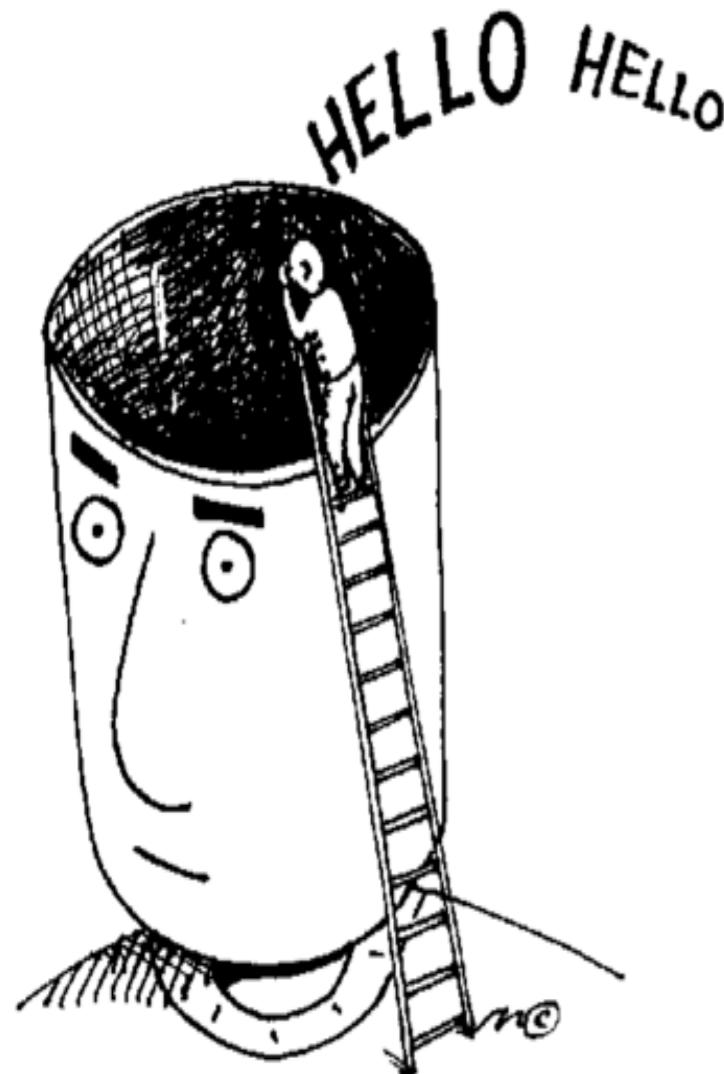


# STRATEGIC MARKETING MANAGEMENT



# WHO AM I?



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**Mobile: 072 633 6303**

# **INTRODUCTION TO STRATEGIC MARKETING**

# Marketing & Our Everyday Life

YOUR DAY IN BRANDS	
7:00	<b>CASIO</b>
7:00 - 7:30	Colgate <b>Oral-B</b> <b>Gillette</b> <b>Old Spice</b>
7:30 - 7:50	<b>NESCAFÉ</b> <b>Hochland</b> <b>Orbit</b> WRIGLEY'S
8:00 - 8:30	<b>TOYOTA</b>  <small>Sheer Driving Pleasure</small>
8:30 - 13:00	<b>pentium® 4</b> <b>EPSON</b> <b>NOKIA</b> CONNECTING PEOPLE
13:00 - 14:00	<b>Mcdonald's</b> <b>Coca-Cola</b> <b>Orbit</b> WRIGLEY'S
14:00 - 17:00	<b>pentium® 4</b> <b>EPSON</b> <b>NOKIA</b> CONNECTING PEOPLE
17:00 - 17:30	<b>TOYOTA</b>
17:30 - 20:00	<b>TUBORG BEER</b>  <b>TUBORG BEER</b>  <b>TUBORG BEER</b>
22:00 - 22:05	Colgate <b>Oral-B</b>
22:10 - 23:00	<b>durex</b> <b>durex</b> <b>durex</b>

# WHAT IS MARKETING?

- ✓ Is an organisational function and a set of processes for creating, communication and delivering value to customers and for managing customer relationships in ways that benefit the organisation and its stakeholders  
(AMA, 2004)

# WHAT IS MARKETING MANAGEMENT?

- ✓ “...is the art and science of choosing target markets and getting, keeping and growing customers through creating, delivering, and communication superior customer value”  
(Kottler and Keller , 2009:45)
- ✓ Marketing is no accident, but a result of careful planning and execution-use of data to understand customer needs and translate this understanding into properly designed products and services.

# IMPLICATIONS OF MARKETING

- ✓ Who are our existing / potential customers?
- ✓ What are their current / future needs?
- ✓ How can we satisfy these needs?
  - Can we offer a product/ service that the customer would value?
  - Can we communicate with our customers?
  - Can we deliver a competitive product or service?
- ✓ Why should customers buy from us?

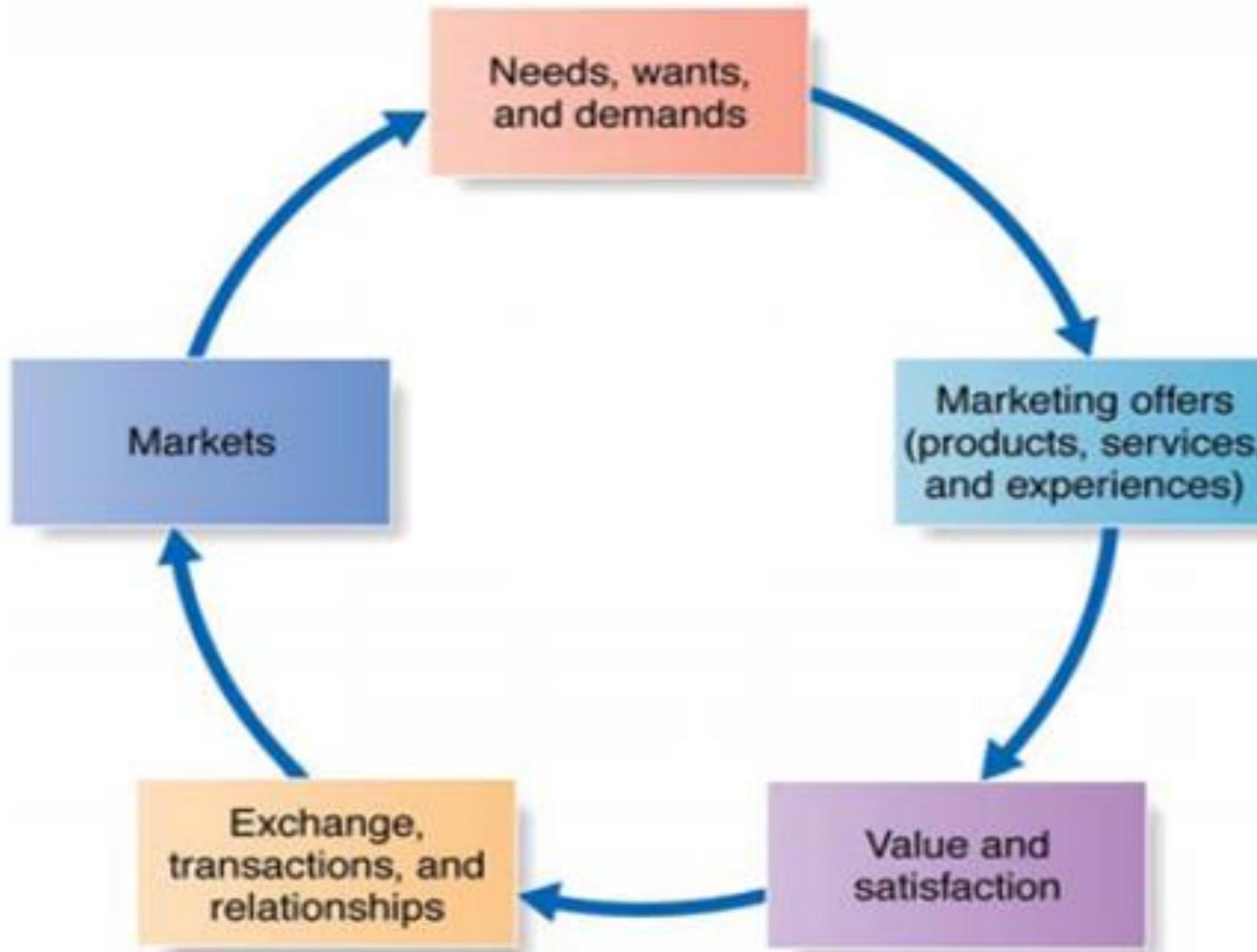
# MARKETING MANAGEMENT



# WHAT IS MARKETED

- Goods
- Services
- events
- Persons
- Places
- Properties
- Organization
- Information
- Ideas

# MARKETING CONCEPTS



# MARKETING CONCEPTS

- Needs -State of deprivation Physical, social
- Wants-Form that human needs take as they are shaped by culture and individual personality
- Markets-Markets are the set of actual and potential buyers of a product or service -Consumer markets, Business markets, Global markets, Government markets
- Market offerings-combination of products, services, information, or experiences offered to a market to satisfy a need or want
- Customer Value and Satisfaction

## WHO MARKETS

- ✓ A marketer is someone seeking a response (attention, purchase, vote, donation, etc.) from another party - the prospect
- ✓ Marketers are responsible for stimulating demand for a company's products

# DEMAND STATES

- ✓ Negative demand-consumers dislike the product and can even pay more to avoid it.
- ✓ Non-existent demand-consumers may be unaware or uninterested in the product.
- ✓ Latent demand-consumers may share a strong need that cannot be satisfied by an existing product.
- ✓ Declining demand-consumers begin to buy the product less frequently or not at all.
- ✓ Irregular demand-consumer purchases vary on a seasonal , monthly, weekly, daily or hourly basis
- ✓ Full demand-consumers are adequately buying all products put into the market place.
- ✓ Overfull demand-more consumers would like to buy the product than can be satisfied.
- ✓ Unwholesome demand-consumers may be attracted to products that have undesirable social consequences.

# Exchange Process

- ✓ is the act of obtaining a desired object from someone by offering something in return
- ✓ Conditions for exchange;
  - There are at least two parties.
  - Each party has something that might be of value to the other party
  - Each party is capable of communication and delivery
  - Each party is free to accept or reject the exchange offer
  - Each party believes it is appropriate or desirable to deal with the other party
  - Exchange is a value-creating process because as it leaves both parties better off

# Exchange Process



# HOLISTIC MARKETING CONCEPT

- Holistic marketing can be seen as the development, design, and implementation of marketing programs, processes, and activities that recognizes the breadth and interdependencies of their effects.
- The concept recognises the scope and complexities of marketing activities and acknowledges that a broad integrated perspective is necessary.
- Holistic marketing recognises that everything matters with marketing the consumer, employees, other companies, competition, as well as society as a whole

# HOLISTIC MARKETING CONCEPT



# INTERNAL MARKETING

- ✓ Internal marketing is the task of hiring, training, and motivating able employees who want to serve customers well
- ✓ According to Kotler and Keller (2014:667) it requires that everyone in the organisation buy into the concepts and goals of marketing and engage in choosing, providing, and communicating customer value

# INTEGRATED MARKETING

- ✓ Is when the marketer devises marketing activities and assembles marketing programs to create, communicate, and deliver value for consumers such that “the whole is greater than the sum of its parts.”
- ✓ Two key themes
  - (1) many different marketing activities can create, communicate, and deliver value
  - (2) marketers should design and implement any one marketing activity with all other activities in mind.

# PERFORMANCE MARKETING

- Performance marketing requires understanding the financial and nonfinancial returns to business and society from marketing activities and programs.
- Marketers increasingly going beyond sales revenue to examine the marketing scorecard and interpret what is happening to market share, customer loss rate, customer satisfaction, product quality, and other measures.
- Also considering the legal, ethical, social, and environmental effects of marketing activities and programs.

# RELATIONSHIP MARKETING

- ✓ Relationship marketing aims to build mutually satisfying long-term relationships with key constituents in order to earn and retain their business.
- ✓ Four key constituents for relationship marketing are customers, employees, marketing partners (channels, suppliers, distributors, dealers, agencies), and members of the financial community (shareholders, investors, analysts).
- ✓ To develop strong relationships with them requires understanding their capabilities and resources, needs, goals, and desires.
- ✓ Outcome of relationship marketing is a unique company asset called a marketing network, consisting of the company and its supporting stakeholders—with whom it has built mutually profitable business relationships.
- ✓ The operating principle is simple: build an effective network of relationships with key stakeholders, and profits will follow.

# **MARKETING MIX**

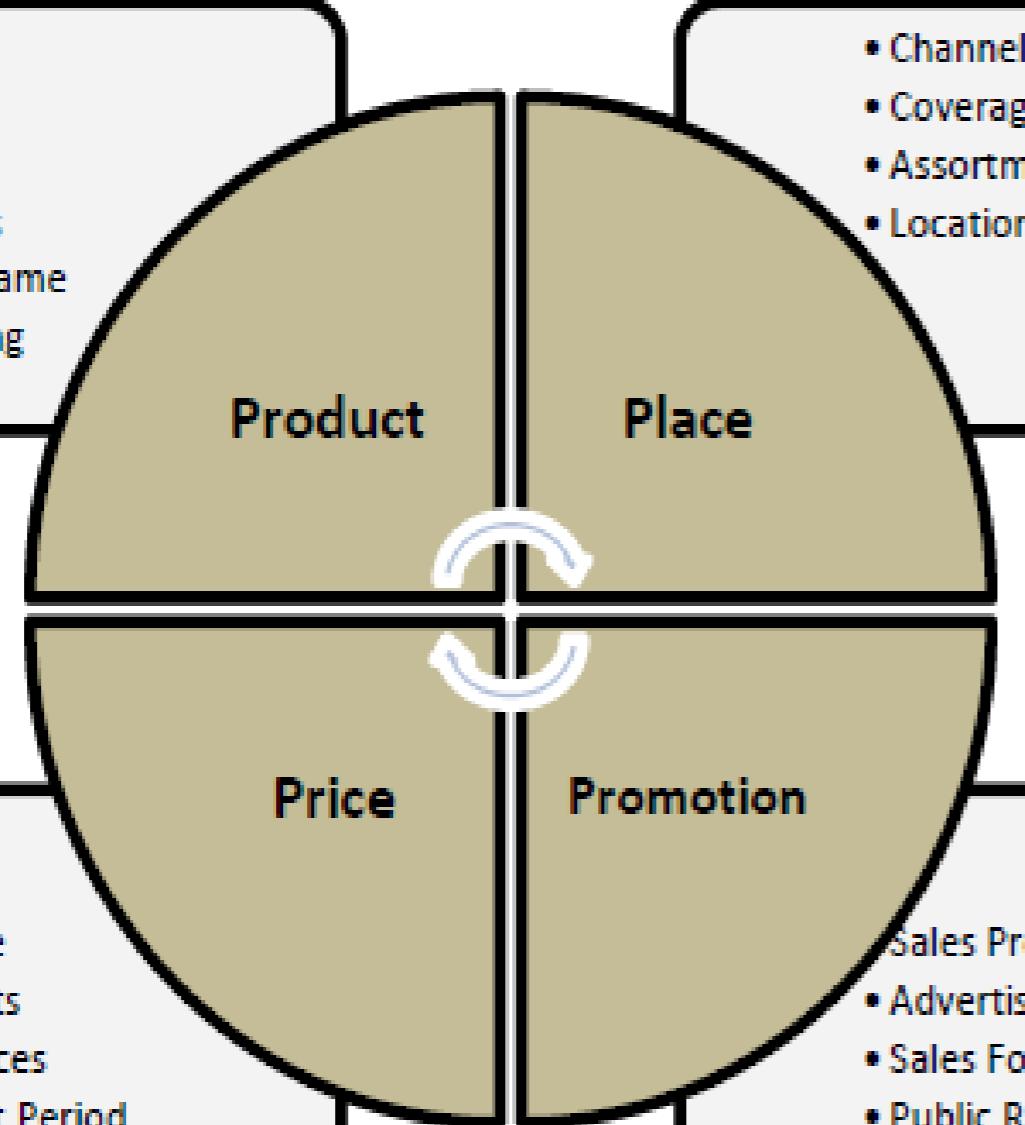
- ✓ is the set of tools (4/7/8 Ps) the firm uses to implement its marketing strategy.

# MARKETING MIX

## Traditional Marketing Mix (4Ps) vs Modern Marketing Management (4Ps)

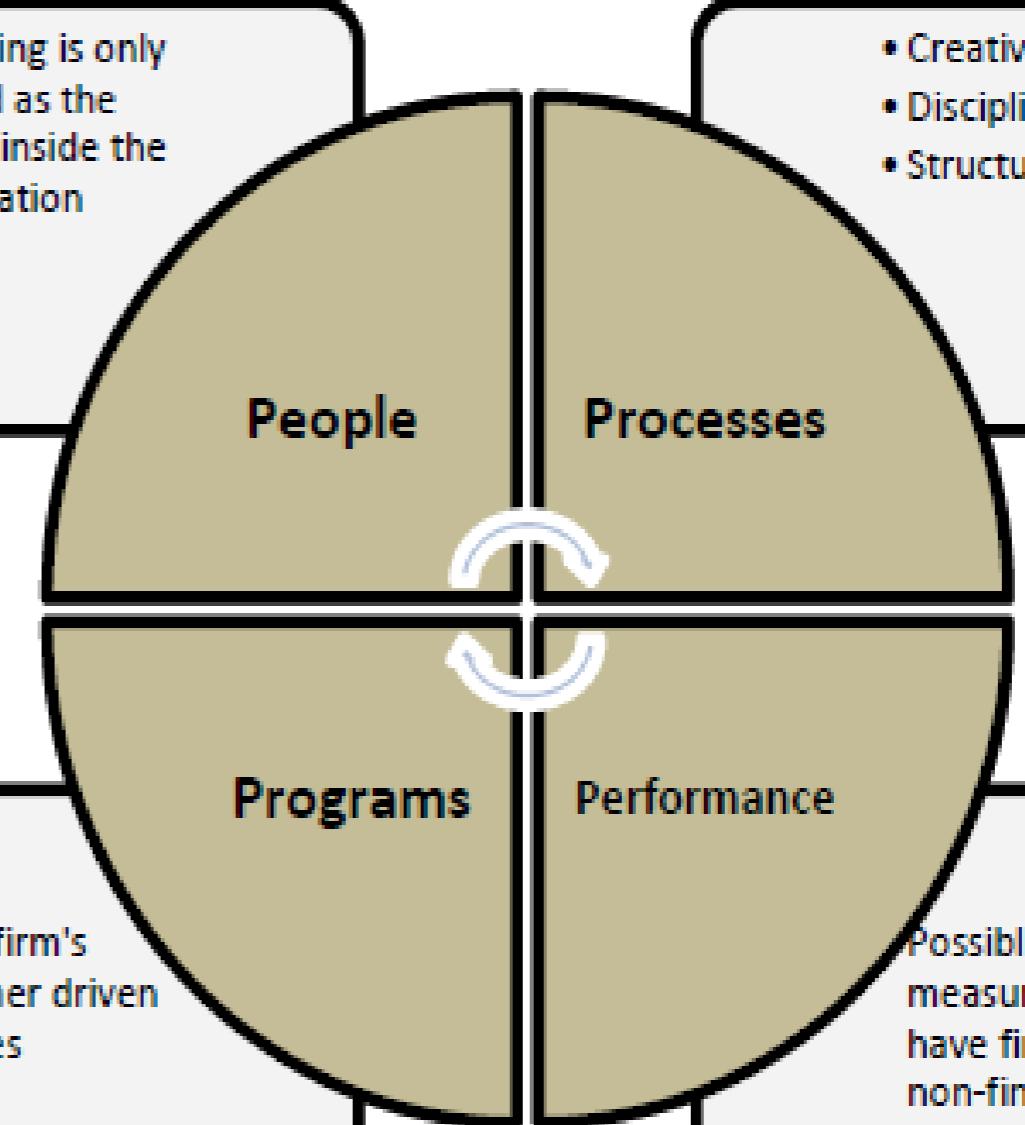
### Marketing Mix: 4 Ps

- Variety
- Quality
- Design
- Features
- Brand Name
- Packaging



### Modern Marketing Management: 4 Ps

- Marketing is only as good as the people inside the organisation



# **MARKETING STRATEGIC PLANNING**

# MARKETING STRATEGIC PLANNING

- ✓ "strategy" derives from the Greek "strategos",
- ✓ Literally means, "general of the army."

# MARKETING STRATEGIES AND PLANS

- A marketing strategy details the means by which an organisation's marketing objectives will be achieved.
- Marketing strategies and their supporting implementation plans need to be developed so that they support the organisation's overall strategy
- Components of a marketing strategy include a situation analysis, the actual marketing strategy, financials and controls

# STRATEGIC PLANNING

...is the managerial process of developing and maintaining a strategic fit between the organization's objectives and resources and its changing market opportunities.



# LEVELS OF STRATEGY





Internet

[Allegro](#)  
[Avito](#)  
[Buscapé Company](#)  
[Dubizzle](#)  
[FixeAds](#)  
[Flipkart](#)  
[ibiboGroup](#)  
[kalahari.com](#)  
[Korbitec](#)  
[LevelUp!](#)



Pay-Television

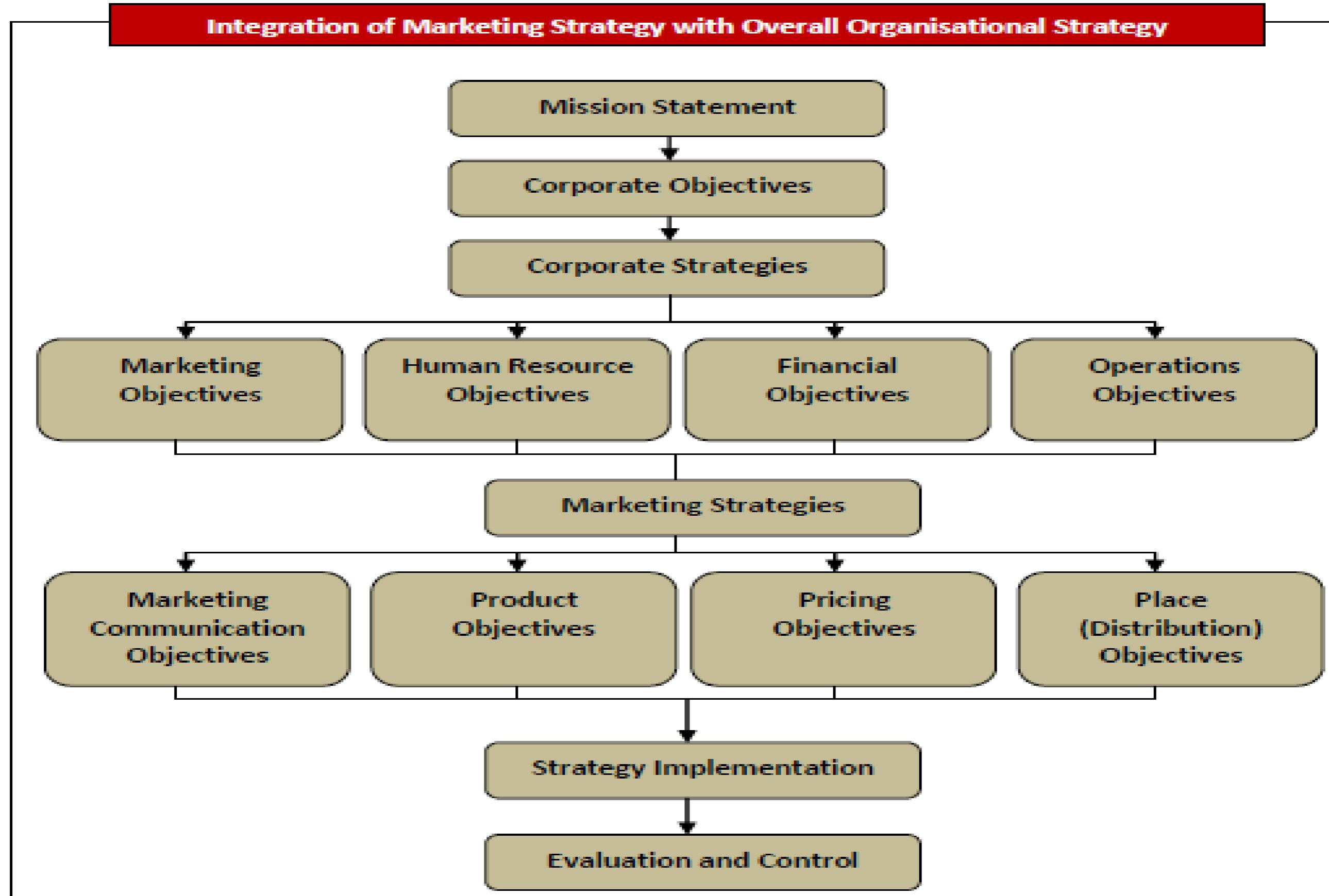
[DStv Media Sales](#)  
[DStv Mobile](#)  
[DStv Online](#)  
[Irdeto](#)  
[M-Net](#)  
[MultiChoice](#)  
[MultiChoice Africa/GOtv](#)  
[MWEB](#)  
[SuperSport](#)



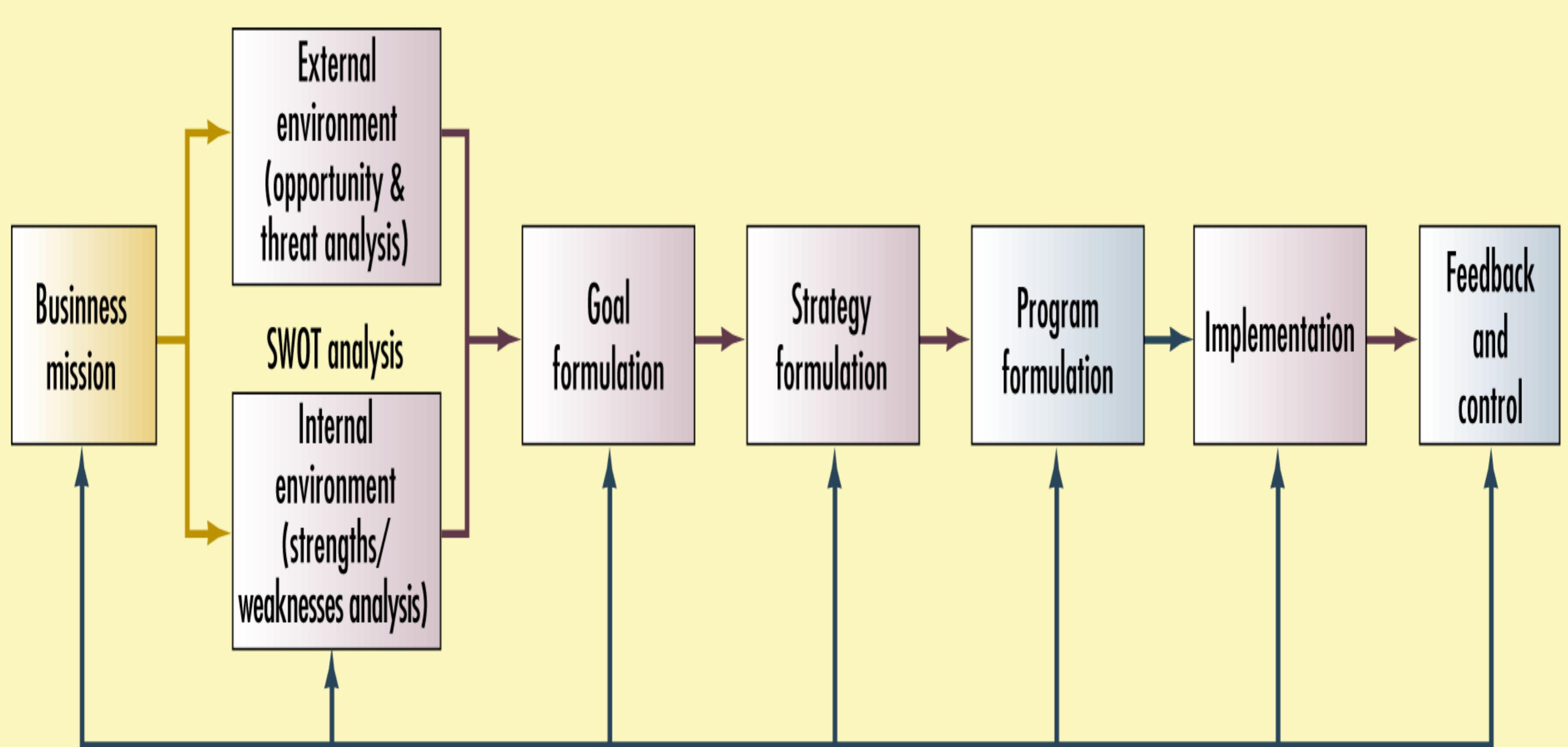
Print Media

[24.com](#)  
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# MARKETING STRATEGIES AND PLANS



# THE STRATEGIC PLANNING, IMPLEMENTATION, AND CONTROL PROCESSES



# COMPONENTS OF STRATEGY

- ✓ Scope- purpose of business
- ✓ Goals and objectives
- ✓ Resource deployment
- ✓ Identification of a sustainable competitive advantage
- ✓ Synergy

# **DEFINING THE CORPORATE MISSION**

- ✓ Spell out the reason for the existence of a firm
  - What is our business?
  - Who is the customer?
  - What is of value to the customer?
  - What will our business be?
  - What should our business be?

