
INSEAD

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Starting a business will soon become part of the great European Dream...

Entrepreneurship in the global economy

Globalization driven by technological change forces entrepreneurs to compete with the world. The nature of the job market today is such that well-qualified people are facing the same economic problems as those who are less qualified have always faced. The changes in the economy have also affected the livelihood of white-collar workers. These changes, arising on the back of the information age and knowledge-based economy, have created a situation where skill and knowledge become obsolete very quickly. Employees no longer just provide labor but are expected to bring with them a set of skills, knowledge, and information, whichever is relevant to the changing needs of companies.

No one person can meet all these needs all the time. As such, few individuals should expect to be employed in the same capacity for any extended period of time by a single organization. So you may find yourself made redundant anytime. It is not just those with few or no skills who face the serious risk of being laid off. How many of your friends and relatives, both locally and abroad, have been fired recently? The highly skilled and highly educated are not exempted from this gruesome exercise.

Globalization has three effects:

- Higher competition – it is not just the shop down the street anymore; it is competition from around the world.
- Jobs cannot be taken for granted anymore because what happens in one country can easily affect the economy of another.
- Foreign investors cannot be depended on – they go where the returns are highest, where the skilled labor is cheaper and the local market bigger.

Staying alert

- Observe what's happening around you.
- What are the changes in your environment?

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- What are the latest topics in the news now?
- How have peoples lifestyle changed over the past few years?

What does all this mean?

- Globalization has created interdependencies and linkages between countries.
- Countries cannot rely on foreign direct investments for job growth or maintenance anymore due to stiff competition in the global labor market.
- **Conclusion: Local entrepreneurs are going to create the next wave of wealth and jobs. They need to know how to go to market with their ideas.**

DEVELOPING A MARKETING PLAN FOR MIDDLE-AGED ENTRENEURS

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CASE ANALYSIS I. THE MARKETING FRAMEWORK

Entrepreneurship is the process of “*planning and executing the conception, managing older, Entrepreneurs of training courses to create exchange skill that satisfy individual need And organizational goals*”.

Or, more broadly (skill)

- *Creating, facilitating, and maintaining mutually beneficial exchange relationships*
- *By uncovering differences among of knowing shares*
- *And by tailoring training programming*
- *Offerings to those differences training skill.*

1. Marketing strategy formulation requires a situation assessment of the **4 Cs**, i.e., the sources of customer value:
 - Company (mission, objectives, resources)
 - Competitors (current, prospective)
 - Customers (needs, benefit segmentation, other segmentation dimensions)
 - Community (political, economic, social, technological)Which allows you to assess strengths, weaknesses, opportunities, and threats in the entrepreneur’s environment.
2. Segmentation, targeting, & positioning (**STP**): customer value from branding
 - Brand itself creates (utilitarian, hedonic, symbolic) customer value
 - Opportunities for brand extension (in the broad “Love” market) under umbrella
 - Requires consistent positioning
3. Implementation of strategy: marketing mix (**4 Ps**) for market penetration
 - Continuous product innovation, wide distribution, value pricing, push & pull promotion
 - Acquiring new customers requires continuous investment
4. Transferability of key success factors to new markets
 - Similar benefits (need for “escape”)
 - Same latent need but different routes to it
 - Importance of good citizenship and local integration

These elements of the marketing framework are shown in Figure 1 below. Also shown is how the cases we have discussed in class fit in the overall framework.

