



Executive Education: Mini MBA Program

Marketing Management

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Instructor overview

- Marketing Experience: 12 years with Target, General Tire and The St. Paul Travelers Company
- Consulting: Over 40 engagements in the areas of retailing, economic development, feasibility studies, new product launches and community assessment
- Teaching: 31 years at five universities, Professor of Marketing and co-director for The Institute for Retailing Excellence at St. Thomas
- Education: Ph.D. from Kent State University in 1975

Marketing management session overview

Module 1: Analyzing marketing opportunities

Module 2: Developing the marketing mix

Module 3: Managing marketing efforts

Learning objectives

- You will learn the marketing concept, marketing segmentation, target marketing and positioning;
- You will learn the process of developing a marketing plan;
- You will understand the four Ps of marketing: product, price, promotion and place.
- You will learn how marketing is integrated into the organization; and
- You will be able to apply marketing concepts.

Schedule

- 200 Introduction to today's session
- 210 Analyzing marketing opportunities
- 300 Break
- 310 Developing the marketing mix
- 400 Break
- 410 Managing the marketing efforts
- 415 Tom's Meat Market case
- 450 Closing comments and evaluation

Module 1: Analyzing market opportunities

- What is a market and marketing?
- Strategic marketing management process
- SWOT analysis and environmental scanning
- Strategic gaps
- Growth strategies
- Industry analysis
- Marketing warfare
- BCG Product portfolio
- Discipline of market leaders

What is marketing?

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

Source: Lusch and Lusch, *Principles of Marketing*

What is the marketing concept?

The marketing concept is a marketing philosophy in which firms study the consumer to determine customer needs and wants and organize and integrate all activities within the firm toward helping fulfill these needs and wants while simultaneously achieving these goals.

Source: Lusch and Lusch, *Principles of Marketing*

Peter Drucker

There is only one valid purpose of a business:

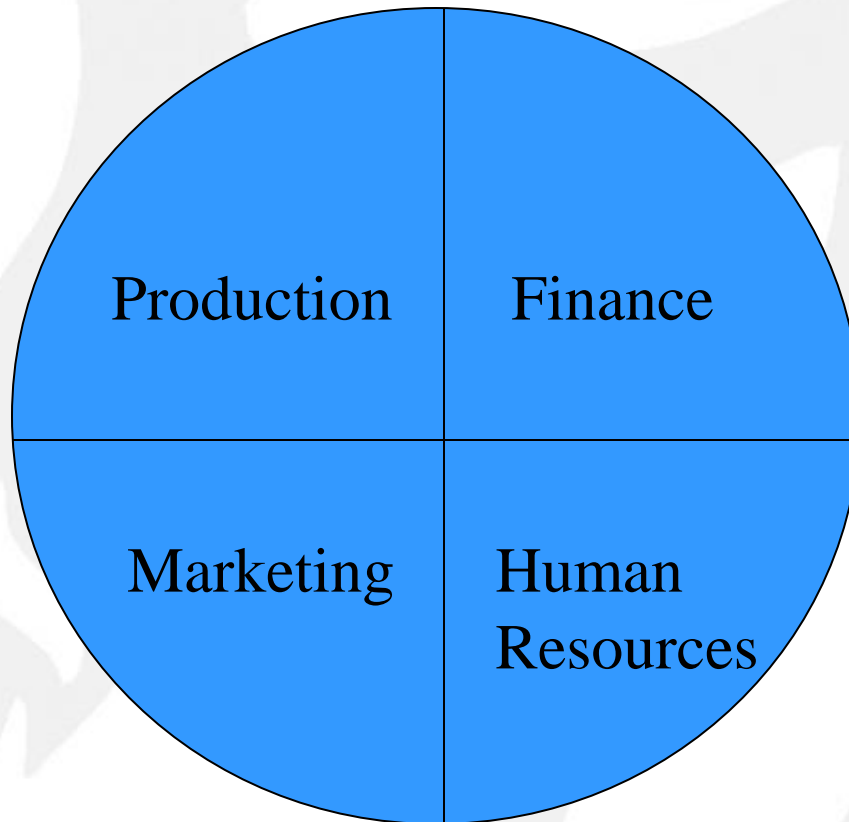
To create a customer.



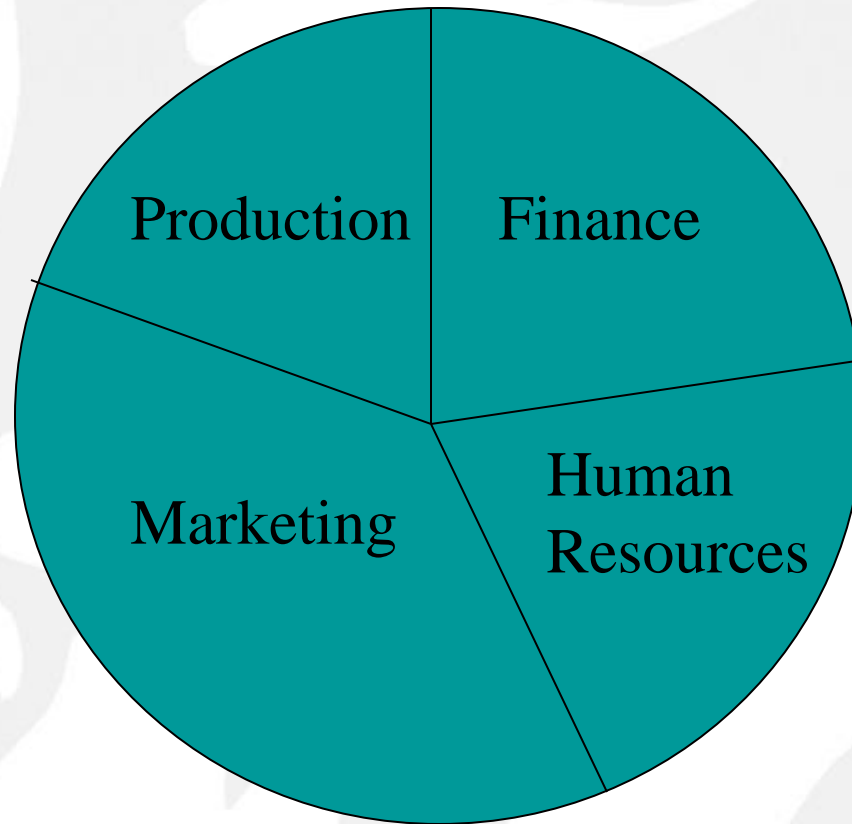
Marketing's objective is to

Create, retain, and grow customers.

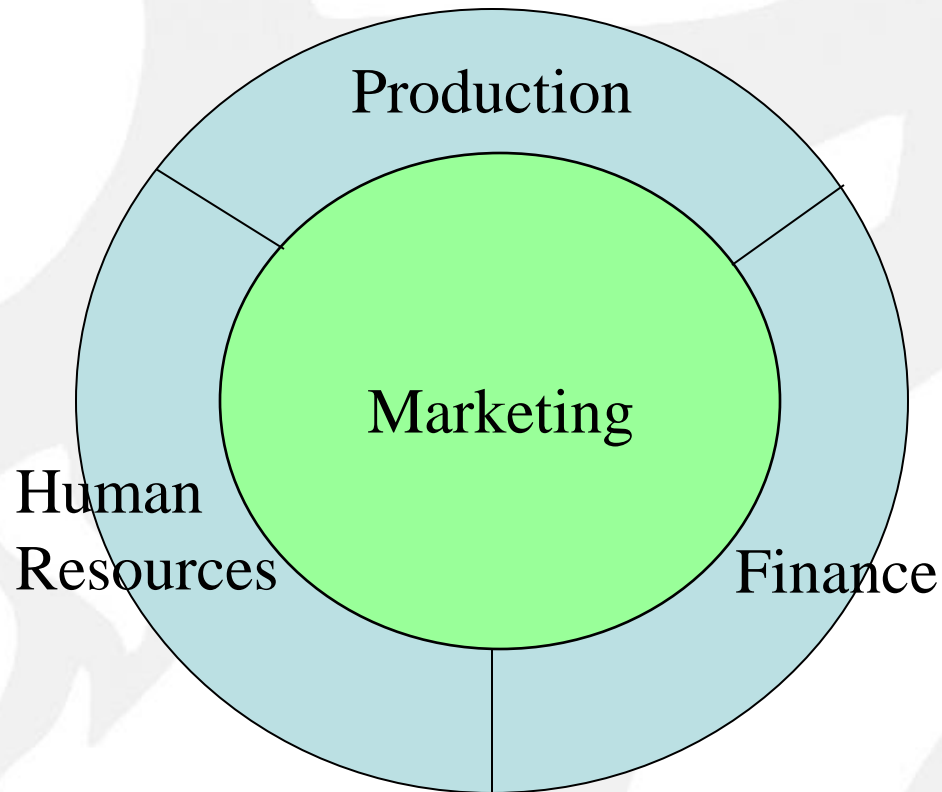
Ways to organize the marketing function: Marketing as an equal function



