Midterm review

- Everything we've covered thus far (chapters 1-12, lectures, discussions, cases) may appear on the exam

- The only item that will not be covered on the midterm is chapter 8 (Global Marketing)

American Marketing Association (AMA)

– Definition of 'Marketing' is :

the activity, set of institutions, and processes for

creating, capturing, communicating, delivering, and exchanging offerings that have value for

customers, clients, partners, and society at large.
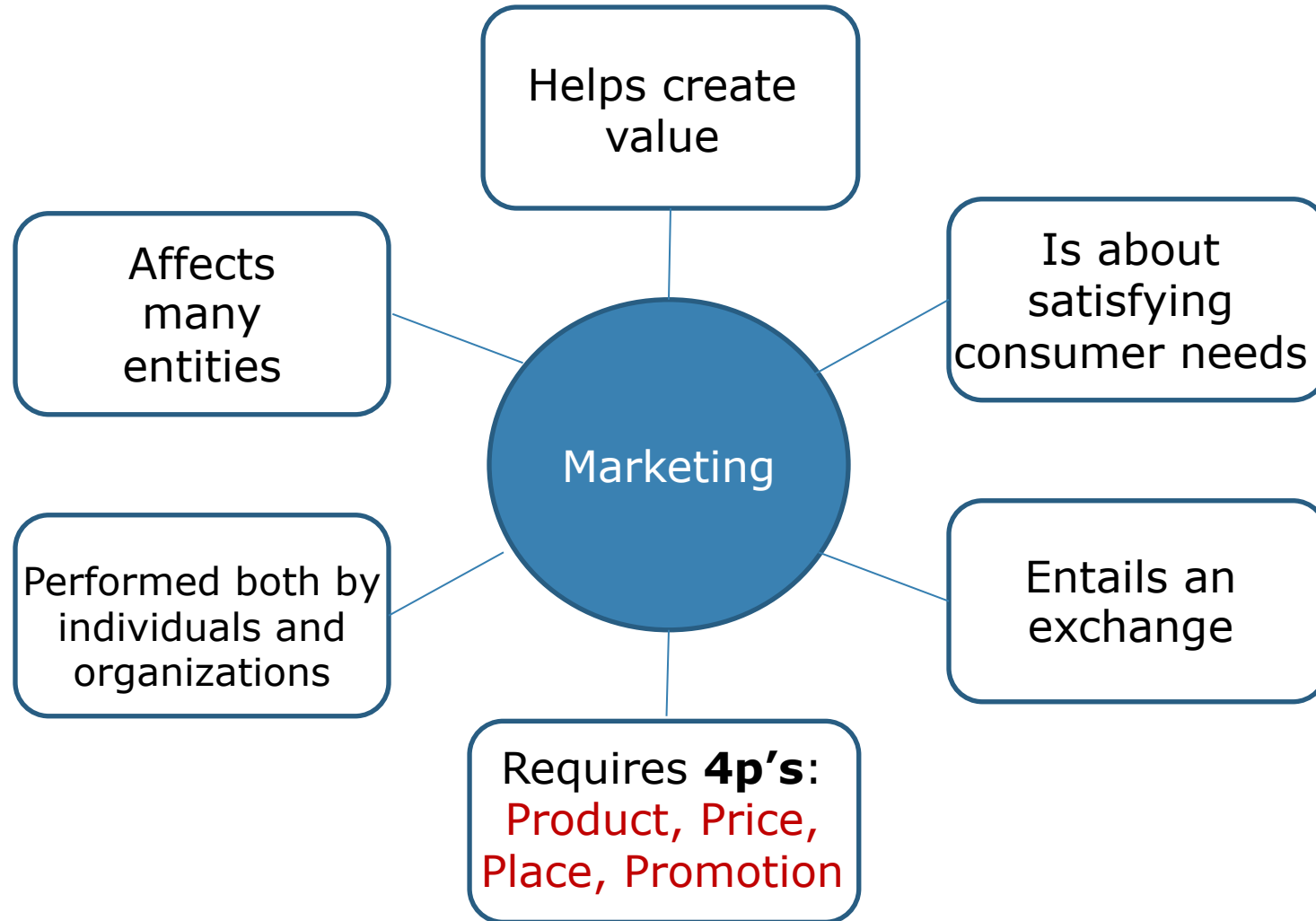
Marketing Mix