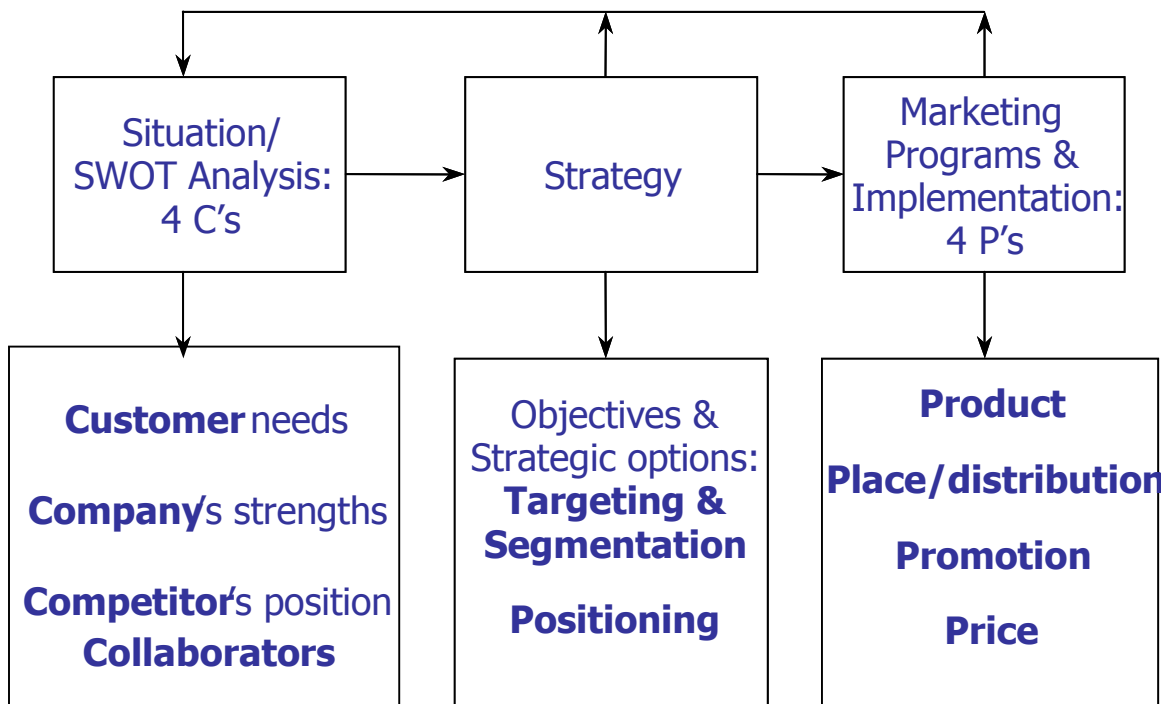


Figure 1. The marketing framework.

2. MARKET AND CUSTOMER-BASED STRATEGY FORMULATION: SEGMENTATION, TARGETING, POSITIONING

Marketing Strategy Formulation involves *market segmentation* and *segment targeting* on the basis of research/data-driven profitability predictions

- (Increasingly) views customers as assets, based on their customer lifetime value
- (Increasingly) focuses on retention, lock-in & switching costs, not just on measures of satisfaction

Steps in the Segmenting, Targeting and Positioning decisions:

1. Need-Based Segmentation: Group customers into segments based on similar needs/benefits sought by customers in solving a particular consumption problem.
2. Segment Profiling: For each need-based segment, determine which demographics, lifestyle factors, and use behaviors make the segment distinct and identifiable (actionable).
3. Segment Attractiveness: Determine the overall attractiveness of each segment.
4. Targeting (Segment Selection): Based on attractiveness, profit potential, risk, customer lifetime value, available resources and other appropriate criteria, select target segments.

5. Positioning: For each target, create a “value proposition”
6. Strategy Implementation: Based on selected positioning, develop a customized marketing mix strategy.

2.1 Segmentation and Targeting

Segmentation: The dividing of a market into subsets, where any subset may conceivably be selected as a marketing target to be reached with a distinct positioning and marketing mix.

Goal: Identify segments that seek different benefits and, therefore, will be responsive to different positioning of the product/offering.

Means: Link benefits sought to characteristics that make customers readily identifiable and accessible (e.g., user status, demographics, media exposure patterns).

Caution: Avoid over-segmenting; make sure that each segment is substantial enough to justify a unique positioning effort.

Bases of Segmentation:

1. Market Segmentation

- Demographic Factors
- Age, Gender
- Income
- Marital status
- Household size
- Education
- Occupation
- Lifestyle Factors
- Attitudes
- Values
- Activities
- Interests
- Opinions
- Benefits sought
- Usage variables
-
- Usage levels
- Time of use
- Loyalty Status

2. Business Marketing Segmentation

- “Plan
- Size of organization
- Location(s)

- Years in business
- Industry (SIC)
- Financial situation
- Company Culture
- Business sophistication
- Growth orientation
- Innovativeness
- Technology
-
- Authority, influence
- Favored criteria
-
- Application
- Quantity
- Frequency of purchase
- Experience
- Users
- Type of buying situation

Segment Profiling:

- Segmentation bases
- Segment size & growth
- Major Competitors and Product Substitutes
- Key characteristics relevant to the marketing mix
- Key benefits sought
- Price elasticity
- Distribution: preferred channels, service levels
- Communication: preferred media, psychographics

Criteria for Segmentation:

1. Meaningful Perceived Differences: The segments should consist of customers whose needs are relatively homogeneous within a segment, but significantly different from those in other segments.
2. Identifiable Customers: The business must be able to identify the customers that belong to the segment.
3. Accessible Customers: The business must be able to reach the customers in the segment and serve them effectively.
4. Actionable: A business must be able to take advantage of the segmentation scheme that it develops.
5. Profitable: The business should be able to serve the customers in the segment by making a profit.

