







## **Programme**





- Marketing and Service Marketing: an overview
- Marketing plan
- New marketing strategies approaches: Relationship Marketing and Many-to-Many network; Experience marketing; Non-conventional marketing
- New marketing vision: Service Research from S-D logic & Service Science to service ecosystems & service systems

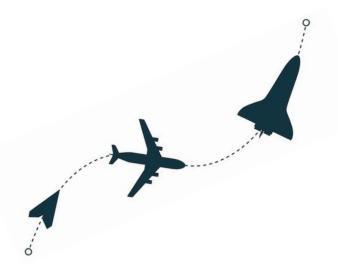
Examples
Project work



## Agenda: Lesson 2 - Pt.1



- Marketing plan: structure and aims
  - Strategic marketing
  - Operational Marketing 4Ps

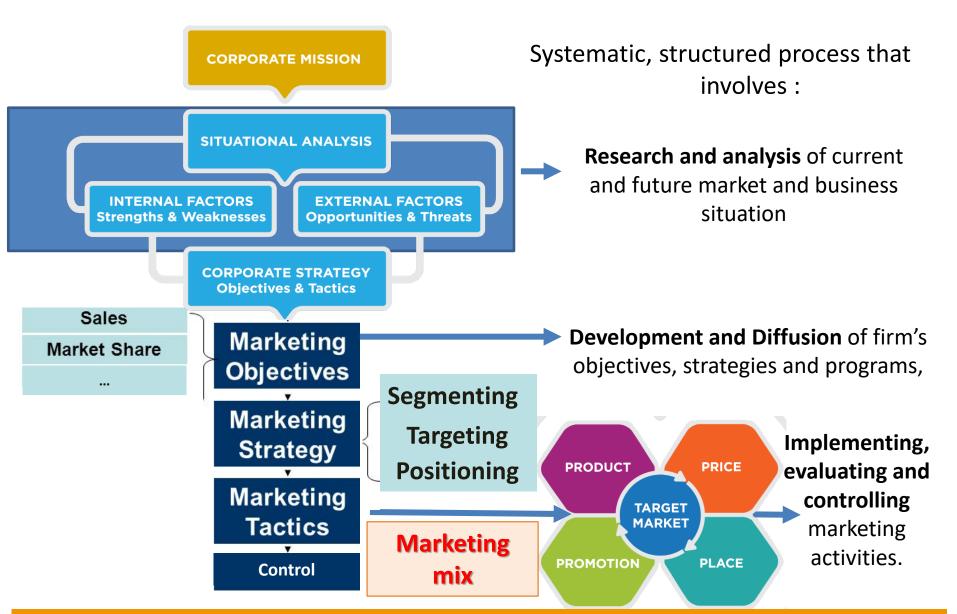




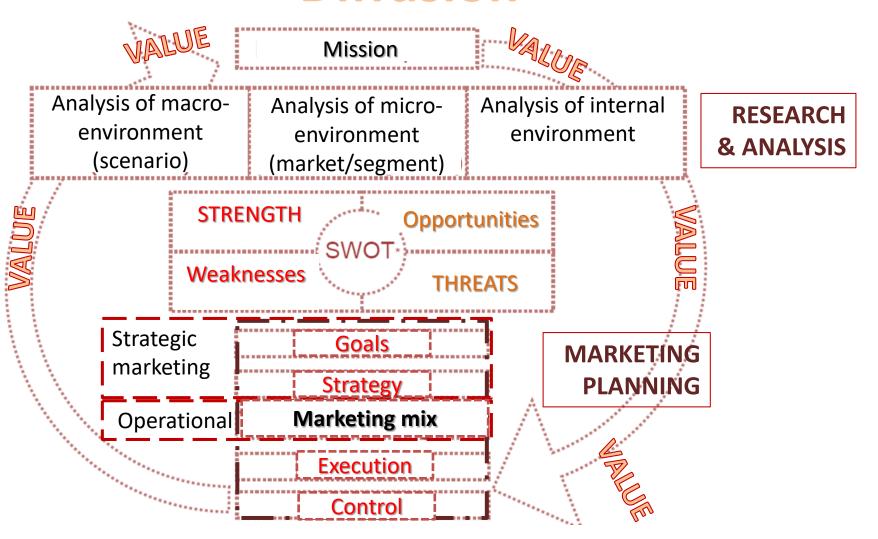
2.1

## The Marketing Plan

## **Marketing Planning**



# Marketing for Value Creation & Diffusion





A mission statement is a short description of organization's raison d'être, of its overall goal and of the objectives for the future (VISION).

# Examples of mission statements



"To be the Ultimate House of Luxury, defining style and creating desire, now and forever."

Chanel's objectives seek to maintain its legacy while successfully moving it to the future, and continuing to be at the forefront of fashion.



"To refresh the world in mind, body and spirit. To inspire moments of optimism and happiness through our brands and actions. To create value and make a difference."

The Coca Cola Company values are leadership, collaboration, integrity, accountability, passion, diversity and quality



"McDonald's brand mission is to be our customers' favourite place and way to eat and drink."



McDonald's aims to provide exceptional customer experiences by focusing on - people, products, price and prom



"Our mission is to enable people and businesses throughout the world to realize their full potential. We consider our mission statement a commitment to our customers. We deliver on that commitment by striving to create technology that is accessible to everyone—of all ages and abilities."

Microsoft's core values are integrity & honesty, passion, big challenges, accountability and self-criticism.



## **Example: PASTA Market**



#### THE MARKETING PLANNING PROCESS



Corporate Strategy: A strategy that determines the means for the use of resources in the various functional areas to reach the organization's goals.

