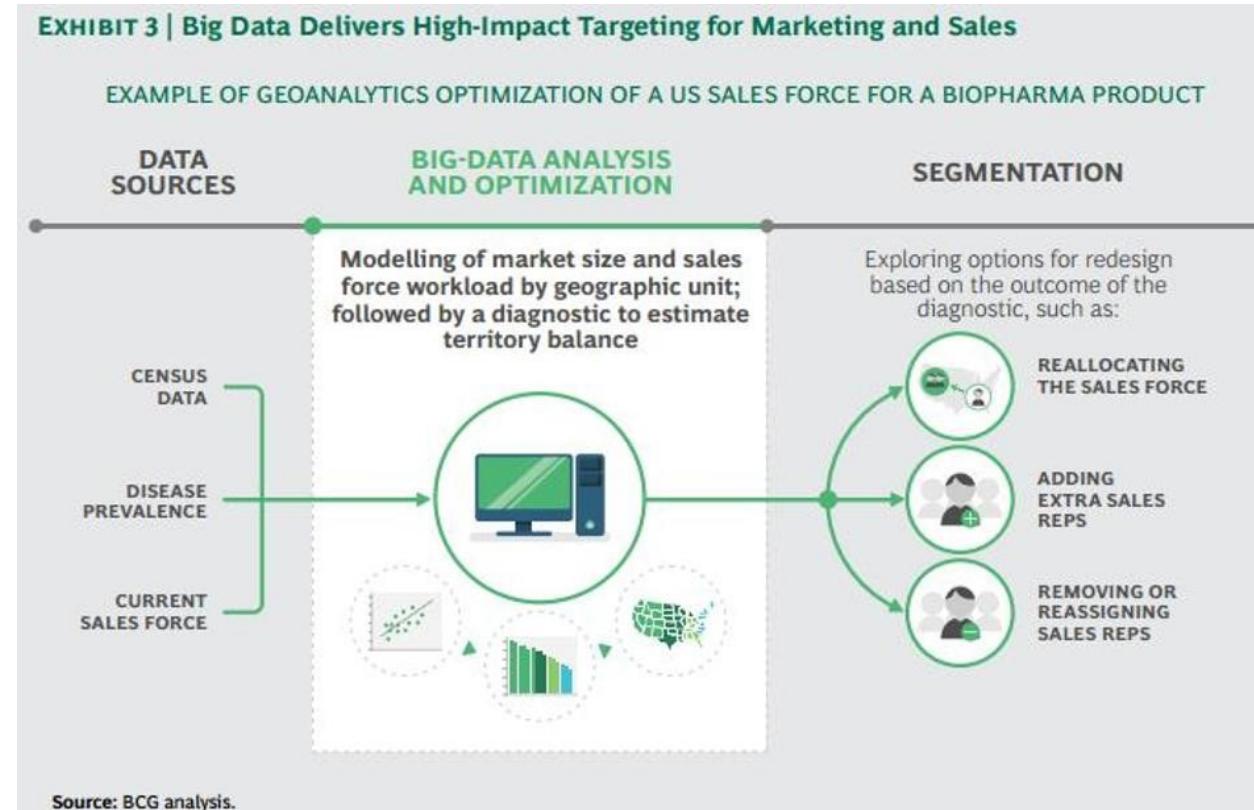
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Source: SAS-sponsored Forrester study [How Analytics Drives Customer Life-Cycle Management Vision: The Customer Analytics Playbook \(PDF\)](#).

Optimizing selling strategies and go-to-market plans using geoanalytics are starting to happen

- Optimizing selling strategies and go-to-market plans using geoanalytics are starting to happen in the biopharma industry. McKinsey found that biopharma companies typically spend 20% to 30% of their revenues on selling, general, and administrative. If these companies could more accurately align their selling and go-to-market strategies with regions and territories that had the greatest sales potential, go-to-market costs would be immediately reduced.