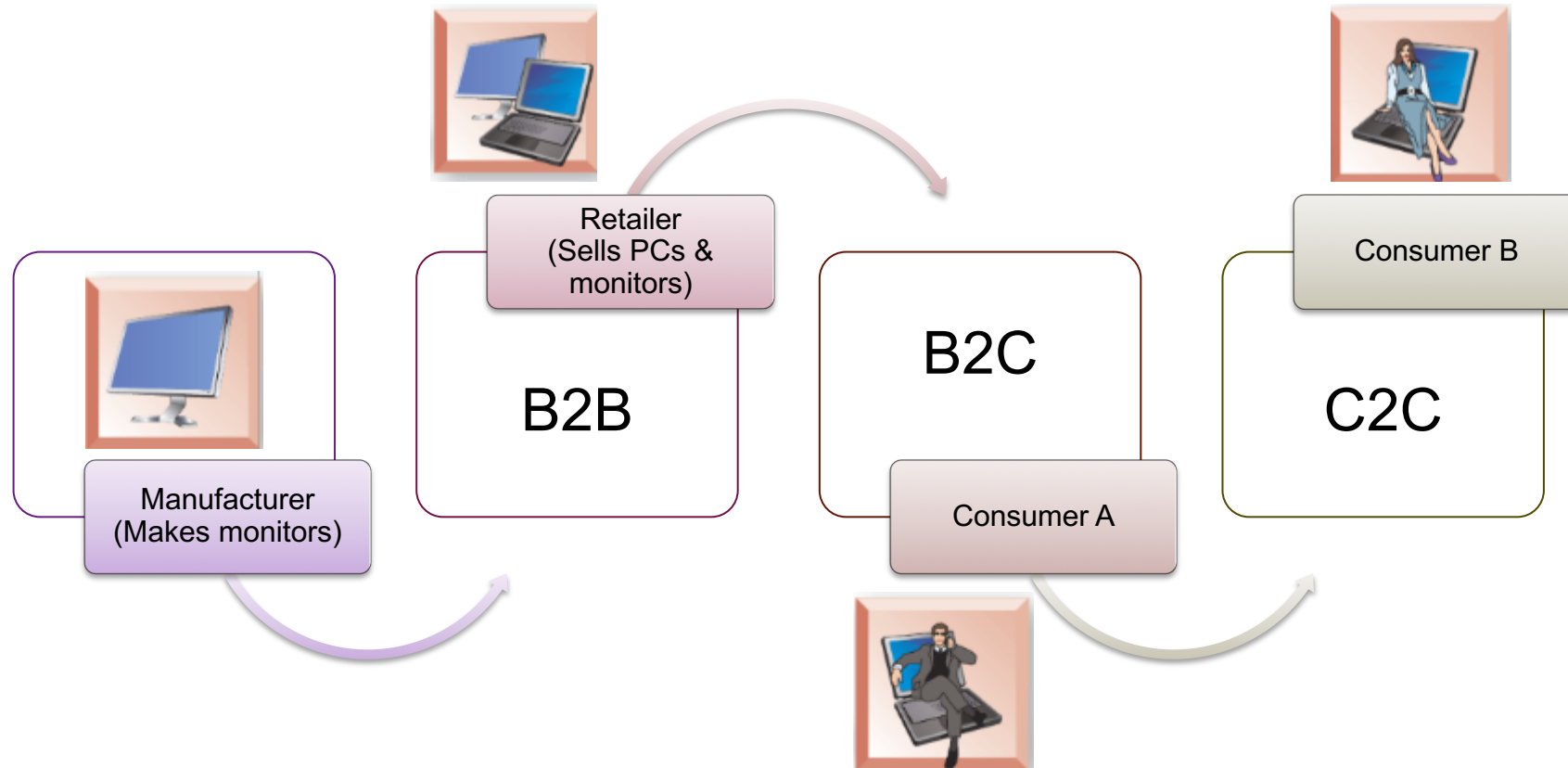| PRODUCT	PRICE
PLACE	PROMOTION

Marketing is performed both by individuals and organizations

Manufacturer
(Makes monitors)

Retailer
(Sells PCs &
monitors)

B2B

B2C

Consumer A

C2C

Consumer B

A marketing strategy:

1. Identifies a firm's target markets
2. Identifies a related **marketing mix** (4 Ps)
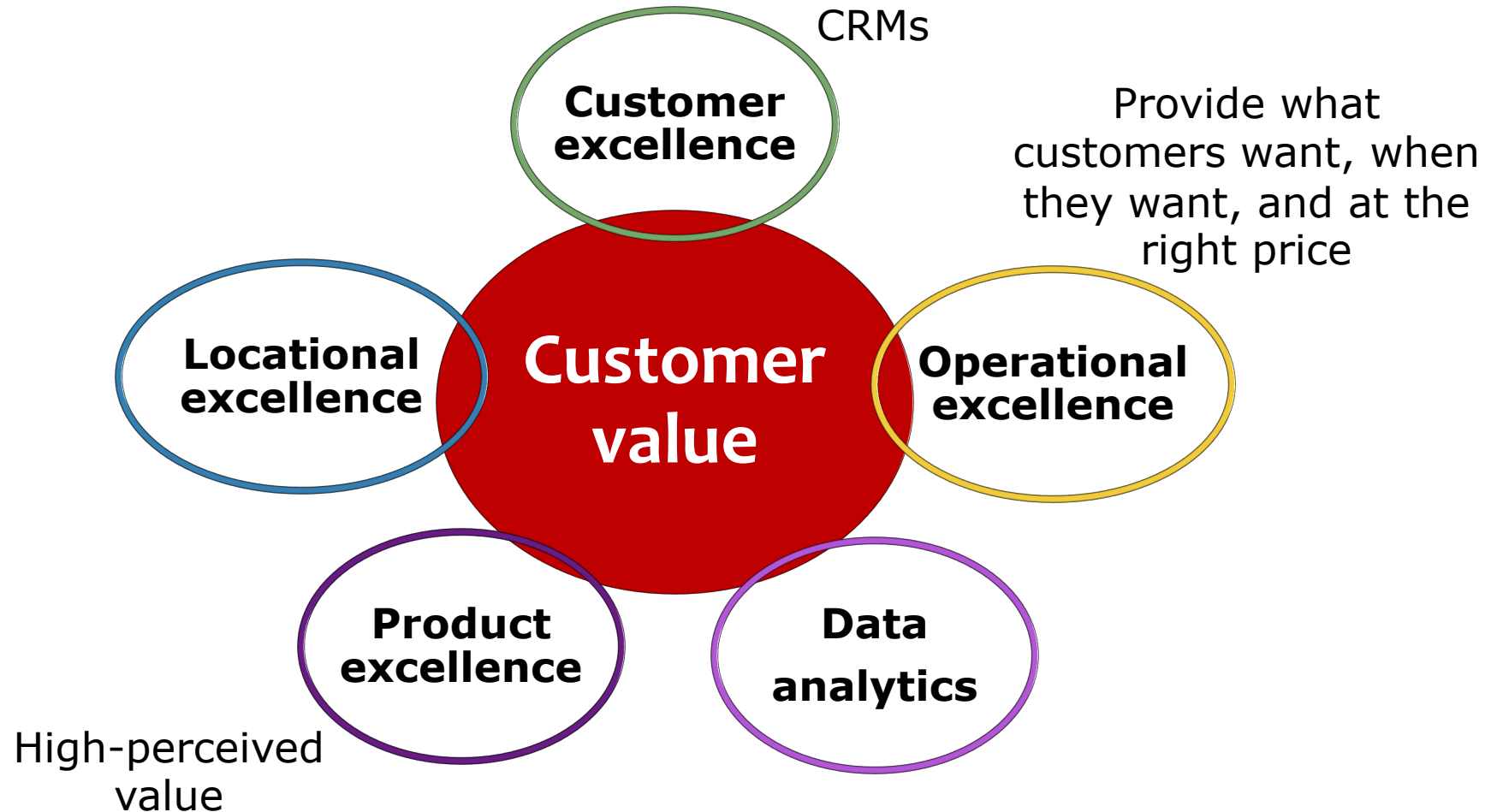3. Identifies bases on which to build a **sustainable competitive advantage**