## **SWOT Analysis**



Qualities that separate your firm from competitors

Internal resources (skills, knowledge, staff)

**Tangible assets**: intellectual-capital property, technologies



Things your company lacks

Things your competitors do better than you

**Internal Resource limitations** 

**Unclear** unique selling proposition



**Underserved markets** 

Few competitors in your area

Emerging needs for your productservice

Press/media coverage of your company



**Emerging competitors** 

Changing enviornmental conditions (law, regulation)

Changing customer's attitude toward the company (need)

Negative Press/Media coverage

## **SWOT Analysis: Example**

## **SWOT ANALYSIS**





#### STRENGHTS

- · Brand Recognition
- · High Quality Product
- Effective Marketing Strategy
- Strong R&D
- · Strong Distribution Chain



- Expansion into emerging markets (CHINA)
- · Growth in Sustainability
- Increase Demand in product Innovation
- · Growth in Female Athletes



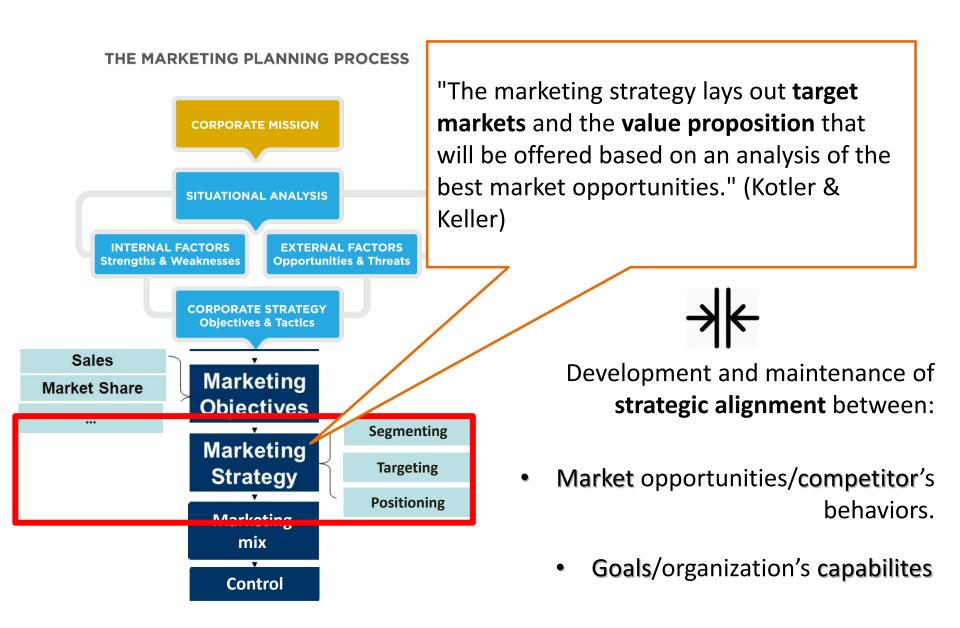
#### WEAKNESESS

- · Overseas Manufacturing Dependencies
- · Medium Retail Presence
- · High Price Compared to Competitors
- · Decreasing U.S. Market Share



#### THREATS

- · Fierce Competition Within Industry
- Revenue Reliance on Consumers Discretionary income
- Fluctuation In Currency
- Losing out on Signing Big Time Athletes



## **Strategic and Operational Marketing**

Strategic marketing

**Operational marketing** 

## **MARKETING MIX & the 4 Ps**



SEGMENTATION

Identify meaningful groups of customers

TARGETING

Select which segment(s) to serve **POSITIONING** 

Build and improve brand equity to chosen target

### **Marketing Managers**

To guide business process in the **short** and in the **long** run based on **users'** expectations and **competitor'**s actions.

PLACE

**PRODUCT** 

PROMOTION

PRICE

2.2.

## **Strategic Marketing**

## **Strategic Marketing**

Tools and techniques required for the analysis, measurement and selection of **dynamic scenario** and potential **targets** for *value proposition*.

#### **AIMS**

- 1. To decrease errors;
- To identify the targets interested in the offering (or potentially interested);
- 3. To codify strategic guidelines to create or establish/consolidate the reputation and awareness of the offering.

# STP- segmentation, targeting, positioning

- S
- 1. To identify customers' needs and expected benefits
- 2. To classify segments



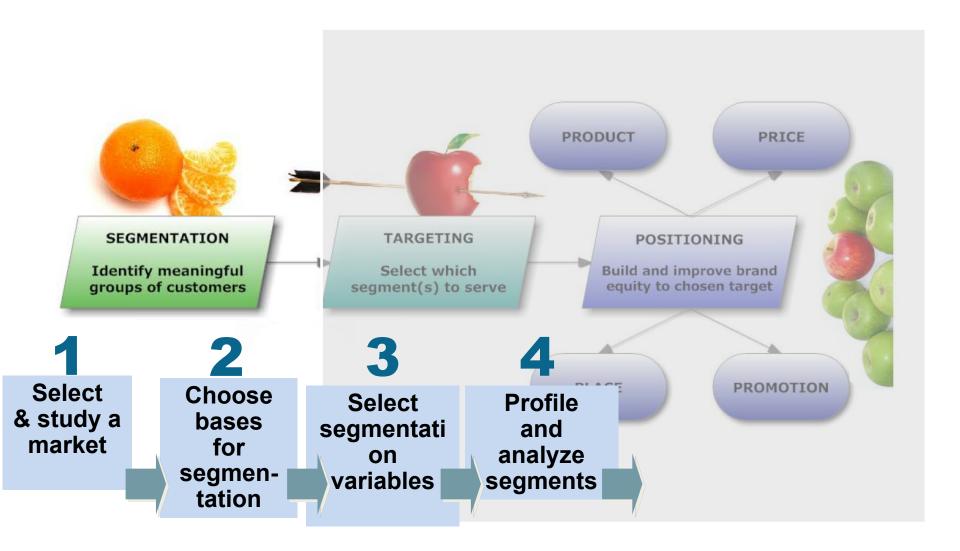
- Т
- 3. To measure segments' attractiveness, profitability, accessibility and differences
- 4. To select target segments



