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MGT301 PPT Slides (Theme) 07 To 13 Complete

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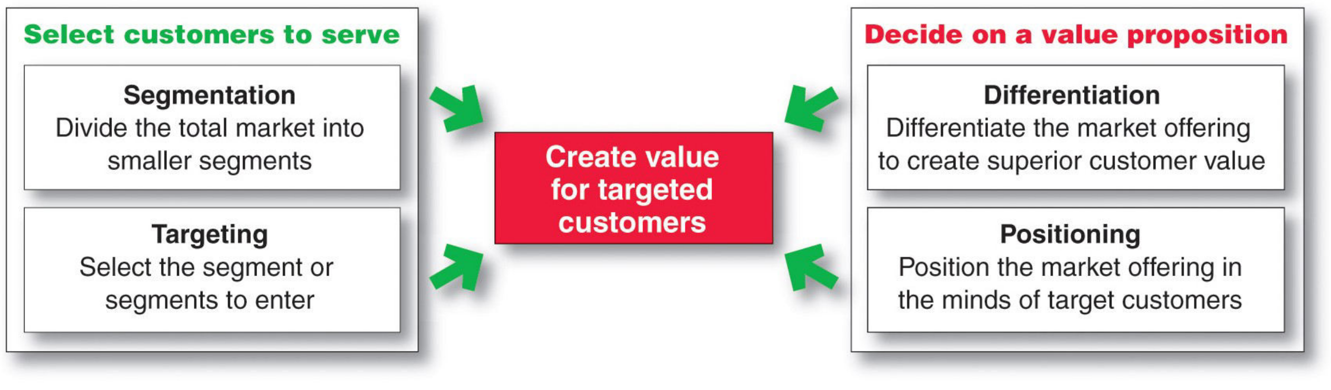
Customer Driven Marketing Strategy

Two Questions?

1. Which Customers will we serve?
2. How will we serve them?

Customer Driven Marketing Strategy



Customer Driven Marketing Strategy

Market segmentation

is the process to divide large heterogeneous markets into small markets that can be reached more efficiently and effectively with products and services that match their unique needs.

Types Segmentation for Consumer Markets

1. Geographic Segmentation
2. Demographic Segmentation
3. Psychographic Segmentation
4. Behavioral Segmentation

Geographic Segmentation

Thought

Geographic segmentation divides the market into different geographical units such as nations, regions, states, provinces, or

Geographic Segmentation

Example……

Let’s have One…….

Demographic Segmentation

Thought

divides the market into groups based on variables such as age, gender, family size, family life cycle, income, occupation, education,

Demographic Segmentation

Example.....

Let's Have One.....

Psychographic Segmentation

Thought

divides a market into different segments based on social class, lifestyle, or personality characteristics.

Psychographic Segmentation

Example.....

Let’s Have One.....

Behavioral Segmentation

Thought

divides buyers into groups based on their knowledge, attitudes, uses, or responses to a product

Occasions

Benefits sought

User status

Usage rate

Loyalty status

Behavioral Segmentation

Example…..

Let's Have One…..

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Behavioral Segmentation

Example…..

Let's Have One…..

Segmenting Business Markets

Thought

Consumer and business marketers use many of the same variables to segment their markets.

Additional variables include:

- Customer operating characteristics
- Purchasing approaches
- Situational factors
- Personal characteristics

Segmenting International Markets

Thought

1. Geographic Location
2. Economic Factors
3. Political Factors
4. Cultural Factors

Requirements for Effective Segmentation

1. Measurable
2. Accessible
3. Substantial
4. Differentiable
5. Actionable

Market Targeting

is the process of evaluating market segments and selecting one or more to serve.

Target Market

is a set of buyers who share common needs or characteristics that the company decides to serve.

What to Consider Before Targeting?

1. Segment size and growth
2. Segment structural attractiveness
3. Organizational objectives and resources

Target Marketing Strategies

1. Undifferentiated/Mass Marketing

2. Differentiated/ Segmented Marketing
3. Concentrated/ Niche Marketing
4. Micro Marketing

Target Marketing Strategies

1. **Undifferentiated/Mass Marketing**
2. **Differentiated/ Segmented Marketing**
3. **Concentrated/ Niche Marketing**
4. **Micro Marketing**

Undifferentiated/Mass Marketing

Thought

Undifferentiated marketing targets the whole market with one offer and focuses on common needs rather than what's different.

Differentiated/Segmented Marketing

Thought

targets several different market segments and designs separate offers for each and its goal is to achieve higher sales and stronger position. This is more expensive than

Concentrated/Niche Marketing

Thought

A market-coverage strategy in which a firm goes after a large share of one or a few segments or niches.

Micro Marketing

Thought

Tailoring products and marketing programs to the needs and wants of specific individuals and local customer segments; it includes local marketing and individual

Local Marketing

Thought

Tailoring brands and marketing to the needs and wants of local customer segments—cities, neighborhoods, and even specific stores.

Individual Marketing

Thought

Tailoring products and marketing programs to the needs and preferences of individual customers.

Target Marketing Strategies

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Individual Marketing

Thought

Tailoring products and marketing programs to the needs and preferences of individual customers.

Product Position

is the way the product is defined by consumers on important attributes—the place the product occupies in consumers' minds relative to competing

Competitive Advantag

is an advantage over competitors gained by offering consumers greater value, either through lower prices or by providing more benefits that justify higher prices.

Choosing a Differentiation and Positioning Strategy

Options:

1. Product differentiation
2. Service differentiation
3. Channel differentiation
4. People differentiation
5. Image differentiation

Differences Must be…….

