

Executive Certificate Program in Strategic Digital Marketing Applied Analytics

Marketing Management

Marketers *can not create needs*, whereas *marketers can create wants*.

E.g., transport is *basic need* for all, but marketers has *created different wants* to fulfil this need

People *buy what they need* or *what they want* ?

People across India need *healthy hair*. For this need, a person in a *rural area* would want *a simple hair oil* while a *woman in an urban city* might want something that's *not as sticky as hair oil*. So, therefore, probably a serum

Evolution of Marketing Concepts

- *Production concept:*
 - Consumers prefer products that are *widely available and inexpensive*, focus on *reducing costs and mass production*.
 - The assumption is that *consumers go solely by price*
 - However, a consumer *actually go by a variety of considerations* besides price.
 - The production concept fails to serve.

Evolution of Marketing Concepts

- *Product concept:*
 - Here, companies believe “*product excellence*” is supreme thing.
 - They are *obsessed* with the *product*; *its quality* and *its features* more than the customers’ *need and want*.
 - Consumers buy those products that offer utmost *quality and performance*.

Issue: *Marketing Myopia*

Evolution of Marketing Concepts

- *Marketing Myopia:*
 - Professor Theodore Levitt
 - *Short sighted view* of the business
 - Caused by an *excessive emphasis* of the firm *on product*
 - *Ignore the customer* and the fact that the product is just a means to *satisfy the need* of customer