# DEFINING THE CORPORATE MISSION

- ✓ Broad purposes of the organization
- ✓ General criteria for assessing the long-term organizational effectiveness
- ✓ Driven by heritage & environment
- ✓ Mission statements are increasingly being developed at the SBU level as well
- ✓ More attention should be paid to meeting the needs of the stakeholders.
- ✓ Mission is not necessary what differentiates one organization from another but what matters most to stakeholders.

## **NESTLE MISSION STATEMENT**

✓...the world's leading nutrition, health and wellness company. Our mission of "Good Food, Good Life" is to provide consumers with the best tasting, most nutritious choices in a wide range of food and beverage categories and eating occasions, from morning to night.

# **SINGAPORE AIRLINES MISSION STATEMENT**

✓ ... SINGAPORE AIRLINES is engaged in air transportation and related businesses. It operates world-wide as the flag carrier of the Republic of Singapore, aiming to provide services of the highest quality at reasonable prices for customers and a profit for the company.

## P&G MISSION STATEMENT

✓“We will provide branded products and services of superior quality and value that improve the lives of the world’s consumers, now and for generations to come. As a result, consumers will reward us with leadership sales, profit and value creation, allowing our people, our shareholders and the communities in which we live and work to prosper.”

# Product Orientation VS Market Orientation

Company	Product	Market
Missouri-Pacific Railroad	We run a railroad	We are a people-and-goods mover
Xerox	We make copying equipment	We improve office productivity
Standard Oil	We sell gasoline	We supply energy
Columbia Pictures	We make movies	We entertain people

# CHARACTERISTICS OF GOOD MISSIONS

- ✓ Focus on limited number of goals
- ✓ Stresses major policies and values
- ✓ Define the major competitive sphere within which the company will operate- industry, segments, vertical or geographical
- ✓ Takes a long term view
- ✓ Short, memorable and meaningful

# VISION

- ✓ Provides a clear, easily understood image of a better future.
- ✓ Embodies values and directs the organization to what will be different and distinctive.
- ✓ Guides and inspires stakeholders but it's not everlasting.
- ✓ May change every 5-10 years, just as the environment changes.

## **ESKOM'S VISION**

✓“To provide sustainable electricity solutions to grow the economy and improve the quality of life of the people in South Africa and in the region”

# TIGER BRANDS VISION

✓“ to be the most admired branded FMCG company  
in emerging markets.”

# **STRATEGIC ANALYSIS**

# SWOT ANALYSIS

Leverage  
Strengths

## Strengths

- Leadership
- Client Satisfaction
- Staff Expertise/Commitment
- Product and Service Mix

Problems  
Weaknesses

## Weaknesses

- Management Skills
- Risk Management
- Repeatable Processes & Methods
- Access to Capital

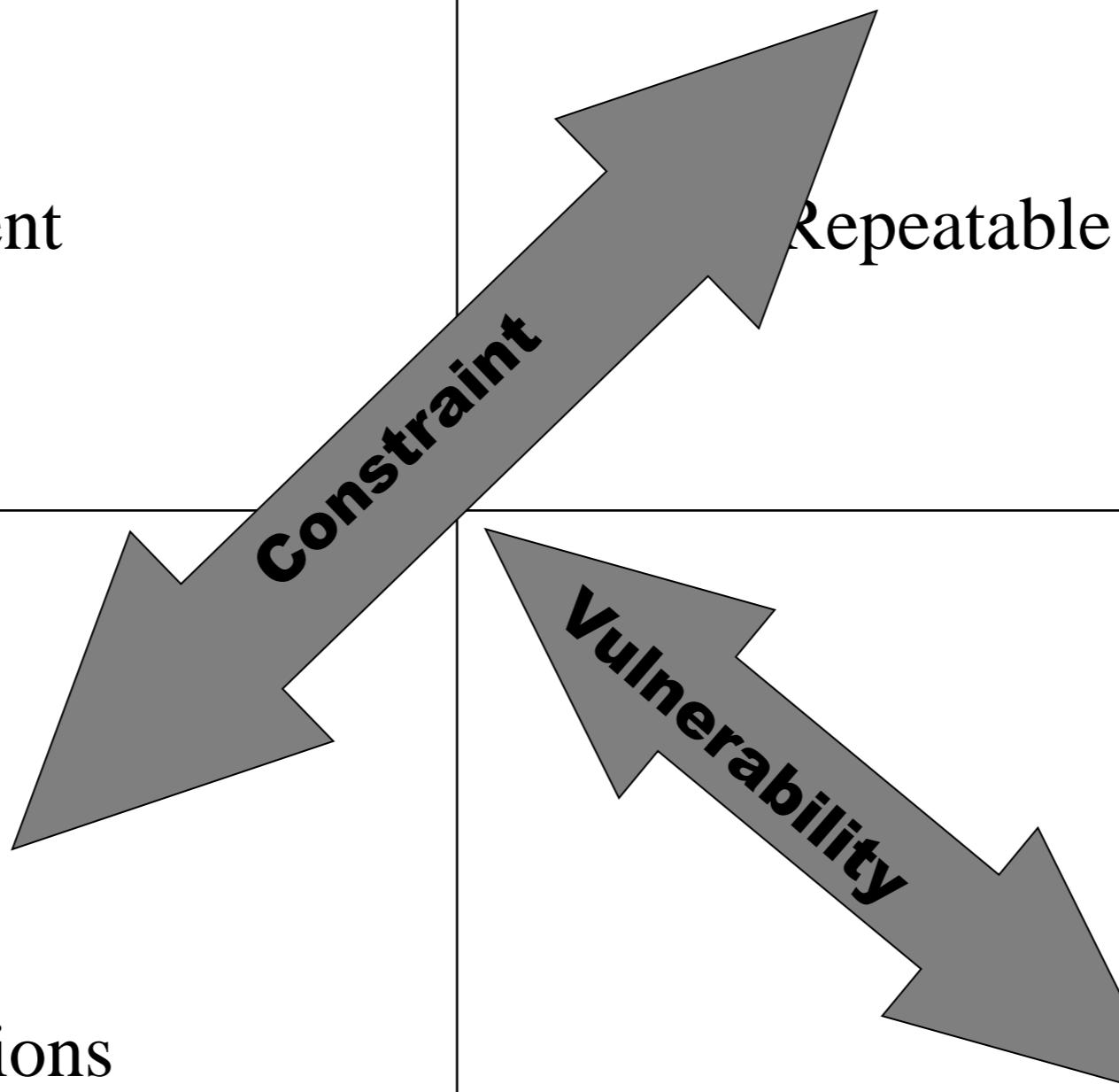
Opportunities  
Leverage

## Opportunities

- Strategic Alliances
- Client Annuity Marketing
- Community Happenings
- Product and Service Additions
- New Initiatives

Threats  
Problems

- Competitors
- Economic Conditions
- Government Policies
- Vendor Policies



# MARKET OPPORTUNITY ANALYSIS (MOA)

- Can the benefits involved in the opportunity be articulated convincingly to a defined target market?
- Can the target market be located and reached with cost-effective media and trade channels?
- Does the company possess or have access to the critical capabilities and resources needed to deliver the customer benefits?

# **MARKET OPPORTUNITY ANALYSIS (MOA)**

- Can the company deliver the benefits better than any actual or potential competitors?
- Will the financial rate of return meet or exceed the company's required threshold for investment?

# ENVIRONMENTAL SCANNING

- Political
- Economic
- Social
- Technological
- Environmental
- Legal

# ESTABLISHING SBU

- ✓ At corporate levels
  - 1. SBUs are defined
  - 2. Allocation of resources to each SBU
  - 3. Assessing Growth Opportunities

# **ASSESSING GROWTH OPPORTUNITIES**

## GROWTH STRATEGIES

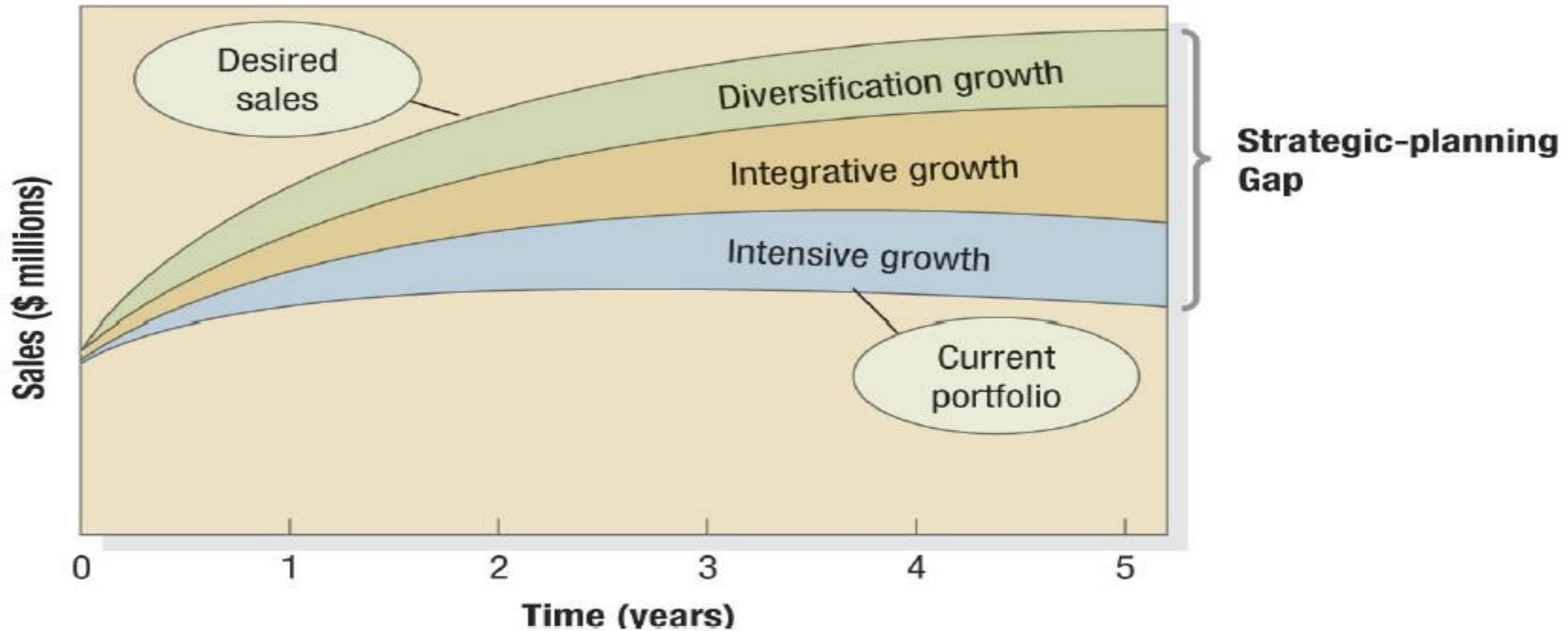
- ✓ Includes planning new businesses, downsizing & terminating older business
- ✓ It's a corporate level strategy, designed to achieve increase in sales, assets and profits.
- ✓ Companies expand business for its own survival

# GROWTH STRATEGIES

## Why it is important ?

- ✓ A growing firm will provide a lot of opportunities in terms of new jobs, career advancement and promotion
- ✓ A gap between future sales and projected sales will lead to Gap Analysis

# GROWTH STRATEGIES- GAP ANALYSIS



# **ANSOFF GROWTH MATRIC- INTENSIVE GROWTH STRATEGIES**

- ✓ The Ansoff Growth matrix is a tool that helps businesses decide their product and market growth strategy
- ✓ Ansoff's product/market growth matrix suggests that a business' attempts to grow depend on whether it markets new or existing products in new or existing markets.

# INTENSIVE GROWTH STRATEGIES

**Current Markets**

**Current products**

**Market Penetration**

- Sell more current product to current buyers
- Increase usage
- Increase uses
- Grow market share

**New Markets**

**Market development**

- Sell current product to new segments or new areas
- Expand geographically
- Go global
- Target new segments at home

**New products**

**Product development**

- Sell product variants to current buyers
- Increase product range
- Add variants
- New benefits in current market

**Diversification**

- Sell new products to new markets

# INTEGRATIVE GROWTH STRATEGIES

## Integration means

- i. Acquisition
- ii. Merging
- iii. Forming an alliance

✓ This enables the company to build and acquire skills or competences they may not be able to achieve individually.



Vertical Integration

Horizontal  
Integration

# **HORIZONTAL INTEGRATION- INTEGRATIVE GROWTH STRATEGIES**

- ✓ It's a process in which a firm acquires another firm that produces the same type of products with similar production process/ marketing strategies

## **WHY**

- ✓ This strategy is adopted to acquire competitors business or to acquire market share or to reduces the competition or to gain economy of the scales operation

# VERTICAL INTEGRATION

- ✓ Vertical integration means the degree to which a firm operates vertically in multiple locations on an industries value chain from extracting raw materials to manufacturing and retailing
- ✓ It occurs when a company produces its own inputs
- ✓ It is either backward integration or forward integration
- ✓ Examples???

# VERTICAL INTEGRATION

- ✓ Backward integration means doing the suppliers function
- ✓ Forward integration means doing the retailers functions
- ✓ These are done for reduction of cost, gain control, grante quality and access to potential customers



## | Kalahari ceases to exist after completion of Takealot merger

BY TOM JACKSON ON MAY 5, 2015

South African e-commerce firms Kalahari and Takealot have begun operating as one entity after their merger was approved in January, with Kalahari.com ceasing to exist as a result.

Following the approval of the merger between two of South Africa's leading general online retailers, Kalahari.com and takealot.com, the companies are now operating as one entity.

Disrupt Africa reported earlier this year South Africa's Competition Commission had approved the merger announced in October last year, with the firms saying the move was necessitated by the need for greater scale for both Takealot and Kalahari.

Kalahari joins Takealot's 19 departments and over nine million products, with Naspers and Tiger Global Management each owning 42 per cent of the new merged business. Takealot's current co-CEOs Kim Reid and Willem van Biljon will continue to run the business.

# Microsoft set to buy Nokia for €5.4 billion



This is big. Microsoft is set to buy Nokia's devices and services division for €5.4-billion (US\$7.1-billion).

The move, confirmed by both parties, will see the companies cement the close ties they've had ever since ex-Microsoft executive Stephen Elop took over as CEO of the embattled Finnish phone maker.

Certainly, the move looks like it will facilitate Elop's return to the Redmond-based giant as Executive Vice President of Devices & Services, fueling speculation that he could be the man to take over from Steve Ballmer, who will retire in 2014.

"Building on our successful partnership, we can now bring together the best of Microsoft's software engineering with the best of Nokia's product engineering, award-winning design, and global sales, marketing and manufacturing," said Elop. "With this combination of talented people, we have the opportunity to accelerate the current momentum and cutting-edge innovation of both our smart devices and mobile phone products."

# DIVERSIFICATION STRATEGIES

- ✓ Organisational movement to related or unrelated industries
- ✓ It is complex as it involves a simultaneous departure from current business, familiar product and familiar markets
- ✓ It makes addition to the portfolio of business
- ✓ Firms will adopt this , when they make high profits and want to explore new markets if the existing products does not show much profit

# DIVERSIFICATION STRATEGIES

## Related Diversification

- ✓ The firm enters into new business, which is linked to a company's existing business

## Unrelated diversification

- ✓ Firm enters into a new business area that has no obvious connection with any of the existing business

# ADVANTAGES OF DIVERSIFICATION

## Related diversification

- ❑ Exchange of sharing of assets, skills and competences, such as:
- ✓ Brand names
- ✓ Marketing skills
- ✓ Sales and distribution capacity
- ✓ Manufacturing skills
- ✓ Research and development skills
- ✓ New-product capabilities
- ❑ Achieve economies of scale

## Unrelated Diversification

- ❑ Manage and allocate cash flow
- ❑ Obtain a high ROI
- ❑ Maybe able to acquire at a bargain price
- ❑ May help to refocus the organisation
- ❑ Reduce risk
- ❑ May offer tax benefits
- ❑ May get liquid assets
- ❑ May achieve vertical integration
- ❑ Defence against unwanted takeover
- ❑ Challenge for executives
- ❑ Helps to keep interest.

# WHEN DOES DIVERSIFICATION START TO MAKE SENSE?

✗ Strong competitive position, rapid market growth -- *Not a good time to diversify*

✗ Weak competitive position, rapid market growth –*Not a good time to diversify*

✓ Strong competitive position, slow market growth -- Diversification is top priority consideration

✓ Weak competitive position, slow market growth -- Diversification merits consideration

# DIVESTING/ DOWNSIZING STRATEGIES

✓ Divest / harvest/ prune weak or old business

# GOAL FORMULATION

- ✓ Goals are objectives that are specific with respect to magnitude and size
- ✓ Should be SMART
- Objectives could be;
- Financial
- Sales
- Profitability
- Market share growth
- Risk containment

# STRATEGY FORMULATION

- ✓ The SWOT analysis will set the scene for setting the objects for strategy formulation and execution.
  - ✓ Strategy is the game plan for getting there
- Can adopt one of the 3 Generic strategies**
- ✓ Cost leadership
  - ✓ Differentiation
  - ✓ Focus.

# THE MARKETING PLAN

## Components of a marketing plan

- ✓ Executive summary
- ✓ Table of contents
- ✓ Situation analysis
- ✓ Marketing strategy
- ✓ Financial projections
- ✓ Implementation controls

# EVALUATING A MARKETING PLAN

- ✓ Is the plan simple?
- ✓ Is the plan specific?
- ✓ Is the plan realistic?
- ✓ Is the plan complete?

# TARGET MARKETS, POSITIONING, AND SEGMENTATION

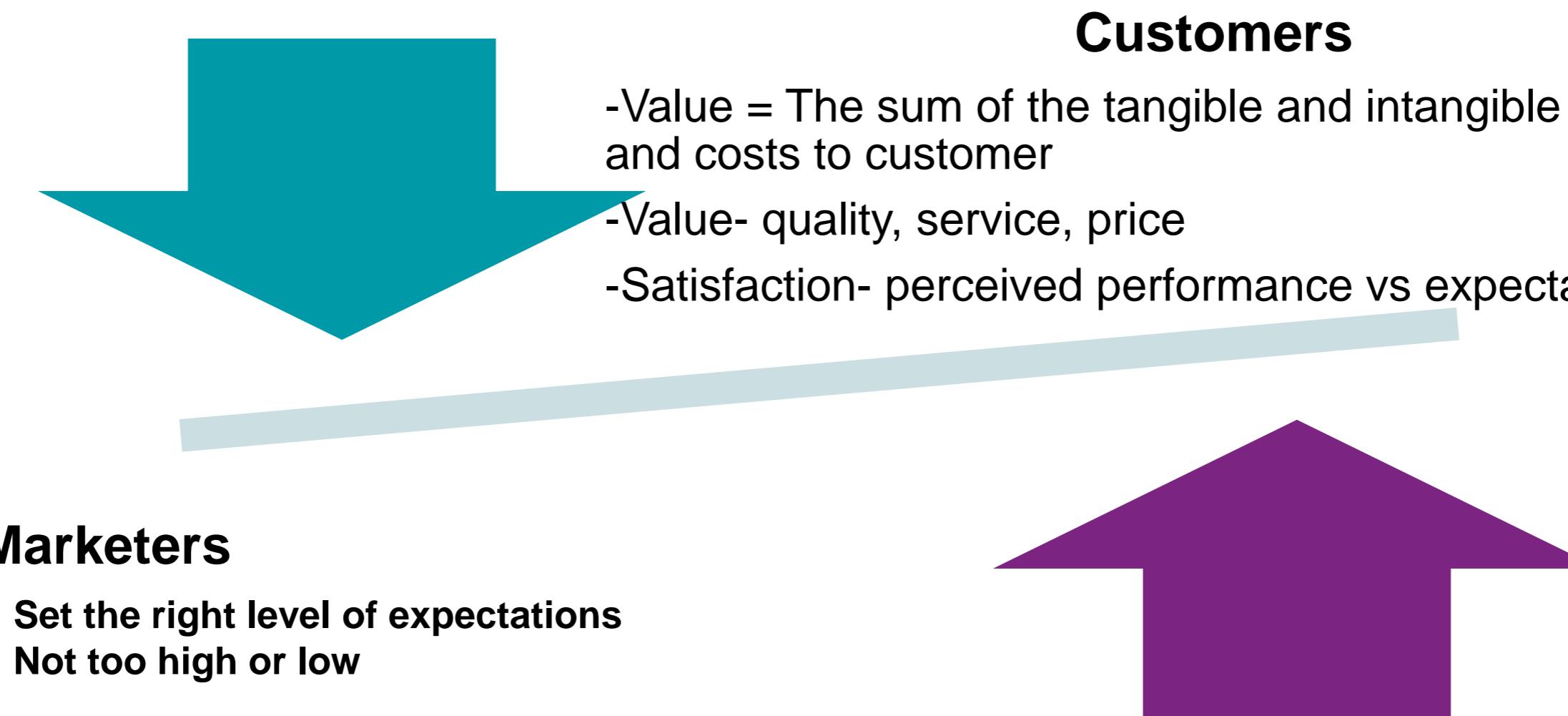
- Segmentation
- Target Markets
- Positioning

# MARKET OFFERINGS & BRANDS

- ✓ are some combination of products, services, information, or experiences offered to a market to satisfy a need or want
- ✓ A brand is an offering from a known source



# CUSTOMER VALUE AND SATISFACTION



# **MARKETING CHANNELS**

- Communication channels-deliver and receive messages from target buyers and eg newspapers, magazines, radio, television, mail
- Distribution channels-to display, sell, or deliver the physical product or service(s) to the buyer or user
- Service channels-for marketing transaction with customers eg banks, warehouse, insurance firms

# CHANGES IN THE MARKET PLACE

- Changing technology
- Globalisation- advances in transportation, shipping, & communication
- Deregulation-many industries deregulated creating more competition
- Privatisation- public companies converted to private ownership and management to increase their efficiency
- Heightened competition- local and foreign brands
- Customer empowerment



# CHANGES IN THE MARKET PLACE

- Customisation
- Industry convergence-Industry boundaries are blurring as companies recognize new opportunities at the intersection of two or more industries.
- Retail transformation-Store-based retailers face competition from catalogue houses; direct mail firms; e-commerce, magazine
- Disintermediation
- Re-intermediation-brick and click
- Consumer buying power
- Consumer resistance- less brand loyalty and price- and quality sensitive



# CAPTURING MARKETING INSIGHTS

# MARKETING INFORMATION SYSTEM

- ✓ A MIS consists of people, equipment, and procedures to gather, sort, analyze, evaluate, and distribute needed, timely, and accurate information to marketing decision makers.
- ✓ A marketing information system (MIS) is critical to the analysis, planning, implementation and control of marketing related initiatives within an organisation.
- ✓ Need for the right information, in the right format, at the right time for decision making purposes

# **IMPORTANCE OF MARKETING INFORMATION SYSTEM**

- ✓ **Anticipation Of Customer Demand**-Every marketer needs up-to-date knowledge about consumer needs and wants.
- ✓ **Systematic Approach**-Expanding markets and competitive marketing environment require adequate market intelligence system.
- ✓ **Economic indicator**-Marketers must have latest information on the changing trends of supply, demand and prices

# **IMPORTANCE OF MARKETING INFORMATION SYSTEM**

- ✓ **Significance of Analysing Competition**-Marketer cannot survive without having information regarding nature , character and size of competition to be met.
- ✓ **Development of Technology**-Marketers must have latest information regarding technological development.
- ✓ **Understanding the Consumer**-Information system can establish proper two way flow of information and understanding between marketers and consumer.
- ✓ **Marketing Planning**-Marketing plans and programmes are based upon information supplied by economic forecasts and market research.

# **MARKETING INFORMATION SYSTEM**

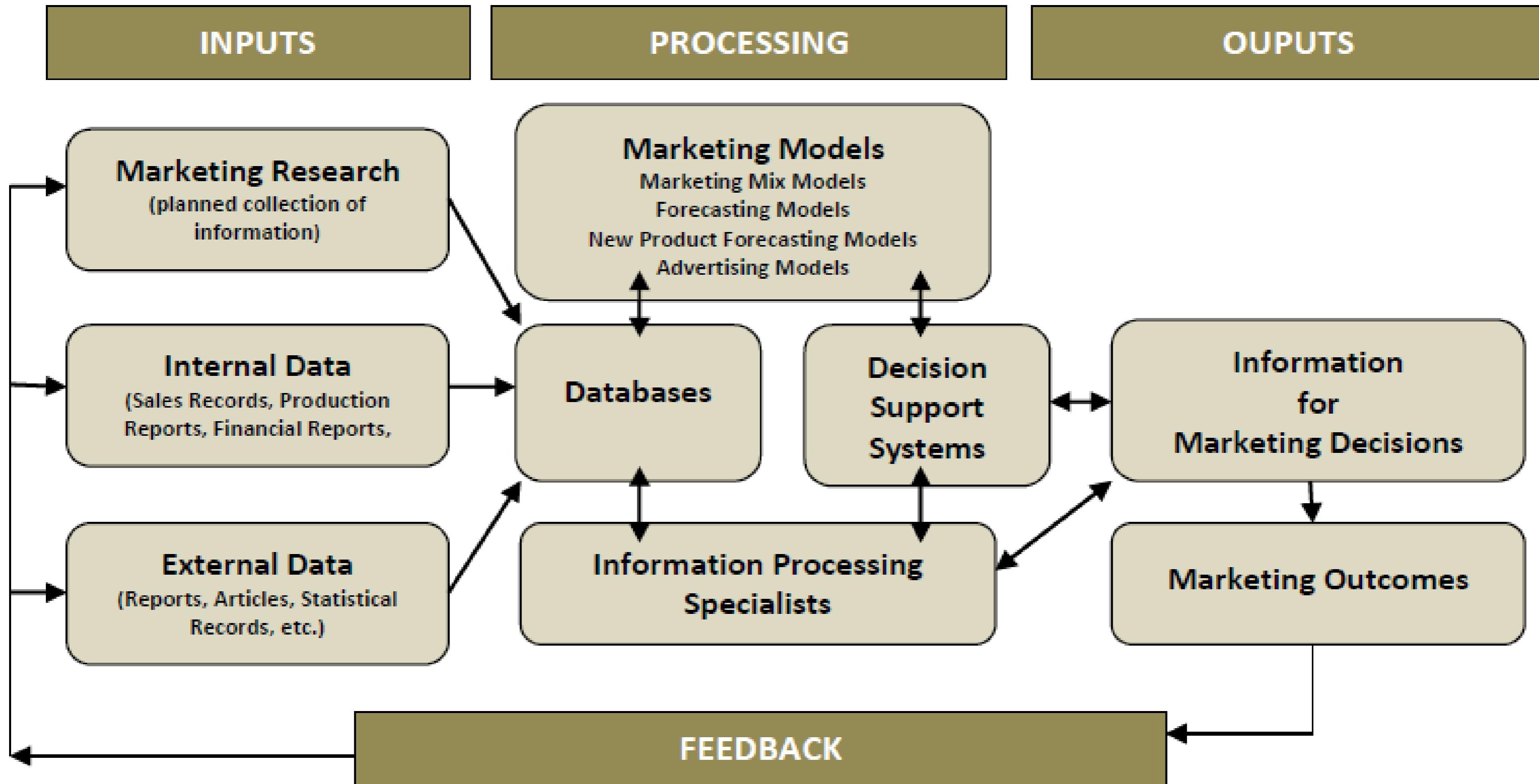
- ✓ Marketing Information system supplies three types of information.
- ✓ Recurrent Information
- ✓ Monitoring Information
- ✓ Requested Information

# COMPONENTS OF A MARKETING INFORMATION SYSTEM

MIS consists of three components:

- ✓ A marketing research system
- ✓ Internal data (or an internal records system), including sales information.
- ✓ External data (or a market intelligence system) which provides managers with information on pertinent developments in the marketing environment

# COMPONENTS OF A MARKETING INFORMATION SYSTEM



# **INTERNAL DATABASES/ RECORDS**

- ✓ Electronic collections of information obtained from data sources within the company.
- ✓ Includes internal reports on orders, prices, costs, inventory levels, receivables, payables
- ✓ Analysis of this information can help spot important opportunities and problems.

## **Examples**

- i. Order to payment information
- ii. Budgets
- iii. Sales figures/ reports
- iv. P & L statements
- v. Accounts receivable and payable
- vi. All prior research

# MARKETING INTELLIGENCE

- ✓ Systematic collection and analysis of publicly available information about competitors and developments in the marketing environment.
- ✓ Everyday information about developments in the marketing environment that helps managers prepare and adjust marketing plans

# SOURCES OF MARKETING INTELLIGENCE

- Company own personnel
- Suppliers
- Resellers
- Key customers
- Observing competitor's products
- Competitor's garbages
- Governmental agencies
- Annual reports of competitors
- Trade show exhibits
- Advertisement of competitors
- Web pages and internet
- Trade associations
- Internet search engines like yahoo

## **STEPS TO IMPROVE THE QUALITY OF THE MARKETING INTELLIGENCE**

- ✓ Train and motivate the sales force to spot and report new developments.
- ✓ Motivate distributors, retailers and other intermediaries to pass along important intelligence.
- ✓ Network externally
- ✓ Set up a customer advisory panel
- ✓ Take advantage of government data resources.
- ✓ Purchase information from outside suppliers
- ✓ Use online customer feedback systems to collect competitive intelligence.

# MARKETING RESEARCH

✓ Systematic design, collection, analysis, and reporting of data relevant to a specific marketing situation facing an organization.

