



Section 4 Guest Lecture

Marketing: Understanding Your Customers

Guest: Dr. Fred Miller

Hi, this is Linda Peters of Esri. I would like to welcome today Dr. Fred Miller. Dr. Miller is Hutchens Distinguished Professor of Marketing and Business GIS at Murray State. Dr. Miller, as a professor of marketing and business GIS, can you tell us why a business person should be interested in understanding the importance of location in business?

Dr. Miller: Yes, I will, Linda. The key here is that location is really a very significant factor in virtually all of the dimensions of a business enterprise and all the decisions a business executive makes. Location translates into an awful lot of things for a business. It could be access to opportunities, clusters of customers, or access to transportation, or operating in favorable countries versus unfavorable countries. Or it could be threats that you might want to avoid: excessive taxation in a jurisdiction, or concentrations of competitors, or something of that nature. It helps you identify resources that you're going to need in the enterprise: employees, raw materials, manufacturing expertise. It helps you identify clusters of customers that you're going to serve and determine how you're going to get there. It helps you measure the efficiency of your operations in supply chain management, in logistics, in sales performance in your sales territories, or through customer service routing of service calls or sales calls. So there's almost no dimension of the business enterprise in which location isn't a relevant factor.

Linda: You talk about a wide range of area. The students this week are learning about location and marketing. Could you talk a little bit about the relevance of geography to marketing?



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Dr. Miller: Sure, if location is important to the business overall, it is really, in some ways, almost the lifeblood of the marketing effort. What marketers try and do in an organization is manage the relationship with customers or clients, so the process is normally that we look for opportunities in the marketplace that, for us, are groups of customers or clients with unmet or insufficiently met needs. We then select groups of those potential customers that are going to be our target segments—our target customers—and we try and understand as much as we can about their characteristics, and then we develop marketing offerings for them. Now this is where the kind of the famous “four Ps” of marketing come in, the four components of the marketing strategy: product, price, place, and promotion. And then once we've done that, we make those offerings available to them, and we try and build long-term relationships with them. We've all seen product dimensions change from one geographic area of the country to another. In fact, in some cases, you can go across town and for a—I don't know, a chain store like Albertsons or Kroger's, or Walmart, or Target, you can actually see the merchandising strategy differ in the same city because of the nature of the customer base at each of those locations. So virtually every component of the marketing mix has a locational dimension to it, and the better marketers understand those, the more insight they're going to have into their customer base.

Linda: You know, you're talking about the variation of pricing and product by location, can you tell us what you see with the emergence of SoLoMo, social-local-mobile, and some of the new technologies?

Dr. Miller: Yes, this is a—from the marketing perspective—this is a very, very, exciting set of developments, and there are a couple of things going on here that really create some nice opportunities. The first thing is that it sort of—this merges and provides convergence for a lot of technologies that marketers have been using to try and understand and reach customers. So e-commerce through websites has always been a way to present product information online. Social media has been a way of trying to participate in customer discussions about products or about marketers or about organizations, and location analytics has been an effort to know more about them through research activities and that sort of thing. And you put those things together,



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and you put them on a device that's in consumers' pockets, and now all of a sudden, you're able to do all that at once. So you're able to present content to consumers. You're able to watch their response to that content if they talk about it with others, and you're able to localize that to where they are at the time they're making that decision.

Linda: That's great, Dr. Miller. I want to thank you. It's always interesting to hear your insights about business GIS.

Dr. Miller: Oh, why thank you. It's been a pleasure talking to you.