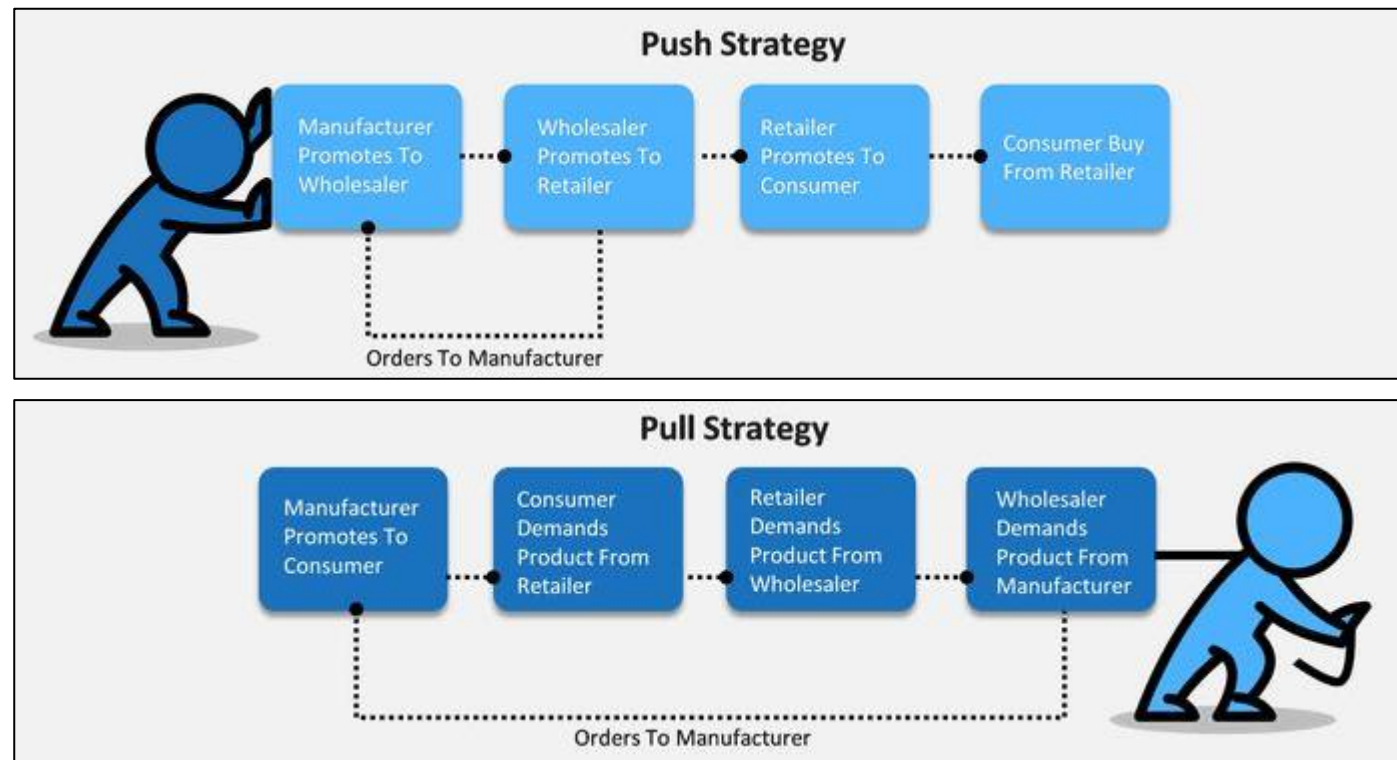
E.g., *Nokia, Blackberry*

Evolution of Marketing Concepts

- *Selling Concept:*
 - Don't leave the *customer alone*, keep *pushing* to sell.
 - Former CEO of Coca Cola Sergio Zyman view on selling: “The purpose of marketing is to *sell more stuff* to *more people more often* for *more money* in order to make *more profit*.”
 - Practiced most with goods that *buyer normally do not to buy*.

E.g., *Img (test packs), insurance*

Push marketing Vs Pull marketing?



Offering more sales incentive to stores,
Point of sale display
E.g., New company

Mass media promotions, word-of-mouth referrals and advertised sales promotions,

Evolution of Marketing Concepts

- *Marketing concept*: Emerged in mid 1950 (Sense and respond philosophy)
 - *Customer* is central to the business
 - More focused on to *develop the right product for your customers* than *finding the right customer for your products*.

E.g., Dell

What do you understand from *‘Segmentation, Targeting and Positioning’*?

What is Segmentation?

“The process of dividing the market into groups of customers with different needs, wants or characteristics- who therefore might appreciate products or services geared especially for them- is known as market segmentation”

Segmentation, Targeting and Positioning

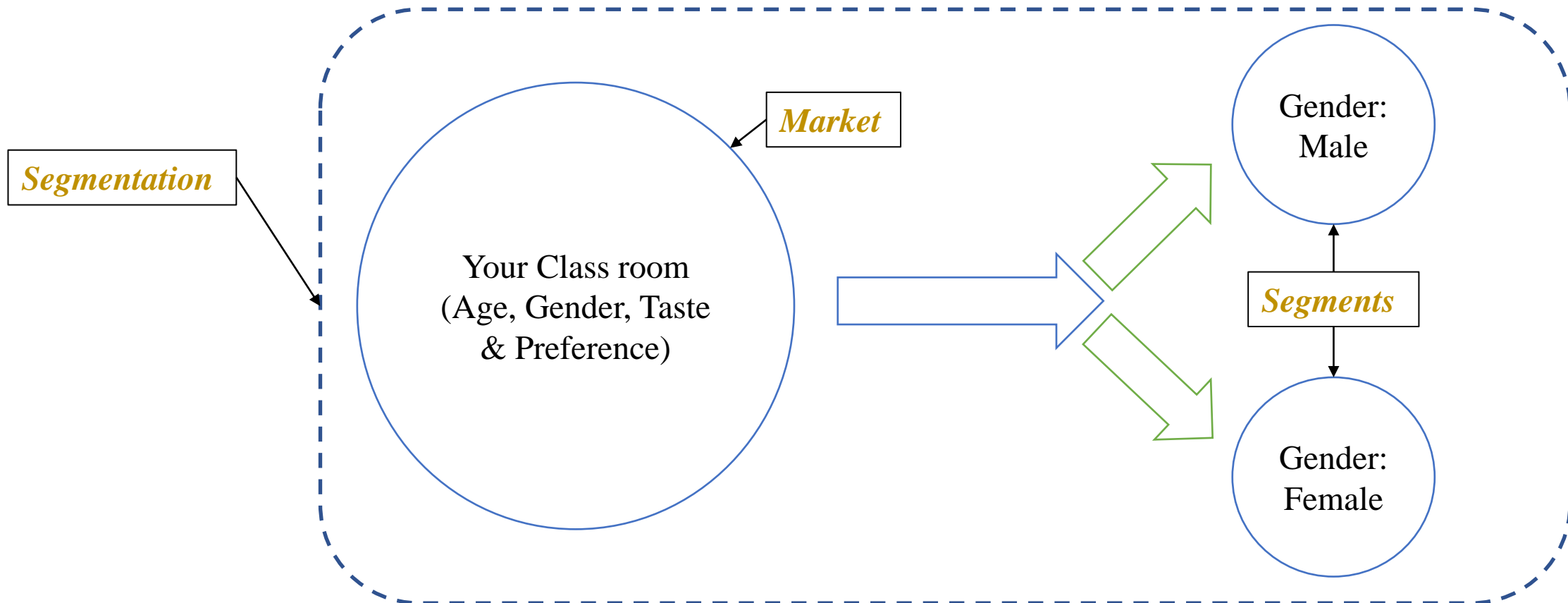
- **Segment:** Group of customers who *share a similar set of needs*
- **Target Market:** The segment which a *marketer decides* to cater to as a marketer can rarely satisfy everyone
- **Positioning:** Act of designing a company's *offering and image* to occupy a *distinctive place*.