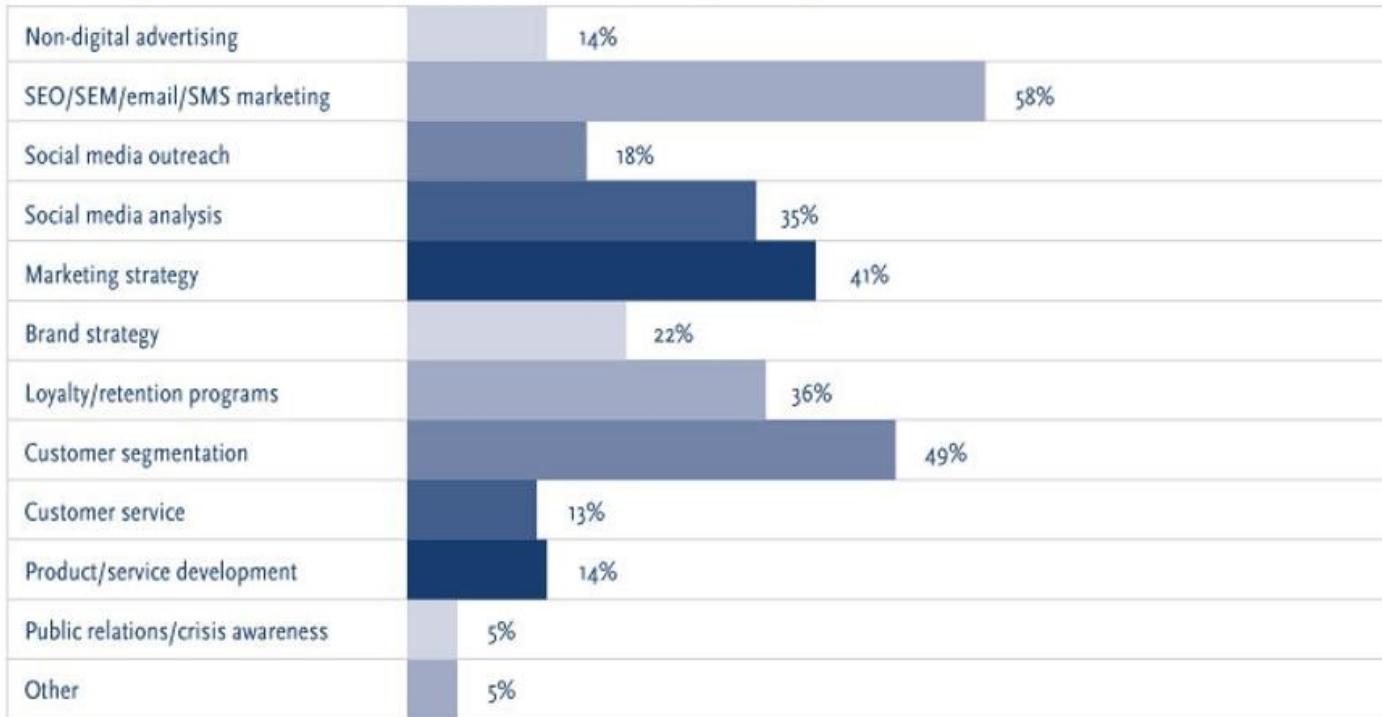


Source: [Making Big Data Work: Biopharma, McKinsey & Company.](#)

SEO, email marketing, and mobile is where big data is having the largest impact

- 58% of Chief Marketing Officers (CMOs) say search engine optimization (SEO) and marketing, email marketing, and mobile is where big data is having the largest impact on their marketing programs today. 54% believe that Big Data and analytics will be essential to their marketing strategy over the long-term.

In which of the following areas are big data analytics currently having the largest impact on the way marketing is executed or how decisions are made in your organization?

