

Beyond the Crisis, Back to Basics

**DMS – Association for Marketing of Slovenia
Ljubljana, 22nd October 2010**



A School with a View



IEDDC - Bled School of Management

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The Marketing Landscape

- **Not Only...**

- Procter & Gillette / Nestle / Danone / Coca-Cola / . . .
- IBM / GE / Microsoft / Siemens / Erickson / Hitachi / Samsung / . . .
- McDonalds / Starbucks / Gap / Sogo / FCUK / . . .
- E-Bay / YouTube / Amazon / Goooooooloooooogle / InYourFace / . . .

- **But Also...**

- Service / Organisational / Consumer Sectors
- Big Firms / Medium Size Firms / Little Firms / Very Little Firms / Not-for-Profit etc.
- Supply Chain / Information Systems / Manufacturing / Human Resource Management etc.
- Finance!

- **Plus!**

- Governments
- Health Services
- Charities
- Not-for-Profit Organizations

Praxis

“philosophers have only interpreted the world in various ways; the point is to change it ”

Marketing Management: Theory & Practice

- **Royal Philips International**
 - Philips Marketing Academy



- **IBM**
 - IBM Marketing University



- **BP & Castrol**
 - BP Sales & Marketing Academy



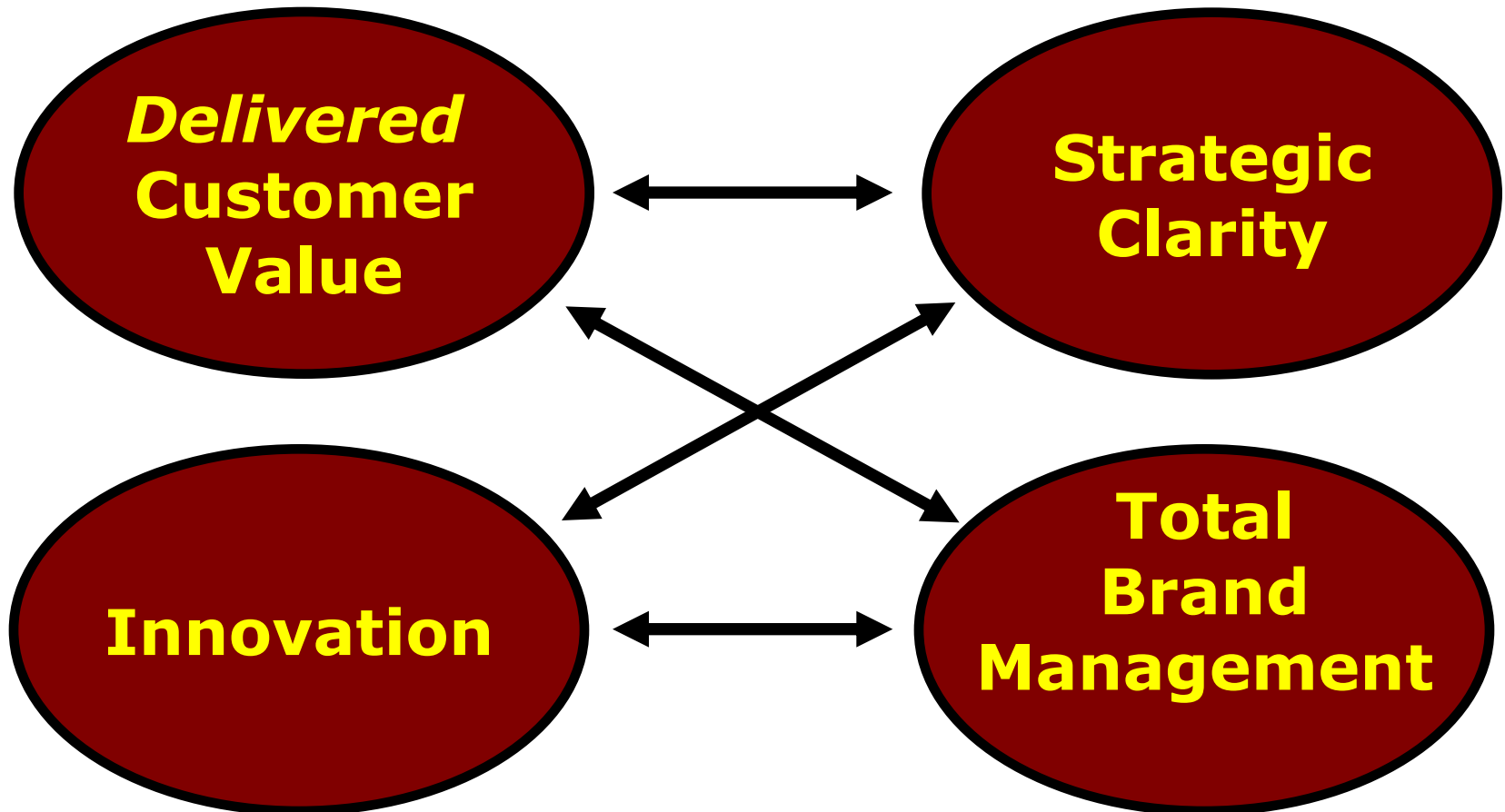
- **YKK**
 - Marketing Excellence Programme



- **Chartered Institute of Marketing**



Strategic Marketing: A Themed Approach



Beyond the Crisis, Back to Basics



Strategic Clarity

Contrasting Business 'Philosophies'