E.g. *RADO* vs. *Sonata*

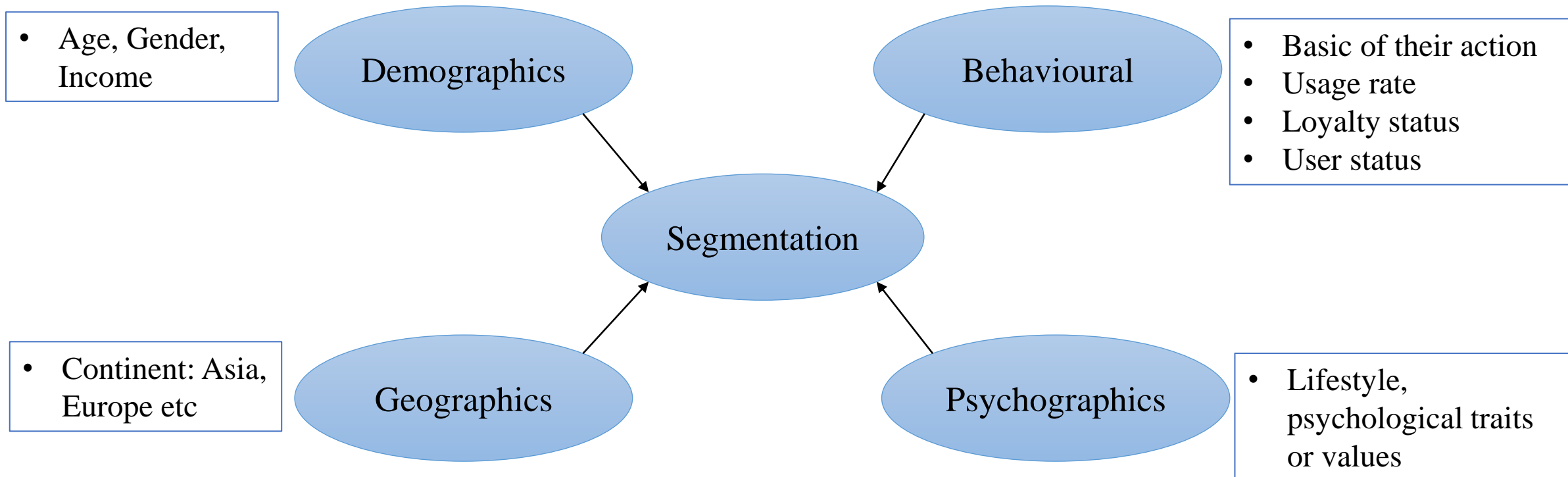
Segmentation, Targeting and Positioning

- Identify *distinct groups* of *buyers* who *differ* in their *needs and wants* (*Segmentation*).
- Select *one or more* market *segments to enter* (*Targeting*).
- For each target segment, *establish*, *communicate* and *deliver* the *right benefits* for the company's market offering (*developing a value proposition and positioning*).

