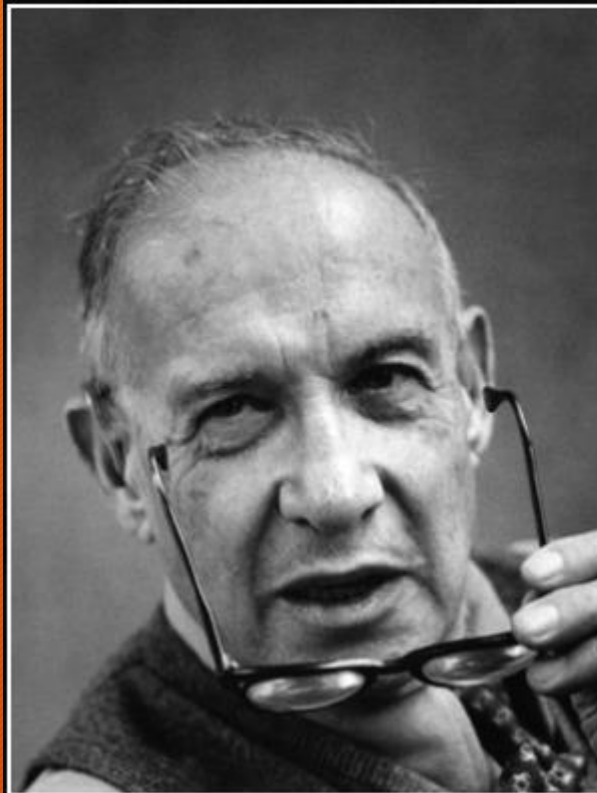


Business and Career Development

Creating Value through Marketing

C1:Introduction: Why Marketing Matters?



Because its purpose is to create a customer, the business has two and only two functions: Marketing and Innovation. Marketing and Innovation produce results. All the rest are costs.

— *Peter Drucker* —

AZ QUOTES

C1:Introduction: Definition of Marketing

“Marketing management is the art and science of choosing target markets and getting, keeping, and growing customers through creating, delivering, and communicating superior customer value”

- Kotler & Keller (Marketing Management)

C1:Introduction: Marketing management tasks

- Capturing marketing insights
 - A reliable marketing information system to monitor the marketing environment, and dependable marketing research system to assist decision-making
- Connecting with customers
 - Offering value for its chosen target markets and developing strong profitable long term relationships
- Communicating value
 - Integrating mass communications (advertising sales promotions, events and PR) and personal communications (direct and interactive marketing) for maximum impact
- Building strong brands
 - Competitively positioning brands to build brand equity

C1:Introduction: Change is the only Constant

“In the past decade, what marketers do to engage customers has changed almost beyond recognition.

With the possible exception of information technology, we can't think of another discipline that has evolved so quickly.

Tools and strategies that were cutting-edge just a few years ago are fast becoming obsolete, and new approaches are appearing every day”

- de Swaan Arons, M., van den Driest, F., & Weed, K. (2014). The Ultimate Marketing Machine. *Harvard Business Review*.

C1: Capturing Market Insight: Purpose - the 4P's

To control four variables – the “marketing mix” – for approaching to customers in attempting to satisfy their desires



C1: Capturing Market Insight: Market Research

1. Define the problem and set the research objective



2. Develop the research design for collecting data



3. Collect the data



4. Analyze and interpret the data



5. Report the research findings

C1: Capturing Market Insight: Gathering Information from Market Research - 3CP

- Customer
 - Who is the customer? What does each customer segment want? What price is each segment willing to pay? Where are our customers located? Distribution channel preference?
- Company
 - Who are our suppliers? What are our channels of distribution?
- Competitor
 - Who are the competitors? How big are they? Where are they? Do they serve the same market as you? Which products do they sell? At what price? What distribution channels do they use? Do they have new products?
- Product
 - Do current products meet customers' needs? Do new products need to be developed?