- P
- 5. To establish the positioning for each target
- 6. To develop a marketing mix plan for each target



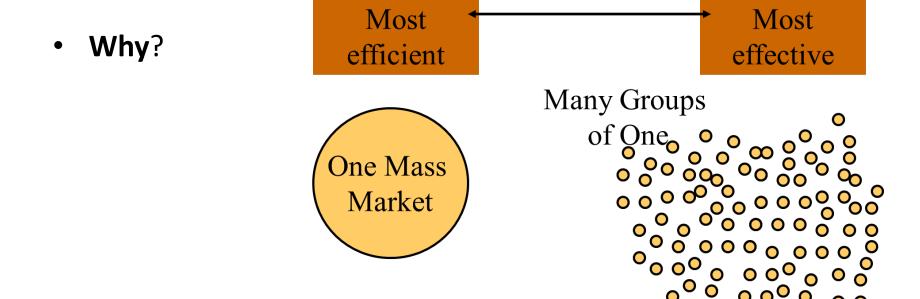
## **STP:** segmentation



S

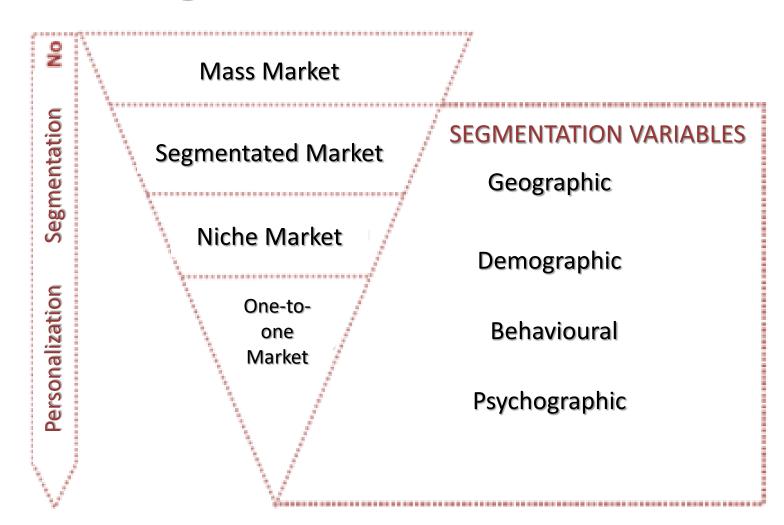
## Segmentation

 Definition: Division of the total market into smaller, relatively homogeneous groups

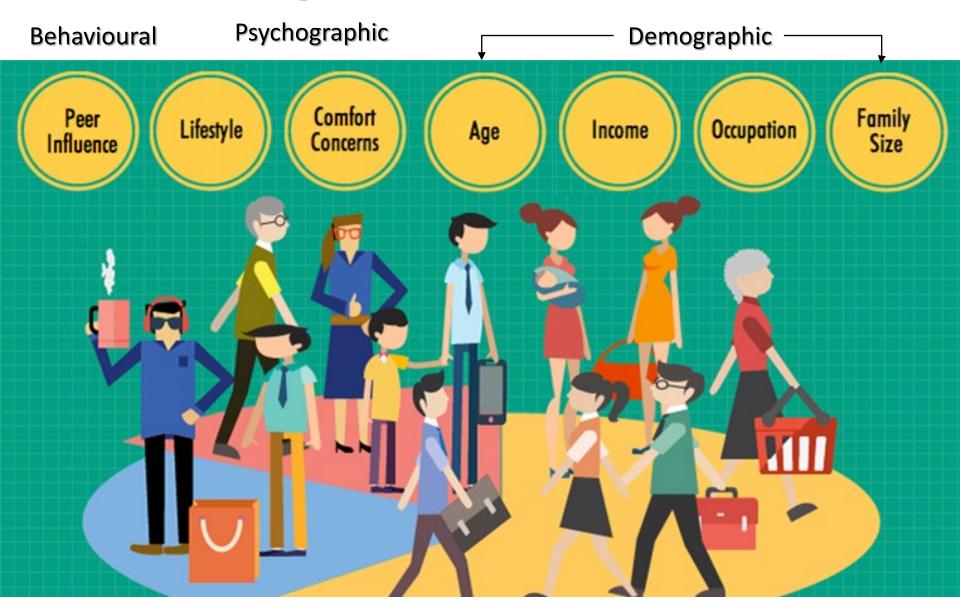


Levels: Mass, Segment, and Niche

## **Segmentation Criteria**



## **Segmentation Criteria**





## **Example: PASTA Market**

#### **TRADITIONALISTS**

- Heavy consumers
- Culture of food and meals consumption as «rituals»
- Medium interest in product quality
- High Price sensitivity