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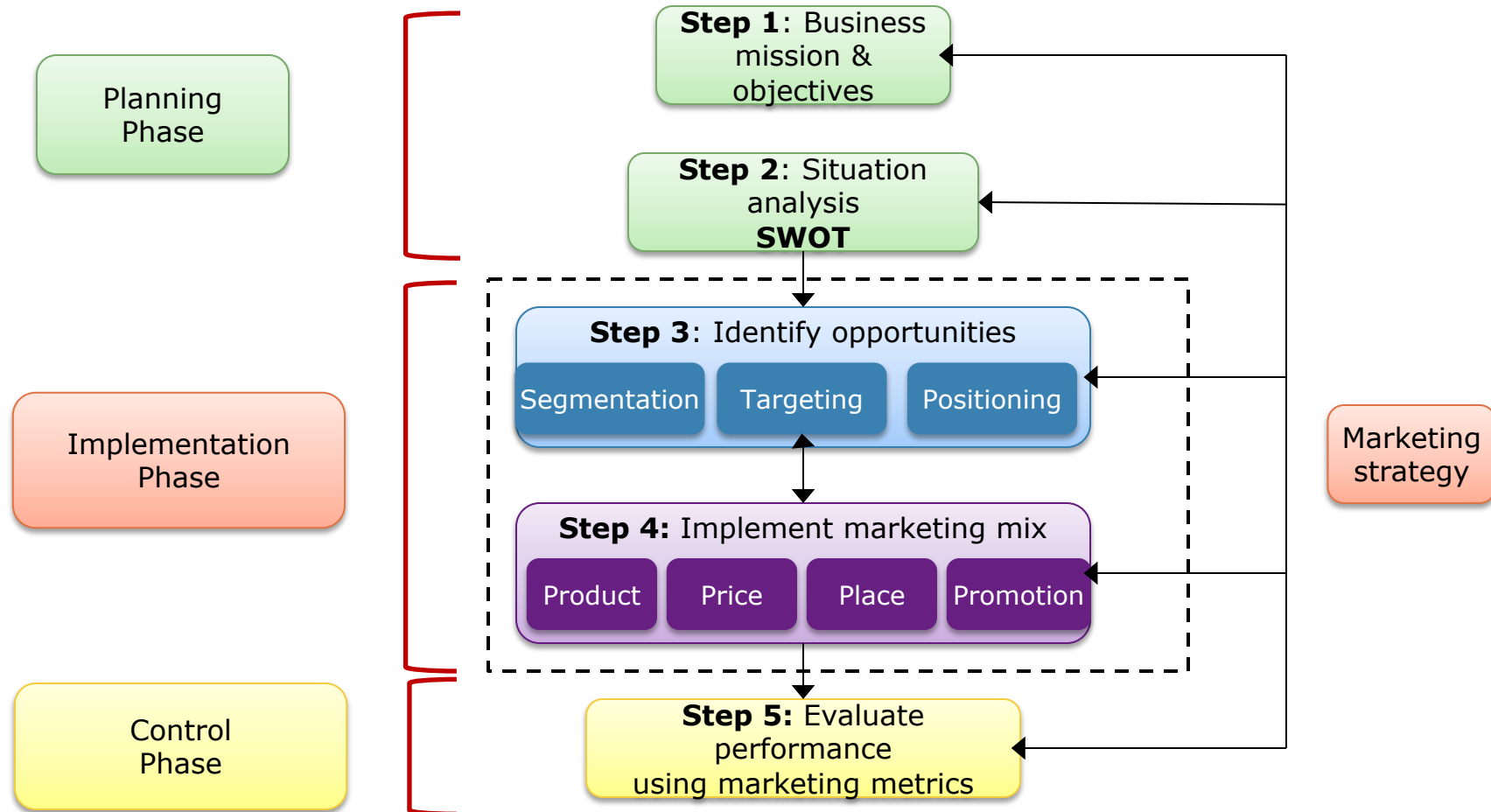
Advantage over the competition that **cannot be easily copied**

Advantage over the competition that **cannot be easily copied**

CRMs

Provide what customers want, when they want, and at the right price

Customer excellence

Customer value

Locational excellence

Operational excellence

Product excellence

Data analytics

High-perceived value

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Planning Phase

Step 1: Business mission & objectives

Step 2: Situation analysis **SWOT**

Implementation Phase

Step 3: Identify opportunities

Segmentation | Targeting | Positioning

Step 4: Implement marketing mix

Product | Price | Place | Promotion

Control Phase

Step 5: Evaluate performance using marketing metrics

Marketing strategy

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Existing Products | New Products

	Existing Products	New Products
Existing Markets	**Market Penetration** (Sales, promotions, ads)	**Product Development** Netflix
New Markets	**Market Development** Zipcar university	**Diversification** Iphone 5C (Highest risk)

Social Media Marketing Campaign (CH 3)

Identify strategies and goals → Identify target audience → Campaign: Experiment and engage → Allocate budget → Monitor & change
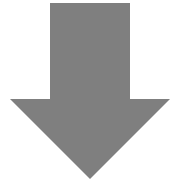
Functions of social media marketing:
1. Engage
2. Experience
3. Listen

- Firms must decide what is more important, e.g.,
  - Profit vs user privacy
  - Environment vs increase production
  - Deceptive advertising vs real promotion

Research can help find alternative solutions!
- Find better ways to analyze data
- Create products using less resources
  - Nike: https://www.youtube.com/watch?v=D2t6yc1t9KY

