MARKETING STRATEGY COLLECTION
Naresh Malhotra, *Editor*

Marketing and Management Models

A Guide to Understanding and Using Business Models

Helen Strong

business expert Press
www.businessexpertpress.com

Marketing and Management Models

Marketing and Management Models

A Guide to Understanding and Using Business Models

Helen Strong

business expert Press

Marketing and Management Models: A Guide to Understanding and Using Business Models

First published in 2014 by
Business Expert Press, LLC
222 East 46th Street, New York, NY 10017
www.businessexpertpress.com

ISBN-13: 978-1-60649-962-7 (paperback)
ISBN-13: 978-1-60649-963-4 (e-book)

Business Expert Press Marketing Strategy collection

Collection ISSN: 2150-9654 (print)
Collection ISSN: 2150-9662 (electronic)

Cover and interior design by Exeter Premedia Services Private Ltd., Chennai, India

First edition: 2014

10 9 8 7 6 5 4 3 2 1

Printed in the United States of America.

Abstract

Modern business practice, especially in the field of marketing, depends on the integration of creative and analytical thinking. One of the tools in this process is the use of management models to guide business decisions. However the inherent power of the models is only released when the people applying them have the ability to gather relevant information and interpret the relationships between the variables in the model. This book examines the role of some of the most popular management models. It helps the reader appreciate when they should be applied; it suggests which models may be relevant; and, importantly, identifies the type of information needed to implement them. *Marketing and Management Models: A Guide to Understanding and Using Business Models* reduces the complexity of management models through a logical and systematic approach. Models recognize the impact of globalization, technology, systems thinking, and the need for an integrated approach in strategic marketing. The reader will find new models dealing with consumer engagement, gamification, supply chain management, and cultural integration.

The contents will be of particular assistance to students of business and marketing qualifications who have not yet had working experience; and junior market researchers and managers responsible for the preparation of strategic analyses prior to problem-solving and planning sessions.

Keywords

how to apply marketing and management models, strategic marketing and management models, understanding management models, understanding marketing models, using management models, top management and marketing models explained

Contents

List of Figures

List of Tables

Abbreviations

AMPS	All Media and Product Survey
BBBEE	Broad-Based Black Economic Empowerment (South African concept)
BCG	Boston Consulting Group
BE	Brand Equity
BMR	Bureau of Market Research
CRM	Customer Relationship Management
CSI	Corporate Social Investment
CSF	Critical Success Factor
CU	Customer Units or Consuming Units
EQ or EI	Emotional Quotient or Emotional Intelligence
NGO	Nongovernmental Organization
PLC	Product Life Cycle
R&D	Research and Development
SAARF	South African Audience Research Foundation
SARS	South African Revenue Service
SCC	Supply Chain Council
SMART	In relation to objectives: Specific; Measurable; Actionable; Realistic; Time defined
SQ	Social Intelligence Quotient
WCA	Workmen's Compensation Act
WOM	Word-of-Mouth

Preface

Strategic planning depends on one's ability to understand the situation, read the environment, to perceive what variables are in play, and to realize how they will interact. Every manager and undergraduate student will have been told how useful management models are in the planning process. And it is widely assumed that having knowledge of the existence of models is equivalent to knowing how to apply them.

In my experience, that does not hold true. While the models are the outcome of one or more genii's insight, they can only make strategic sense when the applicant knows when to use them, and how to apply them. And sometimes they should be regarded simply as logical structures to generate thought about a situation.

This project considers some of the best known management models (mainly marketing) and discusses how to make them useful in strategic planning. The book is written from the perspective of obtaining and generating the right information to make best use of the models. There is no claim to additional insights, other than that of simplification in the art of knowing what is important; what needs to be measured; and the approach that should be followed to interpret the signs.

Interpretation is where the art of strategic marketing management comes in. If one does not appreciate the significance of the signs, then active marketing cannot be practiced. By active marketing, we refer to the ability of the marketing team to anticipate circumstances and adjust the marketing activities to optimize the outcome for the product. Here the marketer will be sensitive to trends, competitive activity, or even what is referred to as chaotic disruption. That is a change so large that it impacts all normal activity. Hopefully it is your organization that would be responsible for that disruption.

To arrive at meaningful interpretations of analysis and findings, researchers need to be aware of the driving forces in general and within their particular market(s). A driving force is a trend in attitudes and beliefs, products, technologies, or of all these, which changes the way people and companies behave (produce) and consume goods.

At the time of writing (2013), significant global driving forces that are changing the world include:

- Growth of the Internet and its associated social media
- Environmental consciousness for sustainability (this includes the green movement and conservation of natural resources)
- Speed of communication driven by technology
- Pace of change, especially influenced by technology
- Expectation of immediate satisfaction of needs
- Automation of production changing the quality of products, productivity, costs, and skill requirements
- Increasing integration and exchange of information and goods between countries; coupled with the communication changes, this has led to the concept of a global community where everyone is interconnected
- Changing demographics due to local and international migration, modern warfare, political factors, advances in education, health epidemics (for example HIV/AIDS), changing birth rates, and such

When considering organizational strategies, the researcher needs to consider the penetration and impact of these types of trends on the dynamics of the industry in which he or she is operating. For those who are developing organizational strategies, an excellent article is provided by Stinson and Day (1990) in which they elaborate on global trends, and provide researchers with the types of questions that should be used to interrogate the industries in which one is active.

To simplify the discussions where a strategic or research technique is used several times within the applications of models, a description will be included in the Glossary of Terms. It will be marked with a "G" to remind you that you can find an explanation for the term within the book.

A number of diagrams and illustrations have been found from the Internet. You can explore the concepts more fully by following the links provided in the footnotes and References section.

General Usefulness

Management models in themselves are usually graphic representations of variables that interact together in a situation. In creating the model, the originator has perceived and usually researched the importance of the various factors that are included in its structure in relation to different business problems.

Following the work of Shipham (2010), the author subscribes to the belief that visible problems do not always have obvious causes. Furthermore, there are levels of complexity, which need to be unraveled before one can identify the true or root causes of a problem.

In strategic planning and market research, it is essential to identify the real causes for issues and phenomena that are observed in the market. Otherwise a great deal of money could be wasted or at risk due to incorrect hypotheses or objectives for research and investigation.

The use of business models allows for a structured reflective approach in locating and identifying the hitherto unidentified causal factors of business problems.

In considering the facets of various models, the strategist has a tool to bring underlying influences to the surface providing a better chance to explain contributors to problem symptoms. This book assumes that the vision (ideal position of the organization) and mission statements (what is done to achieve the vision) of the organization are known. It is also assumed that the analyst is aware of the need to align recommendations to these important signposts.

In the following pages we will consider some of the most popular, and some lesser known management models, which can be useful in uncovering the variables that need to be examined and measured in explaining or describing business situations.

In all cases, we ask two questions: What does the consumer need? and What does the decision maker need to know?

Acknowledgments

Thanks for the inspiration.

This journey began just over a year ago following my interaction with marketing and market research students. They were struggling with the concept of applying management models to solve business problems. I realized that unless one has had work experience, many of the factors mentioned within these models do not make sense. Someone had to explain how to use management models and to show how they provide a framework for analysis and suggestion of solutions. Understanding of the basics then flows naturally—what information is needed and how to gather it.

Thanks to my dear husband Garth: He tolerated (no, accepted) erratic bedtimes and other selfish writing habits. He realized that I was totally absorbed with finding good information and putting it into a simplified format.

Thanks for the experts: My daughter Bronwyn Burdis who brought me up to speed on the realities of supply chain design and Audrey Buckley, the artist who provided me with my very own Cheshire cat.

Thanks to the Internet: For the people from all around the globe who share their research, knowledge, and insights. My world is richer for this generosity.

Finally, thanks to the team at Business Expert Press who supported this venture with good and prompt advice when I needed it.

CHAPTER 1

Arthur D Little Matrix

Arthur D Little (ADL) Matrix: Purpose

This useful tool assists organizations in developing appropriate strategies for their companies and their products. The ADL Matrix is applied when a company is reviewing its product portfolio or conducting a strategy planning exercise in which allocation of resources is being considered. In preparation for mergers and acquisitions, the matrix will identify a division's products that should be retained or divested.

ADL Matrix Structure and Description

The philosophy is that competitive forces in the marketplace should be considered in conjunction with the industry's life cycle phase, thereby modifying the strategic thrust of the business. The matrix cells emerge from a cross tabulation of the industry life cycle stage against five categories of competitiveness in the market (Table 1.1).

ADL Matrix: Strategic Considerations

Defining the direction of the business effort, efficient allocation of resources, positioning of the organization, and achieving optimal profitability are some of the major strategic decisions that can be developed through this model.

As we can see from the model, the researcher is required to identify the phase of the industry life cycle and to assess the strength of the company and its competitors within its defined market. However, deciding the current life cycle phase of an industry is a matter of science and judgment.

Table 1.1 ADL Matrix

		Industry life cycle stage			
		Embryonic	**Growth**	**Mature**	**Aging**
Competitive position	**Dominant**	All-out push for share Hold position	Hold position Hold Share	Hold position Growth with industry	Hold position
	Strong	Attempt to improve position All-out push for share	Attempt to improve position Push for share	Hold position Growth with industry	Hold position or harvest
	Favorable	Selective or all-out push for share	Attempt to improve position Push for share	Custodial or maintenance Find niche and attempt to protect it	Harvest or phased-out withdrawal
	Tenable	Selectively push for position	Find niche and protect it	Find niche and hang on, or phased-out withdrawal	Phased-out withdrawal, or abandon
	Weak	Up or out	Turnaround or abandon	Turnaround, or phased-out withdrawal	Abandon

Depending on the industry stage and the strength of the company, the model suggests strategies ranging from *all-out push for share* to abandon. However, this advice is in the absence of knowing the cost of the strategies that would need to be adopted to have an effect on the market share and profitability. There is a cost involved even if one decides to exit the market.

Withdrawal considerations would include the rate of decline, the number of competitors remaining in the market, the nature of the product, capital invested, and extent of the fixed costs. The company will try to maximize income, reduce losses, or do both when predicting the optimal closedown date. The decision will write off the sunk costs (irrecoverable costs), while ensuring that ongoing management and operational costs are covered by the remaining income.

ADL Matrix: Implementation

To apply the model, there are three decisions that need information:

- What is the industry stage?
- Who are the competition, and how strong is their position in the market?
- What return on investment (ROI) is required from the implementation of the indicated strategy (such as push for share, hold position, or exit)?

Industry Stage

First, one needs to do the following:

- Consider the *date of introduction* of the product. The closer to the launch date of the first product of its type in the market, the closer is the industry to the embryonic stage. However, even this is not necessarily an accurate guide to the life stage.

  For example, US Patent 887,357 filed by N.B. Stubblefield informs us that the concept underlying mobile phone technology was first made public in 1918, but it was not until about 1970 that network technology facilitated a truly commercial mobile phone. There were obviously many iterations between the original idea and today's sophisticated phones, which are essentially a combination of phone and computer.
- Look at *growth rates* within the market. In-company records and secondary research should yield consumption patterns and trends from the introduction of the product class, to date. The theory says that there are two important divides that occur between innovators and early adopters and then between early adopters and late adopters. The first is due to the technology not providing sufficient benefit to generalize to the masses. The second chasm occurs due to the degree of difficulty of adopting the new product.

- Conduct consumer research[G] amongst companies, with the objective of *categorizing* the target market attitudes and behavior relative to your product and according to the innovation adoption cycle. You would test your findings of companies' purchase or intention to purchase against the normal bell-shaped curve identified by Rogers (1995).

  He used the classifications:

  - Innovators (2.4%)
  - Early adopters (13.5%)
  - Early majority (34.0%)
  - Late majority (34.0%)
  - Laggards (16.0%)

  For example, if you found that 25 percent of the possible market had already purchased the product, then you could say the industry phase is likely to be at early part of the growth stage.

  A good summary of the factors and elements associated with the rate of diffusion and the adoption process is found on one of the Pennsylvania University sites (Personal.psu.edu 2001). These variables could also be included in the market research conducted when seeking to establish customer profiles.
- Study *elements of the market and marketing mix* to provide indicators as to the industry stage.
  - Place or distribution
    - Is the product widely available, or found in limited areas only? The latter is an indication of either the embryonic stage, or of niche marketing by players in the market.
  - Pricing
    - Examine the average price per unit and estimate profit margins.
    - Product developers try to recover their developmental costs, and take advantage of the desire of innovative consumers to adopt the latest technology or product. Hence at launch, the cost of a new product will be priced at a premium.

    - As competitors enter a market, it is likely that they will compete on price, thereby bringing down the margins for most producers.
    - Discounting and special offers tend to indicate that the market is mature or declining.
    - Lower profit margins indicate maturing industries.
- Promotion
    - Is the content of the advertising concerned with raising awareness, with extending the geographic coverage of users, or with increasing applications of the product? The first would be associated with a launch, and the latter with expanding the market, indicating a growth-type environment.
    - Track the weight or spend of advertising. Again the launch is associated with heavy expenditure, whereas reminder-type advertising (less frequent) occurs further along the curve.
- Product
    - Examine the performance of the available products. Upgrades are associated with growth or a more mature industry, especially when technology becomes available to improve performance.
    - Relate the products' performance and functioning to the evolution of consumer needs. What is happening within the market to stimulate or depress use of the products within the industry being considered?

Remember that an industry life cycle can also be subject to disruptive innovation[G]. This takes place when a product development takes place that is not a natural progression from products that have existed before. The disruptive product anticipates or recognizes a latent consumer need and usually achieves disruption by redefining the business model of the industry.

Whilst individual products within an industry may have reached their maturity, the industry itself may not be as far along the life-cycle curve. For example, vehicle models have a limited life span, but there is still a need for some form of transport to move people from one point to another.

Embryonic industries tend to be ones where technology has opened a new vista of knowledge with the potential for entirely new applications. For example, marine and other renewable energies; products emerging as a result of the human genome project; stem cell research; 3D organic printing; products designed to deal with space travel, all fall within the definition of embryonic industries.

- Other indicators of maturity
  Klepper (1997) provides an interesting article on strategies, using the automobile and airline industries to illustrate the relationships of indicators of market stage. Researchers also examine the following factors to help pinpoint the industry life stage:

  - Establish the extent of *investment* being made in research and development (R&D). Declining markets will not see money ploughed into research due to the unlikelihood of recovery of the investment costs. Products in pharmaceutical markets face obsolescence due to development of new drugs as the industry is typically driven to improve the efficacy of treatment. The industry is mature, but the need for treatment grows with the population growth, changes in lifestyle, food intake, and the environment.
  - Consider the number of *complementary products* available. If there is a strong side industry of such products, then you will probably be dealing with a growth stage for the main product.
  - How *standardized* is the industry? Existence of generally accepted standards will indicate more mature industries.
  - How *mechanized* are the production processes? Increasing mechanization indicates the industry would be in growth or mature stages. (Production lines in South Africa are not as likely to be as automated compared with the developed world, due to the country's concern with providing job opportunities.)

- Track *entrants and departures* from the industry. During the initial growth stage, it is likely that the industry will see the emergence of many competitors attracted by the potential profits to be made with the innovation and launch of new products. Many of the entrants do not survive due to the difficulty of setting up new businesses. Hence this count of number and size of competitors is another marker for the life stage of an industry.
- How *concentrated* is the industry? Typically in a mature market, three or four dominant players will hold 80 percent of the market share.
- Linked to declining profitability, some of the companies will explore *vertical integration* to (a) keep additional competitors out of the market, (b) to increase control on pricing, and (c) to generate additional profits.
- Emergence of *generic brands* is also an indicator for market maturity.

Competitors' Strength

When assessing competitive strength, the researcher needs to investigate:

- Which companies (and if applicable, parent or holding companies) compete in selling products and services to fulfil a particular customer need?
- Market leadership in terms of the following:
    - Market share of their product(s)
    - Innovation or technical excellence
    - Business intelligence (BI) and IT capability
    - Customer engagement
    - Strategic alignment with market drivers
    - Sophistication of supply chain
    - Quality of products
    - Financial stability
    - Production capacity

- ◦ Distribution
- ◦ Caliber of sales force

ROI to Support Chosen Strategy

Having considered the industry life stage together with the competitive conditions in the market, the final step in selecting a strategy is to test the returns available from investment in the advertising and promotional activities for customers' movement up the brand resonance ladder. (See Nichols 2013 for the Analytics 2.0 approach to incorporating measurement from all traditional and modern media [such as the Internet, social media, and use of mobile technology].)

To measure the ROI, both the level and type of advertising and promotion need to be tracked and measured against sales increases. For this reason, it is important to keep records of all types of expenditure, movement of consumer awareness and attitudes, and commensurate purchase or sales outcomes.

In the retail environment, the author has shown that it is not only absolute, but relative adspend share that influences the growth in market share in the following month. This suggests that ad and promotional spend for all competitors in the market needs to be tracked.

Nichols (2013) suggests that there are three elements that need to be measured: attribution, optimization, and allocation. This refers to the role of the medium in meeting objectives, finding the right level of spend, and then actively allocating and managing the budget to maximize returns.

ADL Matrix: Conclusions

To maintain the model's relevance, systems need to be put in place to track industry metrics and changes. This applies especially in fast-moving markets such as electronics and high-tech products where experimentation and innovation change the landscape within months rather than years.

CHAPTER 2

Adopt and Drop Curve

Adopt and Drop: Purpose

This tracking activity is meant to act as an early warning system to indicate a fall in consumer purchase of a product, especially when it has recently been launched.

Adopt and Drop: Structure and Description

George Silverman (2000) wrote about an *adopt and drop* curve when discussing contradictory results obtained from qualitative and quantitative data. In the context of the article, he discussed early adopters who do not necessarily continue using a product after trial.

It struck the author that this is an extremely useful concept that should be adapted by researchers to identify issues with new (and for that matter old) product performance in the market. Essentially, Silverman suggests regular monitoring of the composition of users in the market to check out their status in terms of new user, ongoing user, and prior user. Even though sales may be booming, he points out that if there is acceleration in the rate of drop (discontinuing use), it will probably result in a sales problem.

At an early stage, the researcher is able to identify the issue and establish the reasons for the lapsed users. In the graphic illustration that follows, current users measured in the market are represented by the middle line. The bottom line represents the number of lapsed users, and the top line represents the potential number of users if the lapsed users had not stopped using the product (Figure 2.1).

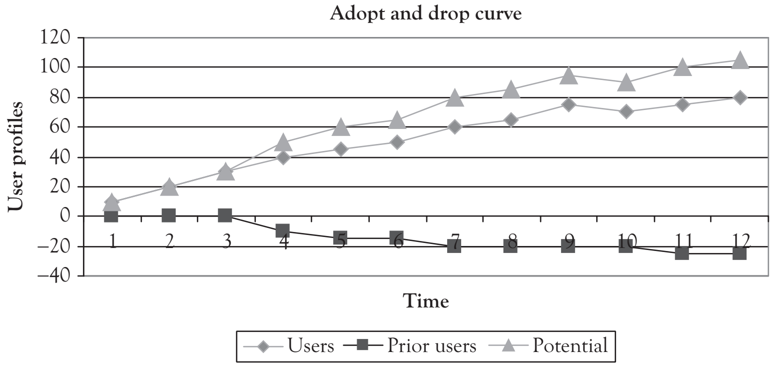

Figure 2.1 Adopt and drop curve implied by Silverman (2000)

Adopt and Drop: Strategic Implications

An early warning of an impending fall in sales allows the marketing team to take corrective action. This allows redirection of resources or product or marketing mix adjustment to solve the reasons for the dissatisfaction and put a stop to discontinuing product use.

Silverman's (2000) advice is:

> When those groups tell you that the product doesn't work, or has other fatal flaws, run for the hills. Or, if it is a really good product, do something to fix the mess. If you don't act quickly, the word-of-mouth is likely to overwhelm the rest of the marketing.

Adopt and Drop: Implementation

There is never any guarantee that the market research conducted prior to the launch of a product will uncover all the attributes deemed important by consumers. It also may not uncover the problems that consumers encounter when using the product on a regular basis.

To track consumer usage and attitudes toward the product, the researcher needs to implement a combination of qualitative and quantitative techniques.

A syndicated survey tracking use dimensions (never; have tried; regular user; prior user) would give a reading on use status. If this is combined with qualitative studies amongst current users, prior users, and the target market, the reasons for product use or discontinuing use would be established and addressed by the marketing team.

Adopt and Drop: Conclusions

Until a product is well established in the market, it is advisable to track adoption and discontinuance of that product so that no nasty surprises hit the marketing team. Even with well-established products, a monitor that traces the reasons for prior use will provide a template for corrective marketing action.

CHAPTER 3

Ansoff Growth Matrix

Ansoff Growth Matrix: Purpose

As one of the best-known and relatively simple models, this is also one of the most powerful tools in determining what growth strategy should be followed by an organization. The matrix should be applied when a company considers its options for the development of a growth strategy. Typically, this would take place when the company has experienced a period of difficult trading, or when competitive activity has eroded the market share.

Ansoff Growth Matrix: Structure and Description

The matrix is constructed from consideration of the nature of the organization's products (existing and potential new products), and of their current served markets (Figure 3.1).

The model works from the assumption that increased sales can come from:

1. An increase in sales of an existing product
2. Introduction of a new product
3. Encouraging greater consumption within an existing market
4. Finding a new market

When one considers these factors in a matrix, the growth strategies emerge naturally from the different combinations. In other words, if a company is trying to increase sales in an existing market using its existing products, the only way this can happen is if it is able to convince the users in that market to use more of the product, or to convince more people in the market to become users of the product, namely, a penetration strategy.

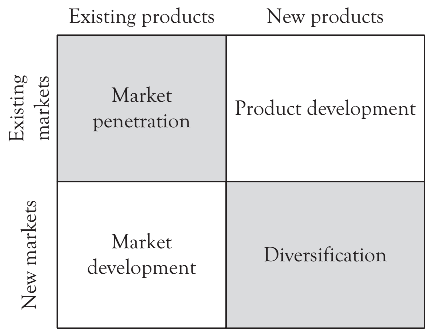

Figure 3.1 Ansoff matrix

Using similar reasoning, with an existing product and a new market the task at hand is market development. If the company wants to introduce a new product into an existing market, then the growth strategy depends on product development. Finally, if the company is introducing a new product into a totally new market, then the strategy is one of diversification.

This seems pretty straightforward. But what are the information needs attached to each strategy?

Ansoff: Strategic Considerations

If a growth strategy is being considered, it is likely that the organization is considering a major thrust into the market. Hence, before embarking on any of these strategies, the management needs to ensure that it has all the necessary information to make an informed decision.

Research and development may have provided a new product, or a product extension that demands a new strategy. Alternatively, after embarking on the activity outlined below, the management may come to the conclusion that a new product is required.

To apply the Ansoff model, one needs to first conduct:

- Situational analysis[G]
- Marketing audit[G]

Armed with this information, the management can then apply their minds to interpreting the implications of the data, and then set about selecting the most appropriate growth strategy (or combination of strategies).

Ansoff: Implementation

Market Penetration

In this instance, the activities that need to be considered revolve about finding ways of increasing the level of consumption by existing consumers. For example, you need to think about:

- Suggesting different ways in which the product can be consumed
- Providing alternative uses for the product
- Promoting additional consumption occasions
- Combining the product with another one in such a way as to increase consumption
- Changing the size of the packaging to encourage more consumption (if it is in the house, it will get eaten)
- Banding packs together to promote sales
- Encouraging trial of the product, knowing this converts to use

Product Development

Leading organizations implement a deliberate practice of innovation. They examine themselves and their environment, trawling through the seas of development to find new problems to solve and better ways of operating.

New products occur either through serendipity; a technical breakthrough; realization of a different use for an existing substance; requirements for services in growing markets (for example, computer nerds to support technology); or via recognition of emerging consumer needs. Innovation happens when there is change either of knowledge or habits.

Regardless of where it arises, new products need to be tested in the market to see whether they will provide a viable source of income. The questions that need to be asked include:

- What does the product do? How does it work?
- Who is likely to use it? How many will they use?
- What are the benefits for the consumer?
- Are there any issues with the product?
- What criteria will consumers use in the buying decision?
- What are the likely buying habits?
- Will the product replace anything else?
- How will we position it? Will consumers understand and like the concept?
- What are the features of the marketing mix?
- What will they pay for it?

Apart from all the information above, launch strategies need to identify:

- How to get distribution?
- What activity will attract early adopters to try the product?
- How to generate awareness and trial?
- How to expand the market through repurchase and incorporation of the product into the consumers' shopping basket?

Market Development

The situational analysis and marketing audit may have revealed that there are untapped markets in the form of types of consumers or perhaps geographical areas that could be developed. Here a thorough understanding of the new consumers needs to be established. All the questions asked above (in Product Development), about the utility of the product and the consumers' attitudes, are relevant. Essentially, for a new market the existing product is a new product.

If the new geographical area constitutes a new country, then the investigation is going to be more complicated. Marketing will need to consider the influence of a different culture on consumer habits, preferences, and attitudes. Naturally, different trading conditions, financial systems, tax implications, and other legal regulations will all impact on the organization's assessment of the advisability of expanding into an unknown market. That is, information about the ease of doing business will be required in addition to all the marketing information required from a situational analysis[G].

The investigations should probably be carried out by local service providers who are closer to the new country's business environment, its market, and its needs.

Diversification

This fourth growth strategy is the most challenging and riskiest of all, possibly requiring project management to keep the new activity under control.

Diversification could be by means of internally generated changes, or through mergers and acquisitions. Perhaps the company has seen the benefit of vertical or horizontal integration of its products and services. For example, a concrete manufacturer may want to ensure constant use of its product and have more control over supply to a lucrative market. It will acquire a precast concrete wall and paving company to absorb the primary product.

With diversification, the company needs to be sure that the development and launch costs of the new product are going to be recovered in a reasonable time. In this situation, market metrics take on prime priority.

Prior to the launch, for development of an appropriate approach, all the information required under new product development and new markets should be gathered. Marketing is challenged to formulate new strategies for what is an unknown and untested market. Performance tracking of sales, consumer awareness, trial purchase, and repurchase is imperative. Distribution channels need to be monitored. If possible, competitive activity should be anticipated and kept under close observation.

Mergers and acquisitions have their own issues, needing adept change management to ensure that the cultures of the two companies are successfully integrated, and that key skills are not lost due to the disruptive nature of such a merger. Information about key drivers of the new business and its success factors needs to be provided for good decisions.

Ansoff: Conclusions

Conceptually, the model is intuitive; however, it is essential that the information is given the respect it deserves. Environmental, product, and consumer information has to be gathered and interpreted to ensure successful growth strategies.

CHAPTER 4

Authenticity Gap

Authenticity Gap: Purpose

Successful marketers are fully aware of the need in today's world for a brand to be aligned to consumer values and attitudes. The model is used when a company is either testing this alignment, or perhaps when it has had an indication from the market that product performance, service level delivery, or both have been problematic. The symptoms of the problem could be found in social media comments, from consumer monitoring research, or even a fall in sales.

Fleishman-Hillard Inc. and Lepere Analytics (2013) define *authenticity gap* as the gap between consumer expectations and the consumer experience of a brand. They believe that bridging this gap is critical to brand success and that it is possible to manage it. Their model is designed to help companies understand how it arises, and give them a tool to proactively reduce the gap for the benefit of both consumers and the company.

Authenticity Gap: Structure and Description

This model should be read in conjunction with the SERVQUAL model, which also identifies gaps between management perceptions, consumer expectations, and consumer experience of a brand.

Through international research with their partners Lepere Analytics, Fleishman-Hillard identified nine drivers that shape the perceptions of a company (Figure 4.1). These are categorized in Table 4.1.

"Together these nine authenticity drivers provide the code of conduct to understanding and managing authentic engagement (AE). They map to the agendas of today's stakeholders and how they engage with a company" (Fleishman-Hillard and Lepere Analytics 2013).

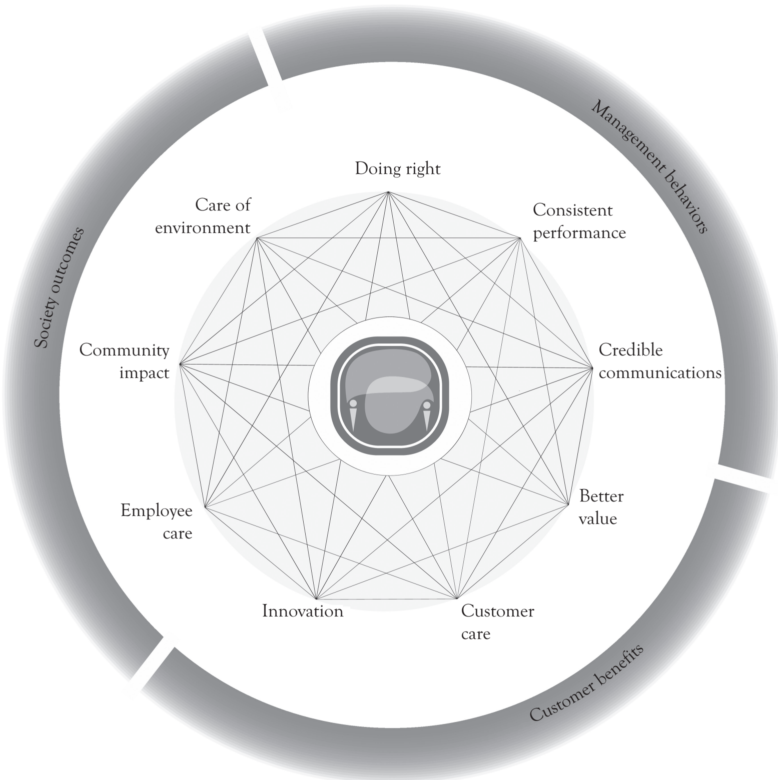

Figure 4.1 Authenticity gap: Fleishman-Hillard

Table 4.1 Company perception drivers

Management behaviors	Consumer benefits	Society outcomes
• Credible communications • Doing right • Consistent performance	• Better value • Customer care • Innovation	• Care of environment • Community impact • Employee care

Authenticity Gap: Strategic Considerations

Consumer expectations are built on management behaviors and company communications. If the company does not *do it right* and live up to its promises, then consumers find it difficult to relate to the brand.

In this day of increasing awareness of corporate social responsibility and environmental awareness, consumers are beginning to rate companies on their ethical behavior and performance in the community. Companies need to be seen to be concerned with and act in the interests of local and global issues.

What distinguishes great companies is their concern to provide better value, good customer care and service, and to match their customer's need for innovative products.

Authenticity Gap: Implementation

A number of industry norms are available from Fleishman-Hillard. They also provide tailored solutions on request.

To apply the authenticity gap model one needs to understand and collect information about Authentic Engagement (AE). This is a process of interaction with consumers who can see the relevance of the product to their lives, where there are open channels of communication, giving consumers the opportunity to be involved in the product and experiencing its benefits.

- Degree of alignment between the organization's vision and mission and its behavior. For the company to be seen as authentic, consumers must be aware of its values and how they are translated in the products and services of that company. If there is purity of purpose, consumers will see the connection between the products and their lives, and aspire to be part of it.

  In relation to the gap model, the company's behavior needs to be consistent and transparent, earning the trust of its target markets. The researcher needs to set up a system where products and consumer promotions are evaluated against objective criteria. For example, if the new cost-cutting formulation of a product does not deliver the nutritional benefits claimed in its advertising, there must be a way of preventing it from reaching the market.
- The target market's profile. This is to ensure that an inclusive approach is followed, with cultural differences being recognized

within the marketing mix. Within this investigation, researchers will look for the signals that the target market uses to evaluate the quality and benefits of the organization's products.

- Alignment (the first point above) includes the communication channels used by the organization to reach its audience. Assessment needs to take place of the content and media used. Ideally, the company is aiming for relevant conversations between it and its target markets.
- In particular, the researcher will seek ways in which the target market can participate in product or service design and delivery. Working together for a *shared purpose* strengthens the bonds between the organization and its followers. The purpose can be serious (as in educating a community, say) or fun (as in playing a game to win an iPod).

  Listening will be a crucial part of this process, where the company will show that it is open to new ideas, and actively and publicly evaluates the options. In line with the model, the researcher will investigate how best the organization can be a good citizen, caring for both staff, the concerns of its target market, and do no harm to the environment.

  This assessment must be tempered with a touch of pragmatism. As Wartzman (2009) cautions: "Companies, meanwhile, must also guard against being pushed or pulled into projects that don't make sound financial sense."

In particular, to start working in the right direction, researchers will ask:

Consumers

- What criteria are used to rate or judge your product?
- What is the consumer's definition of *better value*?
- Where do your ratings stand now?
- What does the consumer expect in terms of customer service?
- To what extent can your systems meet the service and care expectations?

- What plans does your company have to find relevant innovations that will provide new and exciting products for your target market?

Management Behaviors

- How do your policies, standard operating procedures, and public reactions stand up to ethical scrutiny?
- Do your stakeholders (including investors, suppliers, and consumers) rate company communications and actions as believable and trustworthy?
- Can your employees, suppliers, and customers count on the company's stability and consistency of performance?

Society Outcomes

- Care of environment: Does the company genuinely adjust its operations and policies to look after its environment and promote sustainability of resources?
- Does the company evaluate how its operations have affected the local community, and look for ways that it can contribute to infrastructural and social upliftment?
- What employee benefits are provided by the company? Are they generous, or simply comply with regulations and the legal requirements?
- Does the company try to develop its employees to the full extent of its capacity?

Authenticity Gap: Conclusions

This model can provide a strategic tool to measure how well change has been implemented. For example, if there has been a leadership change, a crisis situation (e.g., oil spill disaster), or a brand repositioning, the market's reaction can be gauged to establish acceptance or otherwise of the company's actions or perceived changes.

CHAPTER 5

Brand Equity[G]

Brand Equity (BE): Purpose

The concept of BE has grown from the observation that the presence of a brand name and related image can have a measurable effect on consumer preference and even the additional money they are prepared to spend to purchase a product. This type of information is useful when a company is considering selling the brand, offering franchises, or perhaps even setting the value of a product when merging with another company.

This model is useful at several points along the life of a brand. When introducing a new product, it helps the marketing team choose the most appropriate branding to apply to that product. For established products, calculation of the value or equity of the brand assists strategic decisions such as allocation of marketing resources, franchising opportunities, perhaps introduction of new products, or even discontinuance of a brand.

BE: Structure and Description

A glance at the literature will show that there is considerable diversity in what is covered by the term brand equity. And no one method has been accepted as the ultimate way of describing or calculating the contribution of the brand to the bottom line. Some try to quantify BE in a single financial measure, and others say that consideration has to be given to individual indicators that together make up BE.

BE results from a combination of awareness, perceived quality, the emotions, images, and feelings associated with the brand, together with the level of brand loyalty enjoyed from consumers of the brand. In some instances, patent protection creates a barrier for pretenders to the product area (Figure 5.1).

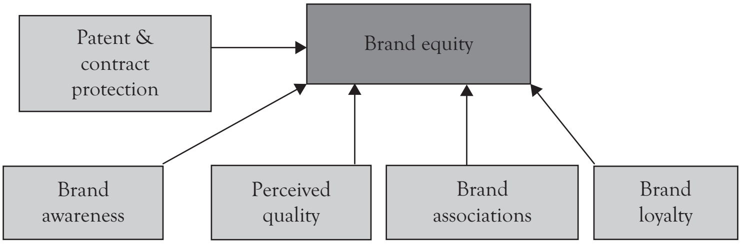

Figure 5.1 Brand equity

BE: Strategic Considerations

There are two major areas where strategic considerations apply. In the financial arena the value of a brand is important when it (the brand) is being sold, or when calculating the brand's contribution to the value of an organization during mergers and acquisitions.