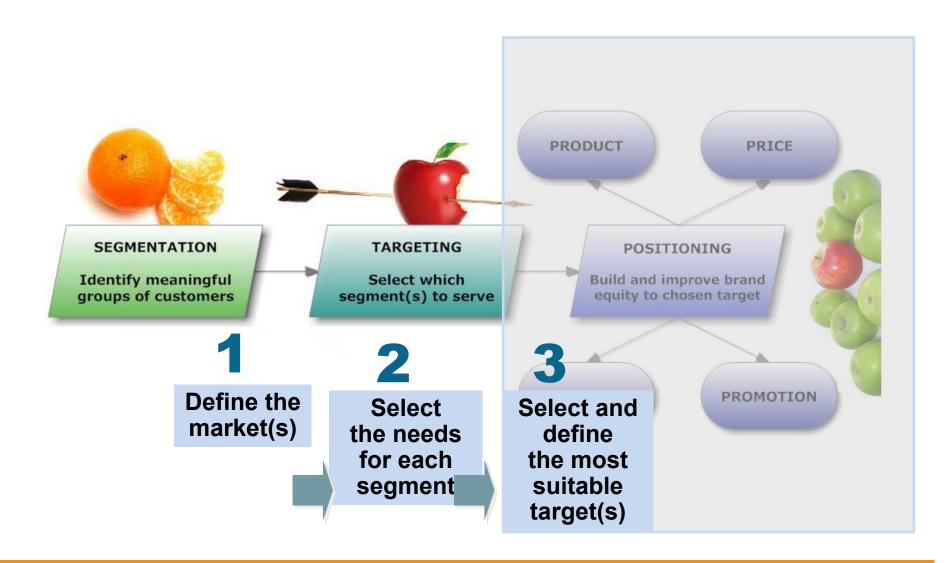
#### **POST-MODERNISTS**

- Light users
- Low familiarity with cooking and «processed» food
- Low interest in product quality
- Medium Price sensitivity

#### **HEALTHY CONSUMERS**

- Heavy consumers of organic, lactose-free and gluten-free food
- Specific requirements on organoleptic properties of products
- Low Price sensitivity

## **STP: TARGETING**



## (2)Targeting

### Selection of one or more segments

b e c o m i n g

## Targets to "deliver":

- value propositions
- offering design
- strategies and tactics



## Targeting: identification of market(s)

**RESEARCH:** how does the external <u>environment</u> look like?

**SEGMENTATIONS:** How many and which segments are in the market?

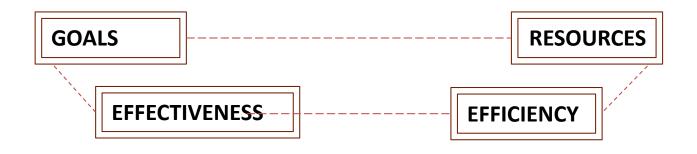
**TARGETING:** Among the different segments, with whom should firms create value?

After the analysis of external environment and after segmentation, companies use the quantitative and qualitative information obtained from data to evaluate and decide the segments/targets to whom offering can be delivered through focused marketing actions.

## Targeting as a process

Process that identifies potential markets by analyzing the marketing opportunities arising from the different segments.

This complex decision should balance:



At the end of the process, firms can choose a target market, that is the set of customers with homogeneous needs and features that companies aim at «striking»: the target.

## **Market Coverage**

Market "portion" reached through marketing activity or campaign, or, in relation to sales, through employees and salesforce (market share).

After the step of analysis, firms should assess the possible opportunities deriving from it and identify the possibility to competitive advantage

Undifferentiated marketing strategies



Differentiated marketing strategies



Concentrated marketing strategies

# Market Coverage: Different Targeting, Different Strategies

Undifferentiated (mass) marketing



Differentiated (segmented) marketing



Concentrated (niche) marketing



Micromarketing (local or individual marketing)

Targeting broadly

Targeting narrowly

## **Undifferentiated Marketing**

Target: whole market

Offering: single

Marketing plan: standard

Communication: undifferentiated

Distribution channels: Mass

**Goal:** to attract the highest possible number of customers

Pros: costs and price

Cons: high competition

### Differentiated Marketing

Target: <u>one or more</u> <u>segments</u>

Offering: differentiated for each target

Marketing plan: One for each target

Communication/
Distribution channels:
differentiated for target

**Goal:** to conquer big segments of market

**Pros:** targeted marketing

activities

Cons: high costs (multiple

offering)

## Concentrated Marketing

Target: <u>a single segment</u> <u>or a sub-section</u>

Offering: focused

Marketing plan: unique for the target selected

Communication/ Distribution channels: tailored for the target

**Goal:** to «nurture» a specific market

**Pros:** costs reduction; better knoweldge of the segment; enhancement of the image.

**Cons:** dissolution of segment or modification of tastes.

## (1) Undifferentiated marketing

The brand is too strong to identify the entire market and/or the segment in consumer's mind. The brand embodies the whole market.





# (2) Differentiated (Segmented) marketing

✓ Target several segments and design separate offers for each

Coca- Cola (Coke, Sprite, Coca Zero/ Diet, Fanta, etc)

Armani (Giorgio Armani, Emporio Armani, Armani Junior, etc)

(Aygo, Yaris, Corolla, Toyota Prius, Camry, etc)







Yaris

ala ora!

Connect











## (3) Concentrated and Niche marketing

✓ Target one or a couple of small segments with very specialized interests



### Status symbol



### **Luxury Goods**





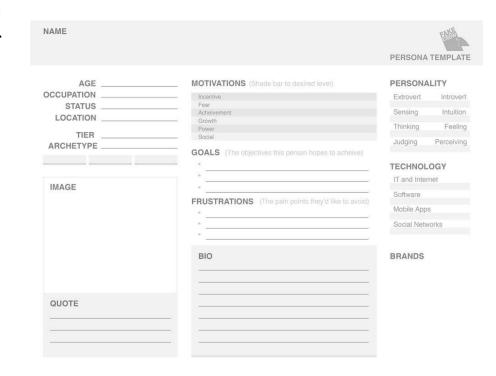
Specific needs



# Moving towards a personalized marketing with buyer personas

The buyer persona is the portrait of a user who embodies a segment of our target. It is the generalized representation of a company's ideal customer, the starting point for identifying potential customers.

Defining buyer personas is useful and makes easier to customize the content within the strategy. In fact, it is easier to develop ideas and customize messages if companies have a person with defined characteristics in mind.