Why Segmentation is important:

- Increasing number of stagnating or declining markets
- More sophisticated customers who have varying needs

- Consumers have a wider array of habits related to media usage, shopping, price sensitivities
- Increased flexibility of production
- “Mass Customization”
- Database and Direct Marketing
- Send unique messages to small groups of consumers

Benefits of Segmentation:

- Identification of market gaps
- Pre-requisite for successful “inching”
- Finding a small segment where you can protect yourself against competitors by being specialized
- Obtain better alignment between marketing competence and segment needs
- Identification of growing segments within a mature market

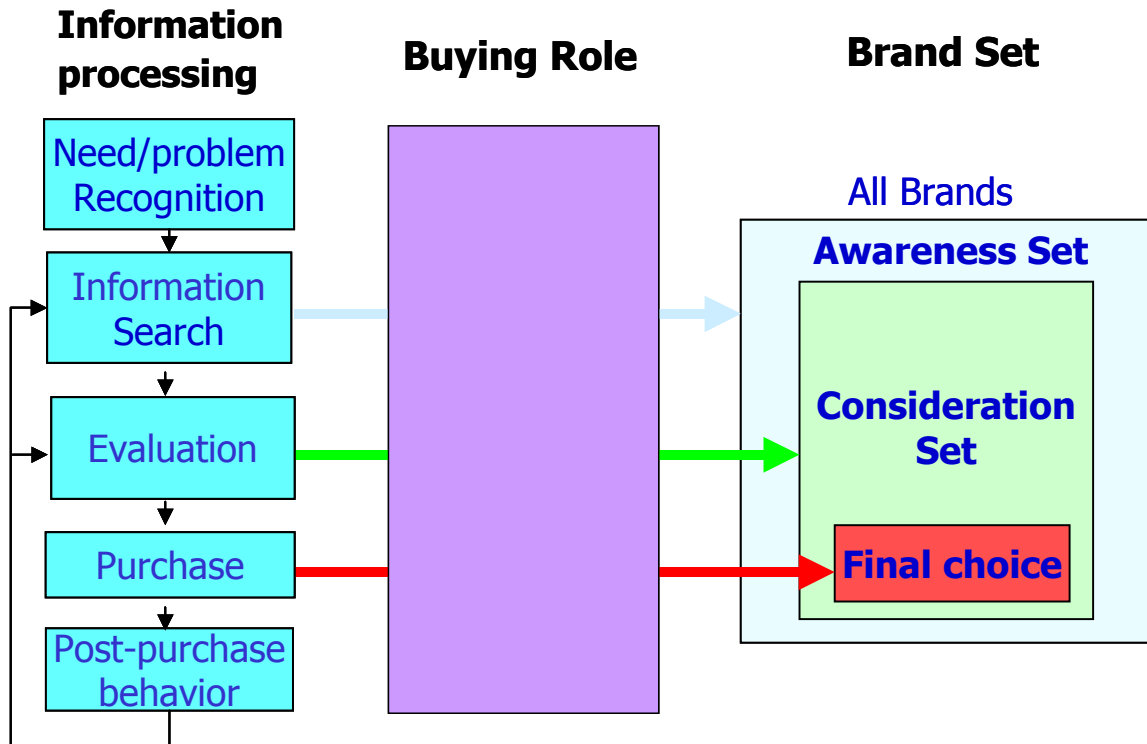
Some Dangers of Segmentation:

- There are possible short-term diseconomies of scale associated with segmenting
- Spending before revenues
- Segmenting often requires the acquisition of new skills
- Moving from a generalist to a multi-specialist
- Segmenting might alienate some internal/external interest groups

Targeting: Choosing the programming upon which your training will focus

KEY CRITERIA:

- Select targets where the course can offer a Competitive Advantage over the
- Older entrepreneurs competition and thereby achieve a need (i.e. where a compelling knowledge positioning can be developed)
- Path of least resistance
- Size of programming and how to it Market
- Synergy and complementarily across disable targeted
- Older entrepreneurs Lifetime Value