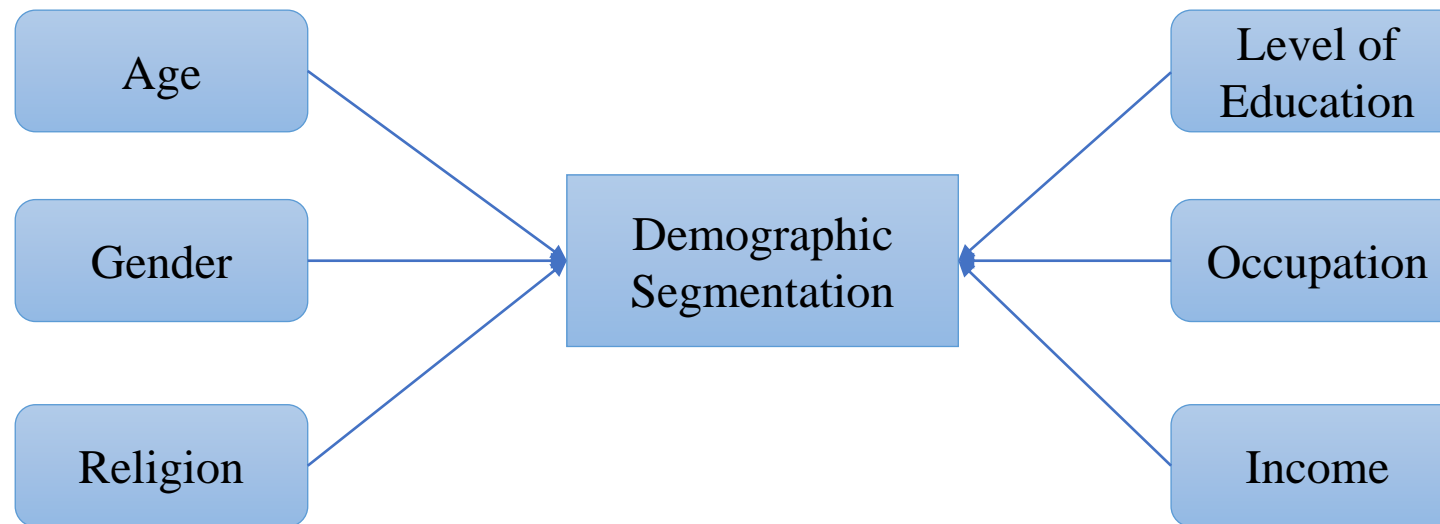
Segmentation, Targeting and Positioning



Types of Segmentation



Demographic



Example of Demographic Segmentation?

Demographic

What *Titan* is doing with its brand '*Fastrack*'?

Segmented market

Chose *Youth, age between 18-35*

Working adults and *postgraduate students*

(*Metros* and *mini metros*)

Demographic

Do you think *women consumer* are a *distinct segment* for *many products*?

Apparels in India

Shoe in India (Adidas derives *35% [6.4. billion Euros]* of revenue from *women segment*)

What about the *Scooters*?

Pleasure, Scooty pep

Income

Airline Industry

Economy, Business class, and First class

Do you think that *marketer can enter in any segment* that they have *identified*?

