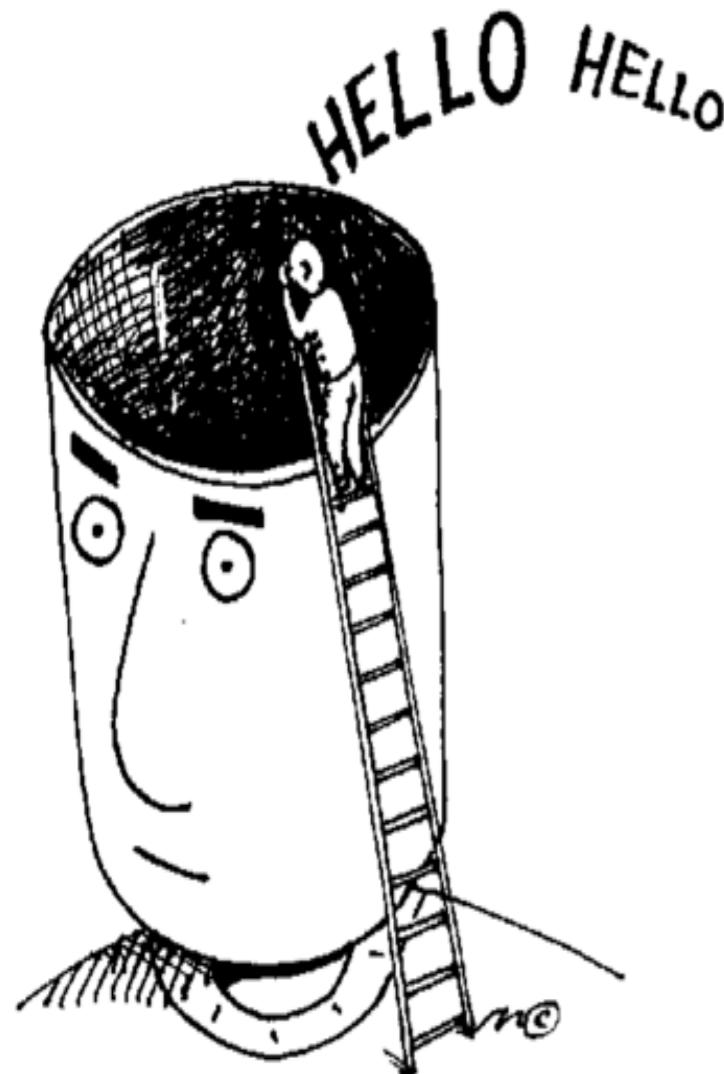


STRATEGIC MARKETING MANAGEMENT



WHO AM I?



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INTRODUCTION TO STRATEGIC MARKETING

Marketing & Our Everyday Life

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

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?

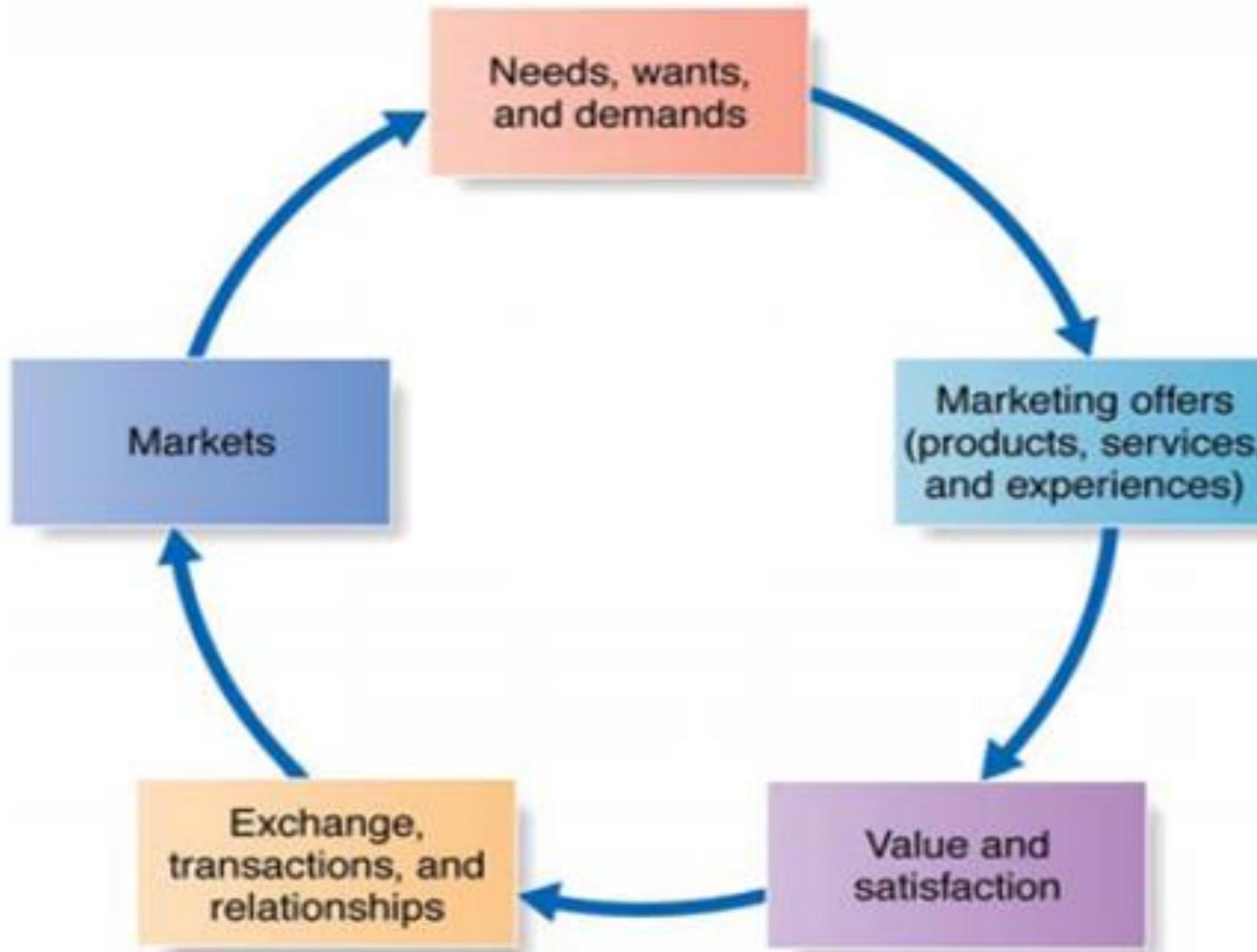
MARKETING MANAGEMENT



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

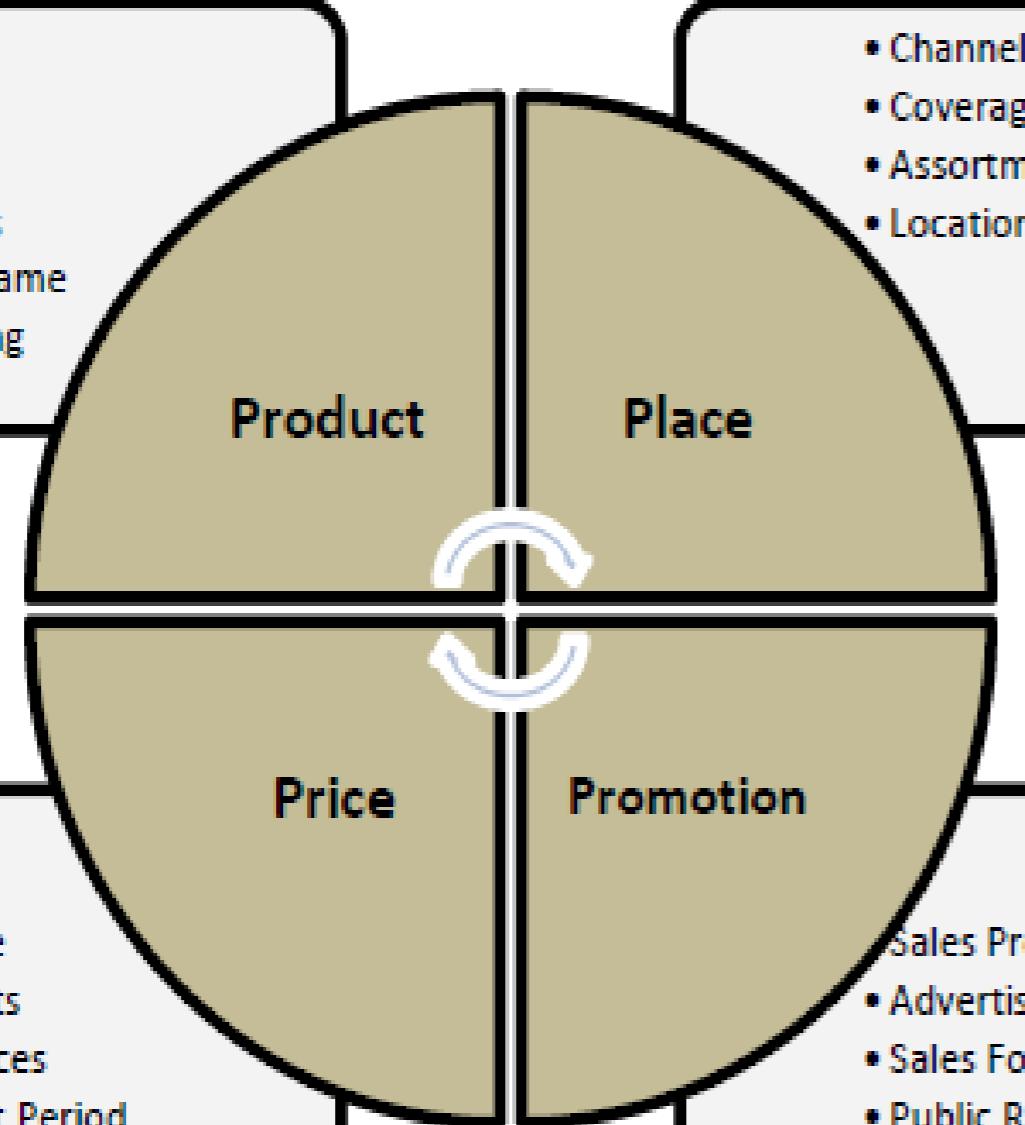
- ✓ is the set of tools (4/7/8 Ps) the firm uses to implement its marketing strategy.

MARKETING MIX

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

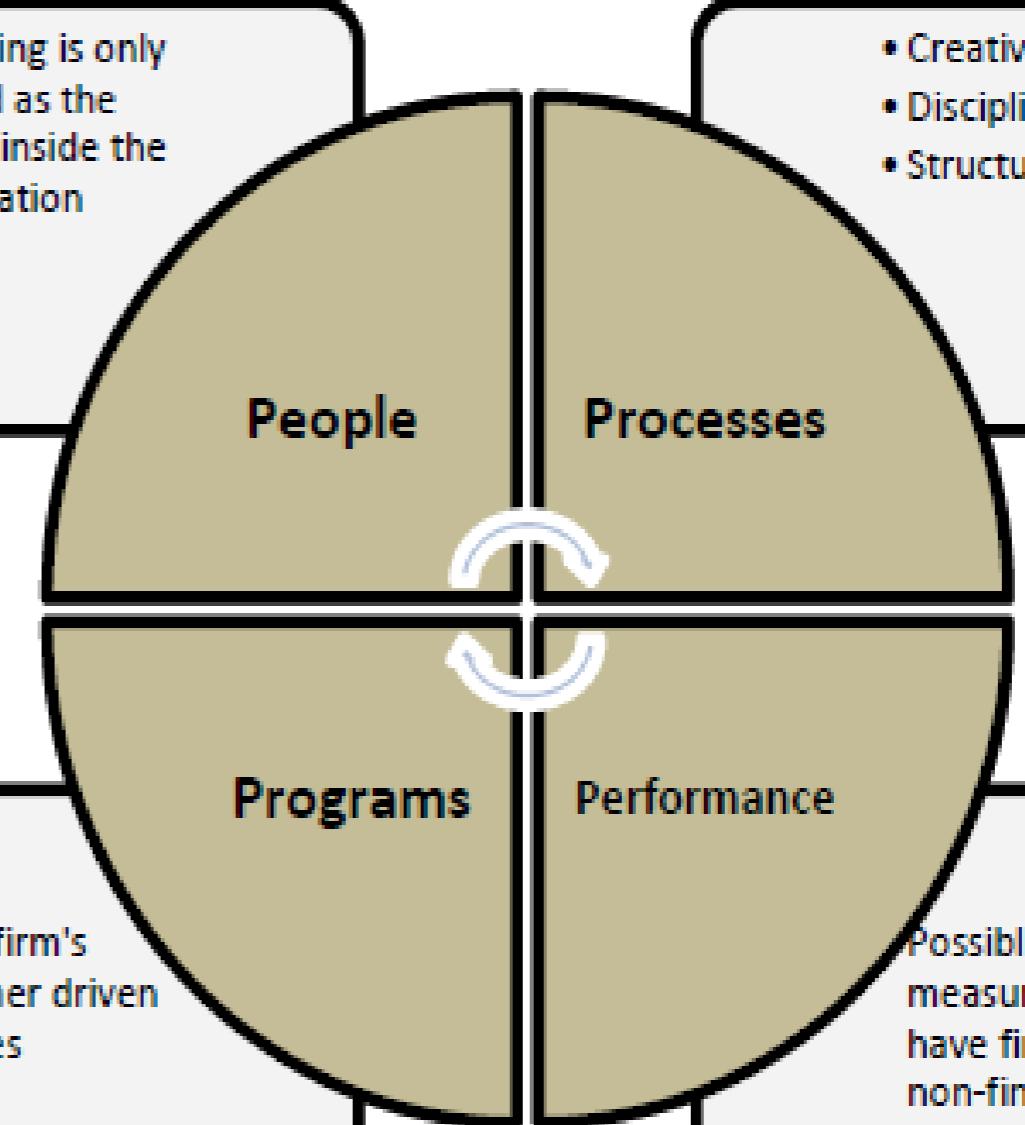
Marketing Mix: 4 Ps

- 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](#)