C1: Capturing Market Insight: Situation Analysis from Market Research- The 5C's

Customers

- Potential customers whose needs can be fulfilled with company offerings

Company

- The company, its goals, core competencies and strategic assets required to develop offerings to serve these customers

Collaborators

- Potential collaborators who are likely to be working with the company on these offerings

Competitors

- Current and potential competitors with similar offerings targeting the same buyers

Context

- The economic, technological, socio-cultural, regulatory and physical context in which the company operates

C1: Capturing Market Insight: CRM

- Customer relationship management (CRM) is an approach to managing a company's interaction with current and potential future customers (Wiki)
- People think CRM must be a software system like Salesforce for capturing customer information
- Great CRM can be done without any software system!!!
 - Ex: a customer information record kept by a beautician
- CRM success depends on appropriate understanding of customer behaviour



C2: Connecting with Customers: STP Model

Capturing Market Insight

Understanding what is happening in the marketplace

Segmentation

Identifying differences in customers and selecting attractive segments to target

Targeting

Developing particular types of relationships with a target market to create competitive advantage

Positioning

Identifying perceptual differences between competitive offerings

C2: Connecting with Customers: Segmentation Criteria

Measurability

- Used to determine the relative ease of identifying the segments. Which segments are more discernable and easier to identify as to who they are?

Accessibility

- Used to determine the differences in accessing and communicating with the segments. Which segments utilize which media?

Substantiality

- Used to determine the relative potentials across the segments. Which segments possess the greater potential. Which segments would provide the greatest rate of return?

Unique Responsiveness

- Used to determine the differences in responsiveness across the segments in terms of what might be marketed. Which segments would respond more favorably to what if offered?

Actionable

- Used to determine the relative degree of the organization's ability to effectively orchestrate suitable marketing programs across the segments. Which segments could the organization develop more effective marketing programs for?

C2:Connecting with Customers: Segmentation Analysis Matrix Example

Criteria Variable/s	Segment 1	Segment 2	Segment 3	Segment N
Measurability Demographics				
Accessibility Media types				
Substantiality Size, Income, Costs				
Unique Responsiveness Psychological, Social, Behavioral				
Actionable Current marketing				

C2:Connecting with Customer: Targeting

- Analyze potential and commercial attractiveness of each segments
- Based the attractiveness and compatibility, select one or more segments as the Target Market

Market attractiveness

- Degree to which a particular market enables the company to achieve its strategic goals

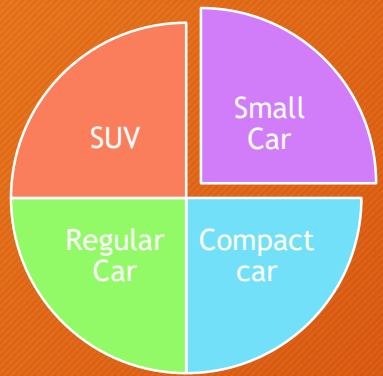
Market compatibility

- The company's ability to serve this market by creating superior value to its target customers and collaborators

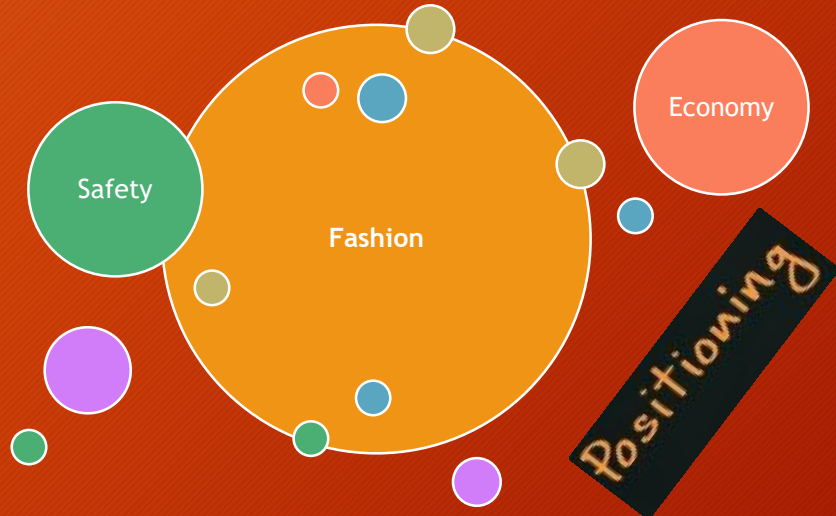
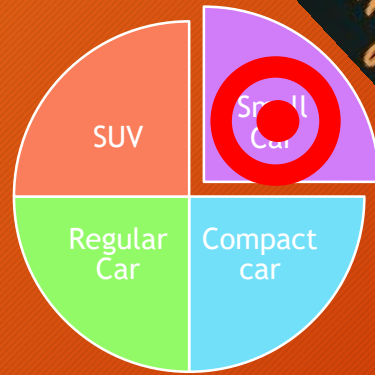
C2: Connecting with Customer: Positioning