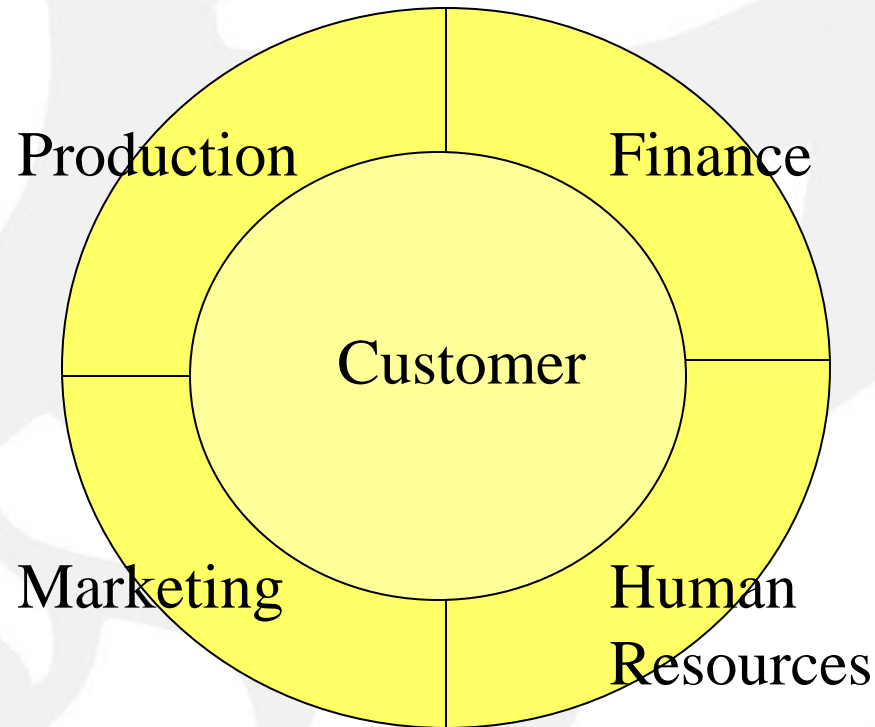
Marketing as a more important function



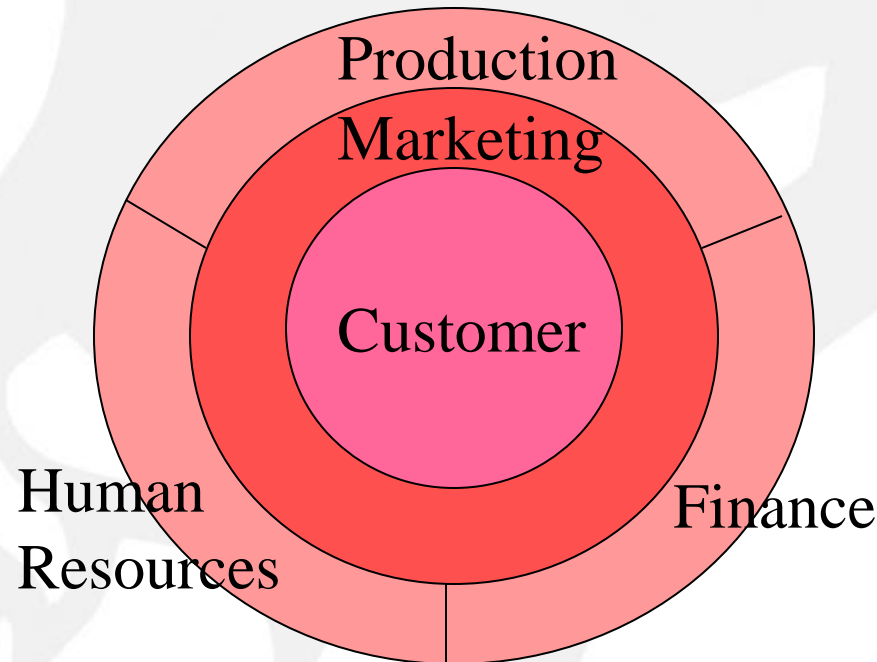
Marketing as the major function



The customer as the controlling function



The customer as the controlling function and marketing as the integrative function



The Strategic marketing management process



Source: Lusch and Lusch, *Principles of Marketing*

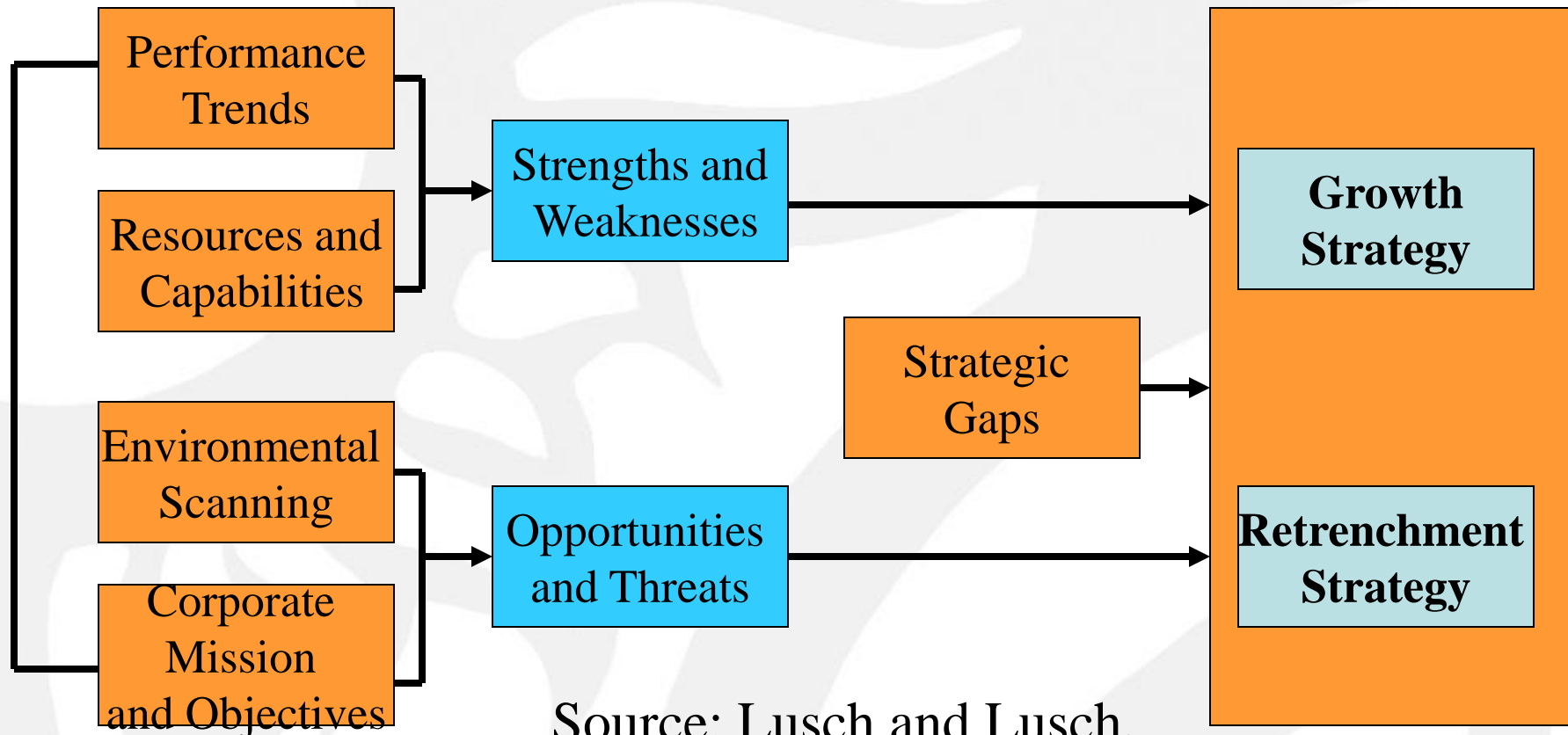
What is the most important function for your current or previous employer?