# Moving towards a personalized marketing with buyer personas

Divide your target audience and decide who you want to focus on and who you want your brand or product to reach. You can have more types of buyer personas to contact.

### Step 1: to analyze

- Interviews Talking to people is the best way to get more ideas about your typical customers and inspiration for developing content in your future strategy.
- Questionnaires You can set up an online questionnaire and email it to your current customers. You will understand what motivates them the most in following you and choosing your products.

# Moving towards a personalized marketing with buyer personas

### **Step 2: to Imagine**

What are their names? What do they look like?

Try to give him a name and take an image that can identify a your typical customer. It will help you to make everything more realistic. Then identify the age, geographic location, type of job, hobbies, interests, character, family situation.

Try to find a phrase that can identify his/her personality. A very useful exercise, essential for developing your marketing campaign and targeting your messages to personalized audiences that will be more responsive to topics of interest to them.

# Moving towards a personalized marketing with buyer personas

#### **BUYER PERSONA**

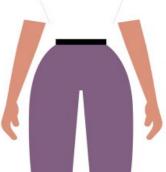
#### **PERSONAL INFO**

- Age
- Gender
- Hobbies
- Location
- Interests
- Income



#### PROFESSIONAL GOALS

- What are their career goals?
- What does success look like for them?
- What is their "endgame"?



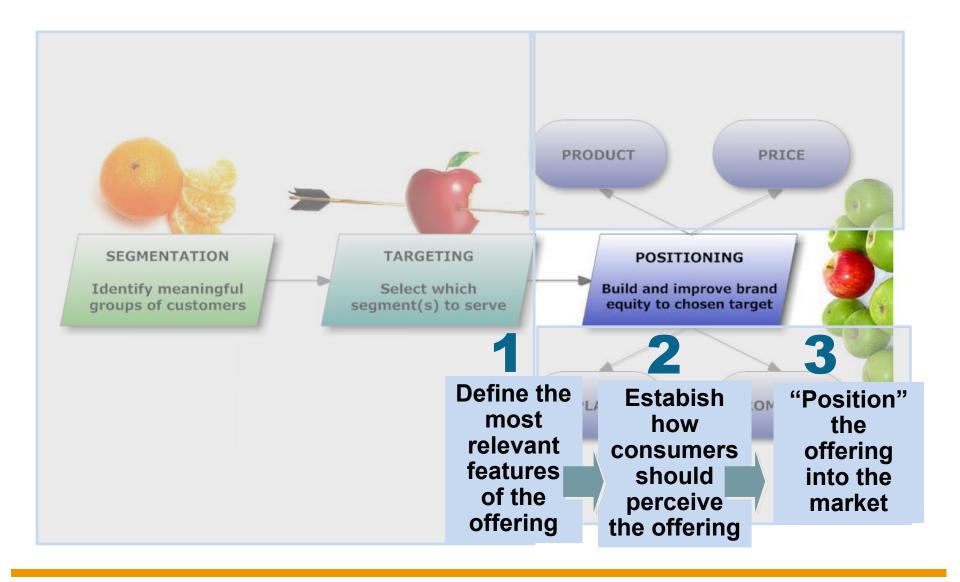
#### CHALLENGES

- What problems are they trying to solve?
- What's stopping them from achieving their goal?
- What specific pain points do they have?

#### **HOW YOU CAN HELP**

- How does your product meet their needs?
- What auestions might they ask?
- Does your language, match theirs?

# STP: (3) POSITIONING



# The definition of Positioning

"to create a product **image** in order to give the brand a favorable place, in the **evaluation** of consumers, differentiated from competitor's position» (Ries and Trout, 1991)

Positioning defines the way in which a brand or a firm are **perceived** by potential consumers as *different* from competitors



Positioning is a tool for the *analysis* employed by firms to define the optimal strategy to attain competitive advantage



### Main goals:

- Favorable perception of potential buyers;
- Brand Awareness (reputation, notoriety)

### The four elements of a Brand Positioning Statement

To (Target)

· Who is in the consumer target? What slice of the population will be the most motivated to buy what you do?

Your brand is the (Category)  Where do you play? What is the frame of reference that helps to define the space in the marketplace that you compete in?

2

That is the (Benefit)  Where do you win? What is the promise you will make to the consumer target, thinking about the main benefit (rational/emotional) you are promising to deliver?

That's because (Support Points)

 Why should they believe us? What support points help to back up the main benefit?

4

Positioning represents the position occupied by company's brand in the **consumer**'s mind, according to the perception of the latter concerning to specific reference factors and the value proposition of **competitors**.



**Aim:** to define and make perceived the tangible and intangible attributes of the product AS A FUNCTION OF RELEVANT EXPECTED BENEFITS, by DIFFERENTIATING the offer from that of the COMPETITORS, in order to create a STABLE PREFERENCE for the brand / product offered

# **Positioning: Analysis and Strategies**

Positioning involves two different moments:

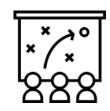
## **Analytic plan**



focus the attention on the identification of the benefits of the product perceivable by the consumer with respect to the expected benefits and assessment of the ability to satisfy them by the competitor's offering

Research for a satisfactory place for the offering and for the brand by identifying the tools (marketing policies) to occupy and defend the positioning from competitors' actions

## Strategic plan



# **Positioning Strategies**

1. Stabilization of current positioning of the product, brand or firm in consumer's mind;

2. Research and achievement of a *new positioning* based on new attributes not yet used or promoted as **new value** for consumers;

3. Repositioning in relation to competitor's offerings, that involves a process of positioning shifting from an old to a new location in potential consumer's mind

# The Repositioning

It's a change in positioning if and when market conditions change. It usually happens for two reasons:

- To counter new competitors;
- To be more responsive to consumer preferences.