- Creating a distinct image of your offering in the customer's mind.
 - e.g., Volvo = safety, Toyota = reliability, BMW = the driving experience
- Three basic ways to emphasize benefits -
 - Single benefit approach - the single attribute that will provide customers with the most compelling reason to buy
 - Multi-benefit approach - two or more primary attributes
 - Holistic approach - overall performance of an offering
- Three types of positioning strategies -
 - Functional benefits e.g., Visa = worldwide acceptance
 - Monetary benefits e.g., Priceline.com = monetary value
 - Psychological benefits (an offering's image) e.g., Montblanc = luxury, exclusivity and prestige

C2: Connecting with Customers: Smart Car



Segmentation



C3: Communicating Value: Customer Lifetime Value (CLV) and Customer Equity

- Customer Lifetime Value (CLV) is the present value of the future (net) cash flows associated with the customer
 - e.g., if a newspaper subscriber will pay C amount of (net) cash for next n years and the discount rate is i , then the CLV will be total of the discounted cash flow for next n years.
- Customer Equity is the sum of the customer lifetime values (CLV) across the entire customer base
- *Q: Does the value of a firm (if you want to buy it) is same as it's Customer Equity?*

C3:Communicating Value: Customer Acquisition based on CLV

- Acquisition Strategies -

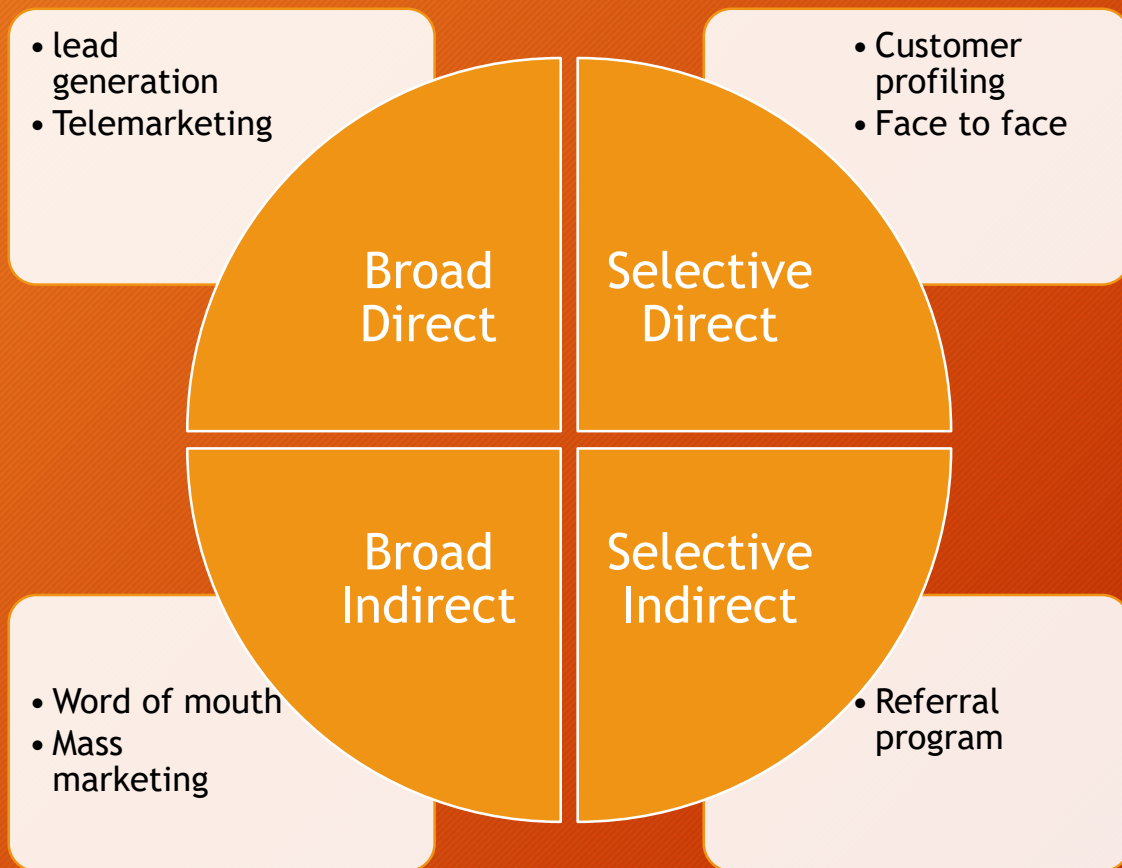
- Selective acquisition - Acquire customers with a specific profile, e.g., higher retention and development potential, which lead to higher CLV
- Broad Acquisition - Bring in many (heterogeneous) customers, and utilize a selection process (natural and/or active) to take care of CLV issues