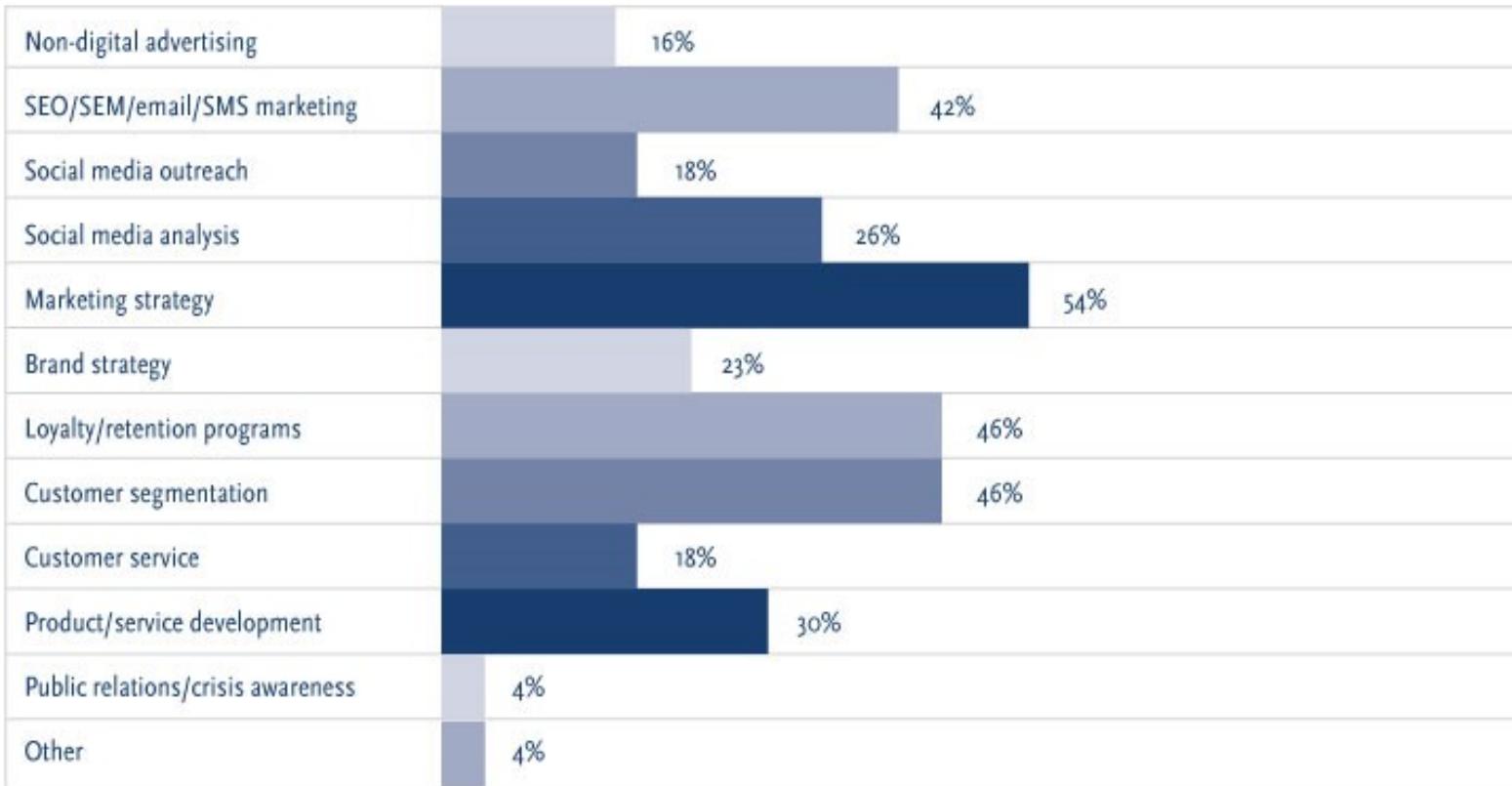


Respondents were allowed to choose multiple responses.

Source: [Big Data and the CMO: What's Changing for Marketing Leadership?](#)

SEO, email marketing, and mobile is where big data is having the largest impact

Where do you expect data and analytics to have the most impact over time in your organization?