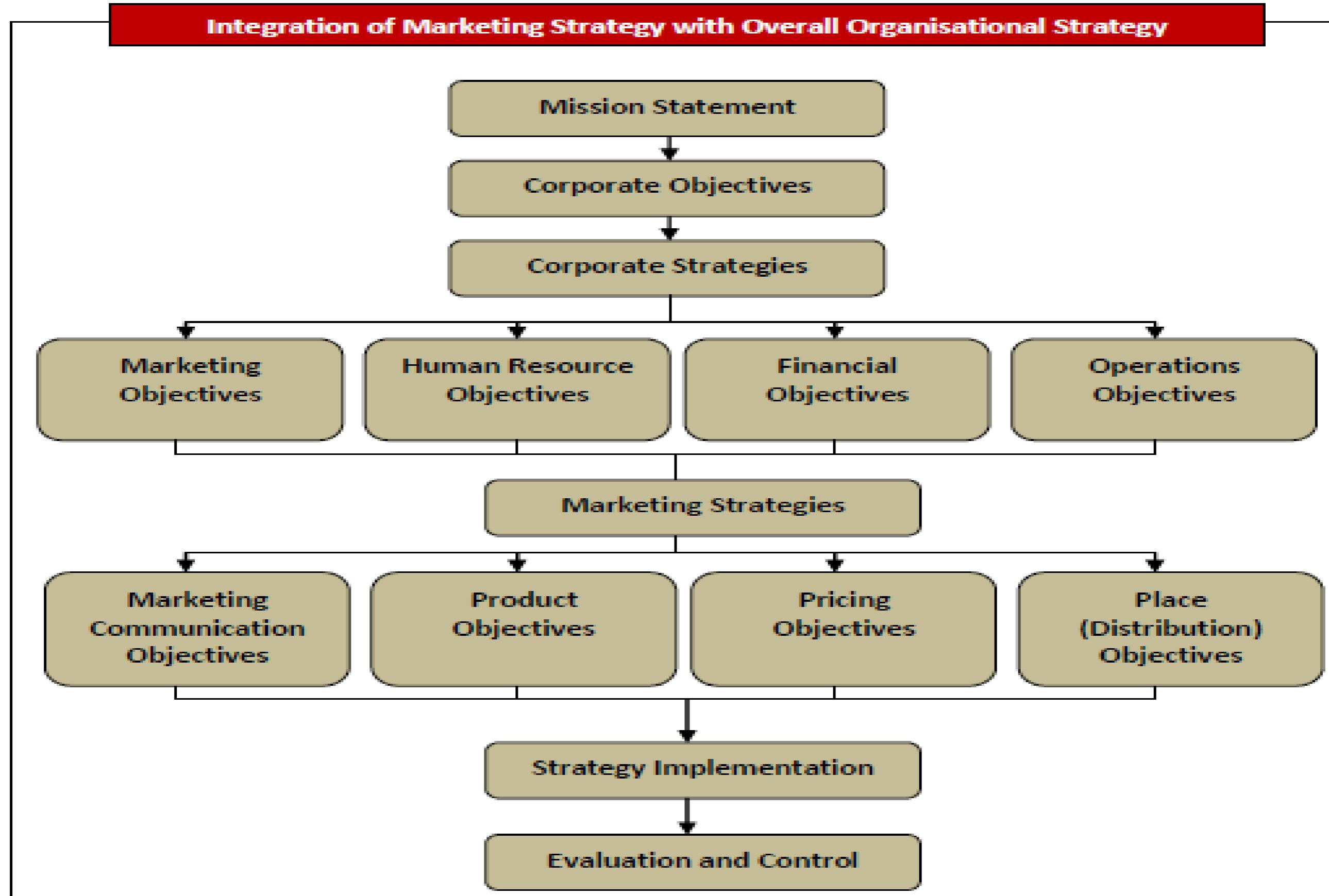


Print Media

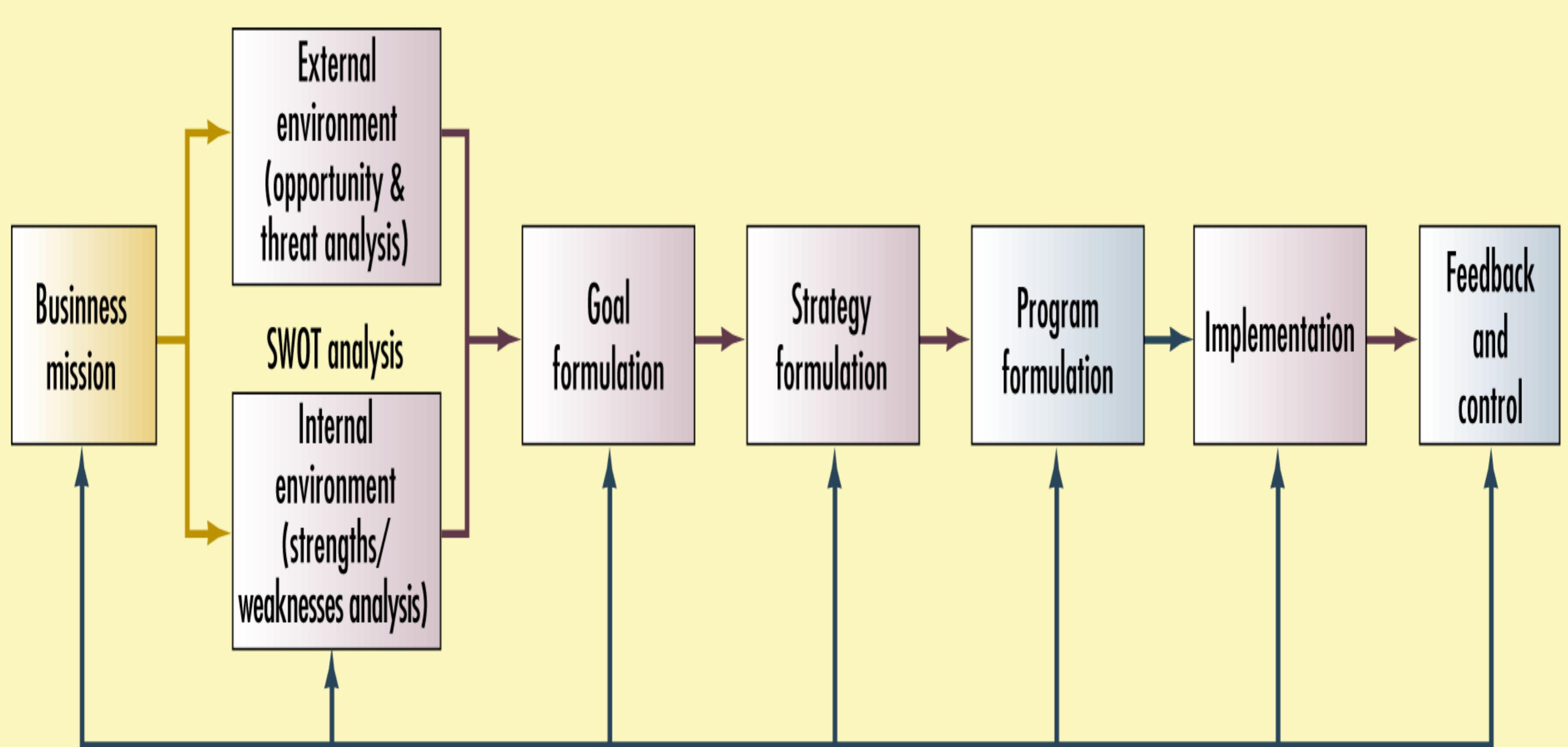


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MARKETING STRATEGIES AND PLANS



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

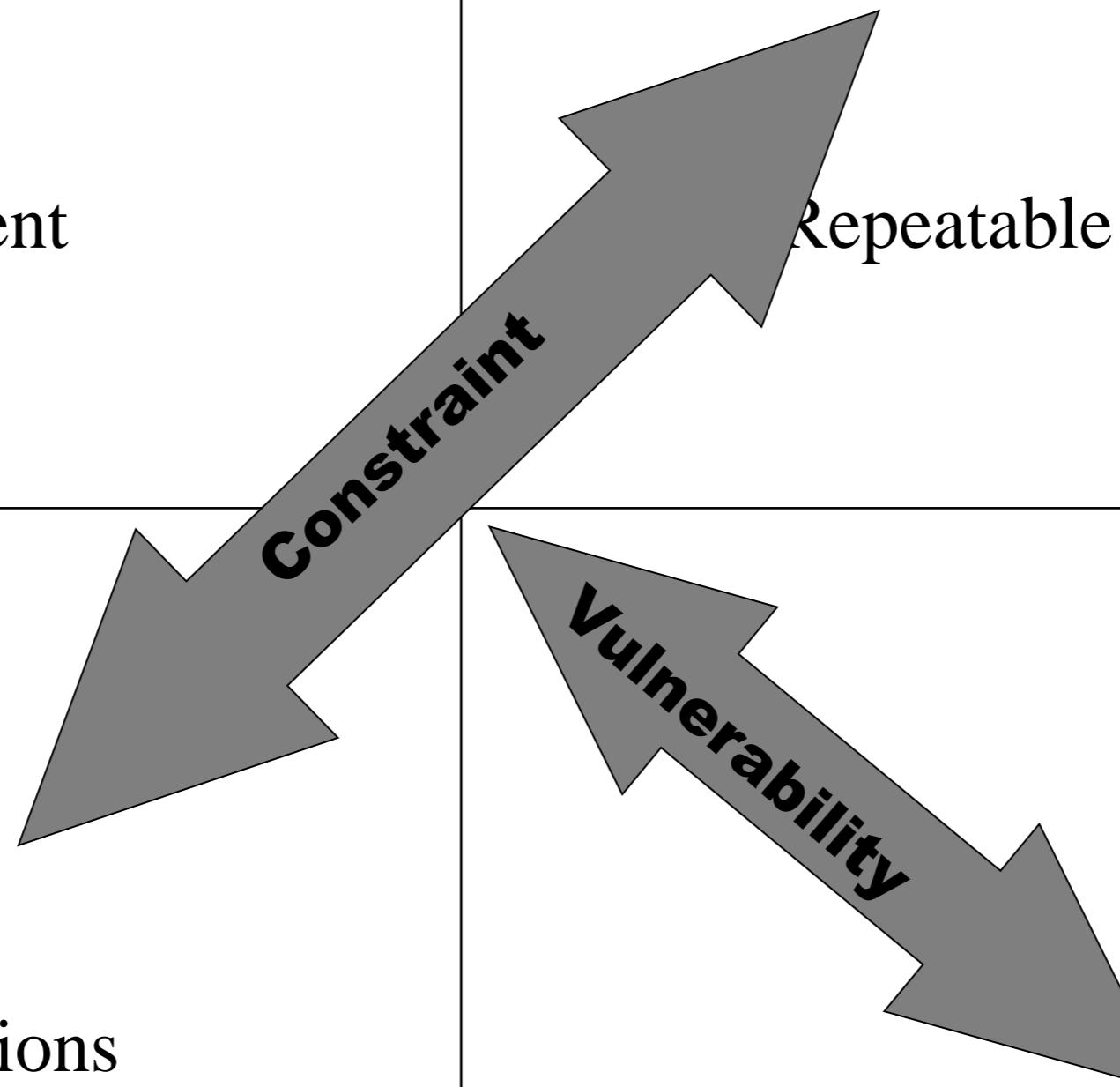
Opportunities
Leverage

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

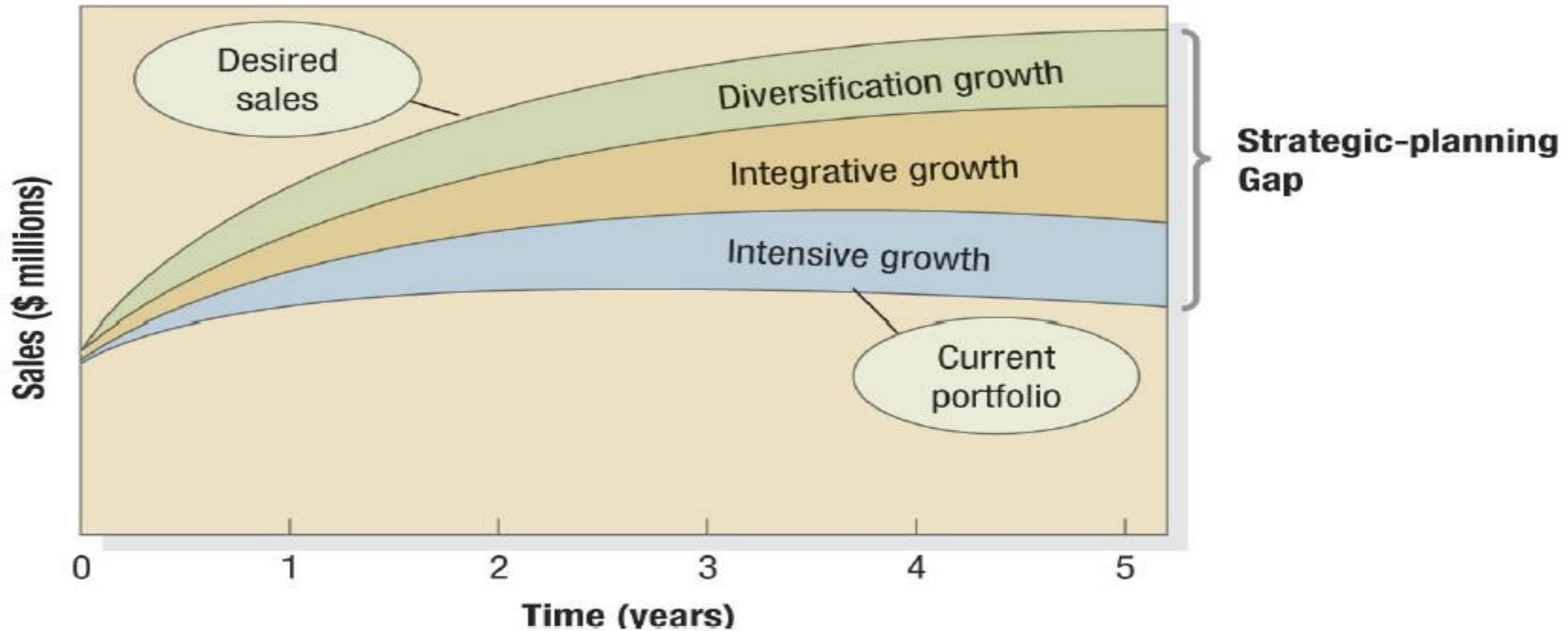
- ✓ Includes planning new businesses, downsizing & terminating older business
- ✓ It's a corporate level strategy, designed to achieve increase in sales, assets and profits.
- ✓ Companies expand business for its own survival