From a marketing perspective, the elements that contribute to BE all influence the popularity and sales emanating from that brand. The current or ongoing value or contribution of a brand ensures the profitability, survival, or both of the company.

BE: Implementation

The Management Study Guide BE website (MSG n.d.) reduces the BE concept to six measurements. These include:

- Returns to the Share-Holders.
- Evaluating the Brand Image for various parameters that are considered significant.
- Evaluating the Brand's earning potential in long run.
- By evaluating the increased volume of sales created by the brand compared to other brands in the same class.
- The price premium charged by the brand over non-branded products.

- From the prices of the shares that an organization commands in the market (specifically if the brand name is identical to the corporate name or the consumers can easily co-relate the performance of all the individual brands of the organization with the organizational financial performance).
- OR, An amalgamation of all the above methods.

A similar definition is provided by Susan Gunelius (2011) on the AYTM blog site:

> The tangible and intangible value that a brand provides positively or negatively to an organization, its products, its services, and its bottom-line derived from consumer knowledge, perceptions, and experiences with the brand.

As we can see, the measurement of BE has implications for sale of the brand in mergers and acquisitions and for determining what price premium can be commanded by the brand. What is important, is communicating to each and every employee in the organization that their actions and treatment of the consumer contribute to the brand image and the related brand value.

Kevin Keller (2010) emphasizes how knowledge of BE can assist in determining the strategic pathway for a brand. There are three areas of interest:

1. What is the potential footprint for the brand?
2. How can it be extended, if at all?
3. What are the identifying elements of the brand and its positioning in different markets?

There are several methods of calculating BE in the literature. Whichever one is going to be used, the researcher needs to:

- Conduct consumer research[G] to fully understand the target market's needs

- For competing products and brands, establish:
  - Differentiators between the brands
    The research involves:
    - Measuring which factors or variables are used by consumers in deciding which brand to choose
    - Establishing the relative importance of the variables in the decision
    - Finding the strength of association of the variables with the different brands. (Perceptual mapping highlights relationships between brands, positioning of the brands, and it can also help find gaps in the market where consumer needs are not fulfilled.)
  - Relationship between price, preference levels, and sales volumes:
    - Internal management reports coupled with regular consumer usage and attitude (U&A) tracking studies would provide an indication of these relationships for a company's own products.
    - Tracking price changes and sales volumes of competitors would be achieved through the auspices of services such as Nielsen Audits.
- Finally, summarize the results in:
  - An estimate of long-term contribution to sales
  - Perhaps, develop a BE index for all brands in the market

Wikipedia's BE site (2012a) offers information on many BE calculation techniques. It first points to the work of Prof. David Aaker where individual metrics are tracked without combination into a single index. To have a finger on the pulse of BE, you would instigate a regular (tracking) quantitative survey in which questions that measure the factors would be asked (Table 5.1).

Table 5.1 Questions relating to brand equity

Aaker's indicators of BE strength	Type of questions that could be asked (Note: These are only examples—there are many ways of asking for the same type of information. It is also important to establish why people make the choices that they do.)
Differentiation	How is brand X similar to brand Y? How are they different? Sorting cards: Which of these brands of crisps (say): • Have flavors that you like? • Are of good quality? • Are expensive? • Good for dips? I am going to ask you to rate brands on different attributes. The closer that you mark the line to a description, the more like that description is your opinion of the brand. Mark the position on this line where you would rate brand X. Repeat the exercise for other brands. Tastes good I__I__I__I__I__I__I__I__I__I__I Does not taste good
Satisfaction or loyalty	How satisfied would you say you are with the service of company A? Extremely satisfied/satisfied/neither satisfied nor dissatisfied/dissatisfied/extremely dissatisfied For every 10 bottles of product B that you buy, how many are Brand X........ Brand Y........ Brand Z........ Other brands............ What do you do if brand X is not available? Buy another brand Go to another shop Wait until the brand is available When did you first start using brand X?
Perceived quality	What for you is a quality product? Which brand of product would you say has the best quality? Which of these brands are quality products? (provide list) Note: The best product is not necessarily the one with the highest quality, so asking the respondent to simply rate the best is not a valid measure of quality. If 10 means great quality and 0 means very poor quality, how many points out of 10 would you give brand X for quality? And brand Y? And brand Z?

(Continued)

Table 5.1 (Continued)

Aaker's indicators of BE strength	**Type of questions that could be asked** (Note: These are only examples—there are many ways of asking for the same type of information. It is also important to establish why people make the choices that they do.)
Leadership or popularity	Which brand of product is the most popular amongst your friends? Why do you say that? Paired comparisons: Is brand X more or less popular than brand Y?
Perceived value	Use semantic differential: Good value for money I__I__I__I__I__I__I__I__I__I__I Poor value for money Which of these brands offers good value for money? Which of these brands does not offer good value? Note: A brand can be expensive or cost more than other brands, but still offer value for money, that is, you have to be careful how you use the terms when measuring consumer perceptions.
Brand personality and image	If you were to describe brand X as a person, what type of person would it be? Probe: gender, race, age, job, education, attitude to life, leader or follower, happy or depressed, loner or socializer, pessimist or optimist, big person or little person, fashion sense or classic dresser...just make sure you include descriptors that are relevant to your brand positioning. Which of these words do you associate with brand X? (To find suitable words, simply Google "words to describe personality traits" and you will find hundreds of words from which to choose the ideal brand personality.)
Organizational associations	What type of company do you think produces brand X? Does it care about the consumer? Does it care about the environment? Is it a global player? Does it invest in R&D? What level of service would you expect from the company? Describe the type of products you would expect to be produced by the company. And so forth.
Brand awareness	Which brands of product do you know? Which of these brands do you know? (The assumption is that top of mind awareness indicates top purchase list. This is not always the case. You would usually provide a product picture when asking for prompted recall as sometimes people only know the packaging, and not the brand name.)

Aaker's indicators of BE strength	**Type of questions that could be asked** (Note: These are only examples—there are many ways of asking for the same type of information. It is also important to establish why people make the choices that they do.)
Market share	More accurately measured via retail audit, or some other comparison of sales units. However, to anticipate trends one can check in with the consumer: Which brand of product do you use most often? Which other brands of product do you use? If the brand used most often is not available do you wait until it is available, or do you buy another brand? Which brands would you substitute for the brand used most often? Which brands of product would you never buy?
Market price	Regular audits of prices provide good comparative data. Can also conduct ad hoc surveys in which one tests the relationship of price and intention to purchase a product. Conjoint analysis and multivariate analysis can also provide an indication of the importance of pricing in the purchase decision.
Distribution coverage	Nielsen-type audits or analyze distribution achieved against the database of retail outlets.

BE: Conclusions

Measurement of the value of the brand is a complex, focussed, and ongoing process. As we have seen above, there are many aspects to building a brand and one needs to have information about:

- Signals or indicators that the target market uses to form opinions about people, companies, and their products
- How to build these signals into the brand presentation and communication
- How to ensure that the target consumer becomes aware of the brand, aspires to, and actually uses it, and wants to be associated with what it stands for.

CHAPTER 6

Brand Resonance

Brand Resonance: Purpose

Strategic marketing activities today attempt to create a relationship with consumers through the creation of a brand image and personality for the organization and its products. The underlying assumptions are that if a consumer identifies with a brand or product, he or she will be more likely to trust that brand and become loyal customers. One of the more recent models to emerge is Kevin Lane Keller's brand resonance.

The model is typically applied in the context of brand-building activity, when the focus is on increasing consumer loyalty. The systematic process reveals how the marketing mix needs to be adjusted to align the brand's positioning and communications with the needs of its target market.

Brand Resonance: Structure and Description

The model describes the consumer's journey from basic awareness, through an exploration of what the brand stands for, the establishment of an emotional connection, through to a relationship (Figure 6.1). There are two aspects to the building blocks: the physical performance and second, the emotional or affective side of the brand.

Brand Resonance: Strategic Considerations

Consumers have an ever increasing range of choices, which satisfy needs and in some cases help define their own personal identity. Marketers have a greater chance of becoming the preferred brand if they capture trial and regular use of their product before the consumer has experienced other brands. If the consumer feels in sync with a brand (i.e., it resonates with his or her lifestyle), then he or she is comfortable with it and is more likely to become a loyal user.

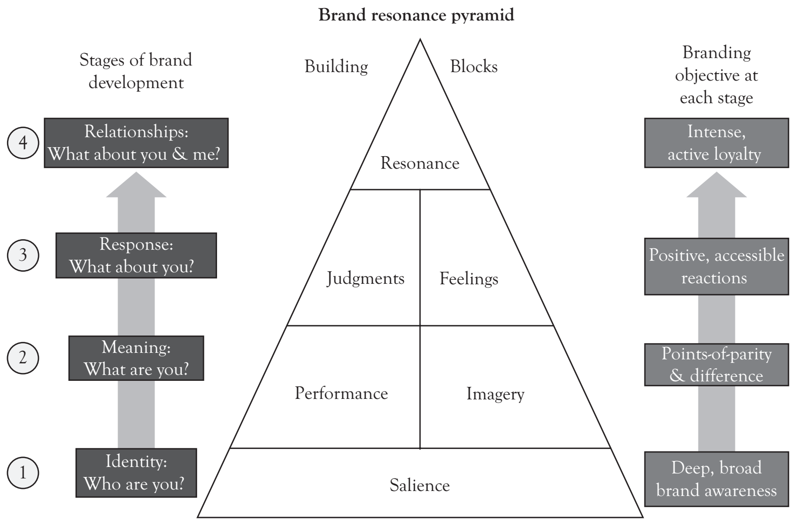

Figure 6.1 Kevin Lane Keller's brand resonance model

Source: Keller 1999

Brand Resonance: Implementation

Building Blocks at Level 1

The foundation of the model is built on the *salience* or meaning of the brand in the consumer's life. At this level, research is concerned with first understanding the consumers' needs in relation to the product class, simultaneously establishing the level of awareness of the brand, its positioning, and their interpretation of the brand slogan or mantra.

Building Blocks at Level 2

The promise to the consumers has to be something that they aspire to. The brand has to be able to deliver on the promise. In today's world, it has to be something that sets the brand apart from the other competing products. These are all components of the research that are required to help the brand build its image.

Expected or desired *product performance* is the next cluster of information that has to be understood. The quality and performance of the product that are built into the product are part and parcel of its image. Performance will include the product features; the level of service associated with the brand; its reliability and durability. Price and price perception would be measured as part of this factor.

To establish brand imagery, Keller (2010) indicates that the researcher will investigate who is perceived to be the ideal user; what are the preferred distribution channels; how consumers perceive the brand personality and whether they associate with the brand heritage.

The marketer also needs to know how best to express the concepts at this level for maximum appeal to the target market.

Building Blocks at Level 3

Researchers need to understand how the consumers rate the product. What are the judgments made in respect of the product features and benefits? Keller indicates that the most relevant evaluations are in terms of product quality and its credibility. We need to ask: In what way are the products considered to be superior?

At this level, the research will also establish the emotions and feelings associated with the brand. A Google search will find an overload of emotions. Keller relies on research by Kahle et al. to refine the list to: warmth, fun, excitement, security, social approval, and self-respect.

Of course, the first prerequisite before carrying out any of this research is that the product appears on the consumer's list of candidates for purchase!

Building Blocks at Level 4

Here the model peaks at resonance. What the researcher is looking for here is the affiliation that consumers have with the brand, and the way in which it fits into their lifestyle and values. Keller (2006) has some excellent advice on techniques that are applicable to finding out the alignment of a brand with a person's lifestyle, emotions, and beliefs. He suggests the use of qualitative techniques such as free association and projective techniques.

Brand Resonance: Conclusions

Alignment of a brand with the lives and hopes of its consumers provides a powerful platform for building brand loyalty. The organization can take advantage of all the benefits that loyalty brings to the cost of marketing and ease of penetration of the brand into the chosen markets.

CHAPTER 7

Brand Resonance Ladder[G]

Brand Resonance Ladder: Purpose

This model is used to identify the steps that are necessary to move a consumer from being just aware of a brand to eventually becoming an advocate for the brand. It is therefore most useful to help determine the detailed strategies that are required to influence consumers to grow closer to the brand and organization in question.

If behavior and attitudes have been established, which relate to the consumers' position on the ladder, the model can also be used to predict buying behavior and potential movements in market share.

Brand Resonance Ladder: Structure and Description

In addition to the concept of brand resonance, Keller postulated the brand resonance ladder. Under this concept, the consumer moves through the phases from awareness, use, increasing use, to being a loyalist, an advocate, and finally an evangelist for the brand.

These stages of engagement are shown in Figure 7.1.

Brand Resonance Ladder: Strategic Considerations

The first hurdle is to ensure that the right people become aware of the brand, where *right* is defined by the type of people who will become regular consumers or users. Thereafter the marketer wants to take advantage of word-of-mouth (WOM) promotion of the brand, which is one of the most powerful methods for promoting use. To do this, he or she needs to build a relationship with the consumer to such an extent that the consumer will talk about his or her satisfaction and experiences with the brand.

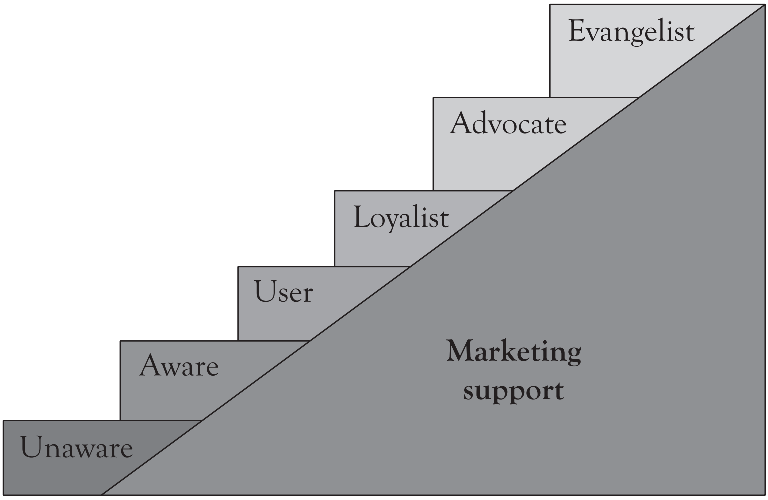

Figure 7.1 Brand resonance ladder

Brand Resonance Ladder: Implementation

When planning growth for the brand you need to understand the dynamics behind the upward movement. What marketing support is necessary? How much does it cost to move customers to the next level? Does the degree of WOM and its level of influence warrant such expenditure?

You need to talk to your target market in a voice that they will understand and identify with.

Essentially you need to know:

- How do people become aware of the brand?
  - This guides advertising and promotion.
- What factors induce them to use the brand?
  - What do you have to do or build into the brand experience that makes a person want to use the product?
  - Functional need?
  - Psychological need?
  - Who or what is the reference point?
  - What is it about the brand and what it stands for that attracts them to start using it?

    - What is the relationship between trial of a product and regular purchase?

- How and why do they become regular users?
    - What satisfies them about the brand?
    - What would cause them to stop using it?
    - What are potential substitutes?
- At what point can you claim they are loyal to the brand?
    - After a given number of repeat purchases?
    - Regularity of purchase?
    - Percentage of purchases within the category?
- What captures them to such an extent that they start advocating to other people to try and use the brand?
    - Is it the performance or delivery of the brand?
    - The values of the brand?
    - Something outside the product, such as the brand supporting the environment or community within which it is found?
- What is the secret to creating an evangelist?
    - What is special or different about evangelists?
    - Demographic and psychographic profiles?
    - Linked to brand purpose?

Brand Resonance Ladder: Conclusions

Regular engagement with the target market is essential to monitor its ongoing commitment to the brand. Consumer preferences and icons change, so a marketer cannot be complacent or believe that without appropriate attention and care, his or her product(s) will have a permanent place in the consumers' portfolio of preferred goods.

Another shift that cannot be ignored is that with time, the profile of the original market changes. Rejuvenation and growth of the consumer base is essential just to maintain a holding position for the brand.

CHAPTER 8

Brand Loyalty Programs

Brand Loyalty Programs: Purpose

Before investing in the creation and promotion of a brand loyalty program, marketers need to assess whether their target market will respond to the concept and elements of the program. And since all industries are not created equal, they need to discover exactly which elements will induce consumers to participate in the program and increase their level of loyalty to the brand or organization.

Brand Loyalty Programs: Structure and Description

Billions of money have been invested worldwide in building customer satisfaction levels, which have been shown to be related to brand loyalty. The work of Bae (2012) concludes that "firms can choose a certain level of customer loyalty by indirectly controlling their investments in satisfaction." However, the equation is not all that simple. Bae also concludes that "managers can identify which customer, firm and industry characteristics influence the relationship between customer satisfaction and customer loyalty so that they can formulate appropriate marketing strategies."

One of the investments available to marketing managers is design and implementation of brand loyalty programs. A sustained and deliberate attempt is made to encourage the consumer to engage with the brand (i.e., to interact with brand promotions, buy, and continue buying the products in question).

When the consumer identifies a need, his or her search will be on, to find the product that best fulfills that need. The brand loyalty corridor represents several stages of commitment to brands as the consumer finalizes his or her portfolio of acceptable brands (Figure 8.1).

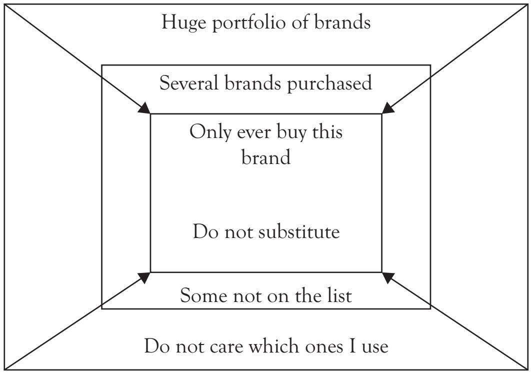

Figure 8.1 Brand loyalty corridor

In most markets, a multitude of brands are available for choice. Through a process of trial and error, the consumer whittles down the brands that remain on the buying list. To trace the journey, the researcher needs to understand the underlying motivations that generate selection of brands and the way in which loyalty is built up in the consumers' psyche (refer to the brand resonance model and its implementation).

Brand Loyalty Programs: Strategic Considerations

The obvious question is whether there is sufficient sales leverage to be created through implementation of consumer loyalty schemes. Bae has shown that industry competitiveness and the type of product are more likely to determine the success or otherwise of loyalty programs. Another implication is that there are going to be decreasing returns with increasing levels of investment. Marketing managers need to know when the incremental gains stop.

It has been shown that brand loyalty can impact on market share growth by growing the pool of consumers. This in turn increases the potential for word-of-mouth recommendations. In some instances, a high level of brand loyalty has been associated with facilitation of line extensions—because consumers are familiar with and like the brand, they are more likely to notice and try new products that are linked to it. In this way the return on investment (ROI) on marketing spend could be increased as the market penetration is more rapid and there is an increased likelihood of adoption of the new product.

Brand Loyalty Programs: Implementation

All the questions raised under the brand resonance ladder apply here. However *additional research* needs to take place to establish whether loyalty programs will work in your particular industry.

1. First look at the degree of competitiveness of the industry. In highly competitive industries, loyalty programs are less likely to be effective.
2. Find the factors that consumers use to select your category of product.
3. Then test how your product rates on those factors.
4. The components of the loyalty program also need testing.
    - Is there alignment of the program, your target market, and their buying patterns?
    - Are the benefits obvious, exciting, relevant, and attainable?
    - Does the point or benefit acquisition process engage consumers?
    - Does the program generate additional opportunities to interact with the brand?
    - Is purchase of the brand or its line extensions encouraged through the program?
    - What are the costs associated with the design, launch, and operation of the loyalty program?

Brand Loyalty Programs: Conclusions

The benefits of building brand loyalty fluctuate with the industry and life cycle of the product being marketed. Whilst it seems intuitive that brand loyalty is a desirable attribute to foster in one's target market, the costs need to be calculated. As with all investments, marketers need to perform the research to test whether there is a high probability of loyalty actually leveraging sales beyond the cost of developing the loyalty platform.

CHAPTER 9

Brand Switching

Brand Switching: Purpose

In some markets, brand loyalty is almost nonexistent. If the product is a commodity in the eyes of the consumer, or if there is very little differentiation between brands, then there is no reason to remain true to one brand or another. In this case, the marketer will probably spend minimal resources on building and maintaining a brand image.

Sometimes it is worth the effort to investigate how to prevent consumers leaving your brand to purchase another. In the markets that are highly competitive, perhaps margins are attractive and consumers can and do build loyal buying habits. All these are indicators to complete the investigation as to why and how switching behavior occurs.

Brand Switching: Structure and Description

The theory behind brand switching is that consumers are attracted to brands that endorse their view of themselves and whose benefits meet their preferences. As circumstances change, so do consumer needs and preferences. Available brands in the market space are the limiting factor for consumer choice (Figure 9.1).

Two factors are evident. With availability of Internet shopping, consumer selection is not limited to the physical marketplace in which you operate. Second, *perceptions* are the guiding force for choice, even sometimes when affordability and suitability of the function of the product are in question. Indeed, today's consumers are spoilt for choice. Every product has a direct or indirect competitor for the consumers' hard-earned money.

Hence it is crucial for marketing people to understand the dynamics behind brand switching. However, before one can consider brand switching one has to examine how consumers decide that they will use

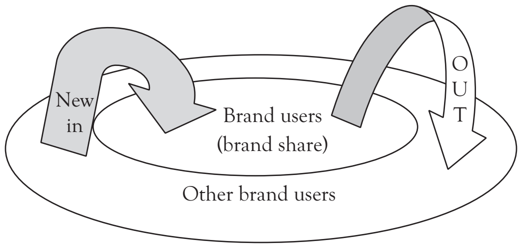

Figure 9.1 Brand switching

Table 9.1 Factors generating dissatisfaction in banking clients

Life circumstances	28%
Fees or rates	17%
Unmet expectations	13%
Better customer service	8%
Advertising	7%

Source: Pulse Group 2009

a particular product, and how they form their portfolio of acceptable brands. This model should therefore be read in conjunction with:

- Brand resonance ladder[BRL] for a discussion of building brand loyalty
- Customer growth rate[CGR], which looks at the growth of the total consuming units in a market, and
- Consumer switching drivers[CSD], which identify classes of factors influencing service provider swaps

A model on its own can never provide a ready-made formula for establishing switching factors—the researcher must realize that information about the product class and brands active in a particular market informs the analysis of change dynamics within an industry. For example, some unexpected results emerged in Asian markets regarding bank selection and switching. Research by the Pulse Group (2009) indicated that in the banking sector, the top five triggers for shopping around for an alternative provider were as in Table 9.1.

Pulse Group also found that:

> "For customers evaluating and ultimately selecting a new bank, the most important factors driving their decision are advertising, branch convenience, products and services, promotional offers, customer experiences, past personal interactions, recommendations and bank reputation.
>
> Surprisingly, pricing—fees and interest rates—carried relatively little weight in influencing customer purchase decisions, despite recent heavy media coverage of changes to fees for bank accounts and credit cards."

From the above research, we note that the push factors to leave a bank are not related to the factors that attract people to consider joining an alternative. As an aside it also suggests to marketers that they should stop before they start offering expensive discounts. The impact of such giveaways should be calculated in terms of immediate and sustainable business.

Brand Switching: Strategic Considerations

Overall sales or turnover can be dramatically impacted through brand switching. Hence the number, strength, and positioning of all the brands in a market should be established and their impact on choice be taken into account in the marketing strategies adopted by the marketer. These strategies need to address the factors that lead a consumer to choose or defect from a particular brand.

Brand Switching: Implementation

To apply the brand switching model, we need to have information from consumer research[G] about:

- The product function and possible role in the consumers' life
- Attitudes and values of the target market(s)

- Consumption behavior
- Brand selection factors

Beyond that, information is required about:

- Available pool of brands that are consumed
- Market dynamics when making a choice

Regardless of whether they are heavy, medium, or light consumers of a product, (classification will differ by product class), consumers can be categorized into people who are:

- *Exclusive* consumers who only ever use a particular brand, and refuse to substitute another brand or product when their only choice is not available
- *Select* consumers who have a range of brands from which they regularly choose to consume
- *Indifferent* consumers who lack involvement in the product and associated brands, and will easily move from one brand to another
- *Uninformed* consumers who lack awareness of the product class and its associated brands, and have probably little or no consumption experience

To establish the size of these groups, the researcher will conduct quantitative research amongst a randomly selected sample from the population of the target market. This research will establish the first divide: that is, those who do not know about the brand or product. Naturally, the research will look at the stumbling factors for product or brand consumption amongst this section of the target market.

Brand choice and substitution behavior of consumers is the basis of this model. To form a picture of the relationships between choice variables, the researcher would use techniques such as conjoint analysis and statistical modeling.

In conjoint analysis, respondents are required to make a series of choices between product concepts in which the features are manipulated by the

If you were in the market to purchase a PC today,
and these were your only alternatives, which would you choose?

Dell	HP	Micron	None: If these were my only choices, I'd defer my purchase
4 GHz processor	3 GHz processor	2 GHz processor	
1 GB RAM	2GB RAM	15-inch monitor	
21-inch monitor	17-inch monitor	$1,099	
$1,399	$1,199		
○	○	○	○

Figure 9.2 Example of conjoint selection stimulus
Source: Sawtooth Software

researcher. (For a simple explanation of conjoint analysis, see Jarvis n.d.) Conjoint analysis offers a realistic situation for respondents (Figure 9.2).

The technique forces consumers to make trade-off decisions similar to those in real life. They are required to indicate a preference when faced with different combinations of product configurations. The research tool combines the decision factors that are present when making product feature and brand choices.

The subsequent analysis results in an understanding of the drivers of choice. The complexity of the choices will depend on the number of variables being tested and the levels to be investigated.

Another technique looks at the probability of selection of brands other than the consumer's first choice. This information is gathered by requiring the consumer to nominate an alternative brand for purchase if the consumer's first brand is not available. It is possible in this way to calculate the probability of losses and gains by any particular brand.

If a brand experiences a net loss in this exercise, it is an indication that in the longer term it is going to be in trouble. Even if new consumers come into the market, it will only be a matter of time before its consumer base is eroded.

To prevent such a calamity, the marketer needs to look at the switching factors and if possible take corrective action within the marketing mix to regain lost consumers.

An alternative approach could be considered using multivariate analysis or by developing an index of *propensity to migrate* using such factors as:

- Customer category: exclusive, select, or indifferent
- Importance of the brand or product in the consumer's life
- Appeal of the functionality
- Distance between the brand values and the consumer's values
- Presence or absence of brand selection factors (taste and price are leading factors for selection of food products)
- Financial factors such as general state of the economy and disposable income, which affect a consumer's willingness to spend
- Frequency of purchase relative to other brands (share of spend)
- Ease of purchase (for example, location, finance, delivery, or all these)
- Availability of substitutes
- Attractiveness of deals at the time of purchase

Brand Switching: Conclusions

Given the pace of life today, it is imperative for marketers to be in touch with changes in the marketplace, tracking the key factors that influence customers to leave their brand, and monitoring which brands offer similar benefits. Product use trends and potential substitutes should always be on the radar. For all of these reasons, in marketing one looks for sustainable advantages and embarks on or at the very least keeps up with innovations that are relevant to the target market.

CHAPTER 10

Engagement Gearing

Engagement Cogs: Purpose

In concert with changing communication channels, consumer engagement has emerged as one of the key marketing innovations for the early twenty-first century. Marketers recognize that affiliation to and greater learning about a brand take place through experiential contact. Consumers are invited to use the Internet and mobile media to take part in promotions, contribute to product design, or at a less trivial level to browse and order products, complete bookings, financial transactions, and purchases.

This model demands that attention be given to the synchronization of communication and promotion tools. The model is used when the marketer needs to evaluate the response that is generated by individual components of the communication mix, and then to assess the leverage or additional response that occurs when promotions and media are used in conjunction with one another.

Engagement Cogs: Structure and Description

The movement to personal interaction started with personal marketing using customer relationship management (CRM) software. With the exponential growth of mobile phone use and technology, opportunities to form relationships with consumers are also expanding. Tomi T. Ahonen (2013) provides a myriad of examples showing how mobile technology in particular is changing the face of consumer interaction with retailers, health providers, car manufacturers, airlines, and even governments.

As a result of these trends, use of social media has become a focus for marketing managers on a global scale. Whilst there are many success stories,[1] authors like Olenski (2012) point out that the definition of engagement is a contentious issue. He points to the results of a survey conducted by Forbes, which illustrate the widely differing viewpoints of consumers and the marketing fraternity.

This new model, engagement cogs, illustrates the magnification effect of various channels of communication working toward involvement of the target market in the brand. Each cog represents another medium or source of information and motivation, where they work in concert to build up momentum for the awareness and affiliation to the brand. The practical thought behind cogs is that they are used to reduce the effort when driving a machine.

Traditional media should not be neglected in the development of a communication and engagement strategy. There are some target markets where consumers do not access the Internet, let alone use social media to interact with their thousands of friends. For the socially aware, social media platforms include: Facebook, Twitter, LinkedIn, Google+, RSS, Instagram, YouTube, Pinterest, MySpace, Flixster, Hi5, and many more.

The gearing concept is that more than one touch-point is required to start a community movement rolling. It requires a main social medium but additional media act together to drive the target market to the brand and its promotional events. Postevent communication from time to time then maintains the community.

The following model uses *examples of media*. The researcher will need to identify relevant options for the particular industry in which the investigation is taking place. Note that the product features, and its brand elements and image are included as part of the communication platform. Within this model, these factors are believed to contribute to the consumers' experience of the product (Figure 10.1).

Engagement Cogs: Strategic Considerations

The model recognizes that all the elements of the communication mix act in unison to stimulate engagement and generate loyal customers. It helps

[1] Retailer The North Face available at: http://socialmediatoday.com/cara-tarbaj/1344686/north-face-5-social-media-marketing-tips; http://socialmediastrategiessummit.com/blog/top-10-companies-with-successful-social-media-marketing-campaigns-on-facebook/

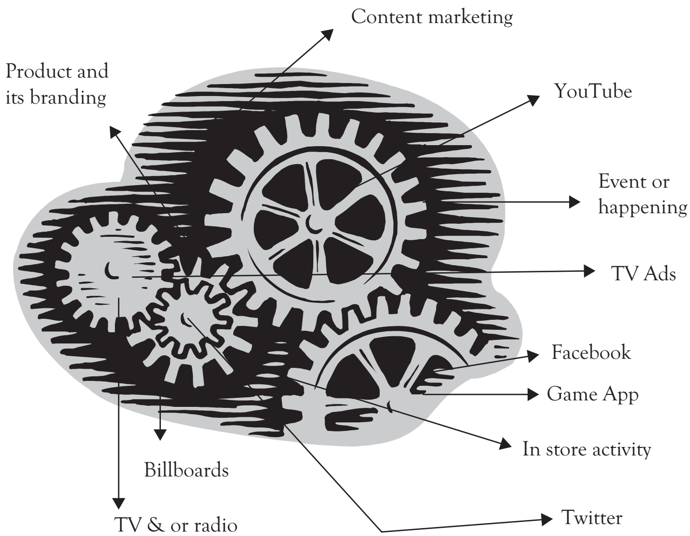

Figure 10.1 Engagement cogs

to focus attention on finding the combination of communication media that will generate optimal engagement by the target market with the brand. The concept applies equally to business and consumer markets.

Engagement Cogs: Implementation

As with most of the management models, the researcher needs to understand the target market[G], the role that the product plays in their lives, and importantly where the majority gain information about the product or brand.

Armed with this insight, the researcher needs to set up the system that will carefully track which individual medium and combination of media generate quality leads and engagement. How do the individual media work? Where and when do they act together? It is possible that researchers will need to set up experimental research based on the advertising and promotions undertaken by the marketers.

Every single enquiry or purchase from a company needs to be traced back to an advertising or promotional source. For household goods, this can be achieved via consumer research and, perhaps, analysis of retail till slips. In the business-to-business environment, when a potential customer makes an enquiry to a company, one of the first questions that need to be on the list when taking his or her details is "How did you hear about the product or special offer or the company and so forth?"

There are a number of ways that the marketing tactics can influence how well the media attract and draw in the engagement of the target market and other stakeholders. For example, Volvo Director of Digital Marketing John Johnston, (Johnston 2012) discusses how the manufacturer has involved their dealers. In the context of Internet or digital marketing, he points to a number of factors that require the researcher's attention.

Following his advice and building on the information you have gathered about the product information process, you need to:

- Institute search engine optimization (SEO) to ensure that the key-words, page titles, and links that are read by the various search engines will drive searches (enquiries) to your website. Keeping content updated and fresh will also enhance the reputation of the site, lifting it in the page rankings.
- Website analytics are an important factor in understanding the consumer's interaction with the site, and in seeing what works. Graphics, layout, headings, and click-throughs all play a part in keeping people on a page and directing them to the space that says "contact me" or "download information."
- Build interest in the page by providing new and interesting items—videos and content that are relevant to the product.
- Ensure the web page and application formats will be suitable for mobile phones and tablets.
- Whether it is in advertising or web pages, humor works. But be careful that you understand the sensibilities and sense of humor of the target market. Distasteful jokes, while they may cause a stir, in the long run may drive the market away.

Hopefully, the researcher will have an integrated system that allows the full picture of a client or potential client to be presented in one place. The database will look at demographics, subjects of interest, prior purchases, credit history, how the consumer was first captured (source), and importantly how active they are in interacting with the brand or product.

Before setting up complex social media systems, the brand or company needs to understand where they will find their target market. Which media are being used? As Johnson says, “Find where conversations are working.”

These days it is important to obtain a positive opt-in from the consumer to allow you to engage and solicit business from the active market. Action is needed to move incoming leads to become sales. Here automated CRM plays an important role.

Engagement Cogs: Conclusions

In the final analysis, the researcher is looking for the keys to creating a community online. What appeals to the target market? What keeps them interacting with the brand? And in today’s fast-moving world, you cannot assume that the pattern of interaction of the media is fixed. As trends change, you will find that there is an ebb and flow as to which is the most effective media. Yes, you need to cross-promote your activity on social sites and other media, but regular monitoring is required to keep in touch meaningfully with the target market.

CHAPTER 11

Communication Targeting

Business Buying Unit

Communication Targeting: Purpose

This model applies in a business-to-business environment. It is intended to remind the marketing team that they are dealing with a buying unit, and that each individual within that unit has different information needs, depending on his or her function and role in the unit. It would be applied when preparing to engage with a new customer; when there has been a change in management at an existing customer; or perhaps prior to preparation of a tender document for a major project.

Communication Targeting: Structure and Description

This model is designed to remind the researcher to investigate the composition of the buying unit and to focus on the type of information that they require to form their decision as to the most appropriate product to purchase. It deliberately places the more senior, strategic players at the head of the triangle. These people are more likely to have the greatest influence on the buy or no-buy decisions (Figure 11.1).

The model is probably more appropriate for decisions involving non-routine purchases, for example, for products that have a material impact on the nature of the end product of the buyer. Even when there is a limited source of suppliers, it is important for the supplying companies to raise industry entry barriers and to entrench their advantage through good communication.