# ROLE OF MARKETING RESEARCH IN MKIS

- ✓ It gathers information not gathered by other MKIS components
- ✓ MR studies are conducted for specific situations facing the company
- ✓ MR projects unlike the other MKIS are not continuous, have a beginning and an end

# **THE MARKETING RESEARCH PROCESS**

# THE MARKETING RESEARCH PROCESS

1. Define the problem
2. Develop research plan
3. Collect information
4. Analyze information
5. Present findings
6. Make decision

# DEFINING RESEARCH PROBLEM & OBJECTIVES

- ✓ This is the most important of the part of the research process
- ✓ If the problem is incorrectly defined, all else is wasted effort.
- ✓ Problems may be either specific or general.
- ✓ Problems stem from gaps between what is supposed to happen and what did happen and gaps between what did happen and what could be happening

# DEFINING RESEARCH OBJECTIVES

- ✓ Research objectives, when achieved, provide the information necessary to solve the research problem
- ✓ Research objectives state what the researchers must do.
- ✓ Must be SMART

# **DEVELOPING RESEARCH DESIGN**

# **TYPES OF RESEARCH**

✓ Exploratory

✓ Descriptive

✓ Causal

## EXPLORATORY

- ✓ Used to gather preliminary information that will help define the problem
- ✓ Helps to formulate hypotheses
- ✓ Helps to understand important issues

## **DESCRIPTIVE**

- ✓ Research used to describe the marketing problem, situation, or markets such as the market potential for a product or demographics and attitudes of consumers.
- ✓ Can be used to identify consumer segments
- ✓ Includes cross-sectional and longitudinal design
- ✓ Useful for describing marketing phenomena like preferences

## CAUSAL

- ✓ Looks at whether one variable causes or determines the other variable.
- ✓ Marketing research to tests hypotheses about cause-and-effect relationships.
- ✓ Eg Would a 10% decrease in tuition at RBS increase enrolment enough to offset the decrease in tuition?
- ✓ Correlation does not imply causality.
- ✓ Normally through experiments

# DEVELOPING THE RESEARCH PLAN

## Includes:

- ✓ Determining the exact information needed
- ✓ Developing a plan for gathering it efficiently
- ✓ Presenting the written plan to management

# DEVELOPING THE RESEARCH PLAN

## Outlines:

- ✓ Sources of existing data
- ✓ Specific research approaches
- ✓ Contact methods
- ✓ Sampling plans
- ✓ Instruments for data collection

## **IDENTIFY INFORMATION TYPE AND SOURCES**

- ✓ Primary information: information collected specifically for the problem at hand
- ✓ Secondary information: information already collected

## SECONDARY DATA

- ✓ Data which was originally collected or used for another purpose
- ✓ Cheaper and easier (normally) to collect than primary data
- ✓ Not tailor made for current researchers needs

# PRIMARY DATA

- ✓ Consists of information collected for the specific purpose at hand.
- ✓ Must be relevant, accurate, current, and unbiased.
- ✓ Must determine:
  - ✓ Research approach
  - ✓ Contact methods
  - ✓ Sampling plan
  - ✓ Research instruments



# DATA SOURCES

PRIMARY DATA		SECONDARY DATA	
Internal Sources	External Sources	Internal Sources	External Sources
Employees	Consumers Clients Retailers Wholesalers Competitors	Company records	Libraries Industrial associations Chamber of industry and commerce Government bodies Marketing research organisations

# QUALITATIVE RESEARCH

- ✓ Qualitative research is unstructured but does have guidelines in order to explore the research question.
- ✓ It centres on words, narrative, images and concepts rather than numerical values.
- ✓ Qualitative analysis begins during data collection and original ways are found to communicate results.
- ✓ There is an emphasis on understanding rather than measurement.

# QUALITATIVE APPROACHES

- Group discussions
- Depth Interviews
- Projective Techniques
- Observation

# LIMITATIONS OF QUALITATIVE APPROACHES

All techniques can lead responses in one direction

- i. No-one to trigger questions
- ii. Groups need skilled researchers
- iii. Is time consuming and intensive. Nothing may come from the data

# QUANTITATIVE RESEARCH

Quantitative research concerns statistics\*

- Looks at past and potential customers
- Tests variants of the marketing mix
- Measures brand equity
- Measures consumers' beliefs about brands
- Creates meaningful segmentation
- Measures usage and attitudes

# **APPROACHES TO QUALITATIVE RESEARCH**

- i. Survey research**
- ii. Observations research**
- iii. Experiments**

# RESEARCH INSTRUMENTS AND SAMPLING

- Questionnaire and interviewer guides
- Sampling-
  - Target population
  - Sampling frame
  - probability and non probability sampling
  - Sample size

# CONTACT METHODS

- Mail questionnaires
- Online Interviews
- Telephone interviews
- Personal interviews

# DATA COLLECTION

- Field work

# ANALYZING THE DATA

- Qualitative data analysis vs quantitative data analysis
- Simple Tabulation – count the occurrences of each variable independently of other variables
- Cross Tabulation – divide the sample into sub-groups to show how the variable varies from one subgroup to another

# **INTERPRETING AND REPORTING FINDINGS**

- Interpret the findings
- Draw conclusions
- Report to management

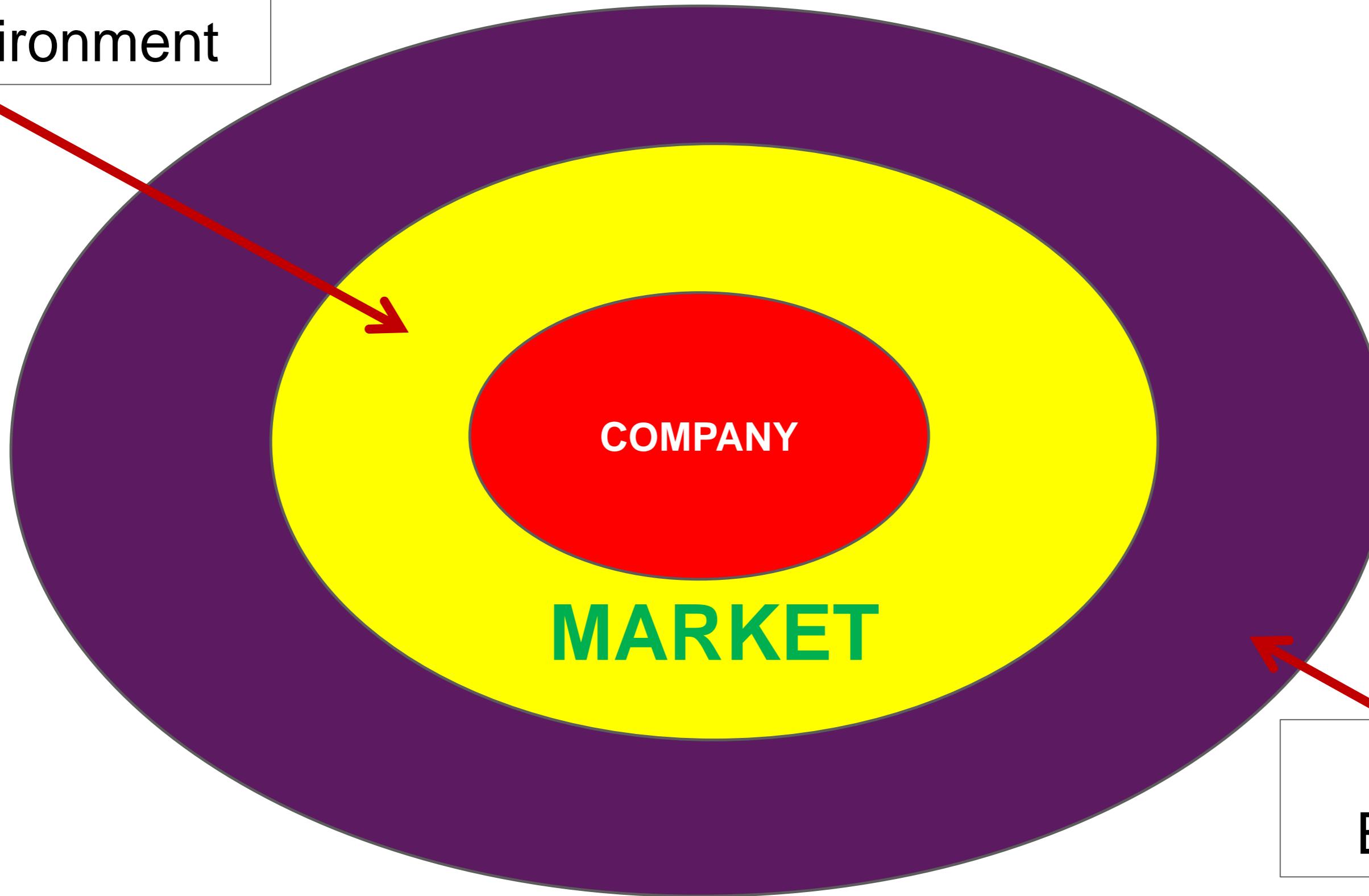
# **SCANNING THE ENVIRONMENT**

# IMPORTANCE OF ENVIRONMENTAL SCANNING

- Forces influence a companies marketing strategy significantly
- The environment is continually changing, so purposeful scanning by management is necessary to keep abreast of change
- Scanning is necessary to determine which factors in the environment pose a threat to the enterprise's present goals and strategy
- Scanning is also necessary to determine which factors in the environment present opportunities for the more effective attainment of the goals of the enterprise by modifying its present strategy
- Enterprises that scan the environment systematically are more successful than those that do not.

# THE MARKETING ENVIRONMENT

Micro  
environment



Macro  
Environment

# THE MARKETING ENVIRONMENT

---

## Demographic Environment

- Worldwide Population Growth
- Population Age Mix
- Ethnic and Other Markets
- Educational Groups
- Household Patterns

## Economic Environment

- Consumer Psychology
- Income Distribution
- Income, Savings, Debt, Credit

## Socio-Cultural Environment

- Views of Ourselves, Others, Society, etc.
- High Persistence of Core Cultural Values
- Existence of Sub-Cultures

## Natural Environment

- Environmental Regulations
- Corporate Environmentalism

## Technological Environment

- Accelerating Pace of Change
- Unlimited Opportunities for Innovation
- Varying RandD Budgets
- Increased Regulation of

## Political-Legal Environment

- Increase in Business Legislation
- Growth of Special Interest Groups



## Beach lover alert

Scott Ramsay shares his experience along the Northern Wild Coast.

### EXPLORE

[Travel Home](#) | [Flights](#) | [Travel SA](#) | [Travel International](#) | [Multimedia](#) | [Weekend](#)

## Comair challenges new low-cost airline

2013-09-05 08:54

Johannesburg - In the wake of FlySafair's announcement that they would become South Africa's newest low-cost airline, Comair has objected to the Air Services Licensing Council granting them a domestic passenger service license. ~~meet the required 25% limit of foreign ownership.~~

According to Safair CEO Dave Andrew 75% of the company is held by three South Africans, who also happen to be directors. They include Chairperson Hugh Flynn and Chief Financial Officer Elmar Conradie as well as Andrew.

Despite the Safair website noting that the company is 'part' of the Dublin-based ALS Aviation Group, all South African shareholders have voting rights and are entitled to receive dividends.

Comair said they would object to the license on two grounds - the first being that Flynn is not 'normally resident' in South Africa, as he's based in Ireland, which would mean that FlySafair would fail the 25% foreign ownership limit test. Secondly they will argue that Safair was a 'front' formed to enter the local domestic market.



[The Good Life](#) [Cultural Institute](#) [Autocrosses](#)



### Check out

#### WEEKEND ESCAPES

##### SA to get new low-cost airline

- Umhlanga - vibrant and affordable
- Wild Drakensberg: Giant's Castle
- The Joburg City Festival: Top four picks
- Mango launches leisure flights to George

# Responding to the Marketing Environment

## Uncontrollable

- React and adapt to forces in the environment

## Proactive

- Aggressive actions to affect forces in the environment

## Reactive

- Watching and reacting to forces in the environment

# **MEASURING MARKETING PRODUCTIVITY**

# **MARKET SEGMENTATION, TARGETING AND POSITIONING**

# MARKET SEGMENTATION

- Market segmentation is the division of a market into distinct groups of buyers who have distinct needs, characteristics, or behaviour and who might require separate products or marketing mixes
- Market segment is a group of consumers who respond in a similar way to a given set of marketing efforts

# TARGET MARKET

- A market is a set of all actual and potential buyers
- A target market is a group of people toward whom a firm markets its goods, services, or ideas with a strategy designed to satisfy their specific needs and preferences.
- Any marketing strategy must include a detailed (*specific*) description of this.

# ADVANTAGES OF SEGMENTATION

1. The process of breaking up a homogeneous market into heterogeneous segments forces the marketer to analyse and consider both the needs of the market and the company's ability to competently serve those needs – thereby making the company better informed about its customers
2. Competitor offerings and marketing positioning must also be analysed in this context so the company must consider what its competitive advantages and disadvantages are, helping it to clarify its own positioning strategy
3. Limited resources are used to best advantage, targeted at those segments that offer the best potential
4. The organisation gets to know its customers better.
5. It helps focus the strategy of the organisation.

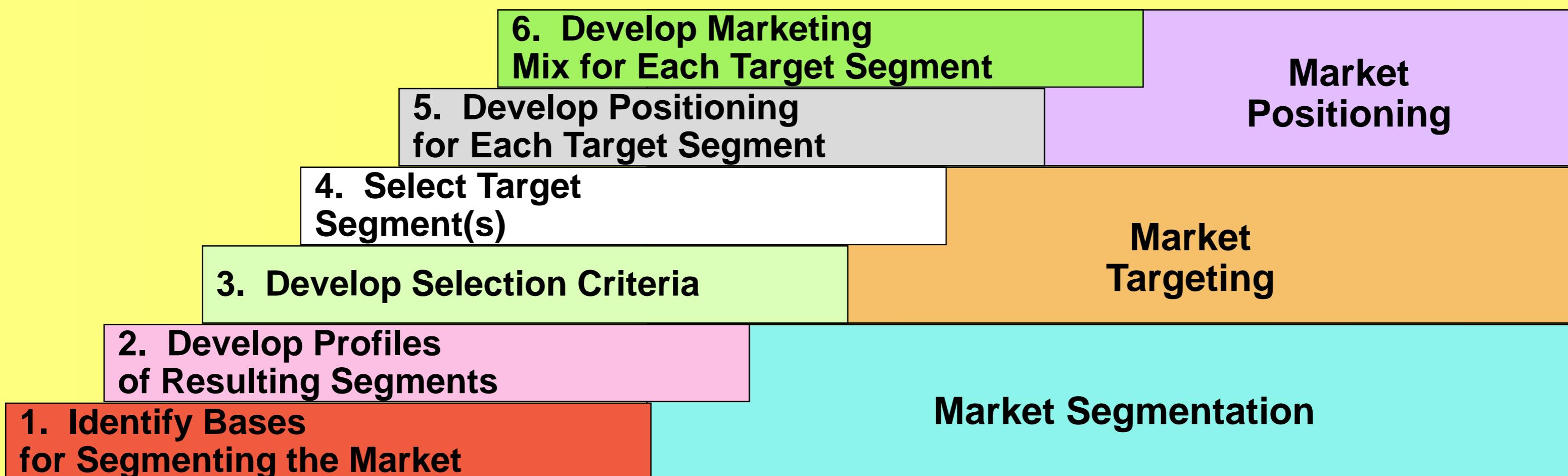
# WHY SEGMENTATION?

- To develop marketing activities
- Increase marketing effectiveness
- Generate greater customer satisfaction
- Create savings
- To identify strategic opportunities and niches
- Allocation of marketing budget
- Adjustment of product to the market need
- To estimate the level of sales in the market
- To overcome competition effectively
- To develop effective marketing programmes
- To contribute towards achieving company goals

## LIMITATIONS

- Targeting multiple segments increases marketing costs.
- Segmentation can lead to proliferation of products.
- Narrowly segmenting a market can hamper the development of broad-brand equity.

# STEPS IN SEGMENTATION, TARGETING, AND POSITIONING



## Select customers to serve

### Segmentation

Divide the total market into smaller segments

### Targeting

Select the segment or segments to enter

## Create value for targeted customers

## Decide on a value proposition

### Differentiation

Differentiate the market offering to create superior customer value

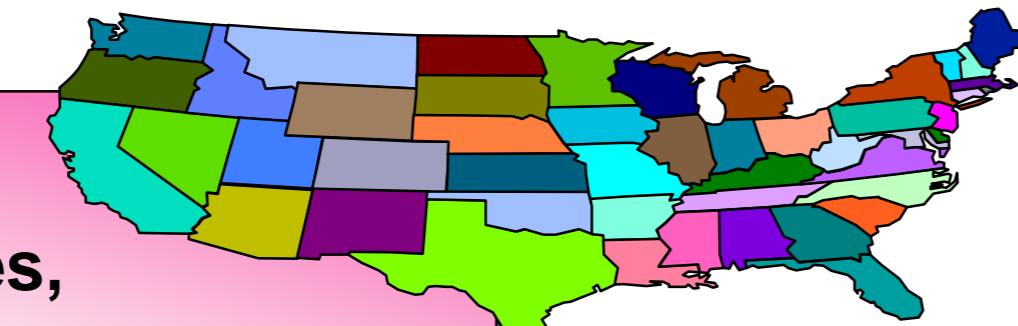
### Positioning

Position the market offering in the minds of target customers

# BASES FOR SEGMENTING CONSUMER MARKETS

**Geographic**

Nations, states,  
regions or cities



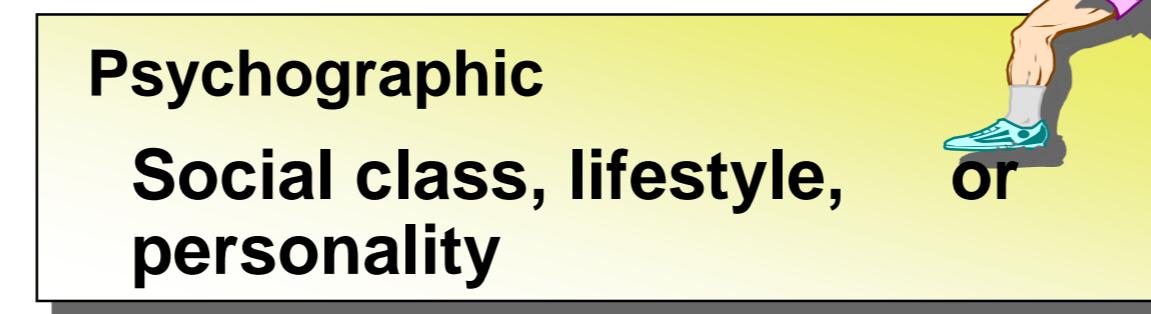
**Demographic**

Age, gender, family size and  
life cycle,  
or income



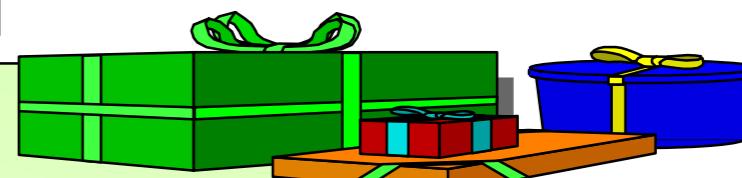
**Psychographic**

Social class, lifestyle,  
or  
personality

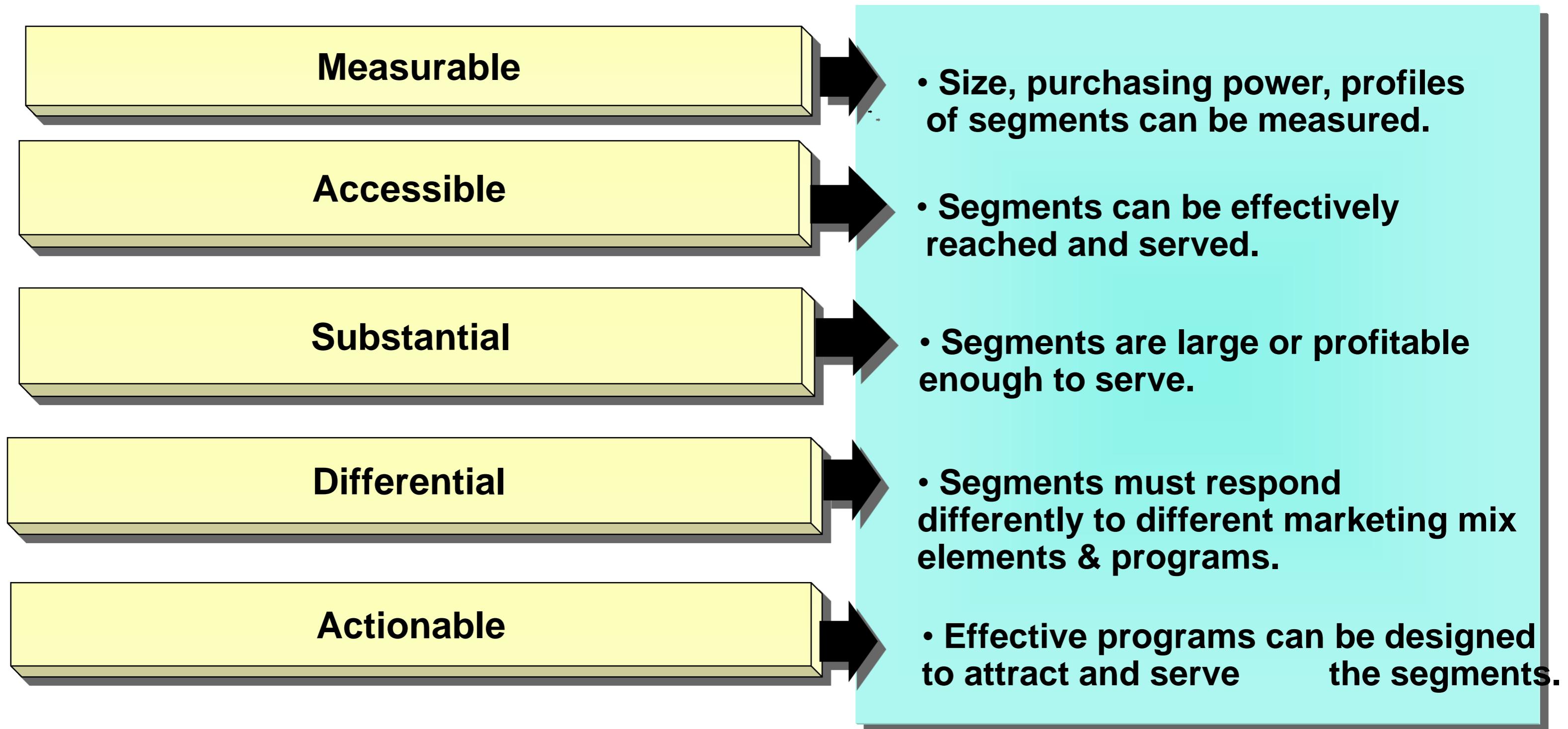


**Behavioural**

Occasions, benefits  
sought, user status, usage  
rate, loyalty



# Requirements for Effective Segmentation



# TARGETING



**Targeting involves the process of evaluating each segments attractiveness and selecting one or more segments to enter**

# MARKET TARGETING STRATEGIES

## Mass Marketing

*Same product to all consumers  
(no segmentation)*

## Segment Marketing

*Different products to one or more segments  
(some segmentation)*

## Niche Marketing

*Different products to subgroups within segments  
(more segmentation)*

## Micromarketing

*Products to suit the tastes of individuals and locations  
(complete segmentation)*

## Local Marketing

*Tailoring brands/ promotions to local customer groups*

## Individual Marketing

*Tailoring products/ programs to individual customers*

# **MARKET TARGETING STRATEGIES**

## **i. Undifferentiated (mass) marketing**

- One size fits all approach- one offer for the entire market

## **ii. Differentiated (segmented) marketing**

- A different marketing mix for each segment (expensive)

## **iii. Concentrated (niche) marketing**

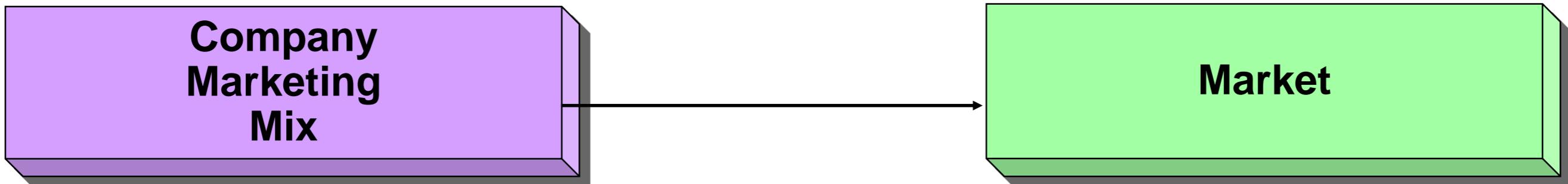
- whereby a firm goes after a large share of one or a few segments or niches instead of going after a small share of a large market.
- The firm markets more effectively by fine-tuning its products, prices, and programs to the needs of carefully defined segments.
- Used by small companies focusing their limited resources on serving niches that are unimportant to or overlooked by large companies

# **MARKET TARGETING STRATEGIES**

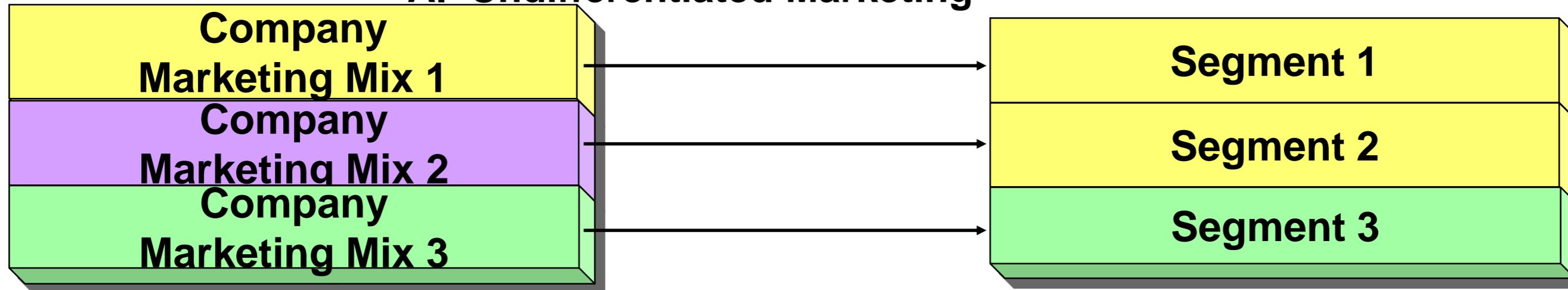
## **iv. Micromarketing**

- Refers to a strategy that involves tailoring the offers and marketing programs to suit the tastes of specific individuals and locations
  - a. Local marketing is the practice of tailoring brands and promotions to the needs of local customer groups e.g. cities, neighbourhoods, or even specific stores.
  - b. Individual marketing (also labelled one-to-one marketing) involves tailoring products and marketing programs to the needs and preferences of individual buyers eg clothing, vehicles, computers,

# TARGET MARKETING STRATEGIES



A. Undifferentiated Marketing

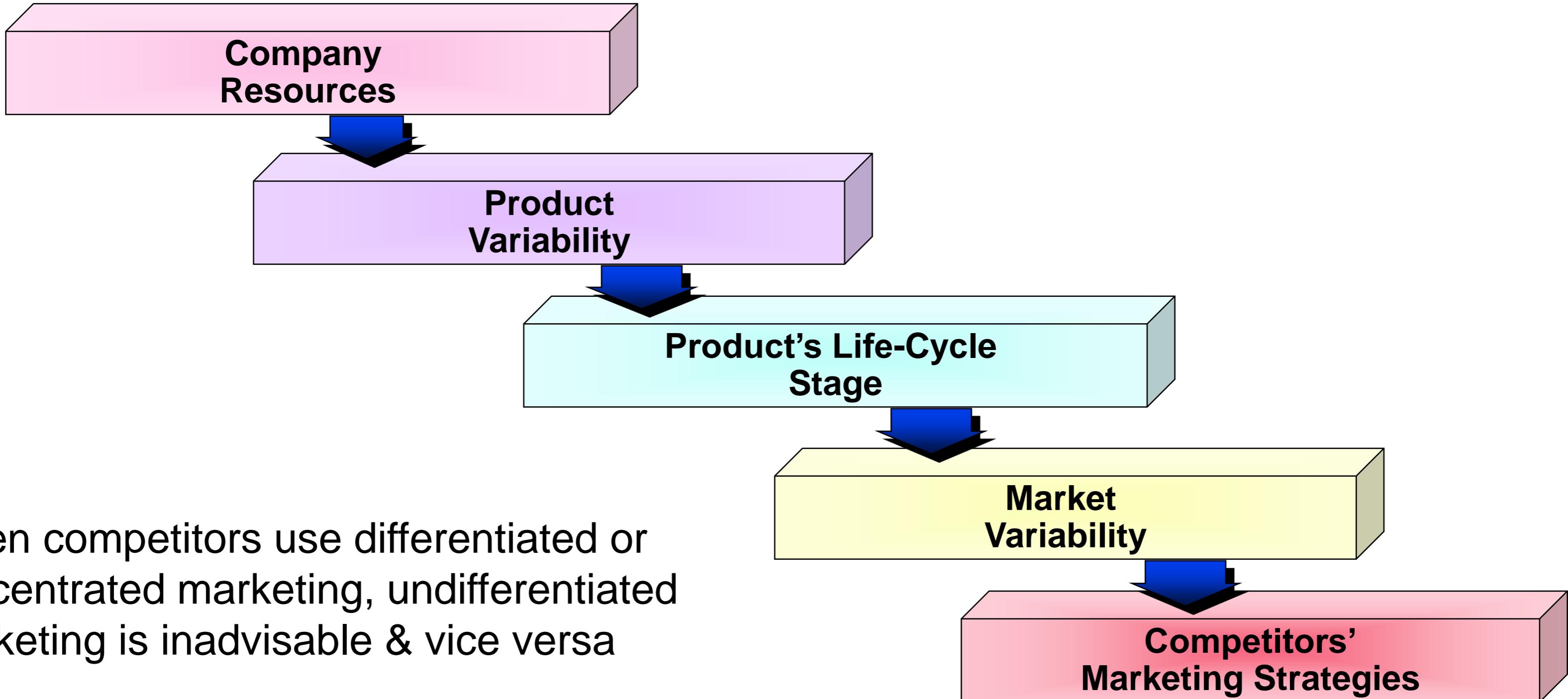


B. Differentiated Marketing



C. Concentrated Marketing

# CONSIDERATIONS WHEN CHOOSING A TARGETING STRATEGY



# POSITIONING

- Positioning starts with a product. A Piece of merchandise, a service, a company, an institution, or even a person... But positioning is not what you do to a product.
- Positioning is what you do to the mind of the prospect.  
That is, you position the product in the mind of the prospect.

