



NPTEL ONLINE CERTIFICATION COURSES

Course Name: Entrepreneurship Essentials

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Rajendra Mishra School of Engineering Entrepreneurship
IIT KHARAGPUR

Module 01:

Lecture 11 : Marketing for Startups - 1



CONCEPTS COVERED

- Define marketing
- Overview on marketing
- Digital marketing
- Market segmentation, target marketing, and product positioning.
- Marketing mix

NPTEL

- Marketing starts from the time of identifying a pain point and continues as long as the company remains a going concern.
- Marketing is about building a strong brand, reaching to increasing audience to acquire and retain satisfied customers, establishing credibility, and helping customers to use the product for deriving values: build a lasting satisfied customer base.

**The best product does not always win.
The best marketing does. - Steve Denning**

Marketing Is Relevant in All Phases of an Enterprise



Marketing

Social definition

- Marketing is a societal process by which individuals and groups obtain what they need and want through creating, offering and freely exchanging products and services of value with others.

Peter Drucker

- The aim of marketing is to make selling superfluous. The aim of marketing is to know and understand the customer so well that the product or service fits him and sells itself.

American Management Association

- Marketing management is the process of planning and executing the conception, pricing, promotion, distribution of ideas, goods, services to create exchanges that satisfy individual and organizational goals.

Phillip Kotler

- We see marketing management as the art and science of choosing target markets and getting, keeping and growing customers through creating, delivering and communicating superior customer value.

Marketing is a Process by Which Companies -



1. Create value for customers.



2. Build strong customer relationship.



3. Understand changing needs and choices.



4. Refine or redesign products and services to meet them to give customers a sense of higher value.



5. Build strong brand by establishing emotional connectivity with customers. Create premium brand equity and gain pricing power.



6. Create value for stakeholders and sustain for a long time.

Goals

- 01 To know who are the customers and what are their attitudes, behaviour, needs and beliefs? What are their expectations?
- 02 Helps to discover their persona and how to resonate with that.
- 03 To know which of their unique needs and aspirations can be fulfilled.
- 04 To discover how to design value proposition to attract them?
- 05 To attract new customers by promising superior value.
- 06 To keep current customers and grow by delivering satisfaction.

People at large/
Whole market



Awareness

Interest

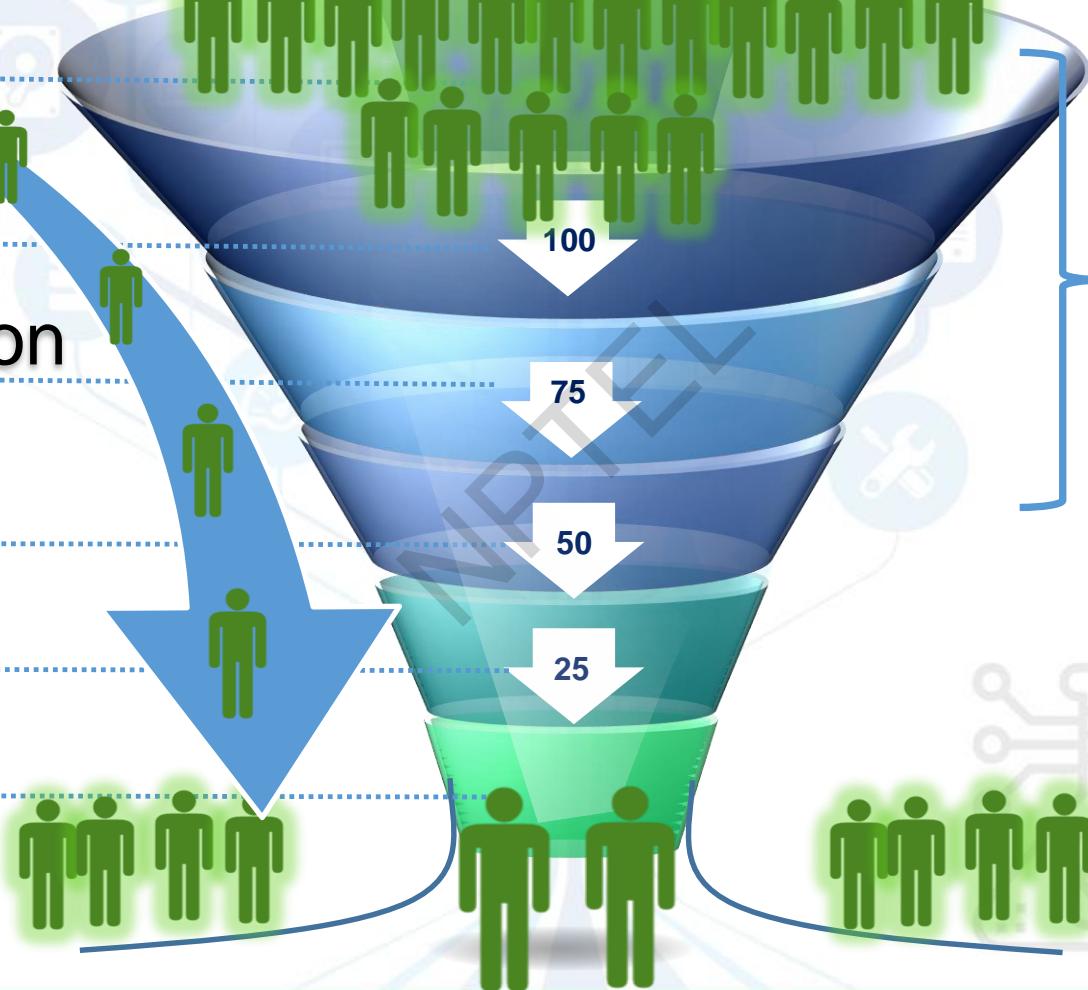
Consideration

Intent

Evaluation

Purchase

Reference



Market segment
Prospect



Lead nurture

Sales

Virality

Branding

- Brand is your promise to your customers about superior performance of a product or service compared to that of the competitors and customers' level of trust on your promise.
- A brand is like a channel of communication. Having a strong brand indicates that you have a group of loyal customers who repeatedly buy your product. Stronger the brand, deeper is the relationship and commitment to your products and lower is the risk of your business.
- A brand may represent a low-cost medium performance product or a high-cost premium one or anything in between.
- Thus, brand represent a promise of certain quality, trust, performance, and reliability.

Branding

- is the process of building trust in customers' mind on a product, service or the company as a whole by promising certain values and delivering better than what is promised.
- The goal is to establish a positive impression in the minds of consumers so as to attract and retain loyal customers.
- Branding needs to deliver values and to communicate it through various marketing media such as advertisement and promotion.



Brand

- Branding has two definite components: one rational (tangible: quality, features, price), and the other, emotional (Intangible: mental image, esteem, trust).
- It has been proven that many customers become passionate on certain brands though they cannot make distinction in blind tests.
- By showing association of celebrities with a product or company, companies try to create perception in peoples' mind about quality, trust, and esteem. It is also a process of co-sharing of brand equity. For example, Nike associates its products with star athletes.

Building a Strong Brand

Storytelling is a powerful and effective way to make emotional connection & build lasting relations with your audience.



Design a compelling story. Advertise to create awareness.



Use the story to engage consumers and elicit emotion to foster loyalty, forging a meaningful relationship that goes far beyond product and service.



Use promotion to call-to-action with an offer that they can't refuse.



Over-deliver on your promise and give unexpected satisfaction.



Example of Brand Storytelling: Huggies

- In Canada, Huggies was pitted against Pampers, which had 100% market share in Canadian hospitals.
- Competing with Pampers they needed to provide tangible & emotional reasons for mothers to choose them before arriving at the hospital to give birth.
- The answer was found in their name: Hugs
- Research has proven hugs help **stabilize babies' vital signs**, build immune systems, ward off illness, and improve brain development.
- The brand went on a mission to leave no baby un-hugged.

The campaign hinged on two initiatives

- They educated mothers on the benefits of skin-to-skin contact with their babies.
- Motivated Canadian hospitals to have volunteer ‘huggers’ for babies in need of hugs.
- They achieved growth much higher than industry average, huge engagement rate, and have emerged as a lead brand against all odds.

Brand Equity

- Strong brand means high brand equity.
- Brand equity is the premium commercial value that can be derived from consumers' loyalty to it and the emotional attachment.
- The value depends on how strong is the loyalty and the number of loyal people who are loyal.
- Branding is the process of creating lasting connectivity with customers. The process creates a unique impression for a product in the consumers' mind, mainly through storytelling through advertising campaigns.
- Branding aims to establish a significant and differentiated presence in the market that attracts and retains loyal customers.

Airbnb

- Airbnb started with three broke students and an air mattress.
- When they were in college, Brian Chesky, Joe Gebbia and Nathan Blecharczyk rented a mattress on their floor to strangers to make both ends meet.
- From there, Airbnb has gone onto be valued more than \$40 billion.

