

MK282
Customer Relationship Marketing
 Lecture Three
 External and Internal Audits in B2B & B2C context
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Aims of Session

- To understand the factors that build Competitive Advantage
- To examine the key stages of a fact finding analysis
- To explore how to analyse the competition
- To understand the importance of the SWOT analysis
- To understand the use of Gap Analysis in the planning process

Competitive advantage

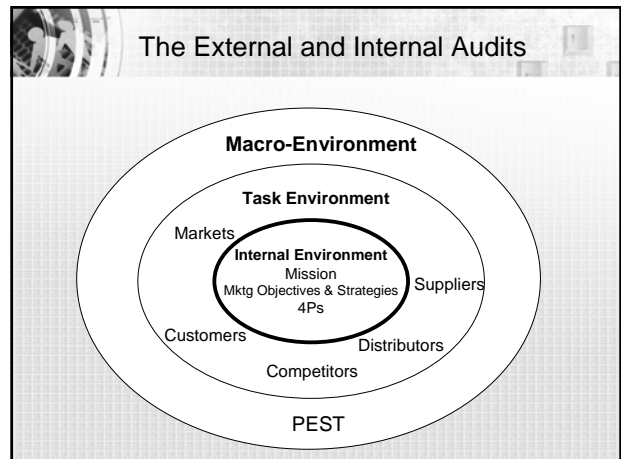
- "A competitive advantage exists when the firm is able to deliver the same benefits as competitors but at a lower cost (cost advantage), or deliver benefits that exceed those of competing products (differentiation advantage)"
 Porter
- "The ability of the firm to outperform its rivals on the primary performance goal – profitability"
 Grant
- "Competitive advantage is a company's ability to perform in one or more ways that competitors cannot or will not match."
 Philip Kotler
- "If you don't have a competitive advantage, don't compete."
 Jack Welch, GE

Porter, M. (1985). Competitive Advantage: Creating and Sustaining Superior Performance. New York: Free Press.
 R.M. Grant (2000). Contemporary Strategy Analysis. Blackwell Publishers.
 Kotler, P. (2003). Marketing Management (11 ed.). New Jersey: Pearson.



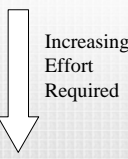
Seeking competitive advantage

- Positions of advantage
 - Superior customer value
 - Lower relative total cost
- Performance advantages
 - Customer satisfaction, Loyalty, Market Share, Profit
- Sources of advantages
 - Superior skills & knowledge, Superior resources, Superior business process



Gap Analysis

- How to bridge the gap:
 - Reduce costs
 - Increase prices
 - Reduce number of discounts
 - Market extension
 - Product development
 - Diversification (new products in new markets)
- It's all about profits!



SWOT Analysis

- Internal Strengths and Weaknesses
- External Opportunities and Threats
- Concise Overview
- Market or country focussed
- Forms the basis for marketing objectives and strategies

Using SWOT to Build Strategies

- Use strengths to take advantage of opportunities
- Use strengths to avoid threats
- Take advantage of opportunities by overcoming weaknesses
- Minimise weaknesses to avoid threats

Questions for developing an audit

- Consumer analysis
 - What is the need category?
 - Who is buying and who is using the product?
 - What is the buying process?
 - Is what we are selling a high- or low-involvement product?
 - How can I segment the market?
- Market analysis
 - What is the relevant market?
 - Where is the product in its product life cycle?
 - What are the key competitive factors in the industry?
- Competitor analysis
 - What is our company good at and what are our competitors good at?
 - Who we are in the marketplace?
 - What are our resources versus that of our competitors?

Silbiger, S. (1999), The Ten-day MBA: A Step-by-step Guide to Mastering the Skills Taught in America's Top Business Schools: Quill.

Ease or Difficulty of Database Construction

		Customer Interaction	
		Direct	Indirect
Interaction Frequency	High	Level Of Difficulty Industry Easy Banks, Retailers	Intermediate Package Goods Companies
	Low	Level Of Difficulty Industry Intermediate PC Store	Difficult Auto, Furniture Manufacturers

Baran, R. J., R. J. Galka, and D. P. Strunk (2008), Principles of Customer Relationship Management: Thomson.