Al Ries and Jack Trout (1981)

# POSITIONING & DIFFERENTIATION

- Refers to the place the product occupies in the consumers' minds relative to competing products
- Is the act of designing the company's offering and image to occupy a distinctive place in the target market's mind.
- involves implanting the unique benefits and differentiation of the brand in the minds of consumers.

# **THE POSITIONING PROCESS**

# COMPETITIVE FRAME OF REFERENCE

- Identify relevant set of competitive products-defining the customer target market and nature of competition,
- Category membership—the products or sets of products with which a brand competes and which function as close substitutes.
- Need to understand consumer behavior and the consideration sets consumers use in making brand choices.

# DEFINING ASSOCIATIONS

## Points-of-difference

- Attributes or benefits consumers strongly associate with a brand, positively evaluate, and believe they could not find to the same extent with a competitive brand

# DEFINING ASSOCIATIONS

## Points-of-parity

- Associations that are not necessarily unique to the brand but may be shared with other brands
- Divided into 2
  - a) Category points-of-parity is associations consumers view as essential to be a legitimate and credible offering within a certain product or service category.
    - ✓ represent necessary conditions but not necessarily sufficient for brand choice, change over time
  - b) Competitive points-of-parity are associations designed to negate Competitors points-of-difference.

# Points-of-Parity versus Points-of-Difference

- To achieve a point-of-parity on a particular attribute or benefit, a sufficient number of consumers must believe that the brand is —good enough on that dimension
- There is a zone or range of tolerance or acceptance with points-of-parity- brand does not need to be seen as equal to competitors
- With points-of-differences, the brand must demonstrate clear superiority.

# KEY CRITERIA FOR CHOOSING POINTS-OF-DIFFERENCE

## Desirability Criteria

- Relevance
- Distinctiveness
- Believability

## Deliverability Criteria

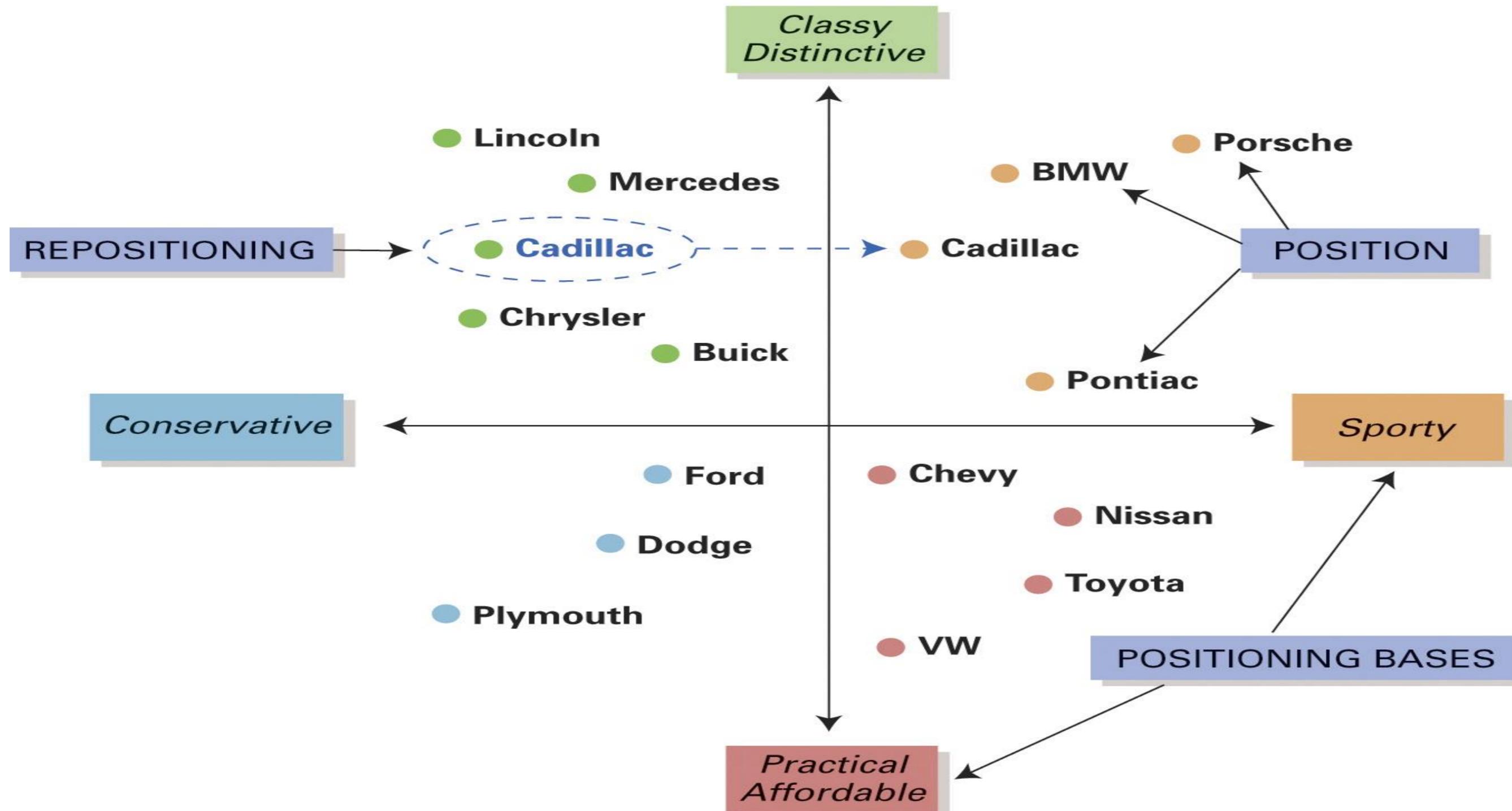
- Feasibility
- Communicability
- Sustainability

# POSITIONING MAPS

- Marketers often prepare perceptual positioning maps that show the perceptions of consumers of their brands against competing products on important buying dimensions.
- A means of displaying or graphing, in two or more dimensions, the location of products, brands, or groups of products in customers' minds.

# Positioning and Product Differentiation

Each car occupies a position in consumers' minds.  
Cars can be positioned according to attribute (sporty, conservative, etc.),  
to price/quality (affordable, classy, etc.) or other bases.  
Cadillac has repositioned itself as a car for younger drivers with edgier ads.



# APPROACHES TO POSITIONING

- By attributes e.g. Singapore Airlines (first class comfort)
- By benefits e.g. Citibank Credit Card (7/24 availability)
- By price/quality e.g. Proton
- By usage or application e.g. 100Plus (fluid replenishment in sports)
- By users e.g. Johnson Baby Shampoo; J&J Affinity Shampoo (hair conditioner for women)
- By product class
  - e.g. Camay soap (with bath oils—not just soap)
- By competitors e.g. Avis against Hertz

# PRODUCT DIFFERENTIATION STRATEGIES

- Positioning strategies seek differential advantages, i.e. those positions, which the consumer sees as better, cheaper or different from the competitors in a way, that means something important to the buyer.
- Differentiation occurs at both goods and services level, although much differentiation can be done by comparing physical features of goods, as positioning happens in the mind of the consumer,
  - Form
  - Features
  - Customization
  - Performance quality
  - Conformance quality
  - Durability
  - Reliability
  - Repairability
  - Style
  - Design

# POSITIONING

- Positioning strategies seek differential advantages, i.e. those positions, which the consumer sees as better, cheaper or different from the competitors in a way, that means something important to the buyer.
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# SERVICE DIFFERENTIATION

- Ordering ease
- Delivery
- Installation
- Customer training
- Customer consulting
- Maintenance and repair
- Returns

# **OTHER DIMENSIONS OF DIFFERENTIATION**

- Personnel-Companies can gain a strong competitive advantage through having better-trained people. Better-trained personnel exhibit Competence, Courtesy, Credibility Responsiveness, Communication & Reliability
- Channel-Companies can achieve competitive advantage through the design of its distribution channel's coverage, expertise, and performance
- Image-Image is the way the public perceives the company or its products

# POSITIONING ERRORS

- Underpositioning – Positioning advertising that leaves the consumers with only vague ideas about the company and therefore answer the research with some hesitation and confusion.
- Overpositioning – Pushing the values so high that the consumer sees the product as unattainable.
- Confused positioning – Positioning advertising, which sends out contradictory messages with frequent changes to price or values offered.
- Doubtful positioning - Positioning advertising making claims that the consumer sees as lacking in credibility.

# BUILDING STRONG BRANDS



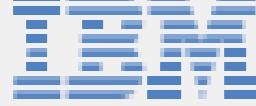
# BRANDS



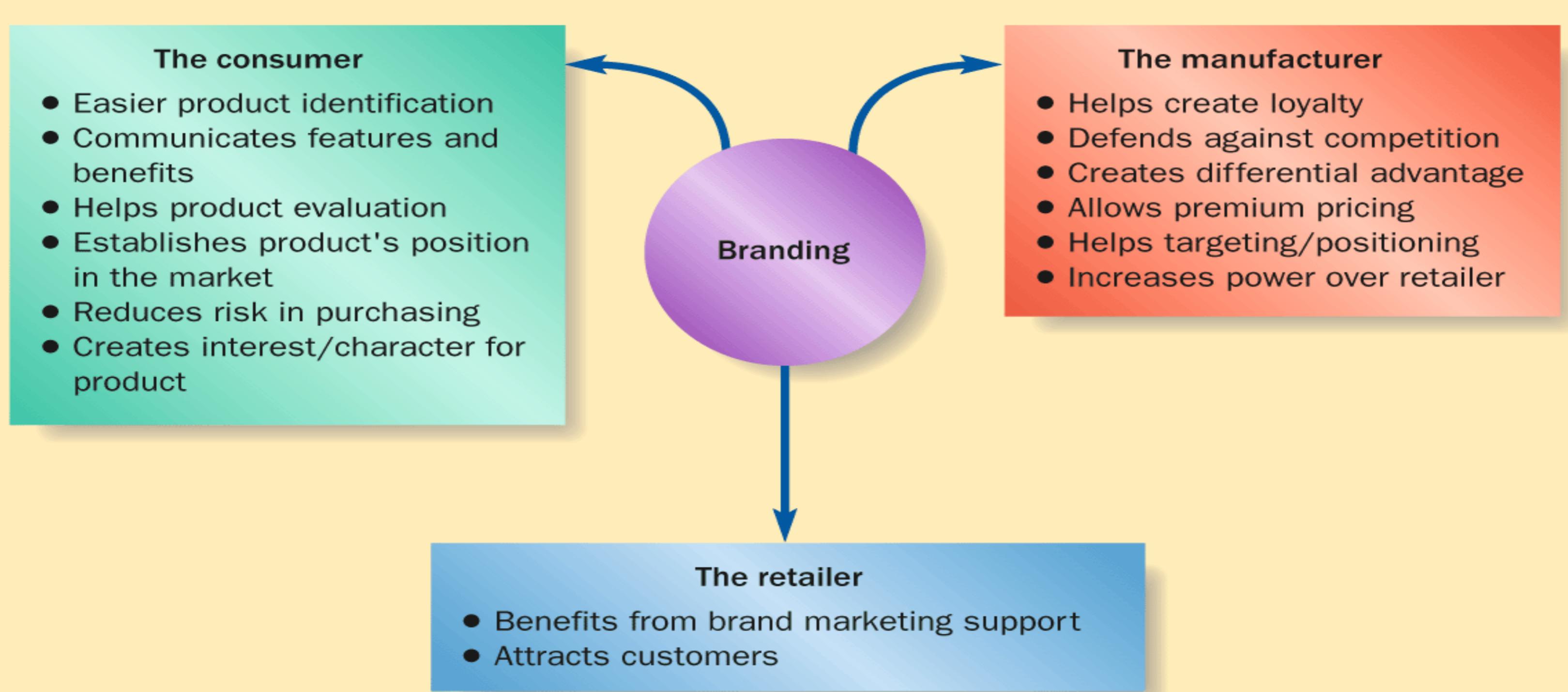
# BRANDING

- A **brand** is a name, term, sign, symbol, or design, or some combination of these elements, intended to identify the goods and services of one seller or group of sellers and to differentiate them from those of competitors.
- A Brand is a promise to deliver specific benefits associated with products or services to consumers
- A brand is the most valuable intangible assets of a firm

# TOP 10 MOST VALUABLE BRANDS- WORLD 2014

Rank	Brand	Category	Brand value 2014 \$M	Brand contribution	Brand value % change 2014 vs 2013	Rank change
1	 Google	Technology	158,843	3	40%	1
2	 Apple	Technology	147,880	4	-20%	-1
3	 IBM	Technology	107,541	4	-4%	0
4	 Microsoft	Technology	90,185	4	29%	3
5	 M	Fast Food	85,706	4	-5%	-1
6	 Coca-Cola	Soft Drinks	80,683	4	3%	-1
7	 VISA	Credit Card	79,197	4	41%	2
8	 at&t	Telecoms	77,883	3	3%	-2
9	 Marlboro	Tobacco	67,341	3	-3%	-1
10	 amazon.com	Retail	64,255	3	41%	4

# Importance of Branding



## Microsoft to get rid of Nokia and Windows Phone brands?

It looks like the tech giant's plan to move away from the Nokia and Windows Phone names is getting underway.

by Dara Kerr @darakerr / September 10, 2014 3:30 PM PDT



Microsoft has already made it clear that it's planning to phase out the Nokia name in its mobile products, and a newly leaked internal document confirms just that. The document, which was obtained by tech blog GeeksOnGadgets, reportedly says upcoming Nokia Lumia devices will soon be branded as just "Lumia."

This doesn't come as much of a surprise, however. In April, former Nokia CEO Stephen Elop -- who is now the head of Microsoft's devices group -- said that he doesn't see the Nokia name sticking around for long at Microsoft.

"Nokia as a brand will not be used for long going forward for smartphones," Elop said in a Q&A on Microsoft Mobile's Conversations blog. "Work is underway to select the go-forward smartphone brand."



Microsoft is said to be losing the Nokia name on its Nokia Lumia smartphones.

CNET

### RELATED STORIES

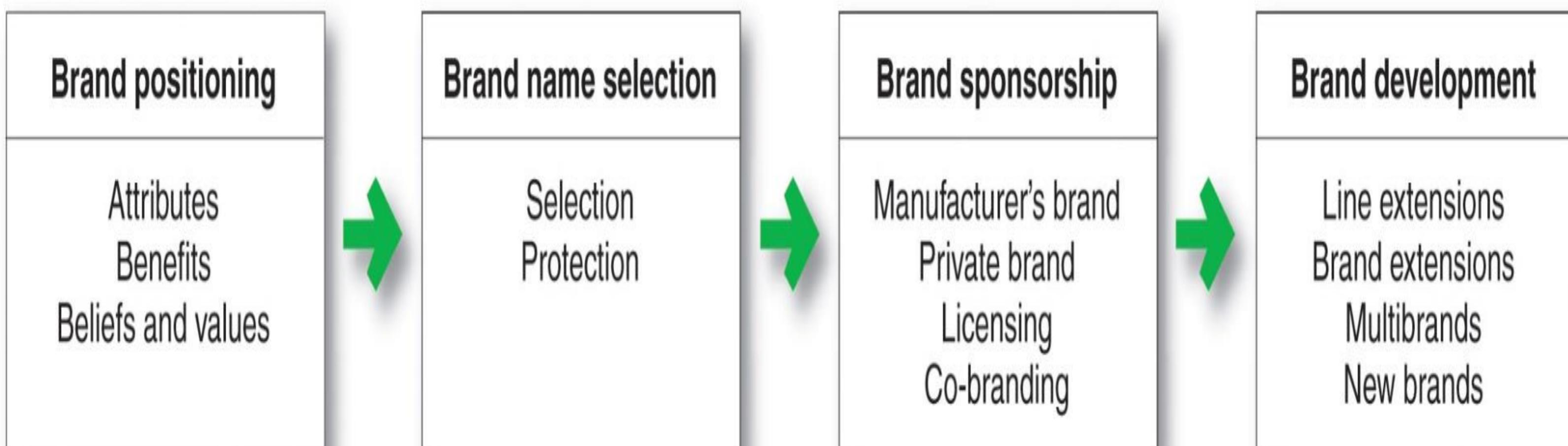
- Microsoft's Elop: Nokia brand soon to vanish from smartphones
- Microsoft closes Nokia deal, pays more than expected

Microsoft acquired Nokia's devices business for more than \$7.2 billion in April. Shortly after the takeover, Microsoft renamed the company Microsoft Mobile. With the deal, Microsoft has planned to use Nokia to continue promoting its Windows Phone mobile operating system and to move forward in its transformation into a devices and services company.

**Source:**<http://www.cnet.com/news/microsoft-to-get-rid-of-nokia-and-windows-phone-brands/>

# BRAND STRATEGY DECISIONS

- Brands are assets that must be carefully developed and managed via



# STRATEGIC BRAND MANAGEMENT

- Brand Management is the overall coordination of a brand's equities to create long-term brand growth through overseeing marketing mix strategies
- Combines the design and implementation of marketing activities and programmes to build, measure and manage brands to maximise their value" (Kotler and Keller, 2014: 263).
- This can be managed by:
  - Consistent brand message
  - Manage customer experience
  - Focus on long-term growth

# BRAND EQUITY

- Brand equity is the added value endowed on products and services, which may be reflected in the way consumers, think, feel, and act with respect to the brand
- Brand equity is the differential effect that the brand name has on customer response to the product and its marketing
- The marketing asset: the consequence of good marketing
- “the marketing and financial value associated with a brand’s strength in a market”
- Formed primarily by brand experience but also by advertising/marcoms (externally) & good management (internally)

# Brand Equity

“The tangible and intangible value that a brand provides positively or negatively to an organization, its products, its services, and its bottom-line derived from consumer knowledge, perceptions, and experiences with the brand.” — Susan Gunelius

# BRAND EQUITY

- Building brand equity depends on:



Initial choices for the brands elements or identities making up the brand.



The way the brand is integrated into  
The supporting marketing programmes  
All mkg spent are investments



The associations indirectly transferred to the brand

# BRAND ELEMENTS

- Brand elements are those trademark devices that serve to identify and differentiate the brand.

Consist of the following;

- Brand names-Nike, KFC,
- Slogans-'I'm Lovin' It", 'Finger Lickin' Good' (So Good)
- Characters
- Symbols
- Logos
- URLs



# Brand Element Choice Criteria

Memorable

Meaningful

Likeable

Transferable

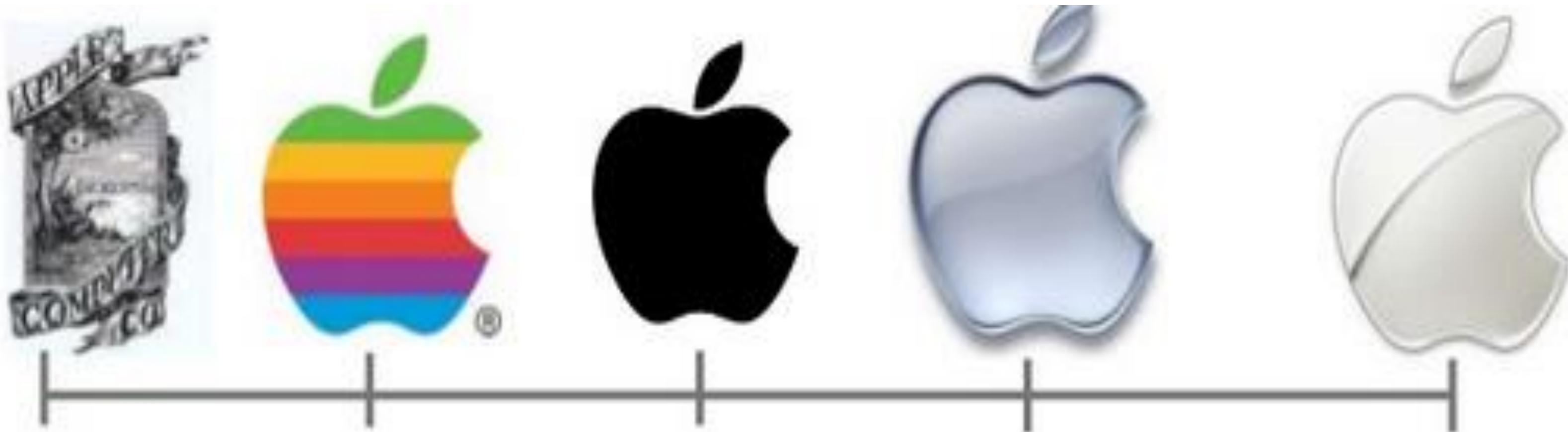
Adaptable

Protectable

# EXAMPLES-MEANINGFULNESS/ TRANSFERABILITY

Brand	English	Translation
Frank Perdue <b>(poultry products)</b>	Slogan: 'It takes a strong man to make a tender chicken'	Slogan in Spanish: 'It takes an aroused man to make a chicken affectionate.'
Chevy Nova	Name: Nova	Name's meaning in Spanish: 'It doesn't go.'
Schweppes Tonic Water	Name: Schweppes Tonic Water	Name's translation in Italian: 'Schweppes Toilet Water'
Coors Beer	Slogan: 'Turn it loose'	Slogan in Spanish: 'You will suffer from diarrhea'

# BRAND ELEMENTS: LOGO



Original logo

1976-1998

1998-2000

2000-2007

Currently

- Easy to recognize
- Quality and innovative
- One of the most valuable symbol

# MEASURING BRAND EQUITY

- **Brand Audits**

- consumer-focused series of procedures to assess the health of the brand, uncover its source of brand equity, and suggest ways to improve and leverage its equity

- **Brand Tracking Audits**

- collects quantitative data from consumers over time to provide consistent, baseline information about how brands and marketing programs are performing
  - Helps understand where, how much, and in what ways brand value is being created.

- **Brand Valuation**

- the job of estimating the total financial value of the brand.

- **Brand Exploratory**

- The brand exploratory is research activity conducted to understand what consumers think and feel about the brand and its corresponding product category to identify sources of brand equity.
- employs qualitative research techniques such as word associations, projective techniques, visualization

# **BRANDING MODELS**

# BRAND EQUITY MODELS SUMMARY

1. **Model-Aaker Model** -There are a set of five categories of brand assets and liabilities which add value to the product- Brand Awareness; Perceived Quality; Brand Loyalty; Brand Associations; Other proprietary assets
2. **BRANDZ model** -Millward Brown and WPP. brand building involves a sequential series of steps, where each step is contingent upon successfully accomplishing the previous step- Presence; Relevance; Performance; Advantage; Bonding
3. **Brand Resonance** model-views brand building as an ascending, sequential series of steps
  1. From -ensuring identification of the brand with customers' minds with a specific product class or customer need.
  2. To-converting brand response to create an intense, active loyalty relationship between customers and the brand

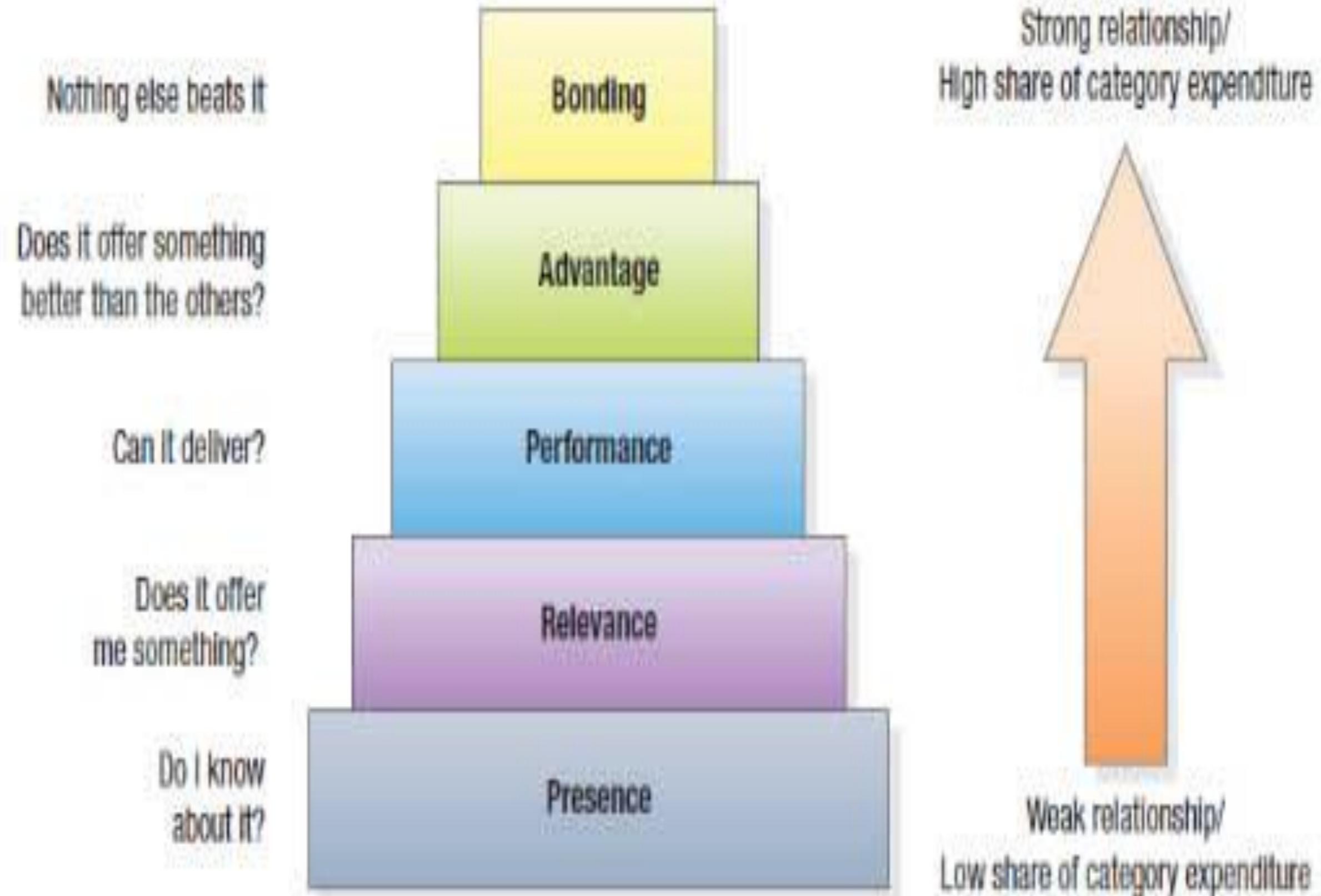
# **BRAND EQUITY MODEL-AAKER MODEL**

- viewed by Professor David Aaker

- There are a set of five categories of brand assets and liabilities which add value to the product.
  - ❖ **Brand Awareness**
  - ❖ **Perceived Quality**
  - ❖ **Brand Loyalty**
  - ❖ **Brand Associations**
  - ❖ **Other proprietary assets**

## **BRAND EQUITY MODEL - BRANDZ**

- developed by marketing research consultants Millward Brown and WPP.
  - brand building involves a sequential series of steps, where each step is contingent upon successfully accomplishing the previous step
    - it involves series of steps and each steps have their objectives.
- ❖ **Presence**
  - ❖ **Relevance**
  - ❖ **Performance**
  - ❖ **Advantage**
  - ❖ **Bonding**



# BRAND EQUITY MODEL-BRAND RESONANCE

- The brand resonance model views brand building as an ascending, sequential series of steps
  1. Ensuring identification of the brand with customers' minds with a specific product class or customer need.
  2. Firmly establishing the brand into the mind of the consumer.
  3. Eliciting proper customer response to in terms of brand related judgment and feelings.
  4. Converting brand response to create an intense, active loyalty relationship between customers and the brand.
- These brand building blocks can be assembled to build a brand pyramid with customers.