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A Framework for Ethical Decision Making
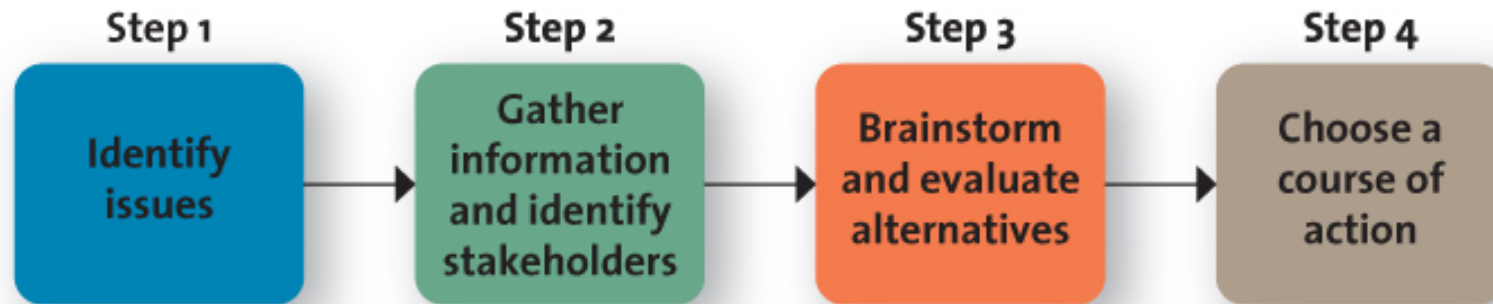
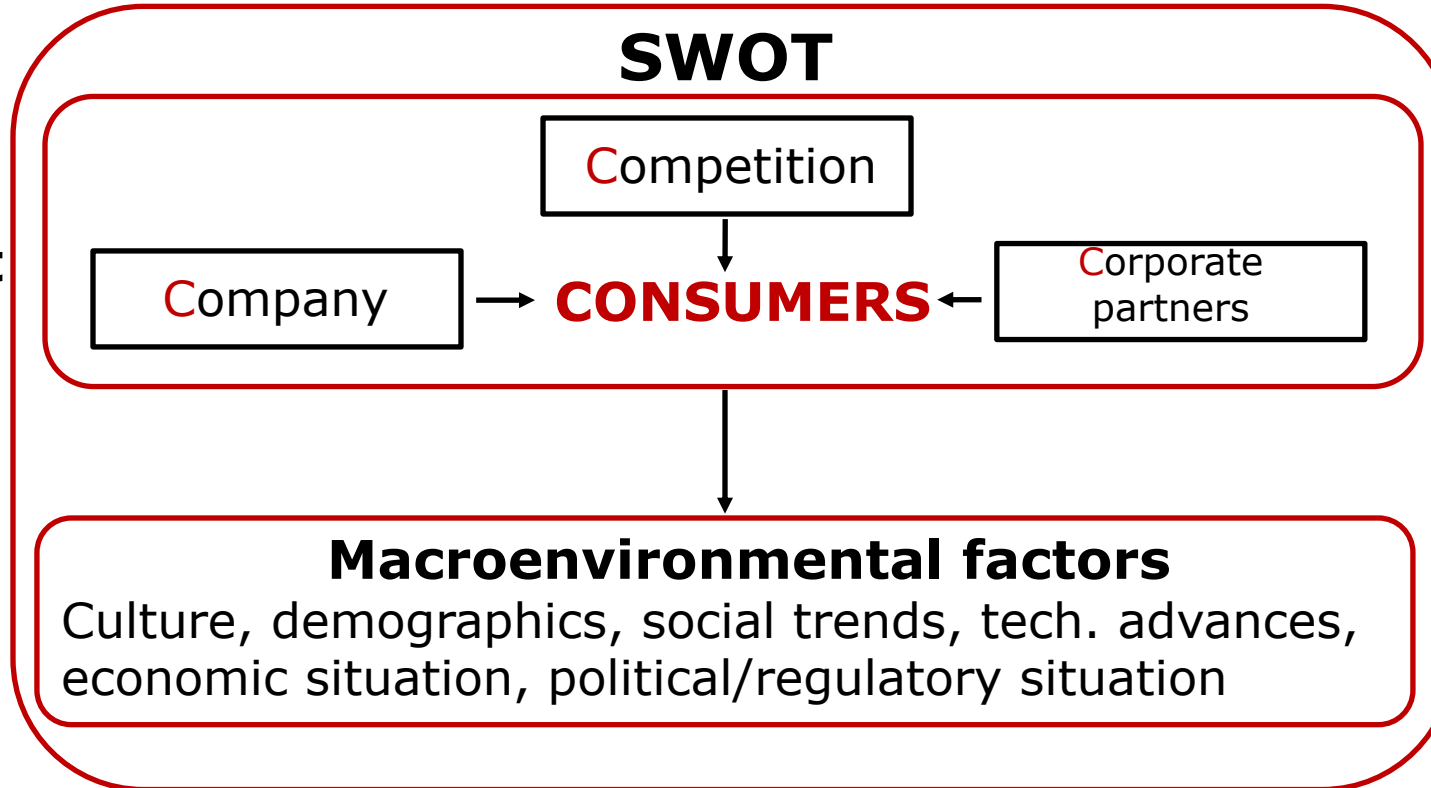Critical in all situations that involve ethical decision making!!
Particularly in high-stress, high-pressure situations!!