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

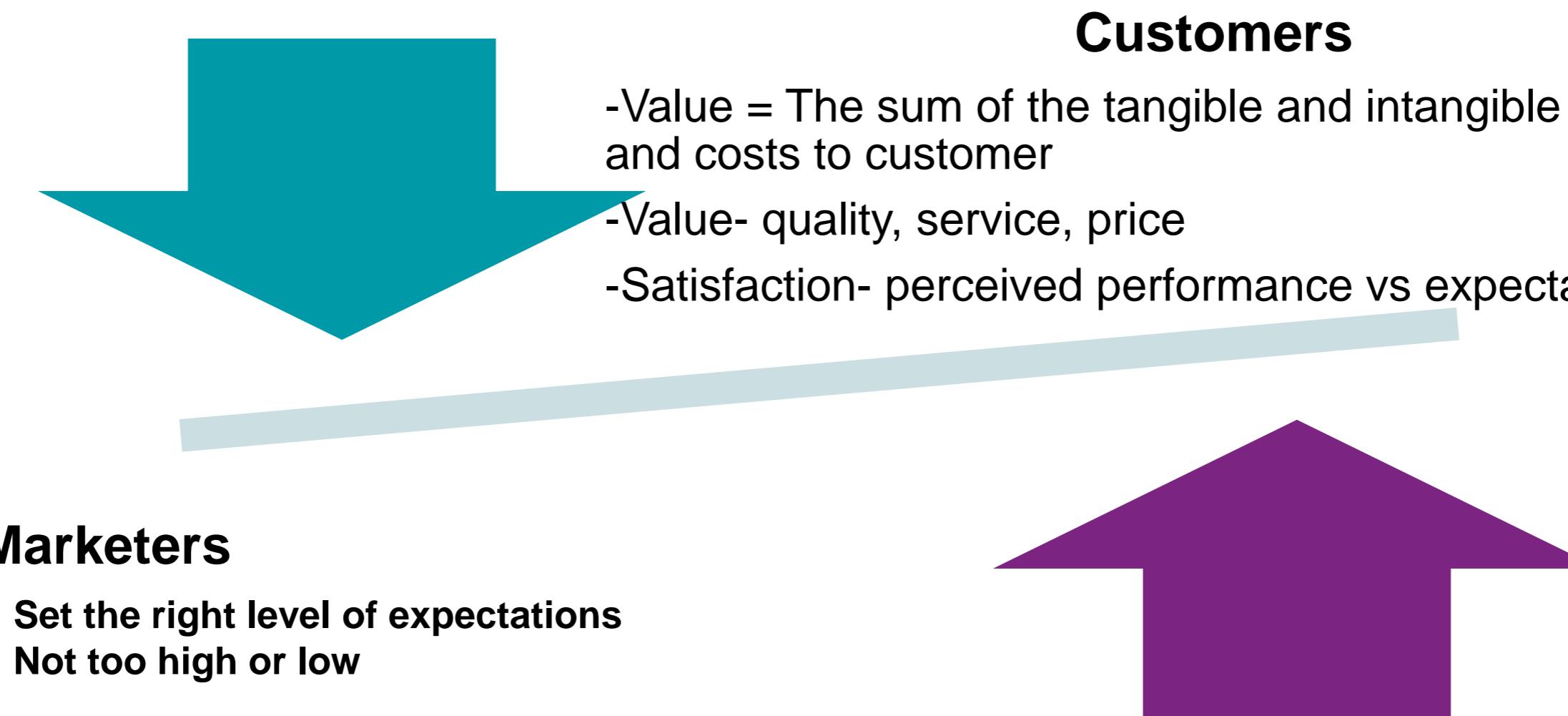
- Segmentation
- Target Markets
- Positioning

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



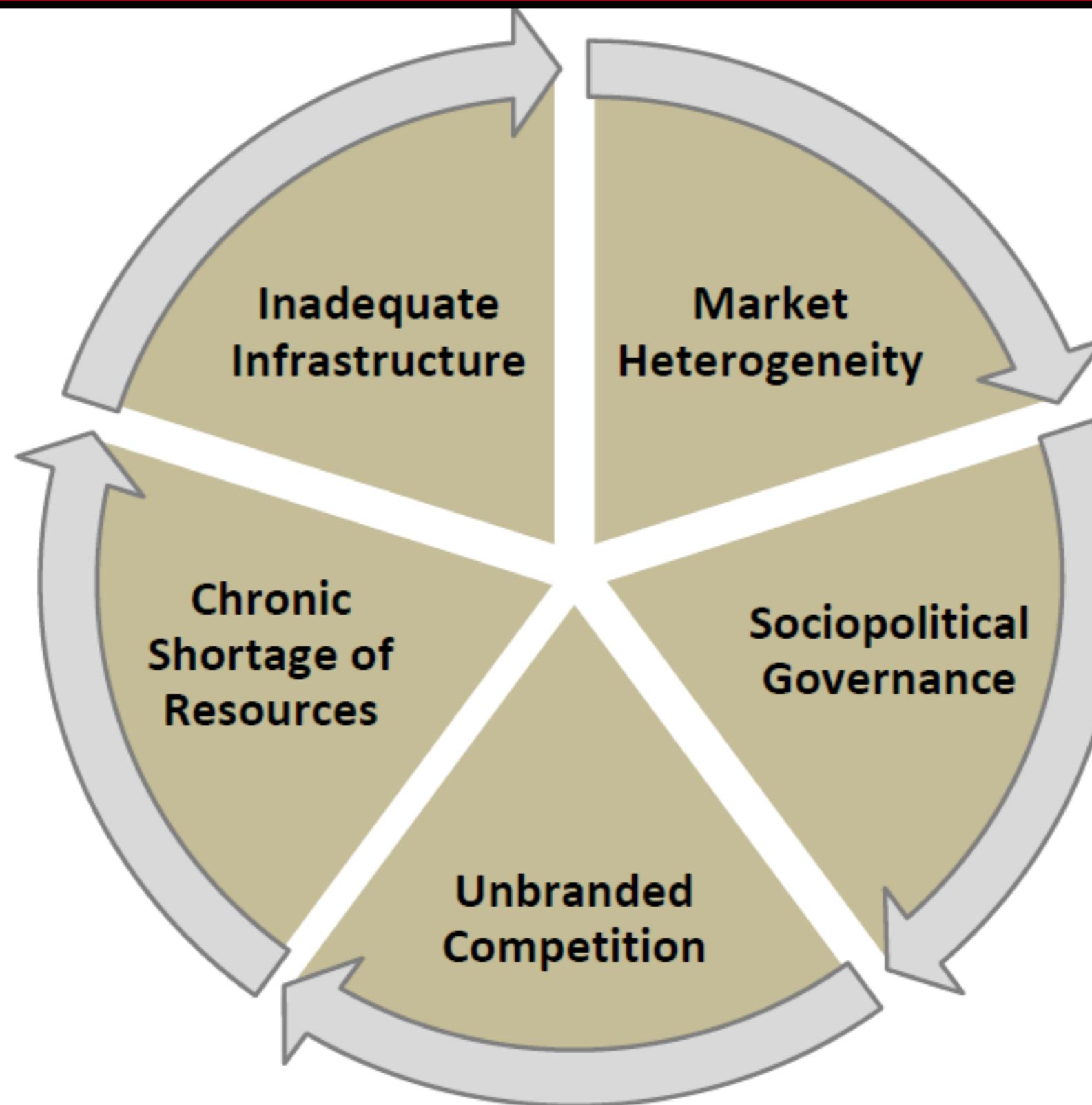
MARKETING MANAGEMENT IN EMERGING MARKETS

[Http://internationalinvest.About.Com/od/gettingstarted/a/what-are-emerging-markets.Htm?Utm_term=what%20are%20emerging%20markets&utm_content=p1-main-1-title&utm_medium=sem&utm_source=google&utm_campaign=adid-ff622980-d3f9-4be5-b590-b39626e9a590-0-ab_gsb_ocode-125528](http://internationalinvest>About.Com/od/gettingstarted/a/what-are-emerging-markets.Htm?Utm_term=what%20are%20emerging%20markets&utm_content=p1-main-1-title&utm_medium=sem&utm_source=google&utm_campaign=adid-ff622980-d3f9-4be5-b590-b39626e9a590-0-ab_gsb_ocode-125528)

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.
- Deloitte research projects that emerging markets will likely account for 58% of growth in global GDP from 2010 to 2015, compared to 32% for the advanced economies of the G7”

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, as well as market transaction enablers (e.g. point of sale terminals) and basic banking functions
- These five dimensions are spurring reconceptualization and evolution marketing theory, strategy, policy and practice need to be.

IMPACT ON MARKETING IN EMERGING MARKETS

	From	To
Marketing Theory	Differential advantage	Aggregation advantage
	Industry structure	Government policy
	Resource possession	Resource improvisation
Marketing Strategy	Market orientation	Market development
	Relationship marketing	Institutional marketing
	Customer satisfaction	Convert nonusers to users
Marketing Policy	Compliance	Inclusive growth
	Excessive consumption	Mindful consumption
	Finance driven marketing	Purpose driven marketing
Marketing Practice	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

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

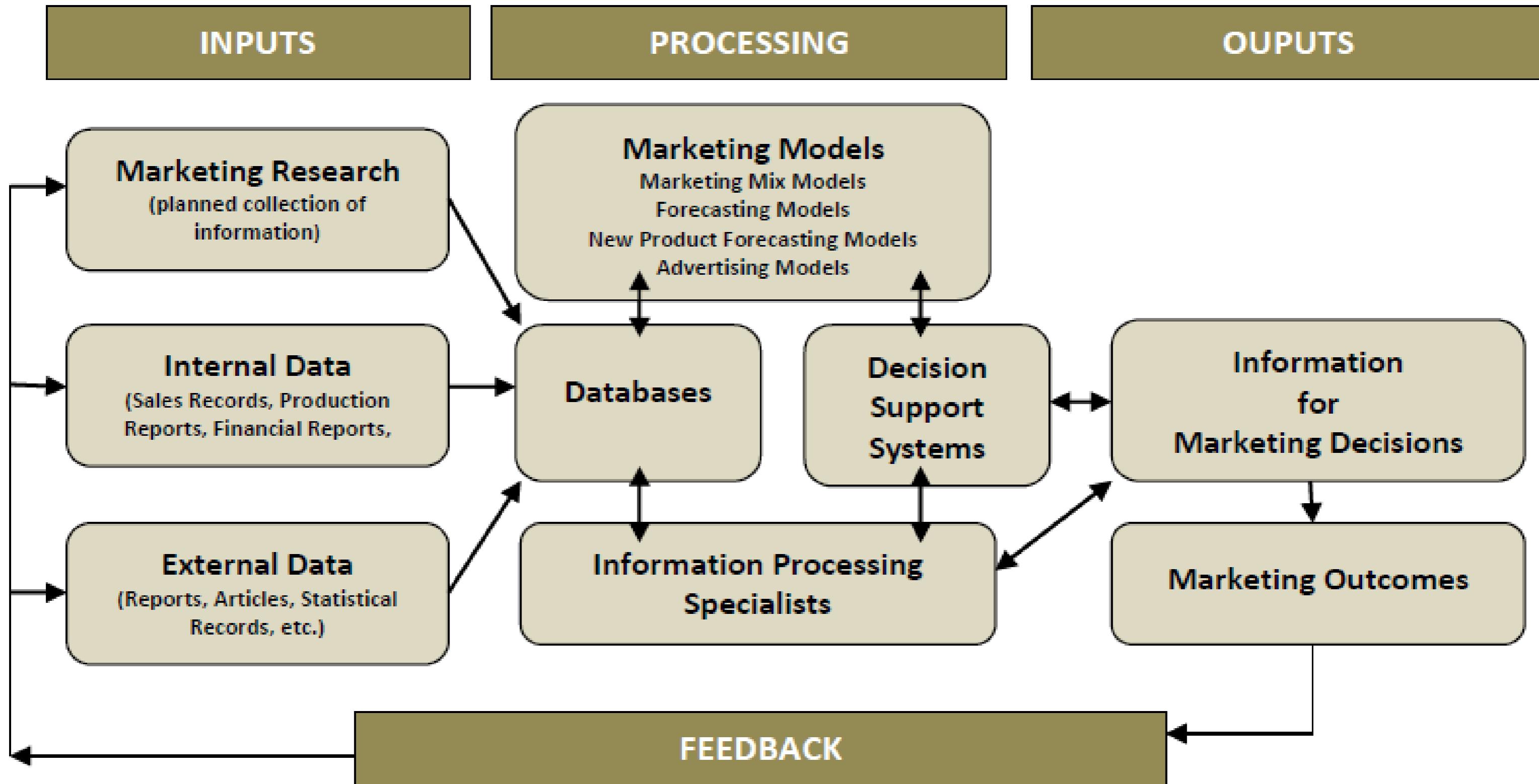
- ✓ Marketing Information system supplies three types of information.
- ✓ Recurrent Information
- ✓ Monitoring Information
- ✓ Requested Information