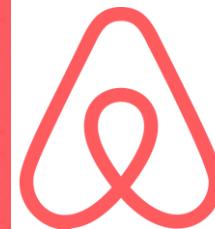
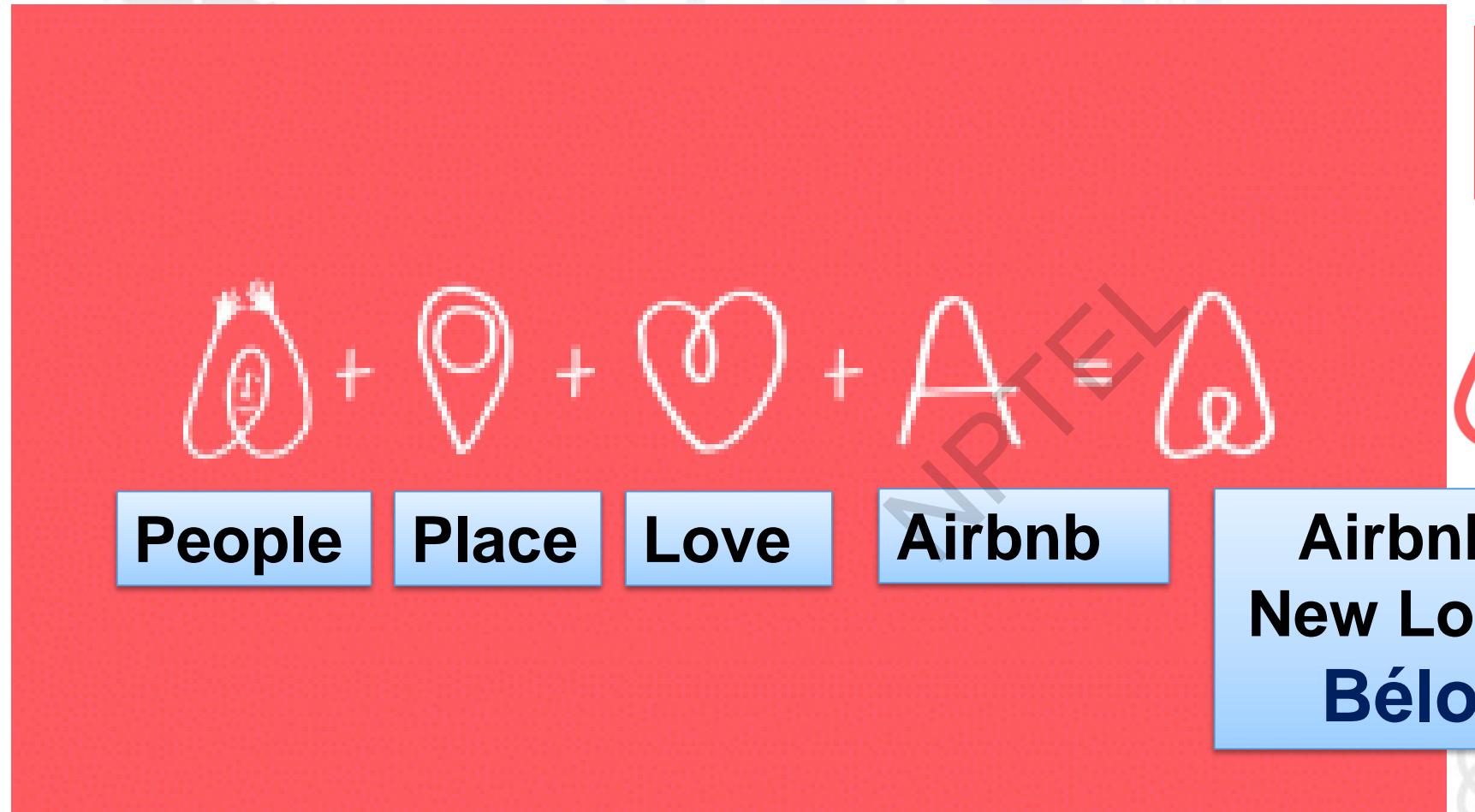
Their mission

To provide travellers with authentic experiences and to foster a sense of belonging anywhere in a community of like-minded individuals.

Airbnb

- Founded in 2008 and was doing brisk business till 2013, marketing themselves as a service that provided homes for travellers rather than just accommodation.
- They conducted interviews with hundreds of people all over the world who used the platform as hosts and as holidaymakers.
- The simple idea of 'belonging' became the centre of the Airbnb brand story.
- 'Belong Anywhere' became the official tagline of Airbnb and led to the creation of their new logo and their entire brand story.
- "We imagine a world where you belong anywhere" is the new tagline.

Airbnb changed the logo after it was value \$10 billion



People

Place

Love

Airbnb

Airbnb
New Logo
Bélo

Learning from AirBNB Branding

- **1–Keep People At Your Centre – you learn from your own community.**
- **2–It's Not Too Late to Find Your Story – continuously evolve.**
- **3–Content is Key –The consistently post contents and their content is heavily user-driven and centres on stories from within the Airbnb community.**

Branding

- Brand represents what your company stands for and is the purpose of your company? How is your company going to connect with people? And why should people care?
- “**If people believe they share values with a company, they will stay loyal to the brand.**”
- Brand connected strongly and emotionally with **large customer base** are regarded as of high brand equity. Strong brand equity gives **pricing power**.
- A company with a strong brand equity can charge higher price than competitors for similar product and earn above average profit.

Brand

- You want your customers to **talk about it everywhere**, every time, on dinner table, at public gathering, at home, at market place. You want your customers to be evangelists.
- People must believe they receive values from your company, they should build trust in their mind, they should feel comfortable buying what you offer. Then they will stay loyal to the brand.
- The connecting thread between the company and customers is the brand. Brand is the container of all the values you provide to attract and retain customers and the value for which you exist.
- Brand may appear like a symbol or text. But it is the holder of everything that you want your customer to value in your offering.

The Brand Symbol

- A meaningful logo, color mix, a brand message or tagline aligning with your mission/vision.
- It should transmit the message you want your customers to perceive about your product/service and company.



Public Relations

- Michael Dubin stumbles upon a warehouse full of surplus razor blades
- He started the Dollar Shave Club offer, Posted a YouTube video about the offer and launched on March 6, 2012.
- The YouTube video attracted an unanticipated amount of traffic, that crashed the company's server in the first hour. [It eventually had 25 million views]
- Within 48 hours, they received 12,000 orders.
- In 2016, dollar shaving club was acquired by Unilever for \$ 1 billion.

<https://www.youtube.com/watch?v=ZUG9qYTJMsl>

Public Relations

- Dropbox early MVP was just a video showing how the file sharing service is different from all other existing ones. They received 10,000 plus signups in the first day.
- Warby Parker's PR firm helped place a story in *Vogue*—a piece that dubbed the company the “Netflix of eyewear” and generated so many sales that the startup ran out of inventory.
- If those companies' founders hadn't decided to spread the word about their companies—each in their own way—they may have never become household names.

PR

- Many startups fail—even if they offer a great product or groundbreaking service—because they fail to get the word out.
- They may think the product will sell itself – if we produce it will sell.

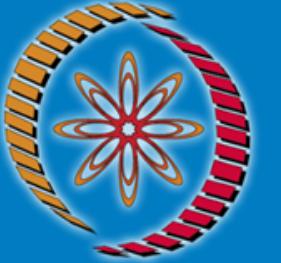


Make no mistake! Product-market-fit is the most important element for success. But the sooner potential customers get to know of the value proposition, higher is the success potential.

PR – Create Awareness



Product-market-fit



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Module 03:

Lecture 12 : Marketing for Startups - 2

Marketing



Selling

Advertising

- Like PR, advertising is an outbound marketing to push your message out. But you're not filtering it through a reporter.
- The wonderful digital world offers boundless new opportunities to advertise in a cost effective way compared with the traditional media advertising, like billboards and TV, to Google AdWords and the latest social media advertising.
- Like PR, it's important to pick advertising **destinations** that engage your target market. Online advertising in particular can be incredibly granular—allowing you to laser-focus on the specific demographics and even the mindset of your target market.
- Use of appropriate media **depends on the type of targeted customers.**

Content Marketing Strategy

- Content marketing is about educating the customers.
- Is a strategic marketing approach focused on creating and distributing valuable, relevant, and consistent content to attract and retain a clearly defined audience — and, ultimately, to drive profitable customer action.
- Leads to
 - ❖ Increased awareness and a deep sense of trust.
 - ❖ Increased sales.
 - ❖ Cost savings.
 - ❖ Increasing number of customers with strong loyalty.

Quality Content Is a Win-Win for Both

- Instead of pitching your products or services, you are delivering information that makes your buyer more intelligent.
- It helps buyers to make informed decisions and feel confident while making the purchase.
- Through contents, businesses try to deliver consistent, valuable information to buyers, educate them of the pros and cons of features. They ultimately reward us with their business and loyalty.

Online Presence

- Online presence is the conspicuous presence of a business that can be found via an online search.
- Online presence management is the actions of presenting and drawing traffic to your brand online.



Online presence: to create a long-term positive presence for a business, or product in search engines and on the web in general.

- The actions involves combination of
- **web design and development,**
- **blogging,**
- **search engine optimization,**
- **pay per click marketing,**
- **reputation management,**
- **directory listings,**
- **social media,**
- **link sharing** - get the word out about a product, service or brand.

Social Media Marketing

- Social media marketing is the promotion of product or services through the use of social media platforms and websites.
- Businesses can use online media platform to **gather customer data, understand behavior, track customer retention in response to actions by the businesses, analyze data using AI, take corrective strategies, engage with customer for promotion.**
- Social media marketing can also be promoted through customers' feedback mechanism.

What can you do to get connected?

- Join all the big networks.
- Write sensible comment on issues, display politeness, positivity and humor.
- Like, share, connect and spread/expand your visibility.
- Prepare compelling contents, Target specific audiences at first and build.
- Use emojis — it helps make your image personal and human. Stats released by Adweek showed that 92% of people use emojis as they feel it expresses better than words do.
- Most importantly, don't pester — engage with users strategically

Marketing through Messaging or Messenger App

- Message marketing is one-to-one conversations to build relationships with your audience unlike email marketing which is one-to-many messaging. Facebook IQ research finds that:
- **56%** percent prefer to message rather than call a business.
- **61%** percent are favorable to personal messages from businesses.
- **50% plus** are more likely to shop with business they can message.
- **63%** reported that their messaging with businesses is increasing.

Marketing through Messaging or Messenger App

- Average email open rates is around 19 percent and click-through rates capped at around 2 percent.
- For message marketing, open rate is greater than 80 percent and click-through rate is greater than 30 percent.

Focus on Engaging With Your Customers Rather Than Just Selling

- It is necessary to engage with people to help to know more about your company and your products. Social media is the easiest way to engage with your target audience. Get involved in conversations and backlink your opinions to your product.
- Let the customers notice you, understand your concerns about their satisfaction and, eventually, they will begin to trust your brand.
- Be consciously very careful to be genuine, real and sober. Nobody will come back if you sound artificial or humbug.
- Empower customer with information on features that they should know about. Let them know that you have their best interest in mind.

Engaging With Your Customers

- Create a Niche and Build Credibility
- Know and Share Your “Why”
- Make your Content Easy to Discover
- Giveaways and Samples

https://kickideas.com/how-to-marketing-your-startup-on-a-tight-budget/?gclid=Cj0KCQiA_rfvBRCPARIsANIV66M1Jci4iccqize00bgwYNXkmKSAQ0OL6WQTs-5mg-osl-2Aw_ose80aApYREALw_wcB

Influencer Marketing

- It is the process of creating awareness and trust on your product through endorsement by persona who are internet celebrities. It is a hybrid of traditional advertisements and content marketing using the internet.
- Influencer can be anybody with a large fan following and need not be an entertainment celebrity. It can be an ordinary person with YouTube channel showing particular popular knowledge. The person can endorse a particular product just by using it in his/her content. So, it becomes natural choice for the viewers to trust that brand.
- Influencers may be product-specific.
- <https://www.nytimes.com/2019/03/01/business/media/social-media-influencers-kids.html>

**How much of what you have to do for
furthering your business is to be discovered
through experimentations and moving up the
learning curve.**

Market Segmentation, Targeting and Positioning



Three Steps to Know and Serve the Customers

- Market segmentation
- Target marketing / market niche
- Product or Service Positioning

Segmentation

- The mission is the statement of purpose for which an organization exists.
- Mission contains information on the customers the company serves, the products and services it provides and the unique value proposition differentiating it from the competitors.
- Mission and market are, thus, inextricably associated.
- Marketing management, therefore, begins as the idea of the startup germinates.