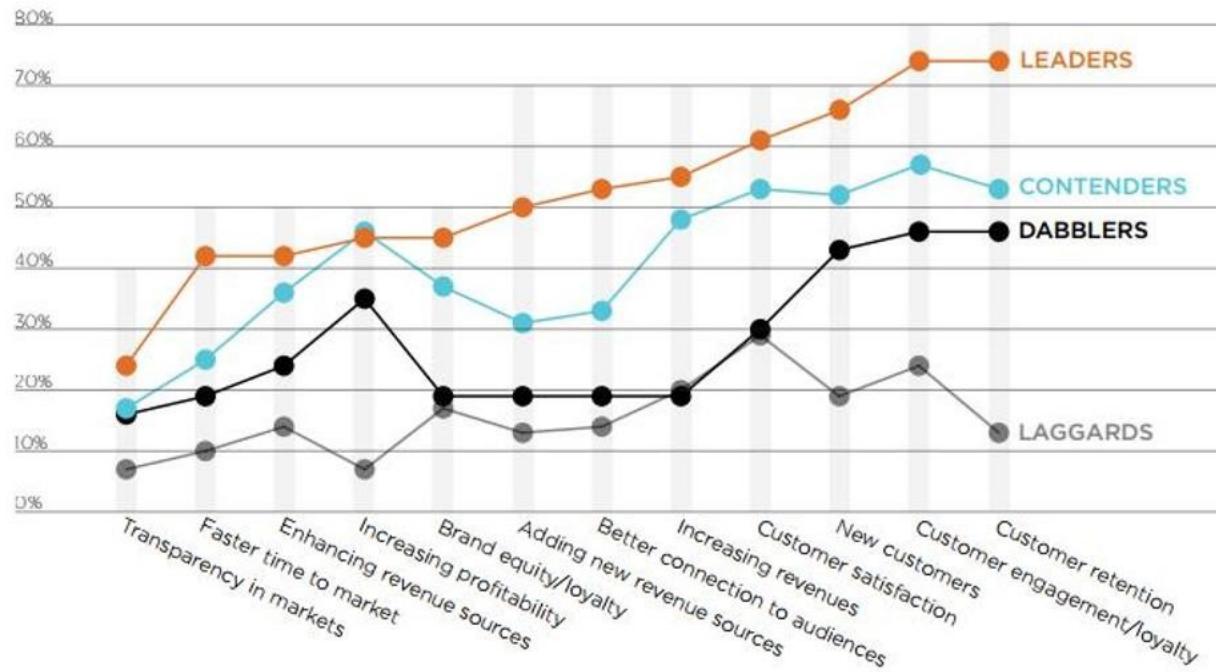


Respondents were allowed to choose multiple responses.

Market leaders are gaining greater customer engagement and customer loyalty through the use of advanced analytics and Big Data

- Market leaders in ten industries Forbes Insights tracked in a recent survey are gaining greater customer engagement and customer loyalty through the use of advanced analytics and Big Data. The study found that across ten industries, department-specific analytics and Big Data expertise were sufficient to get strategies off the ground and successful; enterprise-wide expertise and massive culture change was accomplished after pilot programs delivered positive results.

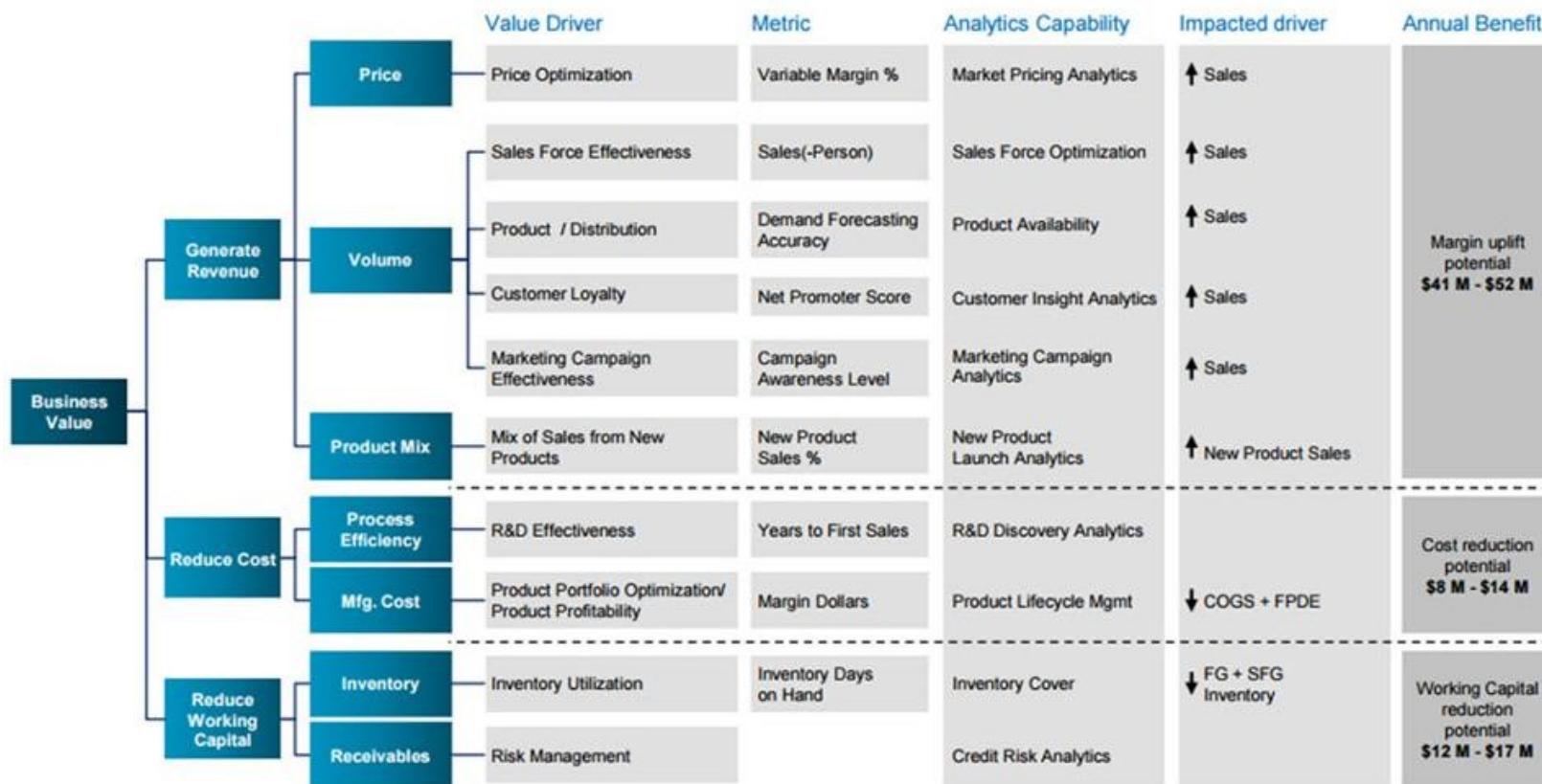
FIGURE 4. WHERE COMPETITIVE ADVANTAGE HAS BEEN ACHIEVED AS A RESULT OF DATA-DRIVEN MARKETING – BY STAGE OF DEVELOPMENT