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

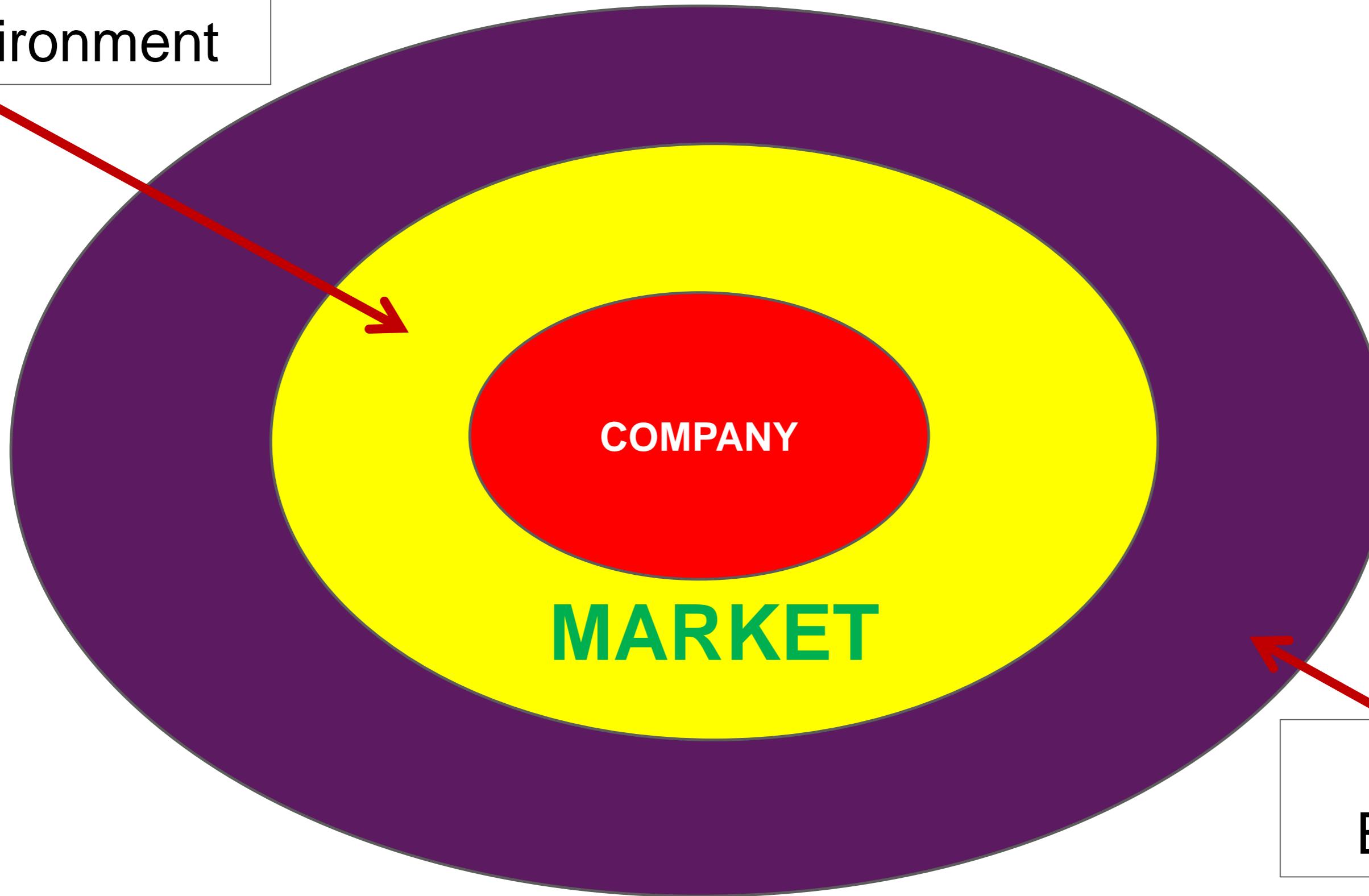
SCANNING THE ENVIRONMENT

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.

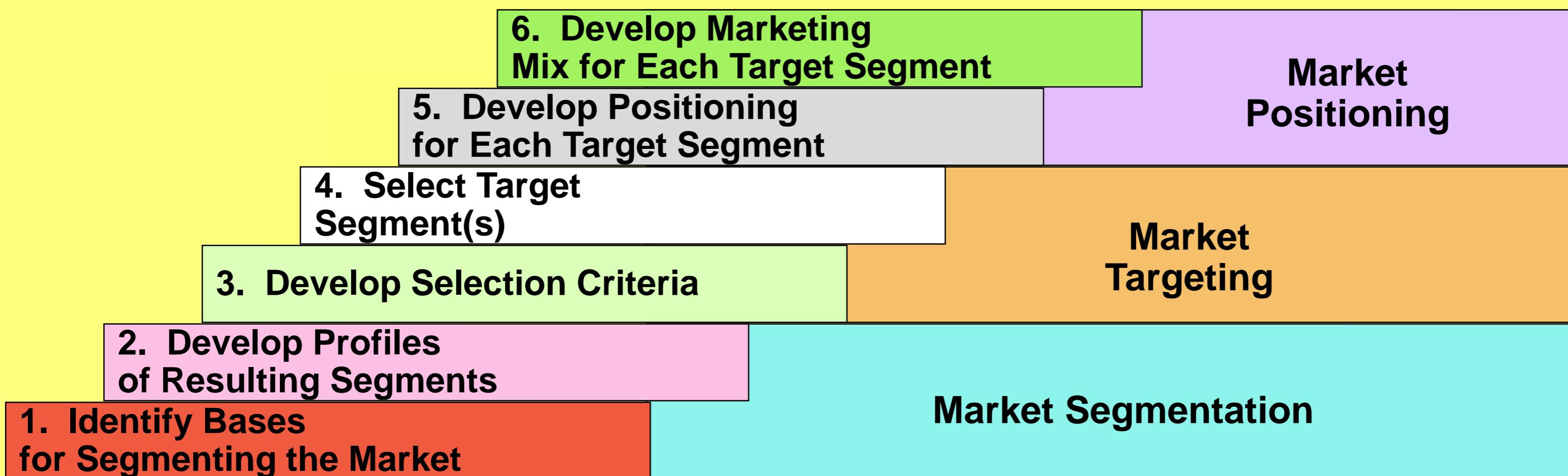
WHY SEGMENTATION?