Segmentation

- The most critical event in an enterprise is one when customers pay money in exchange for products or services.
- Even before we start designing a product, we need to know who our customers are.
- We define a clear persona of our customers delineating their unique characteristics, taste, choices, behavior, aspirations and pains.
- This helps us to identify a homogenous group of people, though, they may be spread over a vast geography.
- This homogenous group of people constitutes the segment.

Segmentation

- Once we define the persona, we can customize our products or services to best suit our target customers.
- We can now identify the media for creating awareness that is visible to our specific group of customers.
- We can choose the channel for selling and delivering the product as preferred by them.
- Since we know the customer persona, deciding on the promotion process should also be easy.
- We want to pay close attention to our customers to keep them happy so that they remain loyal to our brand (positioning) for a long time to come.

Market Segment

- Is a subset of the market consisting of those people or businesses among the entire people or businesses in the market who have similar likes, dislikes, taste and aspirations, similar pains and look for similar solutions, similar needs, and affordability.
- Market segment is identified for the purpose of understanding particular unmet pain in any group of people and developing solution to alleviate the unmet pain in a manner that would be regarded as superior value for money.
- Segmentation is the process of dividing the total market of heterogeneous customers into subgroups of homogenous customers with similar needs, wants and aspirations **concerning a particular type of product or service.**

Understanding Market Segment

The story of the 10 Carat Gold Jewelry

- Indians love gold jewelry.
- Gold price has gone up and has remained at an elevated level for a long time. The making charge of an ornament is some percentage of the price of the gold, which has made it even costlier.
- You are exploring the idea of 10 carat gold jewellery.
- These jewellery have less gold (close to 10 parts Gold and 14 parts other metals such as copper, zinc, silver or nickel).
- Therefore, they are cheaper, though they look good and remain shiny for a long time, like gold.

Understanding Market Segment

The story of the 10 Carat Gold Jewelry

- With increasing price of gold you presume that people would prefer to buy these jewellery.
- You have decided to manufacture and sell 10 carat gold jewelry.
- You are planning to set up a mechanized manufacturing facility with an investment of Rs. 1 crore.
- You have identified a village with 500 households (families) to start marketing.
- You want to directly approach to the families.

Understanding Market Segment

The story of the 10 Carat Gold Jewelry

You have two options

A. Option 1: Go and meet all the households to sell the jewelry

- You start from one end of the village and move to the other end.
- This may take more than a month to cover the whole village.
- May cost huge sums of money to communicate and meet.
- Engage manpower for a long time leading to opportunity cost.
- Eventually you may find that only a few families are your actual customers.

Understanding Market Segment

The story of the 10 Carat Gold Jewelry

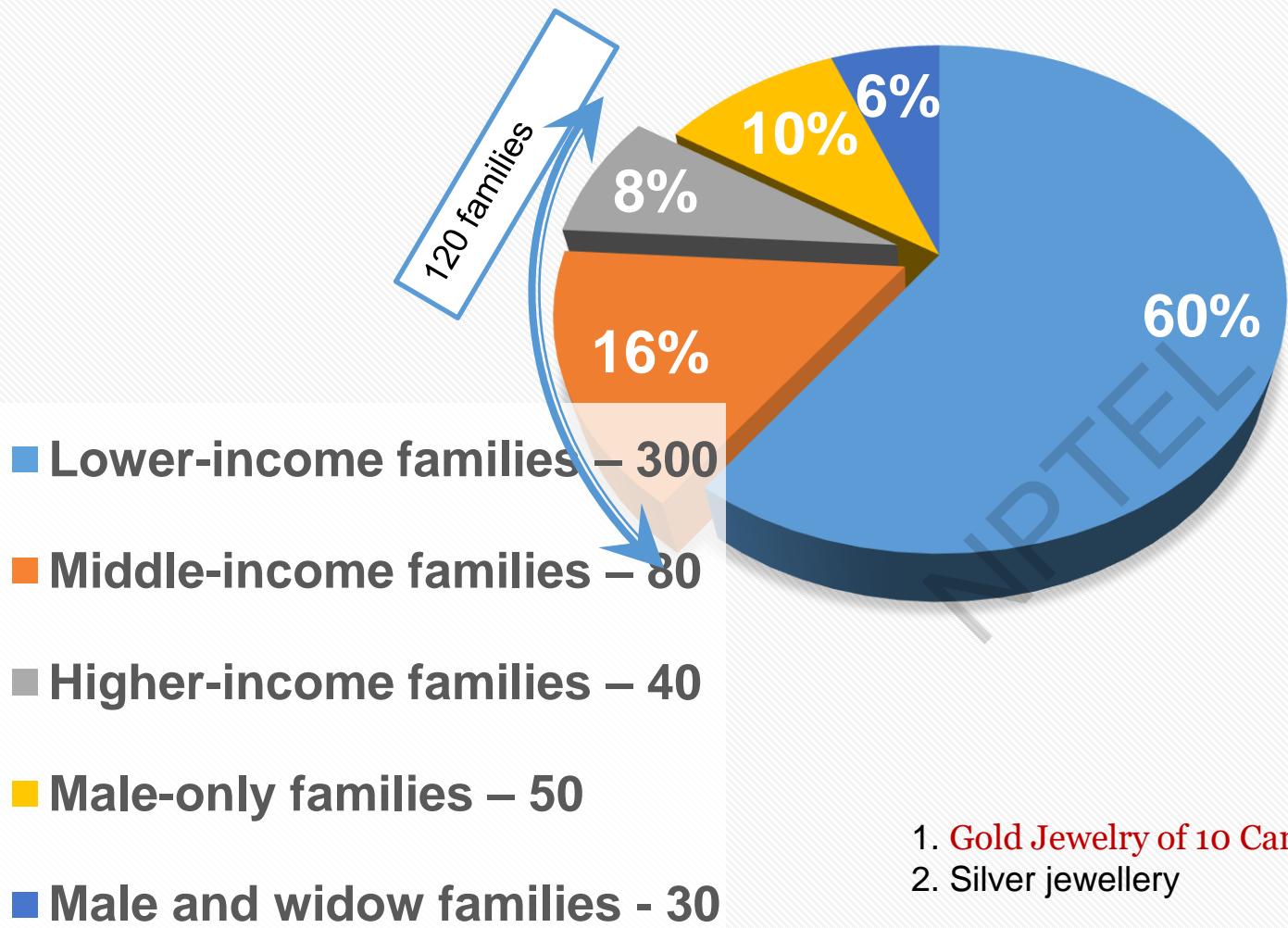
B. Option 2: Identify those who are most likely buyers of your products

- You know the profile of families who are your likely customers.
- You collect demographic data on the population of the village.
- Identify families with middle to high income.
- Out of those, identify families with women in the age-group of say 18 to 60 years.
- Attend this smaller group of families.

➤ You can see the benefit of identifying the people who are potential customers. So you adapt the option 2.



Demographic Distribution



1. Gold Jewelry of 10 Carat
2. Silver jewellery

Understanding Market Segment

The story of the 10 Carat Gold Jewelry

- You send brochure containing nice pictures of variety of products to these prospective families.
- In the process, you create awareness of your products and people start discussing about them and aspiring to have them.
- You send letters to families intimating that a representative will come to demonstrate. You announce special discount for inaugural sale.
- You complete meeting all the prospective families in a week.
- You are likely to close deals with majority of the families you attend.
- You save time and resources for achieving the same success as in approach 1.

Understanding Market Segment

The story of the 10 Carat Gold Jewelry

What do we learn from the story?

- The village has heterogeneous families in terms of parameters that determine suitability as your customers. Many are not your potential customers.
- You want to avoid wasting time approaching to families with remote chance of being interested in your products.
- So you have shortlisted the families you think have reasons to be your **customers**. You have identified only those families who are potential buyers.
- These families are homogenous from the perspective of the needs of your product.
- Thus segmentation is to identify out of a heterogeneous population, a homogenous group of persons (or entities in case of B2B business model) with needs and aspirations that your product or service can fulfill. They are your potential customers.

Market Segment: Definition

The process of creating a homogenous sub-group of people based on criteria suitable for marketing a particular product or service out of a heterogeneous population is segmentation.

For the 10 Carat Gold Jewelry



Market Segmentation

- It is the process of dividing the total market of heterogeneous customers into subgroups of homogenous customers with similar needs, wants and aspirations concerning a particular type of product or service.
- Consider the market of the same village in the example cited above, the segment would change if you are planning to sell low-cost detergent or say soap.
- Therefore, the concept of homogenous group is in direct reference to a product.
- Any population can be broken into many homogenous subgroups, i.e. segments, depending on what you are trying to market.

The story of the 10 Carat Gold Jewelry

By segmenting the market,

You have reduced

- the cost of sending letters so as to make them aware of the nice jewelry at such low cost,
- the cost of communicating about availability at the door step,
- and cost of reaching the customers – a smaller group of families.
- It has now become easier to manage them; particularly to serve them better.
- You can get feedback from them easily and add or remove features/ designs that the majority do not like.

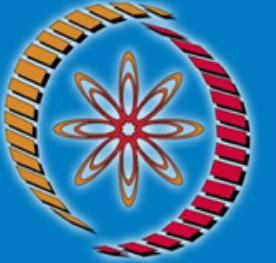
Why Segmentation?

- To be able to address a small but relevant group of customers and exclude those who are not potential customers.
- To identify unmet pain.
- To understand types of pains.
- To understand types of existing solutions offered by competitors.
- To understand the parameters of a better solutions.
- To understand the size of the market and growth potential.



Why Segmentation? ...Contd.

- To assess the entry barrier and competitive landscape.
- To explore developing such a solution at competitive rate and offer a superior value proposition.
- To understand whether the proposed solution is really appreciated by the segment and the customers would buy at the desired price.
- To understand the channel for reaching out to the customer, making the product/service available and reaching the product to them.
- Save money on channels to create awareness, logistics, and delivery.