Production Orientation

Low-Cost Capacity

Make Low-Price Products

Assume Customers Will Buy

Product Orientation

Quality-Creation Capacity

Make Best Quality Products

Assume Customers Will Buy

Selling Orientation

Standard Capacity

Use Heavy marcomms & Selling

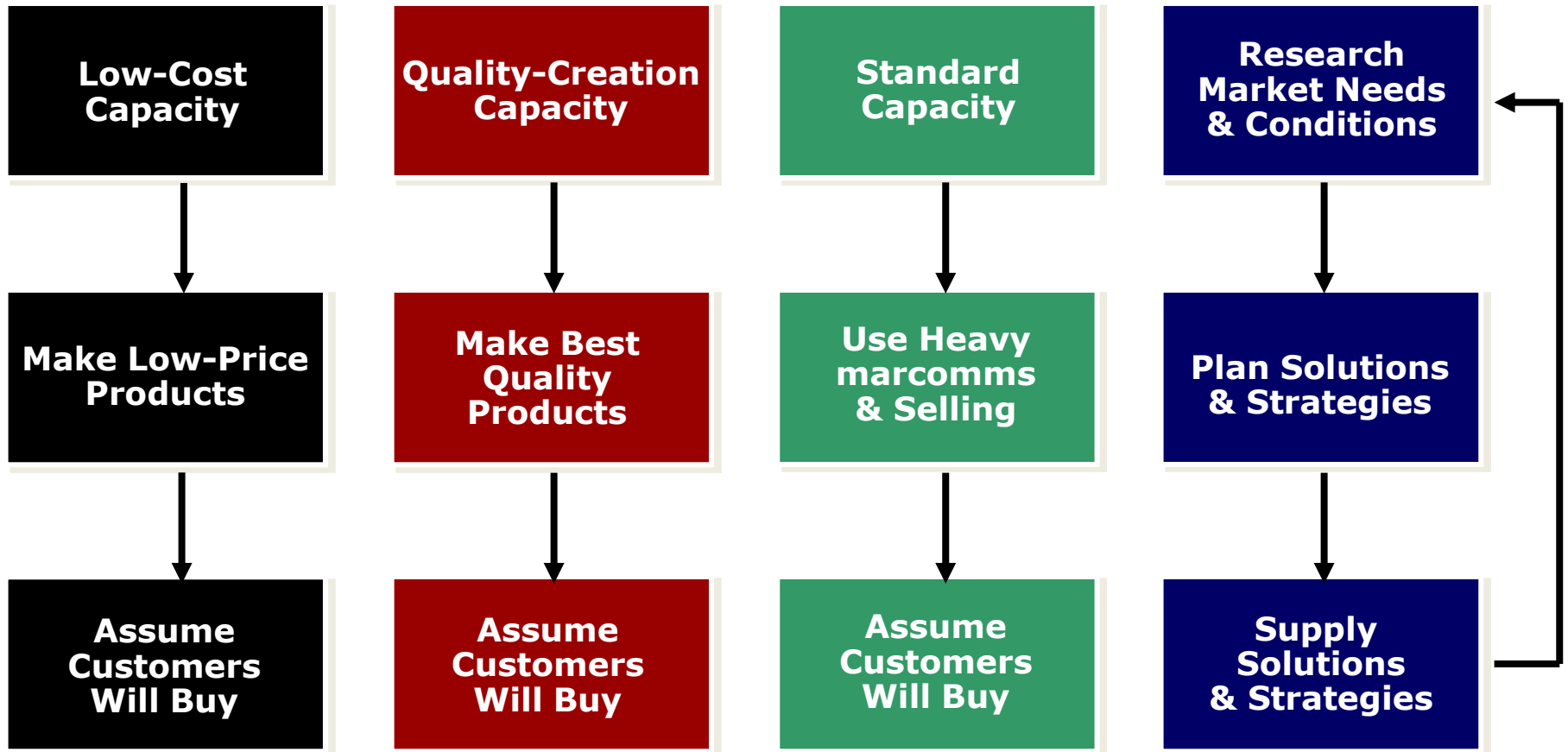
Assume Customers Will Buy

Marketing Orientation

Research Market Needs & Conditions

Plan Solutions & Strategies

Supply Solutions & Strategies



Strategic Clarity Effectiveness & Efficiency

Ineffective

Effective

Efficient

Die Slowly

**Market
Ruler**

Inefficient

**Die
Quickly**

**Survive
If
Fixed**

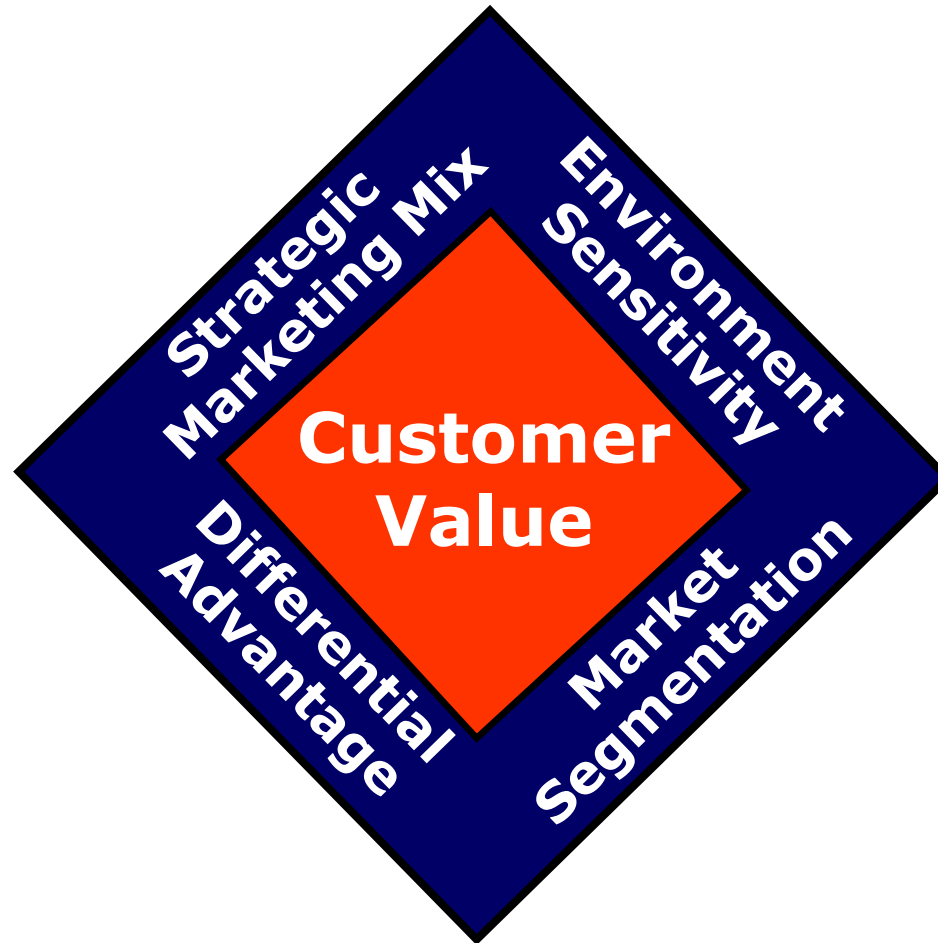
Effectiveness:

‘Doing the right things’. Long-term, strategic, customer-focused, competitively differentiated

Efficiency:

‘Doing the right things’. Short/medium term, operational excellence

The Central Principles of Strategic Marketing Management

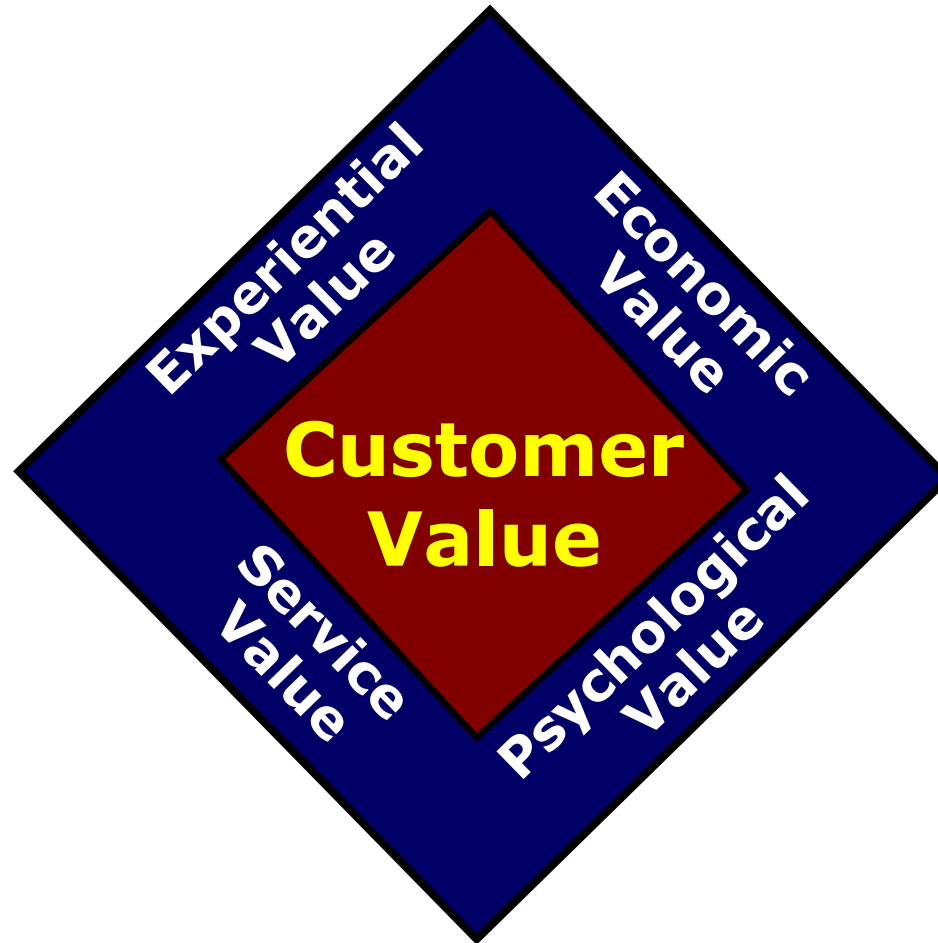


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Customer Value

Customer Value: Multiple Dimensions



Driving Customer Satisfaction: Delivering Value

Economic (EVC)

- Customisation
- Product functions
- Product durability
- Product reliability
- Delivery reliability
- Delivery time
- Pre-sale service
- Post-sale service
- Price
- Financial terms
- Etc.

Psychological (PVC)

- Relationship image
- Previous relationship
- Trust
- Helpfulness
- Contactability
- Help in crises
- Order responsiveness
- Advice & information
- Complaints processing
- Harmonious dealings
- Etc.

And More Value...

- Customisation
- Forward linkages
- Lending equipment
- Lending staff
- Joint R&D
- Dual selling
- Help in crises
- Free trials
- After-sales service
- Pre-sales advice
- Free installation
- Returns service
- Electronic linkages
- Keep in touch service
- JIT delivery
- Any order size ok
- Consultancy
- Countertrade
- Satisfaction studies
- Etc.