- Observing training to gain insights
 - Why do they use it?
 - Where do they use it?
 - How do they use it?
 - What do they feel when they use it?
 - Do they know what to use?
- Implication of programming analysis
 - Managing online course perceptions about
 - What is our training product?
 - Skill or knowledge
 - For whom is our product?
 - Targeting multiple enterers consumer segments
 - Targeting opinion leaders (e.g., older women and men)
 - Start to finish
 - Why should they use our course?
 - Managing training perceptions via the 4Ps
- Global marketing
 - Standardization versus adaptation
 - Think global, act local.
 - Economies of scale, sharing best practice
 - Match globalization of entrepreneurs, competitors, collaborators

- Contamination of global programming equity
 - Opportunity cost of not exploiting entrepreneurs differences
 - The role of country managers
 - Entrepreneur versus team player?
- Tools
 - Entrepreneurs insights
 - “Persistent hidden complaints”
 - Entrepreneurs decision making process
 - Older entrepreneurs decision making roles

2.4 Positioning and training course online:

- Segmentation, targeting, and positioning are critical
 - Big idea that holds marketing together: Who is target? What frame of reference? Unique point of difference? Reasons why our value proposition is credible to target?
- Good positioning is subtle, creative, and more than finding the best target segment
 - Target characteristics (economy, space, convenience) ≠ target positioning (ruggedness & adventure as category essence)
- Positioning integrates product lines within firm
 - Sub-brands must be distinctive but fit comfortably & logically under corporate umbrella
 - Sub-brands all contribute to umbrella image
- Positioning is marketing mix issue
 - Pricing & advertising sub-brands
 - Experience marketing
- Global positioning is desirable but tricky
 - Globally appealing heritage? Culturally relevant? Same evolution of brand meaning across cultures?
- Tight positioning is resource and constraint
 - Pull of market vs. tug of brand equity
 - Temptation to dilute equity in pursuing opportunities-- where is the right balance?

- Attributes versus perceptions) or stock prices (tangible assets versus intangible components such as order of entry and advertising share)
- Brand equity measurement system relates sources and outcomes of brand equity
 - Panel/individual customer level
 - Market/store level
 - Stock price
- Brand equity report
 - Tracking study:
 - Customer perceptions & preferences for key attributes & benefits
 - Market level data:
 - Shipments & movement through the channel
 - Cost breakdowns
 - Price & discount schedules
 - Sales & market share broken down by segments
 - Profits, profit forecasts
- Branding strategies
 - Individual branding
 - Product brand builds positioning, benefits
 - Family branding
 - Corporate brand builds trust, confidence
 - No brand name or private labels
- Line extensions (new SKUs, flavours, sizes, colours)
- Brand extensions
- Challenges for brands:
 - Private labels
 - Brand proliferation
 - Internal pressure
 - Media fragmentation
 - Mergers & acquisitions, brand portfolios
 → Threats or opportunities?

3. MARKETING STRATEGY IMPLEMENTATION: DELIVERING AND CAPTURING VALUE THROUGH THE MARKETING MIX

3.1 Product Decisions - New Product Development:

- **What is a product?**
The product is a solution to a customer's problem; other definitions emphasize customer needs-satisfaction.

- **Augmented product concept:** The “Onion” Model:
 - Core Product: Core Benefit Proposition
 - Physical Product: Tangible Attributes and Features
 - Augmented Product: Enhancements, Anticipated Benefits (service, warranties, delivery, etc.)

- **Types of Product Attributes:**
 - Search Attributes
 - Experience Attributes
 - Credence Attributes

- **Key Tensions in Managing Product Lines:**
 - How Deep? Leaving “holes” vs. Cannibalisation.
 - How Long? Stretching too far vs. being outflanked.
 - How Diverse? Benefits of variety vs. Economies of scale.