Important

Distinctive

Superior

Communicable

Preemptive

Affordable

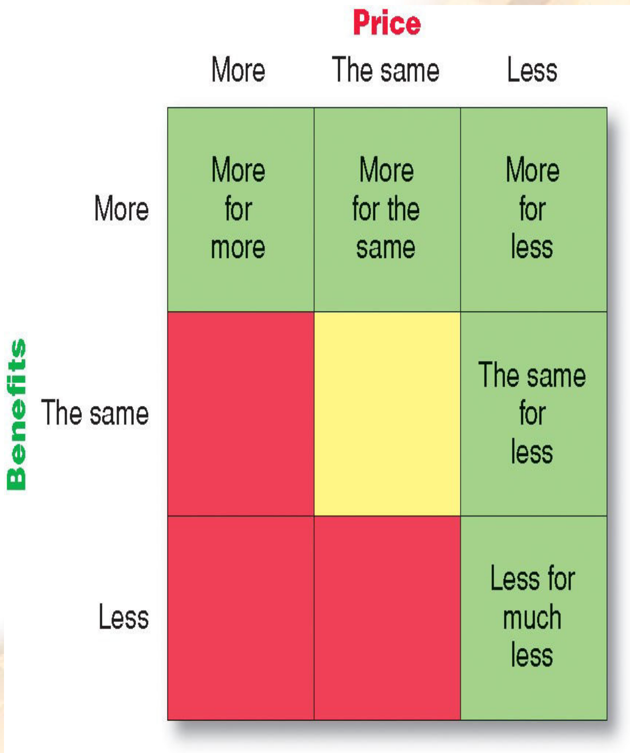
Profitable

Differentiation and Positioning

Value proposition

is the full mix of benefits upon which a brand is positioned.

Value proposition



Differentiation and Positioning

Value proposition

is the full mix of benefits upon which a brand is positioned.

Product, Brands & Services

What is a Product?

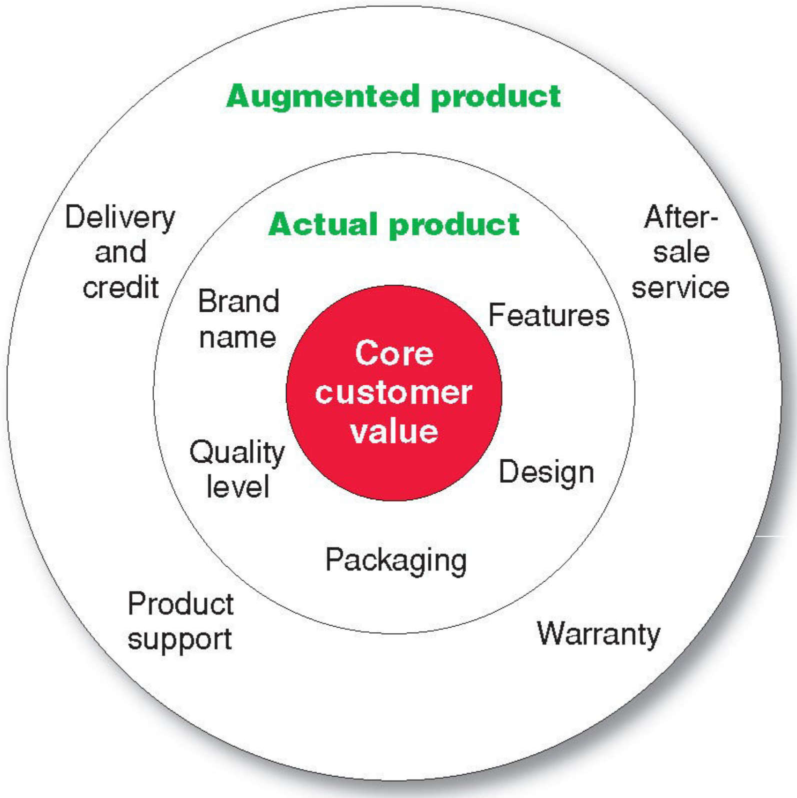
A Product is anything that can be offered in a market for attention, acquisition, use, or consumption that might satisfy a need or want.

Product, Brands & Services

Experiences…..

what buying the product or service will do for the customer.

Levels of Products



Product, Brands & Services

Product Types…

1. **Consumer Products**

2. **Industrial Products**

Consumer Products

Products and services for personal consumption.

Classification of Consumer Products

1. **Convenience products**
2. **Shopping products**
3. **Specialty products**
4. **Unsought products**

Consumer Products

Convenience products are consumer products and services that the customer usually buys frequently, immediately, and with a minimum comparison and buying effort.

- Newspapers
- Candy

Consumer Products

Shopping products are consumer products and services that the customer compares carefully on suitability, quality, price, and style

- Furniture
- Cars
- Appliances

Consumer Products

Specialty products are consumer products and services with unique characteristics or brand identification for which a significant group of buyers is willing to make a special purchase effort.

Medical services
Designer clothes
High-end electronics

Consumer Products

Unsought products are consumer products that the consumer does not know about or knows about but does not normally think of buying.

- Life insurance
- Funeral services
- Blood donations

Consumer Products

Marketing Considerations	Type of Consumer Product: Convenience	Shopping	Specialty	Unsought
Customer buying behavior	Frequent purchase; little planning, little comparison or shopping effort; low customer involvement	Less frequent purchase; much planning and shopping effort; comparison of brands on price, quality, and style	Strong brand preference and loyalty; special purchase effort; little comparison of brands; low price sensitivity	Little product awareness or knowledge (or, if aware, little or even negative interest)
Price	Low price	Higher price	High price	Varies
Distribution	Widespread distribution; convenient locations	Selective distribution in fewer outlets	Exclusive distribution in only one or a few outlets per market area	Varies
Promotion	Mass promotion by the producer	Advertising and personal selling by both the producer and resellers	More carefully targeted promotion by both the producer and resellers	Aggressive advertising and personal selling by the producer and resellers
Examples	Toothpaste, magazines, and laundry detergent	Major appliances, televisions, furniture, and clothing	Luxury goods, such as Rolex watches or fine crystal	Life insurance and Red Cross blood donations

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Product, Brands & Services

Product Types…

1. Consumer Products
2. **Industrial Products**

Industrial Products

Products purchased for further processing or for use in conducting a business.

Classification of Industrial Products

1. **Capital items**
2. **Materials and parts**
3. **Supplies and services**

Industrial Products

Capital items are industrial products that aid in the buyer's production or operations.

Industrial Products

Materials and parts include raw materials and manufactured materials and parts usually sold directly to industrial users.

Industrial Products

Supplies and services include operating supplies, repair and maintenance items, and business services.

Product, Brands & Services

What is a Product?

A Product is anything that can be offered in a market for attention, acquisition, use, or consumption that might satisfy a need or want.

Special Concepts……..

1. Organization Marketing
2. Person Marketing
3. Place Marketing
4. Social Marketing

Organization Marketing

Consists of activities undertaken to create, maintain, or change attitudes and behavior of target consumers toward an organization.