Marketers will be aware that, while business purchases are supposed to be based on technical specifications, personal relationships and emotions

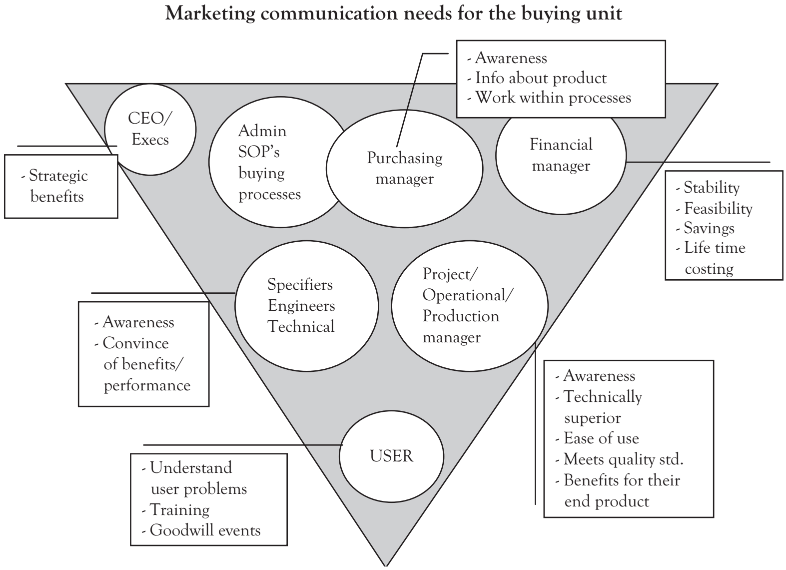

Figure 11.1 Communication targeting

are significant components of buying decisions. Hence the researcher will need to obtain information about both factual and emotional requirements within the buying unit.

In business selling, there is a great deal of preparatory communication that is required on a one-to-one basis to build awareness of the supplier, trust in personal credentials, and to convince the various players that the product meets the technical and commercial needs of the buying organization.

There are some general considerations that need to be taken into account. For example, as a result of leadership style every company has a personality and orientation, which guides their decisions. There is a difference in approach to talk to an innovative risk-taking organization as opposed to a conservative, *use proven methods* type of outfit.

Systems must not be ignored. Each organization has its own process, which needs to be followed to generate a request for quotation from their suppliers. Suppliers need to conform to the process to even have their proposal or tender considered.

On award of a tender, there will be a further set of processes that confirm the award. Suppliers may need to submit clearance certificates for such areas as proof of company registration; authority to sign agreements;

(and in South Africa) good standing with South African Revenue Service (SARS) (tax); WCA; and Broad-Based Black Economic Empowerment (BBBEE) status. They will require bank details (to pay you), and possibly risk assessment and safety plans and medical fitness clearances (to protect the buyer from spurious claims).

Suppliers need to be aware of the purchasing systems so that they can submit invoices and receive payment timeously. If the closing date at the end of the month is the 22nd, all the invoices and signed-off delivery notes need to be in with the administrative department by the 21st.

Communication Targeting: Strategic Considerations

Your organization may have the most progressive and suitable product for an industrial application, but it will not be purchased unless the buying unit in a target organization is sure that all their needs have been addressed.

The content and manner of presentation needs to convince the buyer that the purchase carries the least risk of all the available alternatives. For example, life-cycle costing can be a major consideration.

In addition, because the supplier's product is incorporated into another business process, quality issues and the longer term relationship are important. Not only must the product meet technical specifications, but the supplier must be:

- Financially and ethically stable
- Capable of meeting delivery commitments
- In a position to provide technical backup
- Provide postsales service and maintenance at a reasonable cost and within specified time constraints

Communication Targeting: Implementation

Gathering information for communication targeting is an extended process that takes place over time. We are assuming that the product being offered plays a significant role in the customer's operations, is a significant item in their budget, or both.

The researcher (usually the sales consultant) needs to first have a comprehensive understanding of the product, its operation, and its key features and benefits. This is not superficial knowledge, but a detailed appreciation of why certain features are included in the design. The researcher must be aware of the role of the supplier's product in their customer's processes. How do the product and its attributes contribute to the process or design where it is going to be used?

With this understanding, the researcher will have helped to identify the target market for the product or service, and then within that industry the most likely prospects; that is, the organizations that match the technical level of the supplier, or perhaps would benefit from innovation, cost saving, or other benefits offered by the supplier's product.

1. Secondary research is then necessary to establish:

    - Would the company want or be able to incorporate the supplier's product in their designs and processes?
    - Stability and financial standing of the prospect.
    - Their reputation or otherwise for payment.
    - The structure of the company and its subsidiaries. (Where do they need delivery? Centralized or decentralized purchase?)

2. Exploratory research in the form of personal interviews and discussions to establish the structure of the company's buying unit and their decision-making process. This will include:

    - Identifying who is involved
    - What is their role?
    - Who is the gatekeeper?
    - Who is the key influencer?
    - Who has the authority or standing to make a positive or negative decision?

3. Followed by a series of personal meetings (interviews) with the key personnel in the buying unit to establish the information in Table 11.1.

Table 11.1 Information for communication targeting

Source	Information gathered
Purchasing manager	• The basis for the title. Is this a person who merely issues the purchase order or is he or she an integral part of the decision team? • Confirmation of the composition of the buying unit • Details on company buying systems, administration of standard operating procedures • Current supplier issues and positive aspects
Everyone	• Their perception of how the buying unit functions • Their view on their role in the buying decision process • Where do they go to gather information? Who do they trust as the experts in this field? • The nature of their decision and the criteria (technical and personal) that they use to make it • What they consider key (deal-breaker) aspects of the sale, whether this is the product or some other aspect of the supplier's operations • Their view of the current supplier and an evaluation of their product • Any specific manufacturing or process needs that influence the requirements that need to be taken into account by the supplier
CEO	• Strategic imperatives for the company • Expansion and growth plans • Role of product in achieving objectives
Financial directors and managers	• Company objectives for growth and financial returns • Areas of high risk • Target profit margins • Contractual concerns (supplier capacity and ability to conform with legal and commercial good practice)
Specifiers Engineers Technical	• The actual, ideal, and minimum specifications possible for the product • The role they believe the product plays in their final output • Development plans for their operations
Project and operational production manager	• The actual, ideal, and minimum specifications possible for the product • The role they believe the product plays in their final output • Development plans for their operations • Time frames for product requirement and delivery • Expected technical backup • Anticipated maintenance requirements • Anticipated training needs
End users	• How they use the current product • What they like and dislike about it • How they would change it • What production issues do they have with the current product • How do they think these issues could be solved
Personal tour of facilities	Assess operational environment: safety standards, atmosphere on the floor, management control View how the component or module from the supplier is handled and built into the manufacturing process

The information collected via the above-mentioned process needs to be documented clearly in sales reports within the target company's file. It would be advantageous to conduct a regular (monthly?) review of the status and progress of the sales process. Using one's knowledge of the people and their requirements, a communication strategy needs to be developed to ensure that the right people are reached with appropriate content (see Table 11.2).

Table 11.2 Communication focus

Target	Communication focus
Key negotiator	This person needs to be convinced that the supplier company has the capacity and can be trusted to deliver on promises. They need proof (assurance) about the ability of the product to perform according to supplier claims. They need evidence that the product will meet technical support, quality, and cost requirements.
Purchasing manager	Information about the product, specification, and operation Information about technical and postsales support Supplier company contact details (all of sales, administration, and technical) Terms and conditions of supply
CEO	• Strategic opportunities and advantages of utilizing product • Match quality requirements of customer's products • Cost savings
Financial directors and managers	• Stability of supplier • Capacity to provide as contracted • Savings • Lifetime costing
Specifiers Engineers Technical	• Make sure they are aware of the product and the supplier • Convince of benefits and performance, especially the issues that are material to the quality of the customer's product or process
Project and operational or production manager	• Awareness of the product and the supplier • Technically superior or matching their technical specifications • Ease of use • Meets quality standards • Benefits for their end product
End users	• Awareness about the product and what it can do • Inform how it solves their operational problems • Appreciation of how it works and how it should be handled • Provide training in installation and maintenance (if applicable) • Goodwill events

Communication Targeting: Conclusions

The above-mentioned aspects seem to suggest that information is gathered and imparted in a series of meetings and interviews. However, there are several other opportunities for communication and persuasion that can and should be used to interact with potential clients and develop relationships with people in the target organization.

Use can be made of conferences, workshops, professional association events, content marketing on the Internet, and social media such as LinkedIn, Facebook, and YouTube. Of course, traditional media cannot be ignored. Suppliers will make use of PR, advertising, and editorial in relevant magazines and newspapers, trade shows, technical training courses, videos, brochures, and sponsorship of industry events such as golf days.

What is important that the right people who influence purchase are identified, and provided with appropriate evidence (technical and emotional) to convince them about the value of doing business with the supplier.

CHAPTER 12
Consumer Decision Making

Consumer Decision Making: Purpose

From personal experience we are familiar with the process that we follow when buying a product. We use this model to become conscious of the factors that influence our target market's decisions made during the purchase cycle.

In turn, that will define the information that we need to collect to let us understand the process and then sway the choices of consumers when purchasing products in our market.

Consumer Decision Making: Structure and Description

Many decision-making models are based on the premise that consumers demonstrate rational behavior in their buying decisions. This is not necessarily the case. The type of product being bought; the personality of the consumer; his or her psychological and cultural factors; social and economic environments will all mold the way in which the consumer arrives at the buying decision (Figure 12.1).

We need to know what constitutes those influences. How are they formed? Who are the thought leaders and role models for your particular product? Do friends and family have the major influence on what is bought? What values are brought into play when purchasing products in your industry? For example, a family man will want safety and reliability in the vehicle purchased to transport his family. A single man will want to impress his colleagues and partners, choosing speed and style above all else.

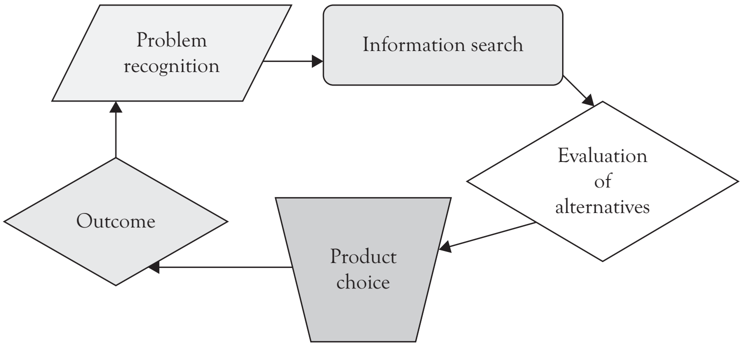

Figure 12.1 Consumer decision-making model

Consumer Decision Making: Strategic Considerations

We need to understand what type of product we are offering and its role in our consumers' lives. This is because the buying process changes with the importance placed on the decision process and the risk it poses to the consumer.

If we offer goods that are bought on impulse, then we need to understand *what* sparks the impulse, *when* it is experienced, and possibly even *where* the need arises. If, for example, we know that people coming out of a gym will be hungry or thirsty, then it would make sense to place a vending machine for our snack products at the exit. And who has not fallen foul of the sweets and magazines that are displayed along the corridors of the supermarket till line?

If consumers routinely buy a product and have your brand *on the list*, that is, it is a planned purchase, then we need to know: How does it become a planned purchase? What contributes to the consumers' buying loyalty, and what would cause him or her to substitute or change the purchase? The discussion that follows will examine factors that influence the buying decision.

Another type of purchase is the planned, but complex decision. Here we are talking about major items such as cars, homes, and other major ticket items. In this instance, the risk of purchase is magnified, and the marketer needs to understand the consequences of that risk for the consumer.

What safety nets need to be put in place? How can the consumer be helped to bridge the gap between desire and action?

Consumer Decision Making: Implementation

The Nature of Consumers

When determining target markets, one of the first variables examined is the demographic profile of the people who will buy and use the product. Sometimes age and experience are associated with brand choice. Education levels in particular may be one of the determinants in the trade-offs between functionality and image.

Segmentation of the market is a useful tool in designing marketing campaigns and the associated mix elements that will appeal to particular parts of the market. The segment needs to be large enough to warrant the dedicated expenditure, and be sufficiently different to enable precise positioning of the product.

We will need to understand the values of the people who use, and who *do not* use our products. Are they outgoing sophisticated people? Stay-at-home introverts? Active sporty individuals who have an interest in health and the outdoors? Knowing this basic information helps form the marketing strategy and allows the creative team to place the brand within the right context to generate consumption of your products. If you have correctly identified the environment of the target market, they will feel comfortable in accepting the product message.

Recognition of a Need

As marketers we will obviously have tried to provide sufficient information for consumers to associate our product with their perceived need. In some cases, we will even have tried to create a need. (But there is debate as to whether that is possible or not!)

What signals does a consumer use to recognize that they need a product? Knowing this, it is possible to build these messages into the communications put out to the consumers to stimulate a natural choice for them.

Specifications

Understanding how a consumer uses a product and the purpose that it serves in his or her life brings you half-way to designing the product that fulfills that function. Remembering that perceptions are reality, the way in which the product is perceived by the consumer is crucial in obtaining affiliation. The knowledge you need to become the specified brand lies in the functionality required by the consumer, the emotions associated with its use, and the assurances required to make him or her comfortable with the purchase.

Marketers need to know what questions the consumer is going to ask about the product. In turn this defines the expectations that need to be measured in the market. Variables include:

- Does the product actually function as I need it to function? And what alternatives do I consider when making a choice in this product area?
- Quality: How does the consumer define quality, and what is considered to be good quality for this product class?
- Service: What level of service is expected? And what for the consumer are the indicators for poor, acceptable, and outstanding service? Does fast outweigh efficient?
- Cost or value for money: What are the perceptions of the product when it is offered at different price levels?
- What is the extent of word-of-mouth (WOM) influencing purchase? These days include Facebook and Twitter within the definition of WOM. It is essential to establish the reference points used by your consumers.
- Is the technical skill, qualifications, or experience of the supplier an important factor for the consumer? In some areas (medical, for example) patients do not want to take a chance with their health. They will put up with some doctors' arrogance and lack of old fashioned bedside manner, if they believe that they will be cured. Where the consumer requires a customized product, then expertise becomes a major factor.
- In some instances, convenience and location play a large part in the purchase decision. In banking, however, the introduction of electronic banking and ATMs has revolutionized the

selection factors. A friendly e*lectronic funds transfer* (EFT) system can far outweigh the physical location of branches.

- Consumers may not even be aware of the role of psychological factors in the buying decision. They will rationalize purchase of a product that gives them a personal lift, by claiming for example that it is of a better quality or more cost efficient.
- Is the attitude and friendliness of staff a deciding factor? In service industries, this can be a deal breaker if staff does not accord clients the respect which they feel they deserve.

Searching

To be included in the list of possible suppliers, first establish the natural sources of information for consumers. Who do they talk to? Different people or sources will be the reference for different products. A technical purchase like laptops or iPods will rely on the evidence of experts. Fashion purchases will be influenced by the reactions of friends.

What media do they interact with? You will want your product to be seen in the recognized expert sources for your industry. Have you managed to send information about your product already via a newsletter or e-mail? Are you present at association meetings and events that allow you to network with your target market?

And these days: How do you use the power of search engine optimization (SEO) to bring your web page to the front of the queue? It is no longer a question of whether you have an Internet presence, but how effective is that presence? There are a number of services that will examine the effectiveness of your web pages and advise on how to improve the web metrics (such as number landing, click-through rates, time spent, number of enquiries, and conversions to purchase).

Quotes

How easy is it to obtain product information and a quote from your company? Does the consumer have to jump through hoops before you respond? Or do you ease the process by providing a simple enquiry process, the required information, and even the information that the consumer does not know that they need?

Examine your quotations to see if the consumer's information needs are met. Ensure that the follow-up process is in place and that there is an opportunity to make contact with the consumer to explore any objections or problems that he or she may have with your product.

Evaluation and Selection of Suppliers

Again this is where you need to have done your homework regarding the selection criteria that will be applied. If you know that concern with maintenance is an issue, address this in the quotation or pamphlet that is provided for the consumer. If, for example, your research shows that backup service and quality are the two most important factors, make sure that the evidence is there to support your claims that you will be the best company to provide this support.

Placing the Order

For larger purchases, in particular, many issues can intervene between choosing a supplier and actually placing the order. Be aware of how contracts have been impeded before and check out the current situation to see if you need to avoid any of them.

Postpurchase Blues and Performance Review

Ask anyone who has bought a new car and they will tell you that they have seen so many cars like theirs. In effect, they are reducing their postpurchase cognitive dissonance (that is, looking for reassurance that they have done the right thing). Hence to check whether consumers are satisfied with their purchase and to give them reassurance, you will contact them in a short while after making the sale.

The contact has a couple of purposes. It will give you an opportunity to conduct research on their first feelings and impressions... and to find out if there are any issues that need to be attended to, to maintain a good relationship with the consumer. In today's world, we concentrate on building relationships with our consumers so that we can build *brand loyalty* and repeat purchases. This forms the subject of another model, so we will not go into detail here.

Consumer Buying Decision: Conclusions

Product purchase is based on more than the physical attributes and functionality of the product. The consumer wants a feeling of trust when dealing with a supplier. This is built on organizational performance and the manner in which the consumer experiences the purchase. The supplier's reputation and corporate social responsibility are important elements in the decision equation. Consumers do not want to associate with companies that do not recognize their values and lifestyle.

CHAPTER 13

Consumer Decision Model for a Service Industry Environment

Consumer Decision Model (CDM) for a Service Industry Environment: Purpose

Consumer decisions are based on different factors in a service environment. This model is provided to remind the marketer that when they are exploring buying decisions in this arena, there is greater emphasis on personal interaction and experiences of service delivery. You cannot hold a service in your hand!

CDM for a Service Industry Environment: Structure and Description

Products are not tangible in such service industries as financial services, management consulting, and even provision of healthcare from your physician. Hence, consumers have a different frame of reference when evaluating the quality of the service. Kugytė and Šliburytė's (2005) model illustrates that they will depend to a far greater extent on the recommendations of people that they trust, the image of the organization, and their own experience of the supplier. Satisfaction will emerge from the degree to which a service is perceived to have met their requirements.

Customer interaction with the supplier is far more immediate than that of a person purchasing a product. Therefore, customers are far more likely to request that a service be tailored to their needs.

In this environment, consumer perception of the reputation of the supplier, and their trust in the brand are important factors in the

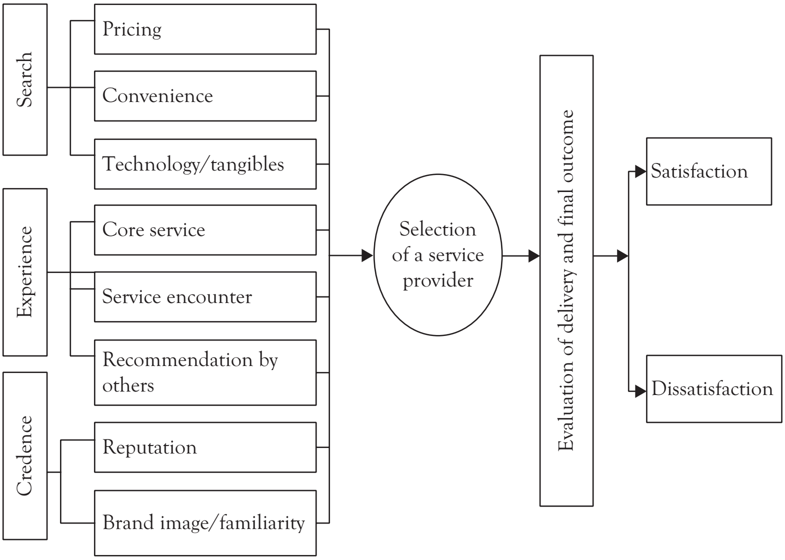

Figure 13.1 Decision making in service industry

Source: Kugytė and Šliburytė 2005

consumers' decision even to explore the possibility of purchasing a service from the supplier. They will judge the service on the basis of their interaction with the people supplying the service. In particular, to proceed from first contact to a sale, they need to feel comfortable (assured) during the entire sales, contracting, and delivery process.

The ability of the supplier to understand his or her customer's needs and be counted on to provide the required service level is an important factor in the sales and marketing of services.

The model in Figure 13.1 is featured in Kugytė and Šliburytė's (2005) article regarding the selection of service providers in an engineering environment.

CDM for a Service Industry Environment: Strategic Considerations

The core product of a service is the central expectation that the consumer has of the encounter. Hence it is critical to identify what makes up this product, and how consumers judge its value.

Since service quality is judged on the caliber of the people delivering the service, it is vital to ensure the skills and motivation levels of your staff. They will make the difference between a mediocre experience and WOW.

Delivery systems and processes need to be designed to operate at optimal speed and efficiency. This is even more important given the fact that generation Y is entering the marketplace with a vengeance.

Customers are sensitive to authentic treatment. Respect them. Listen to them, and care enough to mold your service to their needs. They will come to depend on you.

CDM for a Service Industry Environment: Implementation

Most of the discussion in the section *Consumer Decision Model* can be applied when considering this model. It is a different rendition of the relationship between the decision factors, selection, and experience of the service delivery. There are, however, some important differences in emphasis.

The researcher will generally use qualitative research (focus groups, in-depth interviews, and possibly observation) to establish the factors that are meaningful in the context of service delivery. These will then be quantified within the target market population to gain insight into the consumer decision drivers in the particular industry.

Particular attention will be given to the following.

Core Product

The researcher needs to uncover the essence of the service product and the way in which it gives satisfaction. If the consumers' definition of the core product (benefits of the service) has been established, then the elements of the service design and required manner of delivery fall easily into place.

Personal Service

It is the consumer's definition of service that matters. Hence it could be important to obtain the customers' ranking of the elements of service according to their contribution to the overall rating of quality service. What attitudes and behaviors of the people providing the service are important?

System and Processes

An annual audit of internal processes is indicated to monitor the communication and work flow to evaluate how they affect the final delivery of the organization's service. Where are the impediments? What aspects of the system impinge on the quality and value of the service?

Tangibility

The model emphasizes that products are not tangible within a service environment and the consumer can only evaluate the product indirectly through experience of the service and the way in which it is delivered. Some outcomes can be tangible, for example, software that operates in the way it has been specified.

In the absence of visible outcomes, the researcher needs to uncover what signals consumers will use to make the product real. Issues such as presentation of the company image, quality of the personnel, and their communication become important evaluation variables.

CDM for a Service Industry Environment: Conclusions

It is important for suppliers in a service industry to realize the differences that occur because of the nature of the product. They need to be conscious of what is likely to be a more personal relationship with the consumer, and to adjust their behavior accordingly. Many opportunities to gain knowledge about the target market occur throughout the service delivery process. Hence systems should be in place to make this aspect of information gathering an automatic procedure.

CHAPTER 14

Consumer Angry Switching

Angry Switching: Purpose

In the discussion on consumer purchasing behavior, we have examined what information is required to understand how consumers form their decisions. The angry switching model comes into effect when a consumer has been using your product or service and due to a negative episode decides to switch to another. The trigger can be internally or externally generated. The consumer's needs could have changed or he or she could have some negative experience that may result in a decision to change the supplier.

Angry Switching: Structure and Description

The model depicts the drivers and decision criteria of consumers when selecting a brand. The change factors of an unhappy experience, new information, new technology, and competitive activity, power the forces that will bring down the original choice.

From experience in working in the advertising agency world, the author has seen that the factors that win accounts are not the same as those that lose them. Good marketing and advertising strategies linked with an appeal to creativity will win the award of an account. Failure to deliver on promises, incorrect media placements, and breakdowns in working relationships can all result in the loss of clients.

Susan Keaveney (1995), the originator of the consumer switching driver model, found that the failure of core services was the most common factor in a switching decision. That is, there has been an issue with service delivery process or administration associated with it. To view the original consumer switching driver model, refer to Keaveney (1995).

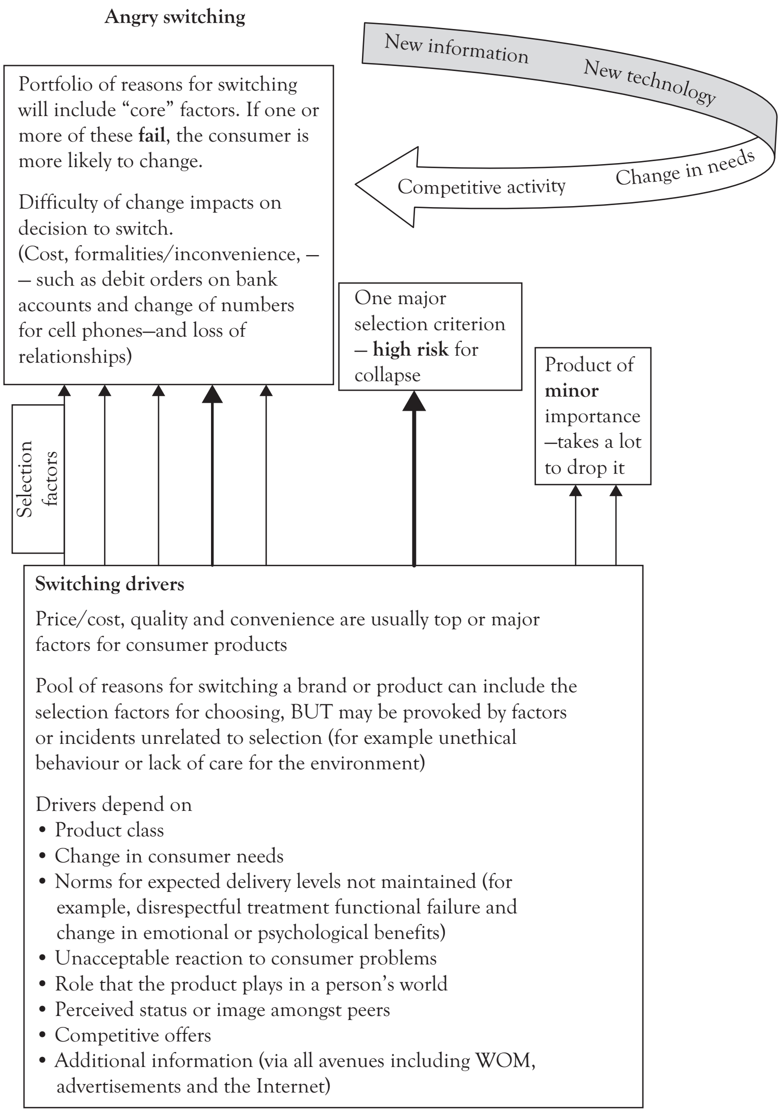

Figure 14.1 Angry switching drivers

In the blog provider environment, an alternative model of service switching is investigated by Zhang, Cheung, and Leese (2012). They consider the push–pull–mooring framework, which comes from studies on population migration.

The angry switching model (see Figure 14.1) follows on the work of Keaveney (1955) and Zhang, Cheung, and Leese (2012). It includes the need to consider the type of product and industry in which the switching takes place. The model considers the strength of the decision based on the importance and number of reasons for choosing a particular product or service.

Angry Switching: Strategic Considerations

If the switching factors are monitored within an organization, there is less likelihood of losing a client or customer. By reducing the need to find new clients under pressure, the organization saves time, effort, and money. It also limits the distraction factor of having to focus on unanticipated client searches.

The information gathered to track possible problems has additional benefits. The awareness of the environment can help anticipate crisis situations such as production problems and cash-flow issues due to loss of income.

Preventing avoidable loss of clients manages the reputation of the organization. If parting is not amicable, it is possible that an exiting client will voice his or her dissatisfaction to the world at large—even if the full circumstances do not support an ex-client's angry outpourings.

Angry Switching: Implementation

The factors featured in the model should become the substance of tracking studies completed to measure consumer satisfaction. That is, you need to assess:

- Industry churn norms (that is, the level of switching within the industry to which the organization belongs)
- The profile of switching behavior in your target market and customer base
- The characteristics of customers in relation to their switching behavior:
    - Determine how many different suppliers a customer uses at any one time. Then in the case of industrial markets, examine the organizational size, structure, and culture; in

the case of consumer markets, assess demographics and psychographics.

- Target market related:
    - What are the barriers that prevent a customer from switching?
    - What aspects of your product or service are disliked by your customers and which may push them to consider an alternative supplier?
    - Have there been any changes in the customer's needs?
    - What is the attitude of the customer to the company and its services?
    - Core service delivery levels against agreed standards, and against customer expectations.
    - What contact have the competition had with the customer, and what is their current offering? How attractive is this to your customer?
- Internal issues:
    - Have there been any incidents or problems with the delivery of your product?
    - Or any issues with the way in which the customer has been treated?
    - Has there been any change within the customer's staffing, and processes, circumstances, or both that could affect your ongoing relationship?
    - Has your organization suffered from inappropriate actions or behavior that would alienate your customers? Did you anticipate and manage the incidents? Has the relationship recovered from this damaging behavior?
      (You will find this information via analysis of sales contact reports and production exception reports.)
- Marketing mix factors:
    - Is there anything missing from the marketing mix that would push the customer to consider an alternative supplier?

- Is the organization's unique value proposition relevant to customers and the target market?
- Pricing:
  - Has there been a change in pricing structure?
  - How competitive is the product's pricing?
  - Is the value for money there or is the pricing extortionist?
- Place or convenience:
  - Has there been a change in opening hours?
  - Do employees keep appointments on time?
  - Have branches and outlets closed?
  - Does the company have or need an Internet outlet?
- Promotion or communication:
  - Has there been a cutback in advertising and promotions?
  - Has there been a change in the media used to reach the target market? (for example, dropping circulation and editorial orientation)
  - Has the target market changed its media consumption patterns?
- Product:
  - Has the product changed in any way? (Why?)
  - Has a competitive product become more attractive?
  - Has the product moved with customer needs?

Angry Switching: Conclusions

Many companies appoint key account managers responsible for relationship management. However, an efficient management information system (MIS) should be in place to automatically monitor client interaction and highlight problems. One of the first indicators can be a drop off in sales. Hence it is vital to review key customer activities to identify changes in their buying patterns. Complaints by customers should form part of the monitoring system. Reaction to complaints has to be carefully handled and viewed as an opportunity to retain their loyalty.

The above-mentioned monitoring requires a systematic program to ensure that all the indicators are measured regularly. On its own, the cost of monitoring should not exceed the costs associated with losing a client.

However, monitoring should cover information to support the marketing strategies and plan not just simply loss of a client.

In this day and age of increasing use of technology, organizations can reduce costs by moving to online service of customers. Awareness of switching factors can assist the marketing team address the benefits and fears of their customers when they want to migrate them to a different method of service delivery.

CHAPTER 15

Customer Growth Rate

Customer Growth Rate: Purpose

It is important to monitor whether, and how quickly, your target is growing. The allocation of resources depends on whether you are experiencing a stable situation, or changes in market share. In effect, this metric is an indicator of the success or otherwise of your marketing strategies. When launching a product, you need to know when you have reached *critical mass*. For established products, you need to be aware of the trend of customer growth, or if there is any sudden movement that would signal a problem in the marketplace.

The growth rate of the customer pool is an important metric for planning, for marketing and other business resources. This model reminds the marketer to estimate the total consuming market size, and points to brand switching models to estimate the potential and limits of the organization's share of that market.

Customer Growth Rate: Structure and Description

In this model (Figure 15.1), we are considering the total number of consuming units (CUs) available to the marketer. By CU, we could be referring to mines, public service departments, individual manufacturers or retailers, departments within organizations, people, households, schools, or whatever makes sense within the market.

Because the amount and timing of revenue from customers differ from industry to industry, we have not attempted to provide a model to estimate the value of customers to the business.

Right at the beginning, you need to be aware that market projections are difficult, and that *all* growth estimates tend to be optimistic with respect to amount and timing. It is recommended that you err on the side

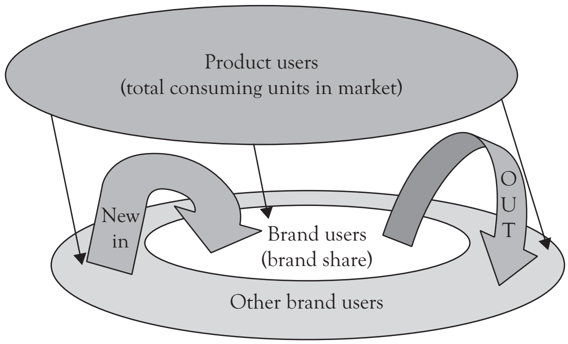

Figure 15.1 Customer growth rate

of caution and use at least two estimates—the one that you arrive at, and then one that doubles the time span and halves your best estimate.

Another useful check is to do a calculation in which you look at a rough limit estimate of the total number of CUs that are likely to be available, and then when you arrive at your estimates from the processes below, do a reality check. Is such a number possible?

The total number of CUs will depend on the product functionality (usefulness in companies' or peoples' lives), which in turn determines the degree of interest in the product. The frequency of purchase (for example, one-off or regular use) will also influence the number of units that are in the market at any one time. The figure for CUs is relatively easy to establish with an old product, but is less simple when an entirely new product is being introduced to the market.

Greenberg (2009) recommends keeping the process simple for calculation of organizational customer growth. Using his approach, he posits there are two parts to the formula. The first looks at estimates of the number of customers, which originate from marketing activity, and the second considers the retention rate of existing customers. (As an implication, marketers need to have a retention program in place.)

The following Greenberg's formulas are based on business-to-business (B2B) operations, but they can be adapted for consumer goods. Greenberg indicates that, for client acquisition you need to consider each lead source and by using the conversion or closing rate you can estimate the number of new clients that will come on board. (In the following equations, # means number and * means multiply.)

For each lead source,
(# of leads or visits or registrations × conversion or closing rate) = new clients per month.
The second part of Greenberg's formulas is based on existing clients.
(# of existing customers × activity or retention rate) = retained clients per month.
If we had been considering revenue, we would apply Greenberg's final step, which considers the revenue generated via each type of customer:
([# new customers × average sales] + [# retained customers × average sales]).

In our adaptation to a consumer goods situation, one could develop estimates such as:

New CUs from traditional and electronic (e-mail) advertising and promotions:
(# people made aware × associated purchase rate)
Add this to CUs sourced from web-based applications and social media:
(# people visiting site × percentage completing purchase process)
(Note that this is a huge simplification of web metrics!)
Plus:
(# word-of-mouth recommended purchasers)
Then count in existing customers:
(# totally loyal customers + percentage share of purchases by irregular customers).

Obviously, conversion rates from contact at source to customers would be used to guide the allocation of adspend and promotional activity.

Customer Growth Rate: Strategic Considerations

Customer growth rate estimates are essential when applying for venture capital, deciding whether one should launch a product, and in an established situation, evaluating performance and estimating resource requirements.

Growth rate estimates provide a useful focus on completing the metrics for promotional and other campaigns. If you are tracking the number of leads and conversions that emerge from the different programs, you will be constantly aware of changes in effectiveness, and reflect on what is changing to influence the response and conversion rates.

Another important consideration is that the process emphasizes the need for a retention program. Time and again, it has been shown that it is cheaper to retain an existing customer than it is to gain a new one.

Growth Rate Model: Implementation

Total Consumer Units

In this model, we are calculating the number of units that consume the product, not the amount of turnover or revenue that will result from those customers. Pricing is only important here insofar as it influences customer attraction to the product market, or in causing a switch to a particular brand or substitute product.

In the first place, we are considering the number of consumers in a product market: This estimate should be regularly calculated as a matter of course when reviewing strategic options and plans. *Anything* could affect the size of the market from changes in consumer needs, substitute products to environmental trends. We are also not referring to the size of the *function* market. For example, how many people now use long player records and 45 singles, the music delivery technology of the mid-twentieth century? Almost everyone still listens to music, but via CDs (another fading technology), iPods, tablets, and other electronic devices.