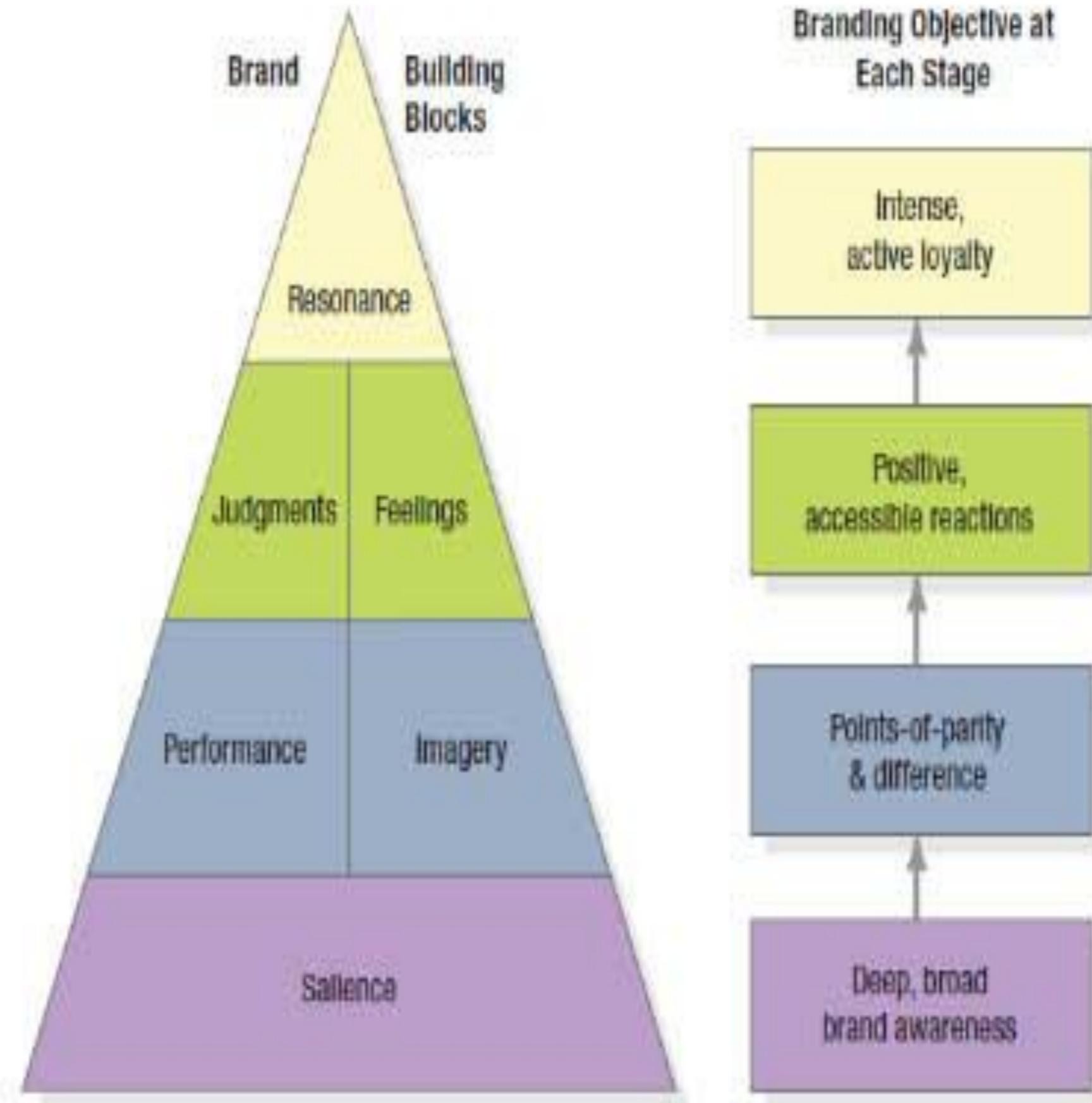
### Stages of Brand Development

4. Relationships =  
What about you and me?

3. Response =  
What about you?

2. Meaning =  
What are you?

1. Identity =  
Who are you?



# **BRAND EQUITY MODEL**

- **Brand Salience**
  - how often and how easily customers think of the brand under various purchase or consumption situations
- **Brand Performance**
  - how well the product or service meets customers' financial needs
- **Brand Imagery**
  - describes the extrinsic properties of the product or service, including the ways in which the brand attempts to meet the customers' psychological or social needs.

# **BRAND EQUITY MODEL**

- **Brand Judgment**
  - focus on customers' own personal opinions and evaluations.
- **Brand Feelings**
  - customers' emotional response and reactions with respect to the brand
- **Brand Resonance**
  - nature of the relationship customers have with the brand and the extent to which they feel they're “in sync” with it.

# **MANAGING BRAND EQUITY**

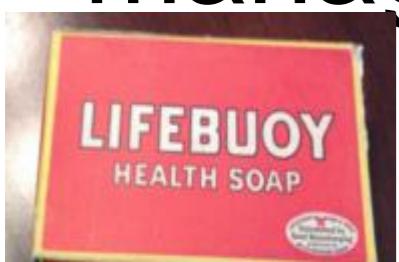
## **BRAND REINFORCEMENT**

- brand needs to be carefully managed so that its value does not depreciate
- Reinforcing brand equity requires innovation and relevance throughout the marketing programme.
- Brand equity is reinforced by marketing actions that consistently convey the meaning of the brand to consumers in terms of:
  - What products the brand represents?
  - What core benefits it supplies?
  - What needs it satisfies?
  - How the brand makes those products superior?
  - Which strong, favourable, and unique brand associations should exist in the minds of consumers?

**Question: Why is Coca Cola still promoted?**

# Brand revitalization

- Changes in consumer tastes and preferences, the emergence of new competitors or new technology, or any new development in the marketing environment could potentially affect the fortunes of a brand
- Reversing a fading brand's fortunes requires either that brands return to their rootsll and lost sources of brand equity are restored or that new sources of brand equity are established.
- Lifebuoy –a product that have fallen on hard times but managed to turn around and come back to the market.



# **BRANDING STRATEGY**

# **BRAND ROLES IN A BRAND PORTFOLIO**

- There are specific roles that brands can play as part of a brand portfolio:
- Flankers/ fighter brands-are positioned with respect to competitors brands so that more important (and more profitable) flagship brands can retain their desired positioning.
- Cash cows- are brands that hold on to a sufficient number of customers and maintain their profitability with virtually no marketing support.
- Low-end, entry-level-The role of a relatively low-price brand in the brand portfolio often may be as a means of attracting customers to the brand franchise.
- High-end prestige-The role of a relatively high-priced brand in the brand family often is to add prestige and credibility to the entire portfolio- toyaya-lexus

# DEVISING A BRANDING STRATEGY

When a firm introduces a new product, it has three main choices.

They are:

- Develop new brand elements
- Apply existing brand elements
- Use a combination of old and new

# DEVELOP NEW BRAND ELEMENTS FOR THE NEW PRODUCT



COFFEE



ICE CREAM



LIQUEUR

# APPLY SOME OF ITS EXISTING BRAND ELEMENTS



# USE A COMBINATION OF NEW AND EXISTING BRAND ELEMENTS

BRANDS AND INNOVATION  
ARE AT THE HEART  
OF EVERYTHING WE DO



400  
brands &  
growing



# BRAND STRATEGY

Brand Name

Existing  
New

Product Category

Existing

New

Line  
Extension

Brand  
Extension

Multibrands

New  
Brands

# BRAND STRATEGY

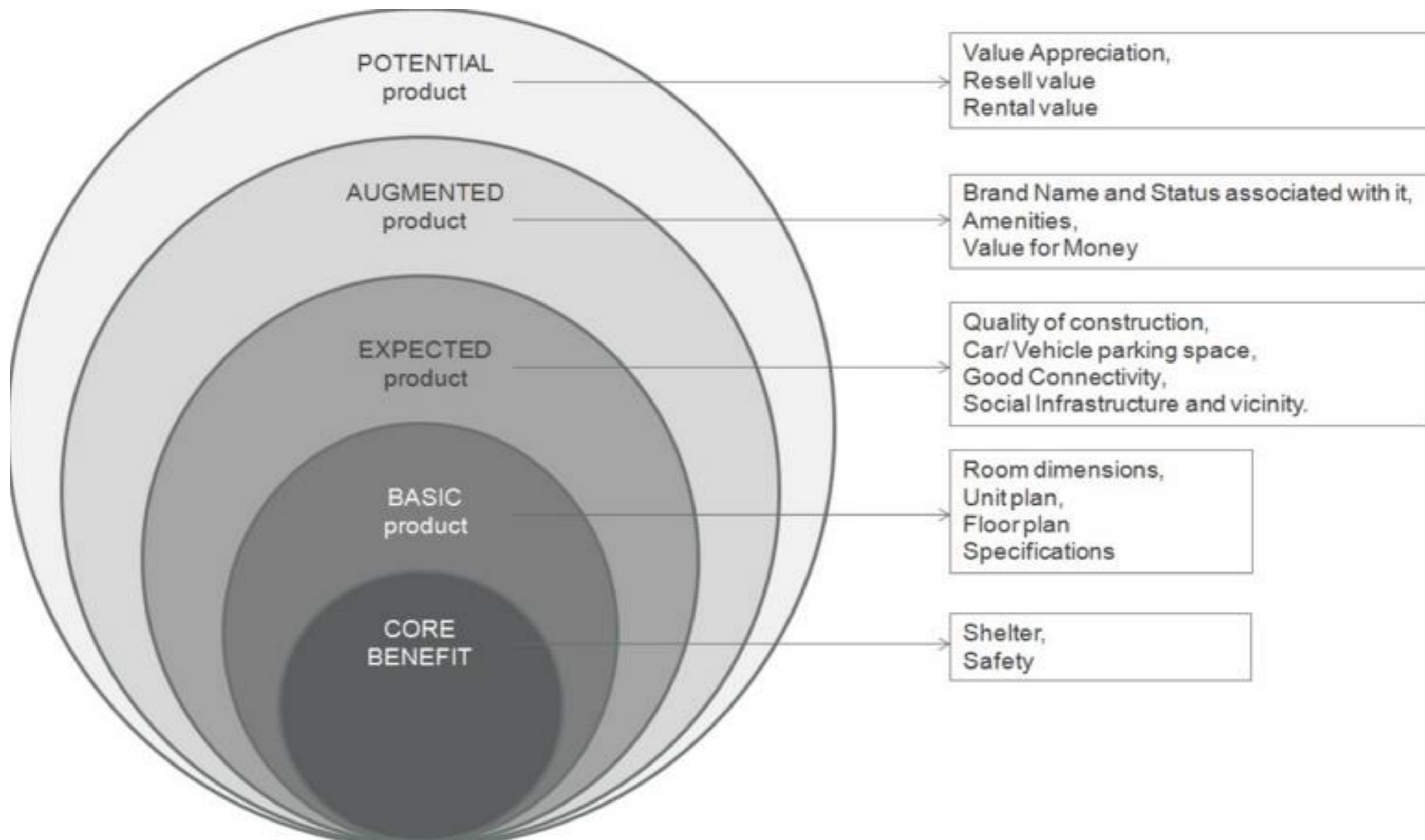
- Line Extension-refers to the expansion of an existing product line
  - Existing brand names extended to new forms, sizes, and flavors of an existing product category. Examples
- Brand Extension-refers to the expansion of the brand itself into new territories or markets
  - Existing brand names extended to new product categories.
- Multibrands
  - New brand names introduced in the same product category. Eg Unilever- detergents
- New Brands
  - New brand names in new product categories. Eg caterpillar, samsung

# **PRODUCT STRATEGY**

# WHAT IS A PRODUCT?

- Anything that can be offered to a market for attention, acquisition, use or consumption that satisfies a want or a need.
- Includes:
  - Physical Products
  - Services
  - Persons
  - Places
  - Organizations
  - Ideas
  - Combinations of the above

# LEVELS OF A PRODUCT



# PRODUCT CLASSIFICATIONS CONSUMER PRODUCTS

## Convenience Products

- > Buy frequently & immediately
- > Low priced
- > Many purchase locations
- > Includes:
  - Staple goods
  - Impulse goods
  - Emergency goods

## Shopping Products

- > Buy less frequently
- > Gather product information
- > Fewer purchase locations
- > Compare for:
  - Suitability & Quality
  - Price & Style

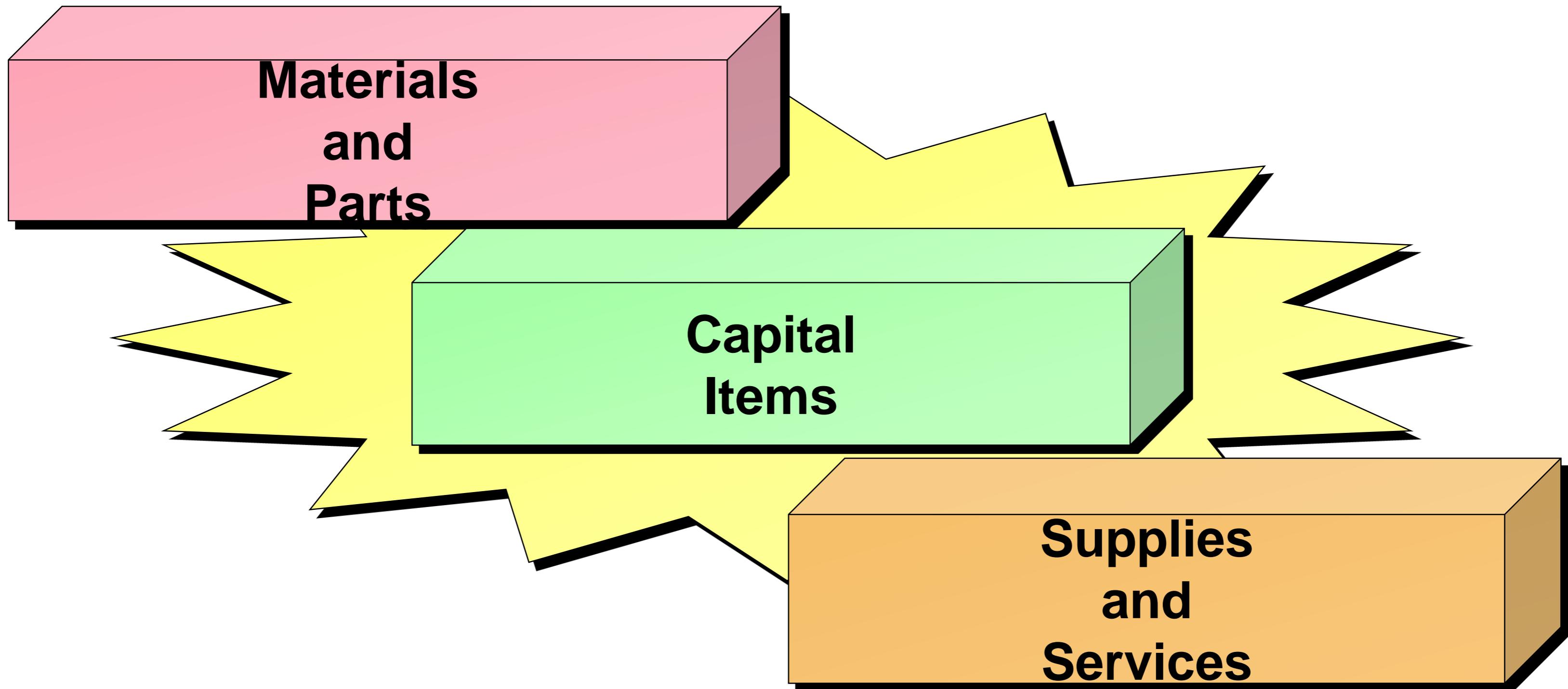
## Specialty Products

- > Special purchase efforts
- > Unique characteristics
- > Brand identification
- > Few purchase locations

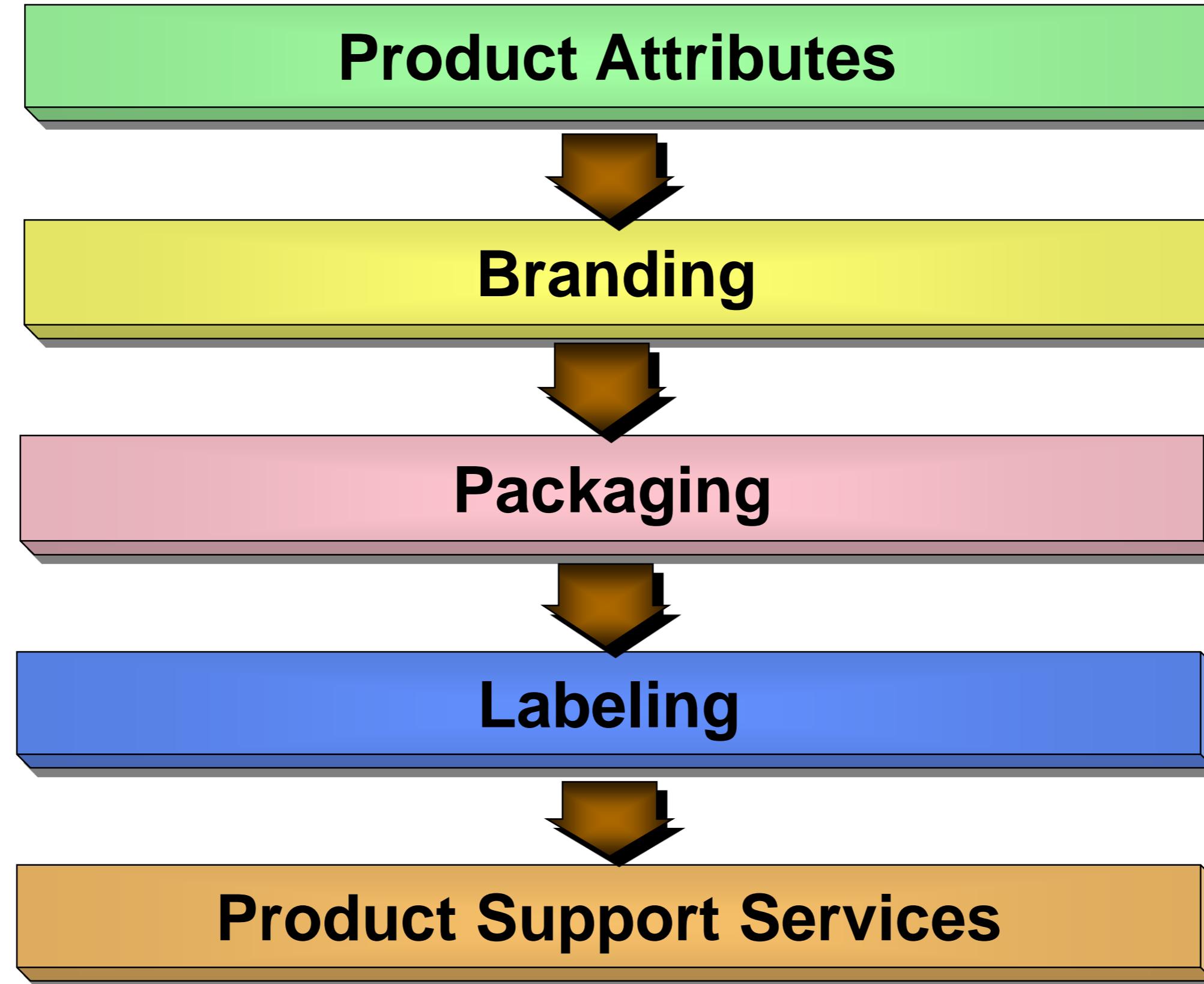
## Unsought Products

- > New innovations
- > Products consumers don't want to think about
- > Require much advertising & personal selling

# PRODUCT CLASSIFICATIONS INDUSTRIAL PRODUCTS



# INDIVIDUAL PRODUCT DECISIONS



# **NEW PRODUCT DEVELOPMENT**

# NEW PRODUCT DEVELOPMENT

- New products are critical to survival
- New-product development (NPD) is essential for companies seeking growth
  - It should be an on-going, well organized NPD process having top-management support
- What is a new product?
  - From a firm's perspective, a new product is a product that it is unfamiliar in any way

# **DEFINITION OF PRODUCT NEWNESS**

1. Products new to the world; usually revolutionary products resulting from product innovation eg , iPhone 6, Samsung S7

# DEFINITION OF PRODUCT NEWNESS (CONT'D)

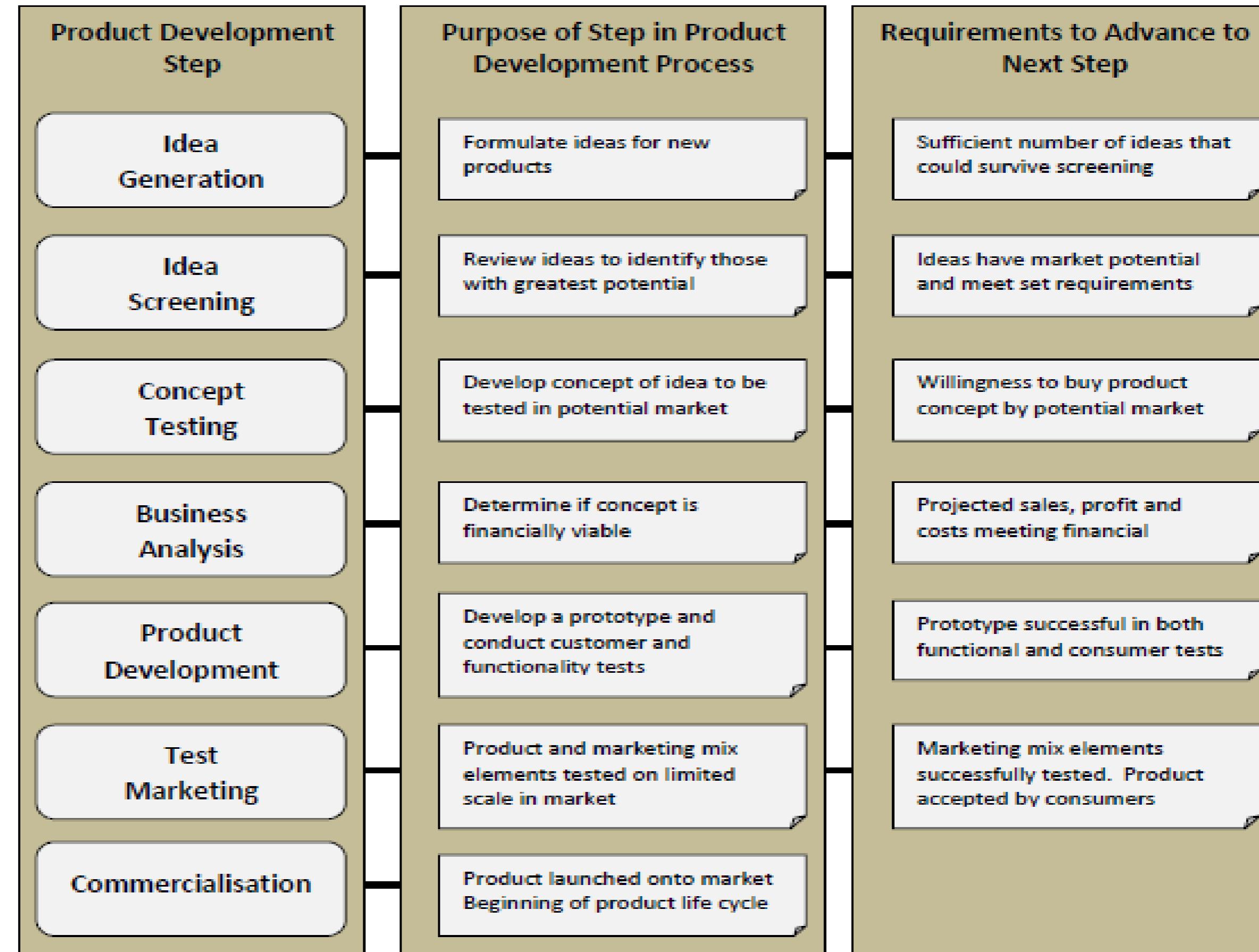
## 2. Products new to the firm

- Improvements to existing products
  - Additions to existing lines
  - Costs reductions and re-positionings eg OMO, NISSAN TAIDA, New Nissan Almera, Sunlight Liquid sachet, Hand Andy Sachets

# CAUSES OF NEW PRODUCT FAILURES

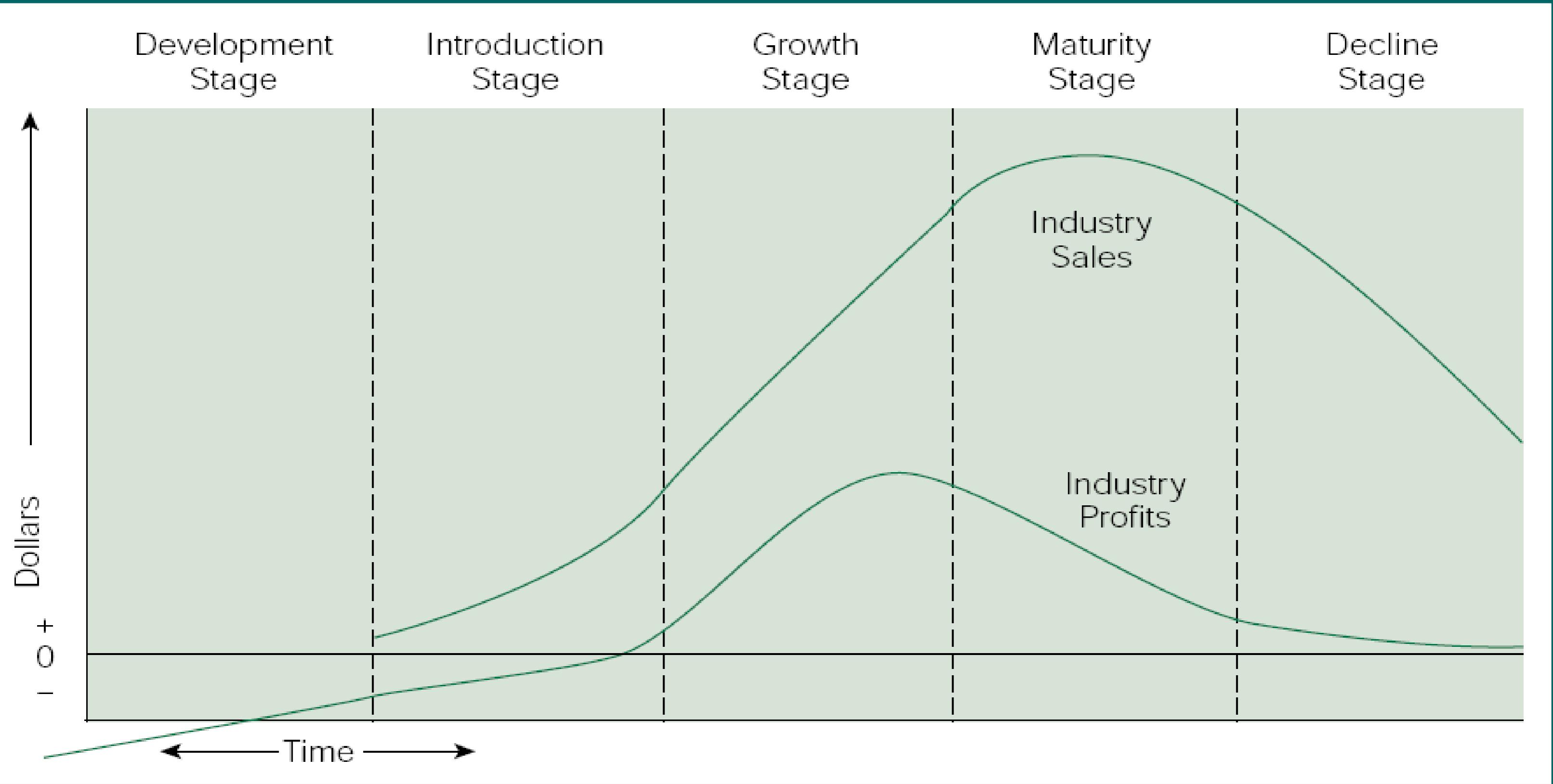
- Overestimation of Market Size
- Product Design Problems
- Product Incorrectly Positioned, Priced or Advertised
- Costs of Product Development
- Competitive Actions
- To create successful new products, the company must:
  - understand its customers, markets and competitors
  - develop products that deliver superior value to customers.

# NEW PRODUCT DEVELOPMENT PROCESS



# **PLC STRATEGIES**

# PRODUCT LIFE-CYCLE STRATEGIES



# PRODUCT LIFE-CYCLE STRATEGIES

- Product development
  - Sales are zero and investment costs mount
- Introduction
  - Slow sales growth and profits are nonexistent
- Growth
  - Rapid market acceptance and increasing profits.
- Maturity
  - Slowdown in sales growth and profits level off or decline
- Decline
  - Sales fall off and profits drop

# Summary NPD- Characteristics

	Introduction	Growth	Maturity	Decline
Characteristics				
Sales	Low sales	Rapidly rising sales	Peak sales	Declining sales
Costs	High cost per customer	Average cost per customer	Low cost per customer	Low cost per customer
Profits	Negative	Rising profits	High profits	Declining profits
Customers	Innovators	Early adopters	Middle majority	Laggards
Competitors	Few	Growing number	Stable number beginning to decline	Declining number
Marketing objectives	Create product awareness and trial	Maximize market share	Maximize profit while defending market share	Reduce expenditure and milk the brand

# PLC Objectives and Strategies

	Introduction	Growth	Maturity	Decline
MARKETING OBJECTIVES				
	Awareness and trial	Maximize market share	Maximize profits; Defend share	Milk the brand
STRATEGIES				
Product	Basic	Extend; Service, warranty	Diversify brands and models	Phase out the weak
Price	Charge cost-plus	Price to penetrate	Price to match	Cut price
Distribution	Selective	Intensive	More intensive	Go selective
Communications	Awareness early adopters	Awareness w/ mass market	Stress brand benefits	Reduce to minimal

# **PACKAGING AND LABELLING**

# PACKAGING DECISIONS

- Packaging refers to the container or wrapper for a product, to hold and protect the product.
- Now an important marketing tool- Silent salesperson
  1. Good packaging has the power to create immediate consumer recognition of a brand.
  2. Packaging that is innovative give a company an edge over competitors and boost sales.
  3. A product's public face

# ROLE OF PACKAGING

- Promoting and Selling the Product
- Defining Product Identity – invokes prestige, convenience, or status
- Provides Information – UPC symbols, contents, guarantees, nutritional value, potential hazards
- Meeting Customer Needs – various sizes, snack kits, etc
- Ensuring Safe Use – plastic instead of glass, tamper-resistant packaging, blisterpacks, childproof containers
- Protecting the Product – during shipping, storage, and display. Protects food from spoilage. Helps prevent shoplifting
- Preserve the product for a time period
- Help customers use products better

## PACKAGING DECISIONS- CONCERNS

- a) Packaging depletes natural resources.
- b) Some forms of packaging are health hazards.
- c) The disposal of packaging contributes to the litter problem.
- d) Packaging may be deceptive in terms of its size giving the impression of containing more than the actual contents.
- e) Packaging is expensive sometimes comprising up to half the production cost of the product

# LABELLING

- A label carries information about the product and seller and can be part of a package or a tag attached to the product.
- Kotler and Armstrong (2010:255) state that label
  1. identifies the product,
  2. describes several things about it,
  3. and help promote the brand.