- Acquisition Tactics -

- Direct approach - Identify and approach specific targeted customers
- Indirect approach - Customers influenced by existing customers (e.g., word of mouth, referral, network effect, i.e., product value increases as more customer adopts it) or mass marketing



C3:Communicating Value: Marketing Channel



Digital Marketing Techniques:

- Social Media Presence- Social media presence on Facebook, Twitter, LinkedIn, etc., Blogging, User generated content (reviews)
- Search Engine Optimization (SEO) - Ensure all your pages are crawled by search engines, your website is indexed for the “right” kinds of keywords and achieve high ranking
- Personalize Your Website - provide customized recommendation using of data analytics
- Digital Advertising - Search Engine Marketing, Display Ads (e.g. banner ads), Social Ads (e.g., Facebook timeline ads)
- Public Relations (PR) - Unpaid editorial coverage in media outlet like newspaper, TV, blog etc.

C3:Communicating Value: Omni-channel Marketing

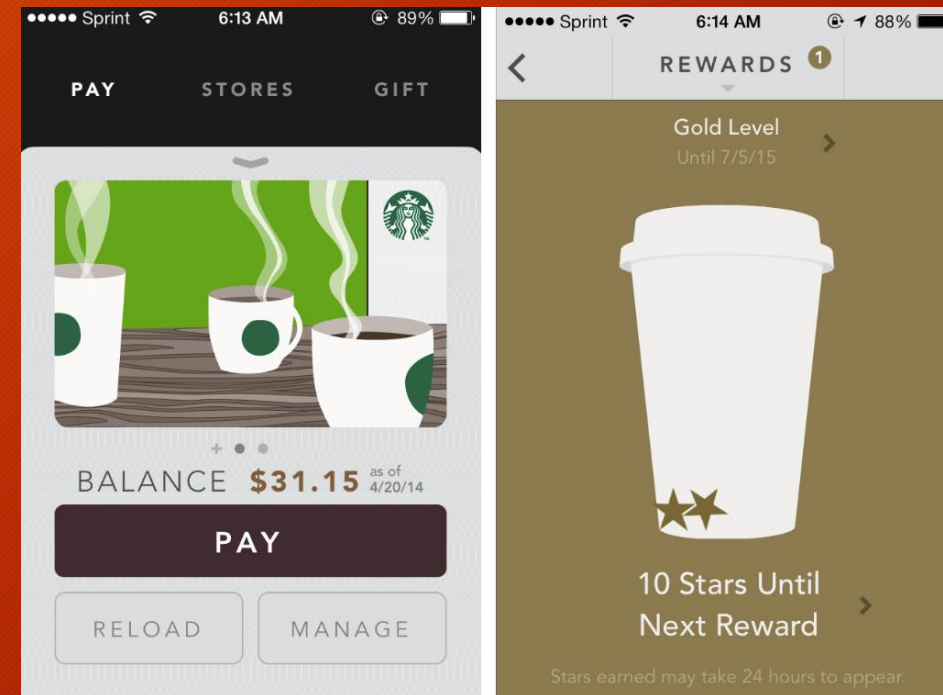
- Omni-channel marketing is to take a broader perspective on channels and how shoppers are influenced and move through channels (using interchangeably and seamlessly) in their search and buying process due to the advent of the online channel and new additional digital channels such as mobile apps and social media
- As the retailing industry evolves towards a seamless “omni-channel retailing” experience, the distinctions between physical and online will vanish turning the world into a “showroom without walls”