> Arriving at an estimate of the total customer market requires secondary and perhaps primary market research to establish just how many people or companies actually use the type of product you are concerned with.
>
> In South Africa depending on the product class, one could turn to the All Media and Product Survey, (AMPS), Nielsen Audits, the Bureau of Market Research (BMR), Stats SA, associations,

and professional institutes to find the relevant statistics. For B2B marketing, annual reports and the media are also good sources of information.

The type of industry will determine the rate of change of the basic information that is needed. Each time the estimate is reviewed, you need to make a note of the assumptions that are being applied regarding the product market and its environment.

To calculate and understand the factors influencing overall growth, the types of questions that need to be answered include:

- What has happened to the market growth (in CUs) over the past year, 5 years, perhaps even 10 years?
    - Then draw a trend line to establish the general direction of the change. Apply the trend line to the next two years to estimate possible growth or decline.
- What happened to cause the changes? Consider:
    - Life cycle models
    - Entry of a competitive product that either stimulated or depressed growth in CUs.
- How much of market growth is due to natural population or segment growth?
- What factors influence these market changes? (industry drivers)
    - What trends are noticeable in these drivers?
    - In particular, what technology has occurred or is in the pipeline to influence consumption?
- Consider Porter's five forces:
    - Changes in the company that will affect operations
    - What is happening in the environment? (PESTLE with particular emphasis on what could influence consumption of this product class.)

- ◦ How are the needs and attitudes of consumers changing with regard to the function that the product fulfills?
- ◦ Has competitor activity expanded the market?
- ◦ What innovations and changes have suppliers brought to the market?
- ◦ Are there any substitution products on the horizon?

Researchers will not use just one estimate of market change. They will look at probable percentage changes from several perspectives and then arrive at a best estimate from reflection of the various forces changing the market size.

As a benchmark, without any explanatory source one would just look at the sales or consumption trends. Then one would add things like price hikes, levels and types of promotion, and perhaps even disruptive events to analyze what had happened to the number of CUs. The researcher would then analyze the variables to see whether the events had caused the CUs to enter or leave the market. A typical process would consider:

CUs to date
+/– Demographic change (especially income and education)
+/– Technology use switch
+/– Substitution product use
+/– Environment issues
+/– Relative price change
+/– Innovative product applications
+/– Geographic changes (e.g., development of export markets)
+/– Competitive activity (e.g., imports) changing the level of consumption
= New level of CUs.

The market estimates should then be *tested* by applying the changed view of the market to particular segments. For example, look at a geographic area and test whether the new estimate matches the market researched level of CUs found in such an area or segment.

Organizational Growth

In the first instance, potential unit growth for the organization will be estimated by applying brand share percentages to the current and projected number of CUs in the market.

Following this, a review of the organization's CU growth should be undertaken giving consideration to marketing factors. The researcher will *test* the suggested growth figure from the total market growth, by evaluating the projected impact of business and marketing plans.

To apply Greenberg's (2009) formulas (mentioned above), one needs to take a decision regarding the definition of customer types for a particular industry. Using modern technology to track customer interactions with the company (and its websites), one can reach a useful categorization by customer purchasing history. In turn, this information can guide the content and types of messages that are relevant to the customers when promoting the product.

The buying cycle of your product will influence how you categorize customers. *Never* customers are easy. But hopefully your system is able to trace whether they have interacted (for example, made an enquiry), so you can insert a *have interacted* category too.

It is not possible in all markets, but vigilant marketers will track the ongoing purchases of customers to see whether their regular buying pattern (value and frequency) is still in place. Renewal lapses (for subscription-based organizations) or the length of the buying cycle will influence the stage at which you move customers into the *prior* status.

One possible categorization is given in Table 15.1.

A constant and careful watch needs to be implemented on the net gains or losses that are occurring within the database, or being regularly measured in, perhaps, syndicated studies.

In addition to the above, the researcher needs to consider models such as brand resonance[BR], the brand resonance ladder[BRL], and brand switching to ensure that the correct information is available to understand why change is taking place, and to underpin and guide growth marketing activity.

Table 15.1 Customer categorization

Category	Customer unit definition
Never	Never bought a product
Interacted	Enquired; called for quote; sampled but did not buy
First time	Placed first order or purchased
Existing	Places second and subsequent orders
Prior	Not purchased from the company during a defined period
Returned	Previous customer who has purchased following a lapse

Customer Growth: Conclusions

Customer growth is fundamental to the well-being of an organization. Being aware of the issues and factors affecting the size of a market provides a strong platform for effective marketing strategies and should ensure efficient allocation of attention and resources.

CHAPTER 16

Gamification

Gamification: Purpose

This model is intended to provide a structure for managers wanting to take advantage of modern technology to engage with their customers. It provides a framework for the design and implementation of gamification in the marketing mix. Gamification can also be used as a tool in training and induction programs, where company culture, values, and operational standard operating procedures (SOPs) can be built into the *games* played by new employees.

Gamification: Structure and Description

Management models are progressing to incorporate the tsunami of innovation found in the area of social media and technology. Gamification is one such model linked to learning, training, and motivation (see Figure 16.1). Experience of mega brands such as Nike (McClaren 2013) and Coca-Cola (Kirby 2013) has also confirmed the hypothesis that it is possible to attract engagement of consumers through the device of gaming.

The theory behind gamification is that total involvement in the more memorable experience provided by the game forges stronger bonds, especially with today's millennials (consumers who have been raised in a digital world). The immediate feedback is in itself a rewarding experience.

Gamification: Strategic Considerations

It is essential that the use of gamification has a clear objective and that this is incorporated into the design of the game, that is, the game should not drive the required outcomes.

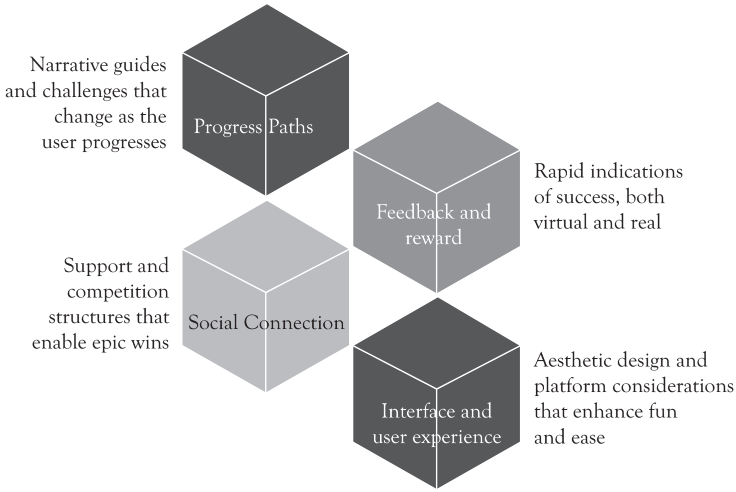

Figure 16.1 The elements and tools of gamification

Source: Reprinted by permission from Palmer, Lunceford, and Patton (Deloitte Review, July 2012). © 2012 by Deloitte Development LLC.

In the corporate environment, gamification can be used for motivation, training, new product design, and web page engagement. Innovative ideas can be generated through gamification and it is also possible to use gaming techniques to attract leads, which can be converted into sales either through websites or personal intervention.

In the consumer environment, gamification can be designed to create product and brand awareness and emphasize benefits; to trawl for new product ideas; to engage with consumers; to generate positive attitudes to the brand.

Ryan et al. (2013) claim that gamification's attraction for consumers lies in the satisfaction of the need for recognition for achievement. Successful applications incorporate interesting personal challenges or goals. Games provide players with feedback or milestones for their personal scores where they can be ranked against other people who may or may not be known to the player.

Whether it is for corporate or consumer use, personalization of the game appeals to the individual and his or her need for status. They are able to immerse themselves in a virtual world where they receive acknowledgment for achievement and the opportunity to interact with social communities.

Gamification: Implementation

Relevancy is key. The game structure and process need to appeal to the target market sufficiently to generate enthusiasm (both corporate and consumer environments) and viral spread of downloading or participation (in the consumer environment). This will best be achieved when players identify with the game's purpose, and brand values and personality are reflected in the game.

Researchers can support direct marketing if they can find a profiled database including the target market. Use of a database including e-mails would be beneficial in reaching the target market, and in kick-starting participation. The game itself should reward sharing to generate a snowballing effect.

Ingredients of gamification include:

- Set of rules for playing
- Inclusion of goals, challenges, or both (positive achievements and negative obstacles)
- Rewards, either intrinsic or extrinsic (intrinsic would be satisfaction with achievement or enjoyment of completing a task; extrinsic could be monetary or obtaining grades in a learning situation)
- Definition of player relationships (individual or team; cooperative or competitive)
- Progression through levels of difficulty (addressing needs associated with challenge and accomplishment)

Hence to implement this model (and modify behavior), one needs to have the following information:

- Consumer:
    - Conduct consumer research[G] to establish interests, buying habits, product selection, and decision criteria, plus which rewards will appeal to consumers. This information is to be built into the design so that they will engage with the game and subsequently purchase the product or brand.

    - Media consumption is an important element of the research. How best will the target markets become aware of and access the game?

- Corporate:
    - Training:
        - What are the regular training needs within the organization?
        - What information needs to be included in the game?
        - Which systems need to be clarified or reinforced?
        - Improving decision making in this environment
        - How to chair meetings?
        - Induction programs
    - Motivation:
        - What types of rewards are most meaningful for the employees?
        - Which rewards are most efficient in generating behavioral or motivational changes?
    - Sales leads:
        - What are the customer interests, buying habits, product selection, and decision criteria? Which rewards will appeal to them? (business-to-business consumer research)
        - Are the customers connected and will they participate?
        - And at what point in the buying process will gamification have the maximum impact?
    - Web page visitors:
        - Origin of page visits
        - Profile of web page visitors
        - Passage through the website and points of interest

Gamification: Conclusions

This tool is in its infancy and one should expect additional applications to emerge. Whether one is trying to teach consumers how to trade on the stock exchange, or learn the rules of the road, gamification is arguably one of the most efficient ways to achieve these objectives.

One cannot expect the game to stand alone, and the launch and rollout will require support through conventional and new (social) media.

For many, development costs are a perceived barrier to entry; however, it is possible to apply the principles of gamification in a simple way. Predictions are that the majority of global brands will utilize gamification within a few years. It already has a proven track record in attracting consumer participation, and if the games are repeated one will be able to assume that playing is translated into tangible results.

CHAPTER 17

Gap Analysis[1]

Gap Analysis: Purpose

When looking for opportunities in the marketplace, it is always sensible to start with areas in the market that have few or no competitors. Gap analysis, based on consumer buying or preference criteria, will help you find areas where consumer needs are not being satisfied. It can also help you define the distance between your product offering and the consumers' ideal product.

Gap Analysis: Structure and Description

No matter what area of a business process that you are in, there is almost always room for a gap analysis. Essentially, this process looks at the ideal or objective state, establishes the current state, and using appropriate indicators decides how far the current state is from the ideal. To complete the transition, one then decides on an action plan to move from the current state to the ideal.

Gap analysis (Figure 17.1) takes place in the context of the needs of the people or companies involved together with business infrastructure, processes, and strategies. Hence to develop the action plan, in addition to the current needs and definition of the ideal state, one also needs to establish environmental factors such as strategic intent; to choose indicators for the variables included in the gap analysis and consider policies that affect possible gap solutions.

---

1 Read together with Chapter 24 (*Perceptual Maps*)[PM]

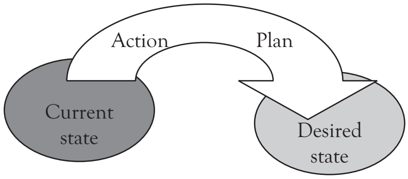

Figure 17.1 Gap analysis

Gap Analysis: Strategic Implications

It is not always obvious where the vulnerable areas are between market reality and company performance. Gap analysis should be conducted on a continuous basis, identifying trends in the market and being alert to changes that occur especially with respect to key performance indicators.

Within a marketing framework, gap analysis is a useful check to measure how well sales and marketing strategies are delivering against objectives. The technique is particularly useful when considering new product development and conducting competitive comparisons.

Gap Analysis: Implementation

The process relies on availability of information. Hence researchers need to be able to extract figures from within the database or conduct research to define the current state or even the desirable state.

If you are evaluating a marketing campaign, you may have particular objectives regarding awareness, or website visits, market share, and purchase. For example, the gap analysis conducted on the target market would establish the differences in the variables and suggest the actions or investigations listed in Table 17.1.

The action plans are then developed taking into account the overall business objectives, policies, and systems. Sometimes the solutions lie in an overhaul of the business processes. For example, the researcher may find that competitors have an edge because they have a more efficient delivery system. Then the solution lies in solving supply chain issues, and not marketing problems.

Table 17.1 Gap analysis

Variables being studied	Prior level	Objective increase	After campaign	Gap	Corrective action or investigation
Awareness	30%	+5%	31%	–4%	Ad-placing issues? Correct media?
Website	200 per day	250 per day	210 per day	–40	Access issues? Ad effectiveness?
Market share	35%	Medium 5%	29%	–11%	Competitor action? Distribution problems? Out of stock?
Turnover in units	10,000 per month	10,500	9,000 per month	–1,500	What happened?

Applying the process to product design, research may establish that:

- There are needs that are not being met by the product
- Or a feature is irrelevant to the target market (and therefore not used)
- Or there is an indication that the same functionality can be achieved at a lesser price

At the same time as the research is being conducted, the researcher would ask the target market to specify the ideal product. Following the survey, the table would be set up as above, and an evaluation and action project set up involving marketing, production, and sales.

Parnitzke (2013) provides an interesting perspective on using gap analysis in the development of a road map for system, database, and software development. One factor that emerges in his discussion is that in an IT environment it could be important to implement the action plan components in a *particular sequence* for optimal functioning of the final product.

Applied to HR management, one would conduct a skills audit, evaluate needs given the business plan of the organization, assess the gaps, and then formulate a skills acquisition plan. Here one would need to look at the potential of internal candidates for training or decide that

Table 17.2 Gap analysis for service factors

Service factor	Importance rating	Current rating	Ideal rating	Gap	Action plan
Stock available when wanted					
Same-day delivery					
Professional advice					
Custom-built					
High quality					
Friendly staff					
Efficient staff					
No billing errors					

recruitment is necessary to provide the required skills within a defined time period.

Evaluating service issues (see Table 17.2), one would canvas customers to find the factors that they associate with good service. At the same time as measuring the importance of these factors, the researcher would ask for an assessment of company performance on those factors. The ones that require urgent attention would be service factors that are highly important and where the company is not performing; see also Chapter 29 (*SERVQUAL Gap Model*^{SGM}).

Customer complaints can be dealt with in a similar manner.

Gap Analysis: Conclusions

This technique can be applied to exploring the dynamics of both problems and opportunities. The effectiveness of the analysis lies in accurate measurement of the variables, and then alignment of the solutions with business objectives. Action plans would need to take account of facilitators and barriers to implementation. The questions that need to be asked are whether the company has the capacity and the will to make the changes. If not, will it survive without change?

CHAPTER 18

Cultural Integration in Marketing

Cultural Integration: Purpose

Today's global village has many challenges for the marketer intending to start selling a brand or operating in another country. Being aware of cultural differences allows the translation of product features and brand symbols to take place in a manner that maintains the integrity of the brand image, values, and personality.

True marketers recognize that diversity does not just exist when the product or brand is made available in another country. Due to immigration and consumer mobility, there are sometime sizeable segments of a country's population that have different cultural origins. For example, in South Africa there are at least 11 language groups. In the United States, increasing account is taken of the differences observed in African American communities and in the burgeoning Hispanic population.

Cultural Integration: Structure and Description

Mergers and acquisitions, marketing campaigns, and business negotiations are sometimes claimed to fail due to a cultural mismatch. What is this *thing* called culture? The Infoplease site (Pearson Education 2013) describes culture in the following way:

> Culture is based on the uniquely human capacity to classify experiences, encode such classifications symbolically, and teach such abstractions to others. It is usually acquired through enculturation, the process through which an older generation induces and compels a younger generation to reproduce the established lifestyle; consequently, culture is embedded in a person's way of life.

As a result, culture is extremely difficult to measure because it operates below the surface of any country, community, or organization.

This new model is intended to remind marketers and researchers to investigate the elements of a culture that may affect the way in which a brand is promoted in a country (*or even market segment)* other than its original one. In assessing the brand and marketing mix elements, it reminds researchers to incorporate traditional and popular models such as Geert Hofstede's Theory of Cultural Dimensions.

Hofstede's model claims to describe the forces in a society's values on a national basis, and how they affect behavior. It was initially developed on the basis of research conducted on IBM employees. Through factor analysis, he uncovered four cultural dimensions: individualism–collectivism, uncertainty avoidance, power distance (strength of social hierarchy), and masculinity–femininity (task orientation versus person orientation). These dimensions were later augmented to include long-term orientation and the sixth factor of indulgence versus self-restraint.

The implication of Hofstede's work for marketing is for researchers to recognize that brand positioning and appeal are created in a particular cultural environment. When moving into another country, interpretation of the brand message and perception of its message depend on the new cultural context.

Recently, Hofstede's theory has been strongly criticized by Brendan McSweeney (2002) who challenges the methodology and findings. He points out that the assumptions and research processes were flawed, leading to extreme skepticism regarding the constructs that were claimed to emerge. However, accepting that the research was based on a subset of IT professionals from various countries (i.e., raises questions of generalizability), the theoretical constructs can still provide a starting point for consideration as to how well a company or brand fits into another country.

The new cultural integration model (Figure 18.1) is used when diversifying into another country or when considering diverse segments of a market. The underlying philosophy is that the product, its brand image, and communication all need to be checked against the cultural factors of the new environment. Essentially, the researcher is checking that the factors are in a comparable position in the new consumers' minds to generate the same picture of the brand.

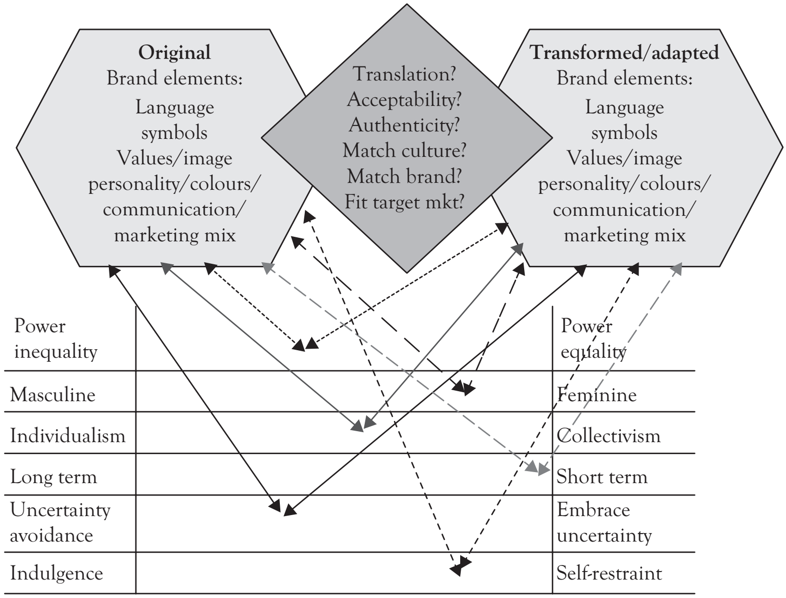

Figure 18.1 Cultural integration

Establishing and promoting a brand requires deeper appreciation of the symbols and etiquette of the people who will become the target market for those products. For example:

- Does the brand name translate well?
- Is the message understandable within the context of the new country?
- Is the slogan meaningful when translated?
- What do the brand colors signify?
- What dress code is acceptable for the people depicted in the advertisements?
- How does the new target market view the brand image and positioning?
- What behavior is acceptable and depicts the mood desired for the brand?

Note: The above-mentioned cultural dimensions are illustrative. It is possible that not all of them would be relevant for a particular product or brand. The cultural variables need to be relevant to the product category and the extent of them measured both within the target market consumers, and in their perceptions of the brand. Researchers ask: How does the marketing mix generate these perceptions?

Cultural Integration: Strategic Considerations

Using such a model, marketers will mitigate against cultural disaster. Mark Laswell's (2004) article provides several examples of how a lack of appreciation of cultural and language differences can sabotage a product; for additional examples and a wry laugh, see Sunshine (2012).

In applying the transformation, one needs to ask whether the integrity of the brand is protected whilst allowing for some adjustments for the product to be acceptable within the different country's culture. In light of the increasing globalization and exchange of cultural values, researchers may even find that while there is an overarching culture, individuals display different attitudes and behavior and they do not necessarily conform to the national cultural orientations.

It should also be recognized (though not covered in this discussion) that the organizational aspects of entry into another country will require an understanding of their norms for corporate culture. When working in another country, international quality and performance standards can be maintained, but the manner of achieving them may be different. A good discussion of these aspects will be found on Eslkevin's Blog (2013).

Cultural Integration: Implementation

Before even thinking about cultural adaptations, it is assumed that the basic need or desire for a product has already been established in the target country. Initial investigations through an analysis of consumption trends, online sales, retail audits, or similar factors are needed to assess the viability of the new market.

Within the *country of origin*, the researcher needs to prepare a full appreciation of the target market™ being served by a product. The question is: Does the brand want to reach the same target market in the new country? If yes, then identification must take place of the elements used in the marketing mix[G] to establish the brand image and positioning of the product.

Research should probably also be conducted in the home territory of the brand to check that the brand perceptions match the desired image. This benchmarking helps to analyze results from the new market. Where are the gaps?

> Often researchers are advised to work with local agencies and research houses that are already sensitive to the new target market structure and culture.
>
> Questions should be asked as to the size and nature of the target market. How does it compare with the original market? Are the surface needs and wants identical, or somewhat different? Are the uses and role of the product the same?

The researcher needs to conduct a full analysis of the product or brand. What are the name, slogan, and type of language used to convey messages? What are the words and attitudes evoked by those words? What colors, symbols, and role models are used in the packaging and promotions? What is the function of the product? Where is the product usually distributed?

> Every element needs to be examined and its role in creating the brand image and personality understood.
>
> The positions of the brand on the home country's cultural dimensions are then mapped. Only then is the researcher ready to move into the realm of the cultural indicators of the new environment.

The first stage is reflection on the obvious contradictions and possible misinterpretations. For example, is the name of the brand unacceptable due to its association with crude or demeaning images? Complete translations and backtranslations are required to check that the nuances of the original language are not mutilated through the transition to a new language.

Every variable within the marketing mix and brand elements needs to be checked against consumer interpretation.

> The research needs to cover reactions to the product. How will it feature in their lives? What values do they associate with the brand? How do they view the various branding elements? What attributes are important to the consumer? How do they interpret the messages of the brands? How do they feel about the brand? What would they expect (CSI and events) from the brand? Importantly, would they purchase the brand or product (Where? How often? What would they pay?)?

It would be preferable to conduct research that can be compared with benchmark outcomes in the original market. The researcher would have established which attitudinal words are associated with the brand and which emotions should be evoked by the branding messages. The questions will mirror each other so that there is validity and reliability for the measurements.

Finally, a mapping of the deviations needs to be compared against the original brand positions. Each difference needs to be evaluated and decisions taken to either ignore gaps or adjust the brand presentation in the new market. The point is that solutions need to be found to incorporate them into the marketing mix without contaminating the integrity of the brand.

Cultural Integration: Conclusions

Diversity needs to be recognized in our global village, and marketing strategies and tactics adjusted to accommodate our cultural differences. The process is not always an obvious one, but if care is taken to assess the risks then disastrous marketing episodes (and their consequences) can be avoided.

CHAPTER 19

Force Field Analysis

Force Field Analysis: Purpose

When a business is faced with making a decision that will result in operating changes, there are likely to be factors that support the change, and those that act against it. This analysis is completed systematically, and allows rational discussion to identify both positive and negative forces and to assess their impact on operational efficiencies and profitability.

Business people are also faced with the reality of changes within their environment, which influence the way in which their product is going to be consumed, or the attitudes that consumers will have about it. This in turn generates the need for the organization to anticipate or adapt to the trends that otherwise would affect their profitability. Again, a force field analysis is a useful tool to guide these discussions.

Force Field Analysis: Structure and Description

Building on the science of physics, Kurt Lewin proposed a simple, but powerful model. Lewin identified that in any situation there are forces that are seeking to promote change (so-called driving forces), and those that resist change (so-called restraining forces).

He postulated there are three essential steps to successful change: unfreezing (i.e., getting acceptance that change is necessary); transition (identifying and implementing the required changes); and finally, refreezing (stabilization after the turmoil of the disruption caused by the change).

The model allows managers to add a dimension in addition to simply listing the pros and cons of a situation. They are required to identify all the relevant factors and then rate the relative importance and strength of each. This process provides direction for the activities that need to be instigated to bring about the desired change.

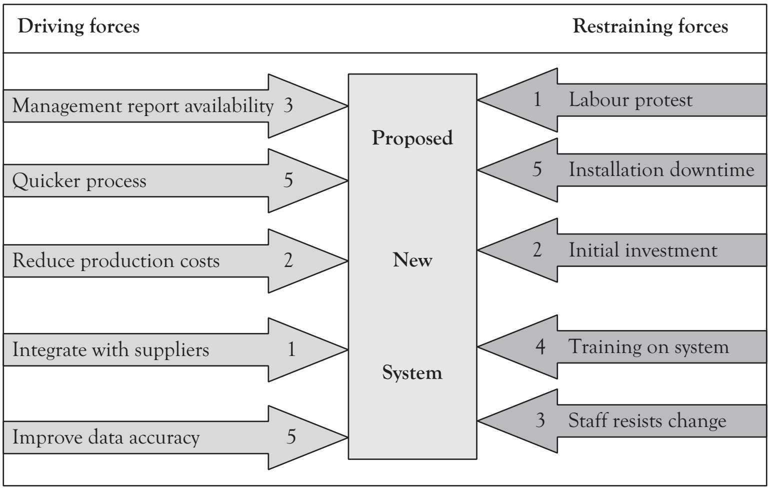

Figure 19.1 Force field analysis

In the model (Figure 19.1), we have taken the example of introducing new technology, which will automate some of the administration associated with production. The factors included are examples and not comprehensive. In the real world, one would consider the nature, extent, and implications of the change envisaged; the industry; the organization; and the external environment.

Force Field Analysis: Strategic Considerations

The process allows those affected by change to participate in the decision and the opportunity to see why a change is necessary. In an open environment, they can express their reservations and suggestions to be incorporated into the changes.

Using all the people affected by the change to brainstorm the factors promoting the change, and those hindering its implementation has the potential to identify most, if not all the factors that are relevant to the situation.

It will also allow the organization to anticipate issues that could arise from implementation (or nonimplementation) of the proposed change.

Because managers are required to consider the risks associated with the change factors, and to find ways of mitigating their effects, the change plan will identify the resources required and include steps to minimize the effect of obstacles, if in fact the decision is confirmed to go ahead with the proposed change.

Force Field Analysis: Implementation

1. The need for a change has been identified. Researchers will need, as far as possible, to verify the initial decision (look at the problem or the system change proposed and evaluate the evidence for the factors supporting the decision). The advantages and disadvantages of the change should be quantified where possible. Such techniques as cost–benefit analyses can be useful in reaching the change decision; for some good examples, see Mindtools.com (n.d. b).
2. It is necessary to involve all the people and departments in the organization that will be affected by the change. At an initial meeting, the proposal and evidence will be presented so that everyone has access to the reasons for contemplating the change. This group then conducts a brainstorming session to identify the drivers and barriers for the change.
3. The importance or strength of the impact of the factors is then rated (e.g., 1 for low and 5 for strong influence). At this stage, the moderator would remove from the list all the issues that cannot be controlled by management or the organization.
4. This leaves a list of drivers and barriers, which should then be ranked in order of impact on the success of the project. For each factor, the group then needs to decide on what action is necessary, appointing a person from within the group to take responsibility for making sure the agreed objectives are realized. Peter Barron's (2013) website provides some useful templates for recording and controlling the change process.

Force Field Analysis: Conclusions

A systematic approach to introducing change to an organization promotes all the change management principles advocated by specialists in this field. The principles that emerge are:

- Need for leadership
- Establish (give evidence for) a sound case for the change
- Be sensitive to individuals' needs and issues
- Motivate ownership of the change
- All levels of the organization need to be involved
- Communication needs to be clear
- Organizational culture needs to be part of the change
- Plan for difficulties.

CHAPTER 20

Iceberg Theory: Identification of the Marketing Research Problem

Iceberg Theory in Marketing Research: Purpose

The management issue or problem is usually obvious. Sales are falling; market share is dropping; a new product has not achieved the sales targets that were budgeted. What is not so obvious are the causes of a management problem. Shipham's (2010) Iceberg Theory as applied to marketing research provides a great model to uncover the correct research problem and survey objectives.

Iceberg Theory in Marketing Research: Structure and Description

The theory behind the model (see Figure 20.1) is that one only sees the symptoms of a problem and that the underlying causes are like an iceberg; 80 percent below the surface. The importance of the model is that one cannot jump to conclusions as to the root cause of a problem. Critical reflection and additional investigation need to be completed to uncover the *real* reasons for a marketing problem or the problem that needs to be taken to market research to find the solutions.

Shipham postulates that there are four levels of complexity, which need to be interrogated to find the correct problem statement for research.

Level 1: Consists of identifying the obvious symptoms of the problem.

Level 2: Uses brainstorming, mind-mapping, and other expansion techniques to hypothesize as to *all* the possible causes of the visible problem. This activity defines the problem in context.

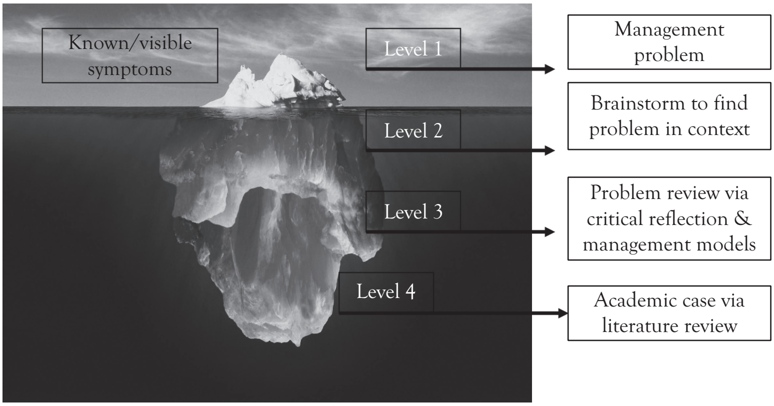

Figure 20.1 Iceberg Theory

Level 3: Develops the problem review by testing those hypotheses and develops the business case for research through critical reflection and application of management models.

Level 4: Uncovers the academic basis for the issues and in the final analysis gives academic direction when determining the research problem statement.

Iceberg Theory in Marketing Research: Strategic Considerations

The major benefit of applying this model is that the researcher will arrive at the correct problem statement, which needs investigation via market research.

Without a thorough analysis of the possible causes for a problem, it is possible that the incorrect assumption would be made as to the underlying issues. In turn this would lead to a wasted effort in investigating irrelevant information, with consequent incorrect recommendations for the marketing actions.

Iceberg Theory in Marketing Research: Implementation

As with all market research, one requires an accurate brief as to the visible symptoms that have generated a call for information. What exactly is going wrong within the environment? What signals are being received that there is an issue in the marketplace?

Level 1: At this stage, the researcher will also complete some secondary research to uncover market conditions and consumer trends that could have led to the observed problem. Clear articulation of the observed problems is necessary to provide a basis for the rest of the investigation.

Level 2: Problem in context: The researcher will undertake brainstorming sessions and mind-mapping exercises with stakeholders who are familiar with the product and its marketing mix.

One is looking for every possible change or issue that could have resulted in the observed problems. What has been happening in the environment? What issues could possibly affect the product?

For example, a drop in sales is not necessarily due to incompetence of sales consultants. It could be due to competitive activity; an economic downturn so that consumers do not have disposable income; fall away of the need for a product due to a change in behavior; a change in operational policies. It is dangerous to assume the cause of a problem.

Level 3: Problem review: At this level, the researcher applies his or her mind to see if there is a logical relationship between any of the issues defined at Level 2. Using management models and constructs, the researcher defines all the possible variables that could be tested in market research. Relevant models will define relationships between variables and bring into consideration issues that would otherwise be neglected.

Selection of relevant models is important. If the issue is to find a pathway to growth, then one would look for models that will help formulate growth strategies. If the issue is consumer acceptance of a product, then the model will be one in which product attributes are challenged in relation to consumer preferences.

Level 4: The problems that have been refined in the problem review are taken through a literature review where the findings of other researchers are used to evaluate the salience of the problems. One gains an appreciation of the type of research that has been conducted before, and of the outcomes that could be relevant to the current problem.

Using the critical reflection applied at all the above levels, the researcher will be in a position to define the research problem with a degree of certainty. Due consideration of all the possible causes and elimination of spurious ones will define the research statement and give direction for the research objectives that will be applied in the market research.

Iceberg for Marketing Research: Conclusions

Research that is based on incorrect assumptions is a costly and time-wasting effort. The Iceberg approach gives the researcher a good chance to isolate the correct research objectives and determine the right questions for investigation.

CHAPTER 21

Integrated Marketing Vectors

Integrated Marketing Vectors: Purpose

The literature is full of advice to marketers to ensure that they use an integrated marketing strategy. This is based on the observation that the combined effect of synchronized activities is usually greater than the impact of the individual tactics alone. This model provides the framework for marketers to decide which activities have the greatest multiplier effect to maximize achievement of marketing objectives.

Marketers will use the concept to refine their marketing mix to optimize their objectives. It enables the assessment of combinations of marketing strategies and tactics.

Integrated Marketing Vectors: Structure and Description

This new model (Figure 21.1) is based on concepts found in physics and mathematics. Simply stated, a moving object has inertia (resistance to move), velocity (speed), acceleration (change in speed), and can be influenced by forces (vectors), which can change the direction and speed of travel.

If we apply this thinking to marketing, we can see that the brand is the object and the forces that influence the movement of the brand include all the elements of the marketing mix, the target market and its preferences, and situational factors.

If the marketer wants the brand to grow (move up), then he or she needs to align the direction of the vectors, paying particular attention to the main influences that are affecting the brand at any one time.

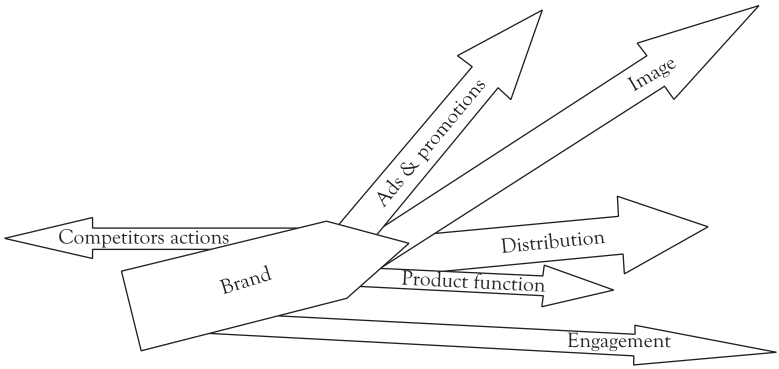

Figure 21.1 Integrated marketing vectors

Even the concept of inertia (i.e., the force that stops an object from moving from rest) is applicable in marketing. When launching a new product, the marketer has to overcome consumer resistance to change through the strength of the appeal of the brand, and overcoming factors that may prevent a consumer from trying and switching to the new offering.