Source: [Forbes Insights, The Rise of The New Marketing Organization.](#)

Big Data is enabling enterprises to gain greater insights and actionable intelligence into each of the key drivers of their business

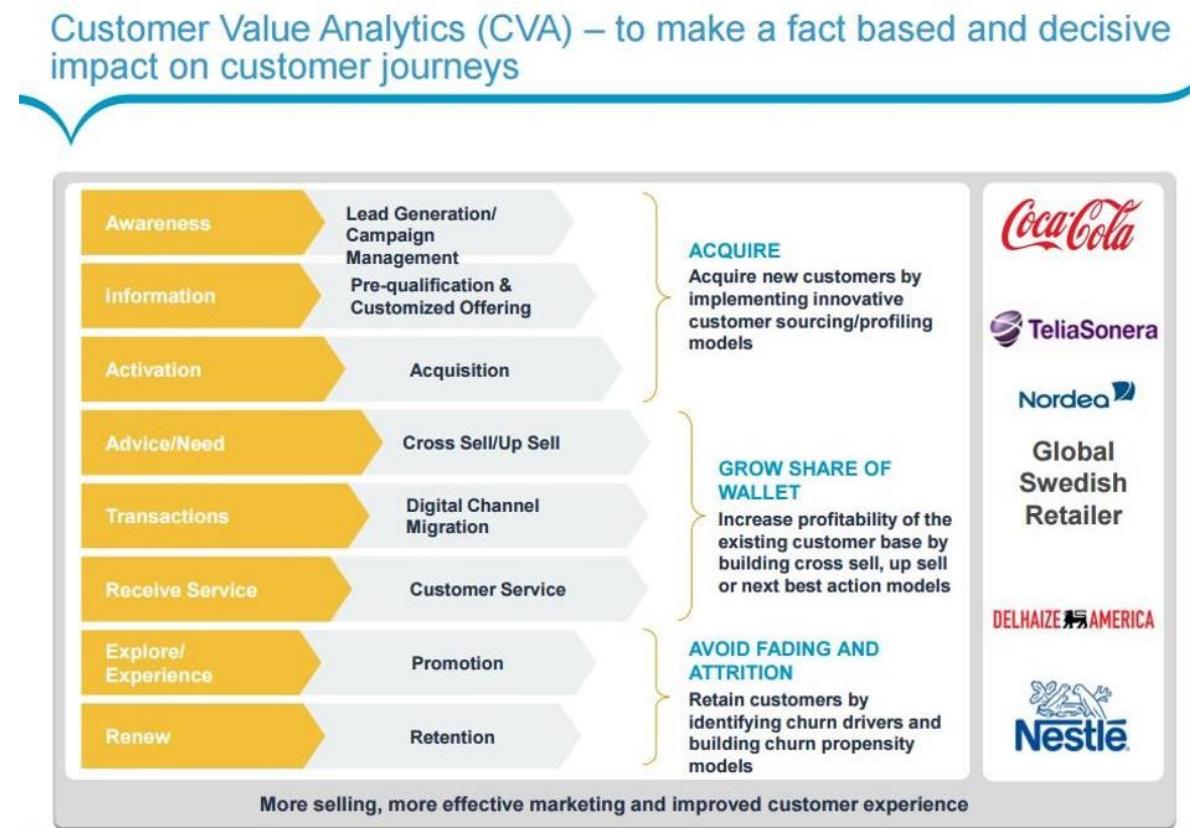
- Generating revenue, reducing costs and reducing working capital are three core areas where Big Data is delivering business value today. An enterprises' value drivers scale more efficiently when managed using advanced analytics and Big Data. The following value tree or roadmap to value illustrates this point.