SWOT

Immediate environment
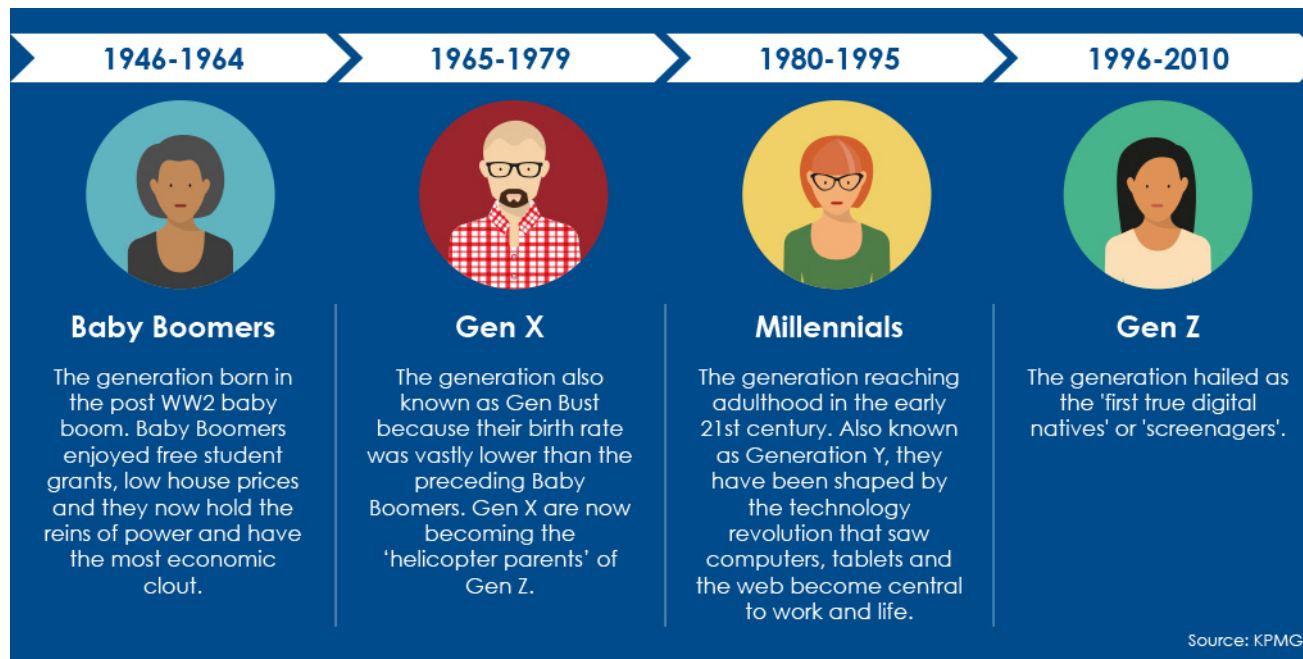
Competition

Company → **CONSUMERS** ← Corporate partners
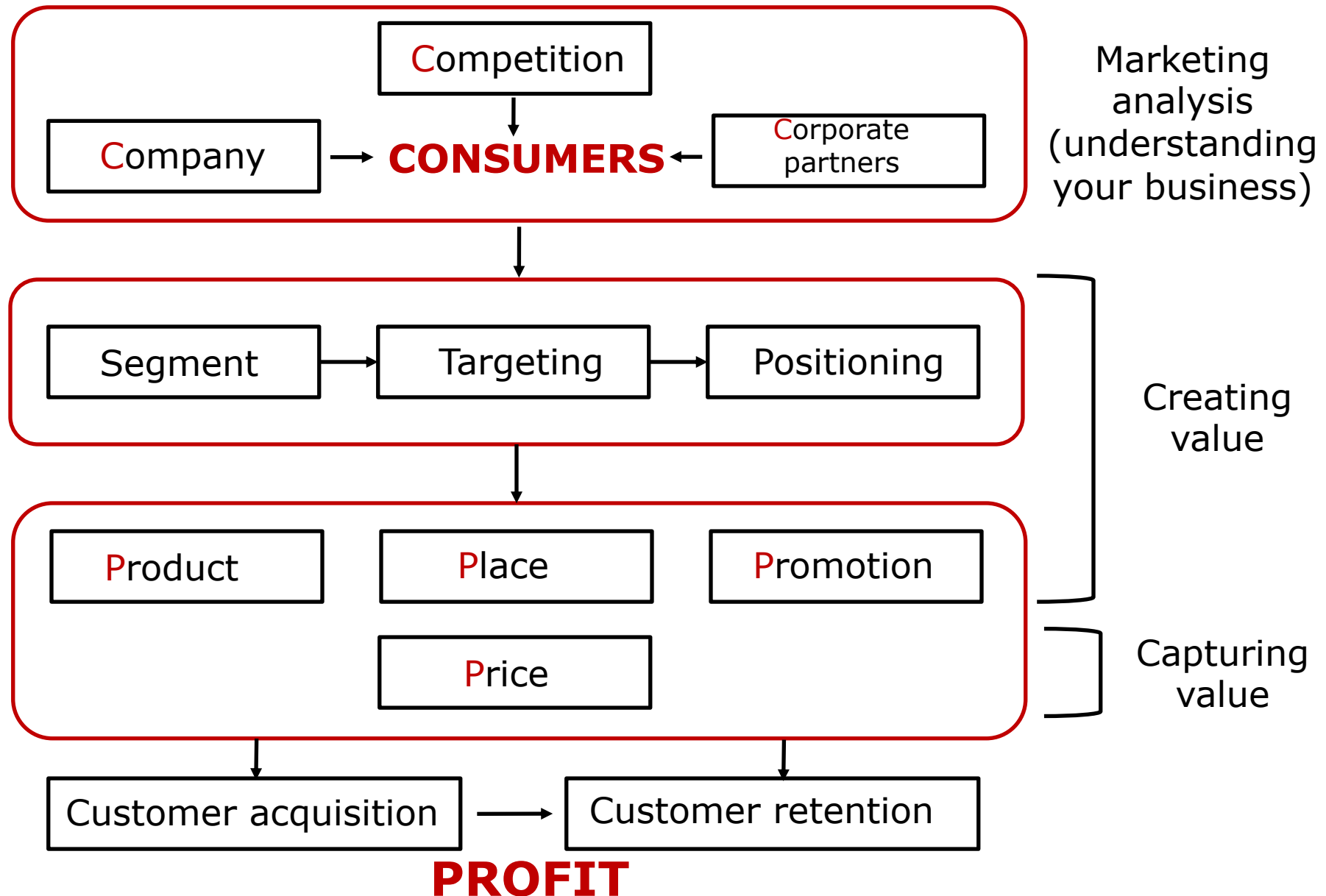
Marketing analysis (understanding your business)

Macroenvironmental factors
Culture, demographics, social trends, tech. advances, economic situation, political/regulatory situation

Provides an easily understood snapshot
of the typical consumer in a specific target market

1946-1964	1965-1979	1980-1995	1996-2010
Baby Boomers	**Gen X**	**Millennials**	**Gen Z**
The generation born in the post WW2 baby boom. Baby Boomers enjoyed free student grants, low house prices and they now hold the reins of power and have the most economic clout.	The generation also known as Gen Bust because their birth rate was vastly lower than the preceding Baby Boomers. Gen X are now becoming the 'helicopter parents' of Gen Z.	The generation reaching adulthood in the early 21st century. Also known as Generation Y, they have been shaped by the technology revolution that saw computers, tablets and the web become central to work and life.	The generation hailed as the 'first true digital natives' or 'screenagers'.

Source: KPMG

How do these generations differ?

You must understand how this process works in your specific industry …

You must understand how this process works in your specific industry …

Step 1: Functional vs Psychological needs
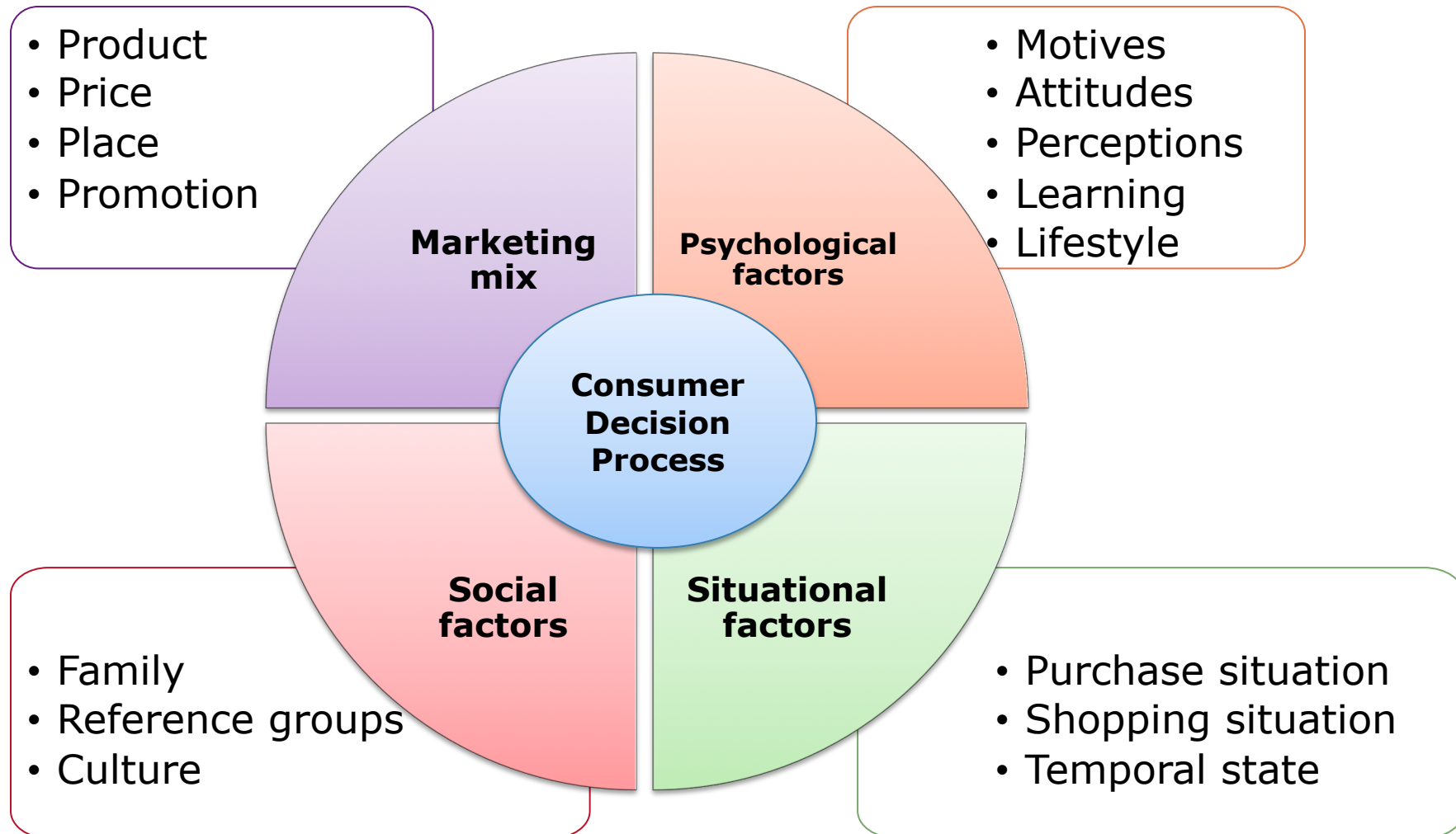Step 2: Internal vs external, benefits vs costs
Step 3: Consumer decision rules
- Attribute sets (universal, retrieval, considered)
- Determinant attributes
Step 4: Conversion rate / why not purchase?
Step 5: Listen and fix problems if any