The previous illustration is not all encompassing. While there is a common set of vectors that influence the growth of a product, there will be specific forces more active in different markets. For example, in the food industry *taste* is usually the most significant determinant of preference, so this factor would be given an individual vector for monitoring. In other markets, shelf space is the crucial element because the buying decision takes place within the supermarket.

Integrated Marketing Vectors: Strategic Considerations

If any of the marketing forces are misaligned, they will work against the desired growth objectives for the brand. If one can identify the strongest forces contributing to growth, then additional resources can be allocated to these areas.

However, the strength of the model lies in the realization that vectors do not act in isolation. One may find that there is an optimal combination of vectors. The order of promotions could play a part in generating maximum response. All these variations need to be tested.

Integrated Marketing Vectors: Implementation

This model is not intended to eliminate marketing elements. Rather it seeks to optimize their combination. Researchers need to conduct consumer research[G] and evaluate the marketing program to establish:

- Desired brand image and factors that contribute to it
- Desired growth rate, with an evaluation of which marketing activities drive sales
- Target market definition
- Target market needs: This factor is used to compare the alignment of the marketing mix and strategies against those needs
- Extent of distribution compared with target market distribution and that of competitors
- Product function in terms of how well it meets consumer needs, desires, and expectations. The function is also compared with competition and possible substitutes
- Media strategy and resource allocation, including role and efficiency of the medium in achieving it (e.g., building awareness, driving people to the website, generation of leads, purchases)
- Engagement activity:
    - Websites
    - Social media
    - Events
- Competitive brand and marketing mix strengths and attractiveness for the target market

Looking at the model simplistically, if out of every 100 sales 20 come through the website, 50 are from loyal users, 15 are from promotions, and 15 are from in-store decisions, then marketing will first assess the costs and ways in which to increase loyal users.

After that, the question will be: How do we drive people to the website? and, subsequently, How do we optimize shelf space or positioning to maximize in-store sales?

Integrated Marketing Vectors: Conclusions

The model requires an evaluation of the entire strategic marketing process and helps identify and give attention to the main drivers for sales and growth. For future development of the model, it may be beneficial to attempt to adopt a rigorous approach, defining equations to describe the actions of the marketing vectors.

CHAPTER 22

Ishikawa Diagram (Fishbone)

Ishikawa diagram: Purpose

When you are trying to get to the root cause of a problem, Kaoru Ishikawa's model is an extremely helpful tool in analyzing probable issues causing the problem. The model was developed for Toyota car manufacturer in the context of quality control. It provides a structured way of considering the elements of processes, which are used in production of the final product.

The model can also be applied when one is trying to design a product and wants to identify which aspects in production need to be considered to achieve the desired features or quality level.

Ishikawa Diagram: Structure and Description

In reality, this model (Figure 22.1) is a brainstorming tool, where different factors are considered in manufacturing, marketing, service delivery, HR management, or any other area where problems need to be solved. It has even been used in medicine to assist practitioners in diagnosis (Wong 2011).

Application of the technique relies on identification of all the possible inputs to a product or service, and then examination of how those inputs were delivered to eventually uncover the offending cause of a problem or quality issue.

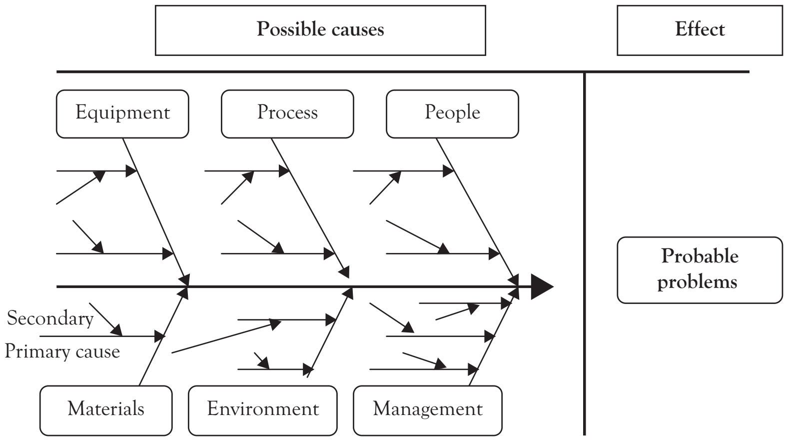

Figure 22.1 Ishikawa (fishbone) diagram

Ishikawa Diagram: Strategic Considerations

The tool fosters participation and ownership amongst workers to find and implement solutions to problems. It speeds up discovery of issues, and because people are following a process it is a thorough method, likely to consider all possible contributing factors. Issues need to be subjected to critical reflection (Iceberg Theory) to determine or confirm the *real* problems.

Ishikawa Diagram: Implementation

Wide use of the model has resulted in norms for the elements, which are considered when different functional areas are being analyzed. Wikipedia (2012b) identifies the initial *bones* as in Table 22.1.

The researcher needs to bring together people with minds capable of objective analysis. The management's attitude needs to give them the confidence to express issues without fear of retribution.

The process requires systematic consideration of each of the areas in relation to the symptoms of the problem. Participants will look for both internal and external causes, which could impact on the quality or observed problem area. One would advise that the Iceberg Theory (considered elsewhere in this book) could be applied to these possible problems to help identify the real problems underlying the symptoms.

Table 22.1 Ishikawa cause categories

Manufacturing	• Machine (technology) • Method (process) • Material (includes raw material, consumables, and information) • Man power (physical work) • Mind power (brain work) • Measurement (inspection) • Milieu or Mother nature (environment) And more recently have added: • Management and money power • Maintenance
Marketing	• Product, service, or both • Price • Place • Promotion • People and or personnel • Positioning • Packaging

To make sense of the exercise, once all the areas have been considered, the causes need to be grouped and then ranked in order of potential impact or importance in contribution to the central problem.

Ishikawa Diagram: Conclusions

This technique of analyzing the causes of problems is best applied to key performance areas. It should also be used in conjunction with the Iceberg Theory to uncover the real problems.

One should anticipate that a single session is not going to provide all the solutions. Hence when exploring the causes and elements of a problem (or opportunity), make sure that particular people are given the responsibility of finding additional information or implementing the activities agreed within the analyzing group.

It would be useful to use a road map approach^{RM}, when implementing proposed solutions. Regular meetings should be scheduled to plot the progress and to make visible the impact of corrective steps on the problem.

CHAPTER 23

Mullin's Seven Domains—Business Opportunities

Mullin's Seven Domains: Purpose

John Mullin's seven domains model neatly combines strategic marketing and business concepts, bringing out the necessity to consider both internal and external factors when assessing business opportunities. It is the model of choice when conducting a situational analysis as the organization contemplates a move into a new industry or market segment. The model assesses alignment of human capital (skills and motivation) against market demands within a selected industry environment. It encourages the management to consider immediate resources in relation to the long-term sustainability of an industry.

Mullin's Seven Domains: Structure and Description

The model (Figure 23.1) adds a number of unique factors compared with others that contemplate a situational analysis. These include:

- Consideration of both the industry and particular market that the venture is contemplating entering
- Focus on the robustness of the supply chain
- Identification of the business purpose and how it will be achieved (vision and mission)
- Evaluation of the risk profile of the enterprise
- And finally, the personal factor is taken into account through reflection about the people (team) who are involved with implementation

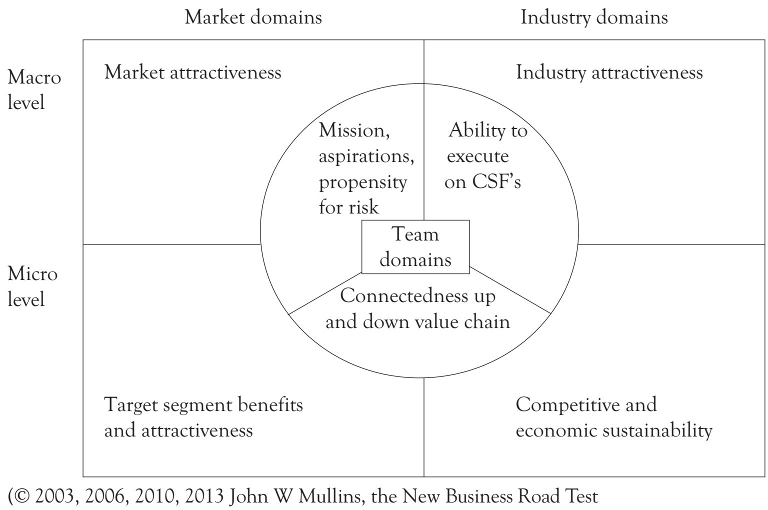

Figure 23.1 Seven domains of attractive opportunities
Source: Mullins 2013

Mullin's Seven Domains: Strategic Implications

The model brings into focus all the elements that are required for evaluation of the environment and factors that may affect the launch of a business venture. It takes into account the needs of venture capitalists and if applied properly will form the foundation of a strong business plan. The essential difference when compared with similar models is that Mullin's domains has a holistic approach considering the organization, the market, and industry environments when examining factors at play.

Mullin's Seven Domains: Implementation

The researcher needs to find figures to evaluate the following.

Industry Attractiveness

- Absolute size (gross sales)
- Number, size, and strength of competitors
- Growth rate (long-, medium-, short-term history and projected)
- Type of technology in use

- Barriers to entry (and exit)
- Structure of the market
- How it operates

Market Attractiveness

- Number and type of consumers
- Consider factors from definition of the target market
- Potential period before breakeven
- Gross margins

Sustainable Advantage

- Is the advantage valued by customers? Easily copied? Unique? Not capable of substitution? Then it is sustainable.
- The pace of development and the ethics of competitors need to be assessed to decide if indeed the advantage is sustainable.

Target Market (Using Consumer Research[G])

- Definition
- Functional needs (benefits needed)
- Psychological factors and attitudes
- Segmentation
- Growth trends by segment
- Information seeking habits
- Selection factors
- Buying habits

Supply Chain

- Raw material supply or skilled personnel
- Other suppliers
- Production capacity
- Storage
- Transport, distribution capacity, or both

- Distributors: wholesalers, retailers, or direct
- IT infrastructure and support
- Administration systems
- Purchase and sales systems
- Agreements with respect to market forecasting
- Information sharing

Business Strategy and Risk Profile

- Vision
- Mission statement
- Resources
- Especially, financial capacity
- Legal considerations

Critical Success Factors

- What are they? What will make this venture successful?
- What impacts on them?
- How are they related to the vision and mission?
- What operational goals emerge from meeting them?
- How are you going to measure them?
- Capacity to deliver?
- Capacity for risk?
- Will for risk?

Team

- Are all the skills available?
- Effective working relationships in place
- Roles, responsibilities, and authorities established
- Are the communication systems in place?
- Culture: Does it contribute to achieving the goals and objectives?
- Work ethics: Does everyone subscribe to the same values?
- Dedicated to implementation of the opportunity?

Mullin's Seven Domains: Conclusions

There is an extremely high failure rate amongst new business ventures. This type of approach optimizes the chances of success by putting in place both Plan A and a backup Plan B. Regardless of the numbers, the entrepreneur needs to constantly challenge the viability of the plan. Will this work? Why? Or why not?

While this model is presented as one for new venture evaluation, it easily assumes the role of a model to be applied during strategic reviews.

CHAPTER 24

Perceptual Maps

Perceptual Maps: Purpose

Perceptual maps are used in strategic marketing to help researchers form a picture of the relationships between brands and also between a brand and the ideal characteristics for the product class. They would be used in strategic marketing exercises where the team wants to find the most competitive positioning for their product.

Perceptual Maps: Structure and Description

Maps can take several forms, ranging from a simple two-variable comparison to one in which many variables are used.

Consumers' ratings of critical selection variables are used to place the brands on the map. In *gap analysis*, one looks to find areas that have not been claimed by any brands. In the (fictitious) following example (Figure 24.1), consumer perceptions (ratings) of price and quality of a product on the market are being compared. The map suggests that there is an opening for a product or brand that is of average quality and price.

Researchers are not limited to two-dimensional representations of the relationships, but if you intend mapping several variables, you are advised to seek professional help in using statistical software that can produce multivariate maps.

The following illustration (Figure 24.2) from Sawtooth Technologies (n.d.) provides a good example of how variables can be considered in relation to types of beverages. The closer that a product lies to a variable, the more it is associated with that variable.

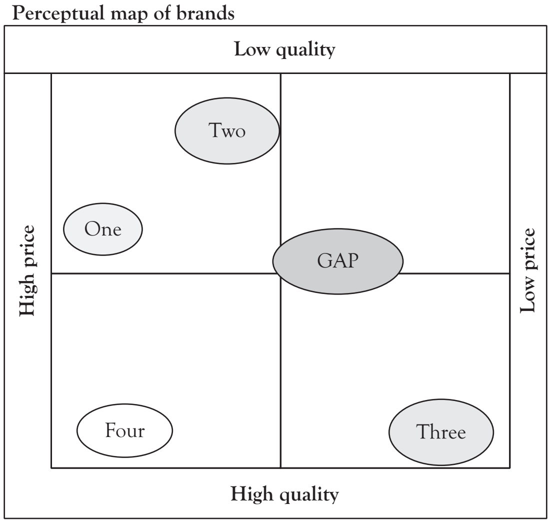

Figure 24.1 Perceptual map for gap analysis

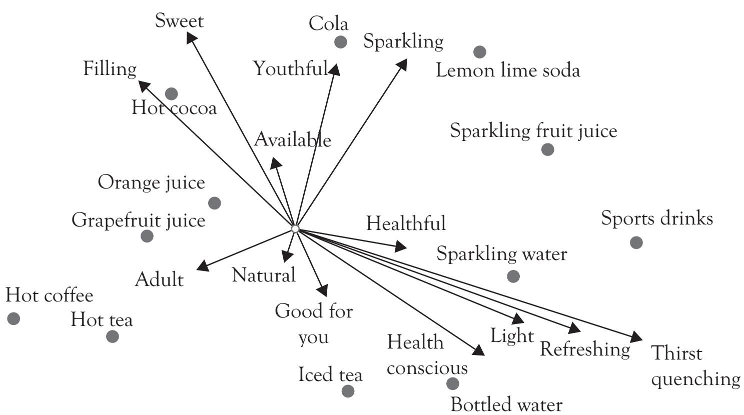

Figure 24.2 Vector map of consumer ratings
Source: Sawtooth Technologies

Perceptual Maps: Implementation

Researchers will identify variables that are used by consumers when selecting or viewing a particular product category. These variables could be found from brainstorming, prior studies, qualitative research, use of management models, or via a literature review.

The variables are then included in quantitative (large sample) research in which (target market) consumers are given the task of rating competitive brands. They would probably also rate the ideal brand on those attributes.

Perceptual Maps: Strategic Implications

If significant variables for the product class are used, the tool can be applied in brand positioning, gap analysis, and assessing the brand against its competitors and for designing new products.

Perceptual mapping can be used to define the relationship between variables that emerge from an ideal product rating. The researcher then compares the ratings of the company and competitive brands against the ideal rating to see how far they are perceived to be from the ideal figures.

Because of the visual representation, it is relatively easy to show team members the type and strength of relationships that exist between products and their brands.

Perceptual Maps: Conclusions

The value of perceptual maps lies in identifying the relative positions of brands and products; however, this value is only realized when relevant and significant attributes or variables are used in the comparisons. Hence the researcher needs to find the drivers and differentiators of a market before he or she is able to complete the most powerful maps.

CHAPTER 25

Porter's Five Force Analysis

Five Forces: Purpose

This model is one of the most popular management models to be used in strategic planning. It would be applied when the organization is trying to analyze the attractiveness of a market and inherent risks, through understanding which entities hold the power. The model helps to identify competitive threats either through increased competition, price manipulation, or control of resources.

Five Forces: Structure and Description

Essentially the five forces model (Figure 25.1) points your attention to the players in the market, requiring an assessment of their nature and capabilities. The underlying hypothesis is that business operations are a power play, and that the one who holds the controls, or who has the means to prevent other players from either entering or participating, is the one who will succeed.

The model is intended to evaluate the attractiveness of a market for participation and entry. Do bear in mind that it mainly helps you evaluate the macroenvironment. For a full picture of attractiveness, you would also consider conducting a marketing audit[G] on the microenvironment to check whether your product is aligned to market needs and preferences.

The graphic below from the Mindtools website raises some of the questions that need to be answered in order to use the model to evaluate the situation and risks associated with your marketplace.

Whilst the model includes the customer or buyers, a lot more emphasis is placed on the environment and factors affecting organizations manufacturing, supplying products, or both, rather than on the target market.

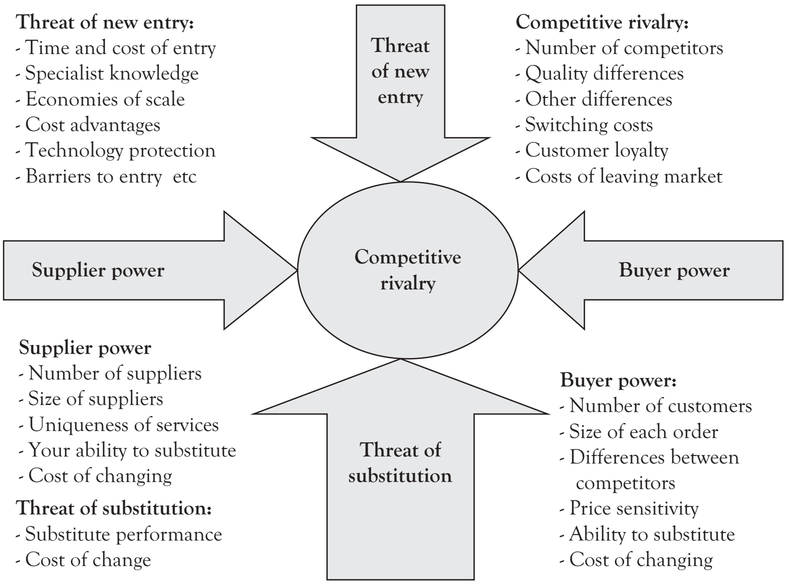

Figure 25.1 Porter's five forces

Source: Reproduced by permission from Mindtools.com (n.d.).

Five Forces: Strategic Considerations

The model has tipped the scales at the top of the popularity polls since it was first released by Porter in 1979. If it is properly applied, the C-suite team has a comprehensive picture of the trends and risks in the market. Whilst the organizational vision may remain constant, it is possible to adjust the organization's objectives and strategies to take account of the changing conditions in the market.

Decisions are based on the facts that have been gathered and analyzed. There is a conscious effort to understand the factors behind the trends. This deliberate unraveling and reintegration of the forces in the market enable the team to make decisions with insight into the risks and benefits of being in the chosen markets or segments.

Five Forces: Implementation

Competitive Rivalry

The expected degree of rivalry could be in proportion to the number of consumers in the target market, the number of companies operating in a market, and the ability of those companies to differentiate their products according to the consumer needs and wants; see *Market Structures* in Chapter 35.

To apply the five forces model and understand the risks faced by your organization, you need to have information about:

- The number of competitors, their structure, and geographical presence
- How the industry functions?
- What are the macrotrends affecting this industry? For example, the green movement
- Legislation and regulations affecting operations
- Understand the quality standards required by the market and how they are matched by you and your competition
- What are the key drivers and success factors in this industry?
- Identify using the Pareto principle the 20 percent of companies doing 80 percent of the business
- Identify their strategies, know their product ranges, and their other marketing mix factors
- Appreciate their research and development activity. How innovative are they?
- Finally, analyze how they are different to you. What markets do they serve? How are their products better than or not as good as yours?
- How strong is their brand? What image do they have?
- What do consumers like about them and their services? And how do you stack up in this assessment?

With this type of information, you are in a position to know which companies need to be on your radar. You will know which can be included or ignored in strengths, weaknesses, opportunities, and threats (SWOT) analyses in the future.

Buyer Power

It is totally possible for buyers to flex their muscles and influence the way in which the market operates. For example, in South Africa for a long time mining houses dictated terms to their suppliers. In the retail sector in South Africa, we have seen the likes of Woolworths and Pick 'n Pay dictate delivery and pricing terms to their suppliers. To gain a listing, and the associated turnover, suppliers to these buyers go out of their way to meet the terms. In spite of the Competition Commission, these practices are still rife in our economy.

How can buyers gain their power?

First, if a buyer holds an enormous share of purchases, they will exercise a disproportionate influence on what they are prepared to pay. In this way, they protect their margins. They will also delay supplier payment to 90 or 120 days, putting smaller suppliers at risk of going out of business. Often they have a choice as to what they will buy, dictating, in a way what is made available to the final consumers.

When the balance of power could be in the hands of the buyers, you need to factor in lower prices and late payments into the cost. You need to calculate what these practices will do to your margins. The ultimate question is: Can you afford to do business with this type of customer?

Threat of Substitution

In the marketplace, you need to be aware of which products offer similar or better benefits than yours[G]. This tied to the user's buying criteria will inform you of the risk your products face of substitution. Protection can be found in the form of some unique feature of your product that is valued by the consumer. This differentiation is extremely difficult to achieve in view of all the modern manufacturing processes.

Where companies are often caught short is where they do not see the emergence of substitution products or services from what we could call nontraditional sources. For example, retailers now compete with banks for deposits by enabling payment of municipal bills through their tills. It is convenient for customers, but removes a substantial amount of business out of the traditional banking system.

It is hence incumbent on marketers and researchers to keep in touch with trends, to monitor innovation companies and websites. Consumers may express needs that are noticed and taken up by totally different industries. Companies also need to be alert to think out of the box, applying their own products and technologies across industry borders.

Supplier Power

Suppliers of specialist products and custom-made items are in a position to dictate their own terms. There are likely to be only a few who can meet stringent quality specifications, and they will have skilled personnel, advanced technology, or both, which needs to be rewarded.

Where relationships have been built up over time, it is also more-difficult to change suppliers. The incumbents know your needs and are comfortable with your systems. Where change is instituted then there are likely to be errors and hitches that people do not want to have to deal with.

To level out the balance of power, a company need to conduct performance reviews at regular intervals so that suppliers' service quality and levels can be monitored (and not allowed to deteriorate, even if they are preferred suppliers).

Here the researcher needs to know what levels are expected in contracts, and what the consequences are if those standards are not met.

Threat of New Entries

Many industries are protected via entry barriers being prohibitive. To minimize surprises from this factor, companies again need to be aware of trends and events within their industry. Which companies are gaining market share, which are losing, and are these companies likely to exit the market leaving space for another more imposing competitor.

As we mentioned in the section on substitution, new players can emerge from anywhere, so keeping in touch with the broader environment is important to be aware of what is happening throughout the business world, and who is changing strategies or technology or both. Monitor university theses and research projects. Maybe hidden amongst the many submissions is the next threat to your company and its products.

Five Forces: Conclusions

To be attractive, the risks that emerge from the analysis need to be manageable, and profit margins achievable within the parameters set by the organization. Ideally one would want a market where:

1. The threat of substitutes is low, that is, the product offering fulfills a particular need or want and there is a limited choice of alternatives.
2. Competitive activity is at a level that still allows a company to achieve a respectable market share, without having to do too much promotion and discounting to maintain that share.
3. The threat of new entrants is minimal, preferably coupled with a sustainable advantage or differentiation enjoyed by the organization.
4. There are sufficient suppliers of raw materials, equipment, and technology to prevent manipulation of the market price and supply, that is, to give the organization a choice of suppliers.
5. The buyers in a market are not able to organize themselves into pressure groups to influence the price and margins in the product (or function) category.

CHAPTER 26

Positioning

Positioning: Purpose

Today's marketing relies on the positioning of a brand to help reach the heart and pockets of a consumer. This model emphasizes the fact that positioning has to:

- Be based on or relative to the needs of the target market, and
- It is a key factor in defining the elements of the marketing mix.

Hence the model is applied when defining or reviewing the elements of the marketing mix.

Positioning: Structure and Description

Marketers take some concepts for granted as they are natural tools for establishing the identity of a product or brand. First proposed in the late 1960s, positioning emerges from managing the *perceptions, attitudes*, and *affiliation* that consumers have toward your brand and product. Aligning with Theodore Levitt's classical question, positioning can even define the business that a company is in.

The positioning statement is related to a particular target market. It can be built up by expressing the product value offering (key benefit) and the major competitive advantage (Figure 26.1).

Development of the positioning statement first examines key attributes of the product class and consumer preferences. The process will often use perceptual maps[PM] to establish where there are market gaps waiting to be exploited. Elements of the marketing mix are considered to ensure they are aligned with the positioning of the product.

The consumer evaluation of positioning is given in Figure 26.2.

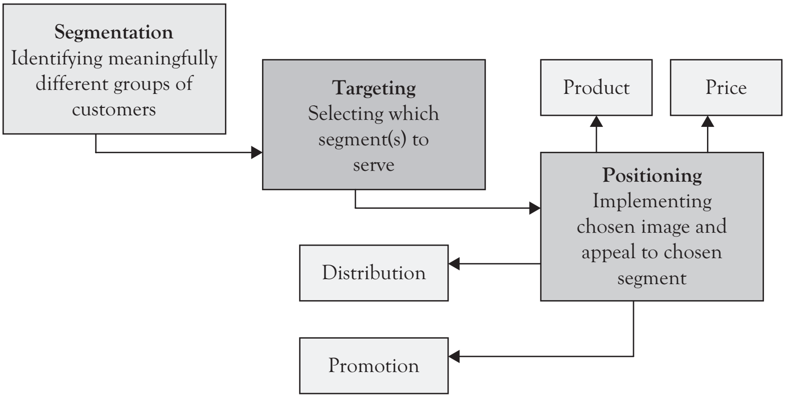

Figure 26.1 Positioning model

Source: Perner 2013

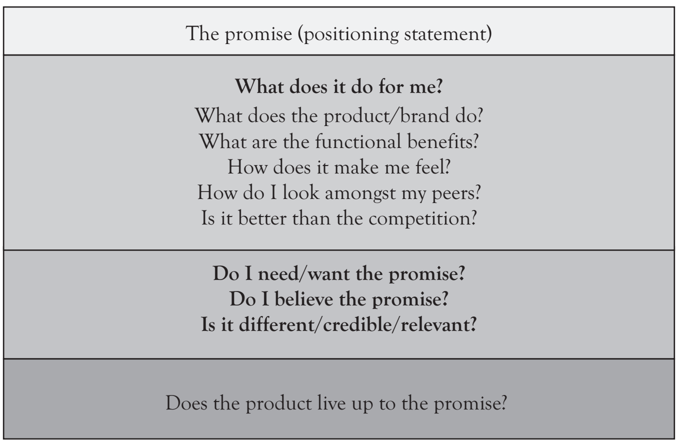

Figure 26.2 Consumer promise

Positioning: Strategic Considerations

Positioning contributes to the brand image and attractiveness of the brand to its target market. The position of a brand and the way in which it is expressed, need to be relevant to the target market of the product category. The product position is defined by expressing the value proposition and unique sustainable advantage of the brand in attractive and emotive terms.

In effect, positioning is the marketing strategy and it therefore defines the entire marketing mix and implementation tactics.

Positioning: Implementation

Marketers strive to find a unique and relevant position for the brand, relative to the competition. The position can be defined by a single or a number of attributes (or perceived attributes) of the brand. The characteristics to be considered include:

- Functionality or uses
- Features
- Referent groups
- Psychological, emotional benefits, or both
- Ego or status related benefits
- Experiential benefits
- Usage locations or occasions

To bring together the components of positioning, marketers therefore need to conduct consumer, product, and competitor research. Within the techniques used, *perceptual mapping*[PM] and establishing points of parity and points of difference between products will assist in the positioning exercise.

Guided by the quality level of the product, critical buying factors, and psychosocial parameters that satisfy the target market needs, marketing can then choose the most compelling position around which to build the brand image.

Positioning: Conclusions

Marketers define the limits of their target market when they position a brand. Communication and engagement with that market are facilitated through a clear positioning. The brand positioning is expressed creatively using the signals and values that will be recognized by the target market, that is, the market interprets the brand signals. To effectively claim a position in the market, the elements of the marketing mix need to be aligned to the positioning statement and the values that are associated with it.

CHAPTER 27

Product Life Cycle

Product Life Cycle (PLC): Purpose

The underlying assumption of the PLC curve is that products have a limited life when consumers desire their benefits, and that they are available for consumption. This curve is intended to help determine the life stage of your products, which in turn determines how much marketing effort is devoted to promoting offtake.

Astute marketers will evaluate the status of their products on the PLC curve when conducting a product portfolio review. A portfolio review is necessary to ensure that the marketing mix is aligned to consumer perception of the product, and with conditions within the market.

Another use for a life-cycle assessment is to anticipate the need for new products to replace those that have gone over the growth hill into maturity. (Maturity is characterized by slower sales.)

More recently, companies concerned with the level of their carbon footprint have turned to life-cycle analysis to help them calculate their anticipated use of resources. In this instance, the life-cycle analysis is accompanied by an evaluation of material flows and consumption of water and energy.

This model is not used when there are well-defined variables that indicate the extent of the remaining useful life of a product. In this case there are standards, which are used to calculate replacement periods; for example, the manufacturer's recommendations for wearing parts in a piece of equipment.

PLC: Structure and Description

As mentioned earlier, the theory behind the PLC is that a product, like a person, has stages to its life. Because of the existence of products like Coca-Cola (launched 1886) and Bisto (1908), we are not absolutely certain of what constitutes a lifetime.

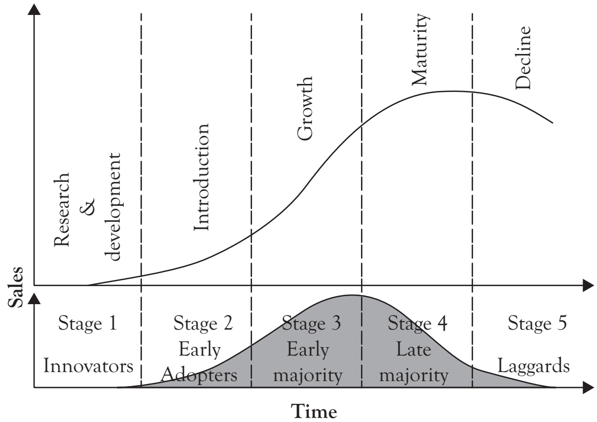

Figure 27.1 Product life cycle and adoption cycle
Source: Stevens n.d.

The model displays the life cycle (illustrated by turnover or sales) through development, launch or introduction, growth, maturity, and then decline, perhaps even withdrawal (Figure 27.1).

Stevens (n.d.) has linked the consumer adoption curve to the stages of the PLC, showing the relationship of the life-cycle curve to that of the adoption curve.

PLC: Strategic Considerations

The key to using the PLC model is that elements of the marketing mix need to be adapted to take account of the life stage of the product. The objectives and role of the marketing mix elements change with the life-cycle stage.

As a product reaches maturity, a marketing team needs to decide whether they will introduce a product modification to extend the growth stage of the product, or allow it to go into decline. For example, Surf is a washing powder brand that became Surf with Superblue, emphasizing the ability of the product to wash whiter than its competitors. Naturally, the product acquired little blue particles as evidence of the change.

In addition, account needs to be taken of the psychological makeup of the different categories of consumers. The characteristics of users of the product also change with the PLC. On launch, the product will attract the so-called innovators and early adopters. Thereafter growth will be fuelled by the early majority, and finally the late majority and laggards.

The PLC model is also a tool for innovation and sustainability planning. If the product portfolio is made up of a majority of products that are in maturity, this will be an urgent signal for acquisition (by any means) of new products, which have the potential to generate the volumes of sales required to sustain and develop the organization.

PLC: Implementation

Research and Development

During this stage, researchers are going to establish what the product is, how it works, and what benefits it offers. Marketing will need to know the product concept, and preferably have a prototype if it is available. Parameters need to be specified as to how it operates, benefits, what it costs to produce (even though target pricing may be totally unrelated to the cost), when it will be available, the intended distribution channels, and the envisaged target market (again, if there is any idea of who will use the product or who it will appeal to).

As we can see, the data that needs to be collected relates to the definition of the target market and their acceptance of the product concept. Research on the potential market will consider all the factors found in the *Consumer Research*[G] section found in the glossary.

New products will require marketing activity to launch them and build awareness of the brand. For this section of the life-cycle, researchers will probably need to introduce *Advertising Research*[G] into the information gathering strategy.

Introductory Stage

Tracking of the performance of the launch and the reaction in the market are the relevant information needs at this stage of the PLC. Sales metrics are crucial. The astute marketer will already have in place a system to monitor sales in total, by area; by product line; by product size;

by branch; by outlet, customer, or both; by sales consultant; by target market; or by whatever is key to the success of the organization.

The launch product will become a particular focus of this system. It is important to combine the metrics with consumer studies that monitor whether people have tried the product, and then whether they buy it again. The company does not want to be fooled into thinking that sales are going well when they are not actually moving off the retail shelves (see also the adopt and drop model).

Whilst the marketing department is engaging in talk shows, obtaining shelf space and spending relatively heavily on promotions to gain product and brand awareness, use studies and reasons for initial purchase are also needed at this stage of the model. The promotional activity will be directed at the early adopters, that is, the people who like to be the first to try anything new on the market. You will have already established who the influencers are for the product, and make sure that you are able to use them as a reference point to encourage the *early majority* of consumers to buy.

There is an interesting phenomenon in adoption. In high-tech products that are disruptive in nature (i.e., require a change in behavior, habits to adopt them, or both), it has been shown that there could be a chasm that has to be bridged between the early adopters and the early majority. That is, motivations for purchase are so different that the early adopters need additional information and confidence to take the step and adapt to the new way of doing things.

At this early stage, it is also important to monitor competitive reaction (for example, you will expect to see them launch an increased level of advertising, promotions, and discounting). Differences in sales expectations need to be explained and this type of activity will influence total penetration and growth achieved by the fairly new product.

Growth Stage

If a new product has correctly identified a viable market, the fast growth can be expected to attract competitors to participate. Hence, apart from regular consumer studies, the monitoring that is required is to understand how competitors are trying to make inroads; whether consumers will switch to different suppliers, and why.

Sales monitoring is important to track the rate of growth, and be able to identify if the product is moving into the next maturity phase of the life cycle. For some products, it will be many years before this happens. For others (technology, fashion items, and fads), the mature stage will be reached in a shorter time period.

The type of research that needs to take place now is to see what types of product adjustments or line extensions will add a new lease of life to the product when it reaches maturity. Is it a flavor variant (even Coca-Cola has gone there), or a change in formula and product performance that will push the curve back into a growth phase?

Of course, growth can be achieved by exploring new markets (refer to Ansoff for required information) or by repositioning the product to appeal to a wider market.

Maturity

Allocation of marketing resources is the strategic issue at this stage of the PLC. Should time and adspend be given to a product where the sales are unlikely to respond to the additional attention? What needs to be established by the researcher is whether the product has another role within the portfolio. Do the sales of other products depend in any way on the availability of the mature product? Does it act as a buffer against market entry of other competitors? Does the product occupy shelf space that would otherwise be taken up by a more profitable line? Or does it provide consumers with another opportunity to see the brand?

Can any of the stimulation measures developed in the growth stage be applied to rejuvenate the product and its contribution to the company coffers?

Decline

At this stage, the question becomes: Do we stop production, or let the product amble along within the portfolio? The answer to this question lies in a cost–benefit analysis that weighs the role of the product against the financial benefit to the company. Does the stockholding, management time, and other absorption of resources warrant keeping the product alive?