Etzel et al. (2005:276) classify labels into three kinds:

- Brand label is simply the brand alone applied to the product or package.
- Descriptive label gives information on the product's use, construction, care, performance, and other features.
- Grade label identifies the quality of the product with a letter (e.g. A or B), a number (e.g. 1 or 2) or a word.
- Laws relating to labeling- safety warnings, misleading labels, ingredients

# **DEVELOPING PRICING STRATEGIES**

# The Marketing Mix - Price

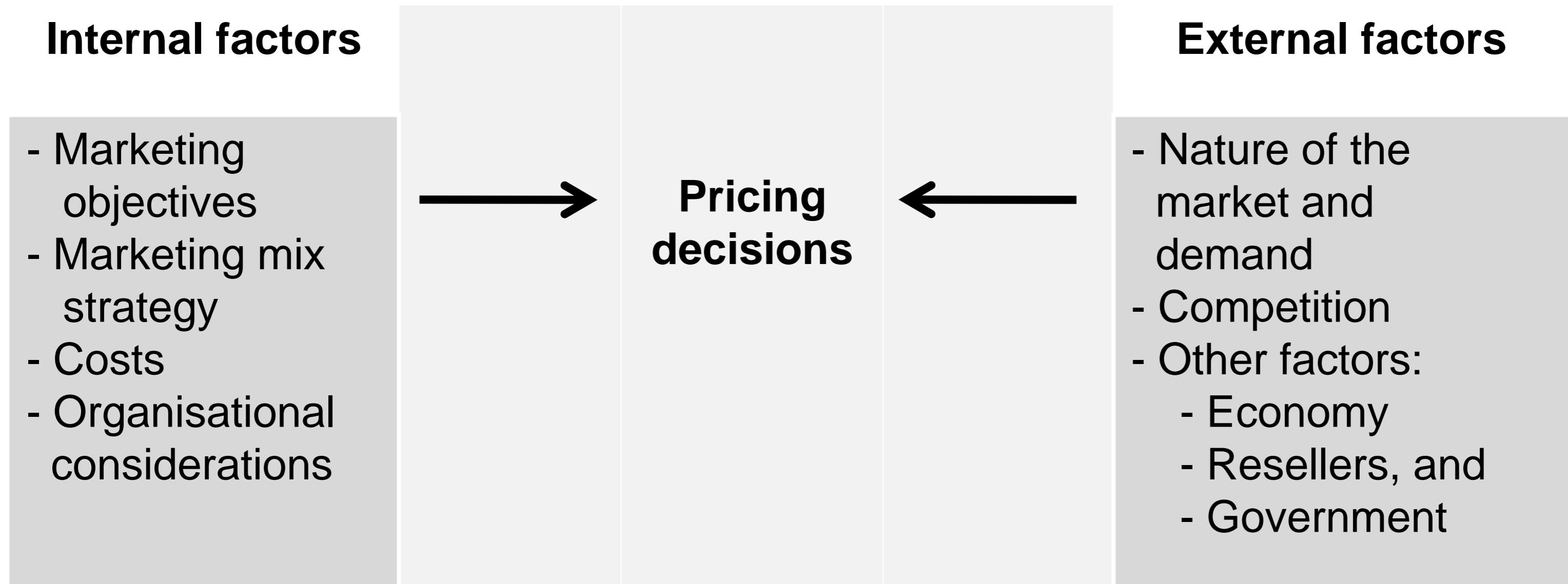
# WHAT IS A PRICE?

- **Price** is the amount of money charged for a product or service. It is the sum of all the values that consumers give up in order to gain the benefits of having or using a product or service.
- is not just a number on a tag or an item.
- Price remains one of the most important elements determining market share and profitability.
- Price is the “value that one puts on the benefit one receives from products and services” (Du Plessis et al, 2012)
- **Price** is the only element in the marketing mix that produces revenue; all other elements represent costs.

# PRICING PROCESS



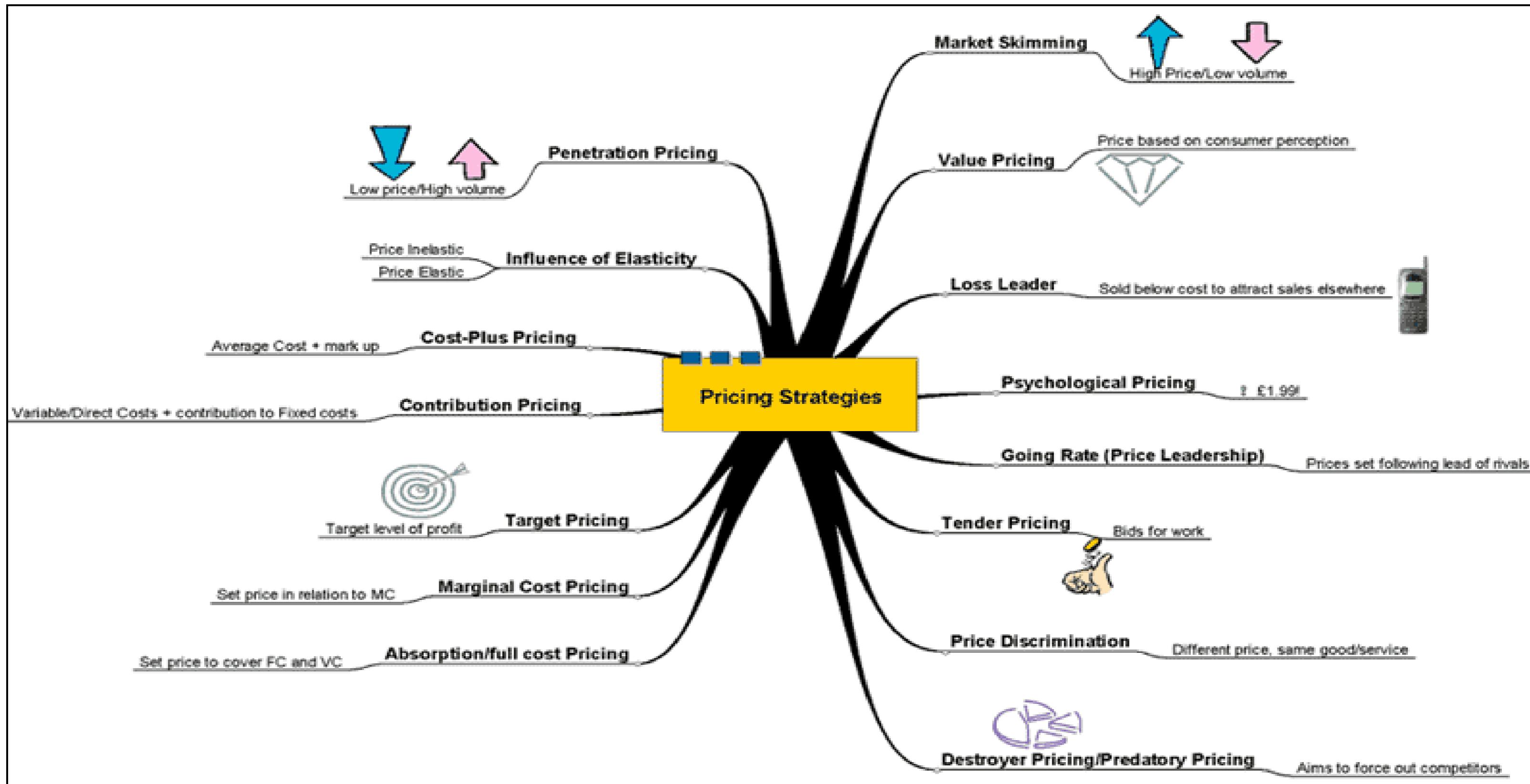
# Factors affecting pricing decisions



# PRICING STRATEGIES

- Mark up pricing-add a standard mark-up to the product's cost. ignores current demand, perceived value, and competition
- Target-return pricing-the firm determines the price that would yield its target rate of return on investments (ROI). ignore price elasticity and competitors prices.
- Perceived-value pricing-companies base their price on the customers perceived value. Buyers image of the product performance, Channel deliverables; the warranty quality, Customer support, )
- Going-rate pricing-firm bases its price largely on competitors prices
- Auction-type pricing- Auction-type pricing is growing more popular, especially with the growth of the Internet – (bid or buy)

# PRICING STRATEGIES



# New-Product Pricing Strategies

**Market-skimming pricing** is a strategy with high initial prices to “skim” revenue layers from the market

- Product quality and image must support the price
- Buyers must want the product at the price
- Costs of producing the product in small volume should not cancel the advantage of higher prices
- Competitors should not be able to enter the market easily

# New-Product Pricing Strategies

**Market-penetration pricing** sets a low initial price in order to penetrate the market quickly and deeply to attract a large number of buyers quickly to gain market share

- Price sensitive market
- Inverse relationship of production and distribution cost to sales growth
- Low prices must keep competition out of the market

# PRICE-ADJUSTMENT STRATEGIES-Adapting the price

**Discount and allowance**  
pricing-will adjust list prices and give discounts and allowances for early payment, volume purchases, and off-season buying.

**Segmented pricing-**  
basic price to accommodate differences in customers, products, locations, (time, location, channels, customer-segment, product form etc)

**Psychological pricing**

**Promotional pricing** –pricing to promote early purchase- cash rebates, special event, loss leader pricing

**Geographic pricing** -  
price its products to different customers in different locations and countries

**Dynamic pricing**- real time pricing-highly flexible-(e.g uber)  
-demand influences price

# **PRICE CHANGES**

# INITIATING PRICING CHANGES

- Price cuts
- Price increases

# **INITIATING PRICING CHANGES**

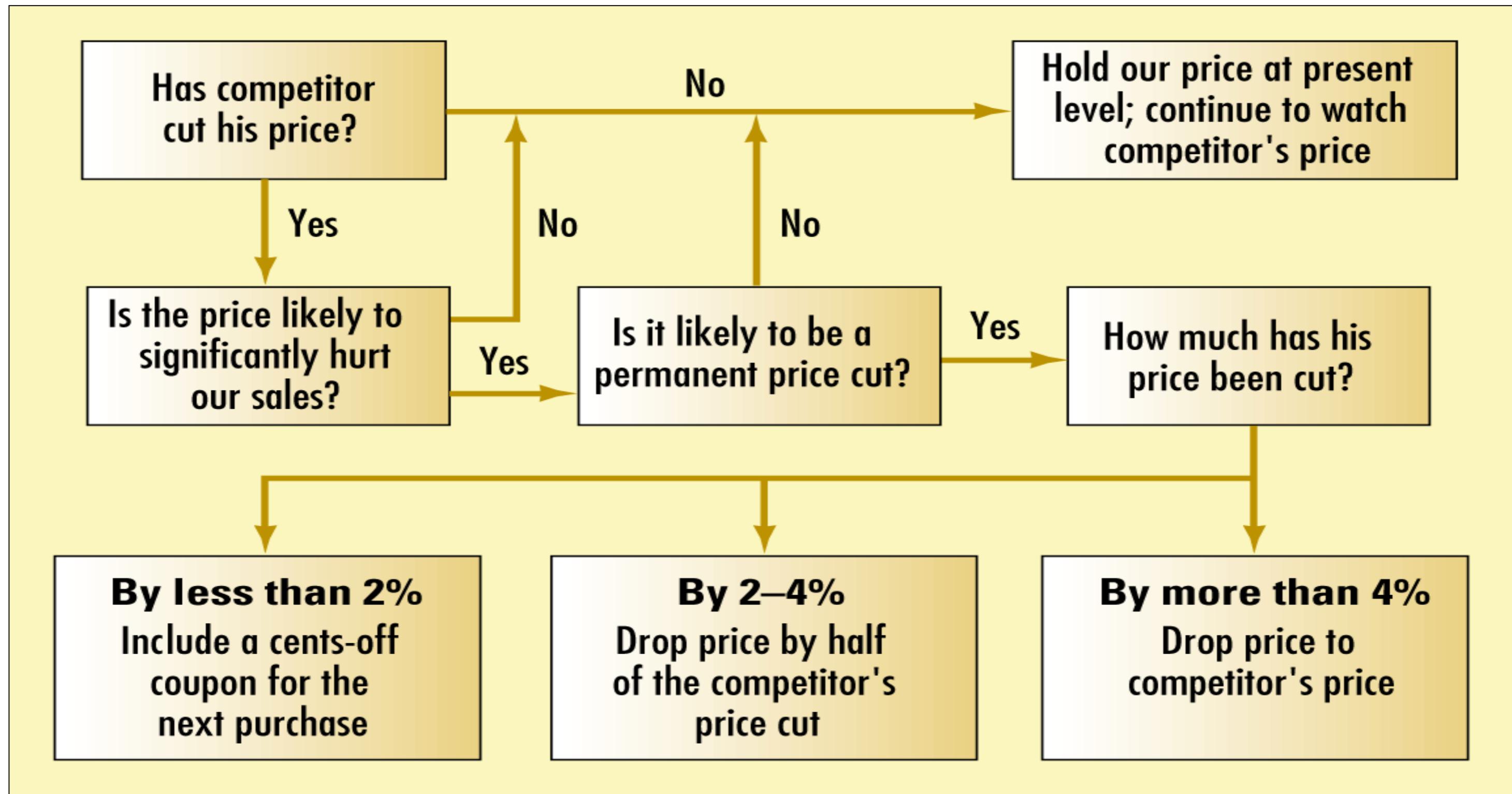
**Price cuts occur due to:**

- Excess capacity
- Increased market share

**Price increase from:**

- Cost inflation
- Increased demand
- Lack of supply

# RESPONDING TO PRICE CHANGES



# Buyer Reactions to Pricing Changes

## Price increases

- Product is “hot”
- Company greed

## Price cuts

- New models will be available
- Models are not selling well
- Quality issues

# RESPONDING TO PRICE CHANGES

- Questions
  - Why did the competitor change the price?
  - Is the price cut permanent or temporary?
  - What is the effect on market share and profits?
  - Will competitors respond?

# RESPONDING TO PRICE CHANGES

Strategic Options	Reasoning	Consequences
1. Maintain price and perceived quality. Engage in selective customer pruning.	Firm has higher customer loyalty. It is willing to lose poorer customers to competitors.	Smaller market share. Lowered profitability.
2. Raise price and perceived quality.	Raise price to cover rising costs. Improve quality to justify higher prices.  It is cheaper to maintain price and raise perceived quality.	Smaller market share. Maintained profitability.
3. Maintain price and raise perceived quality.		Smaller market share. Short-term decline in profitability. Long-term increase in profitability.

# **RESPONDING TO PRICE CHANGES**

- Solutions
  - Reduce price to match competition
  - Maintain price but raise the perceived value through communications
  - Improve quality and increase price
  - Launch a lower-price “fighting” brand

# **DELIVERING VALUE MARKETING CHANNELS**

# DISTRIBUTION CHANNELS

- Organisations achieve such value delivery through a complex and integrated marketing channel system and value network.
- Marketing channels are a set of interdependent organizations (intermediaries) involved in the process of making a product or service available for use or consumption.
- Channel decisions
  - affect other marketing decisions
  - involve long-term commitments

# CHANNEL FUNCTIONS AND FLOWS

- A marketing channel performs the work of moving goods from producers to consumers.
- Some functions constitute a forward flow of activity from the company to the customer.
- Other functions constitute a backward flow from customers to the company.
- A manufacturer selling a physical product and services might require three channels:
  - A sales channel
  - A delivery channel
  - A service channel
- Service Sector Channels- internet is also revolutionised the marketing channels in services

# CHANNEL FUNCTIONS

## Transactional Functions

- Buying of products
- Selling of products
- Risk taking in acquiring products

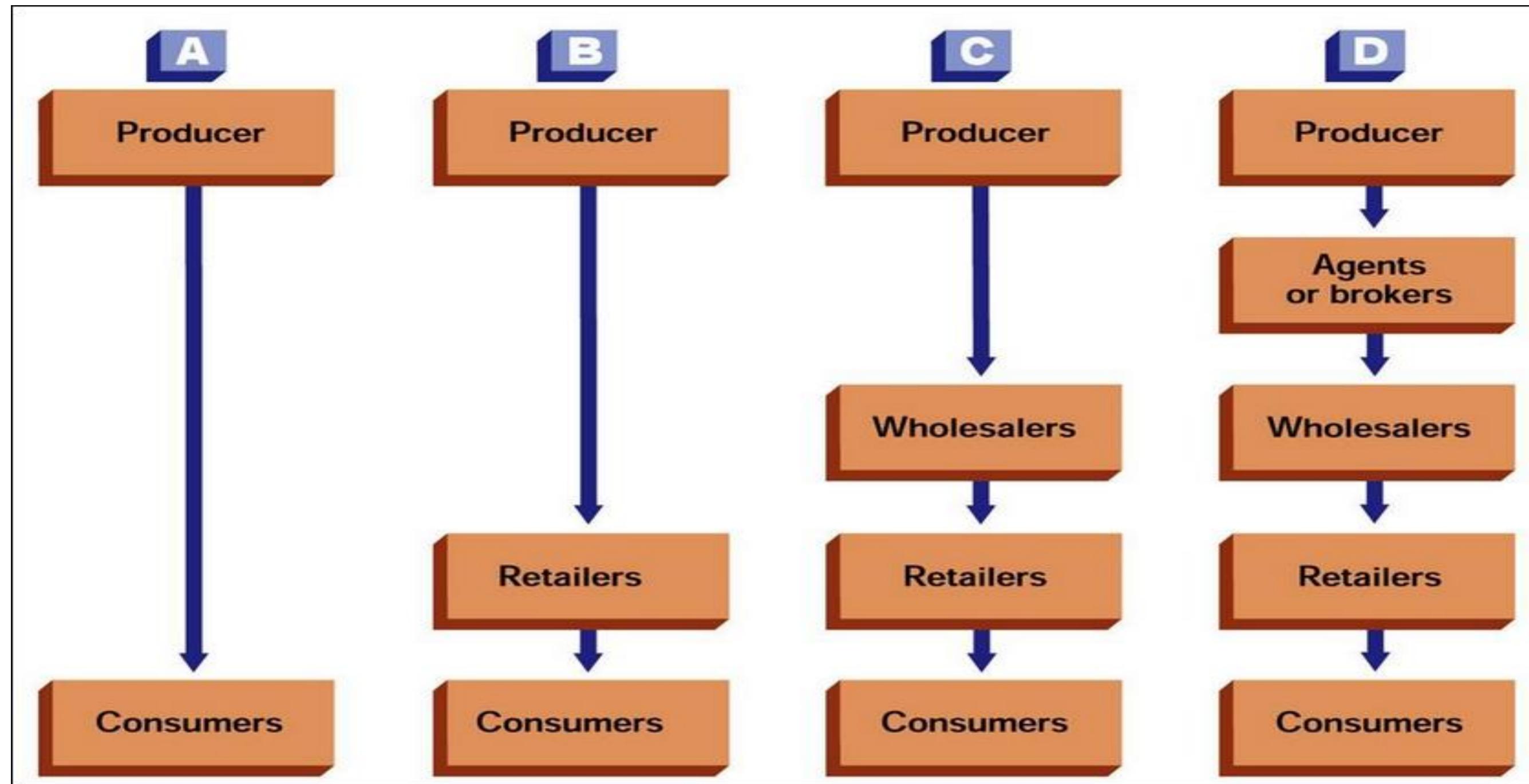
## Logistical Functions

- Concentration / rearrangement of products
- Storing / keeping sufficient stock
- Sorting / accumulation of products
- Physical distribution of products

## Facilitating Functions

- Financing / providing credit
- Grading / classification of product
- Marketing research / gathering data on product

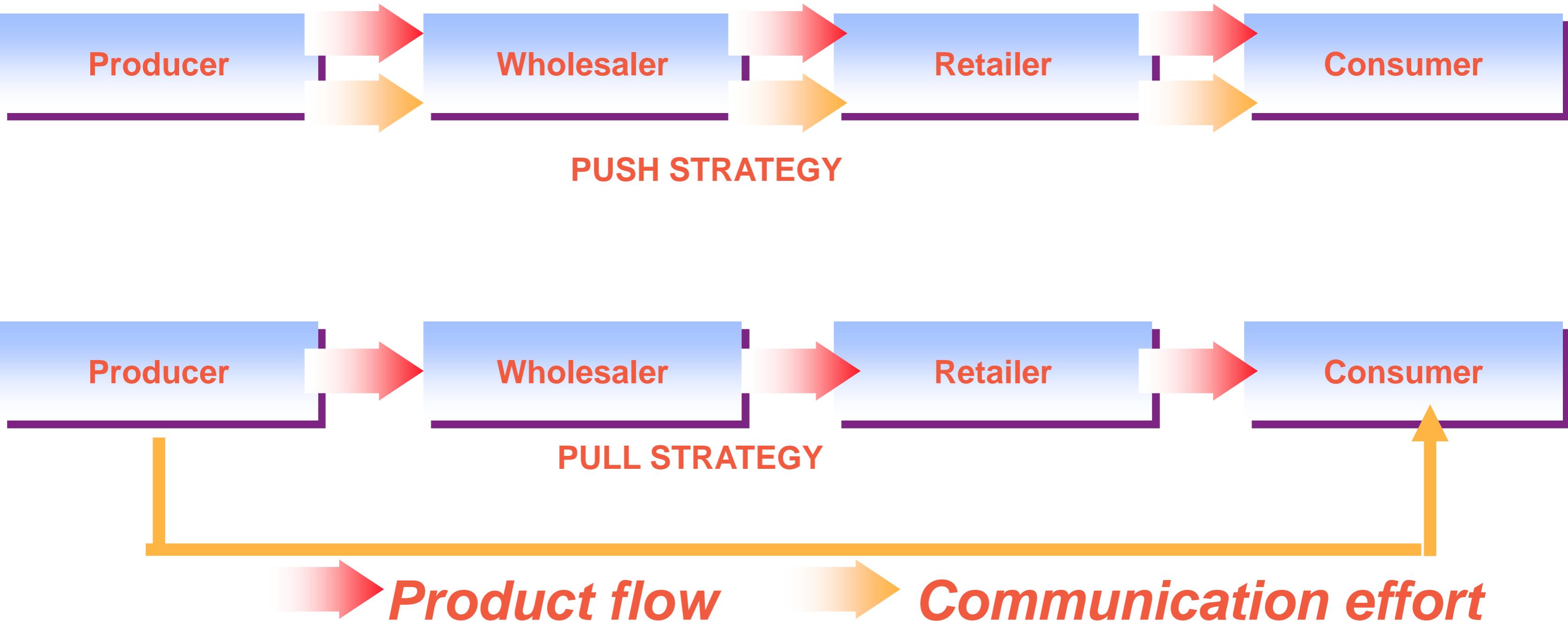
# CHANNEL LEVELS



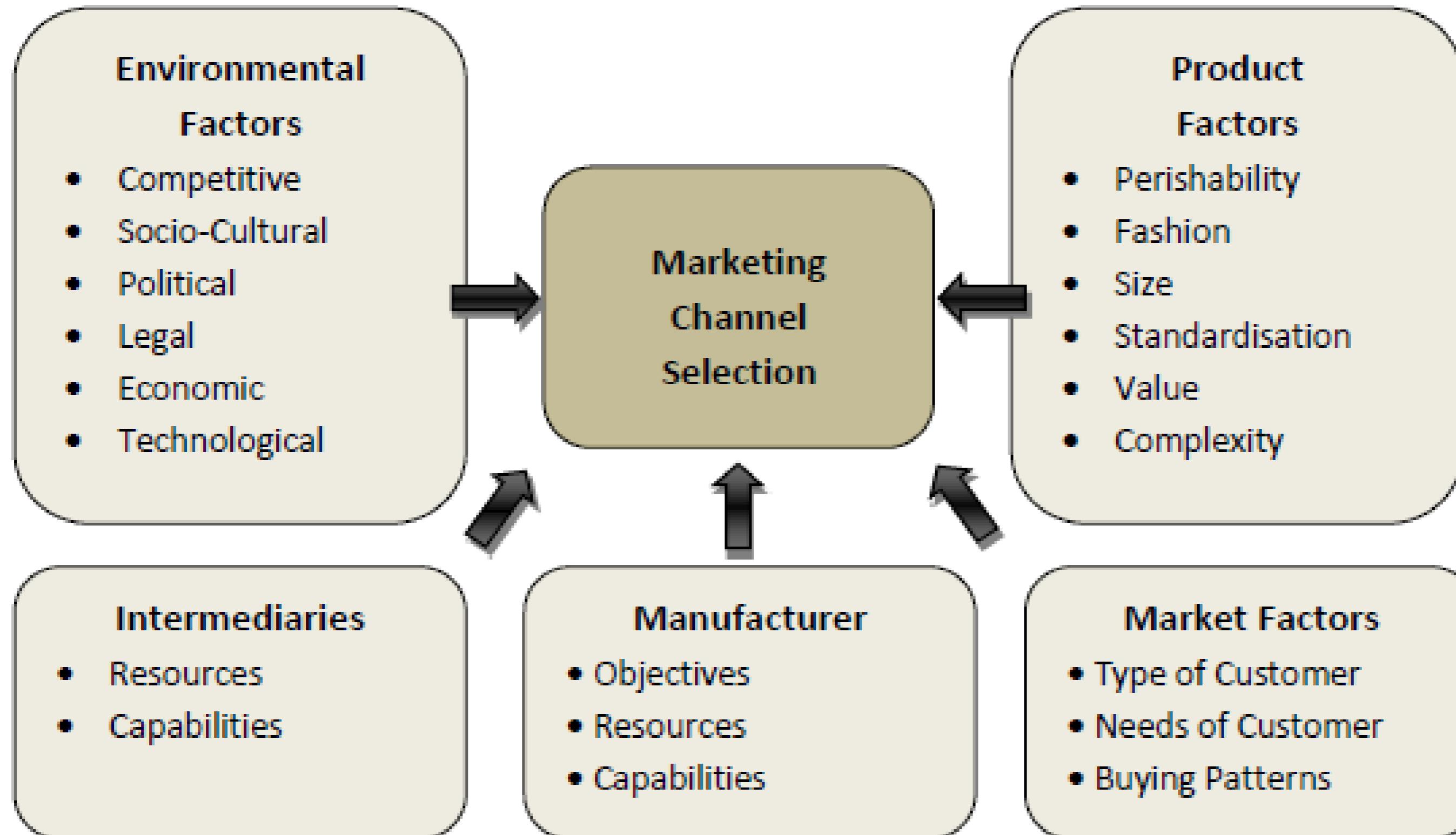
# REVERSE-FLOW CHANNELS

- Reverse-flow channels are important in the following cases:
  - To reuse products or containers
  - To refurbish products for resale
  - To recycle products
  - To dispose of products and packaging

# Push vs. Pull strategy

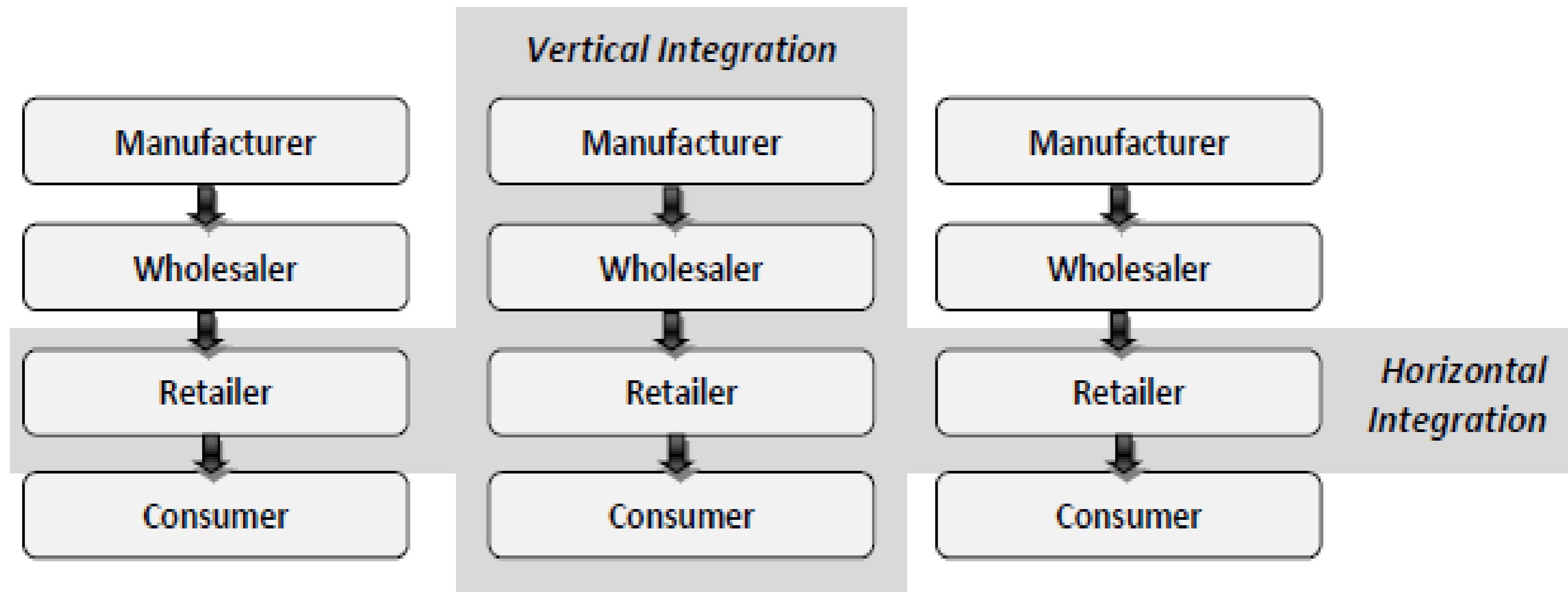


# FACTORS INFLUENCING CHANNEL SELECTION



# HORIZONTAL AND VERTICAL INTEGRATION

- In an attempt to achieve efficient coordination of efforts and thereby achieve economies of scale and large profits, large intermediaries such as wholesalers and retail chains engage in vertical and horizontal integration