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Module 03:

Lecture 13 : Marketing for Startups - 3



CONCEPTS COVERED

- **Product positioning**
- **Target marketing**
- **Marketing mix**
- **Growth hacking**

NPTEL

Basis of Segmentation

Geographic

Region
Climate
Market density
Market size

Example:
Customers in
area of snowfall

Demographic

Gender
Income, Age &
Lifestyle
Occupation
Marital status
Socio-economic
group, Ethnicity
Education,
Religion

Example: Newly
married women

Behavioural

Readiness to
purchase
Attitude
Rate of usage
Benefit sought
Loyalty status

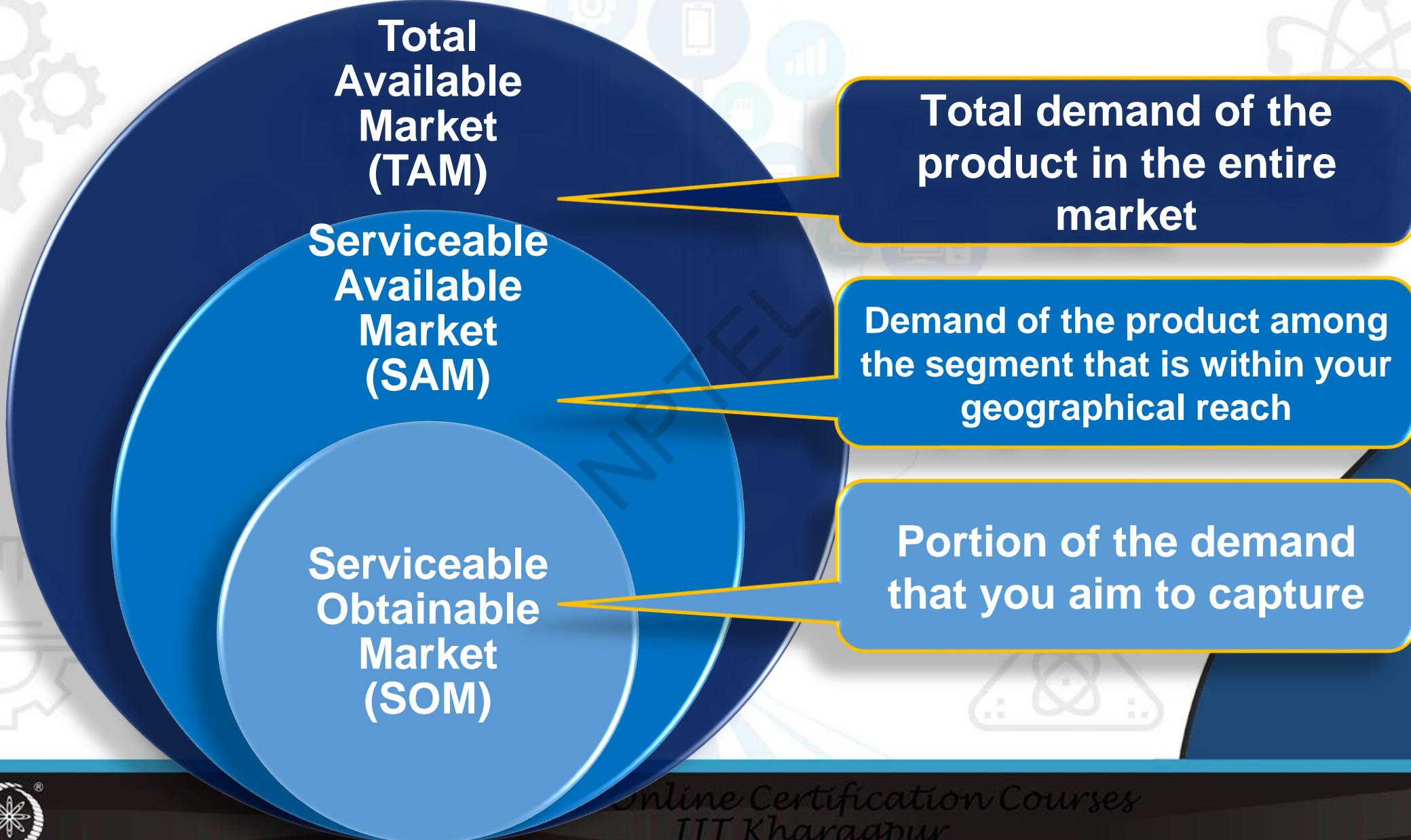
Example: Active
in social media

Psychographic

Lifestyle
Personality
Belief
Values

Example:
Vegetarians

Market Segment and Target Market



Use of TAM, SAM, SOM

- Make fair assessment of the market size to be targeted.
- Making meaningful sales projection.
- Valuation of startups.
- Estimate investors' returns.



Market Segment and Target Market: Example

- Total Addressable Market (TAM)
 - Middle income household jewellery market in India : Say ₹1,00,000 Crore
-
- Serviceable Available Market (SAM): Target market
 - Middle income household jewellery market in the target village: ₹10 cr
-
- Serviceable Obtainable Market (SOM)
 - 10% of the jewellery market of middle income household in the village: ₹1 cr

TAM

SAM

SOM



Positioning

- You want to provide a product that appeal to your target customers.
- You already know what attributes the customers are interested in.
- You also know which of these attributes of your product are better than those in competing products.
- Say you are selling motorcycles. Attributes such as fuel efficiencies, acceleration, maximum speed, safety, style, sporty or adventurism etc. are of concern for customers.
- Ultimate goal of positioning is to serve the unmet needs of the market. You serve it better than competitors and your product will sell.

Positioning/ Brand positioning

Examples of Brand Positioning

- Colgate is positioned as protective.
- Patanjali can be trusted as it is fully organic.
- Woodland is tough and perfect for outdoors.
- Coca-Cola brings happiness.
- Axe deodorants have a sexual appeal.



Positioning

- The 10 carat gold jewellery is affordable by the targeted people.
- The jewellery looks like real gold and they do not have the cheap impression of imitation.
- You provide value for money and do not compromise on esteem associated with jewellery.
- Therefore, you create a positive and attractive image of your product in the minds of the customers.

Positioning ...continued

- You maintain the quality you assure and keep the promises you made providing a happy feeling about your company or the brand in the minds of the customers.
- Assure exchange value with minimum loss.
- In the process you get loyal customers who build a bond with your products. This process of creating a favourable image of a product or service in the minds of targeted customers is known as positioning.
- Your customers prefer your products over those offered by competitors and spread positive message to others. Soon your brand becomes a household name.

Process of Product Positioning

- Know your customers well.
- Know the competing products or services.
- Create differentiators that you can use as unique selling proposition.
- Convey the superior value proposition to create awareness.
- Launch promotional scheme to convert ‘willingness to buy’ to ‘execute purchase’.
- Maintain the value and constantly improve to remain ahead of competition.



Target marketing

Target Marketing

- While selling the 10 carat jewelry, you will realize that the choices of young girls are different from those of the matured women.
- You have to have products that suit the moods and aspirations of each such group within the broad market segment.
- That will help you to attract all sub-groups of customers with fascination towards specific nuances.
- Strategy to meet the differentiated needs and aspiration of different groups of customers by customizing solutions to fit their unique requirements is target marketing.

Target Marketing Steps

- **Segment The Market:** Segment your business's serviceable market according to any of the demographics, geographic, psychographics, and behavioural patterns.
- **Analyze the Unique Needs of your Customers:** Know what the customers value most and what the competitors lack.
- **Analyze Competition Landscape:** What are their value proposition, how are they attracting, acquiring and retaining customers?
- **Identify Your Differentiators:** Your superior value proposition differentiates you from the competitors. It is why the customers will prefer your product over others.
- **Promote:** Introduce promotional schemes that is viewed as attractive by the target customers.

Target Marketing

- Target market / market niche
 - Target a niche within segment (a place within a market segment that represents a narrower group of customers with similar interests but with some fineness.)
 - Understand the specific needs.
 - Meet its customers' specific needs.
 - You solve specific problem of a niche market.
 - Provide customers with wholesome satisfaction and unique experience.

Marketing Mix



The marketing mix refers to the set of constructs and actions, or tactics, that a company manoeuvres to promote its brand or product in the market.

Marketing Mix Variables are

Product, Price, Place, and Promotion – the four Ps of marketing



Product



Price



Place



Promotion

Marketing Mix

- The marketing mix is a business tool used in marketing and by marketers.
- The marketing mix is often crucial when determining a product or brand's offer, and is often associated with the four Ps: product, price, place, and promotion.
- The marketing mix refers to the set of actions, or tactics, that a company uses to promote its brand or product in the market.



Marketing Mix

- Product →
 - Customer Solution or pain reliever.
- Price →
 - Customer Cost.
- Place →
 - Communication & delivery.
- Promotion →
 - Convenience.

Marketing Mix: Components & Functions

Differentiators

Product-market-fit

Quality, efficacy

Packaging

Branding

Warranties

Promotion through:

Advertising

Public relation

Social network

Content marketing

Promotion schemes



Growth Hacker Marketing

- It is possible to start a company on a shoestring budget and create product that customers will love.
- New generation companies such as Facebook, Dropbox, Airbnb, Twitter have not been spending a dime on traditional marketing.
- They do not advertise on TV, no billboards, no newspaper ad.
- They rely on a new strategy — growth hacking — to reach many more people despite modest marketing budgets.
- Growth hackers have thrown out the old playbook and replaced it with tools that are testable, trackable, and scalable.
- They believe that products and businesses should be modified repeatedly until they're primed to generate explosive reactions.

Growth hacking

- A new marketing tool to achieve rapid growth on small budget.
- Growth hacking helps to acquire many users at a nominal cost.
- A team usually involve marketers, developers, engineers and product managers.
- The growth hacker often use social media, viral contents, content marketing, influencers.
- They build a story that resonate with customer's emotion.
- It must be supported by a compelling product-market-fit in order for retaining the satisfying customers once acquired leading to a viral loop of evangelists – a self-promotional model.

Growth Hacking

- It reduces customer acquisition cost, help increasing margins, ease of product extension, and promote long term sustainable growth. Else, you will pour water in a leaky bucket.
- growth hacking use iterations to rapidly test persuasive copy, email marketing, SEO and viral strategies, to increase conversion rates and achieving rapid growth of the user base.
- Techniques such as search engine optimization, website analytics, content marketing and A/B testing are used.
- Growth hacker use validated learning with the help of minimum viable product.

Growth Hacking

- Growth appears like a magic wand: as if growth is the end (success).
- This can be one of the greatest of mistakes in startup marketing.
- The product-market-fit, positioning the product to the target customers and meeting their exact needs better than competitors, vibrant sales funnel are indispensable.
- Premature growth may ruin your business and waste your resources.
- While you celebrate the growth, you may suddenly fall over the precipice.

How fast to grow?

Every decision that a growth hacker makes is driven by seeking measurable growth.

Vanity metrics do not indicate anything (!!!) towards a profitable and scalable business.

- Create a viral loop
- Choose the right growth engine
- Leverage everywhere including marketing

Viral Loop

- You must be able to make your customers do the advertisement of your products to their friends (word-of-mouth advertisement or referral)



Growth Hack, Vanity Metrics, and Strategies

01

- Constantly review your sales funnel
- Upgrade the sales funnel to create a viral loop so customers spread your message

02

- Be cautious and do not follow vanity metrics. Check if it is leading to long-term value.
- Check the customer acquisition cost and how quickly the cost is recoverable.

03

- Define sales funnel metrics.
- Are the increasing number of foot-fall getting translated into profitable sales?