- **New Product Development Process:**
 - Identify Opportunities
 - Develop Ideas and Concepts (Idea Testing; Concept Testing)
 - Develop and Test Prototype and Product (Product Testing)
 - Develop and Test Marketing Mix (Test Marketing)
 - Plan Launch and Track Performance (ALTR analysis)

- **Product life cycle strategies:**
 - Diffusion of Innovation
 - Innovators
 - Early Adopters
 - Early Majority
 - Late Majority
 - Laggards

- **Extending The Product Life Cycle**
- Increase frequency of use
- Increase the number of users
- Find new uses
- Change product quality

3.2 Distribution Decisions – Channel Design

Marketing Channels

- Sets of interdependent organizations involved in the process of making a product or service available for consumption or use

Importance of Channel Decisions

- Often involves very long-term, sometimes irreversible decisions
- Channel members play a key role in delivering customer value and competitive advantage
- Provide information about the product or service
- Impact:

Product Positioning	Availability
Delivery	Transaction cost
Service	

Making Channel Decisions

- Customer Considerations
- Marketing Environment Considerations
- Internal Considerations
- Product Considerations
- Legal Considerations
- Cost and Profit Considerations

Summary

- Often, channel members are your only link to customers
- Channel functions may represent a significant part of the implementation of marketing strategy
- Effective management of channels is a major challenge
- Channel development and management require significant expenditures
- Crucial to the success of the company

- Advantages of direct distribution
 - Channel control, quicker response, lower costs
 - captures more value in the value chain

- Avoids channel conflict, facilitates development of new channels, e-commerce
- Direct contact with customer need
 - Customer knowledge for forecasting, cross-selling (pull), one-to-one marketing
 - Ability to create demand by pushing new products
- Advantages of indirect or dual distribution channels
 - Provide value to end-users that manufacturer may not want to provide because of lower margins or may not be able to provide:
 - Inventory buffer, supply-chain management, financing, maintenance, re-order, operations, and packaging, bundling, forecasting.
 - Provide value to suppliers:
 - By dealing with multiple heterogeneous customers and requirements.
 - Can help grow the category by providing information.
- Successful infomediaries exploit key economic characteristics of Internet that are relevant to marketers
 - Power shift from sellers to buyers
 - Lower search costs (?)
 - Lower transactions costs stimulate economic activity
 - Externalities → requires market dominance
 - Capture information, add value to it, distribute it at low marginal cost
 - Unlimited segmentation → perfect price discrimination
 - Decreasing marginal costs → allows market dominance

3.3 Promotion Decisions - Branding & Advertising Strategy

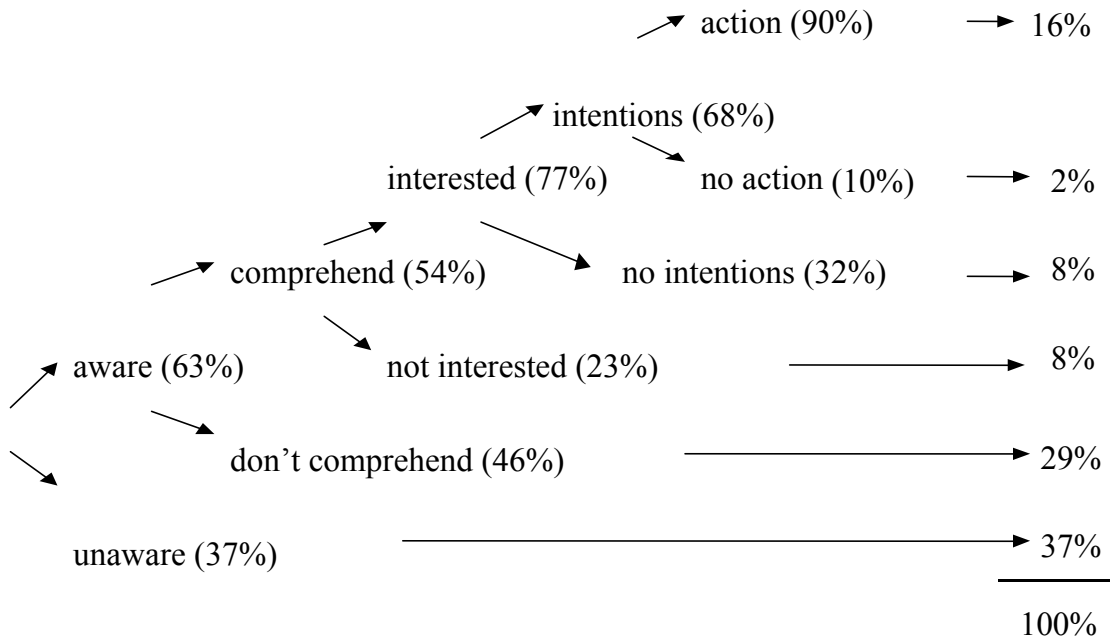
- **Promotional Mix:** Combination of communications strategies that firms use to *inform* potential customers of products/services, and to *influence* them to buy.
- **Sales Promotion:** *Action-focused* marketing events designed to have a direct impact on a firm's consumers or channel members.
- **Personal Selling:** Face-to-face communication between company sales representatives and customer(s), for persuading them to buy the company's products/services.
- **Advertising:** Paid, ongoing, impersonal communication from identified sponsor in a mass medium.
- **Publicity:** Unpaid communication about the company or its products in mass media.