Multilevel strategic planning at General Foods



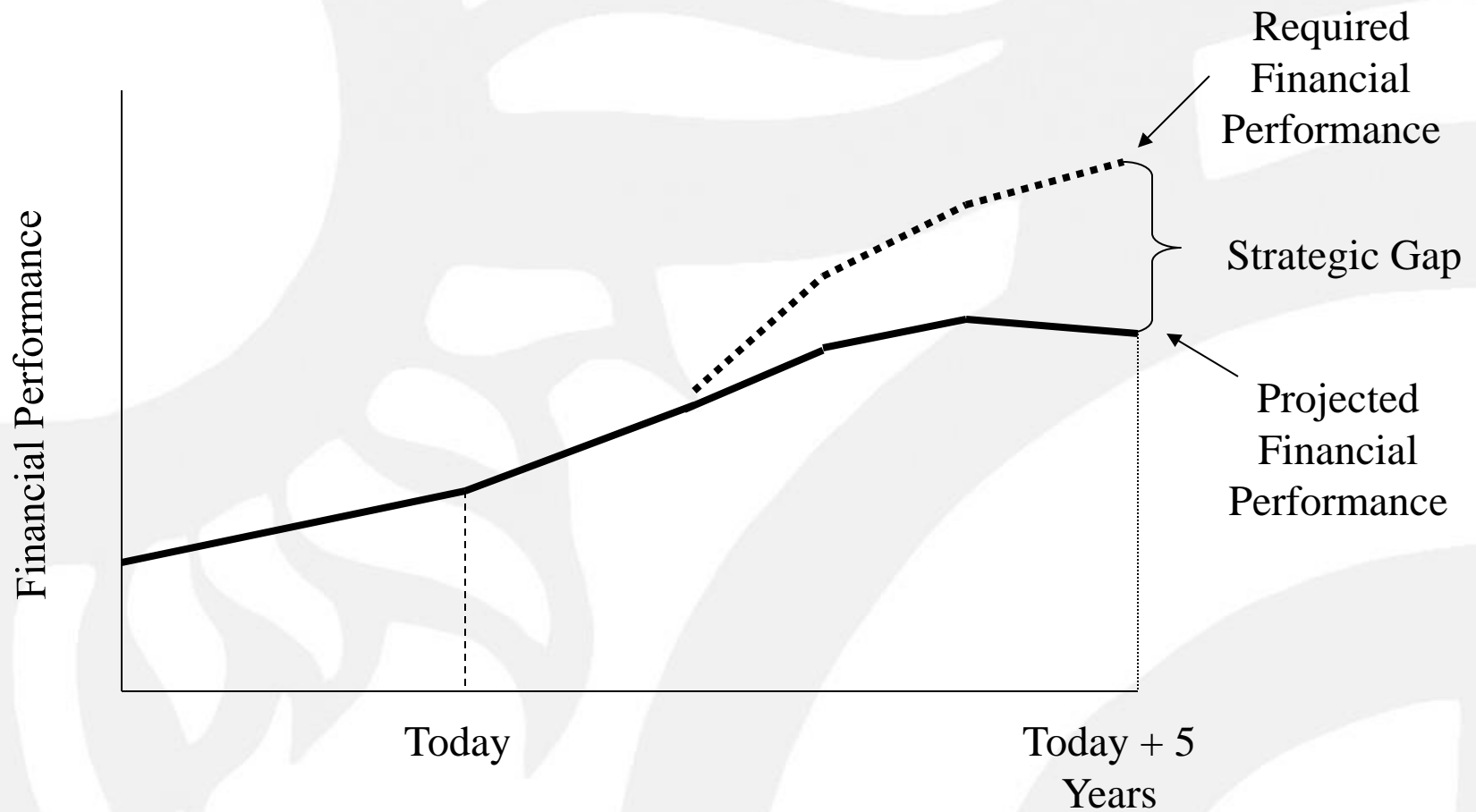
Source: Lusch and Lusch, *Principles of Marketing*

SWOT analysis for corporate planning



Source: Lusch and Lusch,
Principles of Marketing

Strategic gap



Growth strategy matrix

	Existing Products	New Products
Existing Markets	Market Penetration	Product Development
New Markets	Market Development	Diversification

Basis for industry analysis

market factors

- Size
- Growth
- Stage in life cycle
- Cyclicalilty
- Seasonality
- Marketing mix
- Profits
- Financial ratios

Basis for industry analysis environmental factors

- Technological
- Economic
- Social
- Political
- Regulatory

Basis for industry analysis

Competitive factors

Porter's 5 forces

- Power of buyers
- Power of suppliers
- Rivalry among firms
- Pressure from substitutes
- Entries and exits

Basis for industry analysis

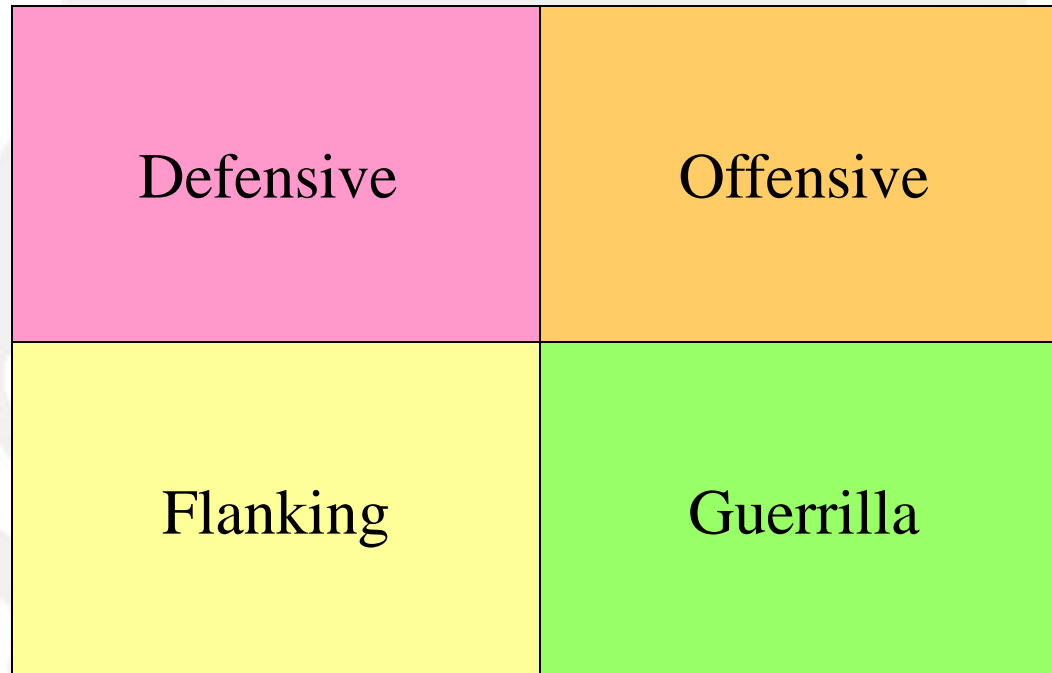
Other factors

- Resources required to compete
- Capacity utilization
- Degree of concentration
- Rapidity of change
- Profitability
- Others?

Ries and Trout: Principles of marketing warfare

- The principle of force: This is the most fundamental principle of warfare. Big forces overwhelm smaller forces. The same goes for companies.
- The superiority of the defense: It is easier to defend high ground or market share than take it away from another company.

Ries and Trout: The strategic square



Reis and Trout: Principles of defensive marketing warfare

1. Only the market leader should consider playing defense.
2. The best defensive strategy is the courage to attack yourself.
3. Strong competitive moves should always be blocked.

Reis and Trout: Principles of offensive marketing warfare

1. The main consideration is the strength of the leader's position.
2. Find a weakness in the leader's strength and attack at that point.
3. Launch the attack on as narrow of a front as possible.

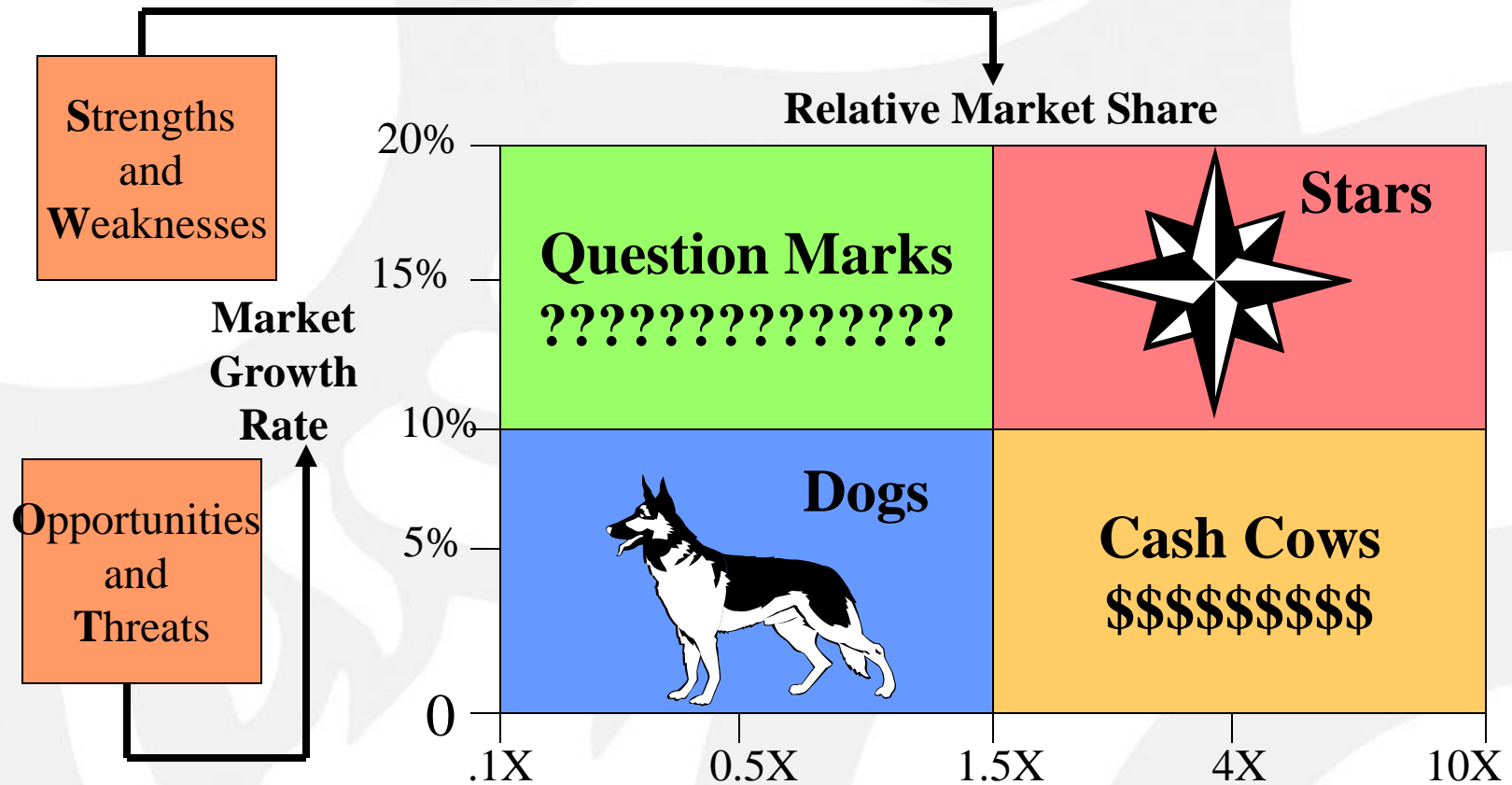
Reis and Trout: Principles of flanking marketing warfare

1. A good flanking move must be made into an uncontested area.
2. Tactical surprise ought to be an important element of the plan.
3. The pursuit is as critical as the attack itself.