- 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

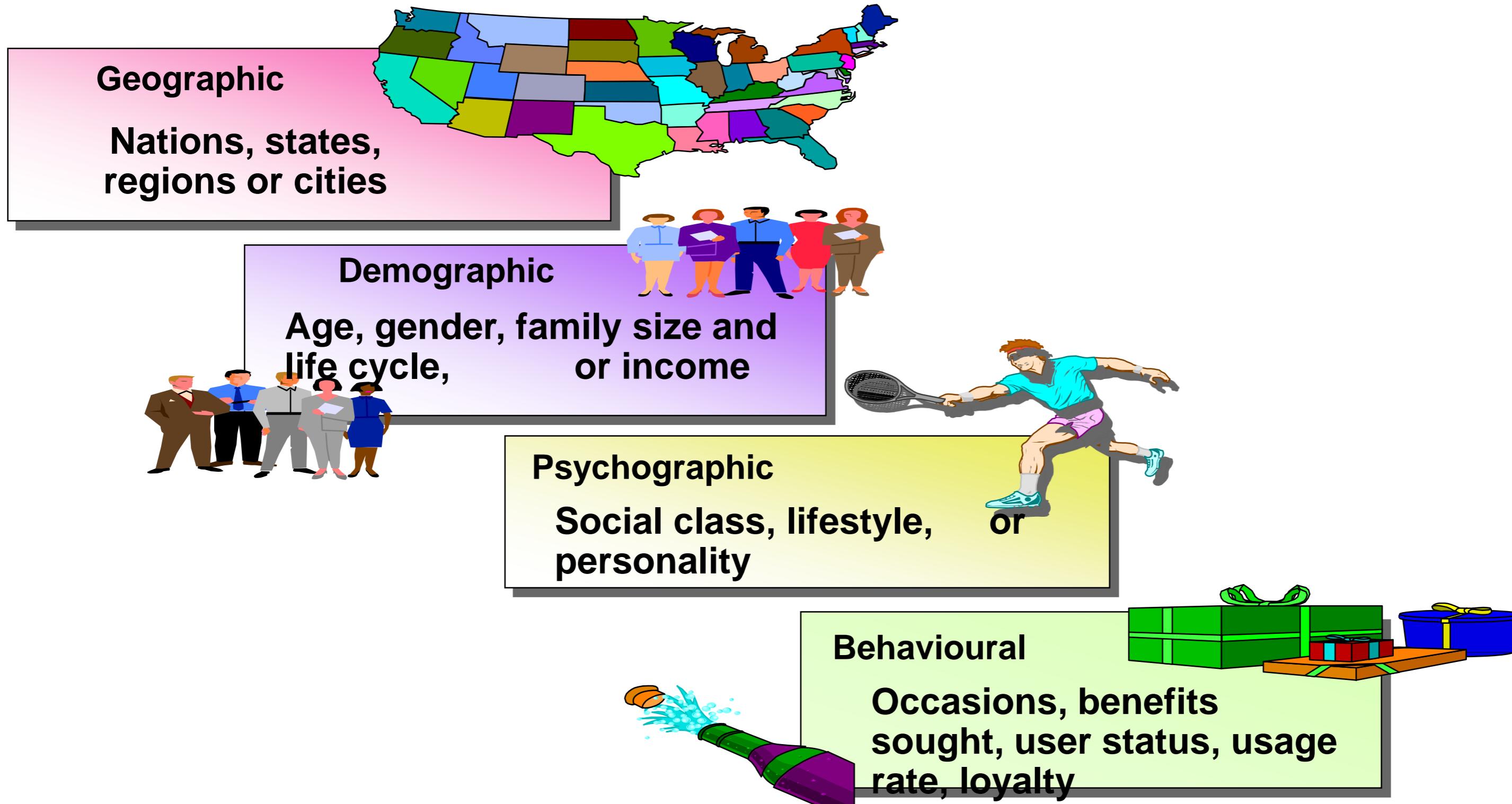
Differentiation

Differentiate the market offering to create superior customer value

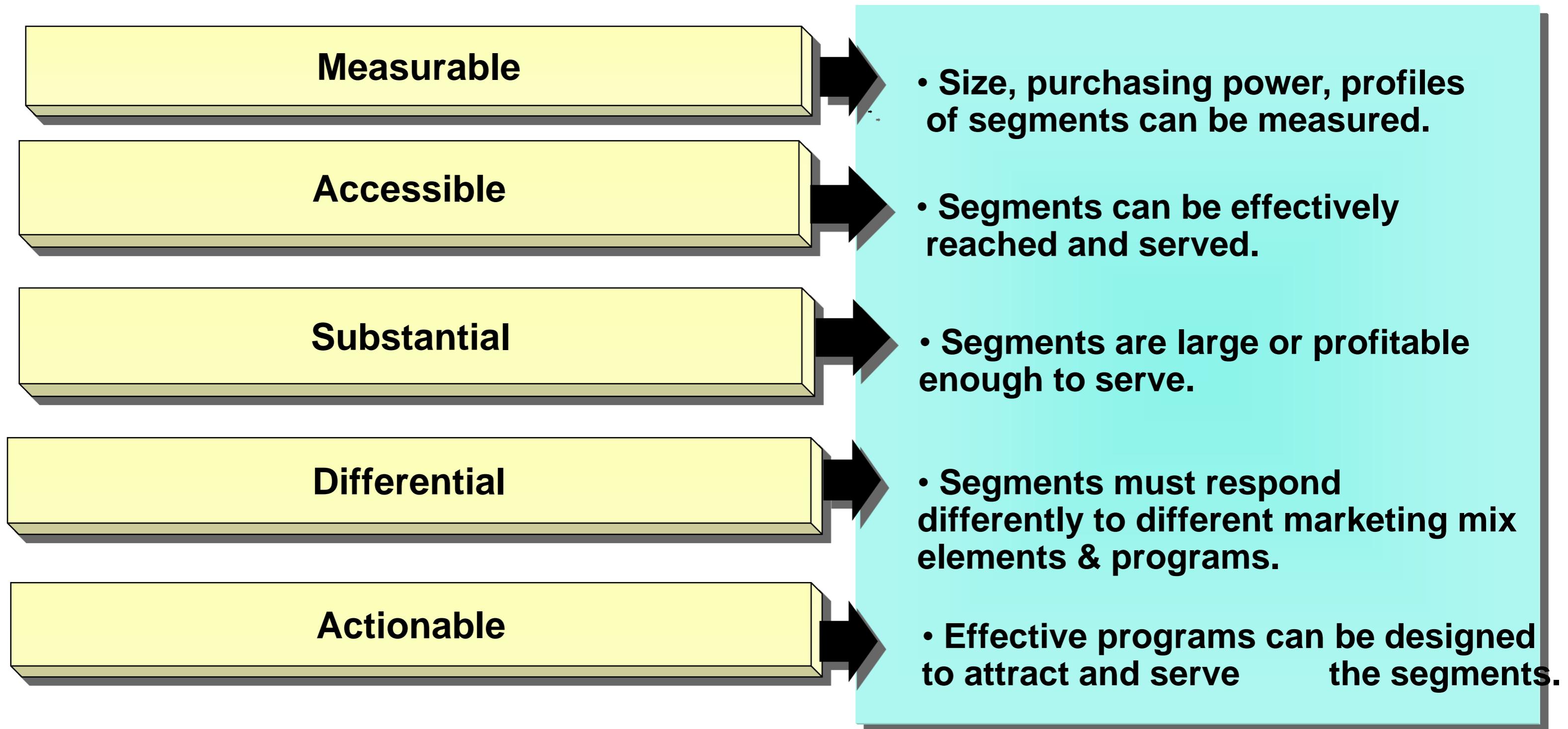
Positioning

Position the market offering in the minds of target customers

BASES FOR SEGMENTING CONSUMER MARKETS



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

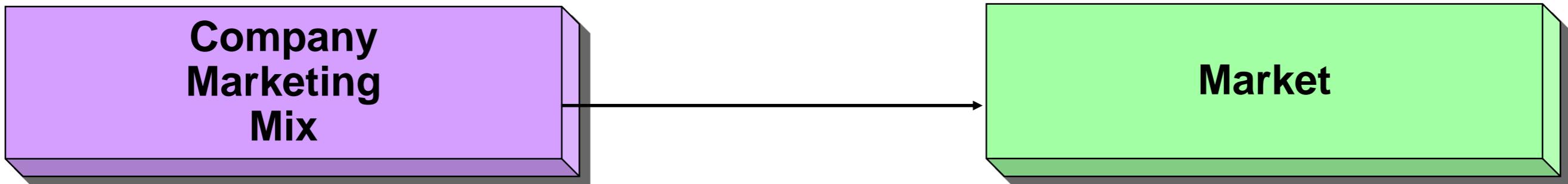
- whereby a firm goes after a large share of one or a few segments or niches instead of going after a small share of a large market.
- The firm markets more effectively by fine-tuning its products, prices, and programs to the needs of carefully defined segments.
- Used by small companies focusing their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

MARKET TARGETING STRATEGIES

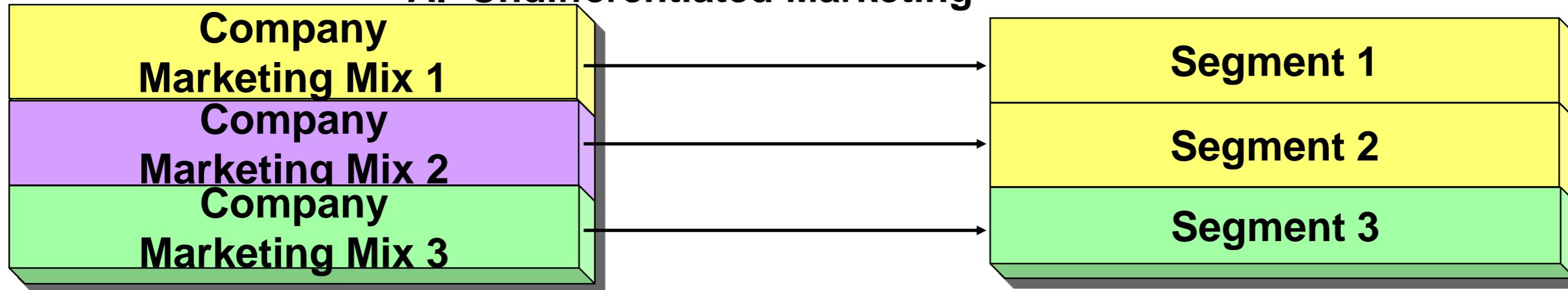
iv. Micromarketing

- 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,

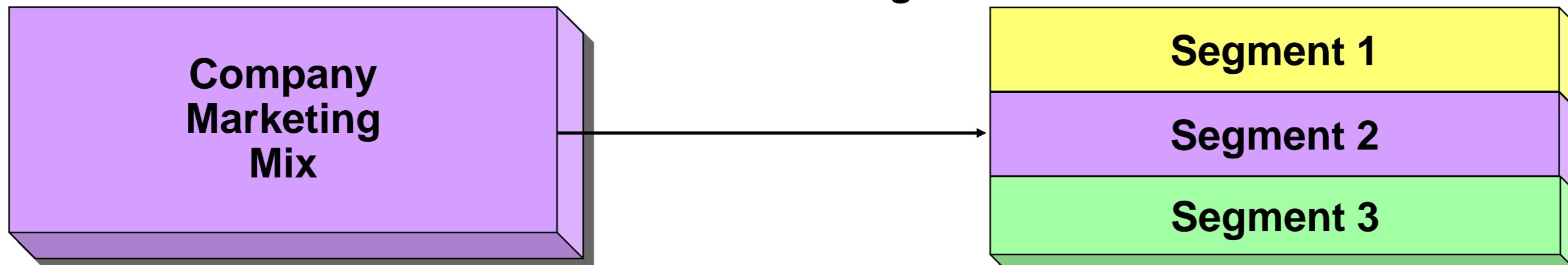
TARGET MARKETING STRATEGIES



A. Undifferentiated Marketing

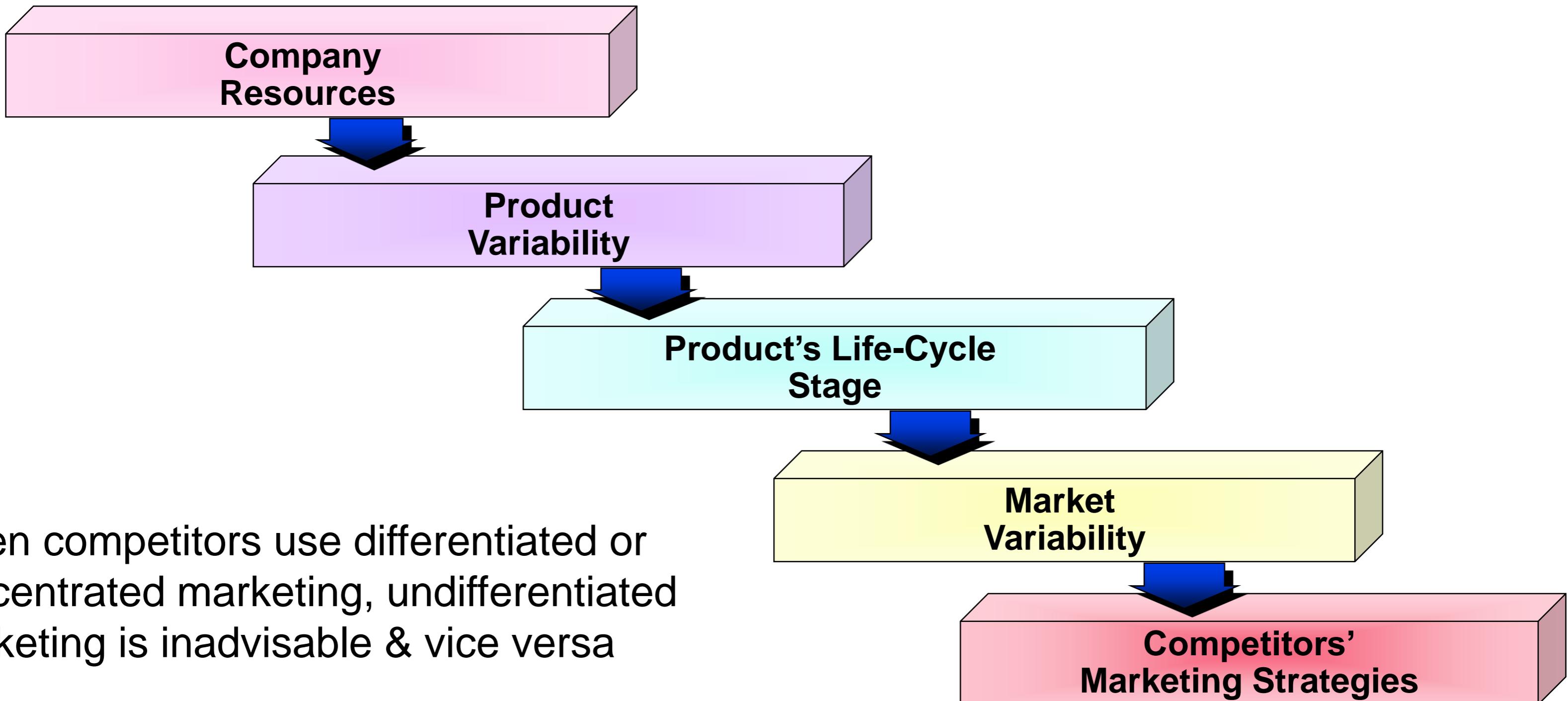


B. Differentiated Marketing



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

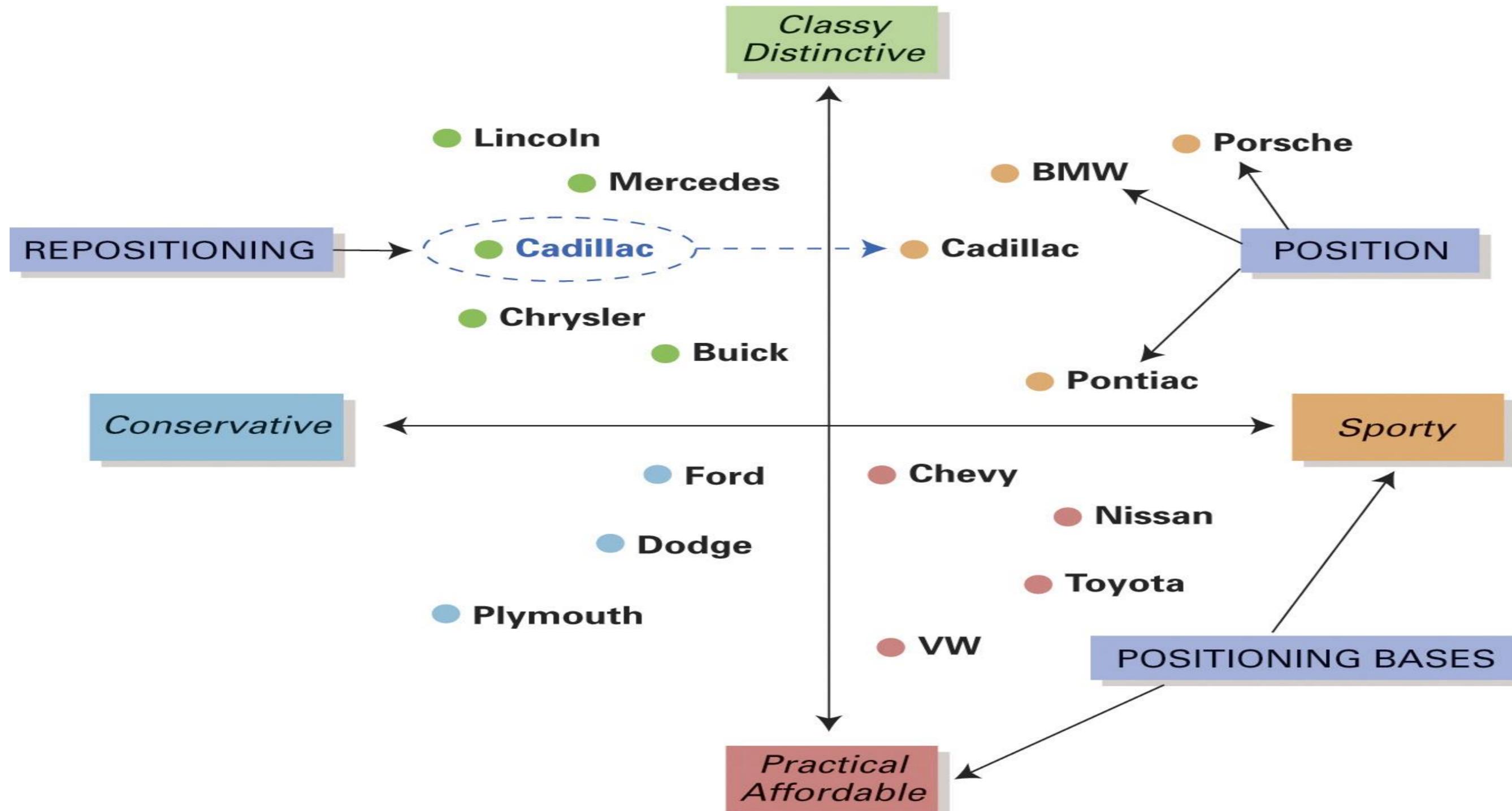
- Feasibility
- Communicability
- Sustainability

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

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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