Segment Attractiveness

Identifiable

Substantial

Reachable

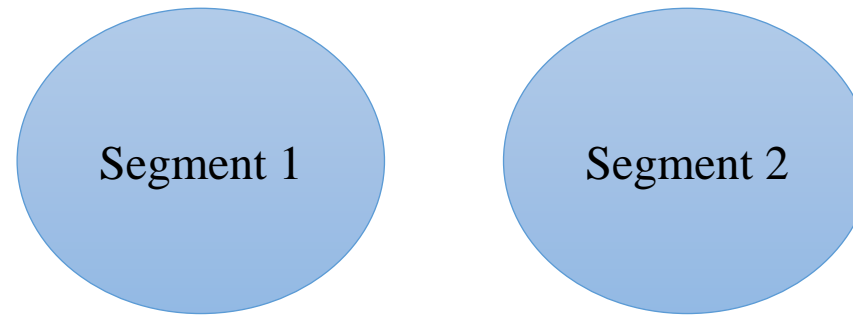
Responsive

Profitable

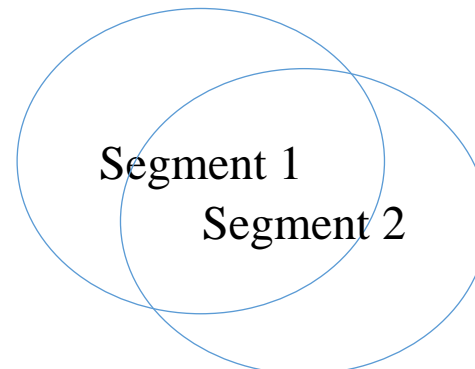
Segment Attractiveness

Identifiable

Option A

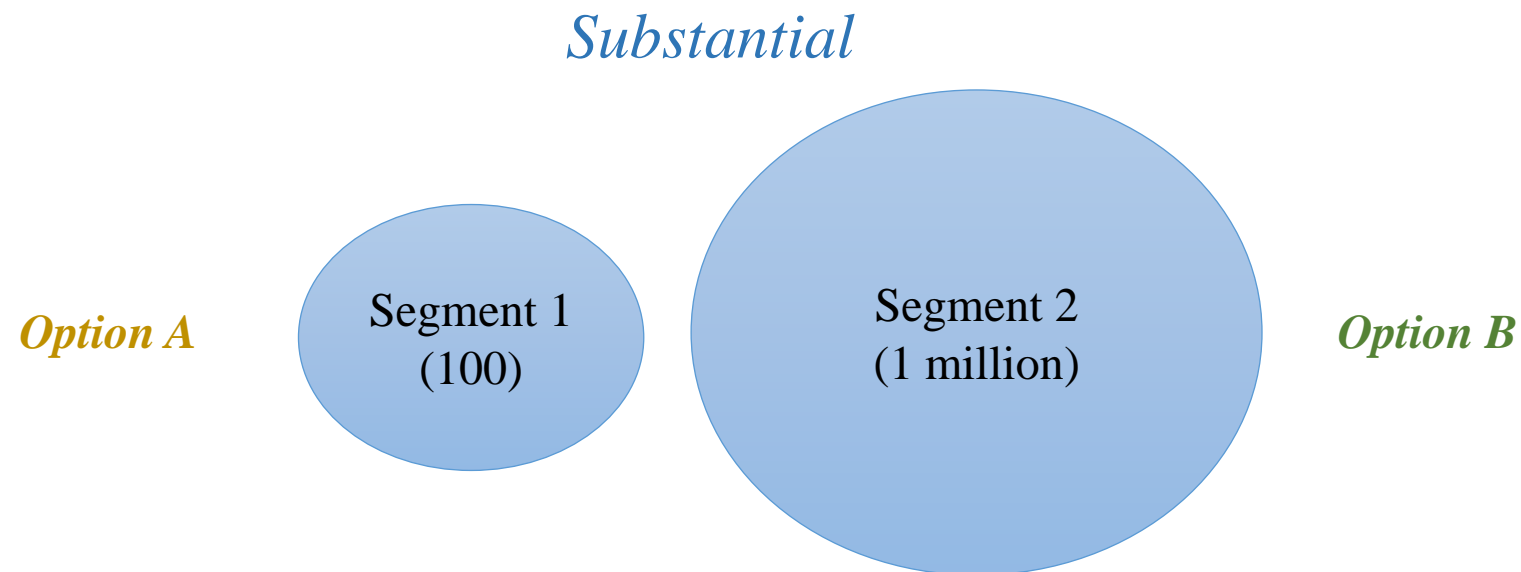


Option B



Distinct marketing strategies are *not necessary*
meet the *member's need*

Segment Attractiveness



If *segment is small*, then what will *happen*? Will you go to *serve the segment*?

Segment Attractiveness

Reachable

If the *segment is not reachable* then do you think the *company should move ahead*
or not?

Reachable in term of *accessibility* through *communication* and *product distribution*

Segment Attractiveness

Responsive

The *customers in the segment* must react *similarly* and *positively* to the offering

E.g., Maruti start offering the *luxury cars* to the *large ad lucrative segment*

Which car *people prefer to buy* in *luxury car segment* (brands)?

Audi, BMW etc.

Segment Attractiveness

Do you think *Maruti* should *pursue the segment*?

No, It may be possible that market probably *will not be responsive to it*.

Segment Attractiveness

Profitable

Should *assess* the *potential profitability* of the segment

Point should keep in mind

Growth (current and expected)

Competitiveness (substitute, entry barrier)

Market access (ease of developing distribution channel)