04

- Estimate possible virality effect
- Plan, execute and measure virality to achieve real growth.

05

- Update marketing plan
- Put appropriate information system to collect and process data to monitor the metrics

People at large/
Whole market



Awareness

Interest

Consideration

Intent

Evaluation

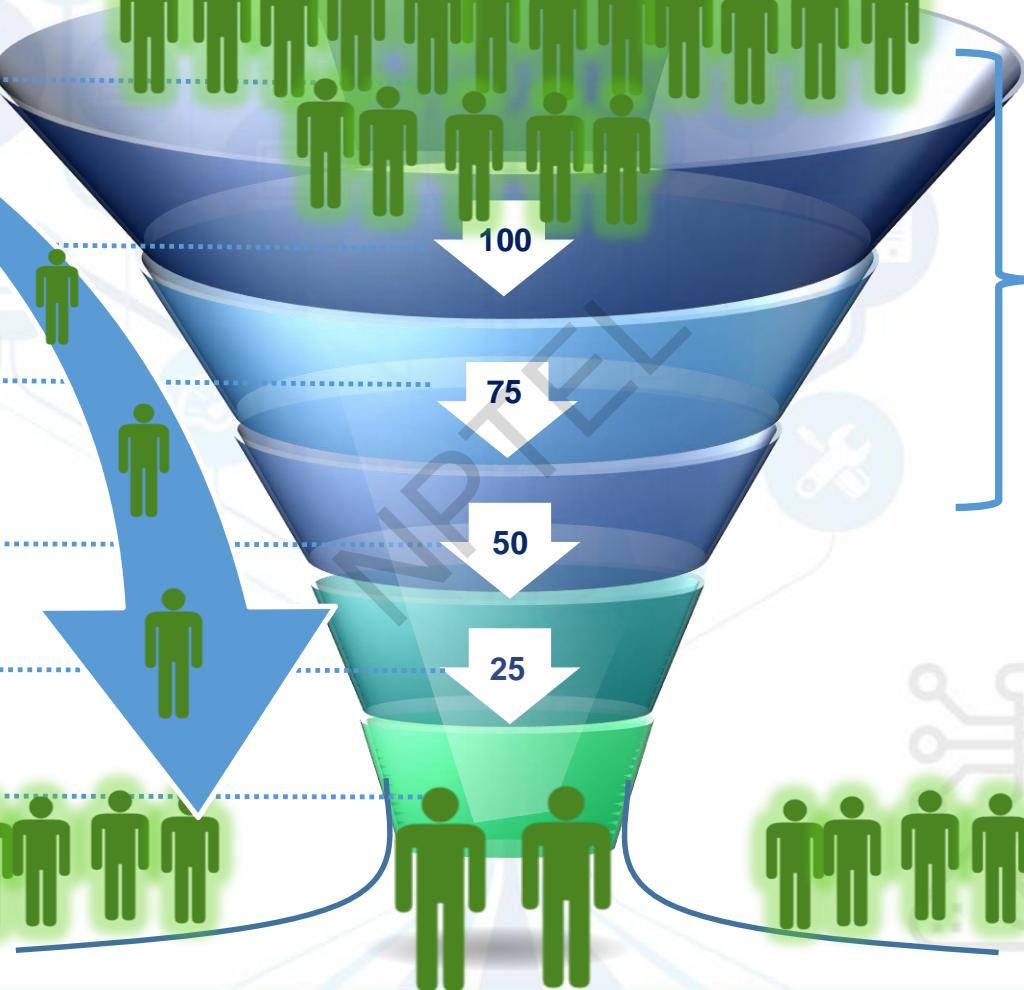
Purchase

Reference



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Market segment
Prospect

Lead nurture



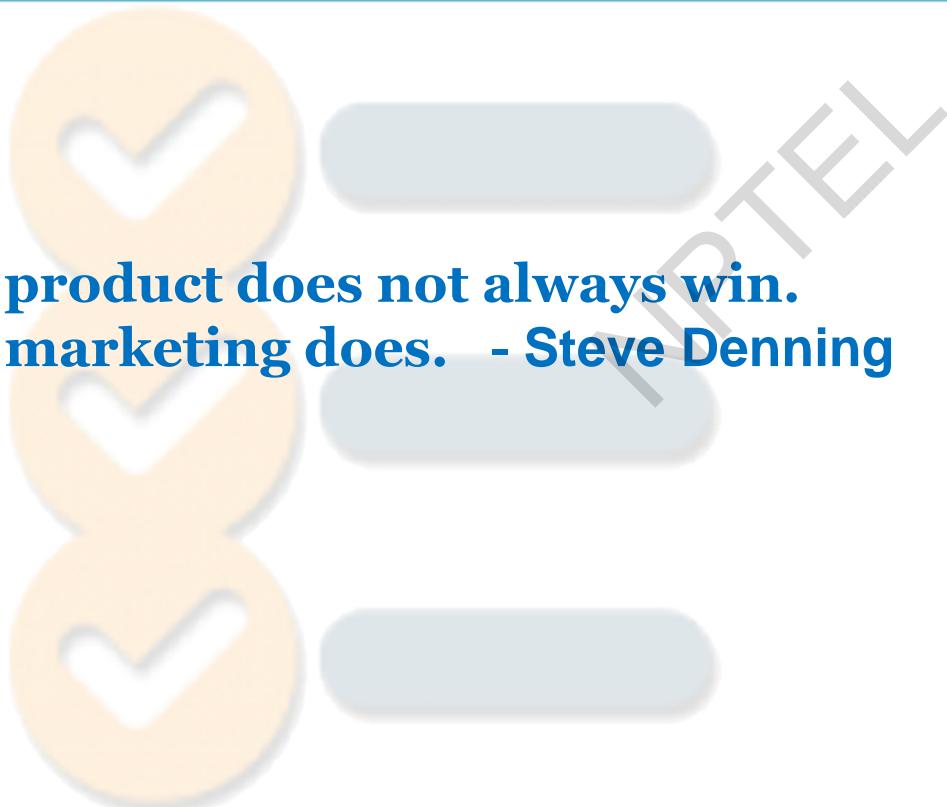
Sales

Virality

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CONCLUSION

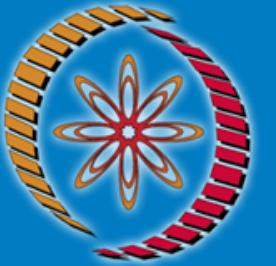


The best product does not always win.
The best marketing does. - Steve Denning

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**THANK
YOU !**



NPTEL ONLINE CERTIFICATION COURSES

Course Name: Entrepreneurship Essentials

Faculty Name: Manoj Kumar Mondal

Rajendra Mishra School of Engineering Entrepreneurship
IIT KHARAGPUR

Module 03:

Lecture 14 : Marketing Research



CONCEPTS COVERED

- Define marketing research.
- Highlight the importance of market-information at every stage of a company.
- Outline the step-by-step marketing research process.
- Sources of information
- Discuss how companies use the information for decision making.

Suspect/
Prospect

Awareness

Interest

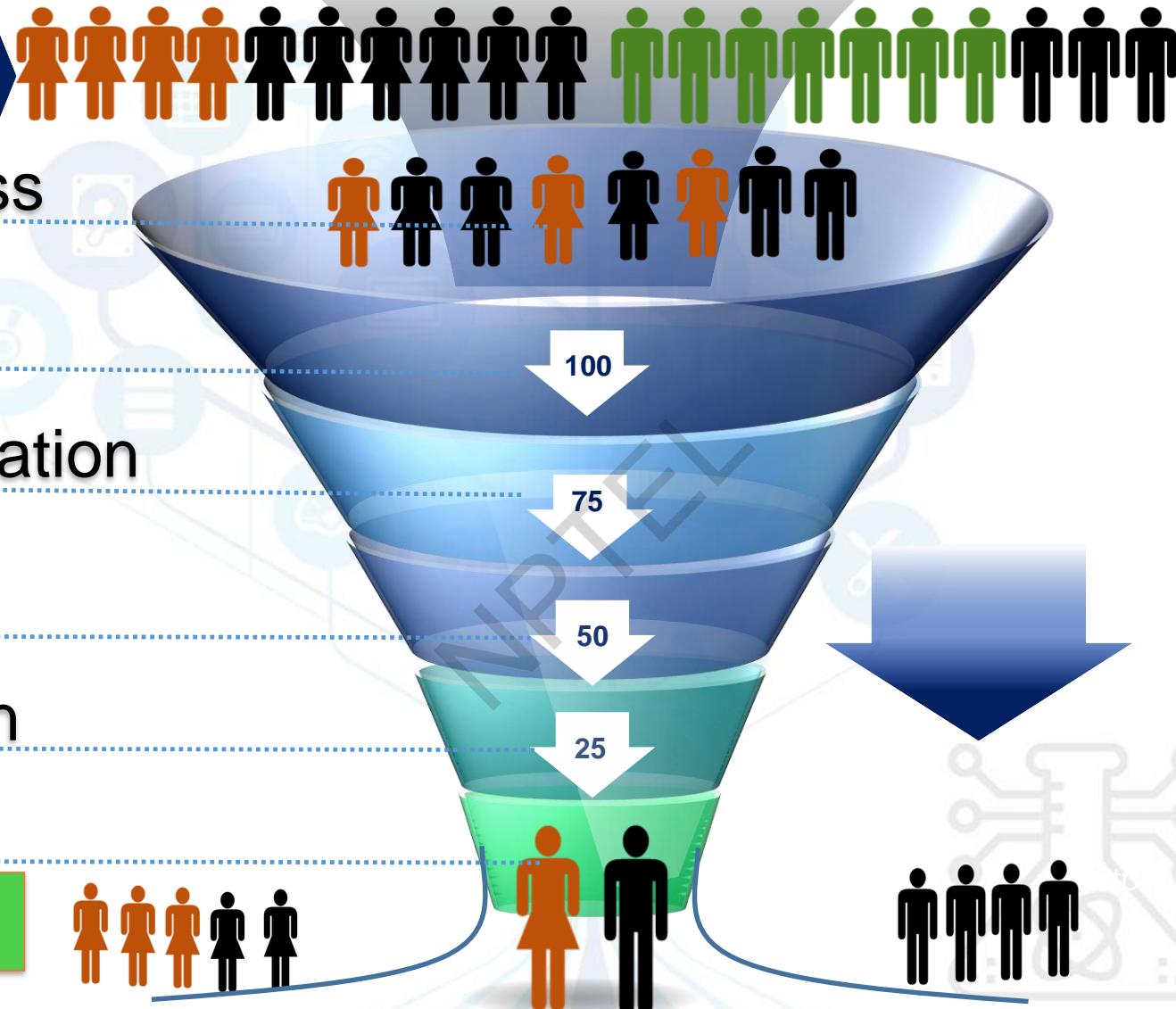
Consideration

Intent

Evaluation

Purchase

Reference



“It is a capital mistake to theorise before one has data”

Sir Arthur (Ignatius) Conan Doyle

(22 May 1859 – 7 July 1930)

The author of detective stories (crime fiction) Sherlock Holmes



Market(ing) Research: Definition.