Factors Influencing
the Consumer Decision Process (CH 6)

Marketing mix
- Product
- Price
- Place
- Promotion

Psychological factors
- Motives
- Attitudes
- Perceptions
- Learning
- Lifestyle

Consumer Decision Process

Social factors
- Family
- Reference groups
- Culture

Situational factors
- Purchase situation
- Shopping situation
- Temporal state

B2B Marketing: The process of buying and selling goods or services to be used in the production of other goods and services, for consumption by the buying organization, or for resale by wholesalers and retailers to consumers.
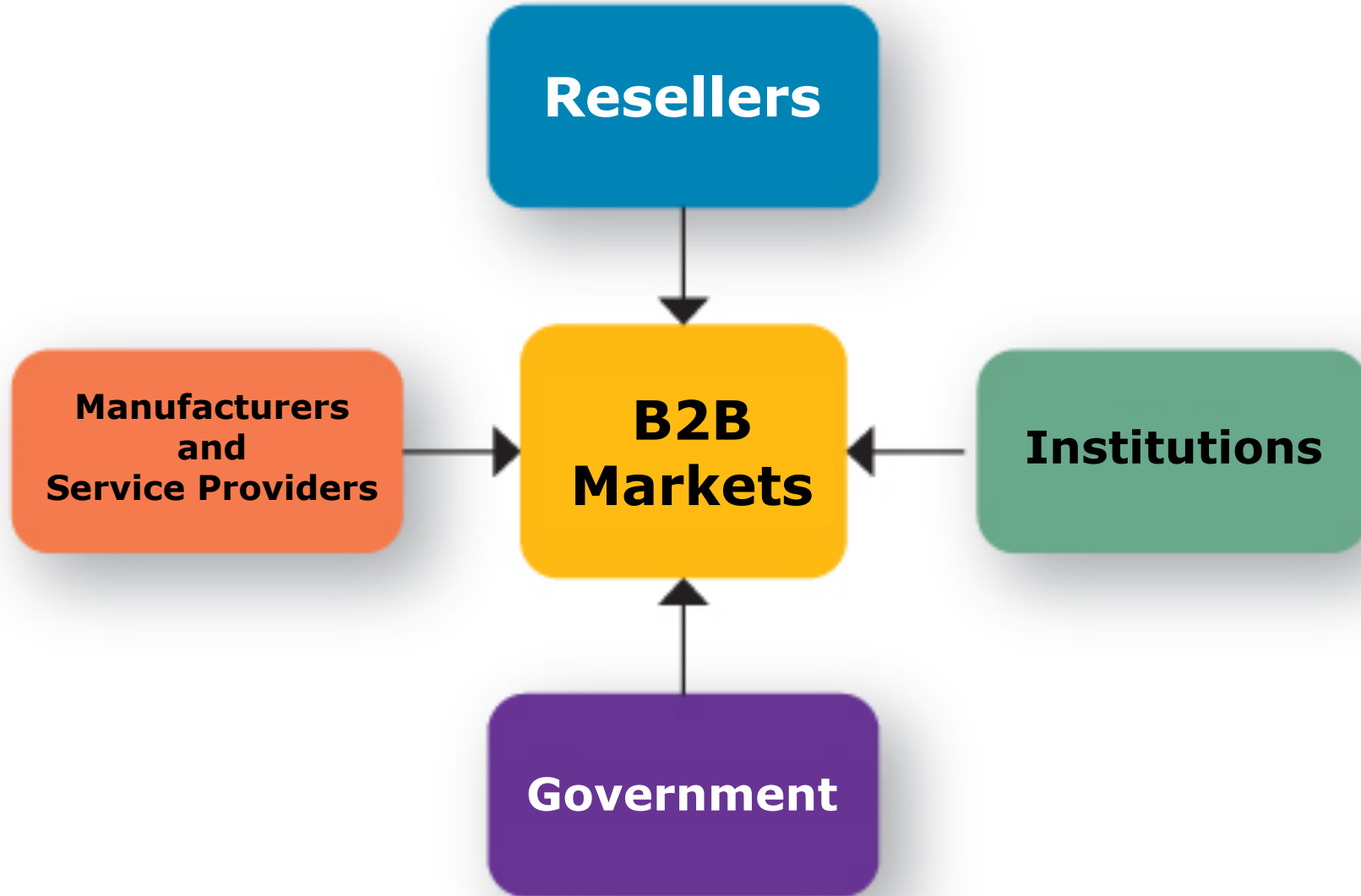
The distinction between B2B and B2C is NOT the product or service itself BUT the **ultimate use** of the product or service
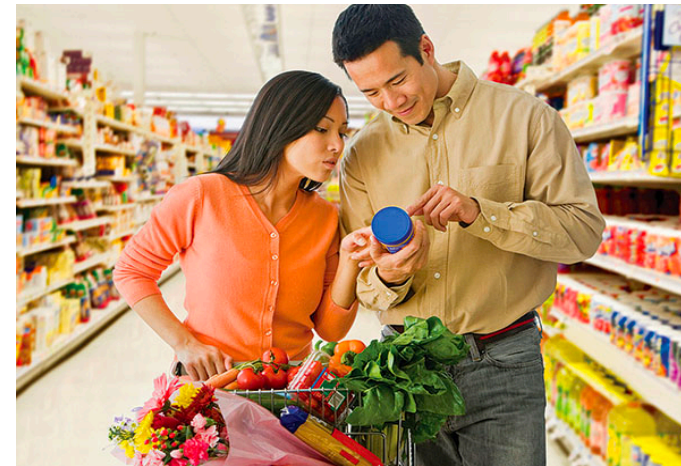
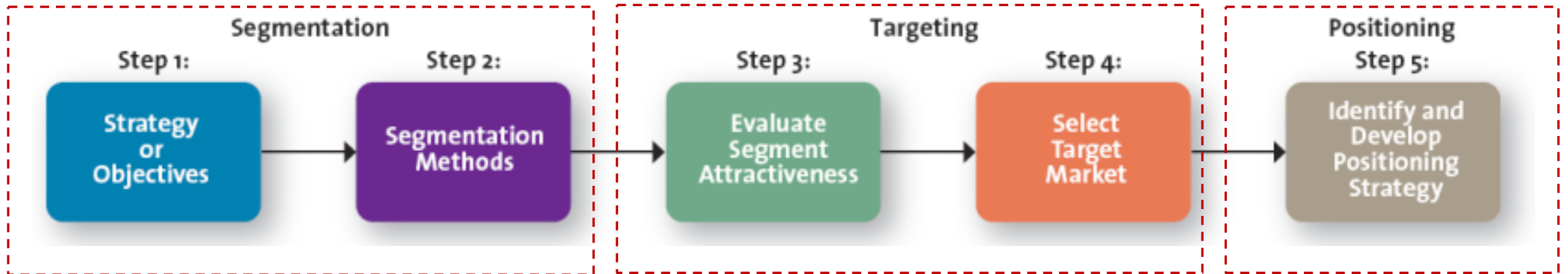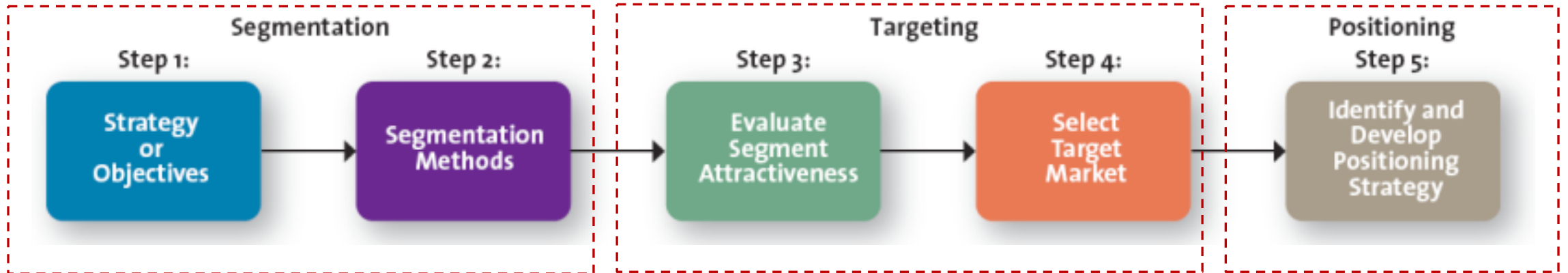Step 1: Segmentation strategy must be consistent with firm objectives
Step 2: Segmentation methods: geo/demo/psycho/benefits/behavioral
Step 3: Segment attractiveness: substantial/reachable/etc.
Step 4: Undiff/diff/concentrated/micro
Step 5: Unique value proposition