C3: Communicating Value: It's the customer, that's the Omni-channel

- The most successful brands with omni-channel marketing are those that think about outcomes, not channels
- Use data to understand consumer behaviour across all interactions so you reach customers with the right information in the channel where it has the biggest impact
- But let the customer to choose which channel is most convenient for them
- Channels typically considered only for prospecting, or only for loyalty building, should also be available to customers at all times, because customers don't think in terms of touchpoints, but looks for the service or product she needs

C3:Communicating Value: Starbucks Reward App

- The Starbucks rewards app does an excellent job in providing a seamless user experience across all channels
- Customers have the option of checking and reloading their Starbucks card balance through their phone, the Starbucks website, or when they're at the store
- Any balance or profile changes are also updated in real-time, across all channels, letting users stay in-the-know no matter where they are or what device they're using
- Plus, any earned rewards are automatically reflected in the account without any action on the user's part
- When it comes to payments, people can either pay with their physical rewards card or using their phone, and the balance will automatically be updated online and in the app.



C4: Building Strong Brands: Product vs Brand

- A **Product** is something we offer to a market to satisfy a need or want. It may be a physical good, a service, a retail outlet, a person, an organization, a place, or even an idea
- A **Brand** is a name, term, sign, symbol, or design, or a combination of them, intended to *identify* the goods or services and to *differentiate* them from those of competitors.
- Product is tangible and rational whilst Brand is intangible and psychological
- A brand is more than a product, as it can have dimensions that *differentiate* it in some way from other products designed to satisfy the same need (so if you don't have much differentiated product still brand differentiation can give you an unique market position!!!)



C4: Building Strong Brands: Function of Brand

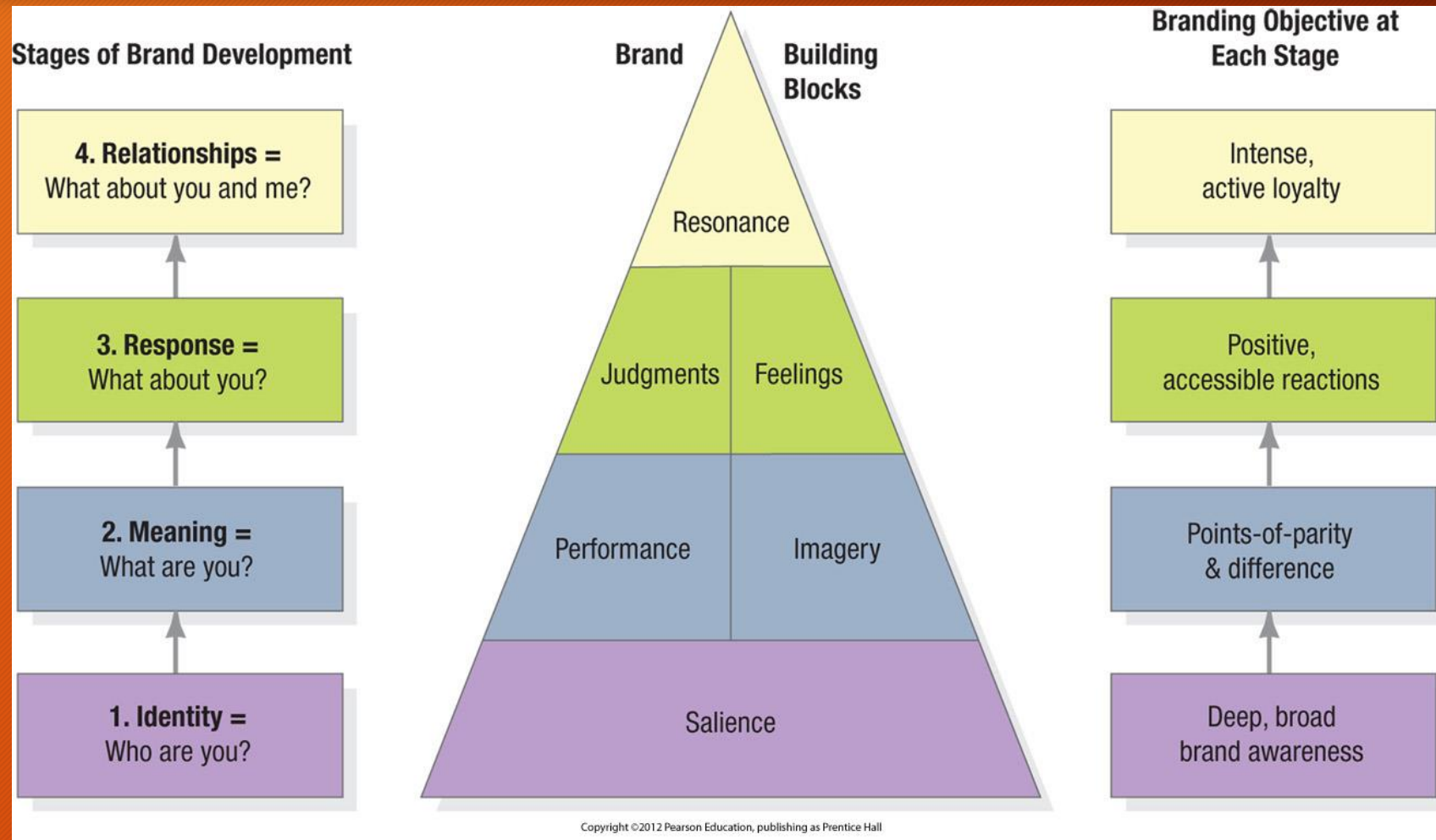
- For Customers
 - Identify the source or maker
 - Reduce search cost and simplify decision making
 - Signal quality of the product
 - Reduce social and psychological risk
- For Companies
 - Represent enormously valuable pieces of legal property, capable of influencing consumer behavior, and providing the security of sustained future revenues