Person Marketing

Consists of activities undertaken to create, maintain, or change attitudes and behavior of target consumers toward particular people.

Place Marketing

Consists of activities undertaken to create, maintain, or change attitudes and behavior of target consumers toward particular places.

Social Marketing

The use of commercial marketing concepts and tools in programs designed to influence individuals' behavior to improve their well-being and that of society……….

Individual Product Decisions

1. Product Attributes
2. Branding
3. Packaging
4. Labeling
5. Support Services

Individual Product Decisions

Product attributes are the benefits of the product or service.

- **Quality**
- **Features**
- **Style and design**

Individual Product Decisions

1. **Product Attributes**
2. **Branding**
3. **Packaging**
4. **Labeling**
5. **Support Services**

Individual Product Decisions

Brand is the name, term, sign, or design—or a combination of these—that identifies the maker or seller of a product or service.

Individual Product Decisions

Packaging involves designing and producing the container or wrapper for a product.

Individual Product Decisions

Labels identify the product or brand, describe attributes, and provide promotion.

Individual Product Decisions

Support Services generally include after sale services, warranties etc.......

Product Line Decisions

Product line

is a group of products that are closely related because they function in a similar manner, are sold to the same customer groups, are marketed through the same types of outlets, or fall within given price ranges.

Product Line Decisions

Product line length

is the number of items in the product line:

Line stretching
Line filling

Product Mix Decisions

Product mix

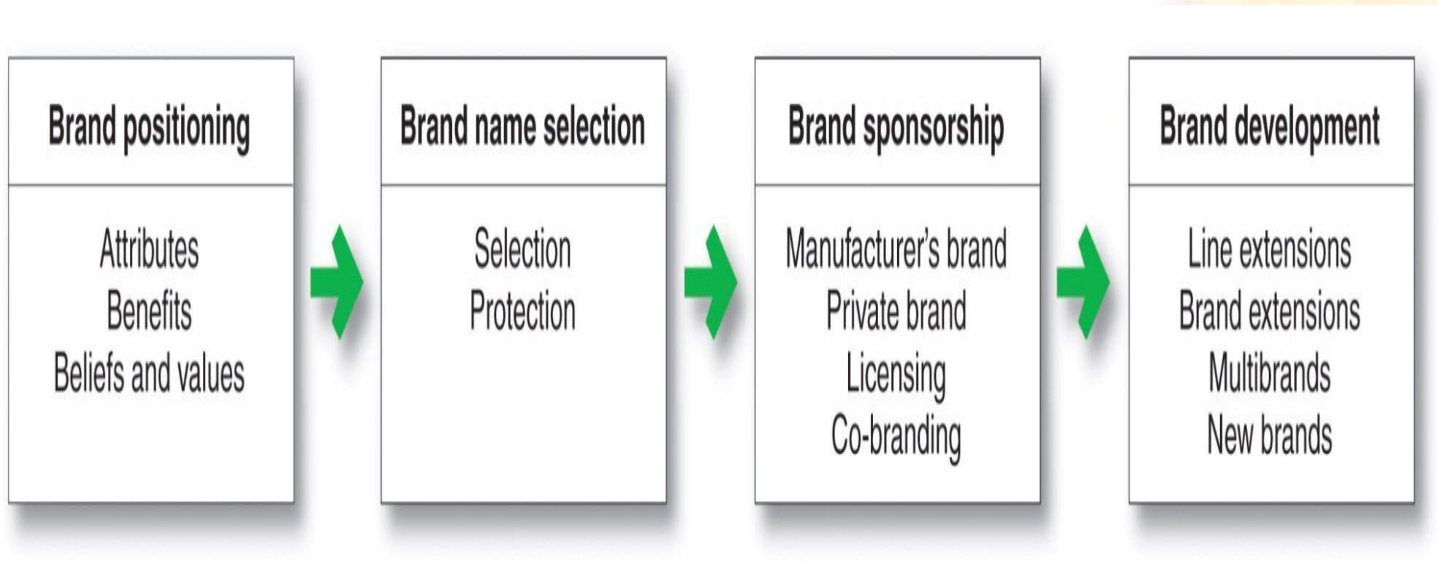
Consists of all the products and items that a particular seller offers for sale

- **Width**
- **Length**
- **Depth**
- **Consistency**

Brand & Branding

- Brand represents the consumer's perceptions and feelings about a product and its performance.
- It is the organization's promise to deliver a specific set of features, benefits, services, and experiences consistently to the buyers…….

Brand & Branding



Brand & Branding

Brand Positioning

Marketers can position brands at any of three levels.

- **Attributes**
- **Benefits**
- **Beliefs and values**

Brand & Branding

- Brand represents the consumer's perceptions and feelings about a product and its performance.
- It is the organization's promise to deliver a specific set of features, benefits, services, and experiences consistently to the buyers…….

Brand & Branding

Brand Name Selection

Desirable qualities

1. **Suggest benefits and qualities**
2. **Easy to pronounce, recognize, and remember**
3. **Distinctive**
4. **Extendable**
5. **Translatable for the global economy**
6. **Capable of registration and legal protection**

Brand & Branding

- Brand represents the consumer's perceptions and feelings about a product and its performance.
- It is the organization's promise to deliver a specific set of features, benefits, services, and experiences consistently to the buyers…….

Brand & Branding

Brand Sponsorship

- Manufacturer's brand
- Private brand
- Licensed brand
- Co-brand

Brand & Branding

- Brand represents the consumer's perceptions and feelings about a product and its performance.

- It is the organization's promise to deliver a specific set of features, benefits, services, and experiences consistently to the buyers…….

Brand & Branding

Brand Development Strategies

?

Brand & Branding

Brand Development Strategies

Brand name	Product category: Existing	Product category: New
Existing	Line extension	Brand extension
New	Multibrands	New brands

Services Marketing

What is a Service?

Service is an intangible and invisible product which results into value/benefit and has value in exchange…….Such as Transportation, health, education etc.