Market Segmentation & Positioning

**Segment
the Market**

Group customers with *similar* needs & preferences and separate them from others with *different* needs & preferences

**Select Target
Segments**

Select the most attractive segments given key success factors, segment profit potential, risk assessment & company capability analysis

**Decide
Marketing Mix
Standardisation**

Decide how many segments to target and with how much marketing mix standardisation

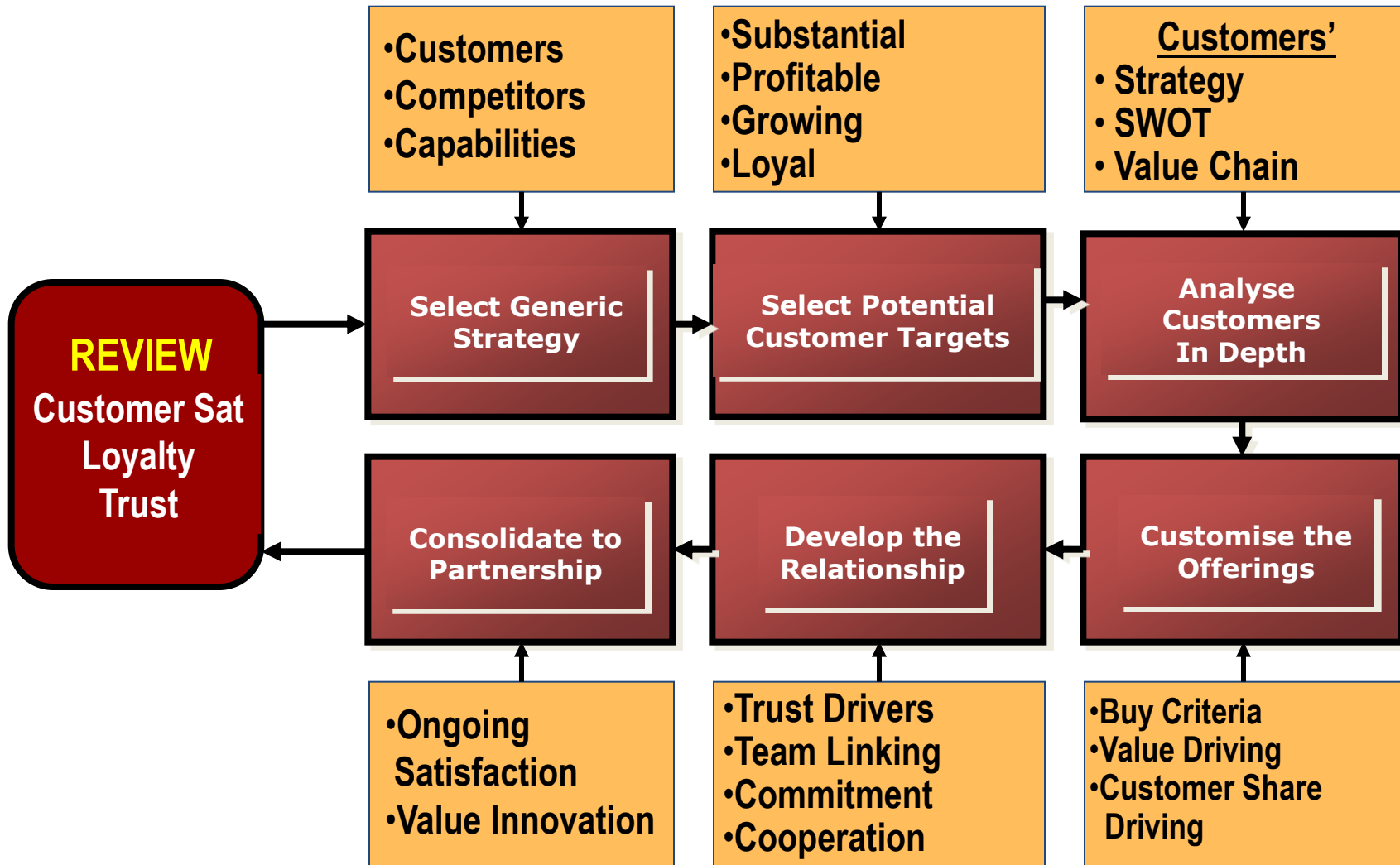
**Establish
Segment
Positioning
(Brand)**

Ensure that customers in each segment *perceive* that we can satisfy their needs & preferences better than rival offerings

where

how

The Customer Relationship Management Process



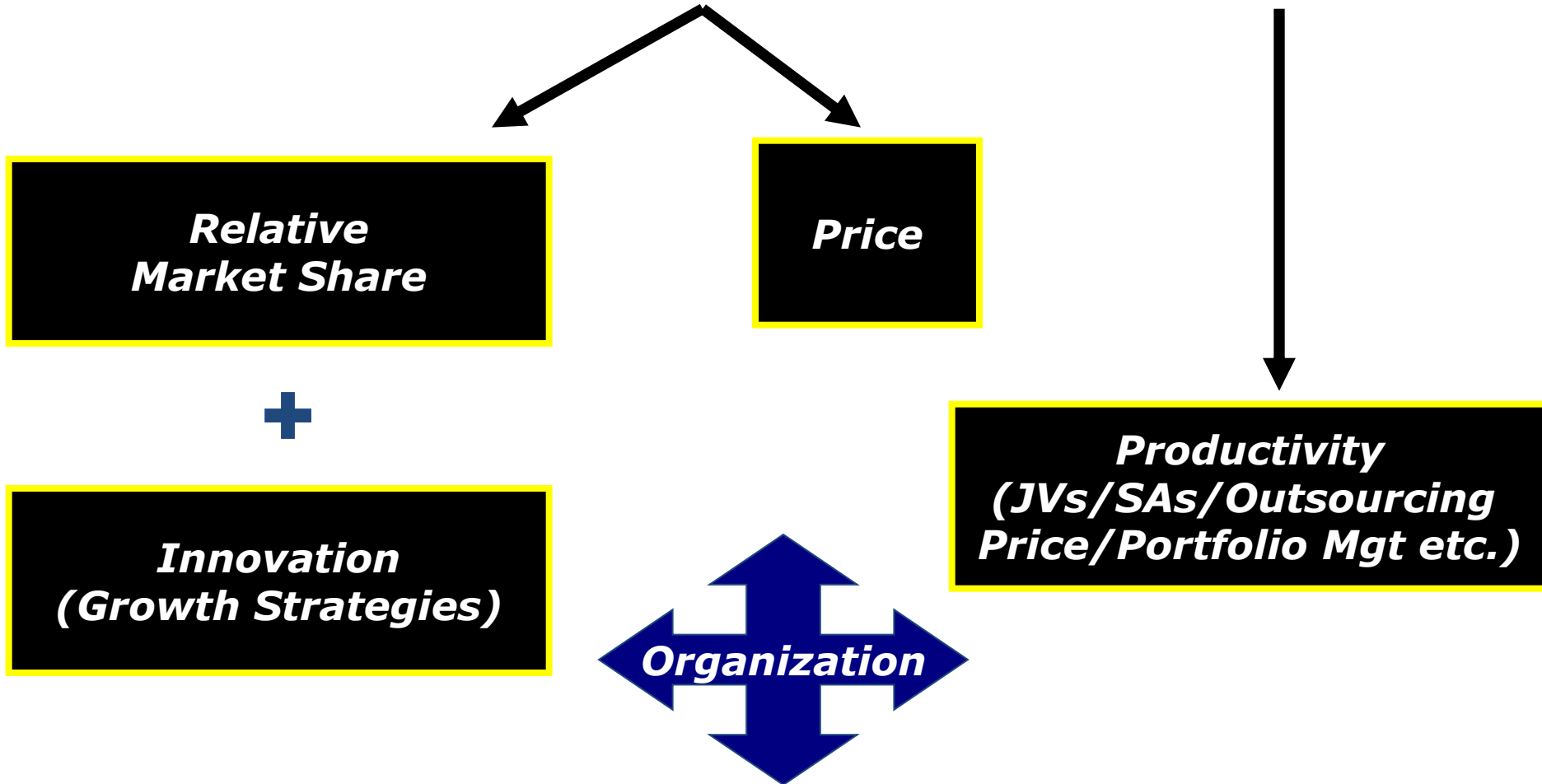
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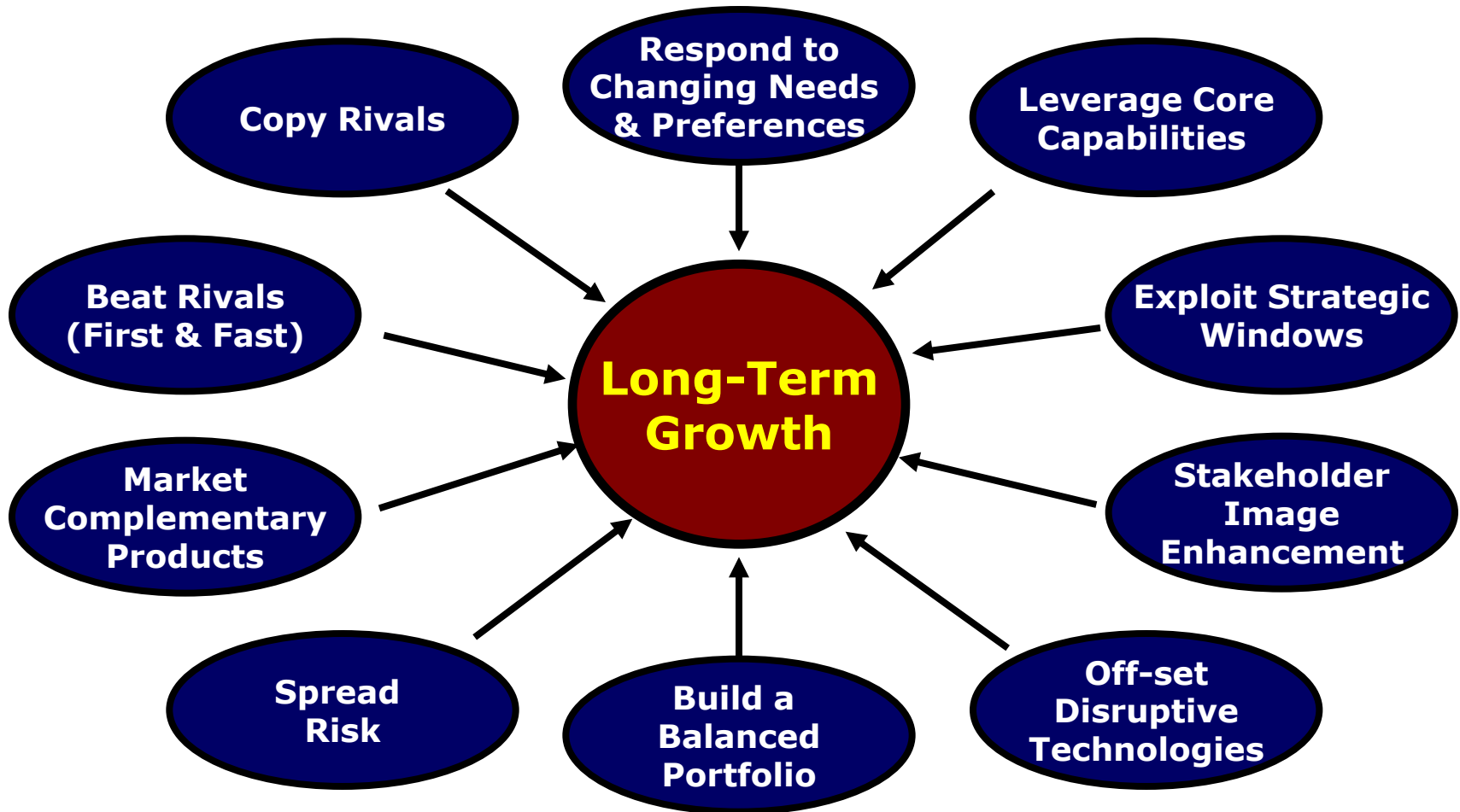
Innovation