PLC: Conclusions

It is difficult to define the shape of the life-cycle curve and a product's position on it (for example, technology products move faster through their life than household goods). The curve is just one tool in the overall assessment of the profitable life of a product. Marketers need to view sales figure trends; they will monitor information from the market concerning consumers' use of and attitude to the different competitive products; they will follow technology, and keep in touch with consumers' changing needs to anticipate when the product is past its sell-by date.

Crucially, recognizing the changes required in the marketing mix plays a huge part in extending the returns enjoyed from consumer brands and products.

CHAPTER 28

Road Mapping

Road Mapping: Purpose

This model provides shorthand, graphic communication of the strategic vision and required actions to move an organization from one set of circumstances to another. A road map is generated when there is a need to identify and control the people, actions, resources, and timescale required for a project or change process.

Road Mapping: Structure and Description

The approach can be applied at many levels within the organization. An overall strategic plan would include the activities of each and every department, whereas a road map for training (say) may only need to include the departments and individuals for whom training is necessary (Figure 28.1).

Three key questions are asked when building a road map for action.

- Where do we want to go?
- Where are we now?
- How can we get from here to where we want to be?

The plan can take account of integration of the entire organization in cooperating to bring about change.

The road map can be used as a *work in progress* plan, recognizing that in the longer term the situation may change and the destination needs to adjust to significant influences that enter the market.

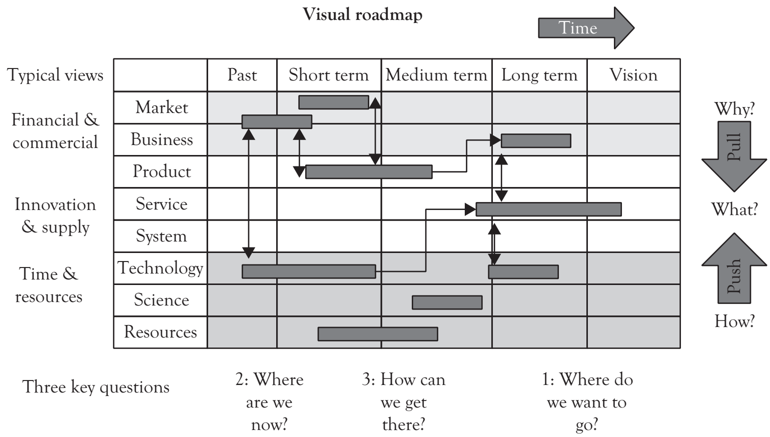

Figure 28.1 One form of a road map based on the concept of a Gantt chart

Road Mapping: Strategic Considerations

The process plays an important part in clarifying the required objectives and resources to implement change. This model provides the picture of the direction and cooperation required by various departments to achieve the organization's objectives. A simplified or overview version can be used to communicate the overall objectives to people who are not directly involved in the plan's implementation. In this way, the support of the entire organization can be energized toward the goals.

Development of road mapping requires the participation of different disciplines, and should result in better understanding of each other's needs. For example, marketing will realize the type of brief required by production to meet their specification of a consumer product. In turn, production will have a better appreciation of the realities of the marketplace.

The map helps to define work flows and responsibilities for action. An important outcome of mapping is that resource demand and capacity overloads are easily anticipated from an efficient plan. Coordination of activities is possible following the road map time lines. It is also possible to track the progress of the project since achievement milestones are usually included on the charts.

It is a tool to bring people out of their silos, emphasizing the impact that completion of their work will have on the longer term implementation of new products, the introduction of technology, and so on.

Road Mapping: Implementation

Development of a Gantt chart is one form of road mapping. However, it does not necessarily have to be the only visual representation of the path of a project.

> To have a road map, the process confirms the objectives, identifies task areas, and allocates responsibilities to people who develop the detailed plans for implementation of the broadly defined tasks. A road map should indicate the interrelatedness and interdependence of activities across different departments.

Even though it is represented as the destination in the model, the first question that needs to be asked is: Where do we want to be?

To help answer this important question, the researcher therefore needs to:

1. Keep abreast of the organization's performance and strategic intentions.
2. Indulge in daily environmental scanning searching for innovation industry trends.
3. Regularly conduct consumer research[G] to be in touch with trends and how target market preferences are moving. What are they doing that is different? How are tastes changing? What else are they using to fulfill the functions that our products currently meet?
4. Depending on the nature of the objective, feasibility studies may need to be conducted. These would test the viability of product launches, or perhaps examine the need to adjust the marketing mix.
5. If there is a new concept, then it also needs to be tested in the marketplace to see the reaction within the target market(s) including their intention to purchase, use the product or service[G] or do both.

In the next step in the implementation of the model, the researcher will review the events that have taken place to lead to the decision as to the destination for the road map. He or she will ask whether there are pointers in the problem context that indicate issues or opportunities that should be taken into account in building the strategies and action plans to move the organization to its goal.

This is a good juncture to involve the various departments and obtain their input for:

1. Agreement regarding interpretation of the trends within the organization and its environment
2. Evaluating the destination or goal
3. Agreeing to the best strategy
4. Formulating a broad (outline) plan for implementation
5. An audit of existing resources
6. Risk analysis and possible mitigation measures

The appointed project manager will be responsible for driving the development of the detailed plan. This will include:

1. Confirming stakeholder needs and interests in the project
2. Setting specific; measurable; actionable; realistic; time defined (SMART) objectives
3. Determining what inputs and resources are required
4. Estimating and obtaining authorization for the required budget
5. Development and implementation of a communication plan
6. Estimating timing
7. Allocating individual responsibilities for completion of tasks along the way.

As in a normal project management, there will be performance standards and quality controls put in place, and milestones to mark the progress of the plan.

Hence along the way the researcher will require the following information:

1. A copy of the plan with its clearly stated objectives and monitoring plan
2. Market indicators that may influence the direction and even the final destination of the road map
3. Status reports (exception and progress reports) relative to the planned activities and the project milestones
4. Financial report (expenditure vs. budget)
5. Quality monitoring statistics

Within the project plan, there will usually be a clearly defined handover or agreement as to when the destination has been reached.

Road Mapping: Conclusions

To maintain its usefulness, the road map needs to be current (updated frequently). If changes in the situation are known, problems can be anticipated and mitigating action taken to avoid them.

This technique provides a template for long-term management of projects in many fields. The combined discipline of analysis and involvement of all affected parties ensures the best chance of integrating activities and reaching one's objectives. To smoothen the path, the project manager needs to ensure there is buy-in to the vision and that there are sufficient resources to support the activities. He or she should use such projects as an opportunity for increasing morale by building in rewards for results and celebration of achievements.

CHAPTER 29

SERVQUAL

SERVQUAL: Purpose

All organizations live or die by the quality of service provided to their customers. And of course, if the organization is observing the marketing concept (consumer is the center of the universe), then all employees need to be conscious of their role in surprising and exciting their customers.

This model should be applied when the level of consumer complaints or observation of a breakdown in service delivery indicates that there is a problem.

As a quality control measure, it would be wise to use the model at regular intervals to audit the alignment of service delivery with customer expectations. Such an audit would also be indicated a short while after any changes in processes or people.

SERVQUAL: Structure and Description

Developers of the SERVQUAL model (Parasuraman, Zeithami, and Berry 1985) observed that the quality of service is defined by the gap between performance delivery and expectations. In formulating this model, they spoke to both executives and consumers.

The model (Figure 29.1) examines internal company factors responsible for setting service levels and managing their implementation. It also assesses customer needs and their expectations that are built on organizational communications and their experience with the company.

Five gaps were identified that contribute to the ability of the organization to deliver good quality service.

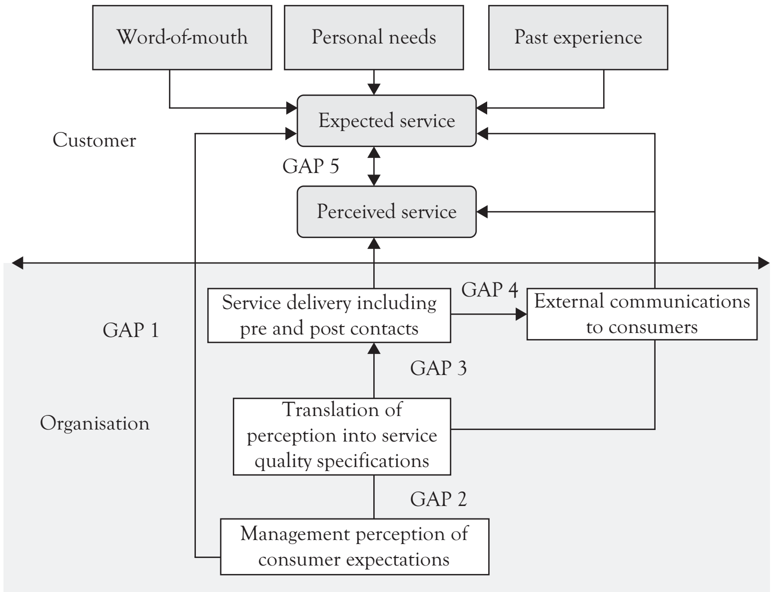

Figure 29.1 SERVQUAL: Zeithami and Parasuraman's SERVQUAL model

Source: Translated and reproduced by permission from Wikimedia Commons (2007) © by Creative Commons license

- Management perception (Gap 1)
  Starting with the basics: Assume management is unaware of the target market service delivery requirements. In this case, it would be entirely by chance whether customers receive service as per their expectations. Management would also not build the level of service into the product or systems.

  Peoples' attitudes and preferences are shaped by the information that they receive from multiple sources (Figure 29.2).
- Quality specification (Gap 2)
  Even if management is aware of the target market wants and needs, it is possible that the specification of that level of quality is not made part of the standard operating procedures (Figure 29.3).
- Service delivery (Gap 3)
  The potential for loss of delivery lies with the employees who are delivering the service. They can be unaware of the requirements or ignore the delivery standard specifications as they interact with customers (Figure 29.4).

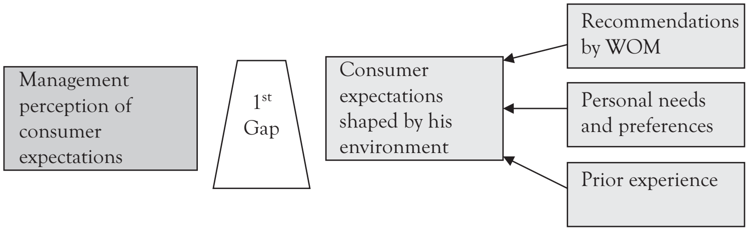

Figure 29.2 First gap

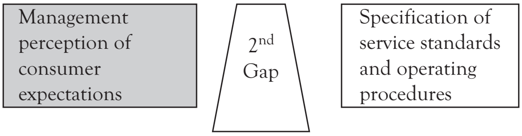

Figure 29.3 Second gap

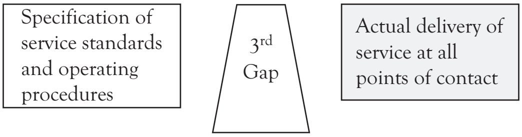

Figure 29.4 Third gap

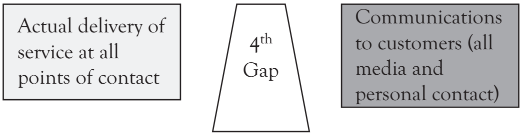

Figure 29.5 Fourth gap

- Marketing communication (Gap 4)
  Communications directed to customers can create the wrong impressions of the company's level of service. This can happen if marketing are unaware of service delivery procedures, or if they exaggerate the level of service that can be obtained by customers.

  One must realize that communication is not limited to media, but includes the personal service received by the consumer. For example, if a sales person speaks in an offhand way, this tells the consumer that he or she is not valued by the organization (Figure 29.5).

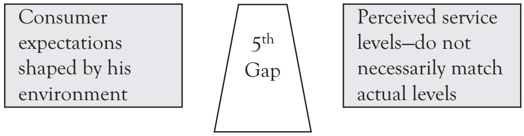

Figure 29.6 Fifth gap

- Perceived service quality (Gap 5)
  This element of the model emphasizes that perception is reality. Consumers interpret the level of service they receive against their expectations. For example, if they are expecting a parcel to be delivered within 24 hours and receive it 36 hours later, they will consider this to be dreadful service. In these circumstances, they will not be at all grateful to the employee who worked overtime to make sure that the parcel was delivered 12 hours earlier than the 48-hour (normal) turnaround time (Figure 29.6).

SERVQUAL: Strategic Implications

The organization needs to manage service level expectations and align service delivery to those expectations. If superior service is one of the distinguishing features of the brand or product, then it is vital to know how service is rated, and be aware of every facet of the organization's operations that affect the way in which service is delivered.

If, for whatever reason service levels are not going to be five-star, then customers need to know where service is going to be compromised. For example, sometimes the convenience of late closing of a shop is not worth the extra money paid to staff for overtime. Then customers need to know the shop will close at 5:00 p.m., and that they should make plans accordingly.

It is critical that all staff in the organization are aware of their obligation to provide good customer service and that they:

- Know customers judge them on perception, not reality
- Understand and apply company policies and procedures
- Have the will and the resources to implement the right level of service

SERVQUAL: Implementation

Researchers need to establish what is meant by service quality within the industry that they operate. Parasuraman, Zeithaml, and Berry (1985) identified 10 determinants of service quality within their model (Table 29.1).

Their 1985 article points out that the importance of the factors may change from industry to industry, and that in some instances it can be difficult to reach an objective measurement of the element. The factors apply both to the organization (and its systems) and the people who are interacting with the customer.

To evaluate service level performance, researchers therefore need to:

1. Understand what the customers mean by service and how they judge the quality of service[CR] (expectations).
   Within this model one particularly investigates the influence on service attitudes and needs of past experience, word-of-mouth, and personal needs.
2. Ensure that management:
   - Are aware of and correctly interpret customer requirements
   - Clarify business objectives and related service levels.
3. Review organizational operating procedures and policies to check whether service level specifications are aligned to business objectives.
4. Review the training and communication procedures that inform the entire organization about service level policies and their authority to implement them.

Table 29.1 SERVQUAL determinants of service quality

1. Reliability	7. Credibility
2. Responsiveness	8. Security
3. Competence	9. Knowing, understanding the customer, or both
4. Access	10. Tangibles
5. Courtesy	
6. Communication	

Source: Parasuraman, Zeithaml, and Berry 1985

5. Review the marketing mix elements are aligned to service level specifications.
6. Conduct regular research into service delivery (e.g., mystery shopper and customer satisfaction surveys).
   At this stage, the research is concerned with the differences between ideal service levels and that which the customer perceives he or she is receiving. Naturally, the reasons for service level requirements should be established within all consumer research.
7. Build a feedback loop into the process to monitor changes in the environment that could influence consumer and organizational needs.

SERVQUAL: Conclusions

This model provides a formal structure to guide evaluation of service levels and of the gap between consumer expectations and their perception of delivery. One needs to recognize that the reasons for service level expectations can be impacted by competitive and other environmental influences.

There needs to be a system in place to address and correct any flaws found in the service delivery process. This corrective action should concentrate on improving the quality of service, identifying training and motivational needs so that employees do not feel threatened or reluctant to bring service failures to the attention of the management.

CHAPTER 30

SOSTAC® Planning System

SOSTAC® Planning System: Purpose

PR Smith's SOSTAC® Planning System model provides marketers with a simple and formal structure for the development of marketing plans. It provides a holistic approach to measuring the environmental influences.

SOSTAC® Planning System: Structure and Description

Starting at the apex of the cycle, researchers will provide a situational analysis of both external and internal factors. These are fed into the strategic planning where the marketing objectives are developed, taking account of the overall business objectives.

Once the objectives have been set, then the overall marketing strategy is reviewed, with careful reflection and analysis of the potential impact of strategies on turnover. At an operational level the strategies are translated into tactics, which are designed to turn the strategic plan into reality.

From there implementation is achieved via action plans, which require management oversight and control. Implementation is usually the most risky part of the entire marketing plan (see Figure 30.1).

SOSTAC® Planning System: Strategic Implications

The importance of this process is that the marketing objectives take account of the trends in the environment, and implementation of the strategies is firmly tied in to an action plan. It is widely recognized that the stumbling block to many plans is in erratic or inefficient implementation. This model gives the process a framework for success.

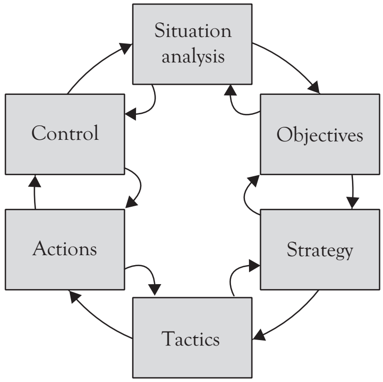

Figure 30.1 SOSTAC® model
Source: Smith 2011

SOSTAC® Planning System: Implementation

The critical question is: What are the implications of the situation and trends for our organization, its products, and strategies?

At the start of the strategic planning process, researchers will provide all the information required from a *situational analysis*[SA]. The questions to ask are: Where are we now? What is happening in the environment that will affect my business, the industry, and my target market? What are my competitive advantages? How are we performing against budget? Where do we stand in relation to competitors? Is our marketing mix (7Ps) the most appropriate one within this market?

Marketing objectives will be set to take the situation and the business objectives into account. Essentially, the objectives are a considered statement as to where the company wants to be in terms of sales and selected markets. In time-honored style, the objectives will be specific; measurable; actionable; realistic; time defined (SMART) in nature.

From here the model moves to the *strategic element*. How are the objectives going to be achieved? Relying on information provided by the researcher, the marketer needs to determine the products that will be on offer; the target market segments that will be covered; the brand image and positioning of the products; and finally how marketing mix elements will be adjusted to best support the objectives.

An increasingly important element of the mix is that of communication. With the growing impact of social media and the benefits that can occur when consumers engage with a company, researchers will be called upon to provide the evidence to inform the allocation of adspend. Do social media work in this market? Is the target market active on the Internet? If yes, where and how? What about content marketing[G] and inbound marketing—the strategies of the connected marketing company?

Specific tactics that address the strategic objectives are developed. For example, the strategy may be to increase market coverage. The tactic could be to expand distribution via a third-party distributor, which services smaller outlets. Perhaps if the Internet is going to be used for advertising, will one use banner ads or pay per click on pop-up advertisements?

The *action plan* is an important feature of this model. Marketers are reminded to allocate responsibilities and define who does what, and when. This is where the budgets need to be defined, line by line to ensure that the correct resources are provided to implement the plans. You may want to consider using a road map approach so that the people who are implementing the plan or who are affected by it buy into the proposed activities.

Finally, the *control* or monitoring of performance: Here the researcher needs to have the systems set up to collect and analyze the performance data, which will allow evaluation and readjustment of plans according to outcomes. Metrics will include web analytics, sales tracking by product line, by area, by outlet, and so on. Customer satisfaction surveys will be necessary to keep in touch with the consumer needs.

Within this area, the reporting format and frequency need to be in line with the speed of change in the market. Retailers require almost daily, definitely weekly input regarding the success or otherwise of their promotions. Other industries may only require monthly performance review.

SOSTAC® Planning System: Conclusions

This model depends on a variety of different research techniques to provide information. The researcher needs to recognize the types of decisions that have to be made and ensure that appropriate data is available for analysis and interpretation.

With a formal plan in place, one has a greater chance of successful implementation.

CHAPTER 31

Stakeholder Analysis

Stakeholder Analysis: Purpose

When considering project management, a marketing plan, or even simply organizing a company function, it is always useful to understand who (which entities) are involved, what their expectations or needs are, and to know which entities consider that they should be included. In this way, one can better manage communication and involvement to minimize conflict and raise satisfaction levels of project participants.

Stakeholder Analysis: Structure and Description

The underlying objective of stakeholder analysis is to be aware of the needs, beliefs, and attitudes of all entities, which affect, or which are affected by carrying out the project. This is to make sure that the process, exchange of information, and outcomes are seen to address the aspirations of the stakeholders.

In the following discussion, we will refer to a project to cover all situations that require a stakeholder analysis. There are many illustrations (models) that can be used to represent different aspects of the stakeholders. Two are provided here.

The first concentrates on the distance between the stakeholder and the project itself. Colors can be used to indicate positive and negative attitudes or influence (Figure 31.1).

The second uses patterns or colors and the size of segments in a pie chart to indicate the power and extent of influence of the various players (Figure 31.2).

The mapping of stakeholders can also include connector lines between them to bring out the relationships and alliances where similar interests exist (Zimmerman and Maennling 2007).

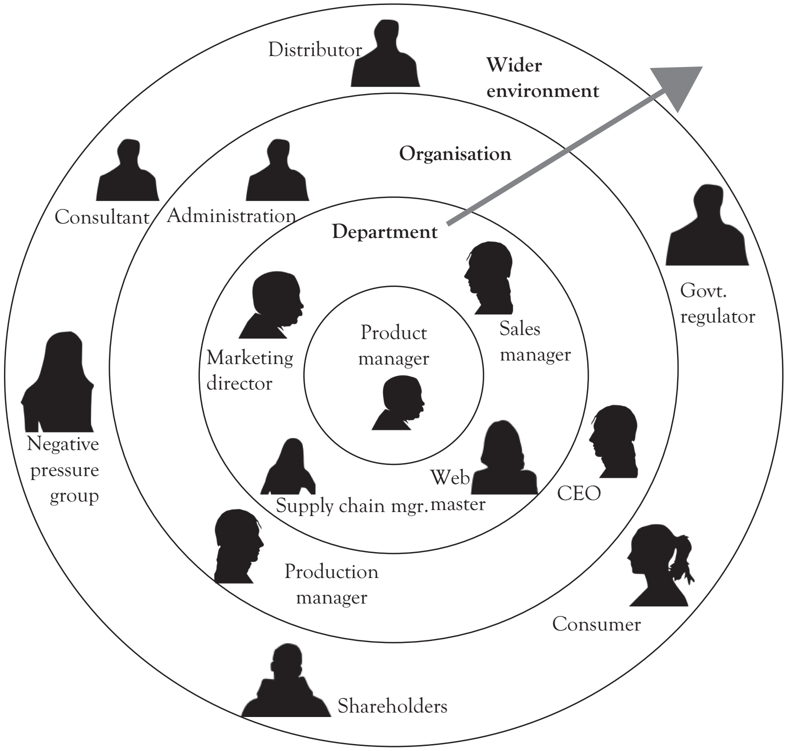

Figure 31.1 Stakeholder representation: onion format

Stakeholder Analysis: Strategic Considerations

The business purpose of conducting this analysis lies in assisting project design, achieving satisfied sponsors and customers, and in optimizing risk management. One is more likely to succeed if stakeholders' needs are met. They can be influential in smoothening the project pathway and even in obtaining resources. If the project is part of a larger business process, then the ability to meet its objectives and keep stakeholders happy is an important goal for longer term relationships.

In a marketing context, the stakeholder analysis will help determine the correct ingredients for the marketing mix—product design and communication content being tailored to meet the needs and expectations of not only consumers but their surrounding network.

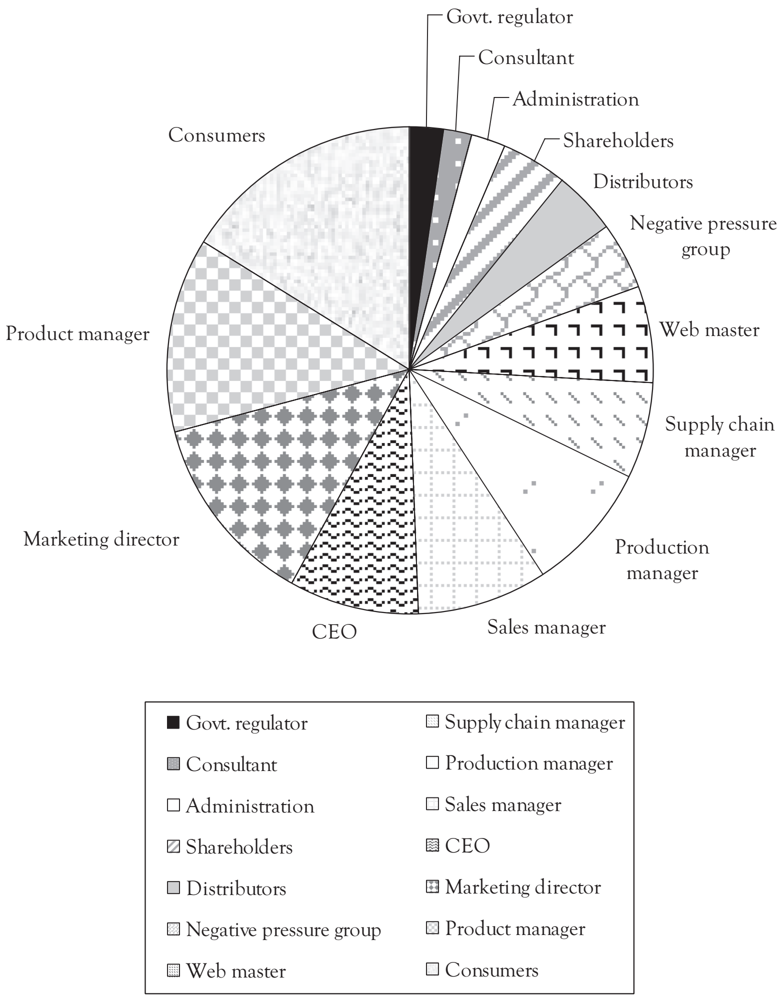

Figure 31.2 Stakeholder mapping

Stakeholder Analysis: Implementation

1. Study the objectives, suggested processes, and resource availabilities of the project.
2. Identify all the people and entities who have an interest (those who affect or are affected by) the project. Your criteria will include whether they have a legitimate or legal right to be involved; whether they control or can assist with provision of resources; where resources include contacts with people of organizations.

Not all projects will have identical stakeholders as this depends on the purpose of the project, and the industry in which it is being conducted. Table 31.1 considers a business environment, not mentioning any classes of consumers.

3. Estimate their involvement or degree of interest in the project. This is a crucial step in understanding the impact that stakeholders can exert on the process. One needs to know their agenda in relation to the outcome.
4. Identify the power that each has to influence the project. What information or expertise do they have that can be used for the benefit or detriment of the project objectives? Who will act in concert to achieve their ends?
5. Construct a power versus interest matrix to position the stakeholders. Part of the assessment will be an evaluation of whether the power that is in the hands of a stakeholder will be used for or against the implementation of the project.

Thompson (n.d.) at Mindtools suggests that the stakeholders are mapped onto a matrix similar to that in Figure 31.3, using different colors to indicate their attitudes, impact, or importance.

Table 31.1 Categories of business related stakeholders

Private sector	Public sector	Organized society
• Listed companies • Small, medium, and large organizations • Business associations • Professional societies • Business leaders • Financial institutions	• Central government—ministers and director generals (executive advisors) • Public servants (bureaucracy) • Members of parliament (elected representatives or legislature) • Judiciary (constitutional, high, and magistrate courts) • Political parties • Local government (municipalities and town councils) • Military • International bodies such as the World Bank and the United Nations • Public healthcare • Public schools	• Media • Trade unions • National nongovernmental organizations (NGOs) • International NGOs • Pressure groups and advocates • Religious movements • Private institutions for education and health

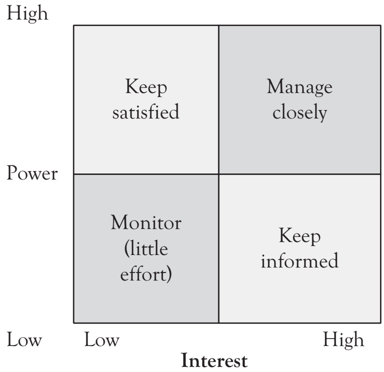

Figure 31.3 Stakeholder power: interest matrix

This type of matrix will alert you to how you should allocate your stakeholder attention. It will highlight people who could waste your time, those who could undermine the process, potential advocates, and of course the key players who should be totally involved.

6. Visually represent the stakeholder impact (onion or pie chart or some other representation; see Google images).

   Zimmermann and Maennling (2007) suggest that one constructs a stakeholder profile using criteria that are relevant to the success of the project and in assessing the credentials of the stakeholders. In their publication *Mainstreaming Participation*, they consider criteria related to stakeholders' management outlook, their operational excellence, and ethical approach in general and in the context of the project at hand.
7. Share the model with the project management team.
8. Identify the stakeholders' needs or expectations and link them to the expected outcomes of the project. In this part of the exercise, one assesses whether the stakeholders are going to be active or passive entities in the implementation of the project.

   Compare projected outcomes against the list of expectations to check whether the significant expectations are going to be met (Table 31.2).
9. Share the analysis with the project management team.
10. Formulate plans to take advantage of positive stakeholders and manage possible negative sentiments and actions.

Table 31.2 Example of checklist matching project objectives against stakeholder interest

Project objectives	Relevant shareholders
Objective 1	Companies A, B, C, and government department
Objective 2	Suppliers D, E, and customers F and G
Objective 3	And so on

11. Develop and implement a communication and inclusion plan to maintain engagement and foster support from stakeholders.
12. Ensure this communication includes end-of-project thanks where appropriate, and reports back on outcomes relevant to individual stakeholders.

Stakeholder Analysis: Conclusions

As project manager, you will find that good communication will be the critical success factor in running the project and in managing the stakeholders. While you will be concerned about the overall outcome project, by giving attention to the stakeholders' attitudes and influences, you will achieve positive sentiment toward yourself and the project.

CHAPTER 32

Supply Chain Concept

Supply Chain Concept: Purpose

There are several reasons why an organization will consider setting up a formal supply chain. First, they may wish to enhance the consumers' experience and perceived value of the brand or product through delivery of a product that reliably meets their expectations. Another reason could be that the organization wants to achieve operating efficiencies that will reduce operating costs. Alternatively, the aim could be to ensure supply of raw materials or components that are difficult to source.

Whatever the reason, the sharing of information and cooperation between supply chain partners should reduce their risks. It should also contribute to quality control of production of the final product.

Supply Chain Concept: Structure and Description

The supply chain concept is a formal system of cooperation between a network of organizations, each participating in transformation; value add-ons; and onward movement of raw goods, work in progress, end products, or all these. The system is more than technology. Supply chain is facilitated by technology.

The concept is based on *shared* strategy development and management through exchange of information. It uses integrated IT software with appropriate controls and decision metrics. This cooperation (throughout the chain) can result in:

- Improved planning (quantities, quality, timing of delivery)
- Optimization of the movement of goods and services
- Negotiated prices between participants
- Reduced risk

- Maximum consumer value
- Enhanced efficiency
- Reduced costs
- Improved operating margin

In the *good old days* at the start of the industrial revolution (late eighteenth century in England), manufacturing facilities rose up to the point where manufacturing, processing, or both were already taking place; that is, close to the original sources of skilled labor and raw material abundance.

Even when steam power emerged, manufacturing facilities did not move as they were already in close proximity to coal fields. Transport of goods took place initially through canals. As David King (2005) points out, it took the development of railway networks to free up choice of locations for manufacture of goods.

In spite of the world blossoming into a global village, these three factors (skilled labor, raw materials, and transport to market) remain at the heart of most logistical systems. Given the international trade infrastructure and modern technology, the difference today is that manufacturers can elect to choose suppliers and markets almost anywhere in the world. The business objectives remain to maximize quality, minimize production issues, and move goods to their market in the most efficient and cost-effective way.

Some of the risk factors and uncertainty contributing to the complexity of supply chain decisions are:

- The pace of change and innovations in the market
- Knowing what the consumer (at all levels) wants
- Having the right quality products and services to satisfy those needs at a price the consumer is willing to pay
- Being able to deliver the right quantity of goods to the place(s) where the market wants to consume them
- Having goods available when the consumers want to use them
- Sometimes extreme levels of competition, both within the direct and indirect sense of substitutes

Supply chain operates on a right place, right time, and right condition concept. If all of those are in place, then an order is fulfilled. If not, the order is not fulfilled and that is what gets measured.

To warrant the investment of time and effort, participants setting up a supply chain will be counting on a certain degree of permanency in the relationship. Hence there should be commonality with regard to production standards, business philosophies, and the cultural fit between the organizations. In the ideal world, trust is built on reliability, and similar approaches to doing business. (Unfortunately, one needs to be aware that there are many examples where the major partner controls the relationship, extracting as much benefit as they can from the smaller participants.)

> It is essential that supply chain teams within the participating organizations include people from all functions and departments; that is, from marketing, market research, research and development, finance, production, purchasing, logistics, and finance.

The dual arrows in the model given in Figure 32.1 represent an interchange of information and transfer of ownership of goods and materials taking place along the chain.

Agreements and contracts need to be set up with regard to:

- Sharing market and operational information
- Service levels
- Goods storage: where, how, what quantities, and availabilities

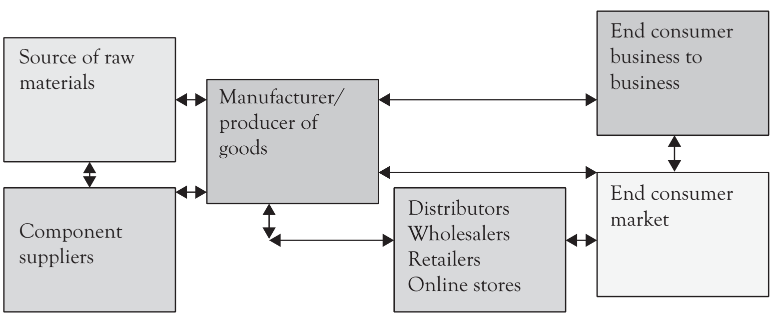

Figure 32.1 Supply chain participants

- Integrating IT systems, including monitoring flow of materials and inventories.
- Delivery logistics
- Common administration systems (purchasing and billing)
- Pricing and terms of sale

Supply Chain Concept: Strategic Implications

An efficient supply chain with all participants aligned to providing consumer value will increase competitive advantage.

It requires careful selection of supply chain partners as the exchange of strategic information (such as new products, marketing strategies, and costing details) increases the risk of exposure. An efficient supply chain should reduce operational problems and reduce risks associated with forecasting and production.

Company profits should benefit from the increased level of customer service and improved operations.

Supply Chain Concept: Implementation

This section is concerned with the *preparation for installation* of a formal supply chain system. It is not intended to replace proprietary models from the global consulting firms, or systems such as the SCOR methodology advocated by the Supply Chain Council (SCC), a global, nonprofit organization based in Cypress.

Participants in a supply chain need systems that will control, measure, and implement supply chain processes. The systems will cover forecasting, inventory, warehousing, logistics, and transportation.

Obvious activities in any supply chain are that entities need to source materials, process them, and then have a system for delivering them further down the supply chain. SCC reminds strategists that there is also a need for:

- Planning with regard to the degree of integration and information sharing along the chain

- Returns (which they say is one of the most problematic areas in the chain)
- And critically, enablement of managing performance, data, assets, and networks

The advantage using the same methodology along the supply chain is that it provides standardized terms and ratings, giving a common basis for communication throughout the chain. Value analysis methodology and agreement outlines are all part of their member services.

That said, there are a number of questions that a researcher needs to ask when setting up and evaluating potential components of the chain.

- End consumers (checking current product specification and trends):
  - Who are they?
  - Where are they?
  - What do they expect from the product?
  - How satisfied are they with the product?
  - What are the trends in use of the product and its substitutes?
  - How do we communicate with them?
  - Do we have a database, customer relationship management (CRM) system, or both?
- Supply chain potential participants:
  Common questions include:
  - Is there an organizational fit? Aligned with our values?
  - Costs, value of their products and services, or both?
  - Are they customer focused?
  - Financial stability?
  - What is their level of reliability?
  - Innovative? Research and development role in the supplier organization?
  - Reputation? Recognized in the industry?