Services Marketing

Characteristics of a Service

Intangibility

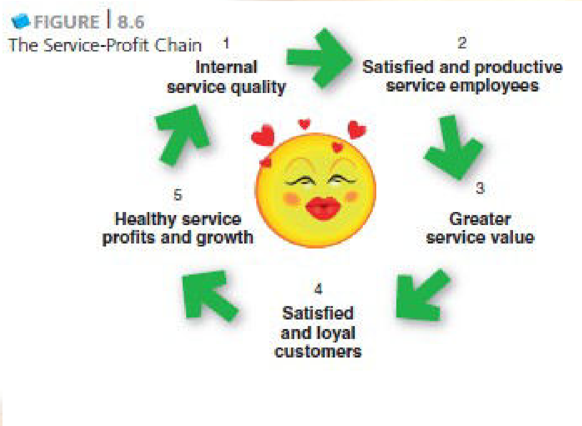
Variability

Inseparability

Perishability

Services Marketing

Service Profit Chain



Services Marketing

Price And Pricing

What is a Price?

Price is the amount of money charged for a product or service.

It is the sum of all the values that consumers give up in order to gain the benefits of having or using a product or service.

Price And Pricing

What is a Price?

Price is the only element in the marketing mix that produces revenue; all other elements represent costs……….

Price And Pricing

What is a Pricing?

The process of determining and setting price of a product…………..

Price And Pricing

What to consider for Pricing?

- ✓ **Price Ceiling**
- ✓ **Price Floor**

Price And Pricing

Factors Affecting Pricing

- ✓ Overall Marketing Strategy
- ✓ Type of Demand
- ✓ Type of Market

Factors Affecting Pricing

- Economic Conditions
- Government
- Social Concerns

Price And Pricing

What are different pricing methods?

Major Pricing Methods

- ✓ **Value Based Pricing**
- ✓ **Cost Based Pricing**
- ✓ **Competition Based Pricing**

Price And Pricing

Value Based Pricing

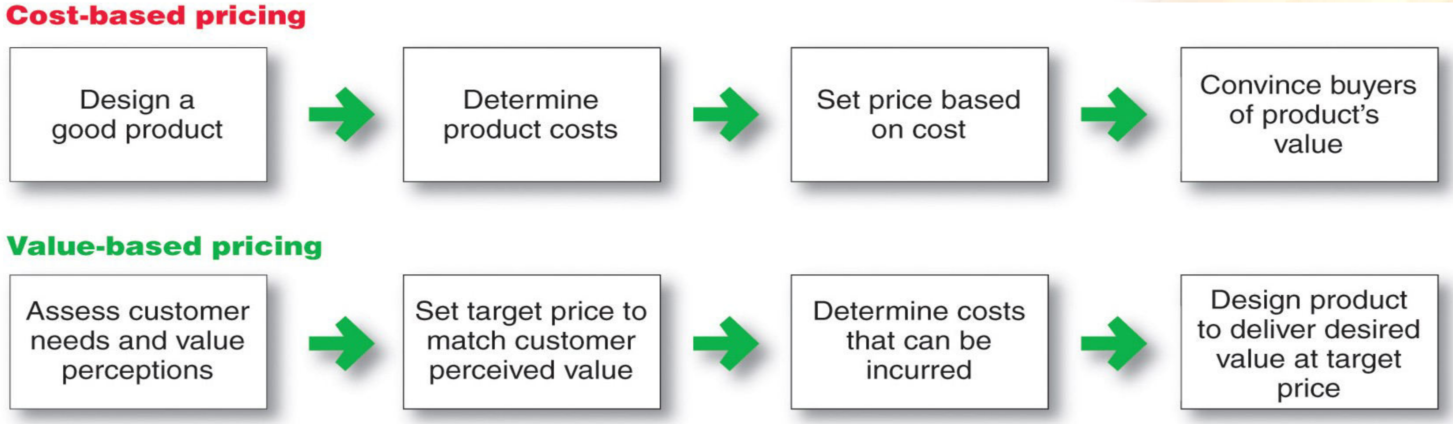
uses the buyers' perceptions of value, not the sellers' cost, as the key to pricing.

Price is considered before the marketing

Price And Pricing

Cost Based Pricing

sets prices based on the costs for producing, distributing, and selling the product plus a fair rate of return for effort and risk.



Price And Pricing

Competition Based Pricing

is setting prices based on competitors' strategies, costs, prices, and market offerings.

Special Pricing Concepts

- **Good-value Pricing**
- **Everyday low Pricing**
- **High-low Pricing**

Price And Pricing

What are different pricing strategies?

Pricing Strategies

- New-Product Pricing Strategies
- Product Mix Pricing Strategies
- Price Adjustment Strategies
- Price Changes

New-Product Pricing Strategies

- ✓ **Market-skimming pricing**
- ✓ **Market-penetration pricing**

New-Product Pricing Strategies

Market-skimming pricing
strategy sets high initial prices to “skim” revenue layers from the market.

- ✓ Product quality and image must support the price.
- ✓ Buyers must want the product at the price.

New-Product Pricing Strategies

Market- penetration pricing

involves setting a low price for a new product in order to attract a large number of buyers and a large market share.

Product Mix Pricing Strategies

- **Product line pricing**
- **Optional-product pricing**
- **Captive- product pricing**
- **By-product pricing**
- **Product bundle pricing**

Product Mix Pricing Strategies

Product Line Pricing

takes into account the cost differences between products in the line, customer evaluation of their features, and competitors' prices.

Product Mix Pricing Strategies

Optional- product pricing

takes into account optional or accessory products along with the main product.

Product Mix Pricing Strategies

Captive- product pricing

sets prices of products that must be used along with the main product.

Product Mix Pricing Strategies

By-product pricing

refers to products with little or no value produced as a result of the main product. Producers will seek little or no profit other than the cost to cover storage and delivery.

Product Mix Pricing Strategies

Product bundle pricing

combines several products at a reduced price.