Source: [Big Data Stats from Deloitte](#).

Customer Value Analytics (CVA) is making it possible to deliver consistent omnichannel customer experiences

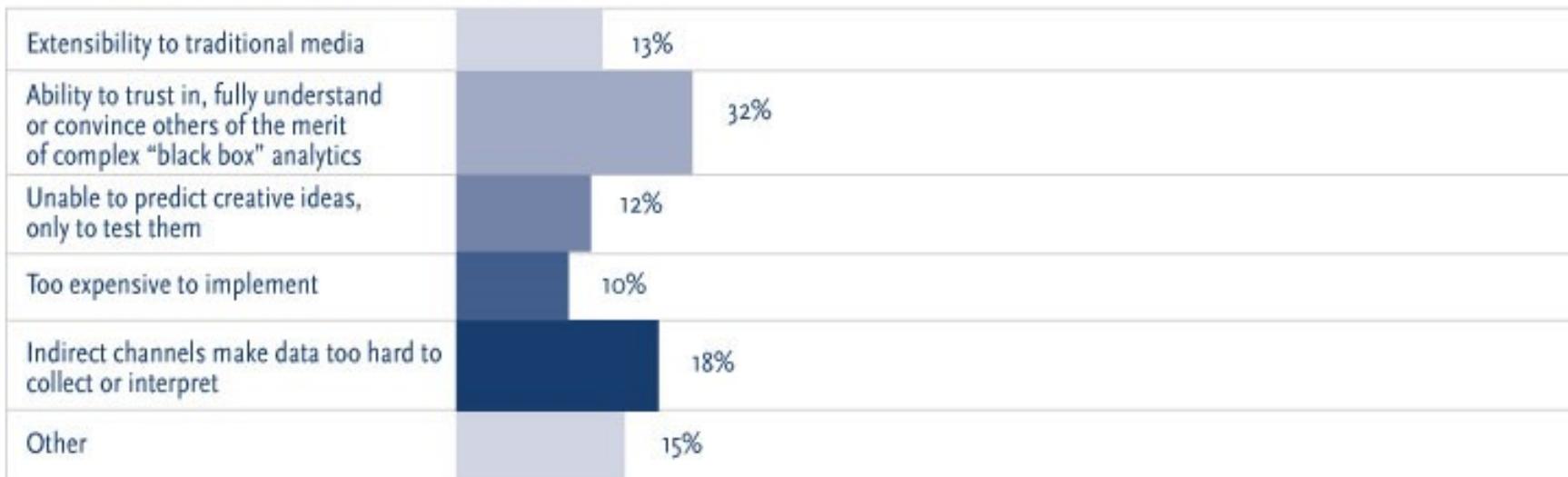
- CVA is emerging as a viable series of Big Data-based technologies that accelerate sales cycles while retaining and scaling the personalized nature of customer relationships. The bottom line is that CVA is now a viable series of technologies for orchestrating excellent omnichannel customer experiences across a selling network.