  - Governance and ethics?
  - Terms and conditions of sale?
  - Warranties, maintenance, and backup?
  - Labor practices?
  - Who else do they supply?
  - When should functions be outsourced to a third party?

- Suppliers (raw materials, packaging, and components):
  Common questions include:

  - Which are available and where are they?
  - Does their quality match that required by our product?
  - Do their systems match our manufacturing process (e.g., Toyota and Kanban) or will they adapt to match?
  - Can they supply the quantities we need, when we need them?
  - Do they subcontract?
  - Risk of key personnel leaving?
  - What is the backup plan if one supplier defaults?

- Logistics operators:
  Common questions include:

  - Do they have the capacity coverage, and costing to meet our delivery requirements?
  - Do they have the IT capability to support our requirements (interface and business intelligence [BI])?

- IT, software organizations, or both that support the selected methodology:
  Common questions include:

  - Do they understand our needs? Have they worked in supply chain before? Evidence of success?
  - Capacity to design a system that provides the information and management controls required at all levels and points in the chain?
  - Capacity to install, train, and support the system throughout the chain?

- Will the reports and controls be appropriate, relevant, and timely?
- Will variances be immediately obvious?
- Security? Backup and disaster plans?
- Integrated and interoperable?
- Integrated with existing CRM, websites, and social media interfaces?
- Hardware supply?
- What development, installation, and maintenance costs are involved?

Supply Chain Concept: Conclusions

Supply chain management takes a strategic decision and strong project management to design and implement such a network. Apart from gaining a competitive position in the market, companies can expect a better return on their investment through reduced costs or added value.

Collaboration should improve management efficiency and reduce down-time within the chain. Participants will not necessarily be buying the cheapest goods, but with quality and delivery agreements in place should experience fewer rejections and lower warehousing costs. All of the above add up to a smoother production process and possibility of a greater number of turnover cycles, reduced costs, and enhanced operating margins.

Successful supply chains depend on building trust relationships, so within each participant one would expect to find specific programs focusing on management of customer and supplier relationships. These would be supported by service programs to reduce dissatisfaction and areas of conflict.

Flow of materials would be managed through efficient ordering and fulfillment programs that would contribute to uneventful manufacture of goods.

Growth would be based on a collaborative effort to find innovative ways of tracking changes in and satisfying customer demand.

At the heart of supply chain management is availability, analysis, and communication or sharing of appropriate research and metrics to enable the right decisions to be taken at all levels of the chain.

CHAPTER 33

Target Market Identification

Segmentation and Estimation

Target Market: Purpose

The target market lies at the heart of any marketing enterprise. One would need to determine the characteristics of the consumer and potential consumers of a product to be able to shape the elements of the marketing mix. Marketers will consider a review or definition of the target market when:

- Launching a product
- Modifying a product or brand
- Changing elements of the marketing mix
- Identifying different trends in consumer behavior
- Evaluating a marketing problem or issue that may have occurred as a result of changing consumer attitudes and use of a product

Target Market: Structure and Description

Taking a step backwards from the problem, the first decision when deciding a target market is to define (as asked in the paper "Marketing myopia" by Theodore Levitt, published in 1960): What business is the organization in?

This is the difference between being an airline in that is just in the air travel business, and being an airline that offers the full spectrum of travel services. The former is looking for passengers for airplanes, the latter is considering whether they want accommodation, hire cars, links to other travel opportunities, and other services connected with travel. As you can see, the entire marketing environment and strategies are affected by the definition of the business.

The target market is an element of strategic marketing and consists of the selected individuals or organizations that the marketer has chosen as the most likely, or perhaps most rewarding, consumers of the product or services offered by the organization. They have a need that the organization can fulfill.

Often the target market is chosen using some form of segmentation, which can be applied using one or more different bases:

- *Functionality* (consumer units that need the functionality of the product; e.g., if consumers require entertainment—which means they could be considering television, radio, cinema, live shows, clubbing, CDs, games, reading, socializing, and so on)
- *Demographics* (age, gender, education level, income, job position, geographic area). In some cases, one or more of these factors are emphasized more than others. For example, price of the product may preclude certain sections of the market, or the profession could be the key factor in deciding who is included in the target market.
- *Psychographics* (interests, core values, attitudes, emotions, and feelings about life and about the product or brand, and what it does for them). For example, in the motor vehicle market self-image may be the segmenting factor. People who want status versus people who are not concerned about prestige but are buying a family vehicle chosen for safety features, or others who require a workhorse.
- *Decision criteria* (What things do they consider when choosing which brand in the product category? That is: What are their priorities? Are they price oriented?)
- *Behavior and buying habits* (Do they buy for special occasions? From a small shop, a retail chain, or from a mall? How often do they buy? How do they pay?)

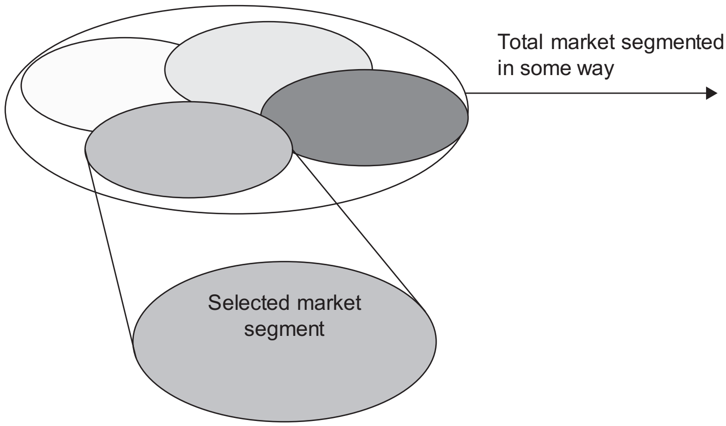

Figure 33.1 Segmentation and target market

The target market model helps to define the variables that define exactly who should be interested in using the product, and to understand the reasons why they choose a particular product or brand (Figure 33.1).

Target Market: Strategic Implications

Under the marketing concept (consumer satisfaction is the aim of organizational endeavor), every single element of the marketing strategy takes the consumers' needs and behavior into consideration. Hence an accurate description and understanding of the target market consumption drivers will determine the extent and direction of the marketing plan.

Because you understand what the market does and where to find them, such a focus:

- Simplifies finding a relevant positioning since you have knowledge of the target consumers' needs and desires
- Increases the efficiency of the plan as the content and creative effort are more relevant
- Reduces the cost of marketing (media schedules and distribution efforts are concentrated on reaching the people who are most likely to consume your brand)

- Simplifies the communication message as you are directing the messages to like-minded people who are more likely to understand what the company is saying about the brand and product

Sorenston (2011) mentions the quality of lead generation as an important cost-saving device. When a sales force knows which leads are going to be productive, they can approach them with greater confidence and consistency of message. She also highlights better product development as a major benefit of correct target marketing.

Target Market: Implementation

The steps in choosing a target market include:

1. Before getting bogged down by the details, marketers need to do a *broad strokes* investigation into the size of the market. How many consuming units (individuals or organizations)? Where are they? What do they spend in the product category? Do you have access to secondary information or do you need to estimate this value?

   Total value of the market could be estimated from

   $$C \times F\text{cy} \times Av \text{ spend} = \text{total market turnover in period,}$$

   where C = total number of product users,

   Fcy = average number of times that they buy per period, and

   Av spend is the average amount spent per purchase.

   Is this figure enough (given that you will only have a share of it) to sustain a marketing effort and provide an acceptable return on investment? Yes? Then carry on.
2. Apply one of the models on market attractiveness. (e.g., GE matrix or Mullin's seven domains). This is to anticipate the elements that need to be built into the marketing plan.
3. Decide on the demographics, characteristics of the consumers, or both, who should be interested in the product. How does this affect your market size estimates?

4. Check on the size of the selected market. (The size of the market can be specified by the number of consuming units in it, or by the total amount of money that will be spent on the products during a year [say]).
5. Examine the segments in the market to see if there are any that would be more likely to buy the product or be more profitable to serve. This can be an efficient strategy, since you can use a focused approach when marketing to homogenous segments. Ideal segments result in a group of consumers who are large enough to be measured; and support marketing action. They will have a distinct and sustainable product or service need and the marketer will be able to access them in a defined way.
6. Decide on which approach seems to offer the best marketing solution for the company. Depending on the outcome of the above process, the nature of the product, and the total number of consuming units, the marketer could elect to follow a mass marketing, differentiated marketing, specialized marketing, or niche marketing strategy.
    - Mass marketing is associated with large markets and relatively inexpensive products.
    - Differentiated marketers distinguish between various segments in a market and adjust the marketing mix to meet the perceived needs of those segments. Here a single segment or differentiated segment marketing strategy could emerge.
    - Specialized marketing and niche marketing are often used for products that have unique benefits, which are relatively pricey, or both. The marketer could choose to specialize in a product class, or perhaps to specialize in the products of a particular industry or market.
7. Recalculate the viability of the chosen target market. There are a few aspects here.
    - What is the likely market share that your product will achieve?
    - What is the profitability of entering that market? That is, you need to assess the relationship between the amount of

money that is obtained in turnover and the amount that it takes to develop and produce the product and bring it to market (i.e., manufacture and then distribute the product or service to the place where the selected consumers will buy it, with appropriate levels of promotion to inform them of availability whilst persuading them to buy it).

- At what point will you reach breakeven and start turning a profit?
- The next step is to look at the size of the segments. Again, the researcher asks whether the spend within the segments indicates that mass marketing is the only option, or whether there are viable segments that will warrant a more focussed approach.

Finally the basis for segmentation needs to be confirmed. What type of segmentation is indicated? Which approach will result in a market that will be profitable for the organization? *Qualitative research* is required to clarify the attributes of the segment, their attitudes, and important buying criteria; how do they judge the product offering? How do they react to the product concept and proposed advertising?

> *Quantitative research* is then necessary to gauge and confirm the size of the various segments in the market and to recalculate the potential turnover, given acceptance of the product positioning and appeal of the brand image.

Target Market: Conclusions

Deciding on a target market requires some effort to obtain information about the consumers and their relationship with the product category. However, there is no doubt that accurate target marketing engenders a more efficient marketing effort. This streamlining then can have a positive impact on sales.

CHAPTER 34

The Growth Share Matrix

The Growth Share Matrix: Purpose

This matrix will be used when you are conducting an audit of your product portfolio in which you want to determine whether they should still be produced, and if yes, what level of effort and marketing budget should be allocated to the product manager.

The matrix can be applied to examine the competitive position of all the products in a particular market. When were brands launched? How many upgrades have they had, and what level of resources is being put behind them to sustain their market position?

It is also useful when contemplating a merger to understand the value of the product and its strategic role in generating the turnover of the organization.

The Growth Share Matrix: Structure and Description

The Boston Consulting Group (BCG) growth share matrix (Figure 34.1) considers the relative market share of products against the growth rate of their markets. The rationale is that these factors will influence the turnover, profit contribution, or both, that can be realized from the product in question.

The Growth Share Matrix: Strategic Considerations

This model is used during a strategic review process when assessing the product portfolio of a company. The position of products within the matrix will define the expectations of returns, and determine the investment in terms of the required marketing support.

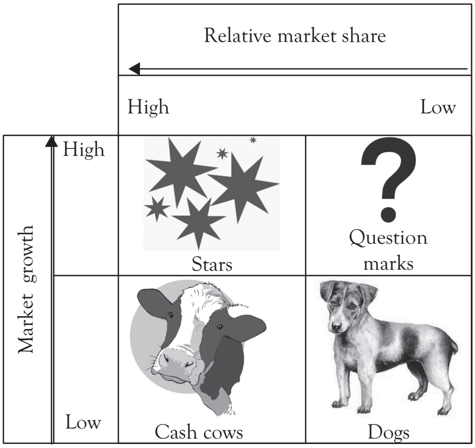

Figure 34.1 The growth share matrix

Source: Adapted by permission from Boston Consulting Group (1973), The BCG Portfolio Matrix from the Product Portfolio Matrix. © 1970 by The Boston Consulting Group (BCG).

Best use is made of this model by tracking market growth and, over the same period, by tracking sales and market share growth. Products in the different quadrants offer different returns. A cash cow is probably in maturity or at the end of its life cycle. With little investment, it will be providing a steady income for the company.

Dogs have the potential to consume company resources with no hope of generating greater returns. However, dogs should not be discarded without proper consideration. They could be playing a strategic role in preventing the entry of a competitor, or maintaining shelf space in the retail environment.

Question marks need additional information. The company needs to establish the factors that are holding its growth down. Is it possible, with the proper managerial attention, to move the product from its current position to become a star, that is, a product that has a high market share?

The Growth Share Matrix: Implementation

So what is the information associated with application of this model?

First and foremost, you are going to need the essentials of the current market share of the product, and its current growth rate. This is preferably in relation to the market as a whole. That is, you will want to plot

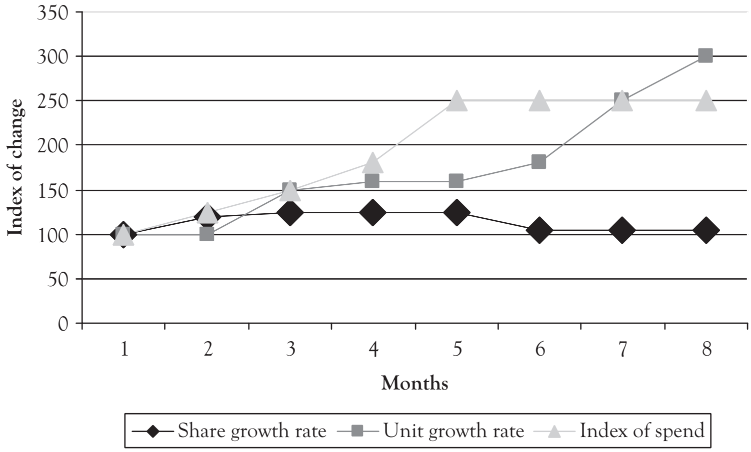

Figure 34.2 Adspend versus share and unit sales

the relative position of your products against their competitors. You will look at the changes that have occurred from a year ago and possibly even five years ago. How have the positions on the matrixes changed over time?

To make strategic decisions, you are also going to need information on the relationship between market share and sales units versus adspend and promotional spend (Figure 34.2). If you are able to demonstrate that the position of the product moves with the investment of marketing resources, then you have an indication of how much is necessary to move the sales of the product. But sometimes it is not that simple.

In the example given in Figure 34.2, one would deduce that in spite of holding adspend constant after month 5, the unit sales continue growing. However, the fact that market share is not moving is a problem. Some competitor is growing the market at a faster rate than the unit sales increase, and the product is actually losing ground. The graph could also be indicating that some other factor than adspend is at play in increasing unit sales.

The Growth Share Matrix: Conclusions

The lesson from this situation is that to apply the BCG growth share matrix, you also need information about competitive activity and the drivers of growth for your product. Do not be fooled by unit growth. You need to see all market movement in context.

Some people relate the position of a product in the growth share matrix to its position on the product life-cycle curve. This is not necessarily a valid assumption. For example, the problem children or question marks are products in a growth market. The degree of marketing investment required to move them to stars could be greater than that indicated by the position on the life-cycle curve.

CHAPTER 35

Glossary of Terms

Four Cs

With the move toward a more consumer-oriented approach to marketing, the four Cs model was developed by Robert Lauterborn and—as claimed by Kussmaul (2012)—supported by Philip Kotler. In today's world of one-to-one marketing, it makes more sense to consider the elements of the marketing mix from the customer's perspective. It takes account of increasing use of the Internet and mobile media (see Figure 35.1).

In terms of research, it provides a different aspect to the type of information gathered. For example, the researcher will now:

- Look for functionality and benefits required by the consumer.
- Take all cost factors into the equation; for example, time spent in shopping, and perhaps the opportunity cost of purchase of one item instead of another.
- Include consideration of the Internet, which has opened the way for consumers (and organizations) to shop in a different manner so that geographic location is no longer a limiting factor.

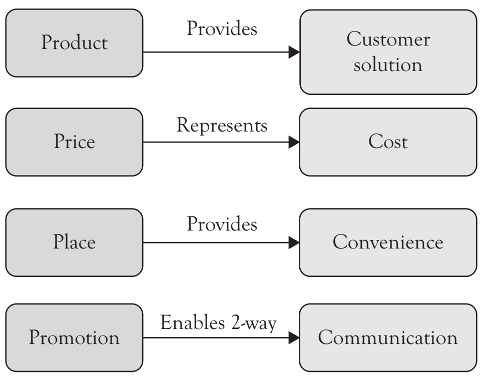

Figure 35.1 Transformation of marketing mix to four Cs

- And finally, promotion can become interactive, with web pages and social media opening the opportunity for dialogue to take place between the organization and its publics.

Advertising and Audience Research

This type of research is interested in obtaining information about:

- The target market's (TM's) understanding and rating (liking) of advertising concepts and messages
- In particular: Is the product positioning statement clear and relevant?
- Does the advertising and promotion clearly distinguish the product from its competitors?
- Tone and atmosphere. Does it fit in with the TM's lifestyle and expectations of the brand and product?
- Does the advertising engage the TM?
- Does it encourage the TM to buy and use the brand?

So-called qualitative research is a suitable vehicle to establish this type of attitudinal and affective information. New neurological techniques can be used to automatically measure the brain's reactions to the various stimuli.

One part of advertising research looks at how and where the TM learns about the brand. So one needs to ask:

- Is the TM aware of the brand and product?
- How did he or she become aware of it?
- Have they seen any advertisements or promotions recently, in the past month and so on?
- How many times have they seen the advertisement?
- What did they see?
- What was the perceived message?
- Did they like it?
- What did it tell them about the brand?

This type of information needs to be gathered using larger quantitative studies.

For media planning purposes, one also looks at the reading, listening, and viewing habits of audiences, especially the TM. In this context, it is important (especially for the younger generation) to include Internet and social media in the media mix. Researchers want to know from product users, the TM, or both:

- Which media is consumed (print, radio, TV, Internet, mobile, or SMS)?
- Which particular title (magazine) or channel (radio station, TV channel, website, or social media) is used?
- Where and when do they consume media?
- Do they subscribe or read someone else's copy?
- How frequently do they read or view, send and receive messages, or do all these?
- How many of the last X copies or episodes have they read or watched?
- And so on.

Of course, there are other methods of measuring audiences. The AMPS Survey funded by the media is one of the largest and more sophisticated surveys conducted in South Africa. Here panel research is used to monitor radio listening and TV viewing. The combination of the measurement of media and product consumption has developed an extremely useful tool. Marketers can use the survey to define TMs, or to examine what their specified market consumes.

The AMPS survey was used to develop the Living Standards Measure (LSMs), and more recently, the SAARF Lifestyle Groups, that many marketers use in the definition of their TMs.

The reflective researcher will acknowledge that media research is complex and has problems in reliability, validity, or both. This type of research is necessary to provide the base figures for media selection software to examine and predict media consumption habits of TMs.

Brand Research

Considerable time and attention goes into developing a strong brand for a company and its products. Clear objectives for the brand and communication aligned to the objectives play an important part in building the reputation and affiliation for the brand. Essentially, a brand is a surrogate or the public face of an organization.

A brand gains its influence or power through the thoughts, emotions, and experiences that it generates in consumers. Its importance lies in creating visibility, liking, and trust for the product and its associated organization. Aligning to society's emerging needs, a brand needs to display purpose in its being.

The strategic reason for brand building is that when a product is more recognizable, it becomes more memorable to the TM. Also, if the brand generates positive attitudes and emotions within that market, they are more likely to relate to it and want it to be part of their own lives. Practical reasons for investing in brands include the fact that strong branding can decrease marketing costs and increase financial returns.

When conducting brand research, one needs to recognize that true branding is a mixture of physical and psychological attributes. Hence all of the following need to be considered when designing investigations of brands and branding.

The brand takes on its own persona from the company (vision, mission, and values); the product performance (what it promises, and what it delivers); and the way in which the product is displayed or presented in the marketplace (logo, colors, language used, type of people in advertisements, music, where it appears, and packaging). Also, the way in which a brand anticipates or reacts to consumer complaints or crisis situations will play a part in building the trust relationship between a market and the brand.

Given the growing need within our society for interaction and engagement, a researcher will check if a brand is in tune with these needs within its TM. A strong brand will provide meaningful opportunities for people to touch and be touched by the brand. Community involvement and causes that are supported by the brand contribute to its image.

Hence the elements of branding that could form part of brand research include:

- *Promise*: What the consumer will experience when using the brand. This can be physical performance or emotional gratification. Consistency and predictability are important elements within the promise delivery.
- *Perception*: How consumers interpret the signals put out by the brand in terms of its appearance and performance.
- *Distinction*: The features of the brand that set it apart from similar products.
- *Expectation*: That the brand will deliver on its promises, that is, the quality and operation of the product when used for the purpose for which it claims to be competent.
- *Persona*: Consumers' picture of the personality, appearance, and behavior of the brand when asked to imagine the brand as a person.

Competitive Comparisons

The research design should be such that at the end of the research, you will have a clear picture of how well the new product performs against its promises and how well it is rated compared with the leading brand and other market leaders.

When looking for comparisons, useful information will be provided by including competitors' customers in the sample. They are the people who know those products intimately. You should be able to establish what they like about the competitive products; *why* they are preferred; and what has to be done to win over the respondents as consumers of your product.

You are looking for attributes that will separate the new or test product out from the competition. What makes it different? What makes it more desirable than the existing products? The research needs to establish whether the product's *value proposition*:

- Is relevant to the market
- Degree to which it is unique

Table 35.1 Marketing experiments value proposition worksheet

		Desire		
	Rank	0 No Interest	1 Possible Interest	2 High Interest
Exclusivity	**0 Anywhere else**			
	1 Somewhere else			
	2 Nowhere else			

Source: Bernstein 2011

- Ease with which it can be copied
- Whether it forms a barrier to entry

MarketingSherpa's Daniel Bernstein (2011) provides a useful tool to assess the power of the value proposition. It consists of a matrix categorizing or ranking products by their exclusivity and the consumers' desire to possess the goods (see Table 35.1).

Concept Testing

Before investing in production resources, it is sensible to test whether the product idea or concept is sufficiently appealing to the TM to generate the desired returns. Some practitioners prefer to conduct monadic (single) testing of a concept so that a pure reaction is measured. The outcome of the ratings would then be compared with the benchmark or control, which has previously been established.

Where direct comparisons are made, respondents willingly rate one concept as better than another, but this outcome could mask their opinion that the better concept will not be a winner in the marketplace.

Consumer Research

The marketing concept requires that marketers should have intimate knowledge of their consumers, their values, emotions, attitudes, and habits. They need to understand:

- Demographics of who uses the product
- Psychographics of users

- Why they use it (functional and psychological purpose)
- What is the role of this product in the consumer's life?
- How they use it. Is it a stand-alone product or used in conjunction with other products?
- Who is the decision maker in terms of purchase?
- Who actually buys the product?
- Where do they go to find information about the product?
- Do they use personal references—who are they?
- Selection criteria (what variables they consider, which are deal breakers [essential], which are important, and which are assumed to be there)
- Buying habits (where they like to purchase, how frequently they purchase, and what price they are willing to pay)
- Service quality definition—what factors are important and how they judge their level of delivery

Content Marketing

According to the Content Marketing Institute (2011) "Content marketing is a marketing technique of creating and distributing valuable, relevant and consistent content to attract and acquire a clearly defined audience—with the objective of driving profitable customer action." Wikipedia simplifies this definition to: "Content marketing as any marketing format that involves the creation and sharing of media and publishing content in order to acquire customers."

By providing information about a topic of interest to the customer, companies hope to attract them to visit their websites and purchase products and services that are included in the snippets of information in the content marketing program. The format is irrelevant. What is important is that it has sufficient information to whet the appetite of the consumer to interact with the company, and to be impressed with their knowledge and support regarding their products.

Critical Reflection (CR)

The practice of CR needs to become a way of life for managers and researchers alike. CR is an active process in which a person thinks about and evaluates his or her environment with a view to understanding it and developing an appropriate reaction or plan of action to deal with it.

It is analysis, evaluation, and integration of the issues or situation. It includes the capacity to formulate alternatives or options for action. Essentially, it is the ability to perceive and understand one's environment and learn from one's own and others' experiences.

In this area, one would consider Kolb's learning cycles and the DEAL model (describe, examine, and articulate learning) as structures for critical reflection. They could provide indicators for the continuous learning that will enrich one's life

In CR, a person will have information about a situation and will operate from a set of assumptions about that situation. Amongst other things they will ask:

- What is happening around me and which parts are significant?
- What are the facts?
- What are my assumptions?
- What is the evidence for my conclusions as to what is happening?
- What is the source of information and its credibility?
- What led to this situation (i.e., what is the history behind it)?
- Who all are involved, and what are their interests?
- What are the issues relating to the situation?
- What are the options for implementing change?
- What are my objectives? Where do I want to be?
- How do I feel about the situation? How do others feel?
- How is everyone affected?
- What resources are accessible?
- What is the best outcome for change?
- How do I want to proceed?
- What have I learnt from this situation and how does it apply in other areas of my life?

To be able to reflect effectively, one needs to be a good communicator and sensitive to one's surroundings. A high emotional intelligence quotient (EQ), and social intelligence quotient (SQ) would be useful (that is, to be able to read other people's actions and emotions).

Adaptations of this process can be brought to bear on literally any business or personal situation that one encounters. It all rests on your ability to analyze what is happening, to evaluate the consequences, and then to synthesize the events to come to a conclusion or formulate an action plan to move forward. The important outcome is that one should learn from what has happened so that the lessons can be applied in other or similar situations.

Critical Success Factors

The hallmark of a good researcher is the ability to discover and track the critical success factors (CSFs) for the organization and its marketing. Here we refer to the events, actions, or situations that need to be in place to ensure that the vision, mission, and objectives of the organization are met.

For example, if an organization wants to position itself as the leading supplier of natural product antiaging skin treatments, then it needs to be able to demonstrate or provide evidence to show:

- Ingredients in the treatments are not chemical in nature
- Treatments are not harmful to the skin
- Signs of aging are eliminated or improved through use of the product
- Market share is significantly higher than the competitors

However the CSFs underlying this evidence include:

- Research and development to incorporate new discoveries and technology regarding natural ingredients, into the production process and the end products
- Reliable constant source of quality natural ingredients
- Communication (which reaches consumers) of outcomes of experiments in which people in the TM show visible signs of significant improvement or rehabilitation of their skin
- Use of the product by referent celebrities who depend on their appearance for their fame and popularity

For our skin treatment, there may be other CSFs including the need for the branding and aura of the product to resonate with the needs and self-image of the consumer. This could be achieved through appropriate branding imagery and product features such as packaging.

Disruptive Innovation

On the Clayton Christensen website for disruptive innovation (Clayton Christensen Institute 2012), the concept is fully explained. It is defined as:

> The theory explains the phenomenon by which an innovation transforms an existing market or sector by introducing simplicity, convenience, accessibility, and affordability where complication and high cost are the status quo. Initially, a disruptive innovation is formed in a niche market that may appear unattractive or inconsequential to industry incumbents, but eventually the new product or idea completely redefines the industry.

This type of product is often based on technological advances or scientific breakthroughs that provide alternative solutions to consumer needs.

Products that have changed the course of history include introduction of mass-produced motor vehicles; development of the personal computer; advances in the energy industry (such as batteries, stored power, and solar power) and mobile technology.

The literature on disruptive innovation points out that it is not necessarily the technology that is disruptive, but the business model that the change enables.

Marketing Audit

When you need to assess the performance or understand the status of your marketing function, it is useful to conduct a marketing audit. Within the audit you will look both externally and internally reviewing all aspects of the environment, the company, and performance of the marketing function that could affect the sales and growth of the organization. (Of course, at the end of the audit you will be developing an *action plan* to implement changes that are needed to maintain a healthy marketing function.)

Essentially, you are looking for an alignment of the marketing strategy and objectives with those of the company. The audit assesses whether those objectives are being met. Kotler (2000) provides six core areas for a marketing audit. These include (all in relation to the marketing function): external environment; strategies; organization structure; systems; productivity and function. The type of questions you should be asking is as follows:

1. External environment
   What is happening in the macroenvironment? What are the trends in the economy, social factors, technological advancements, and globalization? Do we have to consider environmental issues and sustainability for our product area?
2. Market
   What are the trends? How big is the market? Who are the consumers of your products? How are their needs changing? What is the best segmentation for the market? How is the industry structured and how does it function? What substitutes could emerge for our products? From where? How are the Internet and social media affecting distribution channels and buying behavior of consumers?
   In particular, who are the competitors for our products? What share of the market do they hold? Where and how do they operate? What are their key strengths and weaknesses? What are their strategies (especially positioning)? What is the best way of minimizing their presence?
3. Internally

   I. Does the company support the marketing concept in word and deed? That is, does every single person, our values, and operational aspects of our organization take account of the needs of the customer?
   II. Marketing strategies: What is currently in place, and in view of the environmental trends, or changes to the business objectives, do they need to be updated or changed? Are they still appropriate for our products and our markets?

III. Organization: Does our current organization support the selected marketing strategies? Would another configuration be necessary to provide better customer care?

IV. Are there any issues with respect to our marketing systems? (For example, sales activities such as leads, follow-up, quotations or tenders, and fulfillment; or financial activities such as credit checks, orders, delivery, billing and receipt of monies owing)

V. Information: Do we have systems in place to gather, analyze, and interpret relevant information? Is our database comprehensive and up to date? Can we mine the data to more fully understand our customers and their needs?

VI. Technology: How does technology support the marketing effort? Could greater automation free up time and minds to devote more personal attention to consumers and their needs? Should we be looking to include a higher level of technology in our products?

VII. Sales: Do we know what is sold in units and market share by:
- Product, product size, and variant
- Geographical area
- Branch area
- Sales personnel
- Type of customer (and segments)
- Distribution channel
- Industry

VIII. Marketing mix
- What is the life-cycle stage of the product and how does this affect the way in which we manipulate the elements of the marketing mix?
- Product: What are we selling? (e.g., A drill or a hole? Make-up or self-confidence? A car or a personal image? A nail or something to hang pictures on, and so on?) Does it still meet the needs of the TM? Is it in line with the desired brand image? Does it need upgrading to meet changes in the market?

- Pricing: A company has an extremely strong value proposition if it can raise its prices and the consumers still buy their product. That said, what is the most appropriate pricing strategy? Cost based? What will the market bear? In relation to the competition? Whatever you do, make sure the product is value for money. Do you need a price increase, and how will this occur? (Consumers are less likely to notice price creep!) Are you going to discount? (Make sure it is seen as a benefit and not a negative sign.)

  When considering price in relation to the market, one could implement a penetration model (low or discounting to encourage many consumers to purchase; in this case, one could be considered to be buying market share). On launch of a new product, marketers sometimes use a skimming strategy (initially high so that development costs are rapidly recouped).

  Loss leader pricing is used to entice consumers into a buying situation. The ploy is that having bought the cheap article, they will then have to purchase associated products. Alternatively, it encourages bulk buying, which closes out purchase of competitive products.

  Finally, psychological pricing is achieved either through presentation ($9.99 is so much cheaper than $10) or at a price point where the article would be perceived as expensive (or perhaps the other way round, cheap).
- Place: Are your distribution channels working? Where do your consumers go to shop? Have they moved away? With increasing denuding of inner cities, has the nature of locations changed? Do you need to have an online presence?
- Promotion: What are consumers' current awareness levels? How are you currently promoting your products, what are you doing? What works? Does the brand personality ring true for consumers? Where do you

reach your TM? What type of promotional activity do they respond to? How interactive is your promotion? How much more of the budget needs to be devoted to Internet and social media?

What promotional strategies do your competitors follow? What is your adspend relative to the competition?

Marketing Mix

The marketing mix consists of all the elements and activities that require managing in order to bring a product or service from the manufacturer or provider to the market. Originally, this concept included just product, pricing, place (distribution), and promotions. In line with the evolvement of management theory (and the realization that service marketing required additional facets to the mix), this initial list was expanded to include process, people, and the physical environment (see Figure 35.2). Some authors also believe that profit should be included in the mix.

More recently the marketing mix has been modified via the four Cs, model, which expands on the scope of the original mix factors to take account of changes in the marketing environment.

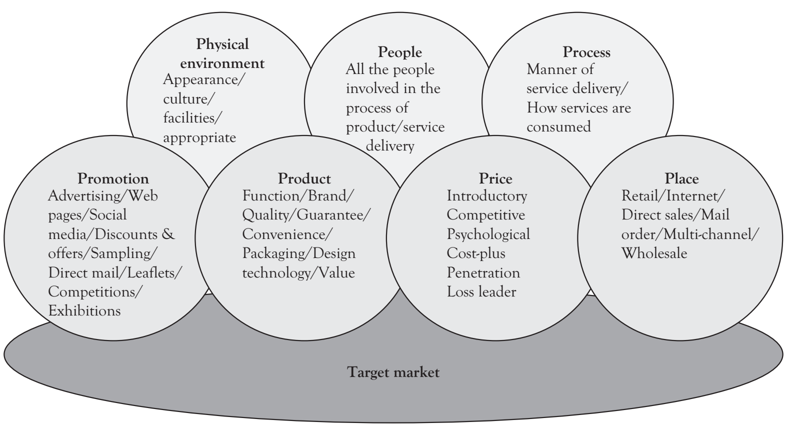

Figure 35.2 Seven Ps of the marketing mix

Market Structures

It is important to understand the market structure that you operate in, because different forms of market structures influence the way in which an organization can operate. Economic theory describes the conditions required for the different forms known as: monopoly, monopolistic competition, oligopoly, and perfect competition.

If there is a *monopoly*, that is, one only supplier, consumers can be forced to accept whatever terms and conditions of sale that the company cares to impose. And due to extremely high barriers to entry, it is unlikely that other providers will emerge.

When there is *monopolist competition* then there are many sellers and buyers, but the products they sell are differentiated, so again there is a measure of coercion on the consumer when they need a particular type of product.

An *oligopoly* consists of only a few suppliers with many buyers. Typically, there are high barriers to entry either due to the amount of capital required, the nature of the technology, or perhaps even patent protections.

Finally, there is the situation of *perfect competition*: many companies providing many consumers with homogeneous goods. This appears to be a good situation for consumers, but if the cost of competing becomes onerous, these costs will be passed on to the consumer.

Product Testing

Concurrently with product research, one would investigate the size and sustainability of the potential market so that a decision can be taken regarding the expected sales volumes and level of risk associated with launching the product.

The product test process consists of the following:

- Identify the products (and possibly competitors) that require testing.
- Identify the variables that need to be investigated.

- Identify the indicators and measurement tools that can be applied.
- Confirm the TM.
- Select a matching sample.
- Conduct the tests.
- Analyze and interpret the data.
- Formulate recommendations.

The methodology of the product testing will be determined by the underlying marketing objectives of the tests. These could include: new product launches; quality control or product improvements; competitive comparison; product reformulation or changes; marketing mix adjustments. The following discussion does not consider pharmaceutical products, which need a highly specialized approach to product development.

When researching products, one can consider just one or two elements or look at the entirety of the product, that is, its physical characteristics, taste appeal (if relevant), emotional relevance, packaging (aesthetic and functional appeal), and price.

What is important is that the research design includes users of the product category and that the outcomes distinguish between consumers' required essential features and benefits and their *nice to haves*. On the opposite side of the coin, one can also establish the features or elements that would inhibit purchase.

Product testing can be approached from a sheer performance point of view, or in terms of the market acceptance of the goods. In the following discussion, we assume that we are establishing the consumer or user's rating of the product. As with all research, it is important to ensure that the product is tested amongst the real TM. Different types of people tend to prefer different flavors and tastes. Without an alignment of the survey sample to the TM, demographics such as age and gender could affect the results, making decision making impossible.