Price Adjustment Strategies

- **Discount and allowance pricing**
- **Segmented pricing**
- **Psychological pricing**
- **Promotional pricing**

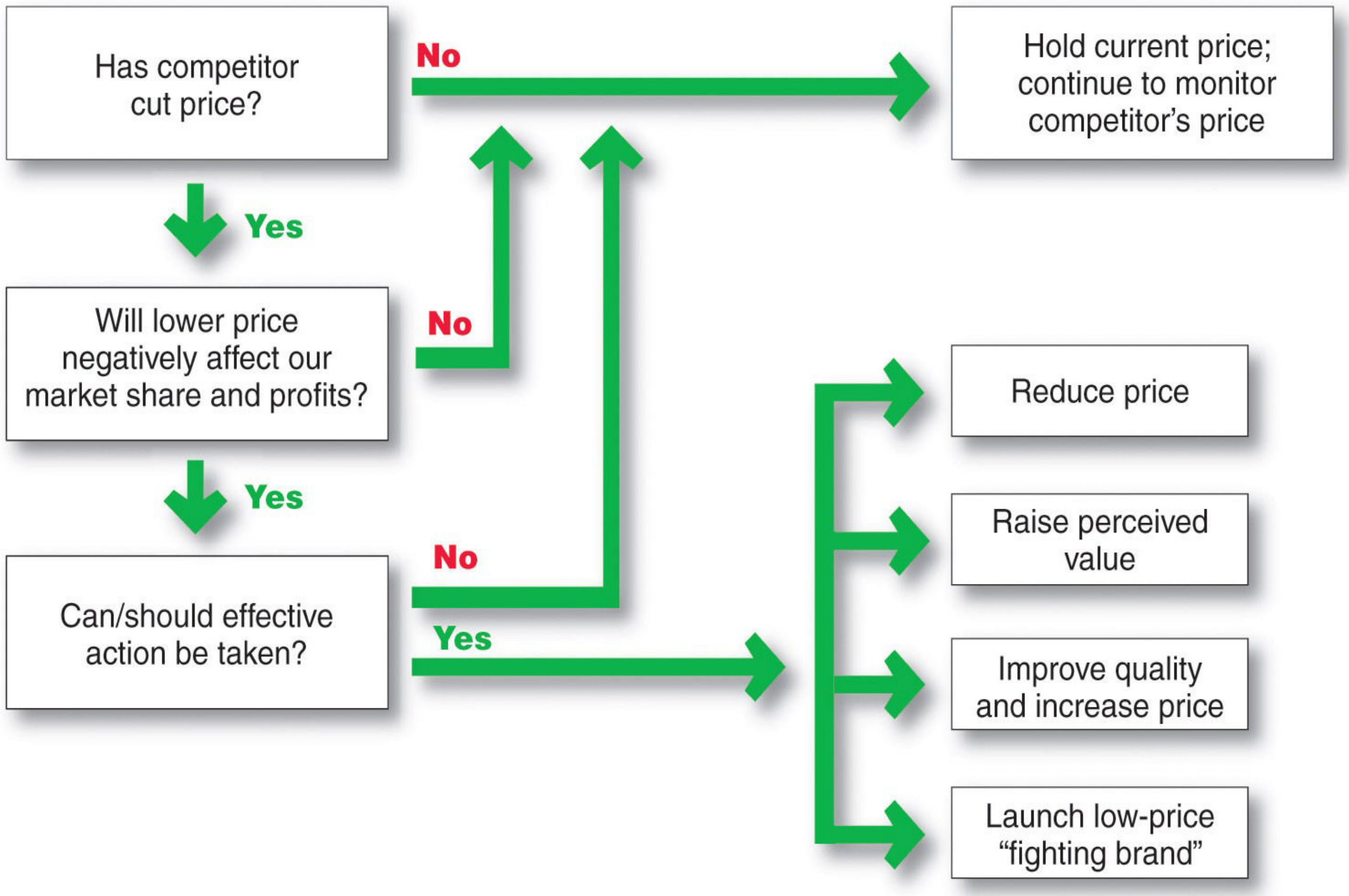
Price Adjustment Strategies

- Geographic pricing
- Dynamic pricing
- International pricing

Price Changes

- **Price cuts**
  - Excess capacity
  - Increased market share
- **Price increases**
  - Cost inflation
  - Increased demand
  - Lack of supply

Price Changes



Promotion/Marketing Communication

What is promotion?

- ✓ **Activity that supports or encourages a cause, venture, or aim.**
- ✓ **The publicizing of a product, organization, or venture so as to increase sales or public awareness.**

What is Promotion?

Promotion refers to any type of marketing communication used to inform or persuade target audiences of the relative merits of a product, service, brand or issue.

Promotion/Marketing Communication

What is Promotion?

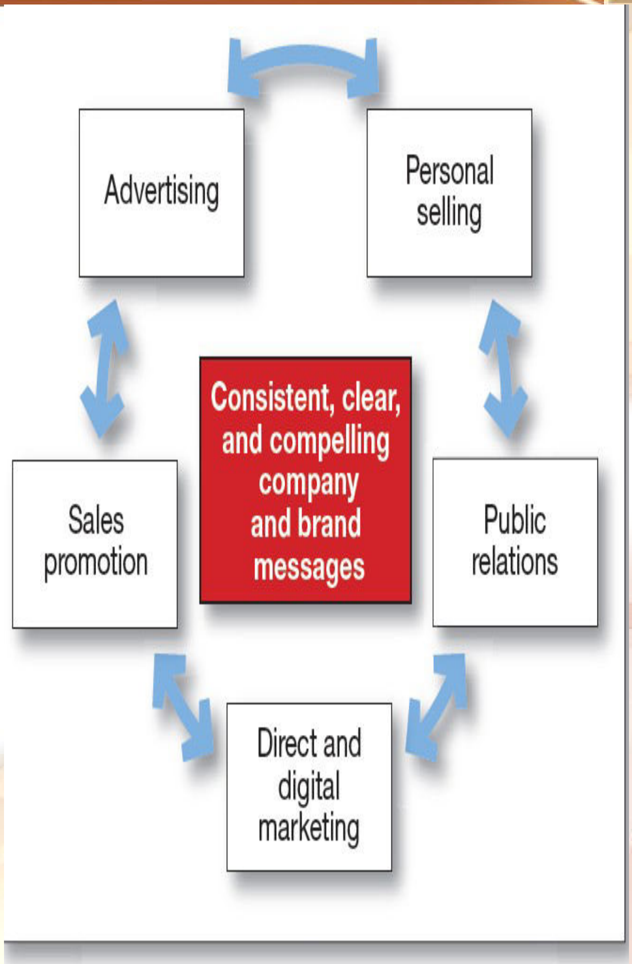
The aim of **promotion** is to increase awareness, create interest, generate sales or create brand loyalty.

Promotion Mix/Marketing Communication Mix

What is Promotion Mix?