**Concerns of application of
Business Analytics to Marketing.**

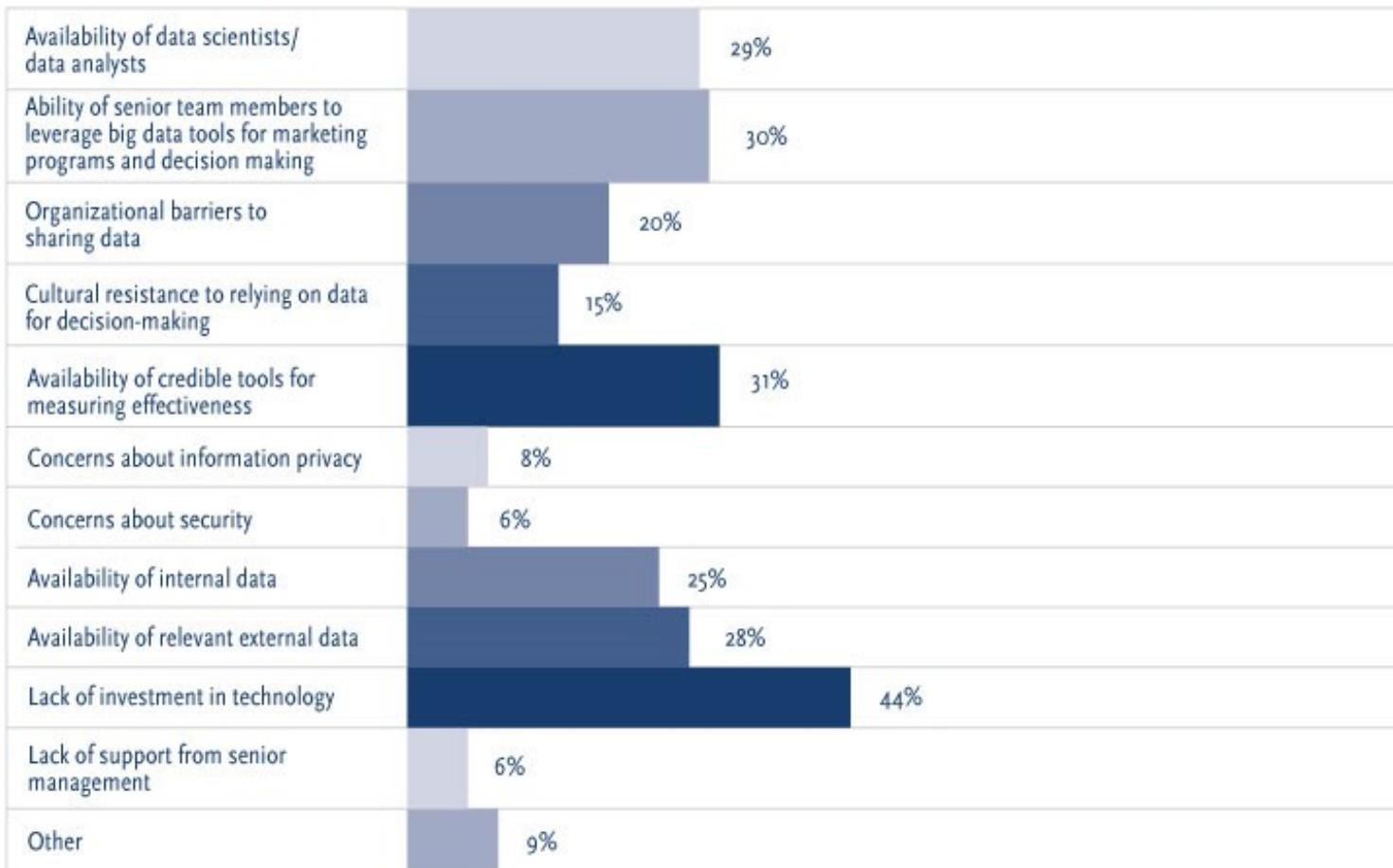
... but

What do you think is the primary limitation of data and analytics when it comes to its impact on marketing?