Ries and Trout: Principles of guerrilla marketing warfare

1. Find a segment of the market small enough to defend.
2. No matter how successful you become, never act like a leader.
3. Be prepared to withdraw at a moment's notice.

SWOT analysis and the BCG product portfolio mix



Treacy and Wiersma: Three routes to become a market leader

- Operational excellence
- Product leadership
- Customer intimacy

Hand out mouse trap survey

**Please complete the mouse trap survey
before the next segment begins.**



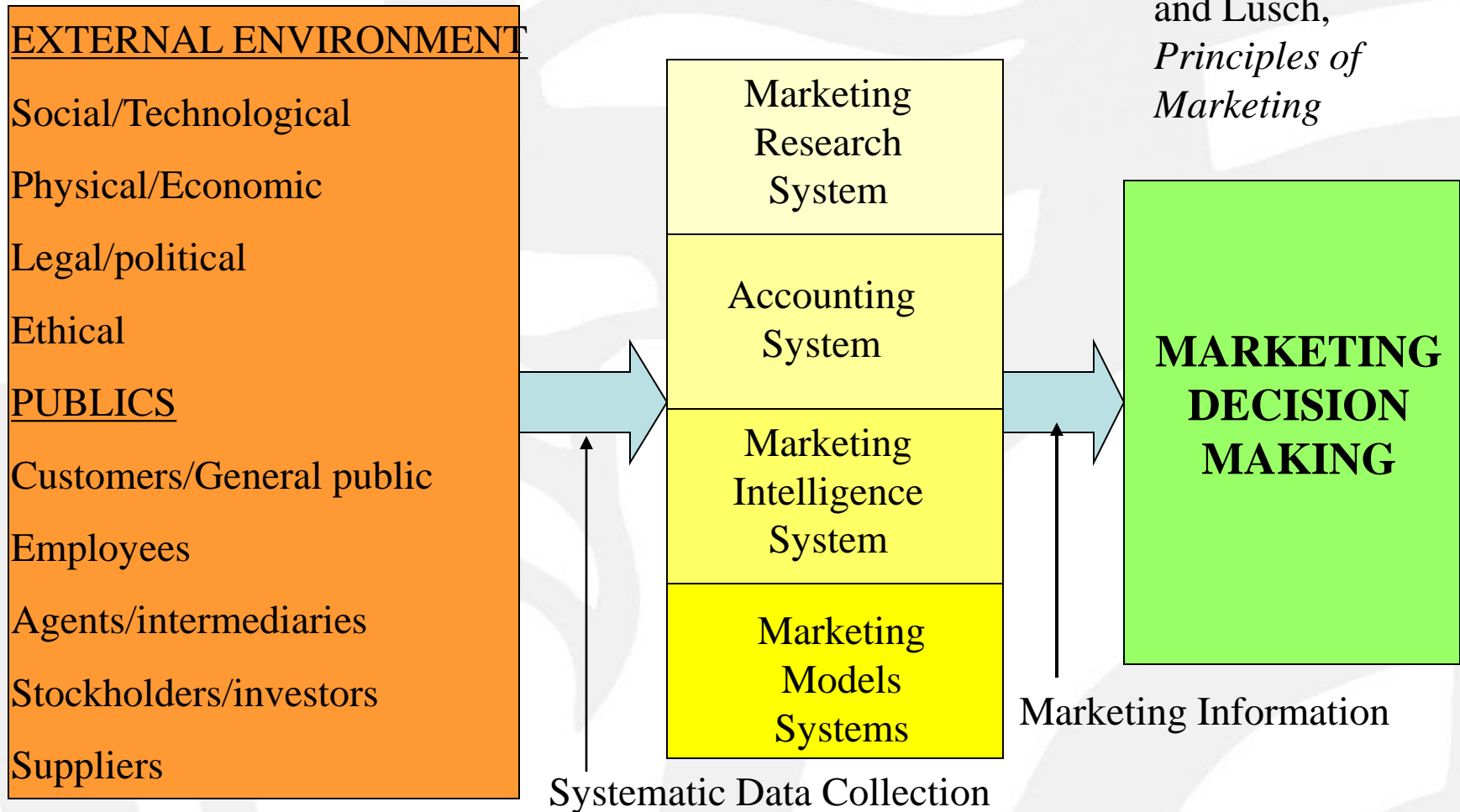
10 Minute break

Module 2: Developing the marketing mix

- Marketing research
- Buyer behavior
- Marketing segmentation and target marketing
- Mouse trap survey
- Product
- Price
- Promotion
- Place (distribution)

Marketing information system

Source: Lusch
and Lusch,
*Principles of
Marketing*



Steps in conducting marketing research

1. Define the objective(s)
2. List the data needs
3. Develop a methodology and collect the needed data
4. Analyze the data and draw conclusions
5. Make a decision
6. Evaluate the decision based on results