The promotion mix is the specific blend of advertising, public relations, personal selling, and direct-marketing tools that the company uses to persuasively communicate customer value and build customer

Promotion Mix/Marketing Communication Mix



Advertising

- Advertising is any paid form of nonpersonal presentation and promotion of ideas, goods, or services by an identified sponsor.

- Broadcast
- Print
- Online
- Mobile

Sales promotion

- Sales promotion is a short-term incentive to encourage the purchase or sale of a product or service.

- Discounts
- Coupons

Personal Selling

- Personal selling is the personal interaction by the firm's sales force for the purpose of engaging customers, making sales, and building customer

Public relations

- Public relations involves building good relations with the company's various publics by obtaining favorable publicity, building up a good corporate image, and handling or

Direct and Digital Marketing

- Direct and digital marketing involves engaging directly with carefully targeted individual consumers and customer communities to both obtain an immediate

Content Marketing

- Creating, inspiring, and sharing brand messages and conversations with and among consumers across a fluid mix of paid, owned, earned, and shared channels.

Integrated marketing communications

- IMC involves carefully integrating and coordinating the company's many communications channels to deliver a clear, consistent, and compelling message about the organization and its products.

Steps in Developing Effective Marketing Communication

- Identify the target audience
- Determine the communicatio n objectives
- Design the message
- Choose the media
- Select the message

Steps in Developing Effective Marketing Communication

- What will be said
- How it will be said
- When it will be said
- Where it will be said
- Who will say it

Steps in Developing Effective Marketing Communication

AIDA Model

- Get Attention
- Hold Interest
- Arouse Desire
- Obtain Action

Steps in Developing Effective Marketing Communication

Message content is an appeal or theme that will produce the desired response:

- ✓ **Rational appeal**
- ✓ **Emotional appeal**

Steps in Developing Effective Marketing Communication

Rational appeal

relates to the audience's self-interest………

Emotional appeal is an attempt to stir up positive or negative emotions to motivate a purchase……

Moral appeal is directed at the audience's sense of what is right and proper…….

Media

- The main means of mass communication (broadcasting, publishing, and the Internet) regarded collectively.

- Plural form of medium.

Media

- The term media, which is the plural of medium, refers to the communication channels through which we disseminate news, music, movies, education, promotional messages and other data

Types of Media

Personal such as Face to face
Phone
Mail
E-mail
Internet chat

Vs

Non Personal such as

TV
Radio
Magzine
Billboard
Etc.

Media

- ✓ **The term media, which is the plural of medium, refers to the communication channels through which we disseminate news, music, movies, education, promotional messages and other data**

Setting the Total Promotion Budget

- Affordable budget method
- Percentage-of-sales method
- Objective-and-task method
- Competitive-parity method

Affordable Budget Method

- Affordable budget method sets the budget at an affordable level
- Ignores the effects of promotion on sales

Percentage-of-sales Method

- **Percentage-of-sales method sets the budget at a certain percentage of current or forecasted sales or unit sales price**
- **Easy to use and helps management think about the relationship between promotion, selling price, and profit per unit**
- **Wrongly views sales**

Objective-and-task Method

Objective-and-task method sets the budget based on what the firm wants to accomplish with promotion and includes:

- Defining promotion objectives
- Determining tasks to achieve the objectives
- Estimating costs

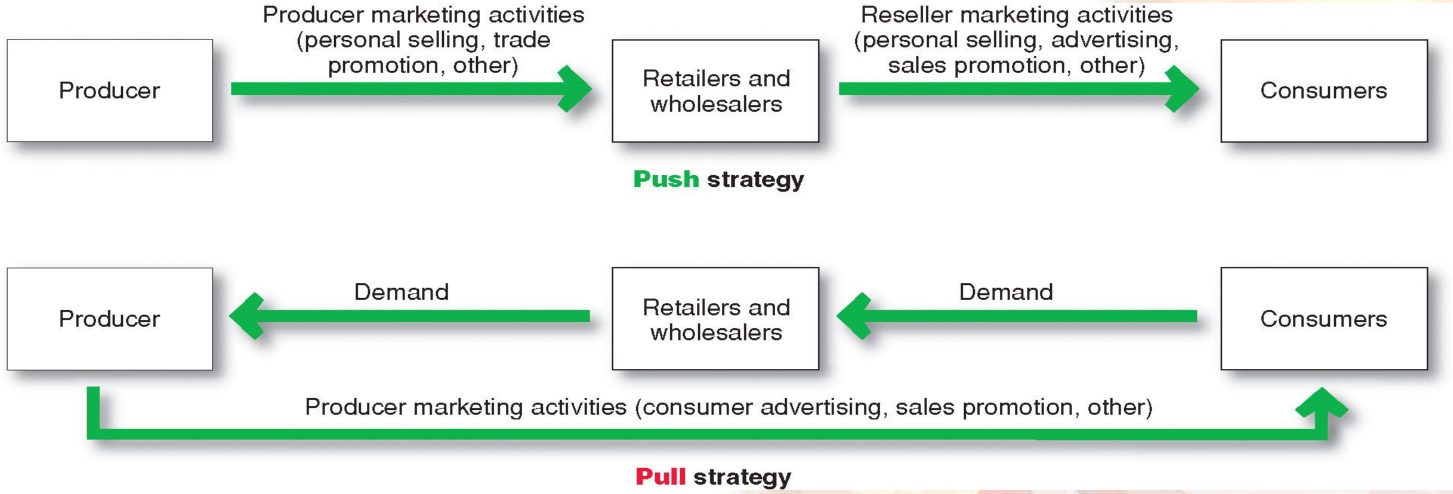
Competitive-parity Method

- Competitive-parity method sets the budget to match competitor outlays
- Represents industry standards
- Avoids promotion wars

Promotion Mix Strategies

- Push Strategy
- Pull Strategy

Promotion Mix Strategies



Final Words on Promotion…..