- **Direct Marketing:** Non-personal contact tools to communicated directly with specific consumers
- **Push versus Pull Promotion Strategies:**
- Push-Based Promotion Strategy:
 - Influence wholesalers/retailers to stock and promote your brand in store
 - Emphasize *trade promotions* and *personal selling* in resource allocation
 - TRADE PROMOTIONS
 - Encourage trade to *carry* (Buying, slotting, buy-back allowances, free goods)
 - Induce retailers to *promote* your brand (Merchandise allowance, coop ads)
 - Stimulate retailers to *push* (push money, contest, recognition programs, sales aids).
- Pull-Based Promotion Strategy:
 - Influence consumer to go to the retail store and demand your brand
 - Emphasize *advertising* and *consumer promotions* in resource allocation
 - CONSUMER PROMOTIONS
 - Hold Current: In pack coupons, frequent buy programs, bonus packs, cash-back
 - Switching Competitive Customers: Coupons, refunds, premiums.
 - Generate Trial of New Products: Sampling, product demos. Sweepstakes

Advertising Decisions: Overview

1. Opportunity Analysis (3C's)
2. Strategy Formulation – Brand Positioning and Positioning Statement
3. Forming Advertising Objectives and Determining Advertising Budgets
4. Developing Creative Strategy and Media Strategy
5. Measuring Advertising Effectiveness

The design and measurement of communication objectives starts with an analysis of the customer response hierarchy:



Advertising Decisions: CREATIVE STRATEGY DEVELOPMENT

1. Corporate Strategy
2. Target Market Analysis
3. Target Market Selection
4. Articulation of Advertising Objectives
5. Screening of Concept Platforms
6. Screening of Advertising Execution
7. Selection of Execution

Advertising Decisions: CREATIVE STRATEGY

- What to say: Communication Content
- Image vs. info. Based, benefits vs. attributes, consumer-based vs. comparative
- Coordinate content with positioning (evaluation change vs. attribute change)
- Primary vs. Secondary demand stimulation
- How to say it: Execution
- Chose style: Lectures, Dramas, Lecture-Dramas
- Improve credibility:
- Credible Sources: Experts, Celebrities, someone like me.
- Credible Appeals: Two-sided appeals, demonstrate benefits, evidence
- Use emotional appeals carefully:
- Fear/Threats: Use credible sources, moderate level works best. Product cures.
- Humor: Gets attention, less counter arguing, but risk of losing message
- Music: More complex than spoken appeals, jingles can remind
- Sex: Sure, sex sells. But does it sell the product if it is unrelated??

Advertising Decisions: MEDIA STRATEGY

- What Media to use? (Broadcast, Print, Outdoor):
- Budget: Broadcast is expensive, print is cheaper, outdoor is cheapest
- Product type: Importance of visuals, audio, motion, colors, flexibility

- Target Audience: Teens - radio, affluent - print, blue collar - TV
- Communication Objectives: TV is good for reminding, print is good for complex messages and informing
- Legal Constraints: Liquor advertising; prescription drugs
- What Vehicles to Select? (E.g. Time, Newsweek in the magazine medium)
- Efficiency of Reach: Cost per Thousand Exposures (CPT)
- Impact: Fit with program, source prestige, audiovisual vs. verbal
- How to Schedule advertising placement?
- How often (How much reach, how much frequency, GRPs)
- When (Pulse, blitz, equal spacing)

Testing Advertising Effectiveness:

- Early stages of ad development
 - Focus groups or depth interviews
 - Storyboards
 - Animatics
 - Photomatics
 - Finished or nearly finished ads
 - Recall Tests
 - Recognition Tests
 - Persuasion tests
 - Split-Cable testing
 - Scanner and Panel data
- Criteria for evaluating ad concepts and executions:
 - Strategic fit (targeting, positioning)
 - Performance against communication objectives
 - Communication of desired messages (benefits)
 - Creative execution (tonality, exceptional style) must deliver against target market selection and advertising strategy
 - Strategic brand building: create a platform for exchange
 - From commodity to differentiation by branding
 - Control customers' decision criteria (mind space)
 - Control the speed of industry evolution/PLC
 - *Umbrella* (Intel) and *ingredient* (Inside) branding