C4: Building Strong Brands: Brand Elements and Branding Strategy

- Brand names, URLs, logos, symbols, characters, spokespeople, slogans, jingles, packages, signage etc.
- Criteria for choosing brand elements
 - Memorability - memorable and attention-getting
 - Meaningfulness - provide descriptive or persuasive content
 - Likeability - is it aesthetically appealing
 - Transferability - extent to which it adds to brand equity of new products
 - Adaptability - ability to be updated to remain contemporary
 - Protectability - can be legally protected and defended
- Branding Strategy - which brand elements can be applied to which products depends on consistency, credibility and clarity it provides to improve consumer understanding and to communicate similarity and differences between individual products

C4: Building Strong Brands: Brand Development Stages



C4: Building Strong Brands: Purpose Branding

- Discovering Customer Job to be Done

- Customer don't buy a product or service. When people find themselves needing to get a job done, they essentially hire products to do that job for them. e.g., "People don't want to buy a quarter-inch drill. They want a quarter-inch hole!"
- If a marketer can understand the job, design a product and associated experiences in purchase and use to do that job, and deliver it in a way that reinforces its intended use, then when customers find themselves needing to get that job done, they will hire that product
- A **Purpose Brand** is the brand of a product that is tightly associated with the job for which it is meant to be hired for. So, when consumers discover the job they need to do, a branded product will exist that is perfectly and unambiguously suited to do it
- Brand equity can be destroyed when marketers don't tie the brand to a purpose

C4: Building Strong Brand: Chotukool

- The idea to address the basic refrigeration needs of rural families in India
- The "job" is that people needed an affordable way to keep milk, vegetables and leftovers cool for a day or two—both at home or away
- This job is urgent in a country where a third of all food is lost to spoilage
- Godrej developed “ChotuKool” or “Little Cool” for this Job to be Done.
- The purpose branding “ChotuKool” is tightly associated with the job for which it is meant to be hired for



C5:Case Discussion: Social Media Marketing

The Sanitation Crisis and Social Media: Sanergy in Kenya

Questions:

1. Would Kenya's cultural values of trust and personal contact translate well to social media?
2. Would companies be able to build sufficient trust with prospects through social media or would its use be limited to transactional relationships such as customer service?
3. What role might social media play in luring new funders and getting them to open their checkbooks?