Types of data and their advantages and disadvantages

- Secondary data
- Primary data

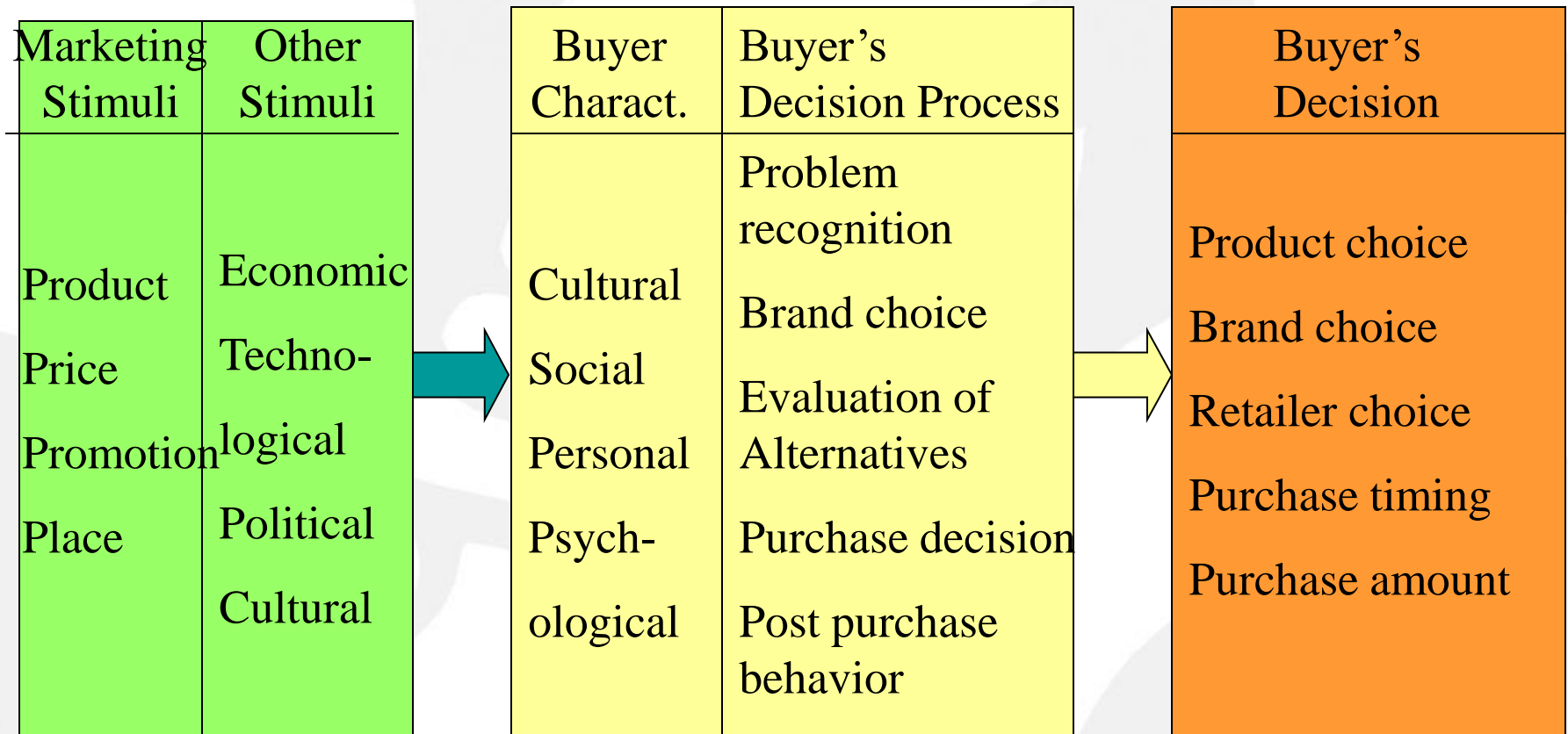
Types of marketing research

1. Survey research
2. Observational research
3. Qualitative research
4. Experimental research

What we need to know about current and potential customers

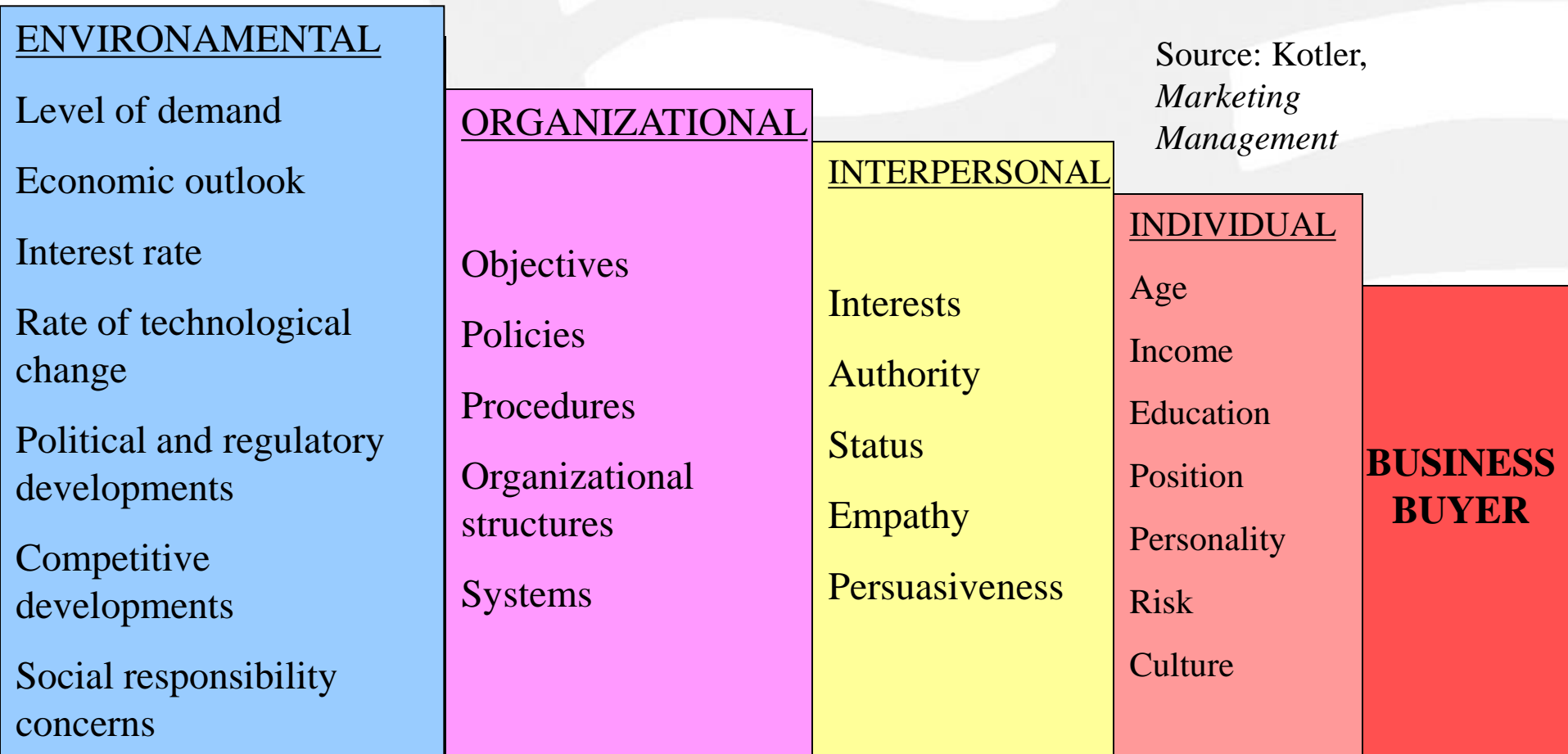
- Who buys and uses the product
- What customers buy and how they use it
- Where the customers buy
- When the customers buy
- How the customers choose
- Why they prefer a product
- How they respond to marketing programs
- Will they buy it (again)?

Model of consumer behavior



Source: Kotler, *Marketing Management*

Major influences on B2B buying behavior



Desirable criteria for marketing segmentation

1. Sizeable
2. Identifiable
3. Reachable
4. Respond differently
5. Stable

Methods of segmentation

1. Demographic
2. Psychographic
3. Behavioral

Discuss mouse trap survey

What is a product?

- A product is a bundle of tangible and intangible attributes that a seller offers to a potential buyer and that satisfies the buyer's needs or wants.