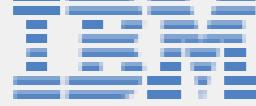
BRANDS



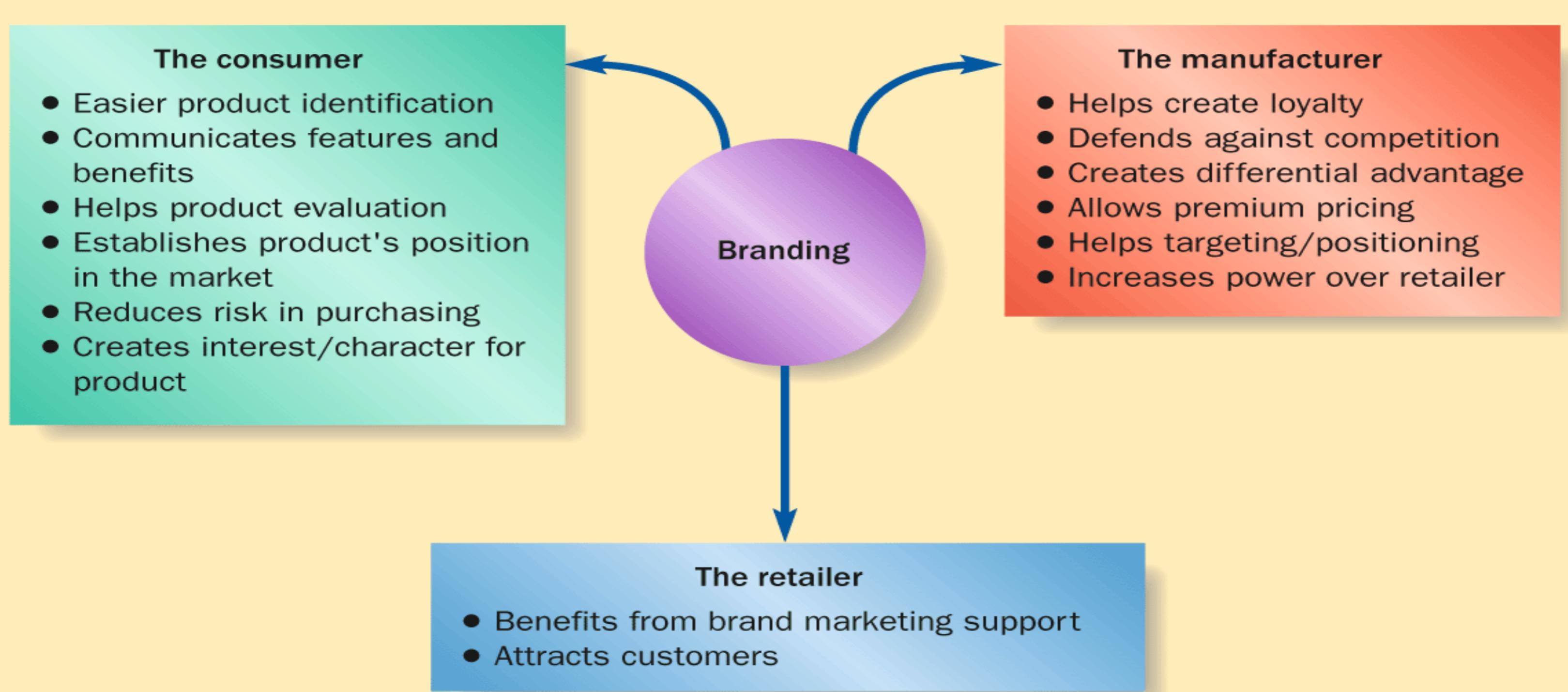
BRANDING

- 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

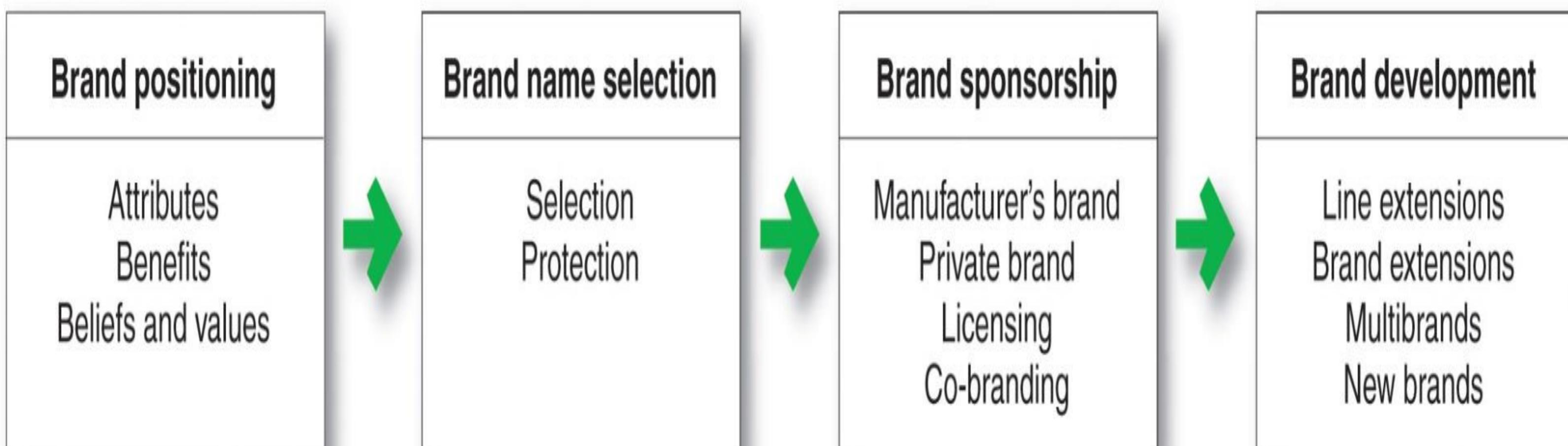
- Microsoft's Elop: Nokia brand soon to vanish from smartphones
- Microsoft closes Nokia deal, pays more than expected

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

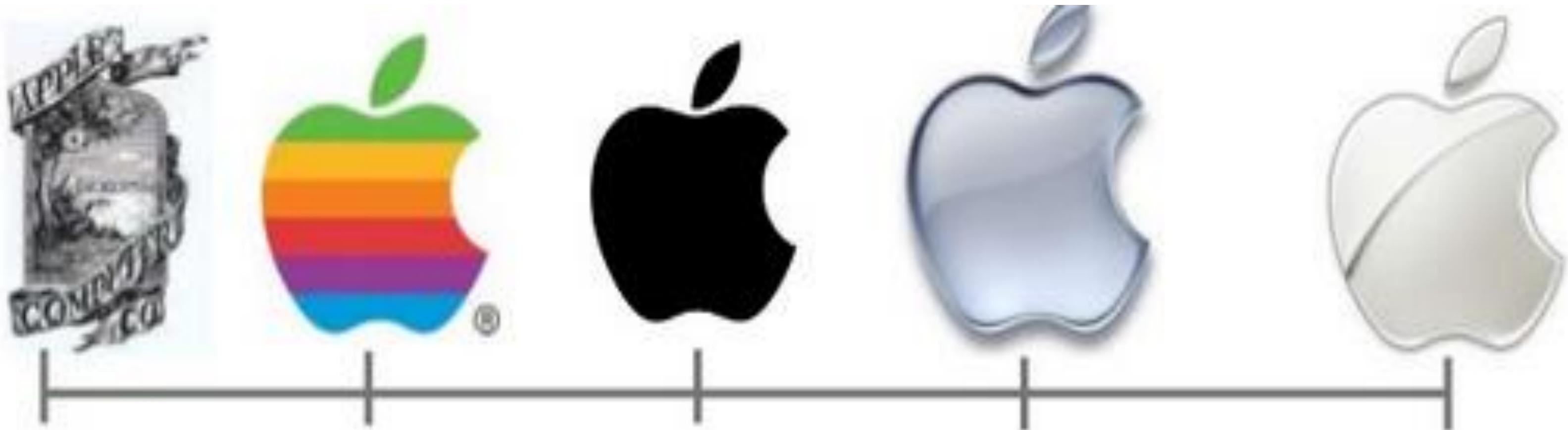
Adaptable

Protectable

EXAMPLES-MEANINGFULNESS/ TRANSFERABILITY

Brand	English	Translation
Frank Perdue (poultry products)	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

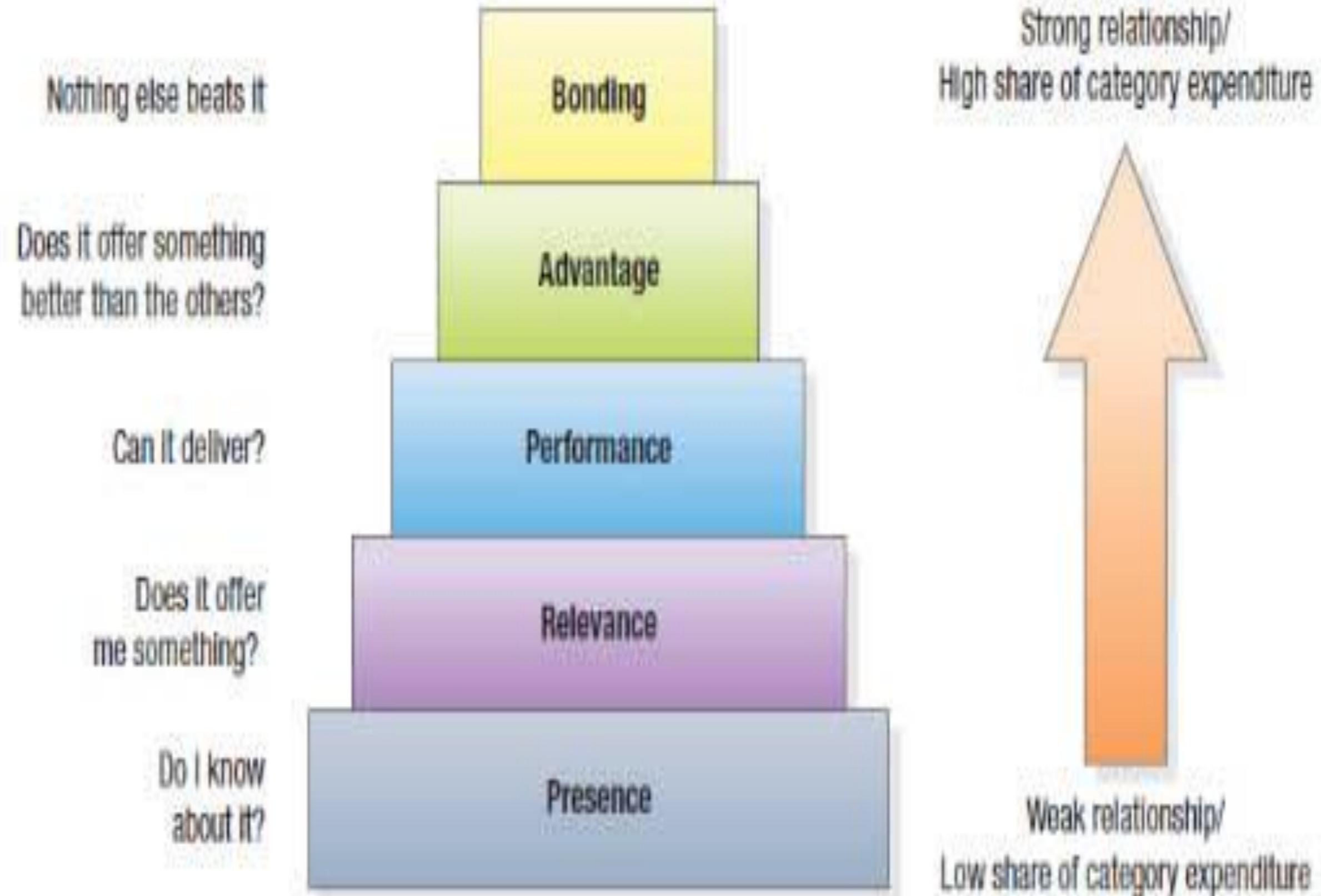
- viewed by Professor David Aaker

- 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.