Segmentation Method	Sample Segments
Geographic	Continent: North America, Asia, Europe, Africa. Within the United States: Pacific, mountain, central, south, mid-Atlantic, northeast
Demographic	Age, gender, income
Psychographic	Lifestyle, self-concept, self-values
Benefits	Convenience, economy, prestige
Behavioral	Occasion, loyalty

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There are several targeting strategies

Mass market	Several segments several offerings	One market all effort	Targets are small groups/individuals
Undifferentiated	Differentiated	Concentrated	Micromarketing

Targeting broadly → Targeting narrowly
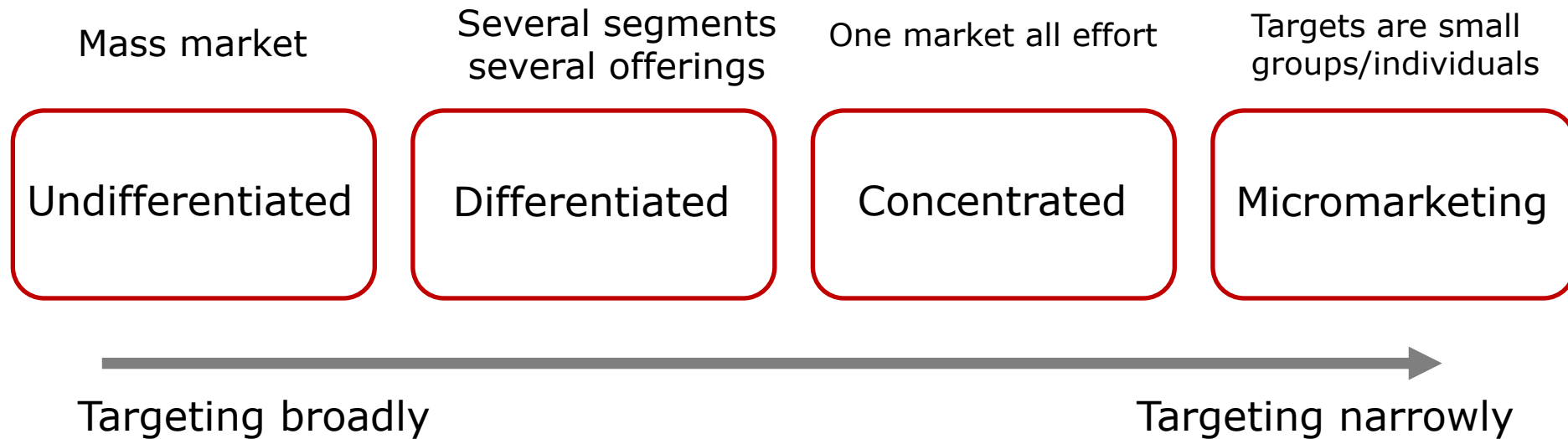
What sets your product or service apart from the others (unique value proposition)? You already offer what they offer, but your company takes it to the next level!