Total product concept

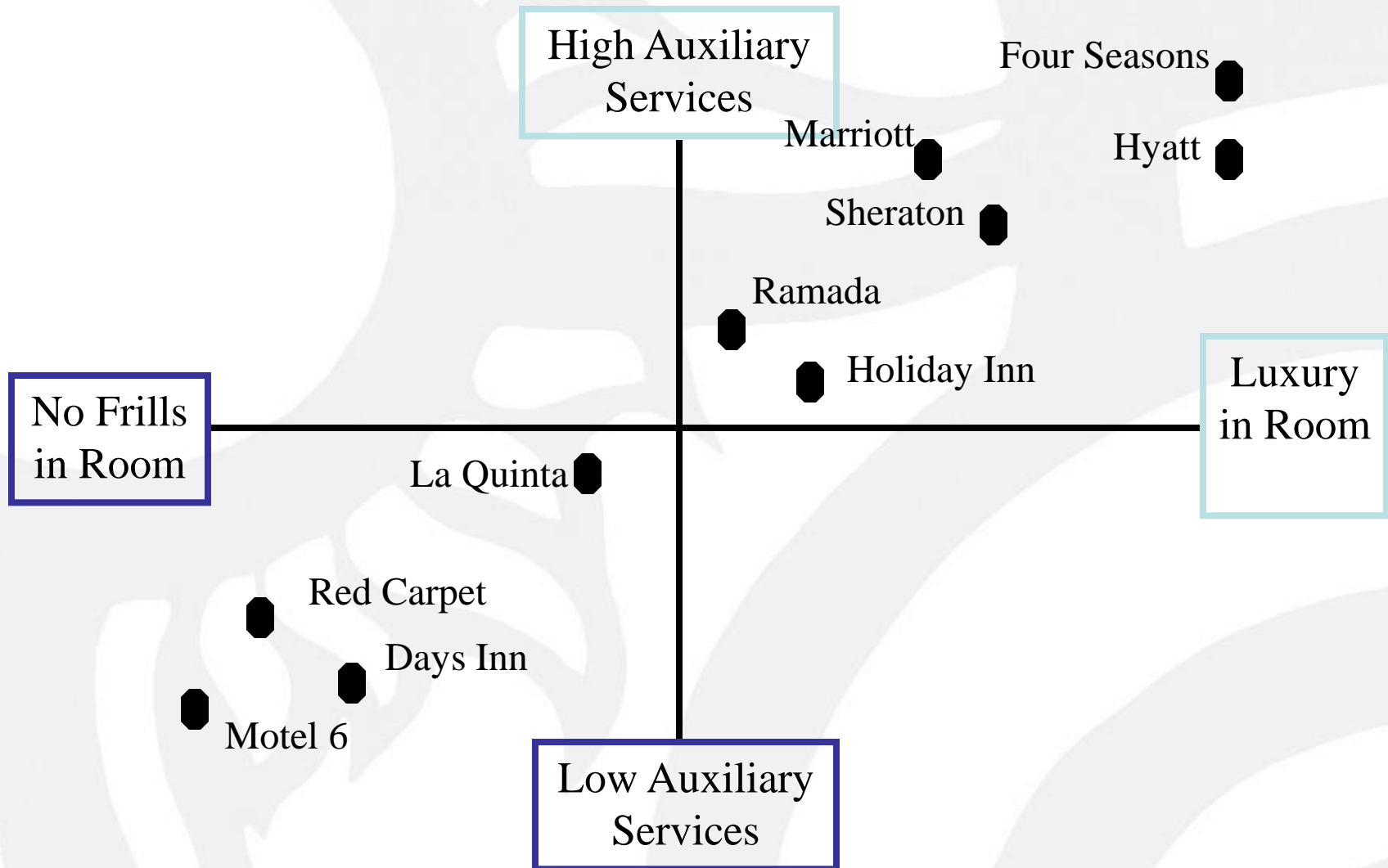
Tangible attributes

- Raw materials
- Color
- Accessories
- Features
- Size
- Weight

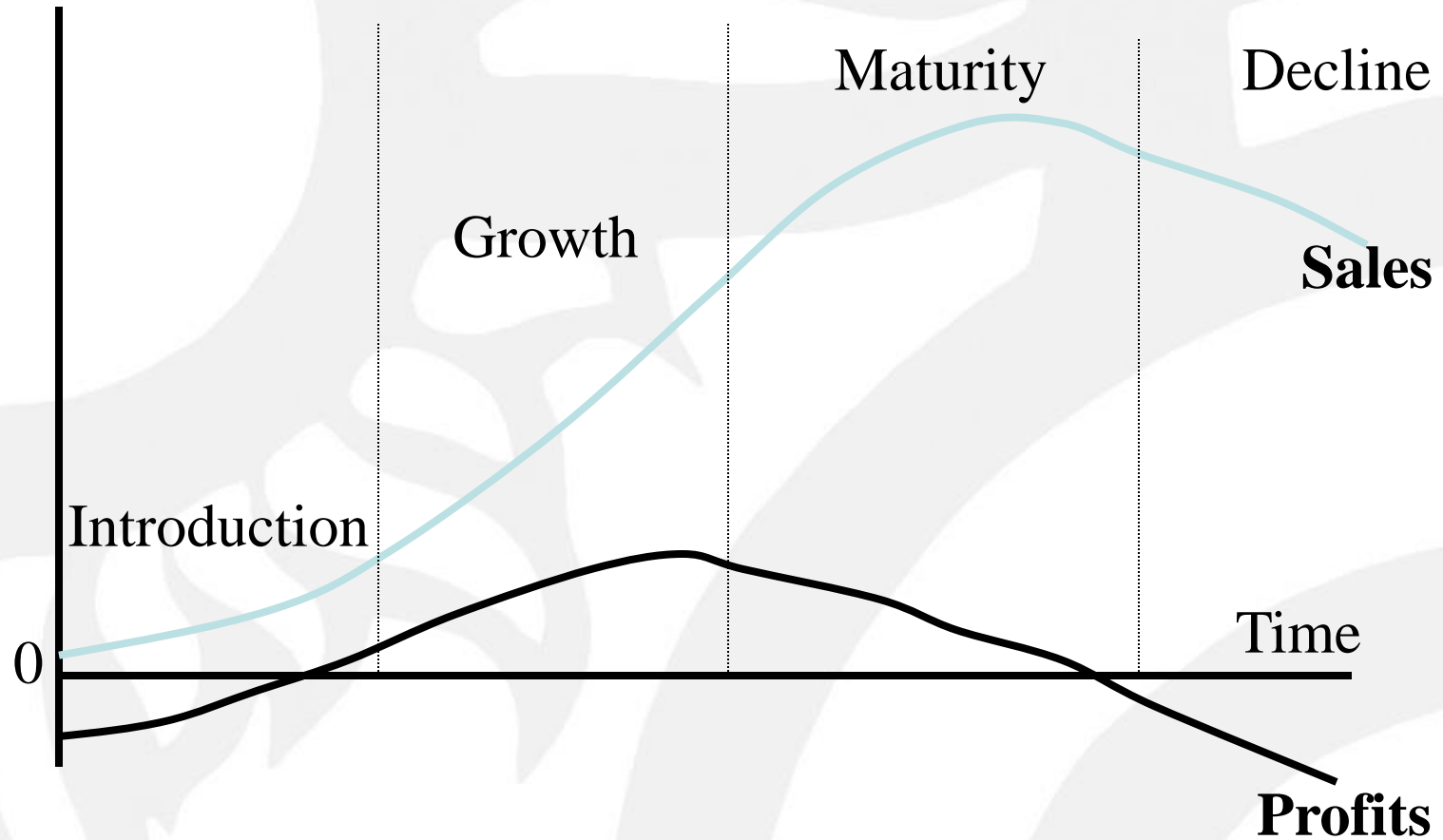
Intangible attributes

- Brand image
- Styling
- Warranty
- Delivery
- Customer services
- Credit

Product positioning map for nightly lodging

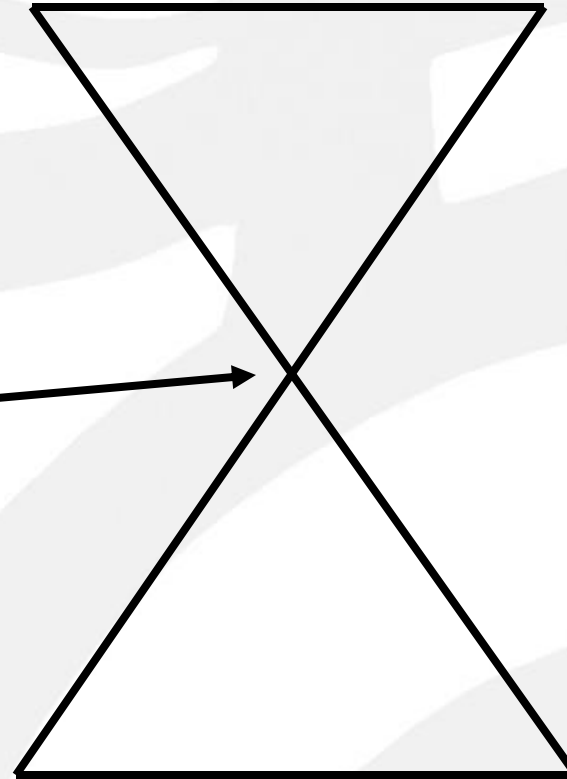


Product life cycle

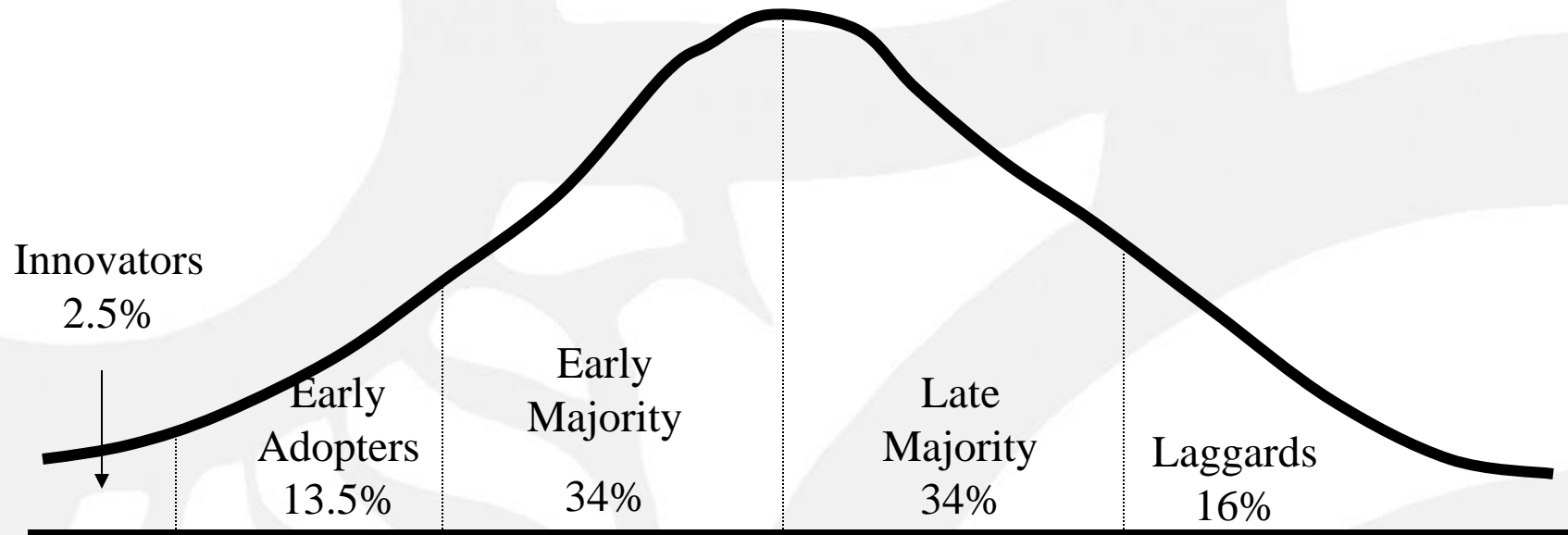


Stages in the adoption process

1. Awareness
2. Comprehension
3. Consideration
4. Trial
5. Purchase
6. Repurchase
7. Loyalty
8. Enthusiastic supporter



Adoption of innovation



What is price?

- Price is something of value that is exchanged for something else.

Bases for pricing

- Cost basis pricing
- Competitive pricing
 - Above market pricing
 - At market pricing
 - Below market pricing
- Exclusive or luxury pricing

New product pricing

- A **skimming price strategy** sets prices high at the introduction stage of the product life cycle to garner substantial short term profits and then lowers prices in latter stages.
- A **penetration price strategy** sets the price low at the outset of the product life cycle, uses it as a wedge to enter the market, and develop economies of scale in order to secure greater market share and profits for the long term.