Thomas (1993) mentions several characteristics of *good product research*, including standardization of techniques and development of normative data. Under these circumstances, a researcher can be sure that products have an equal chance of accurate assessment—and time can be saved by having a reference point for interpretation of the data.

Product Testing Methodological Decisions

There are a number of testing decisions that need to be taken in the research design, including:

- Number of products:
    - Monadic testing: One product tested.
    - Serial monadic: Testing of several products, one at a time. To avoid contamination of the results, care needs to be taken to remove the initial product before placing the next one. The order of placement also needs to be controlled within the sample to eliminate the possibility of an order effect.
    - Paired comparison: Two products are tested simultaneously.
- Blind or branded:
    - There is a certain level of debate as to whether one should inform respondents of the brand names, or conduct blind tests where the brands of the various products are not disclosed. The issue is that consumer perceptions are influenced by the brand name. And they could be reacting on psychological or emotional grounds rather than based on the factual experience of the product's performance.
    - It is safer to first establish a blind test reaction to a product to obtain a baseline rating before introducing brand into the reaction equation. This will also provide an indication of the strength of competitive brands and their relevance to the TM.
- Location of testing:
    - Favor the usual location of use, that is, home, office, or wherever the product is usually consumed or used.
    - If this is not possible, ensure that the test environment influence is controlled or minimized.

- Variables to be tested:
    - It is important to establish which variables or product attributes are used by consumers to form buying decisions. These include identifying the signals that indicate to them that:
        - They should try this product.
        - It fits in with their needs and lifestyle.
        - They will benefit by using this product.
- Test marketing:
    - Introduction of a product to the market as a methodology for product testing is a risky strategy. Not only are costs incurred in the manufacturing and setup of the test market, but competitors can be alerted to the imminent launch or introduction of the product.
    - On the other hand, test marketing can be a risk avoidance measure following completion of sample surveys. Care needs to be taken to select an area that duplicates the target profile, and in which sales metrics are available to assess the sales performance of the new product.

Product Category

The role of the product in the consumer's life will also influence the way in which consumers regard a particular product, and the type of questions that would be relevant to include in the research.

- Convenience products: Consumers want them to be widely distributed and after initial selection, do not give them much thought.
- Shopping products: Here the purchase value or role of the product in the consumer's life is significant. Hence it is critical to know the decision criteria for preference and purchase.
- Specialty product: This has a particular role in the consumers' lives, and they do not easily accept substitutes. It usually takes time to build the perception of such a product until it achieves speciality status. Brand image, product performance,

and psychological attributes all form a barrier to entry of alternatives.
- Unsought products: This is a difficult category to enter because consumers are reluctant to engage with products that cause them to become aware of the dark side of life; for example, insurance and funeral plans.
- Impulse purchases: These are products bought without planned purchase. Purchase could be stimulated by display or through appeal to hunger or the senses.

The concept of durability is also a consideration for goods. Durable goods (e.g., furniture) tend to be shopping goods.

Purchase Intent

Intent to purchase is an elusive metric; however, one can acknowledge the extent of inaccuracy of the measurement but still use it as an indicator of the relative difference in appeal of the different products being tested. Experience in the South African market indicates that anything less than 75 percent *very likely to purchase* will probably not be successful in the marketplace.

It is also useful to build up a database in which consumer purchase intentions during product development are stored together with the profile of the respondents and indicators of market conditions. Then at a later stage, one enters sales figures to build a tailor-made predictor for the particular brand and product category.

Cultural differences also need to be taken into account when measuring people's reaction to a product. For example (in South Africa), Afrikaans-speaking respondents are less likely to criticize (and offend the researcher). Hence within this segment, one expects higher product ratings and intention to purchase than in the English-speaking South African segment.

Qualitative Research

Qualitative research is market research, which is concerned with establishing the variables that underlie the way in which consumers form their attitudes and opinions, which influences their decision-making and buying behaviors.

Researchers need to guard against the way in which this type of information is used by their marketing colleagues. Information gathered from groups can describe what factors are important and how they interact to influence consumer behavior. But this type of information is not sufficient to understand the extent or size of the presence of the variables in the entire market.

The characteristics of qualitative research include: it is usually associated with small samples; sampling is usually purposive (that is, it looks for a particular type of people); the data cannot be represented by numbers; and the data describes the underlying emotions, motives, and attitudes of the respondents.

You will consider using qualitative methods when you need to:

- Explore the substance of issues
- Understand consumer language
- Understand behavior patterns
- Understand feelings and motivations
- See the relationship between expressed feelings and behavior
- Gauge TM reaction to creative and product concepts

For example, you may want to know what factors a consumer considers when buying a car. Do they think of the quality, or price, or perhaps safety is a more important issue. And how do they define quality? Is it the look and feel of the dashboard? Perhaps the seats are made of leather?

There are a number of ways in which qualitative data can be collected. They include:

- Focus groups
- Depth interviews
- Observation
- Ethnography
- Grounded theory

Focus groups are one of the more popular ways of conducting qualitative research. Because the information is based on small samples, it is critical that the correct TM respondents are invited to the group. The group moderator is responsible for introducing questions that provide the information to answer the objectives of the research.

This involves controlling the group dynamics of the group, drawing out responses from shy individuals, and (nicely) suppressing dominant participants. Group proceedings are usually recorded, transcribed, and then analyzed to identify the themes mentioned in the discussion. These themes are then taken to large-scale surveys (quantitative methods) as the factors that need to be quantified in the market.

Depth interviews target a few specific individuals who are expected to have the knowledge or expertise to provide insights into the product or topic under discussion. This type of interview is common in business-to-business marketing, where respondents would be uncomfortable giving away their views in an open forum such as a group discussion. The questionnaire or discussion guide will include many open-ended questions for the respondent to provide relevant information in an unstructured way. Interviewers will often record the interview, taking notes of verbatim responses as backup in case the recording fails.

Information from depth interviews is analyzed in a similar way to group discussions, looking for commonality of replies to develop themes, which would later be investigated in the industry market.

To implement observation, interviewers need to position themselves so that they do not interfere with or influence the behavior of the subject of the observation. This method allows a researcher to see firsthand how consumers behave in a buying or any other situation. Observation does not, however, provide the reasons for behavior, just the facts of what takes place. Since categorization of demographics cannot always be accurate, it is difficult to analyze different kinds of behavior by more than the broad demographics of the people being observed.

Recent advances in technology have allowed a combination of personal interviewing and the use of electronic devices to fully describe the intentions, motivation, and behavior of consumers in supermarkets (POPAI 2012).

Ethnography takes place when a researcher enters the domain of the subjects being investigated. The researcher integrates with the community to observe and interact with them. A diary is kept to record details relevant to the objectives of the research. This method had its origins in sociology. However ethnography could be used on factory floors to gather information about production quality processes, or perhaps in the retail environment to see how sales assistants deliver service to their customers.

Grounded theory occurs when a researcher has already formulated a theory about consumer behavior, and goes to the marketplace to test, modify, and advance his or her theory.

Quantitative Research

Quantitative research is conducted on large samples of respondents selected from the TM for the product. The intention is to be able to describe the extent of variables within that market; to explain issues uncovered in secondary or qualitative research, or perhaps use the research to be able to predict consumer behavior. Validity and reliability are key issues in quantitative methods. Validity refers to the fact that the research questions and tools actually measure what the research sets out to measure. Reliability refers to the fact that if you apply the same research design to the same TM, you will repeat the results. Reliability of measurement is important, because if you observe a change in results when using a method that is reliable, you know that you have measured a real change in the variables being measured.

It is important in all research to ensure that the sample of respondents is drawn from the right population of the TM. For example, if you want to talk to students from colleges, then you need to define the geographic area to be covered, and then obtain a sample framework (essentially a list) of all the people who attend colleges within that geographic area. If you cannot obtain such a list, then this becomes a limitation of the generalizability of the results.

Quantitative research is characterized through:

- Larger samples
- Variables that can be measured
- Data is quantifiable and statistical analysis can be applied

- Sampling methods depend on:
  - The confidence required (for example, 95 percent of the time the measurement of the variable in the sample will represent the measurement actually in the population)
  - Accuracy required (for example, the actual measurement in the population will be in a range of 3 percent either side of that measured in the sample)
- Degree of generalization required (That is, how closely does the sample mirror the population?)

Possible methods of interviewing include:

- Face to face (personal)
- Telephone
- Mail
- E-mail
- Web page (for example, Survey Monkey)
- Mobile
- Skype

Different issues are associated with the various methods. These include difficulty of finding the correct TM population, accessing respondents, refusal rates, quality of information, response rates, time taken, and costs of conducting the research.

Whatever method of research is used, the outcomes (results and their interpretation) need to be aligned to the objectives, providing information that supports the decisions of the marketing team.

Shelf-Life Testing

In this situation, the quality of a product is measured after subjecting it (in its usual packaging) to the elements it will encounter in the marketplace. Temperatures, air flow, and atmospheric conditions are used to simulate situations that will be encountered throughout the supply chain. To save time (and money), accelerated aging is possible using laboratory techniques.

Shelf-life testing is essential for food, pharmaceutical products, and chemicals. In fact, it is needed for any product that can become unfit for consumption or dangerous due to chemical changes or deterioration.

The purpose of shelf-life testing (especially for food items) is to determine how long and under what conditions a product needs to be transported and stored. In turn this defines expiry, sell-by, and best-by dates for produce.

The impact of production method and packaging changes is also tested via this form of testing. It is quite possible that cost savings in production cannot be implemented as they do not protect the product adequately or do not translate into consumer benefits.

During shelf-life testing, measurements are carried out at regular intervals. As with all market research, the required sample size is determined at the start of the shelf-life tests. Provision is made for the number of products tested at each interval and the estimated time period of the experiments. Fu and Labuza (2000) claim that experts in this field need approximately six measurement periods to be able to assess the rate of deterioration.

As mentioned above, the parameters that are controlled during the tests usually include temperature, humidity, and time. Using standardized scales, the researcher measures or grades the quality and contamination levels of the product. Sensory tests are also essential for food products.

Quality will be determined by factors such as texture, appearance, mouth feel, viscosity, tenderness, and color. Researchers will test for changes in acid levels; and microbes, which develop during the shelf-life tests.

The questions that need to be answered are as follows:

- How long can a product be stored unopened in its original packaging before it will deteriorate?
- Once open, how long does it take for the product to be unsuitable for consumption?

- What are the ideal storage conditions?
- What is the required cold chain for goods that need to be transported and stored in refrigerated conditions?
- What environmental conditions need to be maintained to preserve the freshness and acceptability of the product?
- What happens to the product when subjected to extreme conditions?
- At what stage should the manufacturer warn the consumer and recommend disposal of the product?

This type of testing is also used to measure product emissions to ensure that it complies with health and safety requirements. For example, furniture would be checked for flammability and fume production in hot situations.

Situational Analysis

This process takes place when an organization needs to know what is happening within its internal and external environments. Guided by the PESTLE model, the company will gather information on political, economic, social, technological, legal, and environmental factors that influence the macroenvironment, its particular industry, and the organization in particular.

In a situational analysis, the company will commonly use a SWOT analysis and Porter's five forces to examine the status of and trends affecting its customers, competitors, suppliers, shareholders, and other stakeholders in its business. Internally it will review the status of its vision, mission (objectives), the strategies that are in place, the company's financial situation, the status of other resources, processes, policies, and operating procedures.

Part of the assessment could consist of a *marketing audit* in which the elements of the *marketing mix* are all reviewed for profitability and alignment with business objectives.

The essential step in conducting a situational analysis is to integrate the information and interpret how the trends influence the organization and its operations.

Web Metrics

These are just some of the factors that could or should be measured on a regular basis.

- Original source: The traffic source that first brought the prospect to your site (this can distinguish between the different search engines that drive visitors to the site).
- Top key-words: A count of the key-words the prospect typed in before accessing your site.
- Bounce rate: People who immediately leave the page.
- Number of visits to your site (i.e., people who browsed around the site).
- Number of unique visits (i.e., different people who visited the site).
- Number of pages viewed.
- Average time spent on the site.
- Top search within the page.
- Time first seen: The date at which the prospect first discovered your site.
- First page seen: The first page the prospect landed on within your site.
- Last page seen (or exit page): Assess to see if a natural exit point, or something on the page is cutting off attention.
- First conversion date: The date at which the prospect became a lead.
- Close date: The date at which the lead became a customer.
- Number of e-mails received or delivered.
- Number of e-mails clicked.
- Number of social media clicks: The number of times the lead or customer engaged with your site via social media.

Readers may like to link into the Hub Spot website and link into the information they put out on how to use web pages to the greatest effect (http://academy.hubspot.com/).

Conclusion

Hopefully the content of this book has emphasized the value of using marketing and management models not only in the cold corridors of academia, but in the stark reality of business life. As you will find, the discipline of applying theory can add a whole new dimension to your understanding of and your ability to solve business problems.

Application of models in the solution of business problems and, especially, when you are planning for opportunities can be exciting.

The approach to uncovering problem situations is standard. What is the *management problem* and what *decisions* does management need to make that address the problem? In effect, the management problem is the situation that is affecting the profitability and growth of the organization. You will learn to recognize it by being sensitive to the evidence for the problem (the symptoms).

You then ask: What can be all the possible causes for the problem? And by using critical reflection and management models to analyze the situation, you will reach a conclusion regarding the things that need investigation to provide decision information. That is, you define the research problem and objectives. (In the longer term, you will also start to track the evidence to avoid nasty marketing surprises!)

The key advantage is that by using this book, *Marketing and Management Models*, you know where to start to find the information that is necessary to inform the solutions. Then, as you enjoy the satisfaction of being able to read the symptoms of business issues, uncover their real causes, and provide the solutions, your reputation will grow with you.

Postscript

The working title for this manuscript was *Structured Reflection: A Model Guide to the Managers' Universe*. Quite rightly, this was rejected as being too esoteric for the common sense students and managers who are looking for useful practical information when tackling their business and academic projects.

However, the injunction to use critical reflection when tackling business problems is a serious one. One cannot solve issues, or discover the factors affecting them, without fully investigating the background to a problem. In all cases, take the time to "know where you are, know where you are going—and why." And then apply the theories and models to discover the best way of getting there.

Regards,
Helen Strong

P.S. I hope the research suggestions have been useful, and that they will help you find the success that you deserve.

About the Author

Helen has been in management positions for the majority of her career with her experience spanning market research, marketing, strategic planning, computer programming, and more recently, business qualification assessment.

Over the past 10 years, Helen has been active in the academic environment as a part-time lecturer, assessor, and tutor in business studies (to MBA level), covering market research, marketing, project management, information and IT management, managing healthcare operations, human resources, leadership, business plans, and research reports.

Helen trained at Market Research Africa, and then gained insight into the realities of the fast-moving consumer goods (FMCG) marketing environment working within the food industry. Moving to Thompson Publications, she became familiar with a wide variety of industrial markets, their structures, and information priorities.

Strategic planning and client service director responsibilities within the advertising industry honed Helen's marketing skills in a number of additional markets (retail, financial, time share, FMCG, and manufacturing).

She was appointed the first Member Liaison and Marketing Manager at the South African Medical Association (SAMA). Membership grew substantially through her implementation of a database that recognized and gave priority to marketing needs before the financial functioning of the system.

After leaving SAMA, Helen was contracted to Interprax (Pty) Ltd to provide marketing services. This software company provided innovative solutions building "virtual intranets" in the healthcare and retail industries. Helen was also actively involved in Ananse Solutions, a supply chain consultancy that designed and examined business and logistics processes to increase efficiencies.

Helen is married, has two grandsons, tries to play golf, and sings in the Sandton choir.

References

Ahonen, T.T. 2013. "Around the World With Mobile: Global Insights and Regional Relevance of Mobile Marketing." Presented at *MMA Forum: Mobile's Role in the Path to Purchase,* New York, *May 8 – 10*. New York: Mobile Marketing Association. Available from: http://www.slideshare.net/vivastream/around-the-world-with-mobile-global-insights-and-regional-relevance-of-mobile-marketing-20847876

Bae, Y.H. 2012. *Three Essays on the Customer Satisfaction–Customer Loyalty Association* http://ir.uiowa.edu/etd/3255 (accessed July 3, 2013).

Barron, P. 2013. *Force Field Analysis* http://www.change-management-consultant.com/force-field-analysis.html (accessed October 22, 2013).

Bernstein, D. 2011. *Value Proposition: A Free Worksheet to Help You Win Arguments in Any Meeting* http://www.marketingexperiments.com/blog/general/value-proposition-worksheet.html (accessed July 10, 2013).

Boston Consulting Group. 1973. "The Experience Curve–Reviewed IV." *The Growth Share Matrix or The Product Portfolio,* http://www.bcg.com/documents/file13904.pdf (accessed May 25, 2014).

Clayton Christensen Institute. 2012. *Disruptive Innovation*, http://www.christenseninstitute.org/key-concepts/disruptive-innovation-2/ (accessed July 17, 2013).

Content Marketing Institute, 2011, *What is Content Marketing?,* Cleveland, Z Squared Media LLC. Available from: http://contentmarketinginstitute.com/what-is-content-marketing/ (accessed May 19, 2014).

Eslkevin's Blog. May 16, 2013. Hofstede's Cultural Dimensions Theory, http://eslkevin.wordpress.com/2013/05/16/hofstedes-cultural-dimensions-theory/ (accessed September 9, 2013).

Fleishman-Hillard and Lepere Analytics. 2013. *The Authenticity Gap: Managing Expectations and Experience*, http://fleishmanhillard.com/wp-content/uploads/meta/resource-file/2013/authenticity-gap-executive-summary-1367433000.pdf (accessed September 16, 2013).

Fu, B.; and T.P. Labuza. 2000. *Shelf Life Testing: Procedures and Prediction Methods for Frozen Foods*. St Paul, MN: University of Minnesota. http://www.google.co.za/url?sa=t&rct=j&q=&esrc=s&source=web&cd=6&cad=rja&ved=0CEYQFjAF&url=http%3A%2F%2Fwww.researchgate.net%2Fpublication%2F2402471_Shelf_Life_Testing_Procedures_and_Prediction_Methods_for_Frozen_Foods%2Ffile%2F9fcfd50ca4182953af.pdf&ei=G6rSUpTEIOHL0QW6wYGIBA&usg=AFQjCNF8mnmqOlASQwMO3-i2K_dcOMaEsA&bvm=bv.59026428,d.bGQ (accessed January 12, 2014).

Greenberg, M. 2009. *Do the Math: An Easy Formula to Forecast Customer Growth*, http://venturebeat.com/2009/08/25/do-the-math-an-easy-formula-to-forecast-customer-growth/ (accessed August 18, 2013).

Gunelius, S. 2011. *Brand Equity Basics – Part 1: What Is Brand Equity?,* http://aytm.com/blog/research-junction/brand-equity-basics-1/ (accessed June 3, 2013).

Jarvis, B. n.d. *Conjoint Analysis 101*, http://www.pragmaticmarketing.com//resources/conjoint-analysis-101?p=0 (accessed August 18, 2013).

Johnston, J. 2012. *How Volvo Construction Uses Digital Marketing to Fuel Sales*, http://www.marketingsherpa.com/video/volvo-digital-marketing-fuel-sales (accessed August 20, 2013).

Keaveney, S. April 1995. "Customer Switching Behavior in Service Industries: An Exploratory Study." *Journal of Marketing* 56, no. 2, pp. 71–82.

Keller, K.L. 1999. *Blending Branding Theory & Practice: Insights & Lessons from Applying the Brand Resonance Model*, *http://www.docstoc.com/docs/108016293/BLENDING-BRANDING-THEORY-and-PRACTICE* (accessed May 25, 2014).

Keller, K.L. 2006. "Measuring Brand Equity." *The Handbook of Marketing Research: Uses, Misuses, and Future Advances,* eds. R. Grover; and M. Vriens. Thousand Oaks, CA: Sage publication.

Keller, K.L. 2010. *The New Branding Imperatives: Insights for the New Marketing Realities*, http://exec.tuck.dartmouth.edu/downloads/350/msi_ff_10-700.pdf (accessed June 3, 2013).

King, D. 2005. *Ge 1300. Introduction To Human Geography Lecture 15. Location of Industry*, http://www.csiss.org/classics/archive/lect15.htm (accessed September 12, 2013).

Kirby, J. 2013. *A Unique Approach to Marketing Coca-Cola in Hong Kong*, http://blogs.hbr.org/hbr/hbreditors/2013/02/a_unique_approach_to_marketing_coca_cola_in_hong_kong.html?utm_source=feedburner&utm_medium=feed&utm_campaign=Feed%3A+harvardbusiness+%28HBR.org%29 (accessed July 15, 2013).

Klepper, S. 1997. "Industry Life Cycles." *Industrial and Corporate Change*, Vol 6, No. 1, pp. 145–180.

Kotler, P. 2000. *Marketing Management, Millennium Edition*. Upper Saddle River, NJ: Prentice-Hall, Inc.

Kugytė, R.; and L. Šliburytė. 2005. "A Standardized Model of Service Provider Selection Criteria for Different Service Types: A Consumer-Oriented Approach." ISSN 1392-2785 *Engineering Economics 43, no. 3.*

Kussmaul, M. 2012. *Marketing: The Four P's or the Four C's*, http://www.marketplacemotivations.com/articles/magazine-articles/54-marketing-the-four-p-s-or-the-four-c-s (accessed September 9, 2013).

Lasswell, M. 2004. *Lost in Translation Time and Again, Product Names in Foreign Lands Have Come Back to Haunt Even the Most Brilliant of Marketers*, http://money.cnn.com/magazines/business2/business2_archive/2004/08/01/377394/ (accessed September 9, 2013).

Levitt, T. July–August. 1960. "Marketing Myopia." *Harvard Business Review* 38, no. 4, pp. 45–56.

McClaren, D. 2013. *Nike Takes Gamification to the Next Level with Nike Fuel Missions*, http://www.theuksportsnetwork.com/nike-takes-gamification-to-the-next-level-with-nikefuel-missions (accessed July 15, 2013).

McSweeney, B. 2002. *Hofstede's Model of National Cultural Differences and Their Consequences: A Triumph of Faith – a Failure of Analysis*, http://www.uk.sagepub.com/managingandorganizations/downloads/Online%20articles/ch05/4%20-%20McSweeney.pdf (accessed September 6, 2013).

MindTools.com. n.d. a. *Porter's Five Forces Assessing the Balance of Power in a Business Situation,* http://www.mindtools.com/pages/article/newTMC_08.htm (accessed December 31, 2013).

MindTools.com. n.d. b. *Cost-Benefit Analysis*, http://www.mindtools.com/pages/article/newTED_08.htm (accessed January 6, 2014).

MSG. n.d. *Brand Equity – Meaning and Measuring Brand Equity*, http://www.managementstudyguide.com/brand-equity.htm (accessed June 3, 2013).

Mullins, J. 2013. *The New Business Road Test: What Entrepreneurs and Executives Should do Before Launching a Lean Start-Up.* London: FT Publishing.

Nichols, W. March 2013. "Advertising Analytics 2.0." *Harvard Business Review*, 91, no. 3, pp. 60–68.

Olenski, S. 2012. *The Engagement Marketing Disconnect Between Consumers and Brands Rages On*, http://www.forbes.com/sites/marketshare/2012/11/26/the-engagement-marketing-disconnect-between-consumers-and-brands-rages-on/ (accessed August 19, 2013).

Palmer, D.; S. Lunceford; and A.J. Patton. 2012. *The Engagement Economy: How Gamification Is Reshaping Businesses*, http://dupress.com/articles/the-engagement-economy-how-gamification-is-reshaping-businesses/ (accessed July 10, 2013).

Parasuraman, A.; V. Zeithaml; and L. Berry. Fall 1985. "A Conceptual Model of Service Quality and Its Implications for Future Research." *Journal of Marketing* 49, no. 4, pp. 41–50.

Parnitzke, J. 2013. *How to Build a Roadmap – Gap Analysis*, http://pragmaticarchitect.wordpress.com/2013/06/11/how-to-build-a-roadmap-gap-analysis/ (accessed August 20, 2013).

Pearson Education. 2013. *Culture: The Nature of Culture*, http://www.infoplease.com/encyclopedia/society/culture-the-nature-culture.html (accessed September 6, 2013).

Perner, L. 2013. *Segmentation, Targeting and Positioning*, http://www.consumerpsychologist.com/cb_Segmentation.html (accessed October 7, 2013).

Personal.psu.edu. 2001. *Roger's Diffusion of Innovations*, http://www.personal.psu.edu/users/w/x/wxh139/Rogers.htm (accessed October 9, 2013).

Point of Purchase Advertising International (POPAI). 2012. *2012 Shopper Engagement Study Media Topline Report*. Chicago: The Global Association for Marketing at Retail, http://www.popai.fr/textes/Shopper_Engagement_Study.pdf (accessed March 11, 2014).

Pulse Group PLC. 2009. *Consumer Brand Loyalty in a Recession Final*, http://www.slideshare.net/bobchua/consumer-brand-loyalty-in-a-recession-final (accessed August 18, 2013).

Rogers, E.M. 1995. *Diffusion of Innovations.* 4th ed. New York, NY: The Free Press.

Ryan, M.; A. Sleigh; K.W. Soh; and Z. Li. 2013. *Why Gamification is Serious Business*, http://www.accenture.com/us-en/outlook/Pages/outlook-journal-2013-why-gamification-is-serious-business.aspx (accessed July 10, 2013).

Sawtooth Software. n.d. *What is Conjoint Analysis?*, http://www.sawtoothsoftware.com/products/conjoint-choice-analysis/conjoint-analysis-software (accessed August 22, 2013).

Sawtooth Technologies. n.d. *Perceptual Mapping*, http://www.sawtooth.com/index.php/consulting/overview/perceptual-mapping (accessed August 22, 2013).

Shipham, S.O. 2010. "The MBA Research Process: Some Theoretical Considerations." *Management Today* 28, no. 6, pp. 49–50.

Silverman, G. 2000. *What to Do When Quantitative and Qualitative Research Contradict Each Other*, http://www.quirks.com/articles/a2000/20001201.aspx?searchID=808886082&sort=9 (accessed September 10, 2013).

Smith, P.R. 2011. *SOSTAC® Guide to Writing The Perfect Plan*, www.prsmith.org; www.facebook.com/prsmithmarketing

Sorenson, L. 2011. 6 Core Benefits of Well-Defined Marketing Personas, http://blog.hubspot.com/blog/tabid/6307/bid/29583/6-Core-Benefits-of-Well-Defined-Marketing-Personas.aspx (accessed September 9, 2013).

Stevens, G. n.d. *Product Lifecycle | Do You Know Where Your Business Is?*, http://www.beasuccessfulentrepreneur.com/product-lifecycle-do-you-know-where-your-business-is/ (accessed December 31, 2013).

Stinson, J.E.; and W.A. Day. 1990. *Developing Competitive Strategy*, http://www.ouwb.ohiou.edu/stinson/Developing Strategy.html (accessed July 22, 2013).

Sunshine, J. 2012. *11 Brand Names That Sound Hilarious in a Different Language*, http://www.huffingtonpost.com/2012/08/10/lost-in-translation-brands_n_1765812.html#slide=1362544 (accessed December 30, 2013).

Thomas, J.W. 1993. *Product Testing*, http://www.decisionanalyst.com/publ_art/prodtes1.dai (accessed July 10, 2013).

Thompson, R. n.d. *Stakeholder Analysis: Winning Support for Your Projects,* http://www.mindtools.com/pages/article/newPPM_07.htm (accessed August 20, 2013).

Wartzman, R. 2009. *Authentic Engagement, Truly*, http://www.businessweek.com/managing/content/dec2009/ca2009123_747440.htm (accessed October 7, 2013).

Wikimedia Commons. 2007. *File:Servqual NL.gif*, http://commons.wikimedia.org/wiki/File:Servqual_NL.gif?uselang=en-gb# (accessed January 7, 2014).

Wikipedia. 2012 a. *Brand Equity*, http://en.wikipedia.org/wiki/Brand_equity (accessed September 12, 2013).

Wikipedia. 2012 b. *Ishikawa Diagram*, http://en.wikipedia.org/wiki/Ishikawa_diagram (accessed October 7, 2013).

Wong, K.C. 2011. *Using an Ishikawa Diagram as a Tool to Assist Memory and Retrieval of Relevant Medical Cases from the Medical Literature*, http://www.jmedicalcasereports.com/content/5/1/120 (accessed October 9, 2013).

Zhang, K.Z.K.; C.M.K. Cheung; and M.K.O. Lee. 2012. "Online Service Switching Behavior: The Case of Blog Service Providers." *Journal of Electronic Commerce Research* 13, no. 3, http://www.csulb.edu/journals/jecr/issues/20123/paper1.pdf (accessed January 20, 2014).

Zimmermann, A.; and C. Maennling. 2007. *Mainstreaming Participation*, http://www.fsnnetwork.org/sites/default/files/en-svmp-instrumente-akteuersanalyse.pdf (accessed October 13, 2013).

Additional Sources

Ballou, R.H. 2006. *The Evolution and Future of Logistics and Supply Chain Management***,** http://www.scielo.br/scielo.php?script=sci_arttext&pid=S0103-65132006000300002&lng=en&nrm=iso (accessed September 12, 2013).

Chronostrategy. n.d. *ADL Matrix*, http://chronostrategy.wikispaces.com/ADL+Matrix (accessed January 5, 2014).

Fruin, M. 2013. *Competitive Strategy and Industry Environment*, *www.cob.sjsu.edu/fruin_m/Spring2013/ppt/chapter6.ppt* (accessed July 20, 2013).

Gartner, Inc. 2011. *Gartner Predicts Over 70 Percent of Global 2000 Organisations Will Have at Least One Gamified Application by 2014*, http://www.gartner.com/newsroom/id/1844115 (accessed July 15, 2013).

Gurel-Atay, E.; G.-X. Xie; J. Chen; and L.R. Kahle. March 2010. "Changes in Social Values in the United States: 1976-2007 'Self-Respect' Is on the

Upswing as 'A Sense of Belonging' Becomes Less Important." *Journal of Advertising Research* 50, no. 1, pp. 57–67.

Harquail, C.V. 2009. *7 Core Principles for Authentic Engagement*, http://authenticorganizations.com/harquail/2009/05/11/7-core-principles-for-authentic-engagement/ (accessed October 6, 2013).

Hugos, M.H. 2011. *Essentials of Supply Chain Management*, 3rd ed. New York, NY: Wiley.

Kirkpatrick, D. 2011. *B2B Gamification: Bold Strategy in Conservative Industry Increased Website Visits 108.5%*, http://www.marketingsherpa.com/article/case-study/bold-strategy-in-conservative-industry (accessed July 16, 2013).

Kirkpatrick, D. 2012. *Gamification: 6 Tactics for B2B Marketers,* http://www.marketingsherpa.com/article/how-to/6-tactics-b2b-marketers (accessed July 10, 2013).

Lee, M. 2007. *Book Summary: Crossing the Chasm by Geoffrey Moore,* http://bizthoughts.mikelee.org/book-summary-crossing-the-chasm.html (accessed July 23, 2013).

Mullins, J. 2010 a. *Markets and Industries: What's the Difference and Why Does it Matter?*, http://www.europeanbusinessreview.com/?p=2366 (accessed August 20, 2013).

Mullins, J. 2010 b. *The New Business Road Test: What Entrepreneurs and Executives Should Do Before Writing a Business Plan*. 3rd ed. London: Prentice Hall.

ODI. 2009. *Planning Tools: Stakeholder Analysis*, http://www.odi.org.uk/publications/5257-stakeholder-analysis (accessed August 20, 2013).

Olsen, Z. 2013. *Product Adoption Curve Marketing*, http://www.bydatabedriven.com/product-adoption-curve-marketing/ (accessed July 19, 2013).

Pressley, M.M. 2008. "Chapter 7: Competitive Strategy and the Industry Environment." http://college.hmco.com/hjinstruct/powerpt/ch07/sld001.htm (accessed July 22, 2013). (Taken from Hill, C.W.L.; and G.R. Jones. 2008. *Strategic Management: An Integrated Approach*. Houghton Mifflin Company.)

Saltlane. 2009. *Stakeholder Analysis* http://www.saltlane.co.uk/Resources/stakeholder%20analysis.HTML (accessed August 20, 2013).

SCOR. 2013. *What is SCOR?,* http://supply-chain.org/scor (accessed September 15, 2013).

See also: www.newbusinessroadtest.com; www.johnwmullins.com

Supply Chain Management Institute. 2008. *The Supply Chain Management Process*, http://www.ijlm.org/Our-Relationship-Based-Business-Model.htm (accessed September 9, 2013). (The diagram comes from the book Lambert, D.M. 2008. Supply Chain Management: Processes, Partnerships, Performance, 3rd ed. Ponte Vedra Beach, FL: Supply Chain Management Institute .)

Toy, T. 2013. *How To Develop a Killer Marketing Plan, Methods Used, General Rules, Six Key Steps, Business Models And Samples*, http://tommytoy.typepad.com/tommy-toy-pbt-consultin/2013/04/how-to-develop-a-killer-marketing-plan-methods-used-general-rules-six-key-steps-business-models-and-samples.html (accessed August 23, 2013).

Walker, D.; A. Shelly; and L. Bourne. 2008. *Influence, Stakeholder Mapping and Visualization*, www.researchgate.net/publication/24078124_Influence_stakeholder_mapping_and_visualization/file/d912f (accessed August 20, 2013).

Wikipedia. 2013. *Hofstede's Cultural Dimensions Theory*, http://en.wikipedia.org/wiki/Hofstede%27s_cultural_dimensions_theory (accessed September 2, 2013).

Willcocks, L.P.; S. Cullin; and M.C. Lacity. 2007. *The Outsourcing Enterprise The CEO Guide to Selecting Effective Suppliers*, http://www.outsourcingunit.org/publications/Selecting_Effective_Suppliers.pdf (accessed September 15, 2013).

Index

Marketing and Management Models

A Guide to Understanding and Using Business Models

Helen Strong

Modern business practice, especially in the field of marketing, depends on the integration of creative and analytical thinking. One of the tools in this process is the use of management models to guide business decisions. However, the inherent power of the models is only released when the people applying them have the ability to gather relevant information and interpret the relationships between the variables in the model.

This book examines the role of some of the most popular management models and will help you determine when they should be applied. In addition, it suggests which models may be relevant and, more importantly, identifies the type of information needed to implement them; and also reduces the complexity of these models through a logical and systematic approach. Models recognize the impact of globalization, technology, systems thinking, and the need for an integrated approach in strategic marketing. You'll find new ones dealing with consumer engagement, gamification, supply chain management, and cultural integration.

If you're a student of business and marketing, a junior market researcher, or a manager responsible for the preparation of strategic analyses prior to problem-solving and planning sessions, this book is for you!

Helen Strong has a BSc from the University of Natal Durban, a postgraduate degree in market research and advertising from UNISA, and an MBA from Wits Business School. Helen has held management positions for the majority of her career and is active in the academic environment as a part-time lecturer, assessor, and tutor in business studies—covering market research theory and research reports, work integrated learning, marketing, project management, information and IT management, managing health care operations, human resources, leadership, and business plans. Helen is currently an independent consultant and part-time lecturer / tutor for IMM GSB and Open University.

MARKETING STRATEGY COLLECTION

Naresh Malhotra, *Editor*

ISBN: 978-1-60649-962-7

90000

9 781606 499627

www.businessexpertpress.com