- ✓ **1. Identify customer touch points**
- ✓ **2. Analyze trends—internal and external**
- ✓ **3. Audit the pockets of communication spending throughout the organization**
- ✓ **4. Team up in communications planning**
- ✓ **5. Create compatible themes, tones, and quality across all communications media**
- ✓ **6. Create performance measures that are shared by all communications elements**
- ✓ **7. Appoint a director responsible for the company’s persuasive communications efforts**

Socially Responsible Marketing Communication

- Communicate openly and honestly with consumers and resellers
- Avoid deceptive or false advertising
- Avoid bait-and-switch advertising
- Conform to all federal, state, and local regulations

Socially Responsible Marketing Communication

- Follow rules of “fair competition”
- Do not offer bribes
- Do not attempt to obtain competitors’ trade secrets
- Do not disparage competitors or their products

Place/Placement/Distribution

What is Place?

- ✓ **Marketing function which deals in making products (Goods/ Services) available for purchase and use of the target market.**

Place/Placement/Distribution

What is Place?

Place includes the use of different channels/intermediaries of distribution to make available products for customers such as wholesalers and retailers.

Place/Placement/Distribution

What is Placement?

The aim of **placement** is to promote products, connect buyers with producers and physically distribute products.

Place/Placement/Distribution

Value Delivery Network

Value delivery network is the firm's suppliers, distributors, and ultimately customers who partner with each other to improve the performance of the entire system.

Place/Placement/Distribution

Upstream Partners

Upstream partners include raw material suppliers, components, parts, information, finances, and expertise to create a product or service.

Place/Placement/Distribution

Downstream Partners

Downstream partners include the marketing channels or distribution channels that look toward the customer.

Place/Placement/Distribution

Intermediaries

Offer producers greater efficiency in making goods available to target markets. Through their contacts, experience, specialization, and scale of operations, intermediaries usually offer the firm more than it can achieve on its

How Channel Members Add Value?

First............

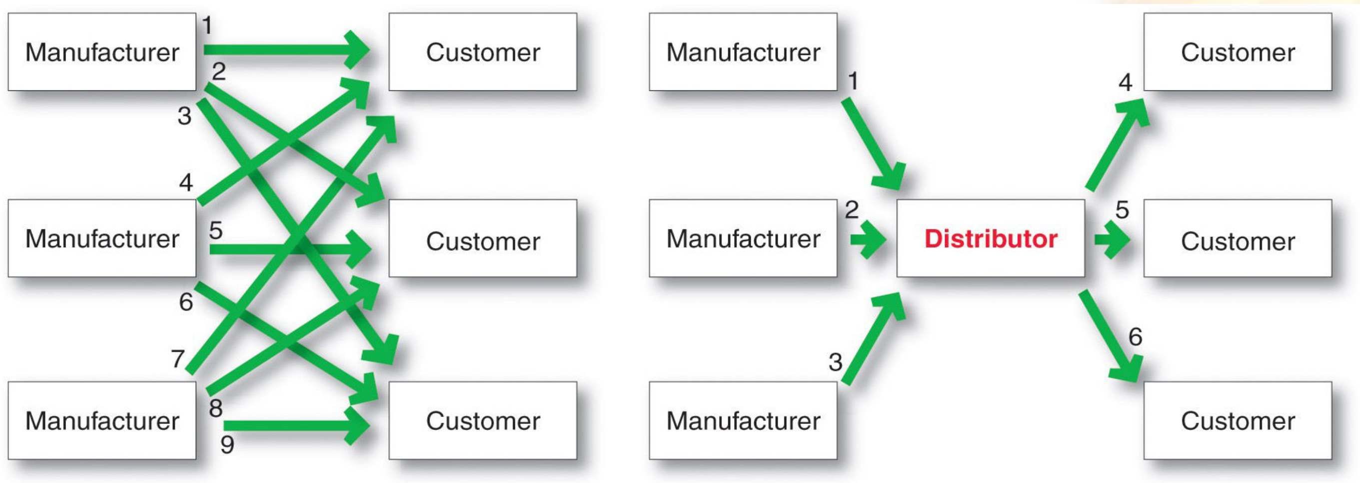
From an economic view, intermediaries transform the assortment of products into assortments wanted by consumers.

How Channel Members Add Value?

Second..........

Channel members add value by bridging the major time, place, and possession gaps that separate goods and services from those who would use them.

How Channel Members Add Value?



A. Number of contacts without a distributor
$M \times C = 3 \times 3 = 9$

B. Number of contacts with a distributor
$M + C = 3 + 3 = 6$

How Channel Members Add Value?

- **Information**
- **Promotion**
- **Contact**
- **Matching**

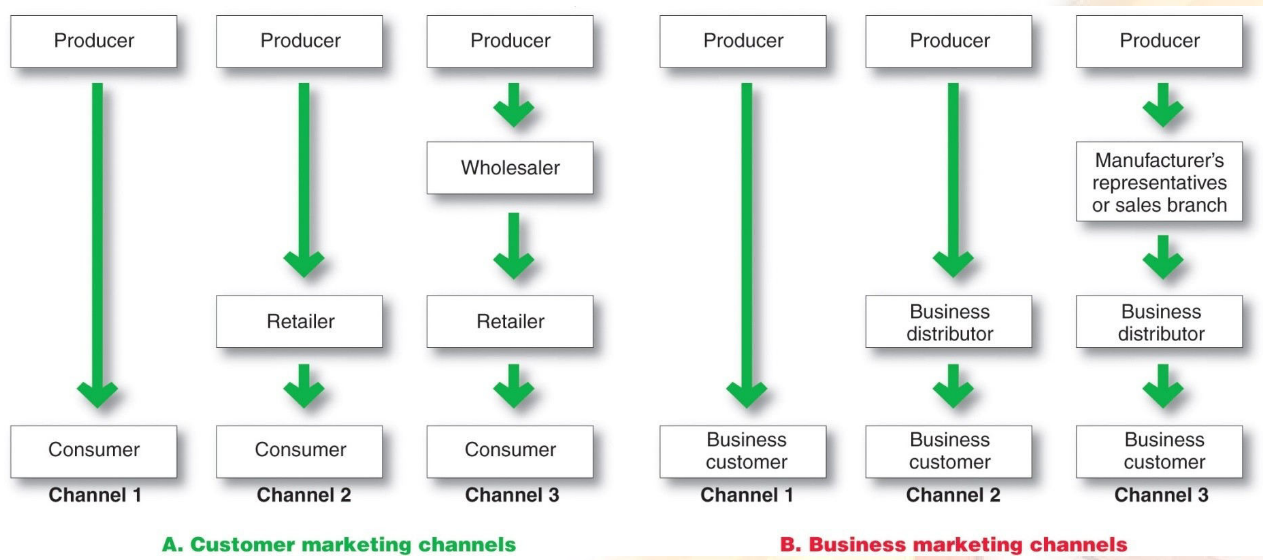
How Channel Members Add Value?