# **CHANNEL INTEGRATION AND SYSTEM**

# CHANNEL INTEGRATION AND SYSTEM

- ✓ A firm starts as a local operation selling in a limited market, using existing intermediaries. As the firm grows, branches into new markets and use different channels in different markets- may use hybrid system
- ✓ Distribution channels do not stand still. New wholesaling and retailing institutions emerge, and new channel systems evolve.
- ✓ A conventional marketing system comprises an independent producer, wholesaler(s), and retailer(s)

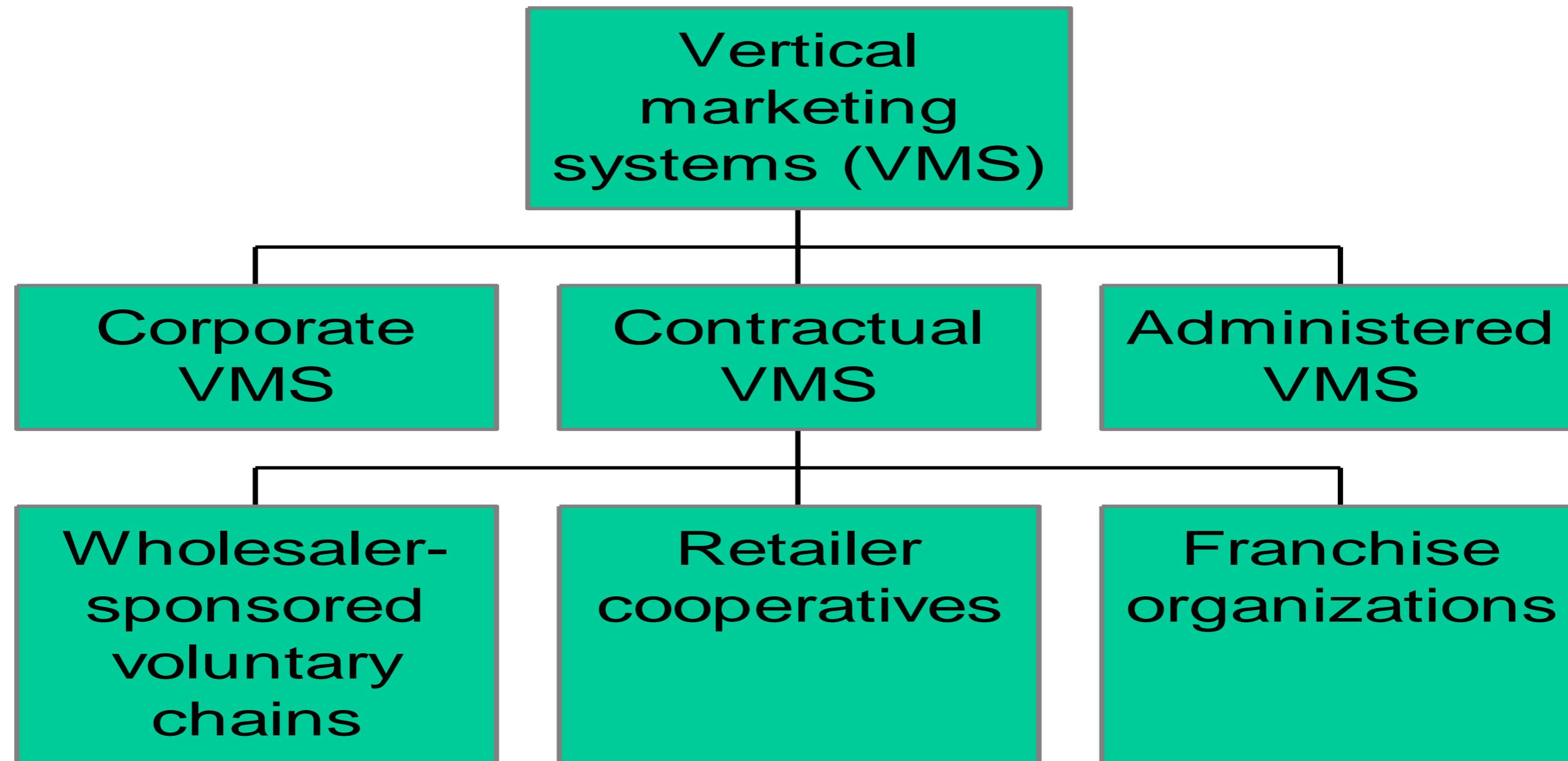
# VERTICAL MARKETING SYSTEMS (VMS)

- ✓ Vertical Marketing Systems (VMS) consists of producers, wholesalers, and retailers acting as a unified system - that seek to maximize profits for the whole channel.
- ✓ Here, one channel member owns the others has contracts with them or use so much power that they all cooperate.
- ✓ Such systems occur to control channel behavior and manage channel conflict.

# VERTICAL MARKETING SYSTEMS

- VMS achieve economies of scale through
  - Size
  - Bargaining power
  - Elimination of duplicated services

# **TYPES OF VERTICAL MARKETING SYSTEMS**



# CORPORATE VMS

- In a corporate VMS, production and distribution stages are combined under single ownership
- An attempt to manage cooperation and conflict management.

# CONTRACTUAL VMS

- A contractual VMS consists of independent firms at different levels of production and distribution who join together through contracts to obtain more economies or sales impact than each could achieve alone.
- There are three types of contractual VMSs;
  - wholesaler-sponsored voluntary chains; are contractual marketing systems in which wholesalers organize voluntary chains of independent retailers to help them compete with large corporate chain organizations.

# CONTRACTUAL VMS

- retailer cooperatives; are contractual marketing systems in which retailers organize a new, jointly owned business to carry on wholesaling and possibly production.
- franchise organizations; are contractual marketing systems in which a channel member, called a franchiser, links several stages in the production-distribution process. There are three forms of franchisees;
  - manufacturer-sponsored retailer franchise system e.g. Ford licenses dealers to sell its cars. The dealers are independent businesspeople who agree to meet various conditions of sales and service.
  - manufacturer-sponsored wholesaler franchise system e.g. Coca-Cola licenses bottlers (wholesalers) in varius markets who buy Coca-Cola syrup concentrate and then carbonate, bottle and sell the finished product to retailers in local markets.

# CONTRACTUAL VMS

- service-firm-sponsored retailer franchise system in which a service firm e.g. Hertz, Avis, McDonald's, Burger King, Holiday Inn, Ramada Inn licenses a system of retailers to bring its service to consumers.

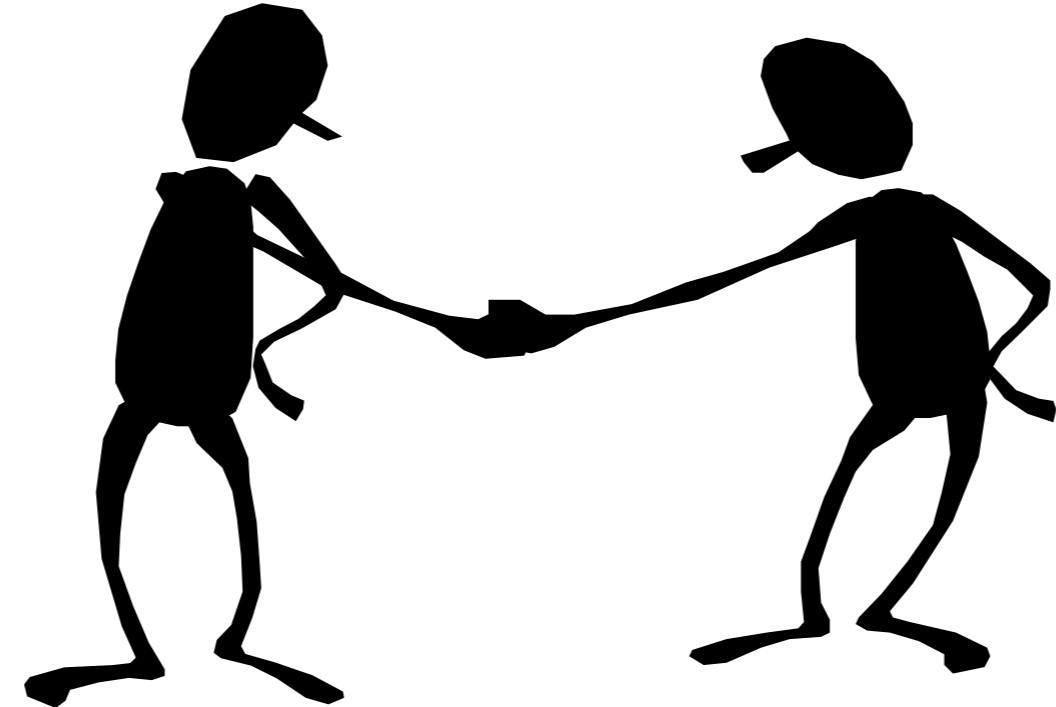
# ADMINISTERED VMS

- A vertical marketing system that coordinates production and distribution stages, not through common ownership or contractual ties, but through the size and power of one of the parties
- e.g. Procter & Gamble, Kraft, Campbell Soup (or retailers like Wal-Mart, Toys `R` Us) are very strong that they can command special displays, shelf space, promotions and prices from the other parties.

# HORIZONTAL MARKETING SYSTEMS

- Horizontal marketing systems is a channel arrangement in which two or more companies at one level join together to follow a new marketing opportunity.
- The major benefit is that companies combine their capital, production capabilities, marketing resources and therefore accomplish more.
- Companies might join forces with competitors or non competitors. They might work with each other on a temporary or permanent basis or they may create a separate company.

- E.g. Coca-Cola and Nestle formed a joint venture to market ready-to-drink coffee and tea worldwide. Coke provided worldwide experience in marketing and distribution beverages and Nestle contributed two established brand names - Nescafe and Nestea.



# MULTI-CHANNEL/HYBRID MARKETING SYSTEMS

- Occurs where the company uses several (2 or more) marketing channels (e.g. direct mail - telemarketing, retailers, distributors, dealers, own sales force) to sell its products to different customer segments. Eg Dell
- E.g. IBM uses its own sales force + IBM direct which is the catalog and telemarketing operation of IBM + independent IBM dealers + IBM dealers for business segments + large retailers like Wal-Mart.

# MULTI-CHANNEL/ HYBRID MARKETING SYSTEMS

- Benefits are:
- Increased market coverage
- Lowered channel cost
- More customised selling

## Disadvantages

- a. New channels introduces conflict and control problems
- b. Two or more channels may end up competing for the same customer
- c. New channels may be ore independent and make cooperation more difficult

# MARKETING MIX

<b>Product</b> <ul style="list-style-type: none"><li>• Quality</li><li>• Image</li><li>• Branding</li><li>• Features</li><li>• Variants</li><li>• Mix</li><li>• Support</li><li>• Customer service</li><li>• Use occasion</li><li>• Availability</li><li>• Warranties</li></ul>	<b>Promotion</b> <ul style="list-style-type: none"><li>• Marketing communications</li><li>• Personal promotion</li><li>• Sales promotion</li><li>• PR</li><li>• Branding</li><li>• Direct marketing</li></ul>	<b>Price</b> <ul style="list-style-type: none"><li>• Positioning</li><li>• List</li><li>• Discounts</li><li>• Credit</li><li>• Payment methods</li><li>• Free or value-added elements</li></ul>	<b>Place</b> <ul style="list-style-type: none"><li>• Trade channels</li><li>• Sales support</li><li>• Channel number</li><li>• Segmented channels</li></ul>	<b>People</b> <ul style="list-style-type: none"><li>• Individuals on marketing activities</li><li>• Individuals on customer contact</li><li>• Recruitment</li><li>• Culture/ image</li><li>• Training and skills</li><li>• Remuneration</li></ul>	<b>Process</b> <ul style="list-style-type: none"><li>• Customer focus</li><li>• Business-led</li><li>• IT-supported</li><li>• Design features</li><li>• Research and development</li></ul>	<b>Physical evidence</b> <ul style="list-style-type: none"><li>• Sales/staff contact</li><li>experience of brand</li><li>• Product packaging</li><li>• Online experience</li></ul>
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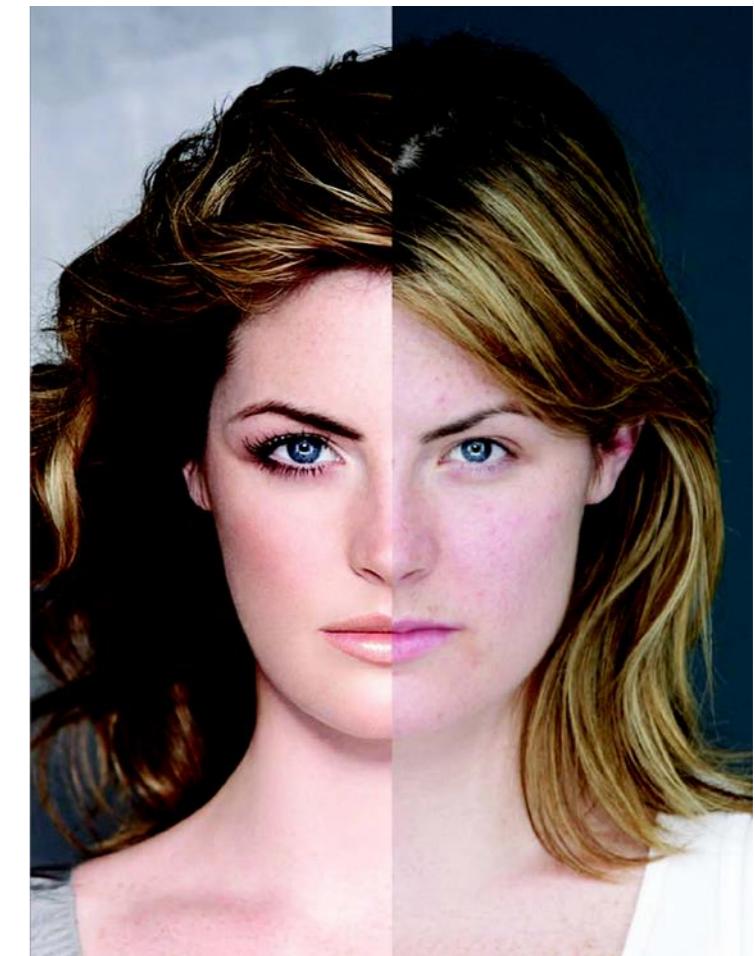
# **COMMUNICATING VALUE PROMOTION**

# **INTEGRATED MARKETING COMMUNICATION**

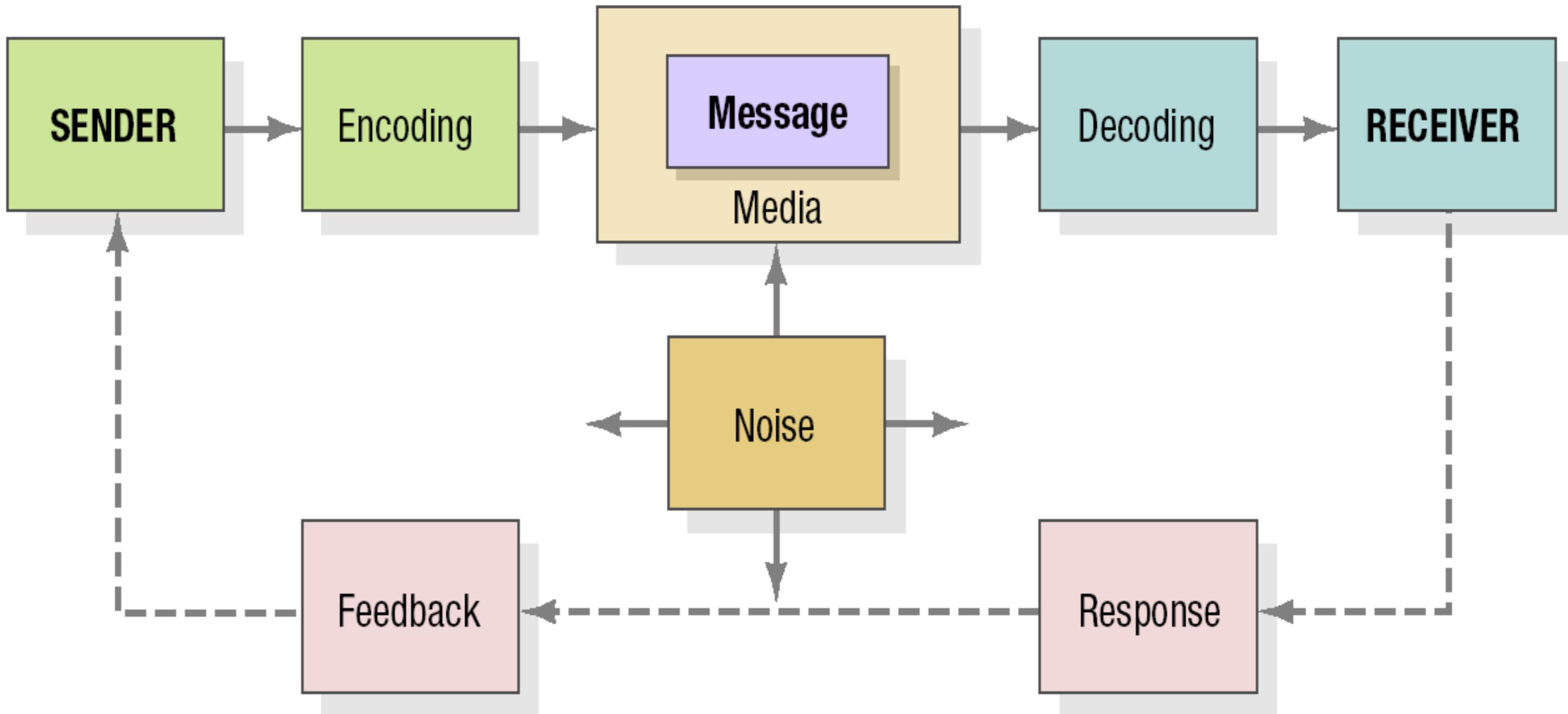
# WHAT ARE MARKETING COMMUNICATIONS?

- Marketing communications are the means by which firms attempt to inform, persuade, and remind consumers, directly or indirectly, about the products and brands they sell.

Dove's  
campaign for  
real beauty



# MODEL OF THE COMMUNICATION PROCESS



# MARKETING COMMUNICATION MIX ELEMENTS



# MARKETING COMMUNICATIONS MIX

- ✓ Advertising: Any paid form of non- personal presentation and promotion of ideas, goods, or services by an identified sponsor via print media, broadcast
- ✓ Sales promotion: A variety of short-term incentives to encourage trial or purchase of a product or service eg samples, coupons,
- ✓ Events and experiences: Company-sponsored activities and programs designed to create daily or special brand-related interactions with consumers, including sports, arts, entertainment, and cause events as well as less formal activities.
- ✓ Public relations and publicity: A variety of programs directed internally to employees of the company or externally to consumers, other firms, the government, and media to promote or protect a company's image or its individual product communications.
- ✓ Direct marketing: Use of mail, telephone, fax, e-mail, or Internet to communicate directly with or solicit response or dialogue from specific customers and prospects

# MARKETING COMMUNICATIONS MIX

- ✓ Interactive marketing: Online activities and programs designed to engage customers or prospects and directly or indirectly raise awareness, improve image, or elicit sales of products and services.
- ✓ Word-of-mouth marketing: People-to-people oral, written, or electronic communications that relate to the merits or experiences of purchasing or using products or services.
- ✓ Personal selling: Face-to-face interaction with one or more prospective purchasers for the purpose of making presentations, answering questions, and procuring orders.

# **MARKETING COMMUNICATION MIX ELEMENTS**

<b>Advertising</b>	<b>Sales Promotion</b>	<b>Public Relations</b>	<b>Personal Selling</b>	<b>Direct Marketing</b>
Print and broadcast ads	Contests, games, sweepstakes, lotteries	Press kits	Sales presentation	Catalogs
Packaging-outer	Premiums and gifts	Speeches	Sales meetings	Mailings
Packaging inserts	Sampling	Seminars	Incentive programs	Telemarketing
Motion pictures	Fairs and trade shows	Annual reports	Samples	Electronic shopping

# INTEGRATED MARKETING COMMUNICATIONS

- **Integrated marketing communication** is the integration by the company of its communication channels to deliver a clear, consistent, and compelling message about the organization and its brands.
- Integrated marketing communication calls for recognizing all contact points (brand contact) where the customer may encounter the company and its brands.
- (IMC) is “a concept of marketing communication planning that recognises the added value of a comprehensive plan that evaluates the strategic roles of the marketing communication techniques – that is, advertising, direct marketing, sales, promotions, personal selling, sponsorships and public relations – and combines these disciplines to provide clarity, consistency and maximum communication impact

# INTEGRATED MARKETING COMMUNICATIONS

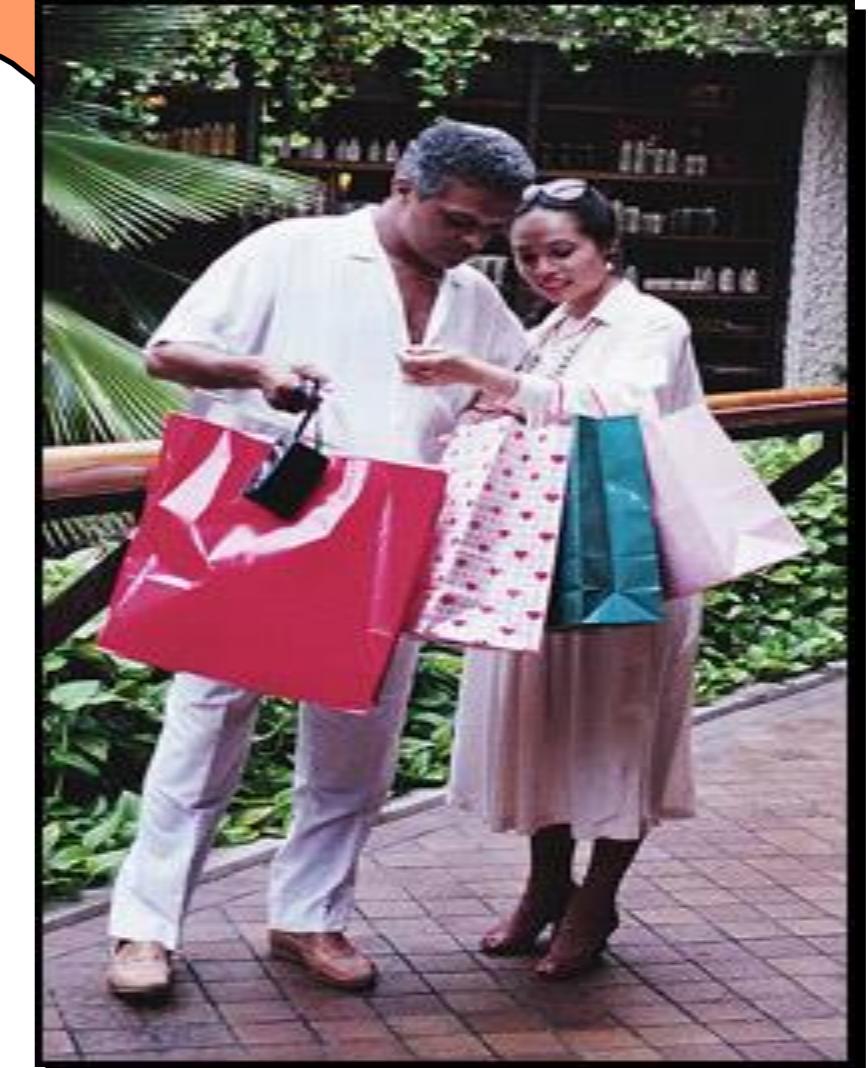
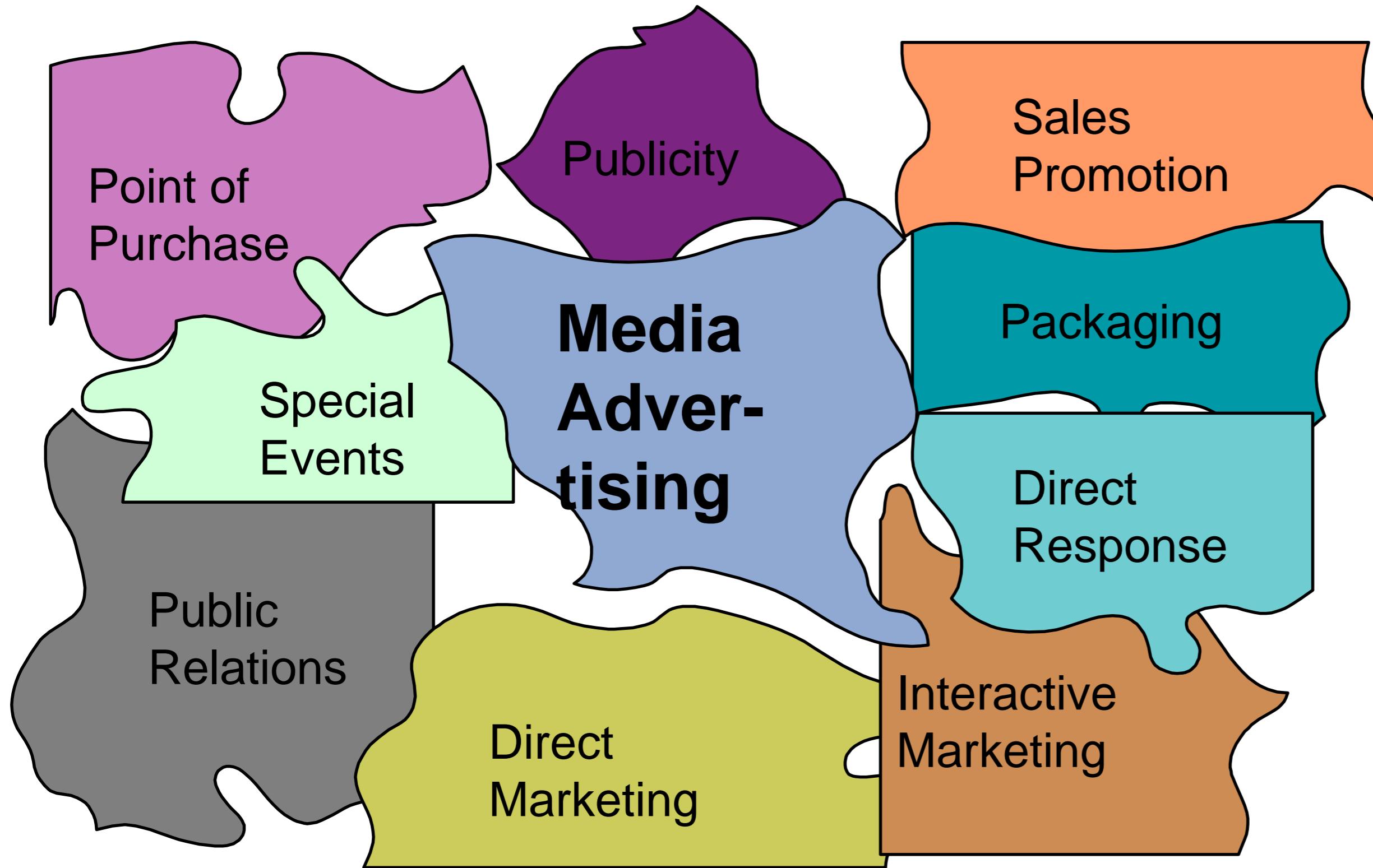
## The Changing Communications Environment:

- Major factors are changing the face of MC
  - Shift away from mass marketing – develop focused marketing programs to build closer relationships with customers in more narrowly defined micromarkets
  - Improvements in information technology – speed the movement toward segmented marketing

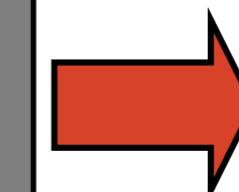
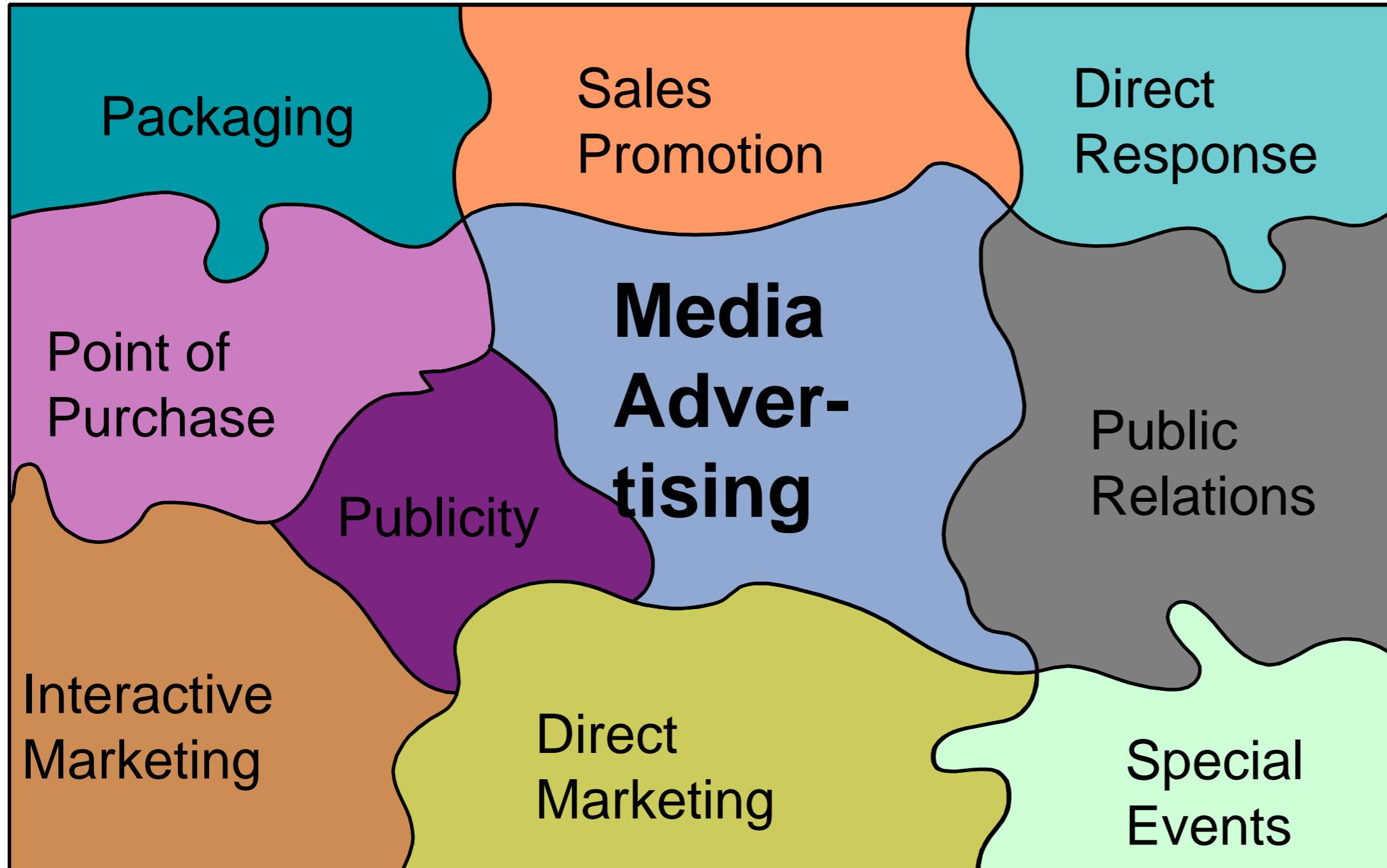
## The Shifting Marketing Communications Model

- Less broadcasting and more narrowcasting
  - Advertisers are shifting budgets away from network television to more targeted cost-effective, interactive, and engaging media.