... but

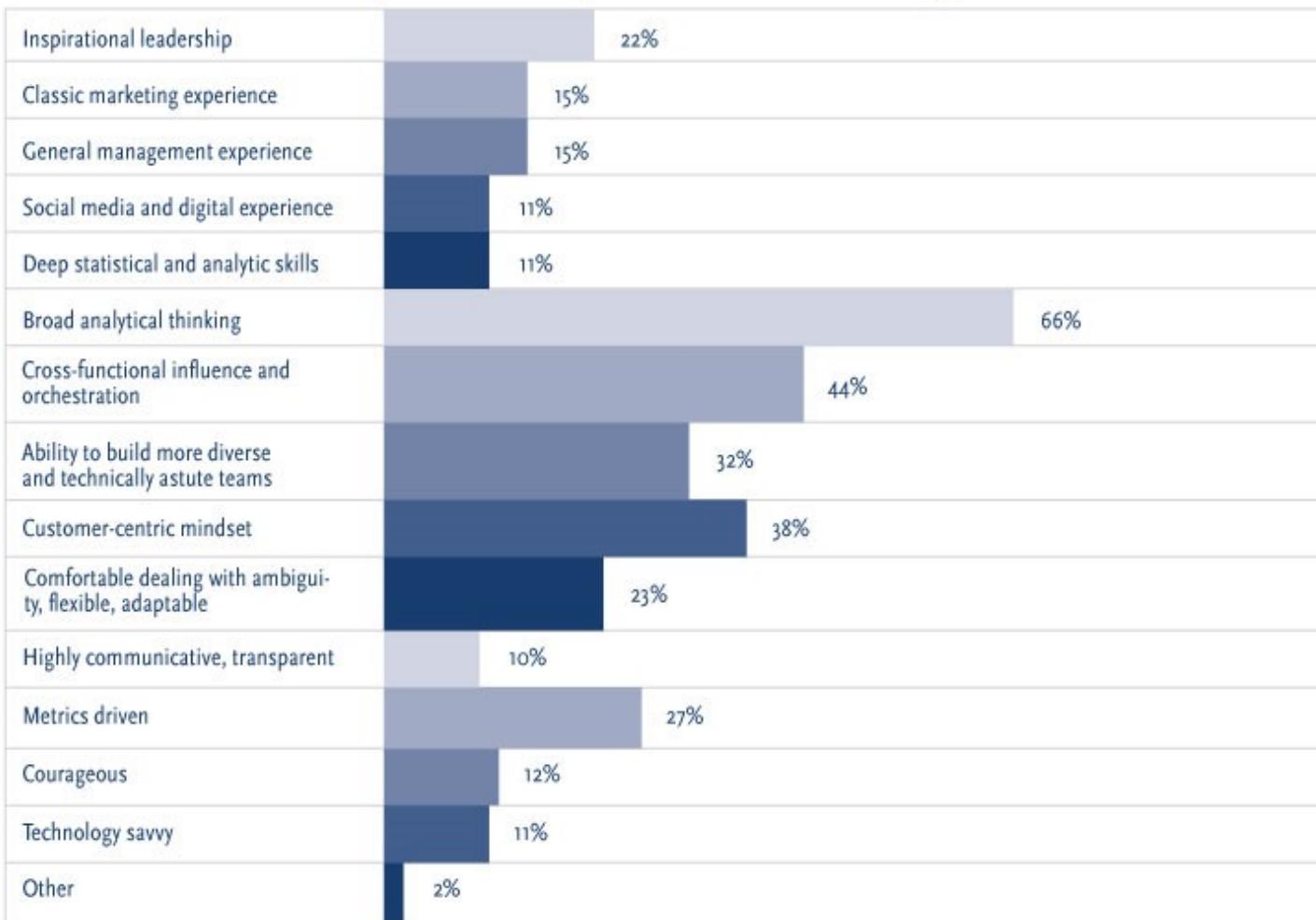
What's the most significant hurdle to increasing your use of data and analytics for marketing?



Respondents were allowed to choose multiple responses.

... but

What are the “must-have” capabilities and experience for the CMO in a big data environment?



Respondents were allowed to choose multiple responses.

Key Questions.

Key Questions.

- How data can be used in a massive way to improve the company's Market Segmentation and Targeting capabilities.
- Using Porter's 5 competitive forces model, he analyzes how the company can use business analytics based on the massive use of data to identify and characterize its competitors, prioritize customer needs or define its supplier strategy.
- How the massive use of data can help a company define its offer. Apply the 4P model for analysis.



"You can't keep adjusting the data
to prove that you would be the best
Valentine's date for Scarlett Johansson."

A complex, abstract network graph is visible in the background, composed of numerous small, semi-transparent blue dots connected by thin, light blue lines. This visual metaphor represents connectivity, data flow, or a social network.

Thank You



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