- **Negotiation**
- **Physical distribution**
- **Financing**
- **Risk taking**

Place/Placement/Distribution

- Physical flow of products
- Flow of ownership
- Payment flow
- Information flow
- Promotion flow

Number of Channel Levels



Place/Placement/Distribution

- **Marketing channel** consists of firms that have partnered for their common good with each member playing a specialized role.

Place/Placement/Distribution

- **Conventional distribution** systems consist of one or more independent producers, wholesalers, and retailers. Each seeks to maximize its own profits, and there is little control over the other members and no formal means for assigning roles and resolving conflict.

Place/Placement/Distribution

- **Vertical marketing systems (VMSs)** provide channel leadership and consist of producers, wholesalers, and retailers acting as a unified system and consist of:
- Corporate marketing systems
- Contractual marketing systems
- Administered marketing systems

Place/Placement/Distribution

- **Corporate vertical marketing system** integrates successive stages of production and distribution under single ownership.

Place/Placement/Distribution

- **Direct and digital marketing involves engaging directly with carefully targeted individual consumers and customer communities to both obtain an immediate**

Place/Placement/Distribution

- **Contractual vertical marketing system** consists of independent firms at different levels of production and distribution who join together through contracts to obtain more economies or sales impact than each could achieve alone. The most common form is the franchise organization.

Place/Placement/Distribution

- **Franchise organization links several stages in the production distribution process**
- **Manufacturer-sponsored retailer franchise system**
- **Manufacturer-sponsored wholesaler franchise system**
- **Service firm-sponsored retailer franchise system**

Place/Placement/Distribution

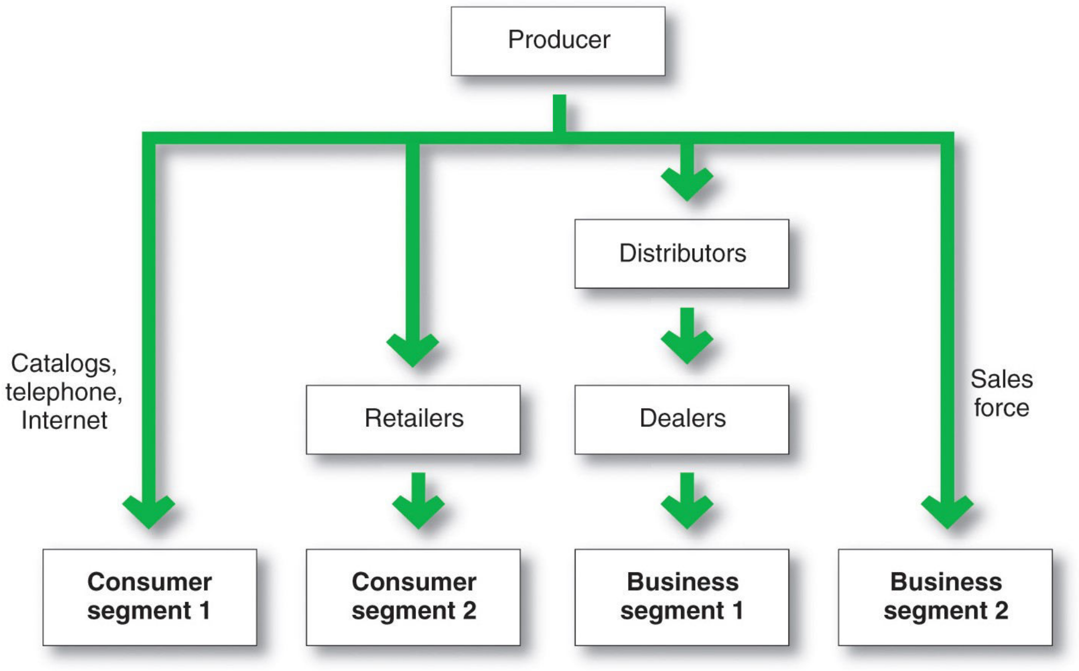
- **Administered vertical marketing system** has a few dominant channel members without common ownership. Leadership comes from size and power.

Horizontal marketing systems are when two or more companies at one level join together to follow a new marketing opportunity. Companies combine financial, production, or marketing resources to accomplish more than any one company could alone.

Place/Placement/Distribution

Multichannel Distribution systems (Hybrid marketing channels) are when a single firm sets up two or more marketing channels to reach one or more customer segments

Place/Placement/Distribution



Channel Design Decisions

- ✓ Analyzing consumer needs
- ✓ Setting channel objectives
- ✓ Identifying major channel alternatives
- ✓ Evaluation

Types of Distribution

- **Intensive distribution**
- **Exclusive distribution**
- **Selective distribution**

Intensive Distribution

- A marketing strategy under which a company sells through as many outlets as possible, so that the consumers encounter the product virtually everywhere they go: supermarkets, drug stores, gas stations, and the like. Soft drinks are generally made available through **intensive distribution**.

Exclusive Distribution

- **Distribution** is **exclusive** whe n only certain retailers are given the option of carrying a product in its store.
- **Exclusive distribution** is an agreement between a supplier and a retailer granting the retailer **exclusive** rights within a specific geographical area to carry the supplier's product.

Selective Distribution

- **Selective Distribution** is a type of **distribution** strategy that lies and operates between intensive and exclusive **distribution**.
- **Selective Distribution** involves using more than one, but lesser than all the intermediaries and **distributors** who carry the company's products on a basis of a company specific set of rules.

Channel Management Decisions

- ✓ **Selecting channel members**
- ✓ **Managing channel members**
- ✓ **Motivating channel members**
- ✓ **Evaluating channel members**

Place/Placement/Distribution

- ✓ **Exclusive distribution** is when the seller allows only certain outlets to carry its products
- ✓ **Exclusive dealing** is when the seller requires that the sellers not handle competitor's products

Place/Placement/Distribution

- **Exclusive territorial agreements** are where producer or seller limit territory
- **Tying agreements** are agreements where the dealer must take most or all of the line