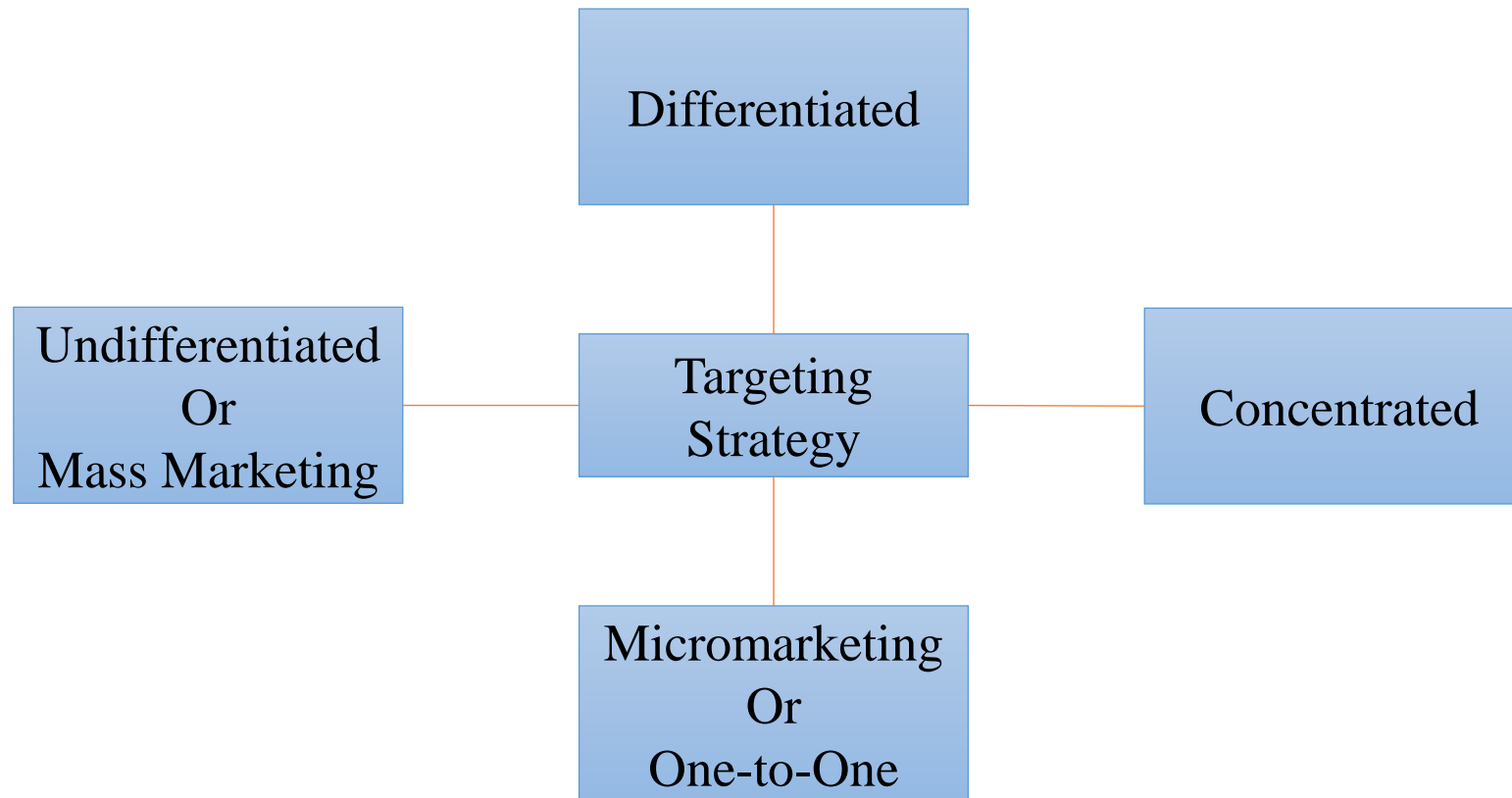
Targeting

Look for the company's competencies and resources to address the need of the segment

E.g., A *large number* of segments is *attractive*. However, a company *may not be able to serve* the *all segments* because of a *lack of resources*.

What about any *health band*?

Targeting Strategies



Undifferentiated Targeting Strategy or Mass Marketing

- *Everyone* might be *considered a potential user* of the product
- Everyone perceived the *same benefits* from the *product*
- Hence, *no need* to develop a *specific strategy* for *different group*
- Very effective for *basic commodities*

E.g., *Salt, Sugar*

What about *Gasoline market* ? (*differentiated* or *undifferentiated*)

Gasoline (Undifferentiated)