Is about gathering relevant information

Marketing research is the systematic design of experiment, collection of data, their analysis and reporting the information relevant to a specific marketing situation facing the organisation and to help making decisions.

Market research provides data helping to identify market **pain**, understand market structure, customer segment, target market, product positioning, design advertisement campaign to identify and reach your target market at a price customers are willing to pay.

Definition of Market Research (MR)

The American Marketing Association defines

“Marketing Research: as the function which links the consumer, customer and public to the marketers through information that is used to identify and define marketing opportunities and problems; refine and evaluate marketing actions, monitor marketing performance and improve understanding of marketing as a process.”

American Marketing Research Association

The function which links the consumers, the customers, and public to the marketers through INFORMATION.

Companies use marketing research in a wide variety of situations. It helps marketer to understand customer **satisfaction & purchase behaviour**. Thus, it helps them to assess market potential & market share or to measure the effectiveness of pricing , product, distribution, & promotion activities.

Definition in Wikipedia

Marketing research is "the process or set of processes that **links the producers, customers, and end users** to the marketer through information used to identify and define marketing opportunities and **problems; generate, refine, and evaluate marketing actions**; monitor marketing performance; and improve understanding of marketing as a process. Marketing research specifies the information required to address these issues, **designs** the method for **collecting information, manages and implements** the **data collection process, analyses** the **results, and communicates** the **findings and their implications.**"

Information emerging out of market research helps to

Marketing Research Helps to

 Identify unmet demand and identify opportunities

 Understand market needs, preferences, aspirations and helps to refine offerings

 Evaluate customers' satisfaction and marketing performance

 Improve product/service, customer satisfaction, and acquire and retain growing number of loyal customers



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Marketing Research is a Systematic and Objective Process of

- design research methodology,**
- collect market data,**
- analyze to generate information,**
- disseminate the information to decision makers,**
- use the information for improving decision making to create customer value and satisfaction and gain increasing access to market for achieving profitable growth.**

Marketing research gives decision-makers the information they need to find solutions to business problems, such as the following:

- **How satisfied are customers with your product and service offering?**
- **How will customers react to a decision to change a price or product or to a new product or service?**
- **What are service representatives hearing from customers?**
- **What responses to competition will bring you success in a given market?**

Role of Marketing Research

- The task of marketing research is to provide management with relevant, accurate, reliable, valid, and current information.
- Competitive marketing environment and the ever-increasing costs attributed to poor decision making require that marketing research provide sound information.
- Sound decisions are not based on gut feeling, intuition, or even pure judgment. It must be based on data.

Importance of Marketing Research

Managers make numerous strategic decisions in the process of identifying potential opportunities, target market selection, market segmentation, planning and implementing marketing programs, marketing performance, satisfying customer needs, and control.



An Example: Research on Agatha Christie

In 1985, HarperCollins found sales of Agatha Christie novels declining.

- They commissioned quantitative & qualitative research.
- It revealed that readers liked the “niceness” of the crimes, but covers were gruesome and bloody.
- New cover designs commissioned.
- Results: the first year sales rose 40%.



Image courtesy: <https://www.flickr.com/>

Activities for Which Market Research Is Performed

- Awareness, Attitudes & Usage research
- Public relation research
- Advertising research

- Market segmentation
- Positioning, Branding research
- Industry & Competition analysis



Customer satisfaction & loyalty research
Customer communication testing
Usability testing
Customer experience /Shopper insights

- Concept testing
- Product optimization
- Pricing research
- Advertising research
- Usability testing

Objectives for Marketing Research



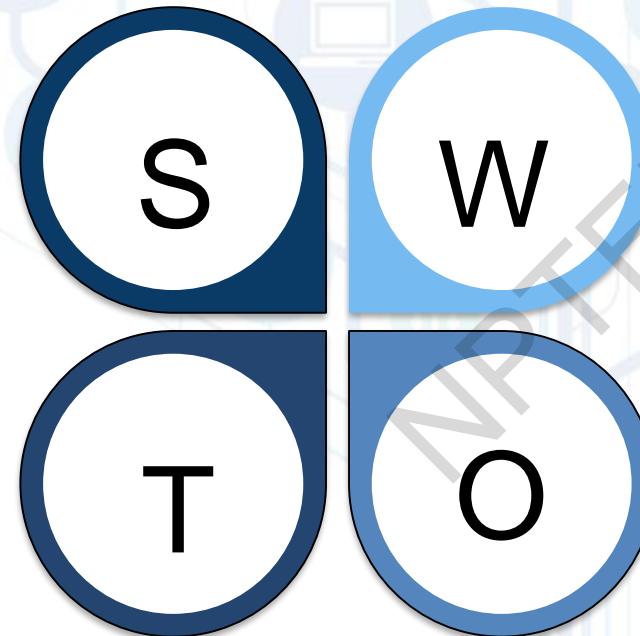
SWOT Analysis

Strengths

Where the company excels better than competitors

Threats

Factors that can harm the performance of the company or weaken its competitive advantage