The repositioning must be carried out without creating confusion in the perception of customers, adopting a specific communication strategy that is credible and consistent with the previous image.

# The Repositioning

### #CocaColaRenew



«We're an organic tea company. A premium juice company. A coconut water company. And much more»



Coca-Cola's attempt to reposition itself as a "good" product also for health, following the growing attention on the health risks associated with the consumption of sugary soft drinks.

# Positioning Analytic plan

The main activity is the identification of required benefits:

#### **Functional benefits**



Strictly connected with product's attributes; referred indirectly to the brand

Referred to product's and consumer's **value** and to brand's ability to put users in relations with the others and with their **reference group** 

#### Symbolic benefits





# **Example: Pasta Market**

# Functional benefits

- Complete nutrition
- Taste
- Digestibility



### **Symbolic Benefits**

- Health and physical well-being (weight, fitness)
- Helthy way of life
- Conviviality

# **Example: Positioning**

- Functional benefits of the brand «Nutella»:
  - Nutritional properties

- Symbolic benefits of the brand «Nutella»:
  - Emotional/hedonistic: delight for taste
  - Sentimental: childhood memories



# **Example: Positioning**

- Functional benefits of the brands «Bulgari and Cartier»:
  - Quality of raw materials (stones, emerald, metals etc.)
- Symbolic benefits of the brands «Bulgari and Cartier»:
  - Exclusivity
  - Status symbol

BVLGARI

Cartier

# **Positioning Map**

**Positioning Maps** is a tool that represents graphically the **positioning** or **perception** of each group of competing products in respect of two **specific product characteristics** 

#### **AIMS:**

 understand the perception of consumers and the existence of correspondence between consumer preferences and offer positioning



- compare the positioning of competing products
- identify any ideal free positions

# Positioning Map: car market

Display consumer's perceptions through a visual picture of how customers **HIGH PRICE** perceive their brand versus the competing products or services on relevant buying dimensions 000 **HIGH QUALITY LOW QUALITY ⊠CITROËN** TOYOTA **LOW PRICE** 

# Marketing management steps: a synthesis

- **6.** To define the positioning for each target
- **5.** To analyze the current positioning of products and competitors in customer's mind

**POSITIONING** 



- 4. To select the
  segment(s)/ target(s)
- **3.** To measure segment's attractiveness

**TARGETING** 



- 2. To profile segments
- 1. To identify the bases to segment the market

SEGMENTATION



# 2.2

# **Operational Marketing & The 4 Ps**



## **Marketing Mix**

Marketing Mix is the set of decisions concerning the kind of product (e.g. packaging), the price, the place, the communication that are the marketing variables controllable by firms, the **4 Ps**.



N.B.= marketing mix decisions should comply with a **«dual coherence»** between:

- Internal (between the different single «Ps»);
- External (coherent with positioning and corporate image).

## (1) Product

A product is everything that can be offered to consumers to satisfy their needs. It can be a physical object and can involve people, places, institutions, ideas. Products should comply with firm's proposal to satisfy the need of buyers.

#### **Basic attributes**

Ingredients, components, raw materials, shape

(service: equipment, structures for delivery)

#### Other attributes

Packaging, visual identity, brand, accessories



It depends on market and product's vision and strategies

## Different targeting, different products

- commodity or convenience goods: mass consumers goods (water, pasta, bread and food sector in general) highly replaceable and low price
- shopping goods: products devoted to customers with medium spending capacity and that requires careful evaluation (professional services, travels, services not easily replaceable)
- luxury goods (exclusive cars, high quality fashion): targeted at market niches or at consumers with high spending capacity





# **Example:** Pasta Market









## The Brand

It is a <u>name</u>, a <u>symbol</u>, a <u>picture</u>, a <u>logo</u> or a combination of these elements to identify products and services of one or more suppliers to <u>distinguish</u> them from competitors' products.

To be **effective**, the brand should have the following features:

- Originality
- Ease of pronunciation
- Memorability
- To be translatable in other languages
- Coherence with the product



## The Brand

"A brand is a **customer experience** represented by a set of images and ideas; it often refers to a symbol such as a name, logo, slogan, and design scheme. Brand recognition and other reactions are created by the accumulation of experiences with the specific product or service, both directly relating to its use and through the influence of advertising, design, and media commentary."

(American Marketing Association)



"Brand is the promise, the big idea, the expectations that reside in each customer's mind about a product, service or company. Branding is about making, an emotional connection. - Alina Wheeler

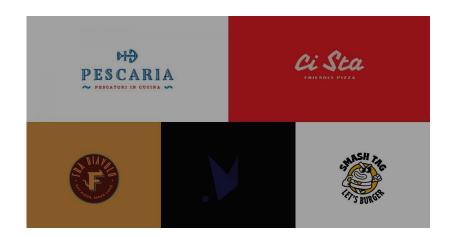
The expressive capacity of the brand:

**Brand identity**: incorporates all the elements used by the company to convey the characteristics of the brand to the market, such as name, logo, mission, know-how, products, prices, advertising and relationship with stakeholders. It corresponds to the *desired image*.

**Brand image**: refers to the perception that consumers have of the brand, regardless of the company's will. It corresponds to the *perceived image*.

The **Brand identity** is the set of expressive elements used by the company to communicate with consumers, a set of unique associations that the company aspires to create and maintain.

It expresses the way in which the company presents itself to consumers and represents the way in which it intends to be perceived by the market.



The **payoff** (also tagline) is a short phrase associated with a company logo. It completes its identity, defines the brand and makes it recognizable and consistent. The payoff is an expression that reflects the identity of the brand; it tends to be catchy and easily memorable.