Long Term Profit Drivers

$$\text{Profit} = \text{Revenues} - \text{Costs}$$



Innovation Strategies for Long Term Profitable Growth



The Innovation Process

Environmental Scanning



Generating Ideas for Profitable Growth



First Phase Ideas Screening



Concept Formulation and Evaluation



Advanced Screening and Business Case Development



Budget Allocation and Project Development



Market Evaluation and Project Review



Market Commercialisation



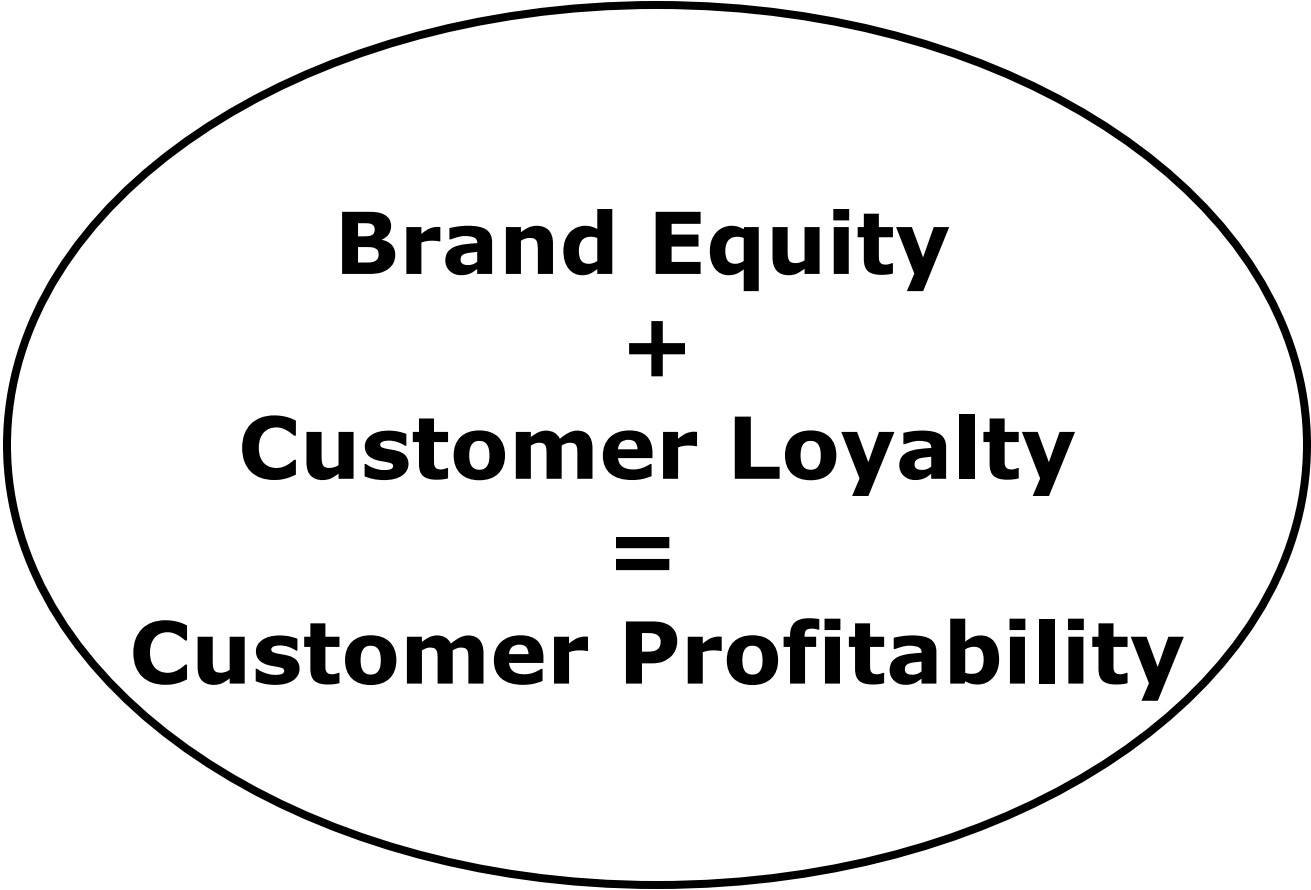
Market Evaluation, Project Review and Control Actions

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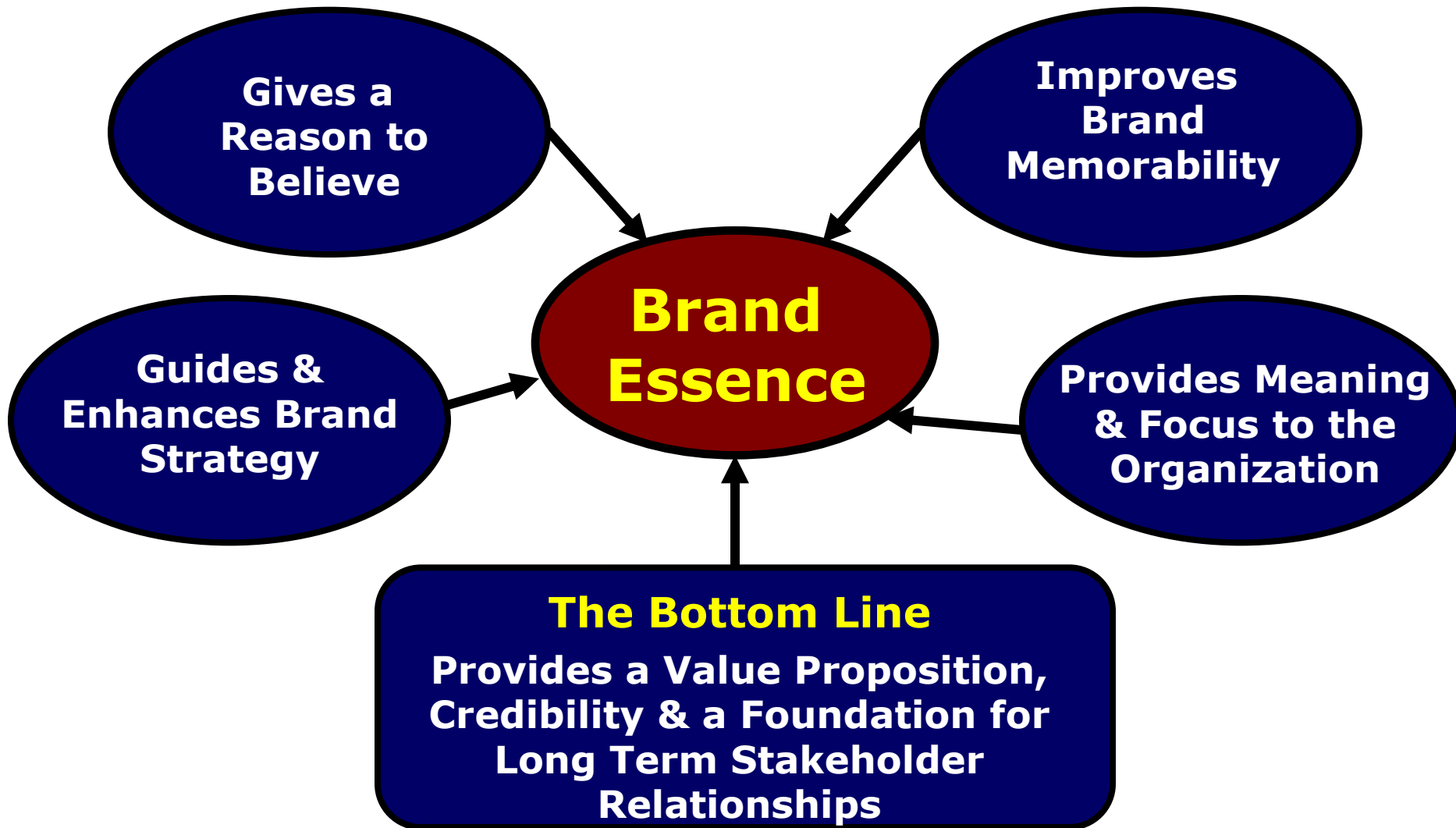