Positioning methods:
- **Value** - e.g., relationship price-quality
- **Salient attributes** (that are most important to the target market)
- **Competition** - some firms choose to position themselves against the competition
- **Symbol** – well-known symbols can be used as a positioning tool

DATA

Collecting **+** Analyzing **+** Interpreting **+** Decision Making
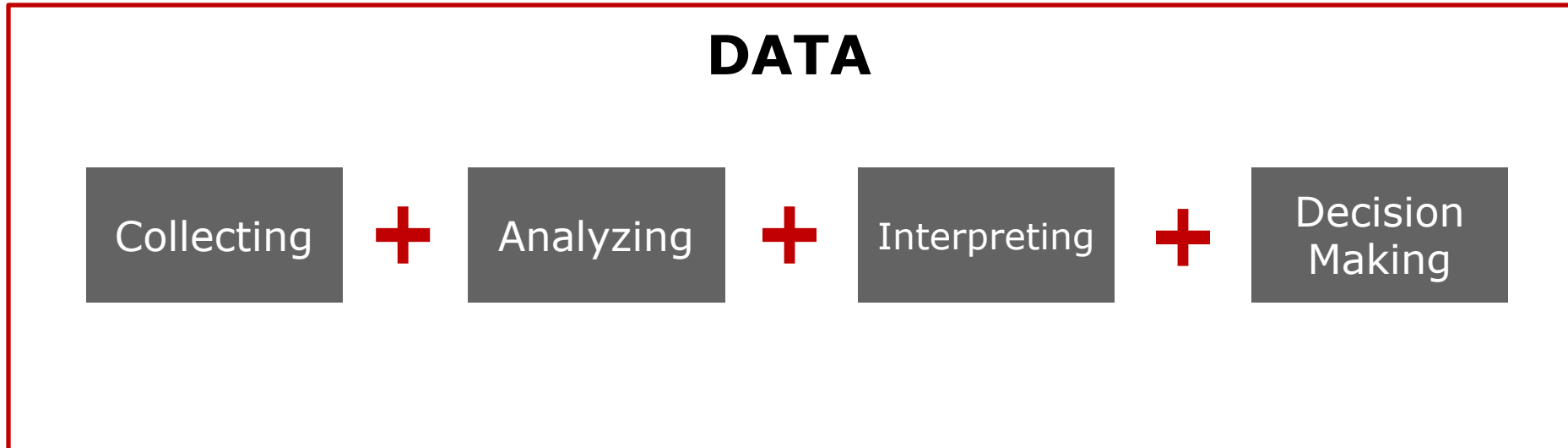
Step 1: What are you trying to accomplish
Step 2: Type of data/research
Step 3: Survey/experiments/scrape
Step 4: Datamining/ML/Deep learning
Step 5: Summary + short presentation

Type of data

- Qualitative
- Quantitative
- Over time
- One instance

Type of research

Panel data: repeated observations of the same individual over time

Cross-sectional data

- The age of your car (Quantitative).
- The number of files on your PC (Quantitative).
- The softness of a cat (Qualitative).
- The color of the sky (Qualitative).
- The number of pennies in your pocket (Quantitative).

Syndicated Data

Scanner Data

Syndicated data are data available for a **fee** from commercial research firms such as Information Resources Inc. (IRI), National Purchase Diary Panel (now NPD Group), and Nielsen.

Scanner data is a type of quantitative data obtained from scanner readings of UPC codes at check-out counters (**receipts**).

https://www.npd.com/wps/portal/npd/us/home/
http://www.iriworldwide.com/
http://www.nielsen.com/us/en.html

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A BMW is not just a car…
- Warranties included
- Free car washes at some dealers
- Free airport parking in some cities
- Free shuttle service to airport
- Reputation, image
- Financing options

Actual Product:
brand name, packaging
quality level, features

Core Customer Value

Services:
support, warranty, etc.

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CONVENIENCE PRODUCTS	SHOPPING PRODUCTS	SPECIALTY PRODUCTS	UNSOUGHT PRODUCTS
BUY FREQUENTLY AND IMMEDIATELY	BUY LESS FREQUENTLY	SPECIAL PURCHASE EFFORTS	NEW INNOVATIONS
- Low priced	- Gather product information	- Unique characteristics	- Products consumers don´t want to think about
- Many purchase locations	- Fewer purchase locations	- Brand Identification	- Require much advertising and personal selling
- Includes:	- Compare for:	- Few purchase locations	
• Staple goods	• Suitability & quality		
• Impulse goods	• Price & Style		
• Emergency goods			

Breadth
(number of product lines)

Abbreviated List of BMW Product Mix			
Product Lines			
BMW	MINI	Rolls-Royce	Motorrad
2 Series	Clubman	Ghost	C Series
3 Series	Convertible	Phantom	F Series
4 Series	Countryman	Wraith	G Series
5 Series	Coupe		K Series
6 Series	Hardtop		R Series
7 Series	John Cooper		S Series
X Series	Works		
Z4 Series	Paceman		
M Series	Roadster		
BMW i			
Hybrid			

Depth
(number of products within a product line)

- How is this changing the product mix? Does it increase breadth or depth?

- Is this research or advertising?

Facilitate Purchasing

Establish Loyalty

Protect from Competition

Reduce Marketing Costs

Brands are Assets

Impact Market Value

Pyramid	Description
Facilitate Purchasing	Easily recognized + brands signify certain quality level + familiar attributes
Establish Loyalty	Over time consumers learn to trust certain brands
Protect from Competition	More established + more loyal costumers
Reduce Marketing Costs	No need to advertise as much
Brands are Assets	They can be legally protected
Impact Market Value	Well-known brands affect the company monetary worth

Often overlooked as a marketing tool, packaging helps determine the success of a product.

FUNCTIONS: Preserve, protect, inform, promote, etc.

Creating or maintaining a sustainable competitive advantage!!!

Idea generation
Development of viable new product ideas.

Concept testing
Testing the new product idea among a set of potential customers.

Product development
Development of prototypes and/or the product.

Market testing
Testing the actual products in a few test markets.

Product launch
Full-scale commercialization of the product.

Evaluation of results
Analysis of the performance of the new product and making appropriate modifications.

R&D,
Brainstorming,
outsourcing,
etc.

Prototype
Alpha testing
Beta testing

Premarket tests
&
Test marketing

Convey
characteristics
& benefits

Satisfaction
Acceptance
Sales

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