



Aims

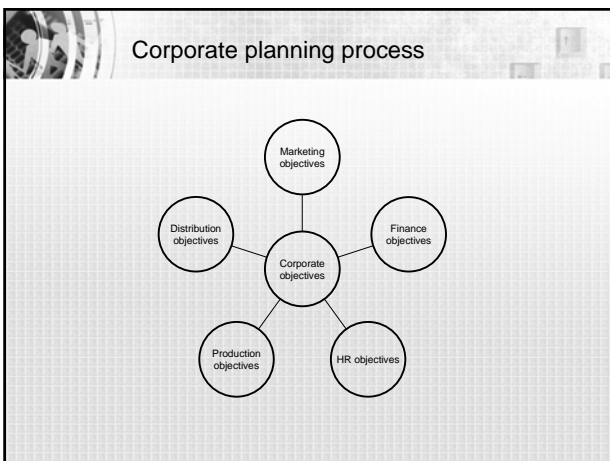
- To revisit the definition of Marketing
- To understand the relationship between corporate objectives and marketing strategy
- To examine importance of customers and markets
- Market sensing and market reaction patterns

Definition of Marketing

- 'The creative management function which promotes trade and employment by assessing customer needs and initiates research and development to meet them. It co-ordinates the resource of production and distribution of goods and services, determines and directs the nature and scale of the total effort required to sell profitably to the ultimate user'.
 McDonald
- Marketing is the management process for identifying, anticipating and satisfying customer requirements profitably.
 CIM

Drivers to Strategic Decision Making

- Drivers promoting CRM
 - High Acquisition costs
 - High Exit Barriers
 - Sustainable Comp. Advantage
 - Buoyant/Expanding Market
 - High Risk/Salience
 - High Emotion
 - Require Trust & Commitment
 - Perceived Need for Closeness
 - Satisfaction Benefits Retention
- Drivers against using CRM
 - Acq/Retention Diff Small
 - Low Exit Barriers
 - Unsubtainable Comp.Adv
 - Saturated Markets
 - Low Risk/Salience
 - Low Emotion
 - Trust Only Required
 - No Reason for Closeness
 - Repeat Behaviour Strategy Favourable



Marketing Objectives

- What do we want to achieve?
 - Increase loyalty
 - Increase sales
 - Increase awareness
- Who do we want to target?
 - Segmentation
 - Targeting
 - Positioning

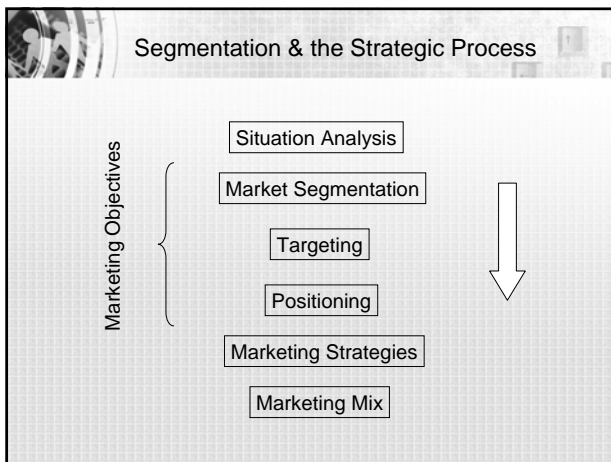
Definition of Market Segmentation

- 'Market segmentation is the sub-dividing of a market into homogeneous sub-sets of customers, where any sub-set may conceivably be selected as a target market to be reached with a distinct marketing mix'

Kotler

Market Segmentation

- Mass markets vs individual markets
- Groups who exhibit broadly similar needs
- Trends away from mass marketing