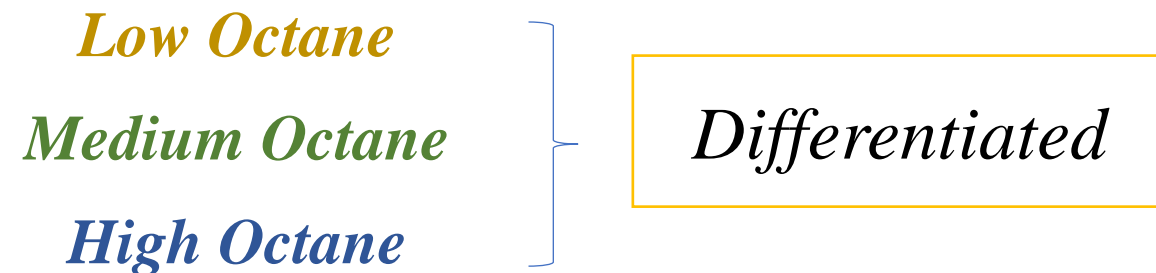
Differentiated Targeting Strategy

- Target *several segment* with *different strategies*
- *Helps firm* to *cater bigger market share*
- *Increase* market of overall product
- *Lower* the company's *overall risk* as it in *multiple segment*

E.g., *Adidas group*, adidas *Reebok*, *Rockport* and *TaylorMade-adidas golf lines* of clothing and footwear

What about *Gasoline market* ? (*differentiated* or *undifferentiated*)

Gasoline (Undifferentiated)



Concentrated Targeting Strategy

- Select a *single target market*
- Focuses all *energy and resources*

E.g., *Entrepreneurial start-ups*

Micromarketing (one-to-one) Targeting Strategy

- When a company *tailors* a *product or service* to *suit* an *individual* customer's *wants or needs*
- Generally adopted by *small producers or service providers*
- *Hard* to adopted by the *larger firms*

Any big company which has adopted such strategy?

Dell (custom made computers)

Till now, we are *ready with the target market*

Positioning

It involves a *process of defining* the *marketing mix variables* so that *target customers* have a *clear, distinctive, desirable understanding* of *what the product does* or *represent* in *comparison with competing products*.

Positioning

Usually focus on

How *product/services affect consumer*

How *it is better* than the *competitor's product/services*

What do you think when you see a *Volvo logo*?

Positioning Strategy

- “It is an act of designing a *company’s offering* and *image* to occupy a *distinctive place* in the minds of the *target market*.” *Positioning*
- Requires to *define* and *communicate similarity* and *differences* between brand and its competitors.

Positioning Strategy

- It involves:
 - *Choosing a frame of reference by identifying the target market and relevant competition*
 - *Identifying the optimal points of parity and point of difference given that frame of reference*

Frame of Reference

What customer usually do with the evaluation of the product?

Compare with *reference point* in term of *benefits* and *costs*

When this comparison is beneficial and when it will be unattractive?

When comparing with the *inferior product*; comparing with the *better offering*

Hence, It serve as a *benchmark* against which customer *evaluate the benefits* a company is offering

What is Point of parity (POP) and difference (POD)?

Attribute that are *not unique* and *shared* by the other brand too. (*Parity*)