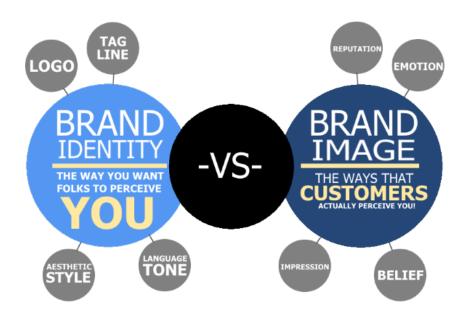
The **claim**, or **slogan** (also headline) is an expression linked to a single advertising campaign and can serve to express certain qualities of a product, the values of a company or to distinguish the brand from its competitors, but is then abandoned/neglected at the end of the campaign in favor of a new claim, which will accompany the next one.







The **brand image** summarizes the brand positioning, personality and reputation and affects the purchasing behavior of consumers. For companies, it is necessary to consider, to analyze and enhance it, to allow a positive attitude towards the brand and brand loyalty.



# (2) Price

It is the "measure" of the main effort sustained by consumers to satisfy their needs.

N. B. It is the "P" more influenced by external factors (competition in the sector) and that depends on the company's ability to manage the other three variables.

There are no standard procedures to settle prices, but there are three different orientations that price policies:

- Profit-oriented goals;
- Sales-oriented goals.



## New product's Price

Price decisions are based on the long-term, since they refer to the phase of introduction and can influence the price throughout the entire lifecycle. There are two main strategies:









#### PENETRATION PRICING

Proposal of a price lower than competitor's products

#### **SKIMMING PRICING**

Proposal of a price higher than competitors' products

# New product's Price

#### **SKIMMING POLICY**

Price *higher* than market's expectations

- High profits;
- Low number of early consumers.

Suitable products: innovative





The firm can keep on establishing high prices

The firm can choose to reduce prices when attractive segments lose their potential and can be re-targeted at broader segment

#### PENETRATION POLICY

Price lower than market's expectations

- High volumes of sales;
- High number of early consumers.

Suitable product: goods not differentiated from technical viewpoint, with higher competition and consumers with high price sensitivity.



Over time, price is stable but contribution margin increases.

# **Example:**

## **Pasta Market**





0,67€



1,95€



1,19€



2,80€

# (3) Place: Distribution

**Distribution channels** are a «set of complex activities needed to deliver and *transfer* the product, with the related property right, <u>from</u> producers to consumers»

The main activities of distribution are:

Warehouse at the end of the production process;

- Transport;
- Support transactions with customers;
- Promotion and information communication with the customer;
- Selection, assembly, packaging and adaptation of the product in the final phase of delivery to the customer;
- Negotiation of the conditions of sale;
- Execution of after-sales services (assistance, guarantee, maintenance);
- Acquisition and management of the financial resources necessary to carry out the activities.

# The composition of Channels

**Distribution channels** permit firms to reach their market.

The decisions related to distribution concern the definition of the activities that organizations carry out <u>directly</u> and indirectly.



#### **Direct channel**

Activities are managed <u>without</u> engaging external actors

Producers reach consumers <u>directly.</u>

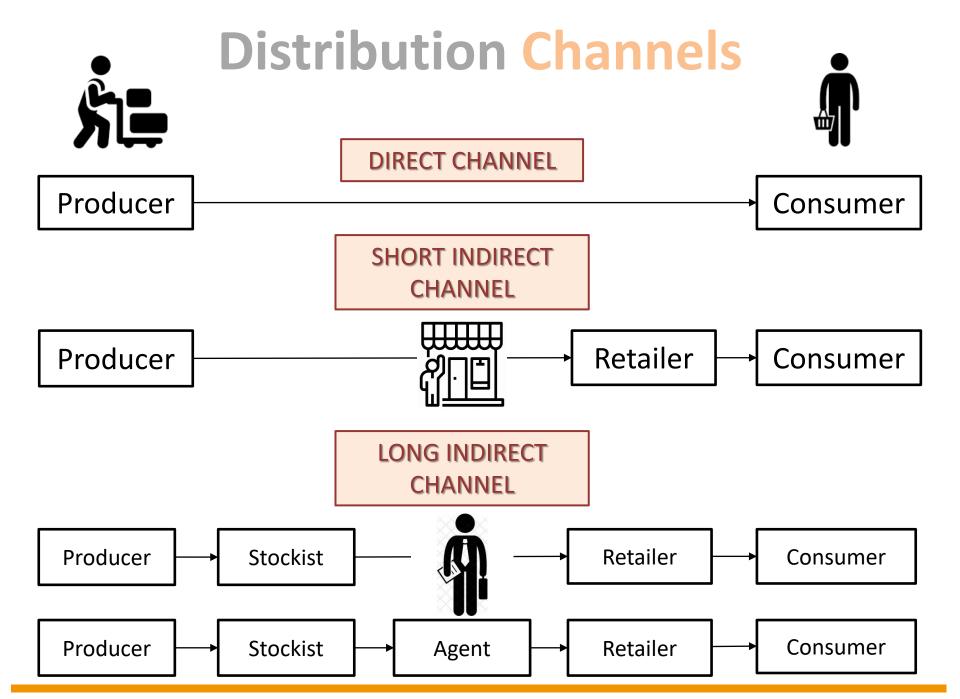
(e.g. selling on catalogue, by phone, through email, e-commerce)



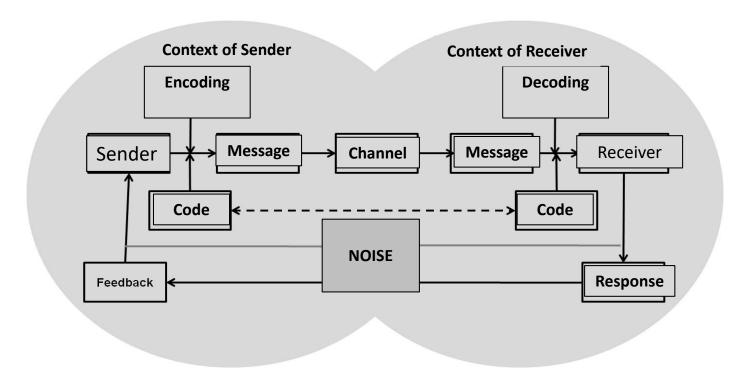
#### **Indirect channel**

Some activities are entrusted to <u>third</u> <u>parties</u>.