Weaknesses

Areas where the company is weak and needs to improve

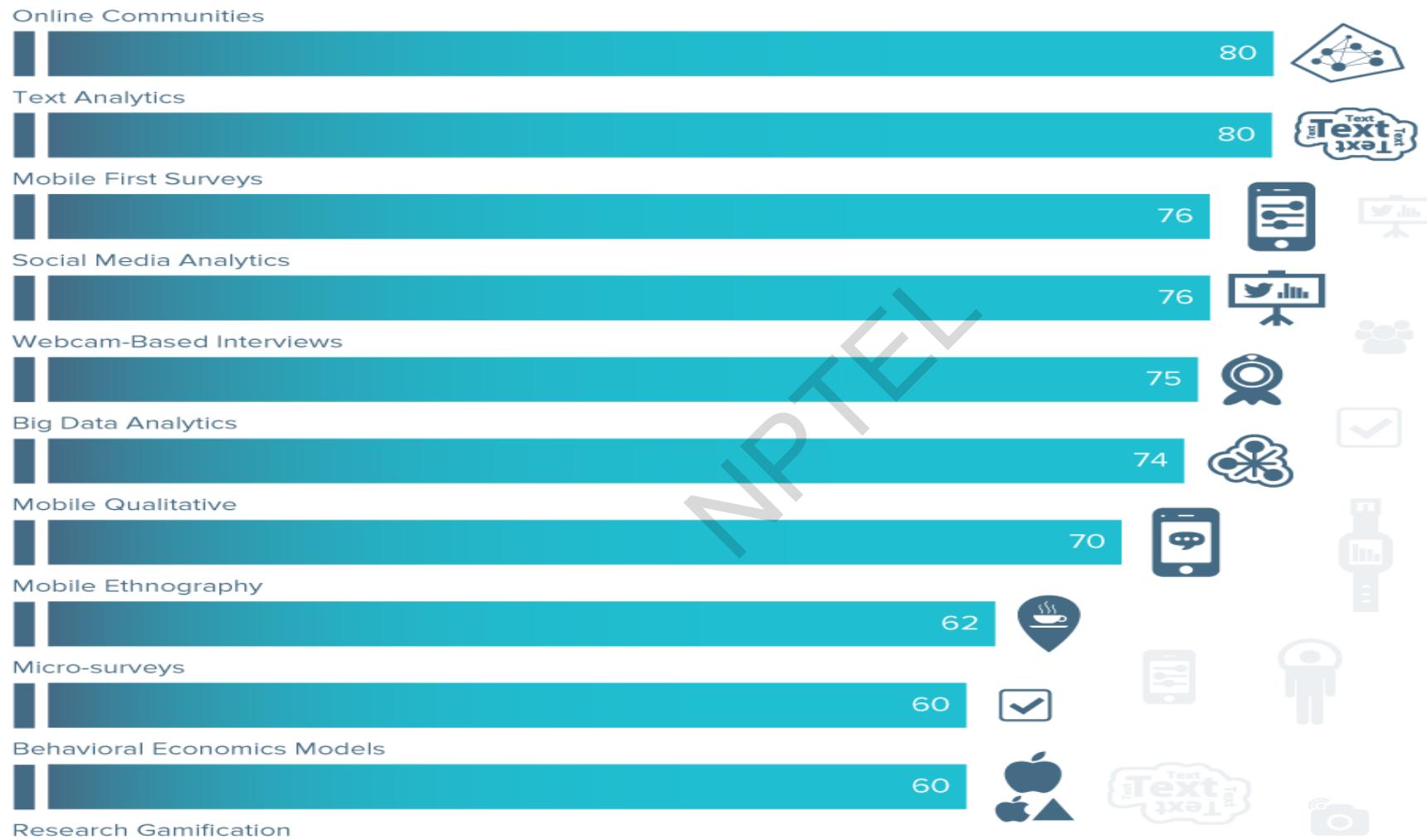
Opportunities

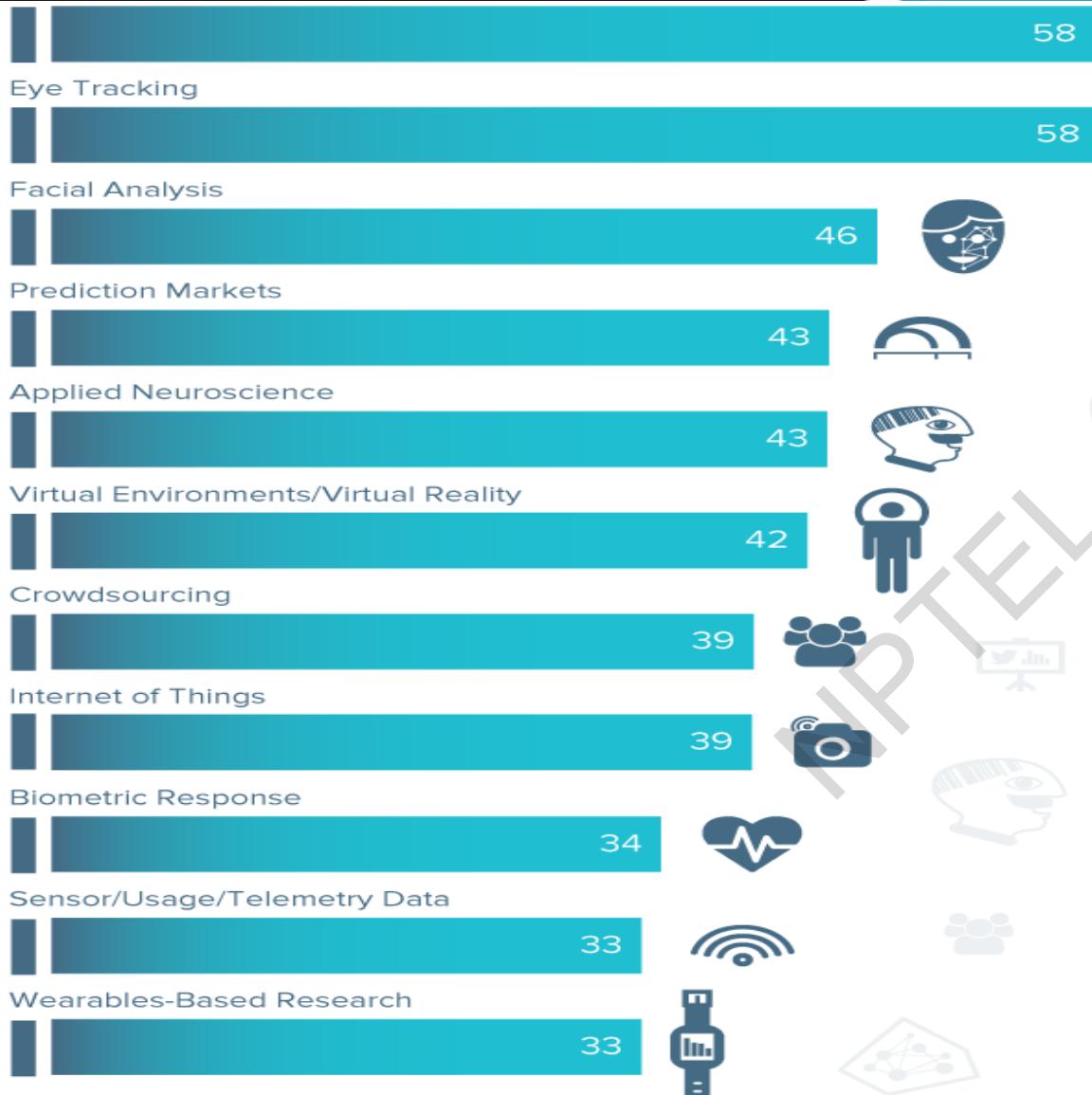
Favourable external and internal factors that the company can exploit to build competitive advantage

Research Approaches/Methods Currently in Use

- The following two slides provide information on the adoption of the research approaches/ methods in use or under consideration by the market research population.
- This information is purely for personal use by entrepreneurs. You are not expected to memorize any data from these tables.
- The full data are available in the following site.
- https://www.greenbook.org/PDFs/2018_Q3_Q4_GRIT_Report.pdf

EMERGING METHOD ADOPTION



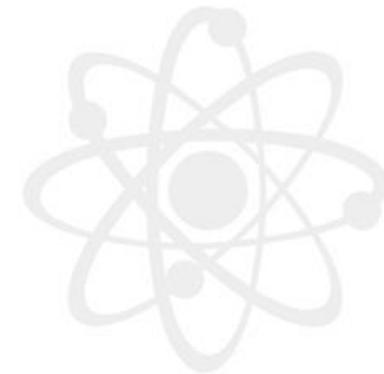


Percentage
of companies
who are using
or considering
technology in 2018
(top 2 box)



Marketing Research Starts at the Very Outset

- The first step to start a business is to know 'who are your customers'.
- Where to find them?
- What do they buy at present that your product would replace?
- What features and quality standards?
- At what price?



Marketing Research Starts at the Outset ... cont'd.



- Understanding customers' response at every stage is indispensable.
- Notably, feedback from innovator kind of customers may not be any good to gauge the purchase decisions of the majority.

Marketing Research Continues as Long as the company exists

- Market research has to be a regular activity and would help to decide
 - whether you need to continue to develop further,
 - what features to focus more/less,
 - what features to discard/add.
- Customers are integral part of product development process and they can help avert developing the wrong product.
- Market research, thus, may eliminate the chance of customer rejecting/not buying the product when launched.

Why market research for start-ups

- Ideally, marketing research starts while ‘identifying pain point’.
- Attractiveness of the market depends on:
 - The size of the market
 - Historical growth
 - Present growth
 - Future growth potential
 - Market types (perfect competition, monopolistic competition, oligopoly, monopoly)
- Market research helps to understand above features.

Market structure

Why market research for start-ups ... cont'd.

- Market research helps to understand customers' likely acceptance of product or service even before they are launched.
- In line with the lean method, one should continue the development process based on **validated learning**.
- You need to engage with customers to validate, learn and decide.

DECIDE Model of Steps in Marketing Research

- D – Define the marketing problem
- E – Enumerate the controllable and uncontrollable decision factors
- C – Collect relevant information
- I – Identify the best alternative
- D – Develop and implement a marketing plan
- E – Evaluate the decision and the decision process

Issues in Market(ing) Research

- Spend on Market(ing) Research
- Types of Market(ing) Research
- Potential Problems

Types of Market Research

By Source of Data or information



By Methodology



By Objectives



- Primary

- Secondary

- Quantitative

- Qualitative

- Exploratory

- Descriptive

- Causal or
Experimental

Information Sources

- Primary source – information collected directly and primarily for the problem at hand.
- Secondary source – information collected routinely for general consumption or for other specific problem and are used for the current problem.
- The cost, resources and time requirement for gathering primary information are generally high and at times prohibitive.
- Secondary information is cheaper and faster to collect than primary information.
- Some secondary information is available in published sources.

Primary and Secondary sources of data

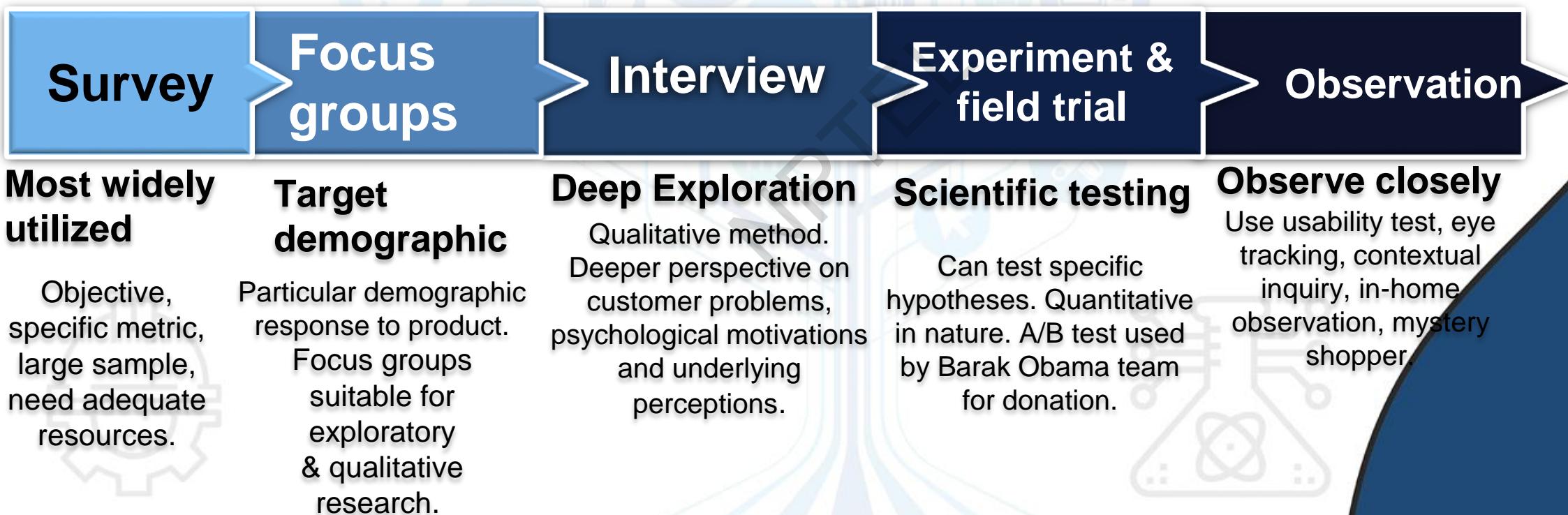
Data gathering from primary source

5 Methods



Primary Market Research: 5 Methods

If you want **objective decision making based on specific metric**, using a **large sample**, you have the **resources**: adopt the primary method of data collection.



Primary Research Methods

Survey Focus groups

Interview

Experiment & field trial

Observation

Survey: You want objective decision making based on specific metric. You have a large sample and have the necessary resources.

- People of particular demographic are chosen to respond to product or service.

Focus group: Focus groups are people of similar demographic, homogenous in certain parameters, such as college gamers, newly wed women, new moms. They are brought together and interacted by a moderator to gain information relevant to the research problem. Excellent for exploratory and qualitative research.



Primary Research Methods

- Individual interviews are a qualitative market research method. Use this method to dig into a specific issue very deeply, to search for customer problems, understand psychological motivations and underlying perceptions.
- Experiments & Field Trial: Scientific testing, where a specific hypothesis can be tested. Quantitative in nature. A/B test used by Barak Obama team for donations.
- Observations: use usability testing, eye tracking, contextual inquiry, in-home observation, mystery shopper.

Experimental or Field Trial: A/B Test in Action



Screenshot from
<https://www.mymarketresearchmethods.com/>

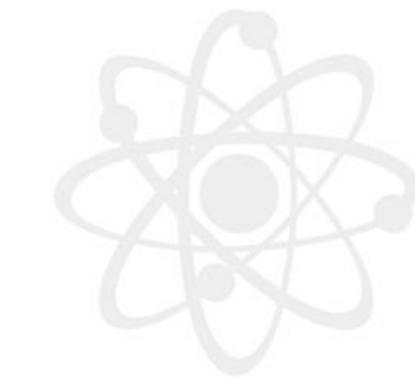
Lessons Learned from the Experiment

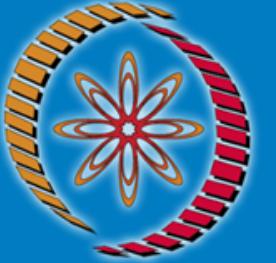
- Every visitor to your website is an opportunity – they may or many not convert into customers. You may know what motivates them.
- Question assumptions – they learned that images did better than video. Question your own assumptions!
- Experiment early and often – they experimented early and discovered the necessary change, and achieved unexpected success.

Screenshot from <https://blog.optimizely.com>



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NPTEL ONLINE CERTIFICATION COURSES

Course Name: Entrepreneurship Essentials

Faculty Name: Manoj Kumar Mondal

Rajendra Mishra School of Engineering Entrepreneurship
IIT KHARAGPUR

Module 03:

Lecture 15 : Marketing Research

Types of Market Research

By Source of Data or information

- Primary
- Secondary

By Methodology

- Quantitative
- Qualitative

By Objectives

- Exploratory
- Descriptive
- Causal or Experimental

Primary Market Research: 5 Methods

If you want objective decision making, based on specific metric, a large sample, have the resources, adopt the primary method of data collection.