**Total
Brand Management™**

Brand Equity: The Boomerang Principle


$$\begin{aligned} &\text{Brand Equity} \\ &+ \\ &\text{Customer Loyalty} \\ &= \\ &\text{Customer Profitability} \end{aligned}$$

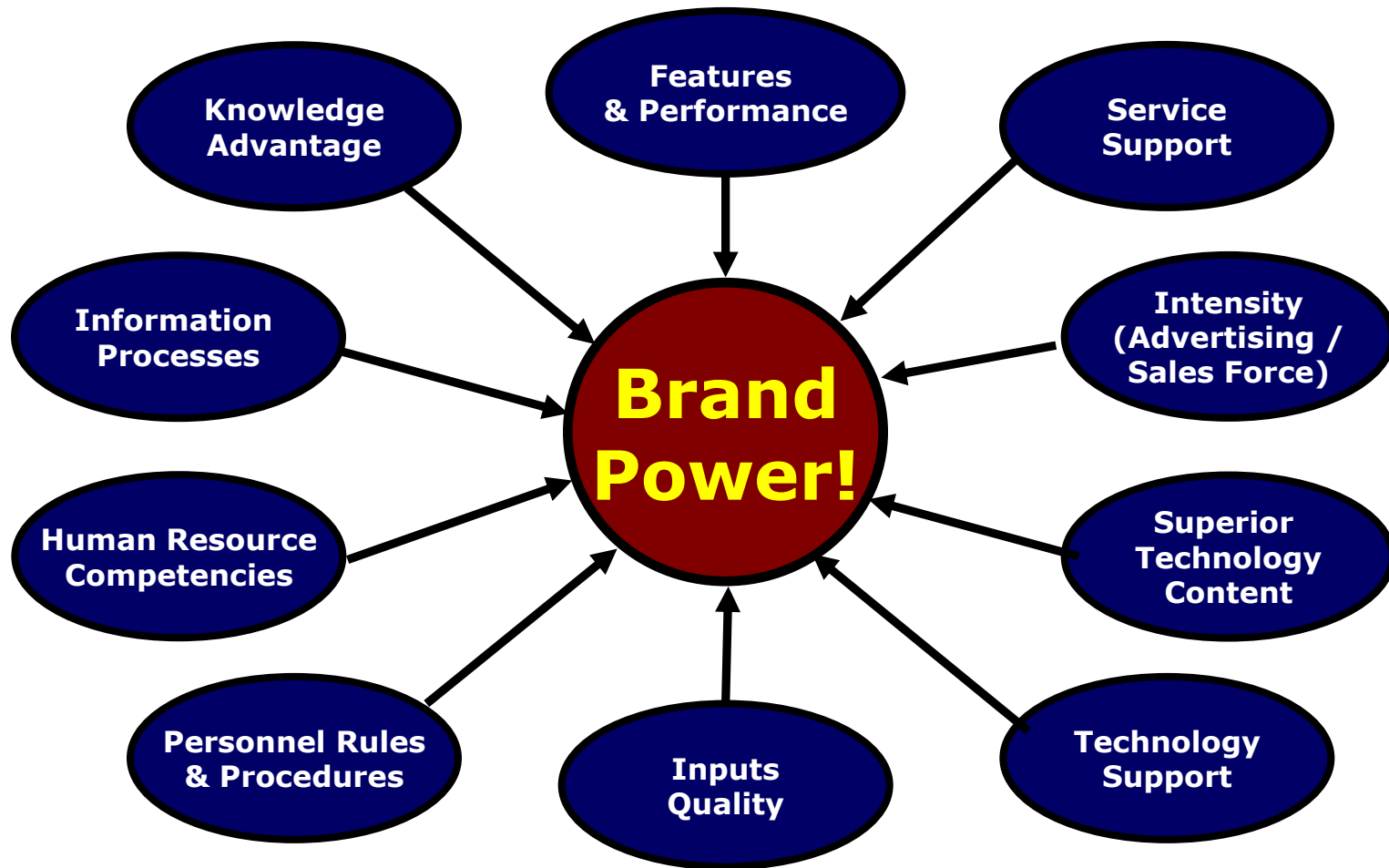
Brand Personality, Essence & Positioning



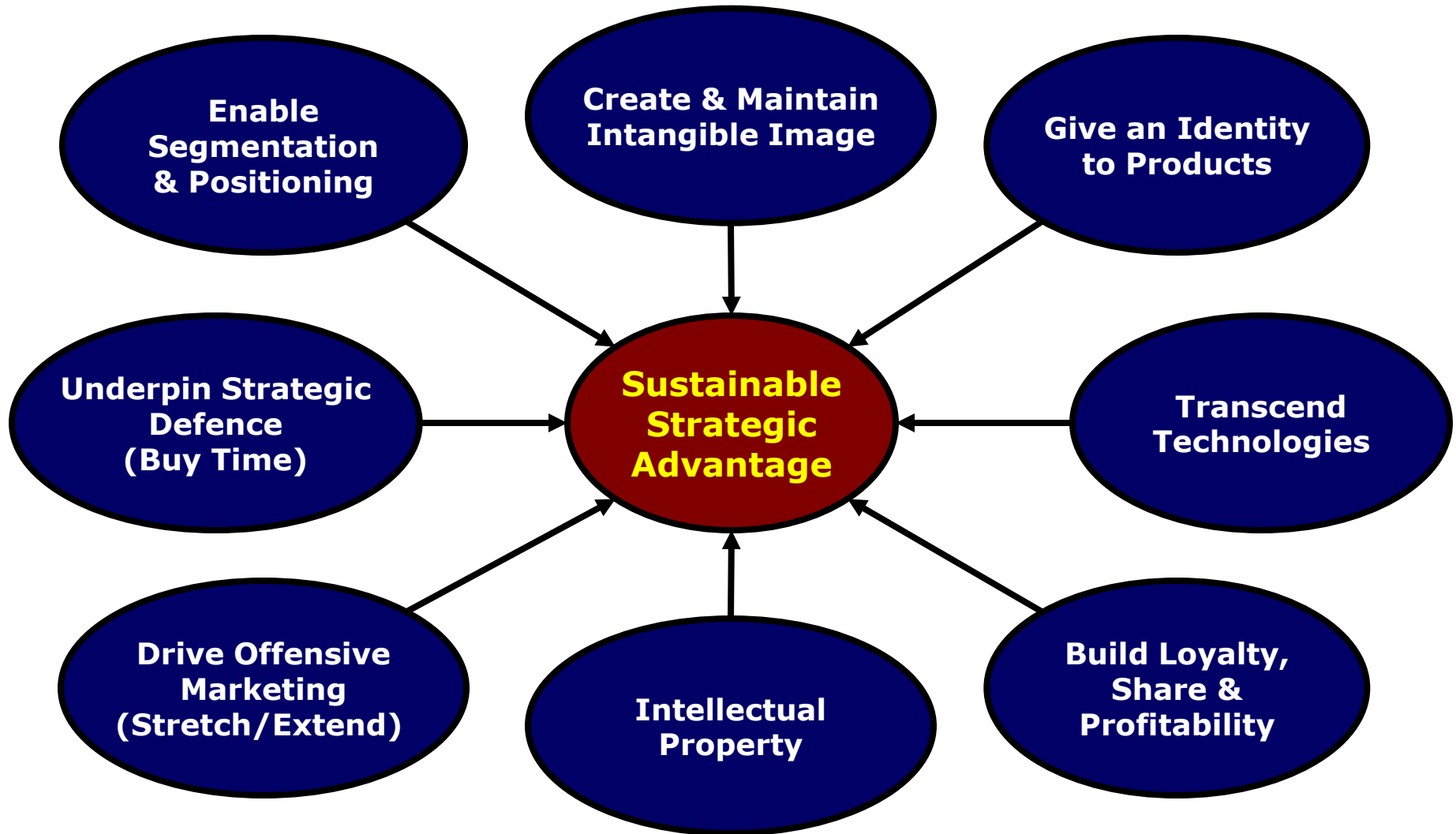
Total Brand Management™: Positioning for Competitive Success