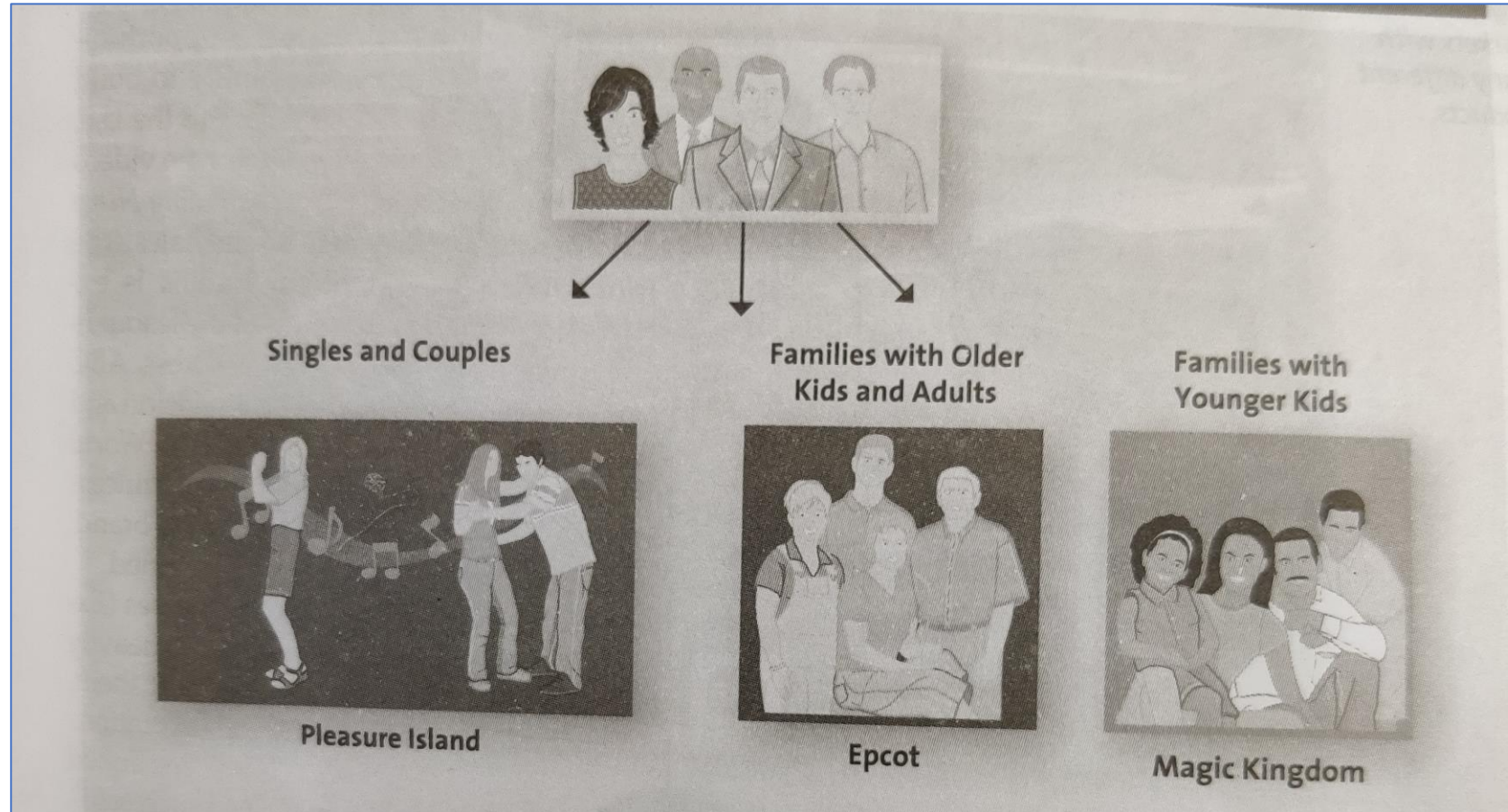
Attribute or benefits that are *different* from the *competitors' products*
(*Difference*)

E.g., *Toothpaste*

What is POP and PODs?

POP (Clean teeth), POD (Charcoal, Salt)

What is repositioning?



Targeting

E.g.,

- *Xiaomi*: The company has selected the *Young, tech-savvy generation* of *urban India* for its *smartphones*.
- *Nivea*: When Nivea entered in Indian Market, it selected the *top 30-35 cities* of India as its target market for its *premium skincare products*.
- *HUL*: HUL treat *entire Indian market* as their target market for *various products*.

What is Positioning?

“Market positioning involves the process of defining the marketing mix variables so that target customers have a clear, distinctive, desirable understanding of what the product does or represents in comparison with competing products.”

E.g., Mountain Dew, Thumps Up, Coca Cola

Marketing Strategy using STP

Firm: Xiaomi

SBU: Mobile Phones

- 1. Target Market: **Young tech-savvy generation** of **urban India***
- 2. Positioning: The **'affordable luxury'**. On par with the leader brand at **half of the price***

Do companies *assign the equal weightage* to all *four Ps* ?

No

Xiaomi give higher weightage to product

It gives *maximum resources* to the *product*; they spend resources on *technology, design, manufacturing* to bring the product that *will match the leading* Samsung model; *spend minimum on distribution* and *promotion* and use resources in fixing the *price as low as possible*. So that they *strongly compete* in market.

What about the *Asian Paints* ?

Asian Paints emphasises over distribution

It placed higher *emphasis on distribution*. While other players in the industry were *relying on wholesale trade*, Asian Paints *bypassed* it and *went retail*. *Invested heavily* in building a *nationwide retail marketing set-up* consisting of *14,000 retailers*. Using this, company went *national* and serving the *semi-urban* and *rural markets*, while other player are concentrating on urban market

Marketing Strategy for Xiaomi

Marketing Mix:

1. *Product*: Smartphones: Xiaomi Redmi Models
2. *Price*: Rs. 6000 – 13,000
3. *Place (Channel)*: Online, first priority, Also available in Airtel Stores
4. *Promotion*: Mainly social media and fan meets

Segmentation, Targeting and Positioning