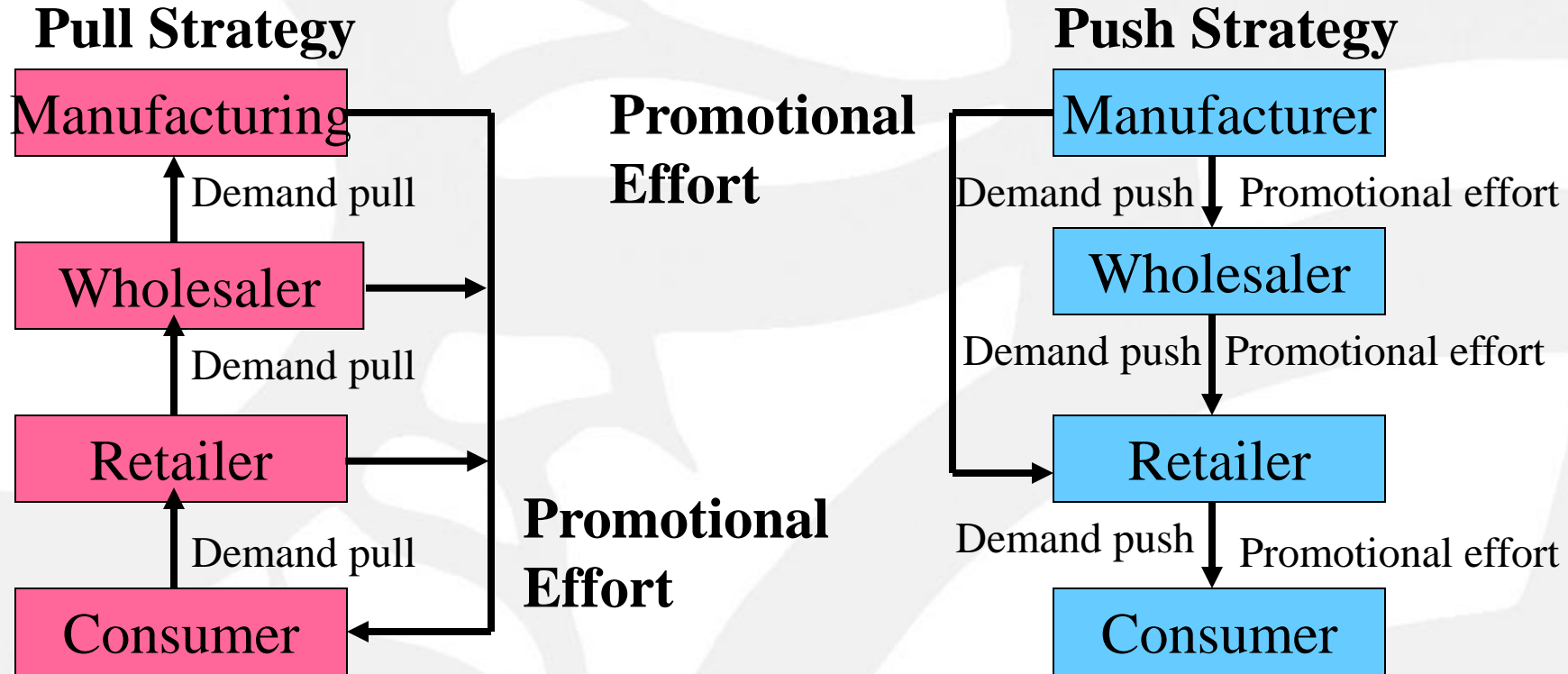
What is promotion?

- **Promotion** is communication by marketers that attempts to inform, persuade and remind potential buyers of a product in order to solicit a response.

Elements of the promotional mix

- **Advertising** is any form of paid non-personal presentation of ideas, goods or services by an identified sponsor.
- **Personal selling** is an oral presentation with prospective purchasers for the purpose of making a sale.
- **Sales promotion** is the use of any additional incentives that stimulates consumer or dealer purchasing.
- **Publicity** is non-personal non-paid stimulation of demand for goods, services or business units by generating commercially significant news about them in the mass media.

Push vs. pull promotional strategies



Effectiveness of the promotional mix

	<u>Awareness</u>	<u>Interest</u>	<u>Desire</u>	<u>Action</u>	<u>Satisfaction</u>
Advertising	Good	Average	Average	Poor	Average
Personal Selling	Poor	Average	Good	Good	Poor
Sales Promotion	Average	Poor	Average	Good	Poor
Publicity	Good	Poor	Poor	Poor	Average

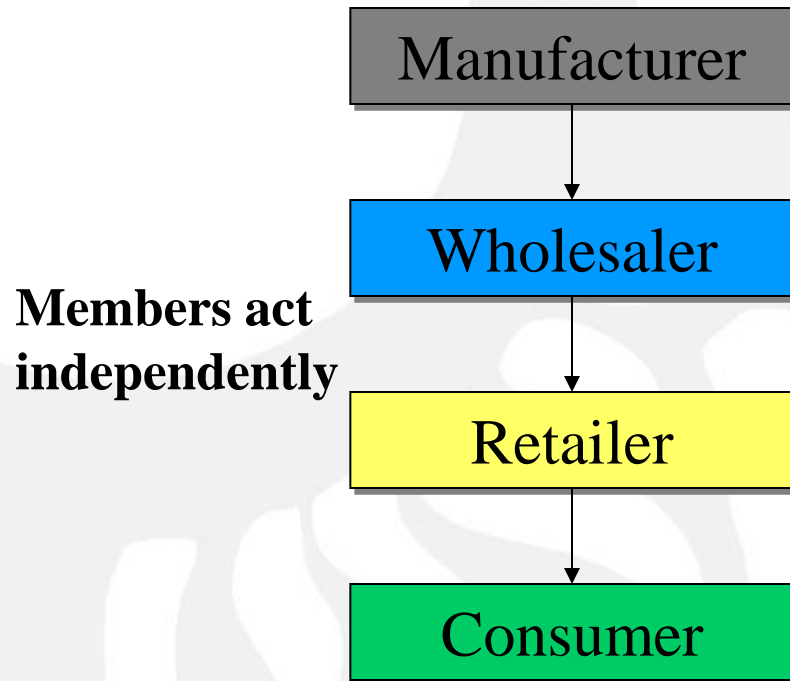
Good	Average	Poor
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What is distribution?

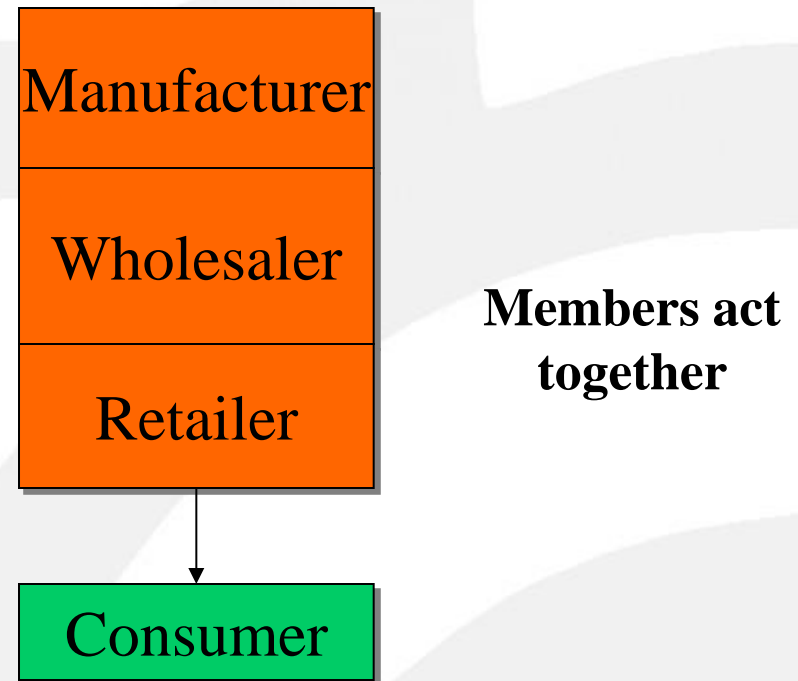
- Distribution is the marketing channel used and the physical movement of the product to market.

Conventional and vertical marketing channels

Conventional



Vertical



Marketing channel members

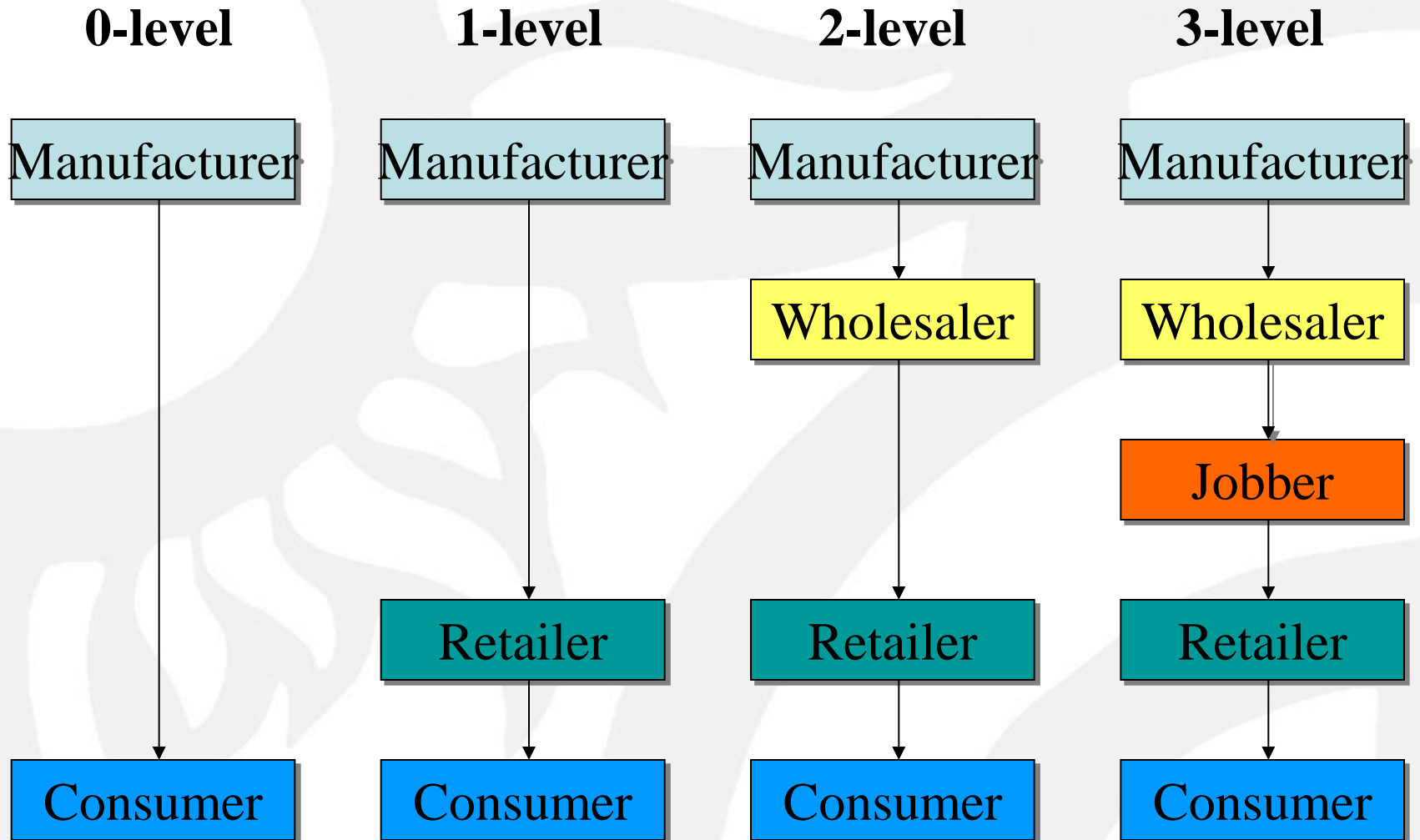
Primary channel members take title, possession and assume risk.