1. Brand Foundations: The Value Proposition
2. Route to Mind: Integrated Marketing Communications & Brand Reputation
3. Route to Market: The Channel Management Process & Brand Delivery
4. Route to 'Stakeholder' Value: Price
5. Route to Success: Effective Implementation

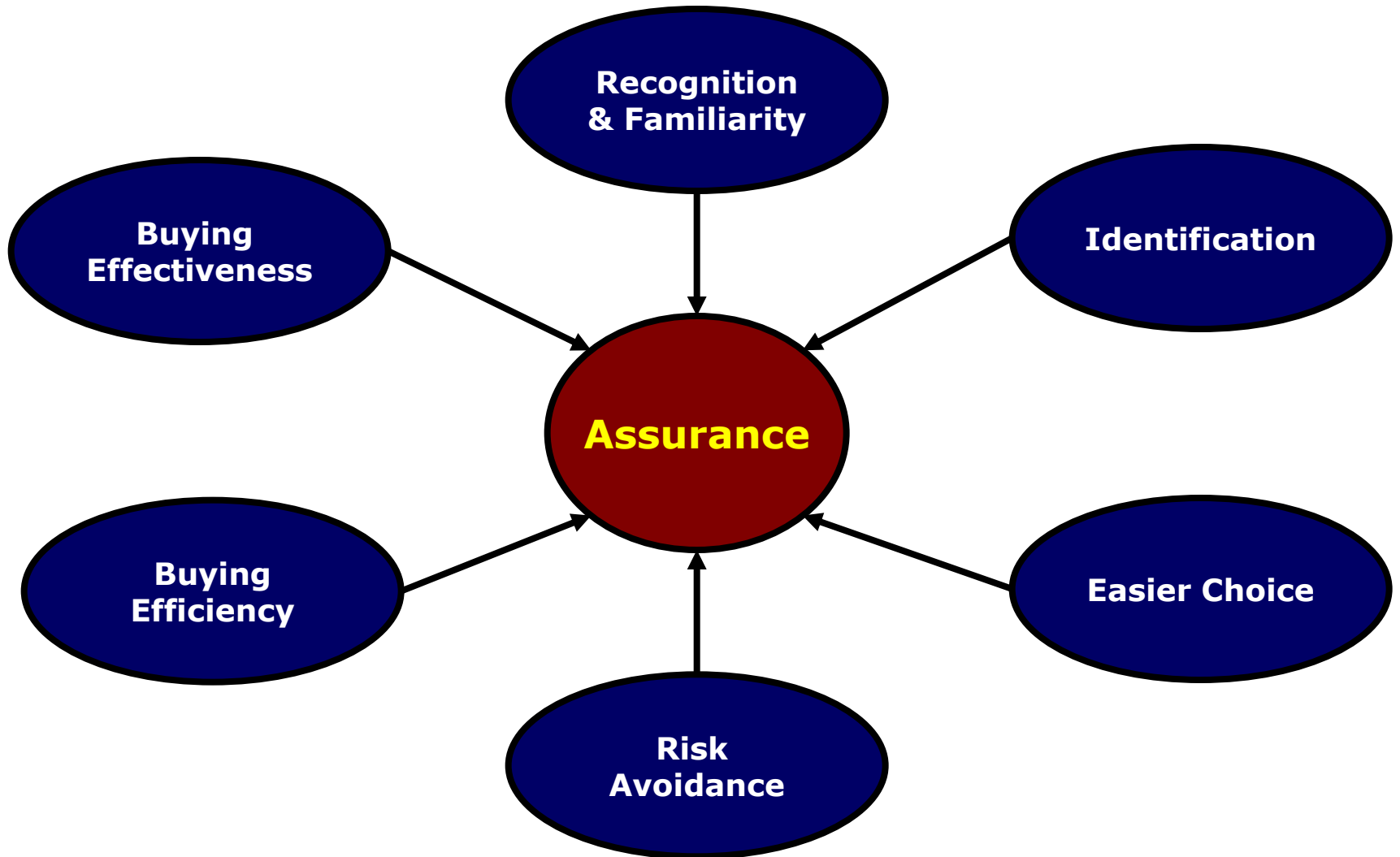
Building the Value Proposition



The Benefits of Brands for Suppliers



The Benefits of Brands for Consumers



The Benefits of Brands for Channel Partners



Strategic Brand Analysis

Customer Analysis

- Trends
- Motivations
- Segments
- Unmet needs

Competitor Analysis

- Brand image/position
- Strengths/vulnerabilities

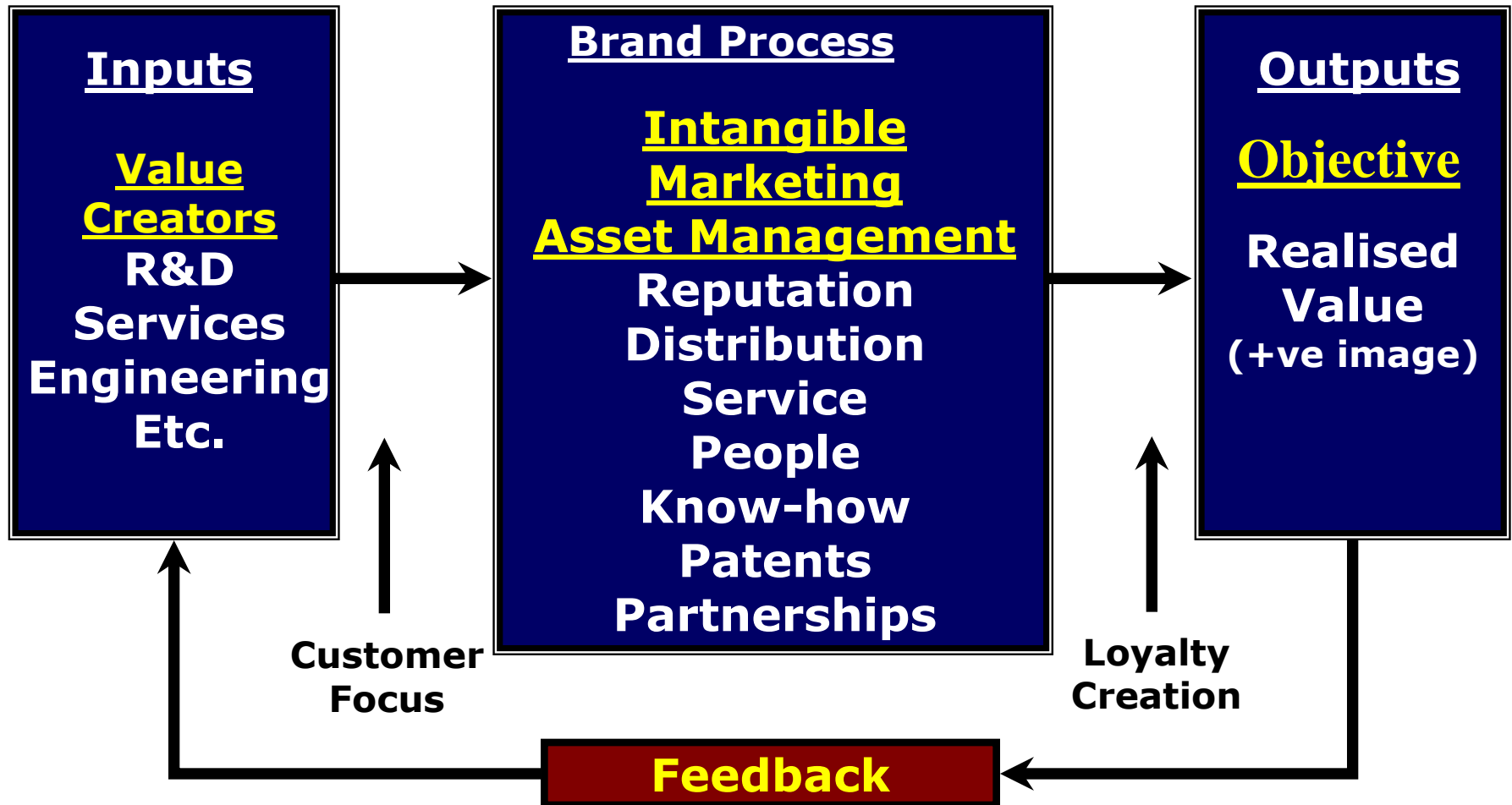
External & Internal Analysis

Self-Analysis

- Existing brand image
- Brand heritage
- Strengths/weaknesses
- The brand's 'essence' & personality

What's in a Name?