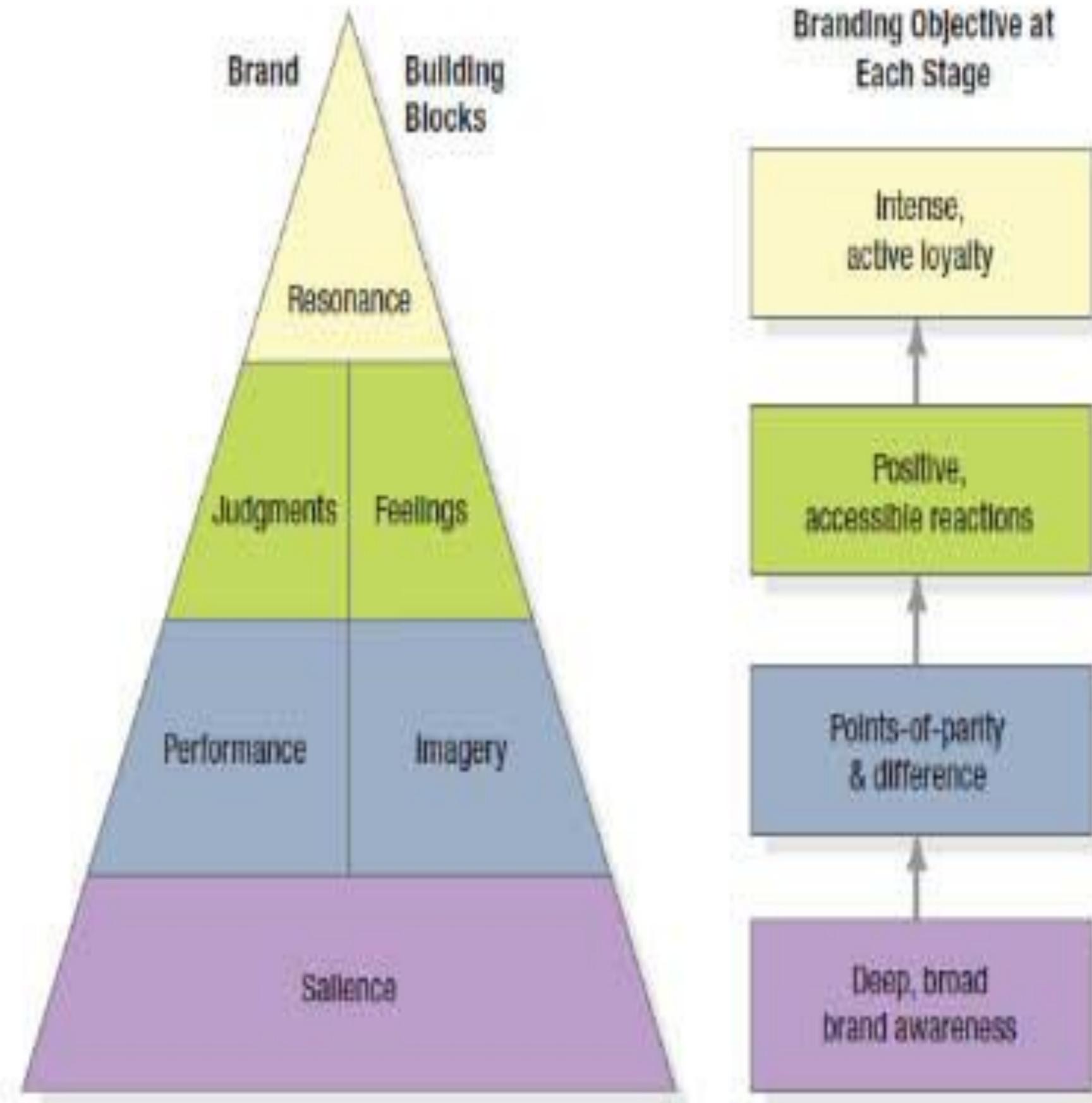
Stages of Brand Development

4. Relationships =
What about you and me?

3. Response =
What about you?

2. Meaning =
What are you?

1. Identity =
Who are you?



Branding Objective at Each Stage

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

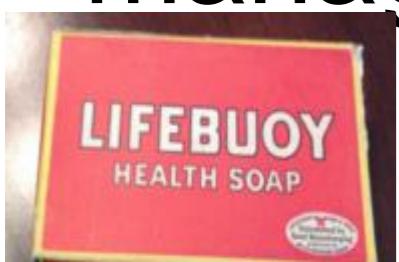
BRAND REINFORCEMENT

- 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

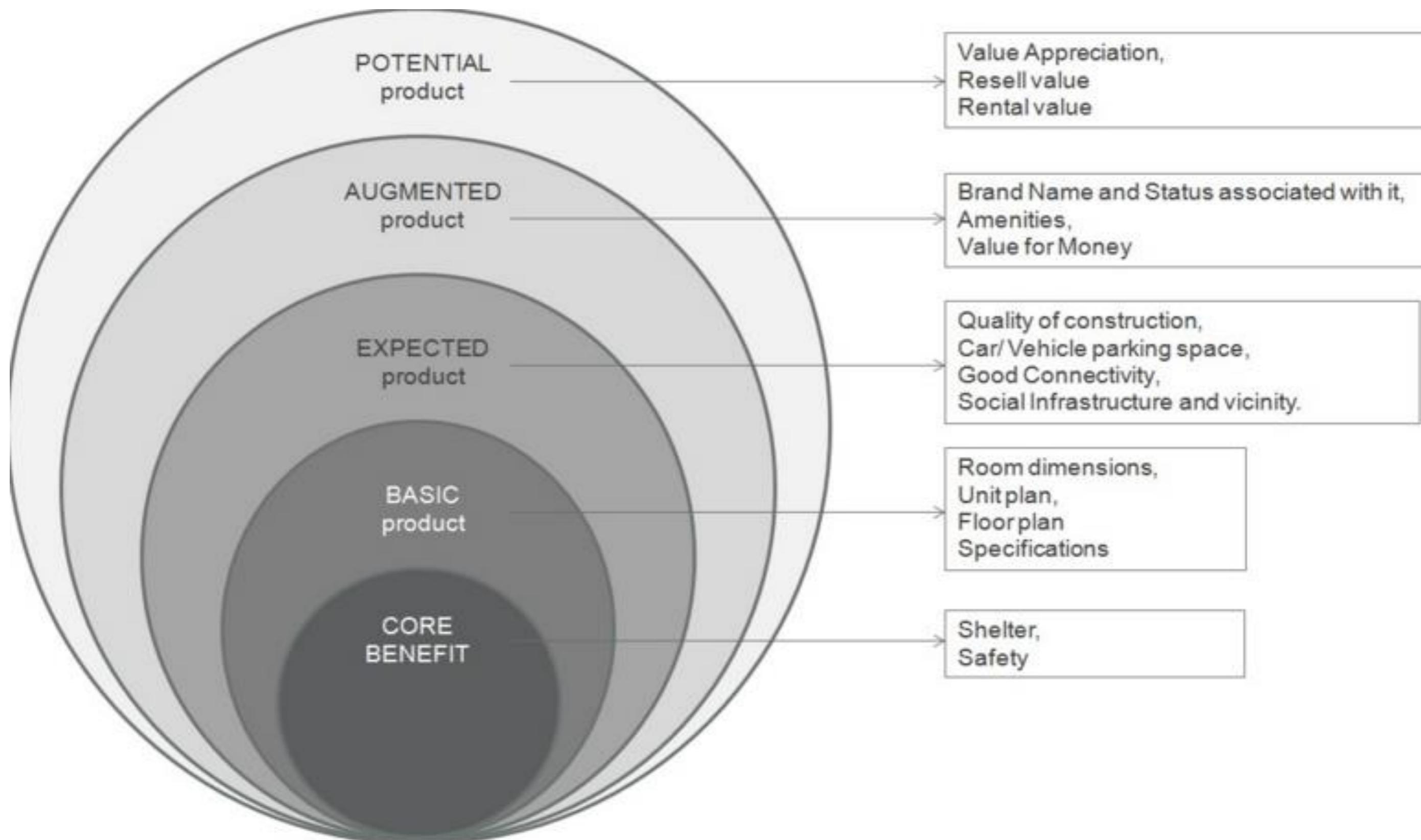
- Line Extension-refers to the expansion of an existing product line
 - Existing brand names extended to new forms, sizes, and flavors of an existing product category. Examples
- Brand Extension-refers to the expansion of the brand itself into new territories or markets
 - Existing brand names extended 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

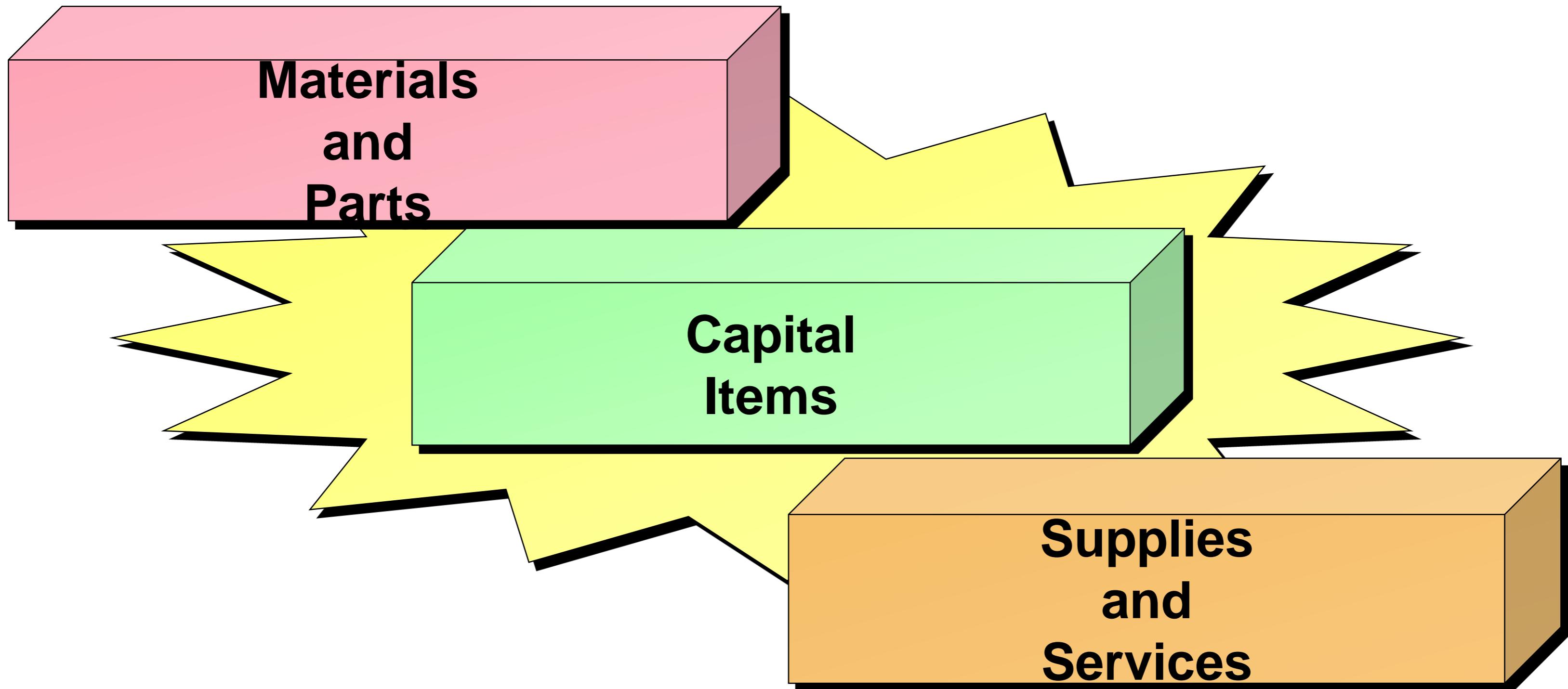
Specialty Products

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

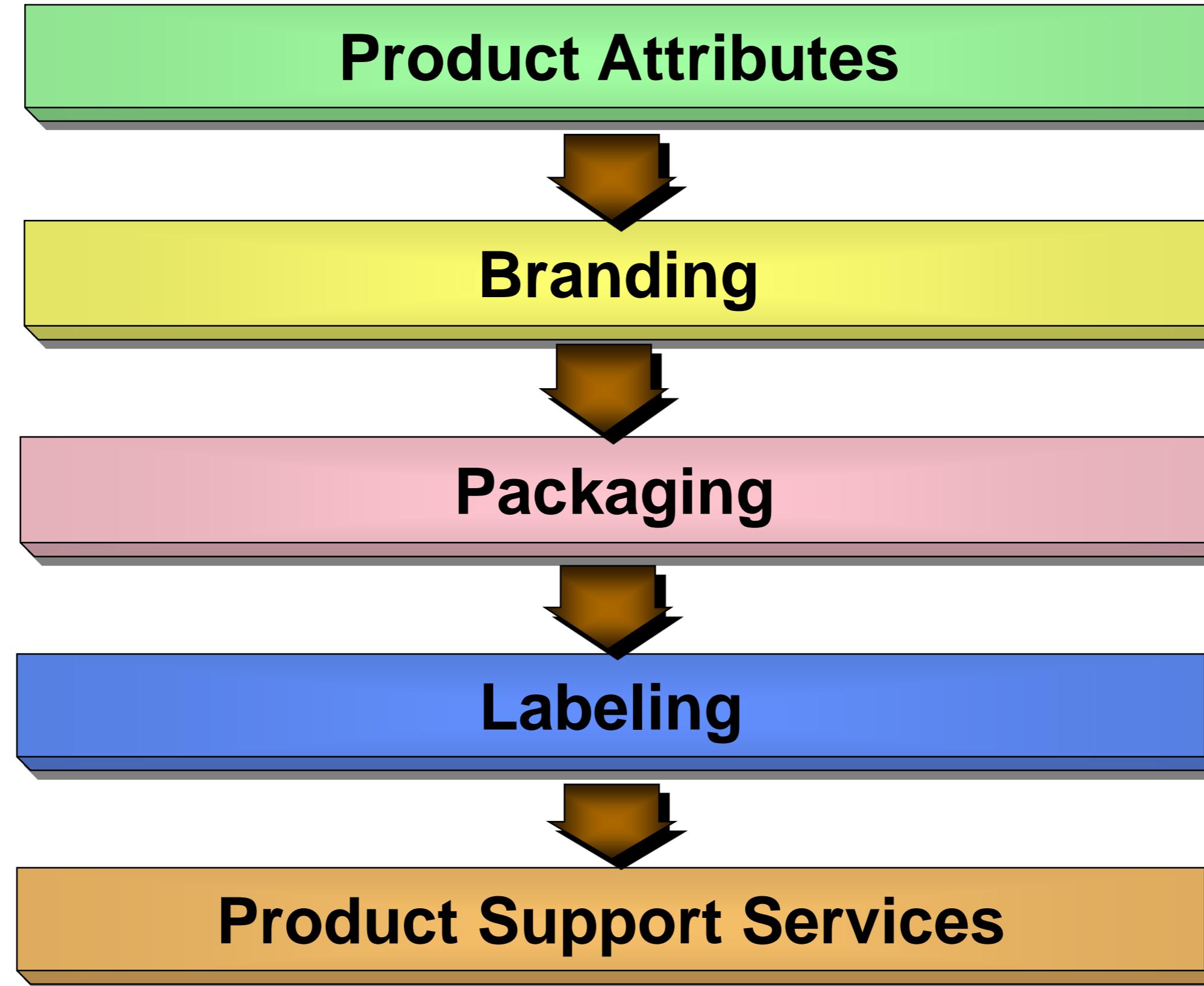
Unsought Products

- > 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)