Market Survey

1. Make sure that every question is necessary
2. Keep it short and simple
3. Ask direct questions
4. Ask one question at a time
5. Avoid leading and biased questions
6. Speak your respondent's language
7. Use response scales whenever possible
8. Avoid using grids or matrices for responses
9. Rephrase yes/no questions if possible
10. Take your survey for a test drive

Careful how you ask the question

Q. Do you approve of smoking whilst praying?

A: No

Q. Do you approve of praying whilst smoking?

A: Yes



Example of successful research

- Coke saw decline in the market share in the late 1970s and early 1980s
- The Coca-Cola company had evidence that taste was the cause.
- A new product dubbed “New Coke” was developed that was sweeter than the original-formula Coke. Sale declined further.
- Almost 200,000 blind product taste tests were conducted in the United States, and more than one-half of the participants favored Old Coke over New Coke.
- Ultimately, New Coke was withdrawn from the market.

Coca Cola Failure and Success

Coke was losing market-share

May 1985 Old Coke withdrawn

New Coke introduced presuming customer prefer sweeter taste

The strategy failed.

July 1989 Old Coke reintroduced as Coke Classic and ales
went up.



Methods	Qualitative or Quantitative	Cost	Time	Suggestions
Secondary	Both	Low. Free in some contexts.	Short	Get a bird's eye view or a ballpark estimate. Good to start with.
Primary	Survey	Qunatitative	Usually costly. Cost elements: Participants incentive, survey design, survey administration	Medium
	Focus groups	Qualitative	Medium. Cost elements: Group moderation and participant incentives.	Medium
	Interviews	Qualitative	Medium. Depends on the sample size.	Short-Medium
	Experiments & Field trial	Qunatitative	Most expensive	Usually long
	Observation	Qualitative	Medium. Depends on complexity of the problem.	Medium
				Gain knowledge about actual behavior free of bias of respondents

Market Research: By Methodology

By Source of Data or information

- Primary
- Secondary

By Methodology

- Quantitative
- Qualitative

By Objectives

- Exploratory
- Descriptive
- Causal or Experimental

Qualitative Versus Quantitative

- Qualitative research is **exploratory in nature**. Usually gathers data using focus groups, triads, dyads, in-depth interviews, uninterrupted observation, bulletin boards, and ethnographic participation or observations. Less objective.
- Quantitative research looks to **quantify a problem**, involves collection of data through surveys in different modalities (online, phone, paper), points of purchase (purchase transactions), and click-streams.
More objective.



Types of Market Research: By Methodology

	Qualitative	Quantitative
Type of Question	Probing	Simple
Sample Size	Small	Large
Information per respondent	High	Low(ish)
Questioner's skill	High	Low(ish)
Analyst's skill	High	High
Type of analysis	Subjective	Objective
Ability to replicate	Interpretive	Statistical
	Low	High
Areas probed	Attitudes	Choices
	Feelings	Frequency
	Motivations	Demographic

Benefits of Qualitative Market Research over Quantitative

Qualitative

Cheaper compared to quantitative

Probes in-depth motivations and feelings

Often useful precursor to quantitative research

Comment/Example

Smaller sample size

Allows managers to observe (through one way mirror) 'real' consumer reaction to the stimulation - e.g. comments and associations regarding a new product fresh from the lab

Gives a low cost and timely sense of which issues to probe in quantitative research

Market Research by Objectives

By Source of Data or information

- Primary
- Secondary

By Methodology

- Quantitative
- Qualitative

By Objectives

- **Exploratory**
- **Descriptive**
- **Causal or Experimental**

Market Research: By Objective

- Exploratory

Preliminary data needed to develop an idea further. e.g. outline concepts, gather insights, formulate hypotheses.

- Descriptive

Describe an element of an idea precisely. e.g. who is the target market, how large is it, how will it develop.

- Causal

Test a cause and effect relationship, e.g. price elasticity. Done through experiment.

Research Design : Exploratory

- **Exploratory** - Exploratory research is less structured, undertaken to gain background information on the general nature of the research problem. Example: Ray Kroc – McDonald.
- Clarify Problems and Hypotheses.
- Exploratory research allows the researcher to define the problem more precisely and to generate hypotheses for the upcoming study.
- Uses secondary data analysis, experience survey, case analysis.

Research Design : Exploratory

- Exploratory research is unstructured and informal.
- Usually no formal set of objectives, sample plan, or questionnaire are involved.
- It is undertaken to gain background information about the general nature of the research problem.
- No predetermined set of procedures and the nature of the research changes as the researcher gains information.
- Flexible. Conducted at the idea stage.
- Exploratory research is simple, quick and less costly.

Burns A. C. A. Veeck & R. F. Bush (2017) Marketing Research, Pearson Education Limited

Research Design : Descriptive

- **Descriptive research** is undertaken to describe answers to questions of who, what, where, when, and how.
- In order to know who our customers are, what brands they presently buy and in what quantities, where they buy that brands, when they shop, and how they found out about our products, we turn to descriptive research.

Descriptive Research

**Two basic types of descriptive research studies
are available to the marketing researcher:**

Cross-sectional and

Longitudinal.

Cross-Sectional

- Cross-sectional studies measure units from a sample of the population of interest at only one point in time.
- Example: say a magazine surveys a sample of their subscribers
- Questions such as their age, occupation, income, and educational level are asked.
- These sample data, taken at one point in time, are used to describe readership of a magazine in terms of demographics.
- Election surveys are cross-sectional studies.

Longitudinal Studies

- Longitudinal studies repeatedly measure the same sample units of a population over a period of time.
- Data gathered from same sample units at different point in time is also referred to as Panel data.
- Firms such as IRI and Nielsen have been maintaining panels consisting of hundreds of thousands of households for many years.

	Survey 1	Survey 2	Survey 3
Brand 1	200	250	300
Brand 2	300	300	290
Brand 3	400	370	350
Brand 4	500	480	460
Total	1400	1400	1400

Research Design : Causal/ Experimental Research

Causal or Experimental

- Causal research is used to measure cause-effect relationships, such as “if x_i increases, what happens to y ?”
- An experimental design is critical to understand the exact change in a dependent variable caused due to change in an independent variable.
- Example: to know if higher expenses on advertising lead to rise in sales. Percentage reduction in price leads to what growth in sales or how sensitive is demand to price change?

The Market Research Process in Brief

1. Defining the problem and objectives

Steps

Distinguish between the research type needed e.g.
- exploratory
- descriptive
- causal

Comments

If a problem is vaguely defined, the results can have little bearing on the key issues

2. Developing the research plan

Decide on
- budget
- data sources
- research approaches
- research instruments
- sampling plan
- contact methods

The plan needs to be decided upfront but flexible enough to incorporate changes/iterations

3. Collecting the information

Information is collected according to the plan (N.B. it is often done by external firms)

This phase is the most costly and the most liable to error

4. Analysing the information

Statistical manipulation of the data collected (e.g. regression) or subjective analysis of focus groups

Significant difference in type of analysis according to whether market research is quantitative or qualitative

5. Presenting the findings

Overall conclusions to be presented rather than overwhelming statistical methodologies

Can take various forms:
- oral presentation
- written conclusions supported by analysis
- data tables



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Comprehensive Step-by-Step Process of Marketing Research

1. Establish the need for marketing research. Is there real need for information to make decision(s)?
2. Review the environment and the context of the problem. Define the problem. Establish research objectives.
3. Determine research design. The research approach depending on the problem and objectives.
4. Identify information types and sources. Primary and secondary.
5. Develop research plan.

Step-by-Step Process of Marketing Research

6. Determine methods of accessing data.
7. Design data collection forms.
8. Determine the sample plan and size.
9. Collect data.
10. Analyze data.
11. Prepare and present the final research report.
12. Formulate strategy, implement, repeat the process from step 1 to 12.

Not arranged in any order.
There are many more such firms.

Some marketing research firms



IMRB International



The Nielsen



IDC India



RNB Research



Market Xcel Data Matrix Private Limited



Majestic MRSS

Know Your Consultant Before Engaging

- Make a thorough credibility check.
- Did their findings have clear linkage to business objectives?
- Marketing research is one part data and other part consulting: making actionable recommendations what strategic decisions the business should take is the consulting part.
- Satisfaction with the consulting components of research is very low at just 49% (GRIT report 2018).
- How rigorous is their process and analysis.

- Countercheck with their clients in the similar field as of yours.
- Quality of insight generated.
- Can they communicate well?
- Are they known for maintaining high ethical standard?
- They must understand your business.
- Must generate actionable measurable metrics.
- They should be flexible.

How Much Data Is Good Enough?



Pareto 80:20 Principle or the law of the vital few
In product development, marketing, manufacturing, and several other events, roughly 80% of the effects come from 20% of the causes.
In marketing, 80% of your sales comes from 20% of your customers.

Jeff Bezos on information economy of decision making

- “Most decisions should probably be made with somewhere around 70% of the information you wish you had. If you wait for 90%, in most cases, you’re probably being slow...If you’re good at course correcting, being wrong may be less costly than you think, whereas being slow is going to be expensive for sure.”

- Try generating 70% of the information and make fast decision on market and move forward.
- More information may take huge incremental time and may be overly costly, whereas, may not meaningfully add to accuracy.
- The new reality: fast and steady wins the race.
- We must be able to do increasingly more with increasingly less.

Some Last Words

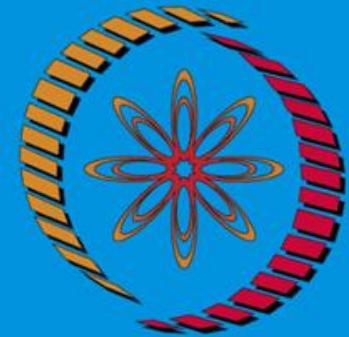
- Boston Consulting Group reports that only about half of core business decisions are driven by customer insights through research [to their own peril].
- Business leaders should share the market research insights with employees at all levels.
- This democratization of data and research would open the door for non-researchers to contribute ideas, engage with the research, and ask questions.

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- <https://ccsearch.creativecommons.org/> for some images

CONCLUSION

- ❑ Market Research is usually an integral part of startup – one would ignore it at their own peril.
- ❑ But it must be timely, objective and relevant. Else, it is worse than useless, leading you down the wrong path.
- ❑ So, be involved as far as you can be, especially up front and don't let the jargon deter you.
- ❑ Marketing research is not an exact science. It has to capture the purchase behavior of diverse people and their changing needs, which are influenced by countless subjective factors.



**THANK
YOU !**