The Brand Management Process



Beyond the Crisis, Back to Basics

Conclusions

**Leading
A**

Marketing Organization

Verifying a Marketing Strategy

- **Validity:** Reliability of information and assumptions
- **Distinctive:** Differentiated from competition, industry breakout
- **Suitability:** Given corporate strategy, objectives, etc.
- **Feasibility:** Given resources/competences
- **Acceptability:** Given company culture, ethics and values
- **Consistency:** Are the marketing elements balanced?
- **Vulnerability:** Given risks and contingency plans
- **Flexibility:** Can we adapt fast enough?
- **Rewardability:** Payoff versus risk

Assessing Marketing Strategy Investments

- Discounted Net Present Value (NPV)
- Required Internal Rate of Return (IRR)
- Payback Period
- Etc.

- **Risk Assessment**

- Opportunity Cost Analysis
- Market Dynamics (Zero-Sum?)
- Diminishing Returns Analysis
- Assessing the Cost of Failure
- Consider the Risk of NOT Making the Investment

Barriers to Implementing the Marketing Philosophy

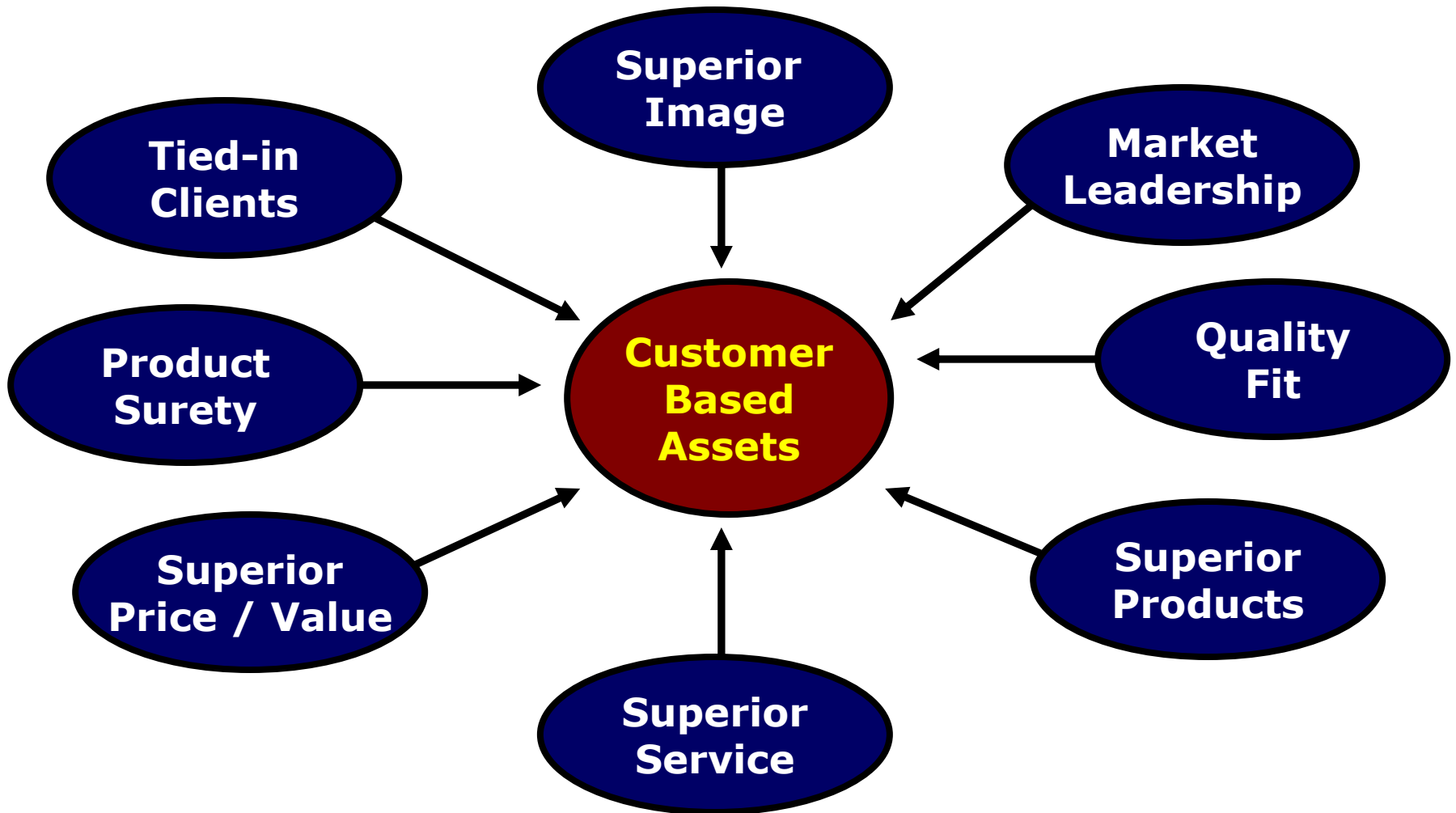
- Bounded (Constrained) Rationality
- Bounded Discretion
- Bounded Sensitivity
- Organizational Design (Structure & Culture)
- Inter-Functional Conflict
- Inter-Divisional Competition
- Science of Muddling Through!