- Manufacturers
- Wholesalers
- Retailers

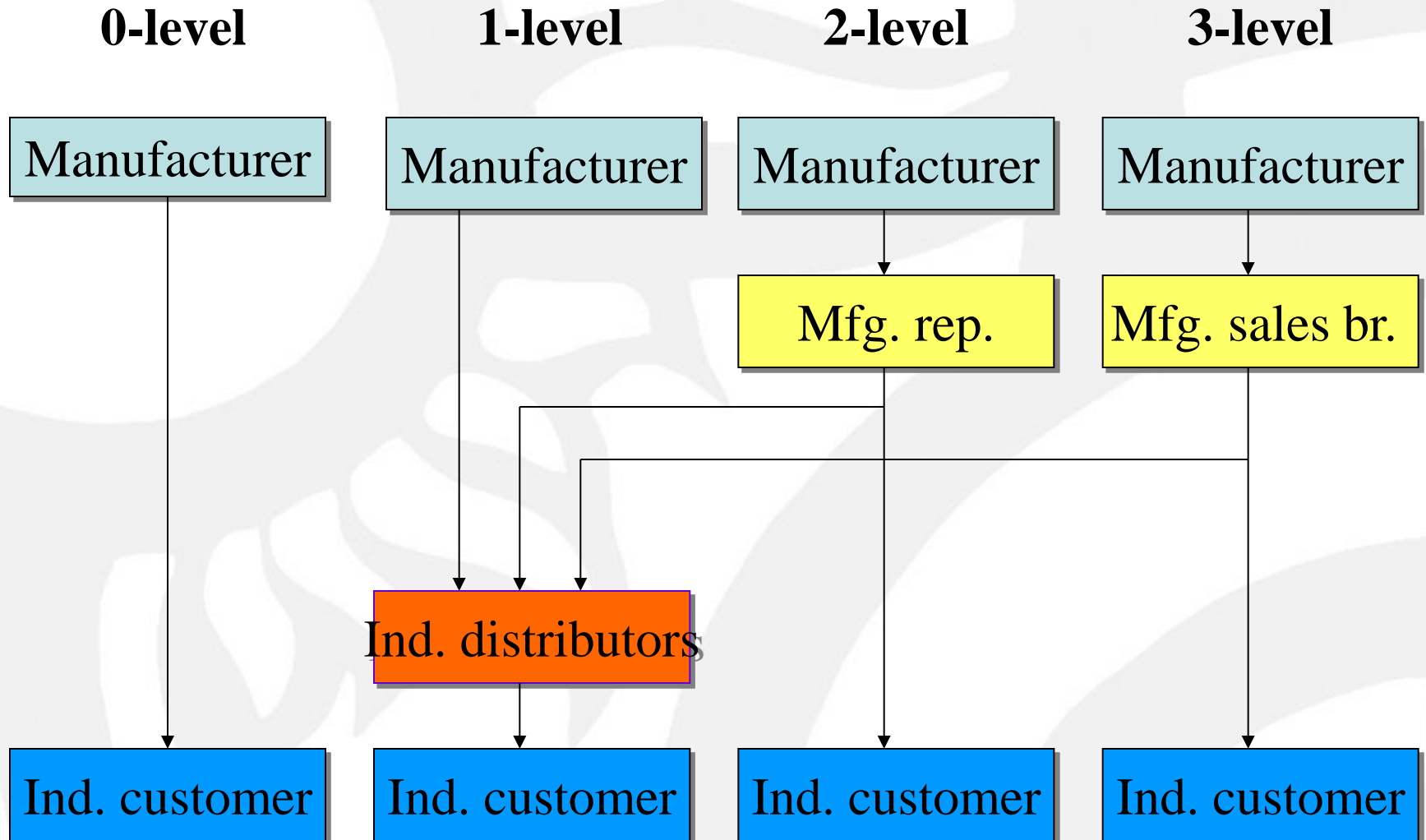
Facilitating channel members do **NOT** take title but make the marketing process easier by specializing in certain marketing activities.

- Agents/brokers
- Advertising agencies
- Transporters
- Public warehouses
- Information/communication firms
- Insurers
- Financial institutions




















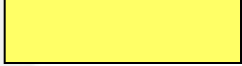




Consumer marketing channels



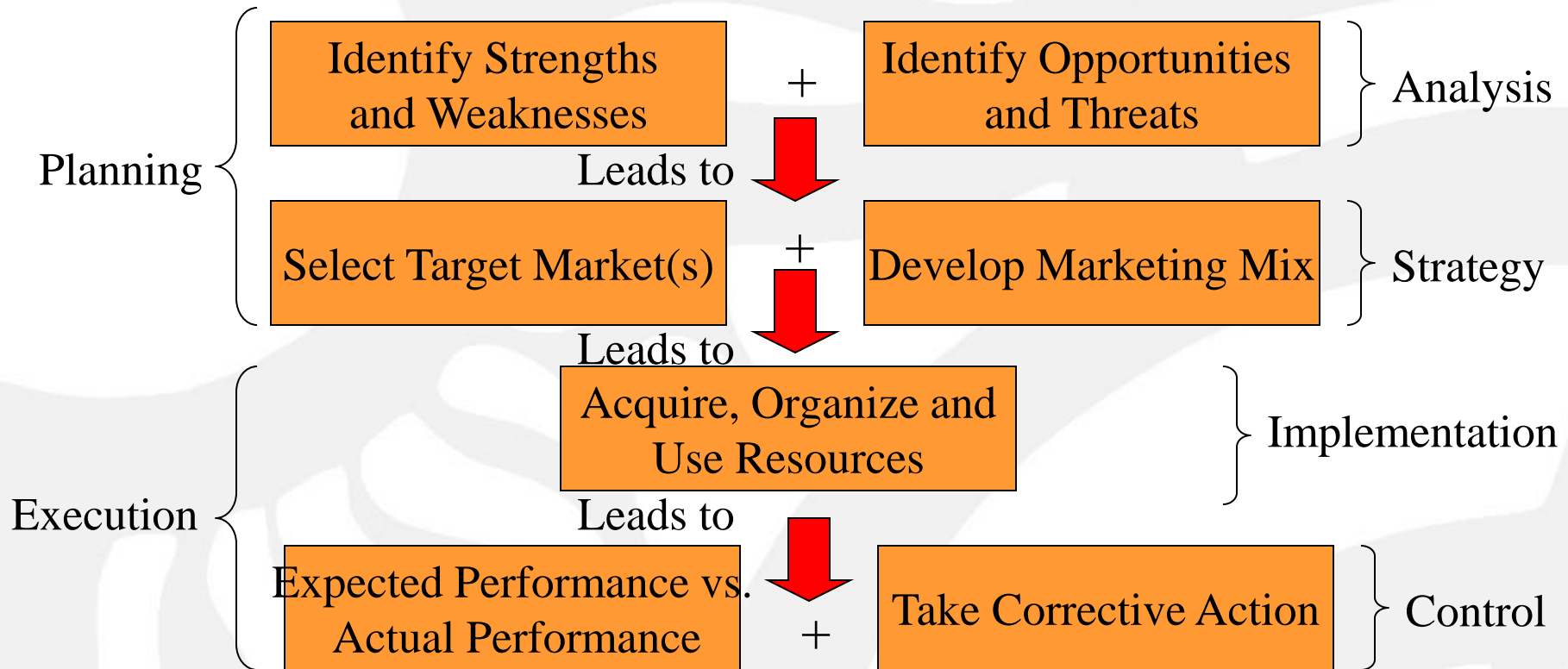
Industrial marketing channels



Comparison of distribution

	Exclusive	Selective	Intensive
Number of distributors			
Potential conflict			
Supplier support			
Supplier's sales			
Distributor's assortment			
Product image			
Competition among distributors			
	Lowest	Medium	Highest
			

The strategic marketing management process



Marketing plan summary

1. Executive summary
2. Situation analysis
 - A. Industry analysis
 - B. Sales analysis
 - C. Competitor Analysis
 - D. Customer Analysis
 - E. Planning Assumptions
 - F. Forecasts
3. Marketing objectives
4. Marketing strategy
5. Marketing programs
6. Financial documents
7. Monitors and controls
8. Contingency plans



10 Minute break

Module 3: Managing marketing efforts

- Tom's Meat Market case
 - Read case
 - Discuss the problem and alternative solutions
 - Make recommendations
 - Report out to the class
- Closing comments
- Evaluation

Evaluation



Thank you!