# TRADITIONAL APPROACH TO MARKETING COMMUNICATIONS



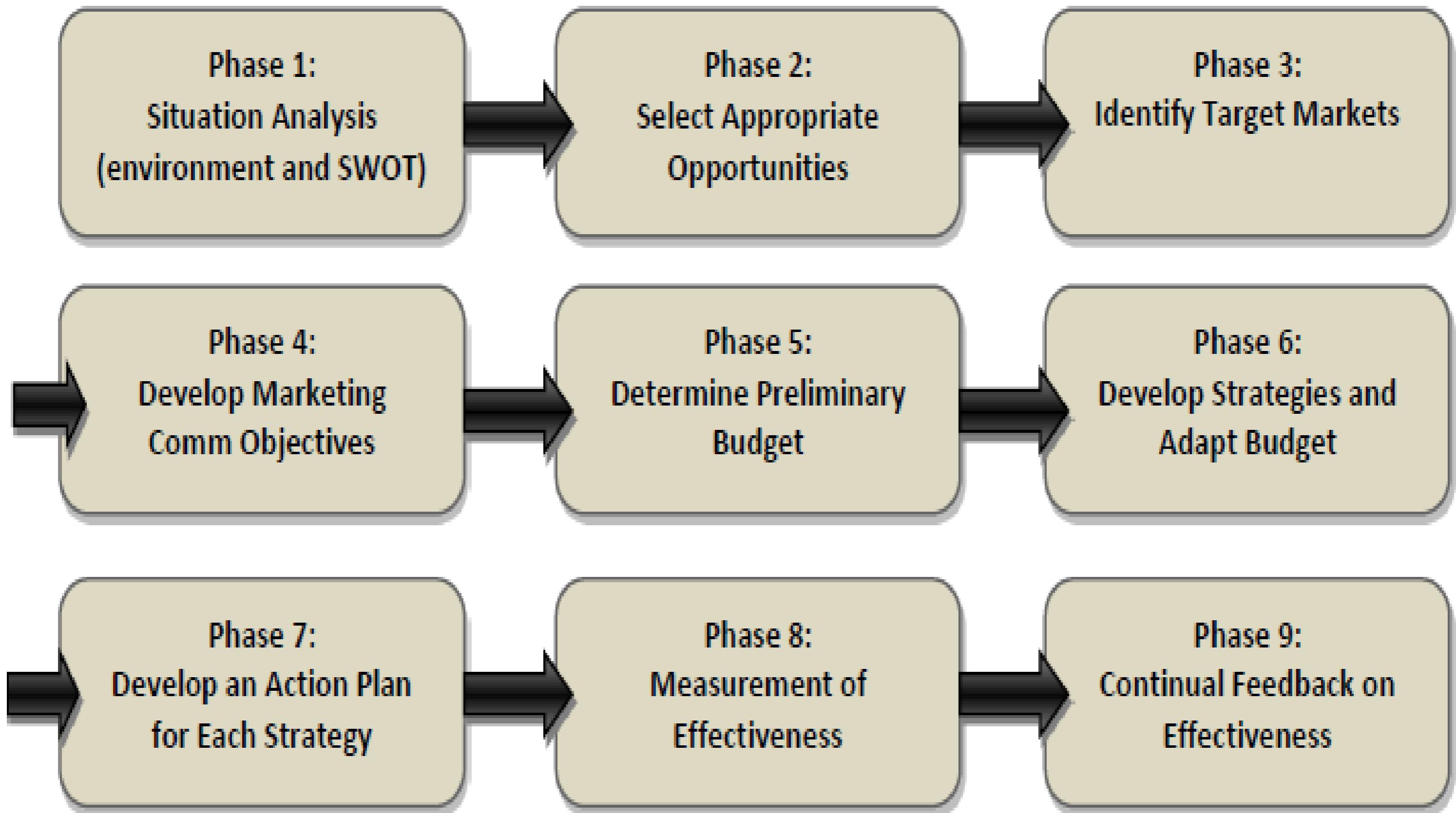
# CONTEMPORARY IMC APPROACH



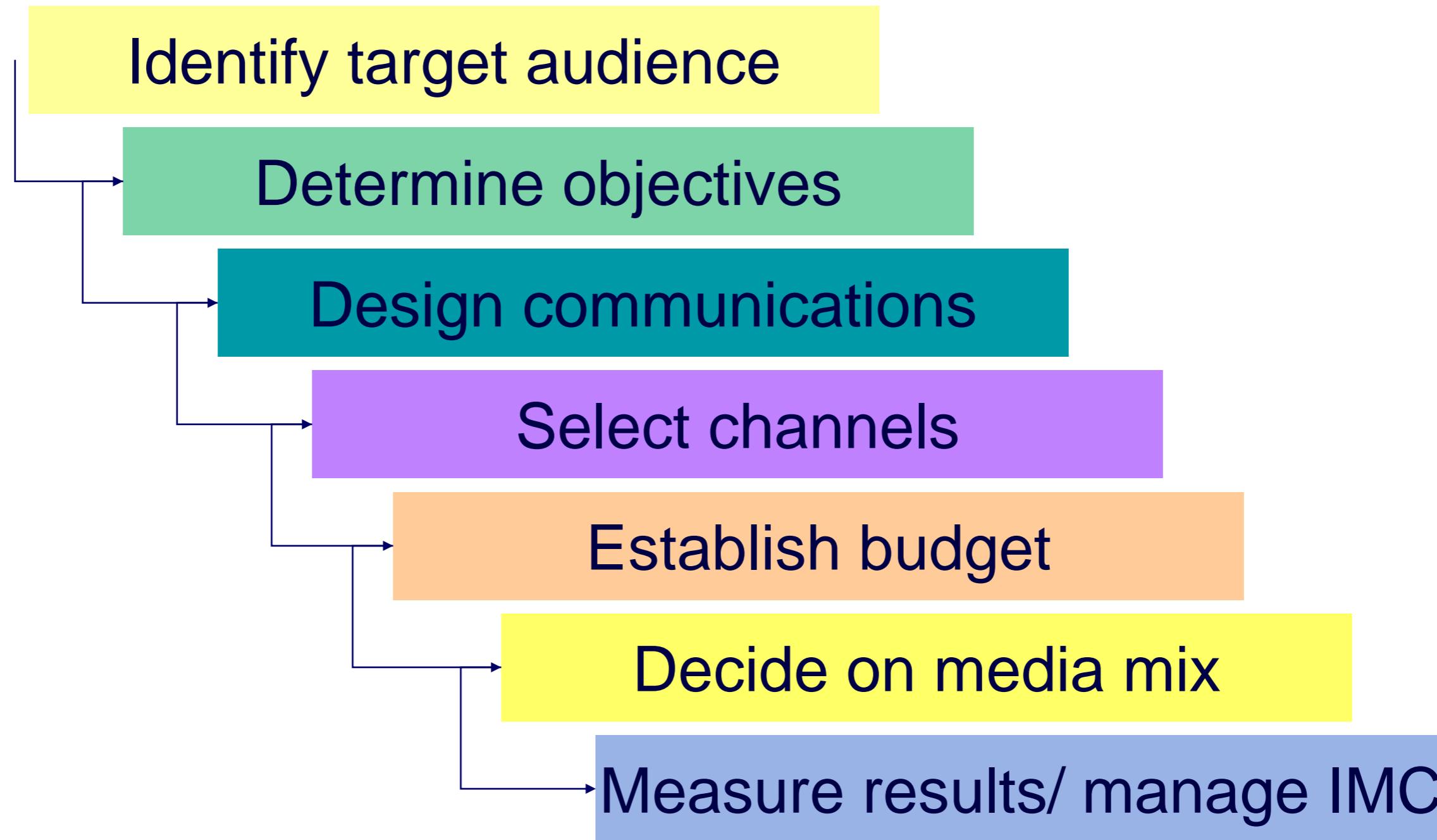
# MARKETING COMMUNICATIONS AND BRAND EQUITY

- Every brand contact delivers an impression that can strengthen or weaken a customer's view of the company
- Marketing communication activities contribute to brand equity in many ways:
  - By creating awareness of the brand
  - By linking the right associations to the brand image in the consumer's memory
  - Eliciting positive brand judgments or feelings
  - Facilitating a stronger consumer-brand connection
- marketing communication activities must be integrated to deliver a consistent message and achieve the strategic positioning

# MARKETING COMMUNICATION PLANNING PROCESS



# STEPS IN DEVELOPING EFFECTIVE COMMUNICATIONS



# **FACTORS AFFECTING MARKETING COMMUNICATION STRATEGY**

- Type of product market
- Channel objectives
- Buyer readiness stage
- PLC
- Focus
- Cost

# ESTABLISH THE TOTAL MARKETING COMMUNICATIONS BUDGET

- Affordable method
- Percentage of sales
- Competitive parity method
- Objective-and-Task Method

# CHARACTERISTICS OF THE MARKETING COMMUNICATIONS MIX

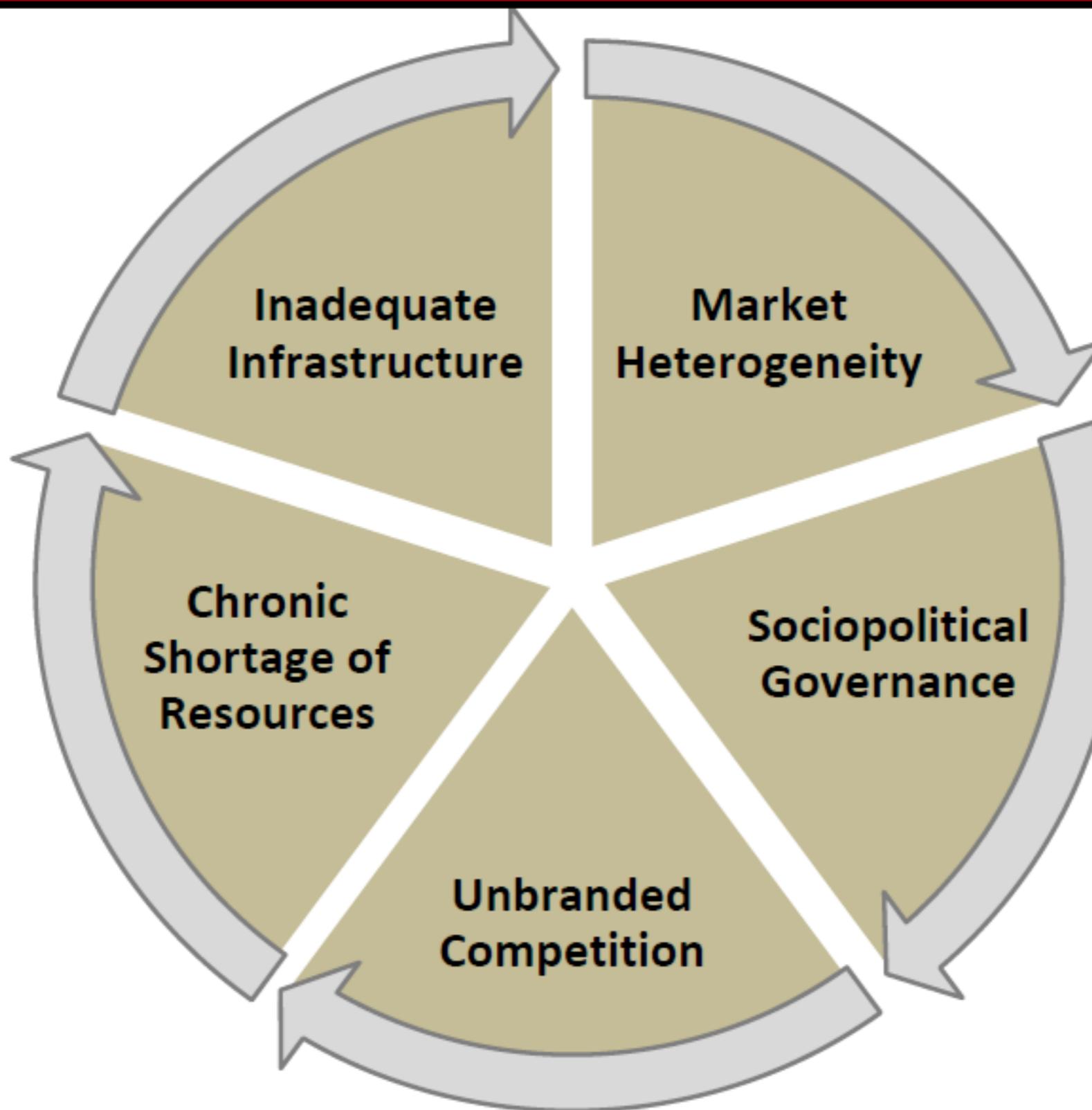
PROMOTIONAL ELEMENT	MASS VERSUS CUSTOMIZED	PAYMENT	STRENGTHS	WEAKNESSES
Advertising	Mass	Fees paid for space or time	<ul style="list-style-type: none"><li>• Efficient means for reaching large numbers of people</li></ul>	<ul style="list-style-type: none"><li>• High absolute costs</li><li>• Difficult to receive good feedback</li></ul>
Personal selling	Customized	Fees paid to salespeople as either salaries or commissions	<ul style="list-style-type: none"><li>• Immediate feedback</li><li>• Very persuasive</li><li>• Can select audience</li><li>• Can give complex information</li></ul>	<ul style="list-style-type: none"><li>• Extremely expensive per exposure</li><li>• Messages may differ between salespeople</li></ul>
Public relations	Mass	No direct payment to media	<ul style="list-style-type: none"><li>• Often most credible source in the consumer's mind</li></ul>	<ul style="list-style-type: none"><li>• Difficult to get media cooperation</li></ul>
Sales promotion	Mass	Wide range of fees paid, depending on promotion selected	<ul style="list-style-type: none"><li>• Effective at changing behavior in short run</li><li>• Very flexible</li></ul>	<ul style="list-style-type: none"><li>• Easily abused</li><li>• Can lead to promotion wars</li><li>• Easily duplicated</li></ul>
Direct marketing	Customized	Cost of communication through mail, telephone, or computer	<ul style="list-style-type: none"><li>• Messages can be prepared quickly</li><li>• Facilitates relationship with customer</li></ul>	<ul style="list-style-type: none"><li>• Declining customer response</li><li>• Database management is expensive</li></ul>

# **MARKETING MANAGEMENT IN EMERGING MARKETS**

# OVERVIEW

- Sluggish growth in the advanced economies forced companies to turn their attention to emerging markets with compelling growth potential.
- According to Deloitte, “in 2010 gross domestic product (GDP) in emerging economies grew by 7.3%, compared to growth of 3% in the United States, 1.8% in the Euro area, and 4% in Japan.

## Five Characteristics of Emerging Markets Impacting Marketing



# MARKET HETEROGENEITY

- Emerging markets are “local, fragmented, low scale and mostly served by owner-managed small enterprises.”
- Have pre-industrialisation characteristics and have heterogeneity comparable to a faming economy
- 40% - 50% of consumers are below the official poverty level, and therefore companies need to focus on demand fulfilment, rather than demand creation.
- Affordability and accessibility are more important for differential advantage than the superiority of an expensive product

## **SOCIO-POLITICAL GOVERNANCE:**

- Emerging markets tend to be governed more by socio-political institutions (eg religion, government, business groups, NGOs and local community) and less by competition
- A few highly diversified trading and industrial groups (e.g. Tata in India) tend to dominate emerging markets.

# UNBRANDED COMPETITION

- Unbranded products and services comprise as much as 60% of consumption in emerging markets
- Many branded products and services are still not available in the rural markets within the emerging economies.
- Used products are often direct competitors to new products-adulteration, duplication and imitation are far more prevalent due to lack of regulation, standardisation, compliance and enforcement”
- Barter exchange or reciprocal offerings are also prevalent.
- “Market creation (from making to buying) and market development may be more necessary (and potentially more profitable) than market orientation”

# CHRONIC SHORTAGE OF RESOURCES

- Shortage of resources such as power (electricity), skilled labour and raw materials tend to make production sporadic and inconsistent.

# INADEQUATE INFRASTRUCTURE

- Infrastructure includes physical roads, logistics, storage, communication and information technologies,
- Infrastructure represents those types of capital goods that serve the activities of many industries.
- The quality of an infrastructure directly affects a country's economic growth potential and the ability of an enterprise to engage effectively in business.
- The less developed a country is the less adequate the infrastructure is for conducting business.
- Countries begin to lose economic development ground when their infrastructure cannot support an expanding population and economy.

# IMPACT ON MARKETING IN EMERGING MARKETS

	<b>From</b>	<b>To</b>
<b>Marketing Theory</b>	Differential advantage	Aggregation advantage
	Industry structure	Government policy
	Resource possession	Resource improvisation
<b>Marketing Strategy</b>	Market orientation	Market development
	Relationship marketing	Institutional marketing
	Customer satisfaction	Convert nonusers to users
<b>Marketing Policy</b>	Compliance	Inclusive growth
	Excessive consumption	Mindful consumption
	Finance driven marketing	Purpose driven marketing
<b>Marketing Practice</b>	Glocalisation	Fusion
	Diffusion of innovation	Democratisation of innovation
	Country of origin advantage	Nation brand advantage

# **MARKETING PRACTICES THAT WORK IN EMERGING MARKETS**

- According to Deloitte, the following are successfully marketing strategies in emerging markets;
  1. Use of local sales / service centres;
  2. Design products / services specifically for emerging market country or region;
  3. Offer different value proposition for customers / consumers; and
  4. Employ company-owned supply chain

# BIG EMERGING MARKETS

Country	Population (millions)	GDP* (billions)	GDP* (per capita)	Imports of Goods and Services (billions)	Exports of Goods and Services (billions)
<b>Asia</b>					
China	1,288.4	\$1,375.2	\$ 5,196	\$441.8	\$502.8
India	1,064.4	543.7	511	83.7	88.6
South Korea	47.9	586.1	12,232	213.8	266.4
Vietnam	81.3	38.2	470	28.6	23.9
<b>Latin America</b>					
Argentina	36.8	263.5	7,165	19.4	34.7
Brazil	176.6	619.9	3,510	63.8	88.0
Colombia	44.6	89.9	2,017	19.1	18.6
Mexico	102.3	592.5	5,792	189.2	177.9
Venezuela	25.7	102.9	4,009	12.9	27.7
<b>Europe</b>					
Poland	38.2	177.0	4,634	60.0	56.7
Turkey	70.7	210.5	2,997	69.5	66.3
<b>Africa</b>					
South Africa	45.8	138.7	3,026	37.6	37.4

# **EMERGING MARKETS**

## **Africa**

- Western executives uncertain about size Africa's consumer markets, continue investing in Asia's dragon and tiger economies.
- A result of continent's poor infrastructure, scarce talent, poverty and political turmoil.
- McKinsey and Company found that presently the continent is amongst the fastest expanding economies and the prospects for companies are positive.

## **Asia and South America**

### **China**

- by segmenting Chinese cities according to such factors as industry structure, demographics, scale, geographic proximity, and consumer characteristics, we identified 22 city clusters, each homogenous enough to be considered one market for strategic decision making.

### **India**

- less urbanised than China and at a stage of earlier economic development.

# EMERGING MARKETS

## Brazil

- identifying growth opportunities within Brazil “increasingly requires a detailed understanding of vast regional variations in competition levels, income, product growth rates, consumer preferences and retail channels”

# EASTERN EUROPEAN MARKETS



# ASIAN MARKETS



# NEWEST EMERGING MARKETS

- The U.S. decision to lift the embargo against Vietnam.
  - If Vietnam follows the same pattern of development as other Southeast Asian countries, it could become another Asian Tiger.
- The United Nations' lifting of the embargo against South Africa.
  - South Africa has an industrial base that will help propel it into rapid economic growth.
  - The South African market also has a developed infrastructure.
- Vietnam and South Africa future development will depend on government action and external investment by other governments and multinational firms.

# STRATEGIC IMPLICATIONS FOR MARKETING

- As a country develops:
  - Incomes change
  - Population concentrations shift
  - Expectations for a better life adjust to higher standards
  - New infrastructures evolve
  - Social capital investments made
- When incomes rise, new demand is generated at all income levels for everything from soap to automobiles.
- If a company fails to appreciate the strategic implications of the \$10,000 Club, it will miss the opportunity to participate in the world's fastest-growing global consumer segment.

# **CAPTURING MARKETING INSIGHTS IN EMERGING**

# ANALYSING THE MACRO-ENVIRONMENT

- Prahalad and Hammond (2002:49) pointed out that —the world's poor are distressingly plentiful. Fully 65% of the world's population earns less than \$2,000 each per year – that's 4 billion people...but despite the vastness of this market, it remains largely untapped by multinational companies.”
- Prahalad and Hammond (2002: 48) assert that “by stimulating commerce and development at the bottom of the economic pyramid, MNCs could radically improve the lives of billions of people and help bring into being a more stable, less dangerous world.
- In serving the bottom of the pyramid, companies need to be innovative in their marketing.
- One of the strategies which has proven to be impactful is that of = innovation‘
- Prinsloo (2008: 339) identifies a challenge to the implementation of marketing research, particularly in the form of surveys, within developing countries.

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- One of the strategies which has proven to be impactful is that of reverse innovation’
- Prinsloo (2008: 339) identifies a challenge to the implementation of marketing research, particularly in the form of surveys, within developing countries- availability of the information and information gatherers
- In China technological information to collect data not available

# **CONNECTING WITH CUSTOMERS IN EMERGING MARKETS**

# THE EMERGING MARKET CONSUMER

- The Demographic Middle- In developed countries market for product could be created targeting early adopted in the upper segments of the pyramid the simplifying the offering and reducing the price until the product is accepted by the much larger segments at the bottom.” – not applicable in emerging markets
- Mostly the Cheapest -within emerging markets consumer focus is on purchasing mostly the cheapest and a little of the best (D'Andrea et al, 2010:17).
- Lack of Product Knowledge-within emerging economies consumers tend to be less sophisticated and lack product knowledge. Sales assistants also lack product knowledge and are therefore unable to adequately assist consumers' queries about the product
- Focus on Quality, Not Status- in the low-end segments of emerging economies “the allure of status isn't enough to induce consumers to buy” (Ichii et al, 2010: 116). Therefore marketing strategies built on the status afforded by the product / service is often not successful.
- Rapidly Changing Markets-constant growth together with the challenges presented by rapidly changing markets, including safety, lack of transportation and arranging credit (Ichii et al, 2010: 116).

# CONSUMER CHARACTERISTICS AND BUYING BEHAVIOUR IN EMERGING MARKETS

- Middle class consumers are of key importance within emerging markets due to their strong purchasing power.
- Consumers from different countries have divergent characteristics, as do consumers among the different segments of the same market. Different nationalities / ethnicities within a particular country also have dissimilar preferences (Cant et al, 2010: 605).
- Market research is essential to understanding market segmentation in developing countries, however most market research has been focused on developed countries

# **BUILDING STRONG BRANDS IN EMERGING MARKETS**

# BUILDING STRONG BRANDS IN EMERGING MARKETS

- Schultz (2010: 9) points out that “emerging markets are where the brand action is today, and likely will be in the future. And that means new tools, new approaches and new methodologies that may not have been tested or tried before, but are mandatory in this new global world of brand marketing.
- In emerging markets, brand managers play on a different surface, with different alternatives, using limited tools against a different set of competitors.”
- Schultz (2010: 9) also emphasises that “it’s an arena where textbook examples or management cases either don’t apply or don’t work, or where tools needed to develop classic brand management decisions simply don’t exist.” (Schultz, 2010: 9).

# DIFFERENT BRANDING MODELS

- Industrial Development Model- In emerging markets, brands are generally culture-driven.
- Transition Branding Model- As natural-resource-poor countries, domestic companies have “imported raw materials, processed them and turned them into copies or improvements of products originally developed in traditional industrial markets” (Schultz, 200
- Emerging Market Model: This is a hybrid of the industrial development model and the transition branding model, and has been implemented through three approaches:
  - Countries and firms sell their natural resources, in an unbranded state, to processing companies in advanced economies
  - Chinese companies purchase raw materials and manufacture branded products, not for their own company or country, but for advanced economies.
  - Indian companies have become skilled in importing raw materials and turning them into Indian branded products, which are sold both domestically and around the world, have added service‘ to differentiate their product offering

# **SHAPING MARKET OFFERINGS WITHIN EMERGING MARKETS**

## PRODUCTS AND SERVICES- PRODUCT DEVELOPMENT: GLOCALISATION AND REVERSE INNOVATION

- Van Agtmael (2007: 42) points out that “the era of emerging market companies being nothing more than unsophisticated markets of low-cost, low-tech products has ended.”
- Transition from glocalisation to reverse innovation
- Glocalisation involves modifying a product, which was originally developed for sale within advanced economies, for emerging markets so that they may be sold at a lower price point.
- reverse innovation involves the development of a product within and specifically for an emerging market, and then extending them to the developed world.
- Packaging-Sachet marketing refers to the practice of serving products and services in small, affordable sizes
- It is widely and successfully used in emerging markets

# PRICE

- **Pricing at the Bottom of the Pyramid**
- Prahalad argued that very low income markets are best reached through a high volume, low margin and low price model
- Where products are new and unfamiliar, does not work
- companies “need to elevate gross margins far above the company average by pushing down variable costs and boosting the price consumers are willing to pay for a unit of product...they also need to raise the price point for a single transaction.”
- **Country of Origin: Impact on Pricing Strategy**
- image of a product’s country of origin could have a significant impact on the price which consumers would be willing to pay for the product
- Koschate- Fischer et al (2012: 32) assert that “if a brand originates and is produced in a countrywith a good reputation and image, the implementation of a premium pricing strategy should be easier because consumers” willingness to pay is likely to be higher

# **DELIVERING VALUE**

- E-Commerce in Africa and the Middle East
- Retailing in Emerging Markets
- Third Party Logistics Providers
- Governance of Distributors

# **COMMUNICATING VALUE**

# TEN CRUCIAL CAPABILITIES: WINNING CONSUMERS IN EMERGING MARKETS

Surgically Target Urban Growth Clusters

Anticipate Moments of Explosive Growth

Devise Segmentation Strategies for Local Relevance and Global Scale

Radically Redeploy Resources for the Long Term

Innovate to Deliver Value Across the Price Spectrum

Build Brands that Resonate and Inspire Trust

Control the Route to Market

Organise Today for the Markets of Tomorrow

Turbocharge the Drive for Emerging Market Talent

Lock in the Support of Key Stakeholders

**THE END**