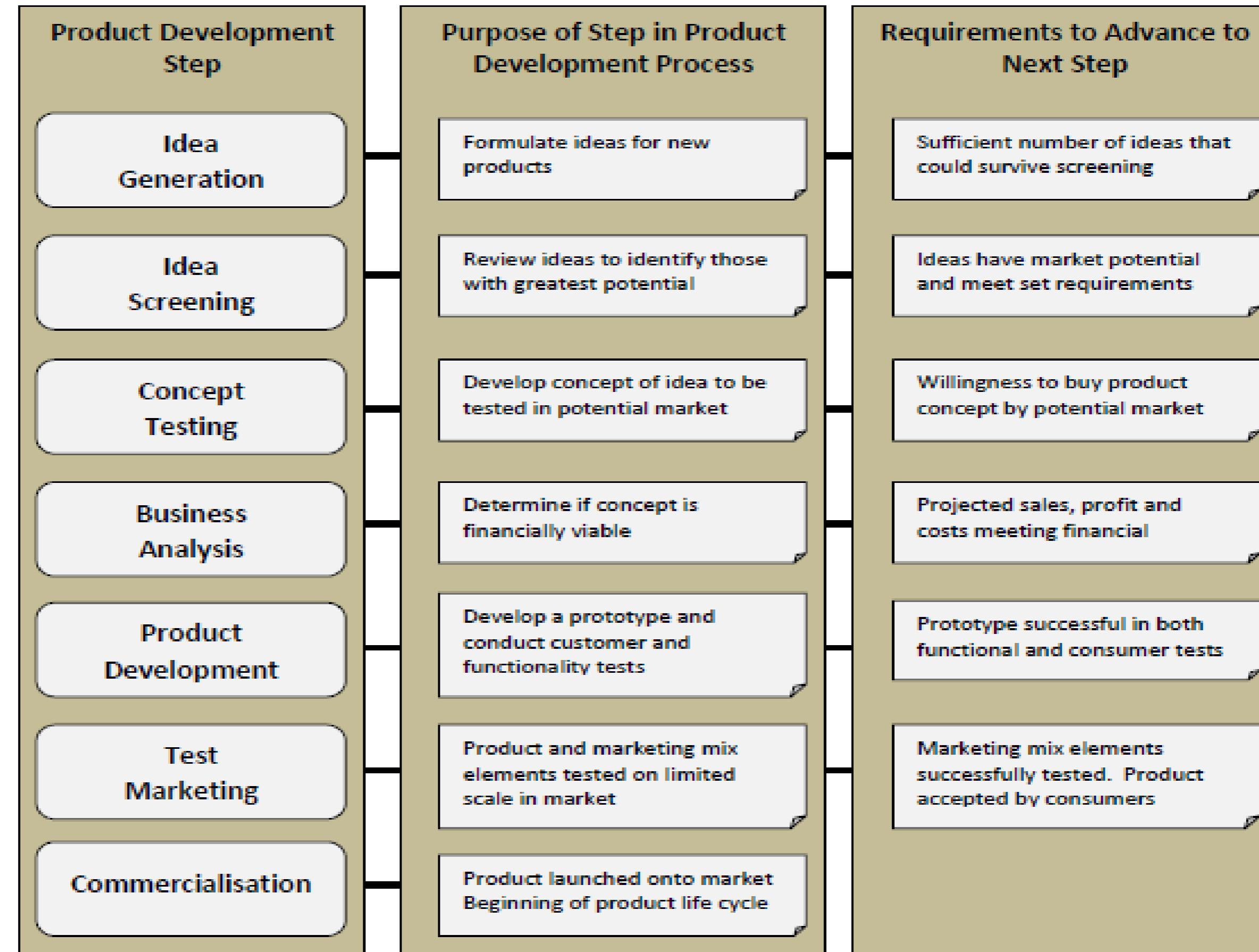
2. Products new to the firm

- 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

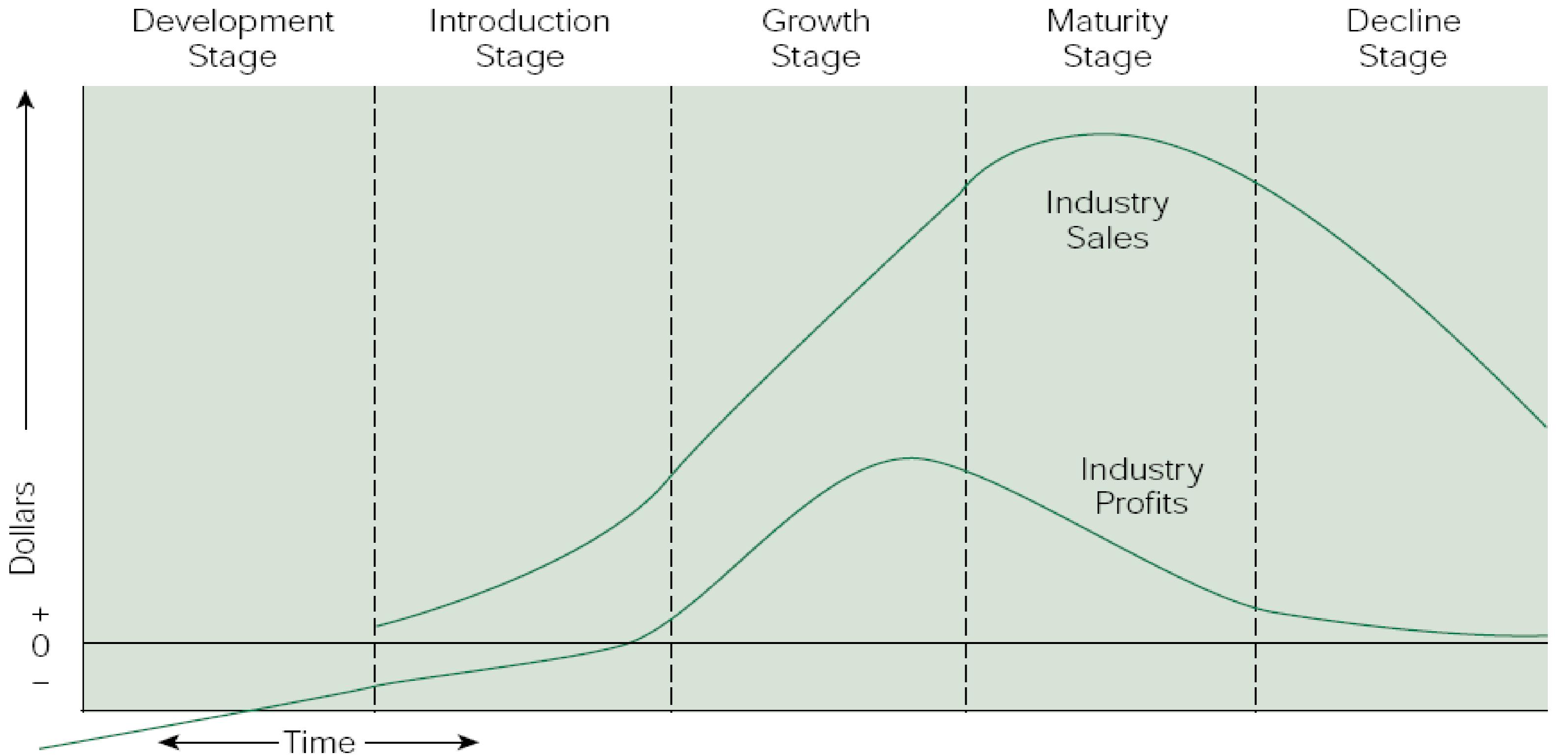
- Overestimation of Market Size
- Product Design Problems
- Product Incorrectly Positioned, Priced or Advertised
- Costs of Product Development
- Competitive Actions
- To create successful new products, the company must:
 - understand its customers, markets and competitors
 - develop products that deliver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

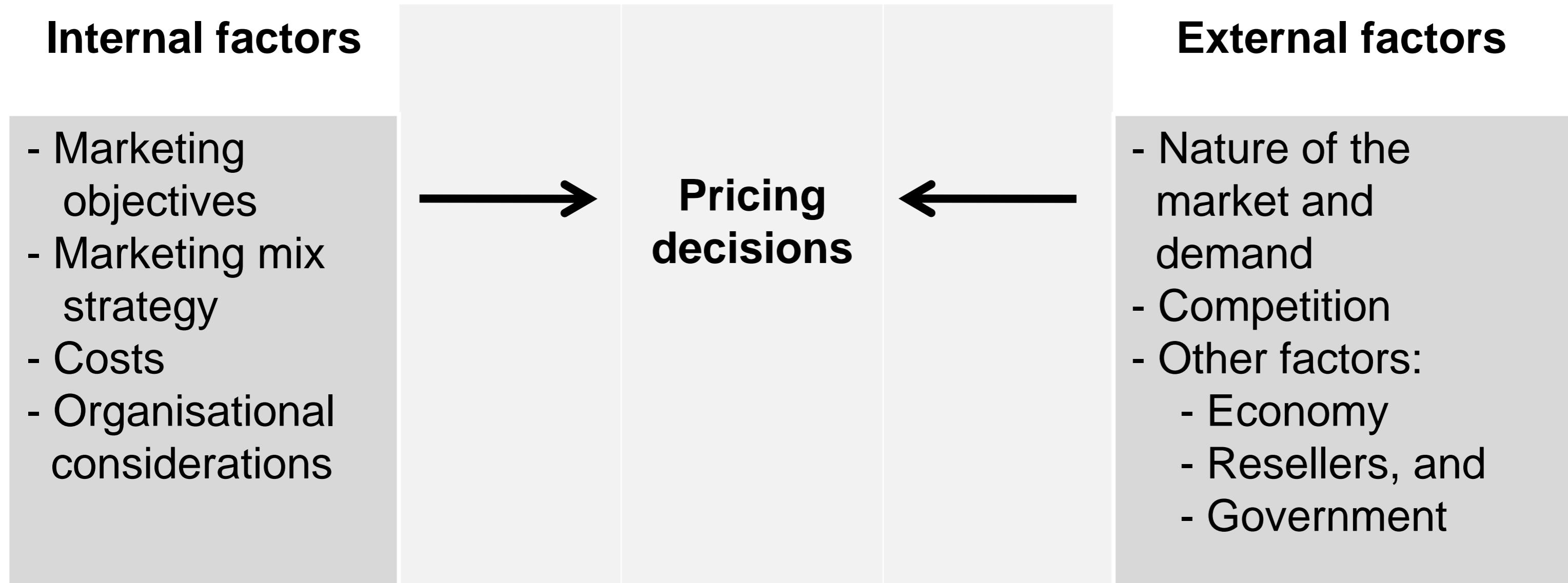
WHAT IS A PRICE?

- **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



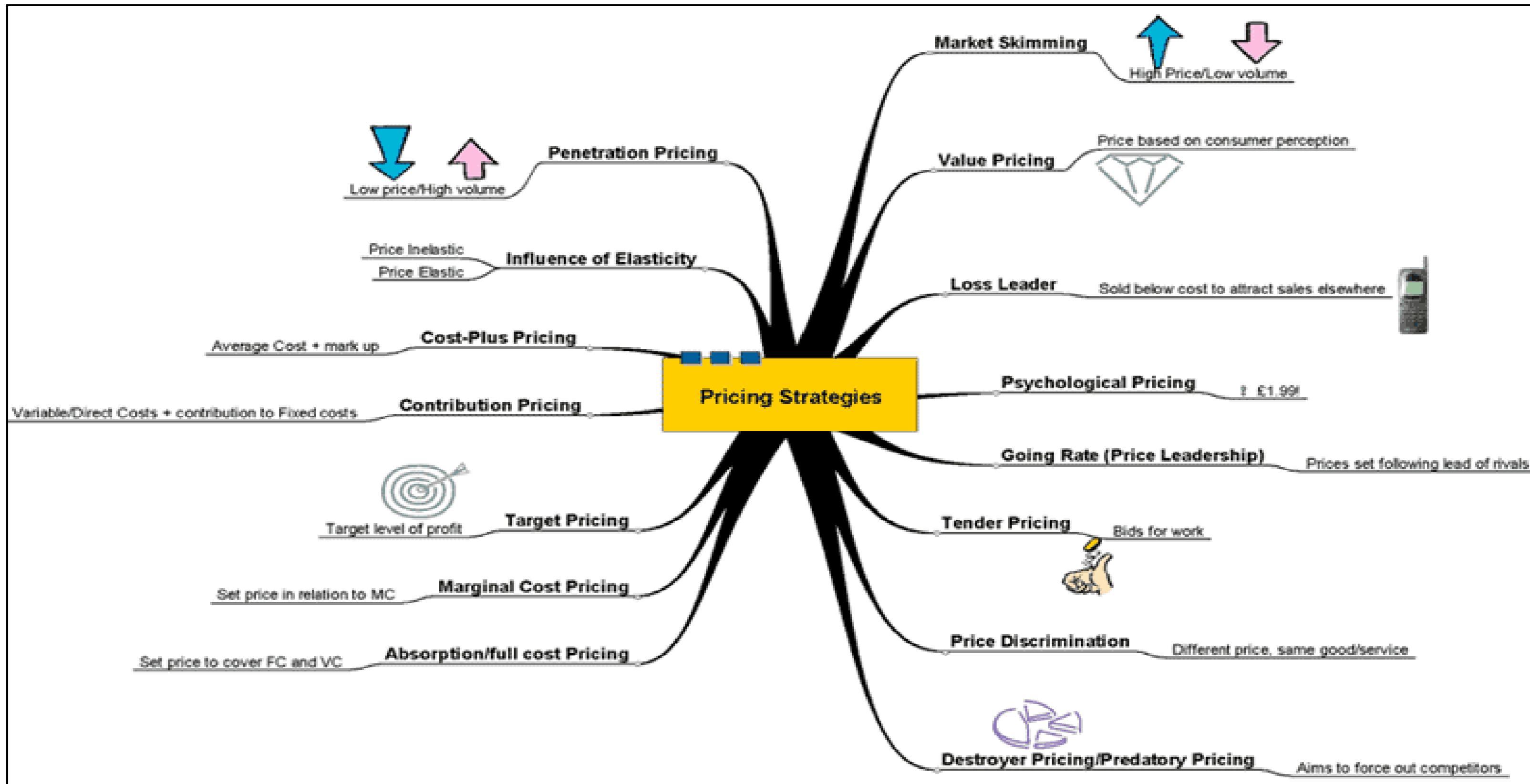
Factors affecting pricing decisions



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

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