3.4. Pricing Decisions

- The key to setting price:
 - Willingness to pay, reservation prices

- Stated measures
 - Pricing surveys, contingent valuation
 - Conjoint analysis
- Transaction-based measures → incentive compatibility
 - Second-price sealed bid (Vickrey) auctions
 - Lottery-based, at the point of purchase
- Factors that affect price sensitivity
 - Buyers are less price-sensitive when
 - Product is of high quality & unique with few substitutes (monopoly vs. competition)
 - Comparison with potential substitutes is difficult
 - Purchase price is small share of customer's income
 - Purchase price is small share of total cost of using or buying the good
 - Purchase price can be shared
 - The good is a complement of previously purchased goods
 - Frequent price promotions can cause *reference price* effects

4. CRISIS MANAGEMENT

Macro Questions To Ask Yourself When Facing A Crisis:

- What is the crisis?
 - What happened? Do we (management) all have the same understanding of the situation?
- Is there a more fundamental problem?
 - Tip of the iceberg?
 - Is there more to come?
- What is the worst-case scenario?
 - Prepare for the worst case scenario
- What is each of the audiences likely to make of it?
 - What does the crisis look like from the outside? From the point of view of worried consumers, the media, employees?
- What is the likely time frame?
 - How long until there is a media explosion? How long is the crisis likely to run?
- What is actually at stake?
 - What can we lose? How long are people's memories? Are we panicking unnecessarily?
- Can we involve any allies?
 - Trade union? Independent research organization?

- Who else is involved?
 - Are others responsible for the incident?
- Can the crisis be contained?
 - How can our actions stop the crisis from going out of control? How can the length of the crisis be shortened?

Micro Questions to Ask Yourself When Facing A Crisis:

- What Consumer Associations have been created as a result of the crisis? How bad are these associations?
- What can we do about these associations? What options exist to deal with them?
 - Do Nothing
 - Refutation
 - Retrieval
 - Storage

5. NOTES ON MARKETING RESEARCH

	Exploratory	Descriptive	Causal (Experimental)
FORMS	In-Depth Interviews Focus Groups	Surveys/Questionnaires Panel Data Scanner Data	Experiments
When to Use	<ul style="list-style-type: none"> • Research questions are not clearly defined • Brand images are assessed • Emotional issues are explored • To get “below the surface” 	<ul style="list-style-type: none"> • Testing specific research questions • Need broad, surface information • To conduct quantitative, statistical analyses • To include a large sample of respondents 	<ul style="list-style-type: none"> • Necessary to establish a cause and effect relationship • Used most often in marketing for: <ul style="list-style-type: none"> • Testing advertising effectiveness • Taste tests • Pricing
Pros	<ul style="list-style-type: none"> • Gather a great deal of in-depth information • Flexibility that allows for creativity 	<ul style="list-style-type: none"> • Can acquire a great deal of information in a short period of time • If sample is chosen correctly (randomly), responses can represent the entire population 	<ul style="list-style-type: none"> • Can examine cause and effect • Can control extraneous variables <ul style="list-style-type: none"> • Random assignment • Systematic procedures
Cons	<ul style="list-style-type: none"> • Interpretations are subjective • Small number of respondents • Price per respondent is very high 	<ul style="list-style-type: none"> • Surface rather than in-depth information • Only relationships are estimated, not cause and effect • Potential for biases <ul style="list-style-type: none"> • “Loaded” questions • Social desirability 	<ul style="list-style-type: none"> • Need for control over variables can lead to unrealistic settings • Results may not generalize to the “real world”

6. BOTTOM LINE

Stages of Marketing Management:

- Analyze Situation and Assess Opportunity (4Cs)
- Set Objectives
- Evaluate Alternative Strategic Options
- Formulate Strategy (STP)
- Implement And Monitor (4Ps)

The Best Marketing Strategies:

- Stem from a full and accurate situational analysis
- Are based on company goals and objectives
- Have consistent components so that a unified message is projected to the marketplace
- Are well-planned and quickly implemented (when speed is required)
- Are reassessed often

Tool Kit: Marketing Plan