And Finally: The Evidence Explaining Superior Marketing Performance



Total Brand Management™

Customer-Based Assets & Liabilities



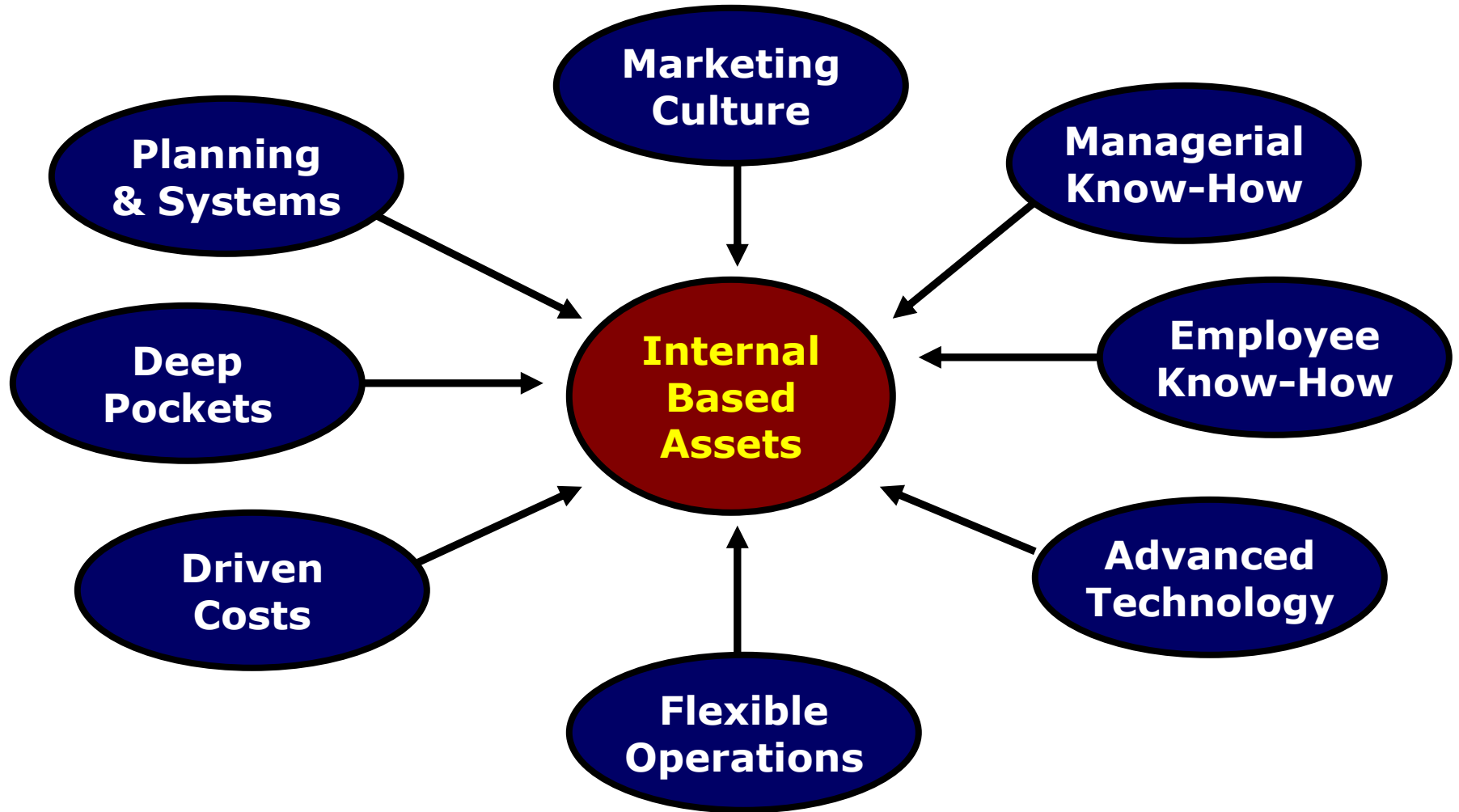
Total Brand Management™

Channel-Based Assets & Liabilities

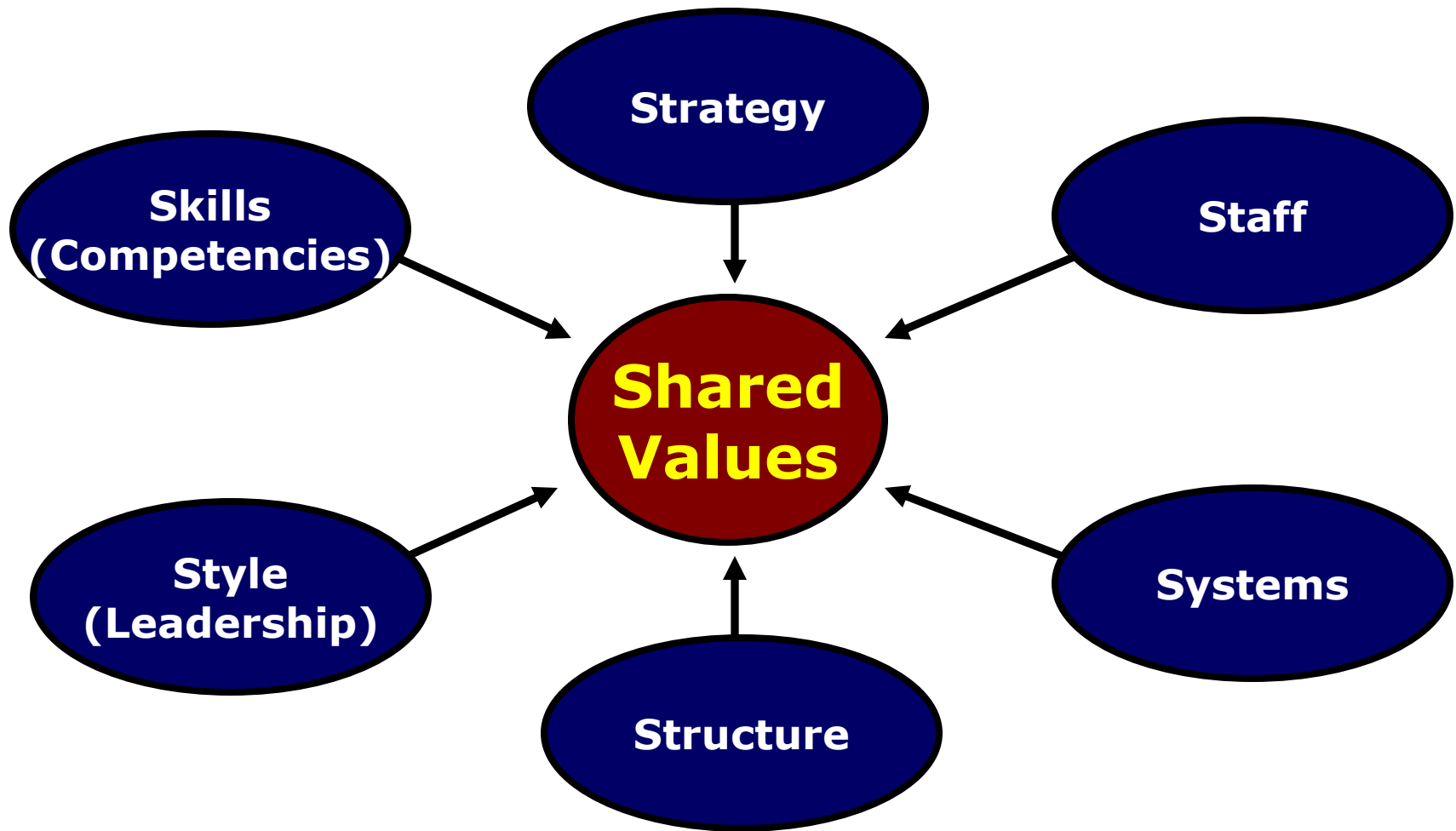


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Company-Based Assets & Liabilities

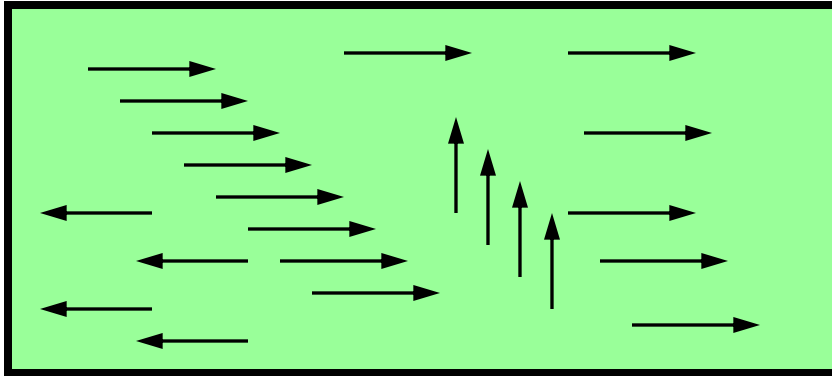


The Role of Culture in Organizational Success (McKinsey 7s framework)



Shared Values: The Vector Metaphor

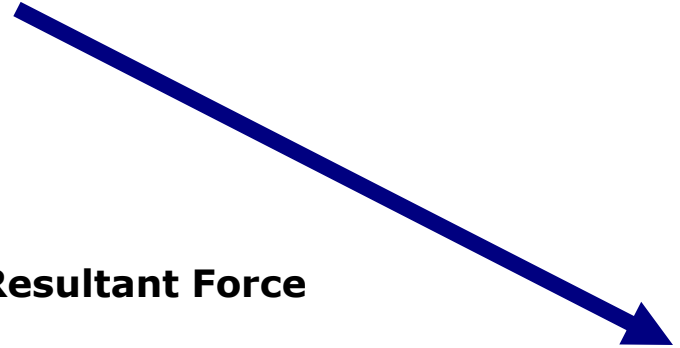
1



Desired Direction

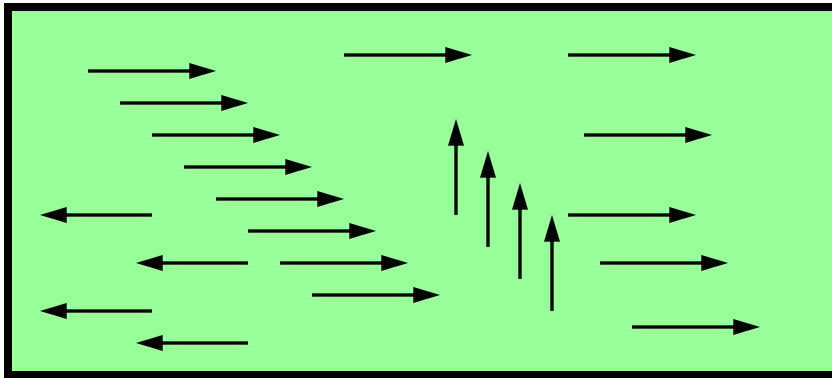


Resultant Force

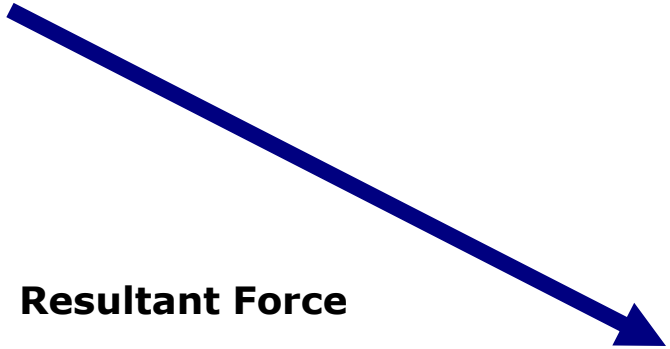


Shared Values: The Vector Metaphor

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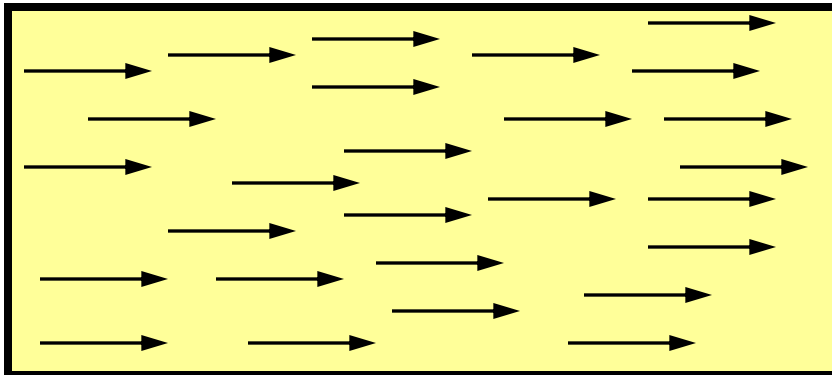


Desired Direction



Resultant Force

2



Desired Direction



Resultant Force