Segmentation Bases

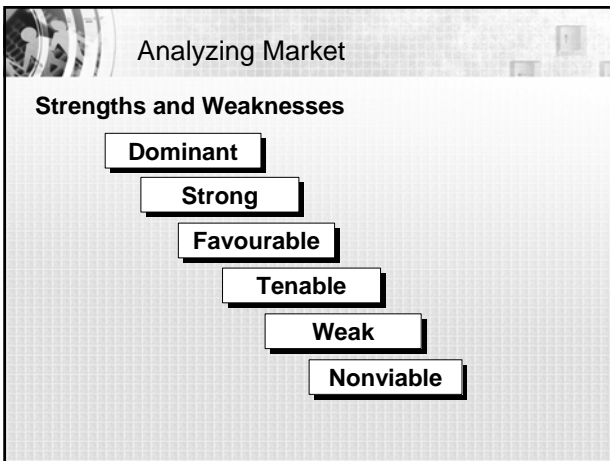
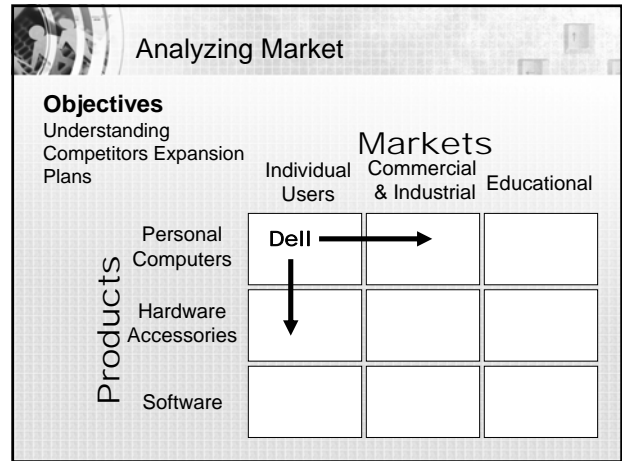
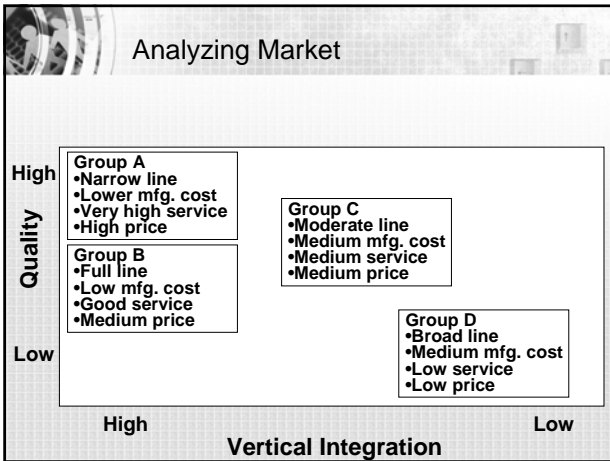
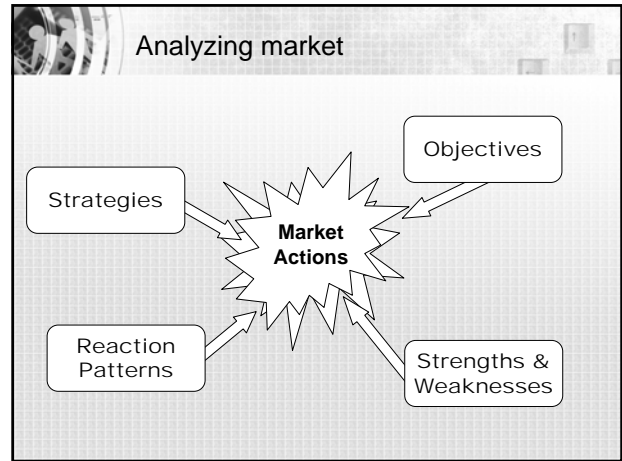
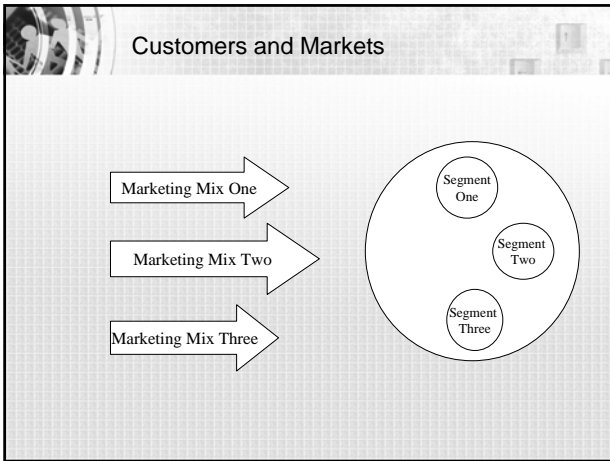
<ul style="list-style-type: none"> ▪ Consumer Markets <ul style="list-style-type: none"> ▪ Geography ▪ Demographics and SES ▪ Psychographics ▪ Behavioural ▪ Benefits 	<ul style="list-style-type: none"> ▪ Industrial Markets <ul style="list-style-type: none"> ▪ Demographics ▪ Operating variables ▪ Purchasing approaches ▪ Situational factors ▪ Personal characteristics ▪ Benefits
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Tests of Segmentation

- Is the segment.....
 - homogeneous?
 - measurable?
 - accessible?
 - substantial?
 - exclusive?
 - recognised by the customers themselves?
 - offer above-average returns?

Target Marketing and Positioning

- Is the segment growing or declining?
- Is the segment changing?
- What does our strategy tell us?
- Where do our resources and capabilities lie?
- Positioning: The relative competitive stance adopted within a target market
- Strategic Positioning
 - Cost leadership positioning?
 - Differentiated positioning?
 - Focused positioning?



- ### Analyzing Market
- Three Variables to Monitor When Analyzing Competitors:
 - Share of market
 - Share of mind
 - Share of heart

Analyzing Market

- Reaction Patterns
 - The Laid-Back Competitor**
 - The Selective Competitor**
 - The tiger Competitor**
 - The stochastic Competitor**

Balanced Scorecard

- "The balanced scorecard retains traditional financial measures. But financial measures tell the story of past events, an adequate story for industrial age companies for which investments in long-term capabilities and customer relationships were not critical for success.
- These financial measures are inadequate, however, for guiding and evaluating the journey that information age companies must make to create future value through investment in customers, suppliers, employees, processes, technology, and innovation."

Kaplan, R & Norton, D. (1996), The Balanced Scorecard: Translating Strategy into Action, Boston, Harvard Business School Press

Why organizations need BSC?

- 'If you can't measure it, you can't manage it'.
- 'Performance can't be compensated without measurement.'
- 'People behave in the way they are being measured'.
- Financial Measurement
 - ROI, ROCE, Market Capitalisation
 - Limitations of Financial Measurements

Pancholi, J. (2004), Introduction to Balanced Scorecard, Presentation to JISCO executive committee

Four perspectives of BSC

- Financial Perspective
- Customer Perspective
- Internal Business Processes Perspective
- Learning & Growth Perspective