Every stakeholder engaged in one of the activities performs a different **step** of distribution channel. The more individuals are engaged, the more the <u>number of intermediate</u> phases in the channel increases.



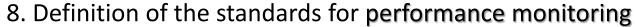
# (4) Promotion: Communication

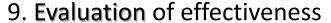


The source/ sender (a firm or an organization) develops a message (e.g. an advertising campaign) and send it through given means of communication (television, press, front-office employees, sales staff etc.) to the recipients (target-market).

- 1. Selection of Receiver
- 2. Selection of communication goals
- 3. Development of strategic planning
- 4. Budgeting

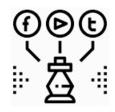
- 5. Development of the message
- 6. Selection of media
- 7. Programming times and modalities of action













#### 1. Selection of Receivers

#### In the target market

- existing consumers
- potential consumers
- acquired consumers
- competitor's consumers



#### Other receivers-stakeholders

(with different roles in the buying process)

- suppliers
- shareholders
- employees
- Salesperson
- intermediaries
- public institutions
- public opinion

#### 2. Selection of Communication Goals

#### Depending on the receivers:

- Encourage the demand
- To inform the market
- Persuade consumers to **buy** (to guide users'actions by indicating addresses, phone number, etc.)
- To create or to strengthen the image of a brand/ product
- To boost the institutional image of a brand

To enhance the effectiveness of strategies, goals should be:

- measurable
- based on market research
- addressed to a defined target
- realistic
- coherent with marketing plan
- supervised periodically



### 3. Development of Communication Plan (Strategy)

- Main goals related to the total strategy
- Integrated set of communication forms for each stakeholder
- Selection of the concept (creative idea) that should lead the content of the message
- Selection of communication means and vehicles for each target



### 4. Budgeting

### 5. Development of Communication Mix Strategy

- Advertising
- Sales Promotion
- Public Relations
- Sales persons (front-office employees)

### 6. Development of the Message

#### Content based on:

- target and marketing goals (tone of voice)
- brand strategies (reputation, image, identity...repositioning)
- stage of product's lifecycle

#### 7. Selection of Media

#### Based on:

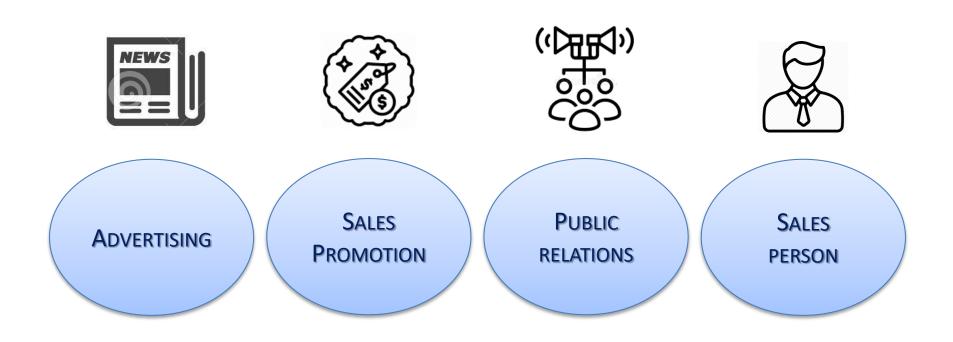
- The kind of product
- The features of market
- The characteristics of communication

**Forms** (advertising, sales promotion, P.R., salesperson)

- 8. Programming of times and modalities
- 9. Definition of standards for performance monitoring
- 10. Evaluation of effectiveness

## **Communication Mix**

The set of forms (means, instruments) through which businesses can realize communication



## **Communication Mix Levers**

Communication Mix Lever	Man features of communication	Pros	Cons
ADVERTISING	<ul> <li>Mass communication (high size market).</li> <li>Impersonal</li> <li>For commodity goods in the phase of introduction</li> <li>Targeted at consumers.</li> </ul>	•Standard and measurable message	<ul><li>Absence of direct feedback</li><li>High general costs</li></ul>
SALES PROMOTION   The state of	<ul> <li>Mass communication</li> <li>Impersonal</li> <li>Targeted at consumers and retailers</li> <li>For product revitalization in the phase of maturity or decline or to enhance users' loyalty</li> </ul>	<ul><li>Standard message</li><li>Rapid effectiveness</li></ul>	<ul><li>Nonconstant message</li><li>Absence of direct feedback</li></ul>

## **Communication Mix Levers**

Communication Mix Lever	Man features of communication	Pros	Cons
Public relations  ((CHT))	<ul> <li>Mass</li> <li>communication.</li> <li>Impersonal.</li> <li>Strengthen brand image.</li> </ul>	<ul><li>No direct costs</li><li>Reliability of message</li></ul>	<ul> <li>No direct feedback</li> <li>Not controllable/ measurable message</li> </ul>
Salespersons	<ul> <li>Focused one-to-one communication</li> <li>Personal</li> <li>Usually for manufacturing goods</li> <li>Targeted mainly at consumers (retailers, too)</li> </ul>	• Direct feedback	• High costs per contact.







### **THANK YOU**

Questions? Comments?

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