



Companies, Brands,
and Consumers

EBM215A05.2022-2023.1

FREE EDITION*

SUMMARY OF EVERYTHING FROM WEEK 1

Enhanced with a dynamic table of contents.

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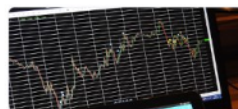
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Thank you for checking out my free summary. When I was writing these I sometimes struggled with this program, but there were no summaries available. This is why I decided to write something that is truly complete with a lot of effort put into it.

It helped me and my friends get good grades, but I always had you in mind, the future reader. When necessary, I always went the extra mile to make my summaries, more readable, organized and complete.

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Contact info:

If you need help or have an inquiry, contact me: <https://www.georgedreemer.com>

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wishes you good luck & perseverance.



Grades Testimony:

COURSE CODE	TITLE	SCORE	DATE	RESULT
EBS001A10	Business Research Methods for Pre-MSc	8	21-12-2021	8
EBS002A05	Mathematics for Pre-MSc	9	10-11-2021	9
EBS003A05	Organization Theory & Design for Pre-MSc	7	05-11-2021	7
EBB098A05	Contemporary Theories on Business and Management	6	11-05-2022	6
EBB649C05	Strategic Management B&M	8	15-06-2022	8
EBB617B05	Human Resource Management B&M	8	08-04-2022	8
EBB104A05	Behavioural Decision Making	7	03-11-2021	7
EBB085A05	Marketing Research for E&BE	8	04-04-2022	8
EBS008B10	Research Paper for Pre-MSc Marketing	7	05-07-2022	7
EBM043A05	Business Ethics	8	14-11-2022	8
EBB105B05	Digital Marketing Analytics	8	21-01-2022	8
EBM213A05	Data Engineering for MADS	7	01-11-2022	7
EBM214A05	Statistical Learning in Marketing	8	02-11-2022	8
EBM215A05	Companies, Brands, and Consumers	8	05-11-2022	8
EBM216A05	Data Science Methods for MADS	9	20-01-2023	9

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Week 1 (Lecture 1 & Lecture 2)

Lecture 1 – Basics of Strategic Marketing

Marketing Assets & Capabilities

Resource-based view (RBV): Management of strategic firm capabilities is central for achieving competitive advantage. Build on core competencies to gain competitive advantage.



➔ **Marketing Assets:** resource endowments the firm has built or acquired over time, 4 main types:

- Customer-based assets
- Supply chain assets
- Internal marketing support assets
- Alliance-based marketing assets

➔ **Marketing Capabilities:** enable a firm to build sustainable relationships with customers. Examples:

- Advertising, Promotion and Selling
- Pricing and Tendering
- Product and Service management
- Distribution and Logistics

➔ **Dynamic Marketing Capabilities:** process of creating new knowledge and capabilities.

➔ **Adaptive Marketing Capabilities:** processes that allow for the anticipation of new developments and rapid reconfiguration.

Business Environment

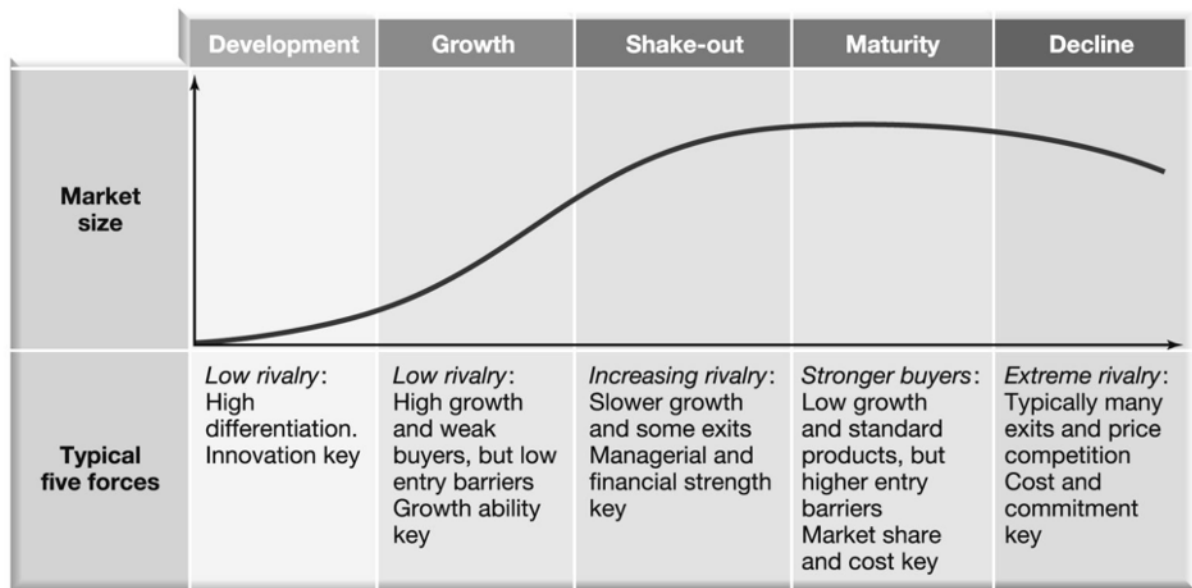


➔ **Macro-environment (PESTEL):** political, economic, social (& cultural), technological, environmental, legal.

- **Scenario analysis:** build multiple scenarios to form a detailed and plausible view of how the business environment might develop in the future.
 - Look at moderate scenarios (not extreme ones).
 - Focus on **key driving factors** of change, which are high impact factors to firm strategy.

➔ **Industry/Sector:** a group of firms with same principal product. Sector is the same but for public services (e.g. health care, education, social services).

- **Industry Life Cycle:**



- **Strategic groups:** organizations within same industry, based on *scope of activities* (products range, geographical coverage, distribution...) & *resource commitment* (brands, marketing spend...).

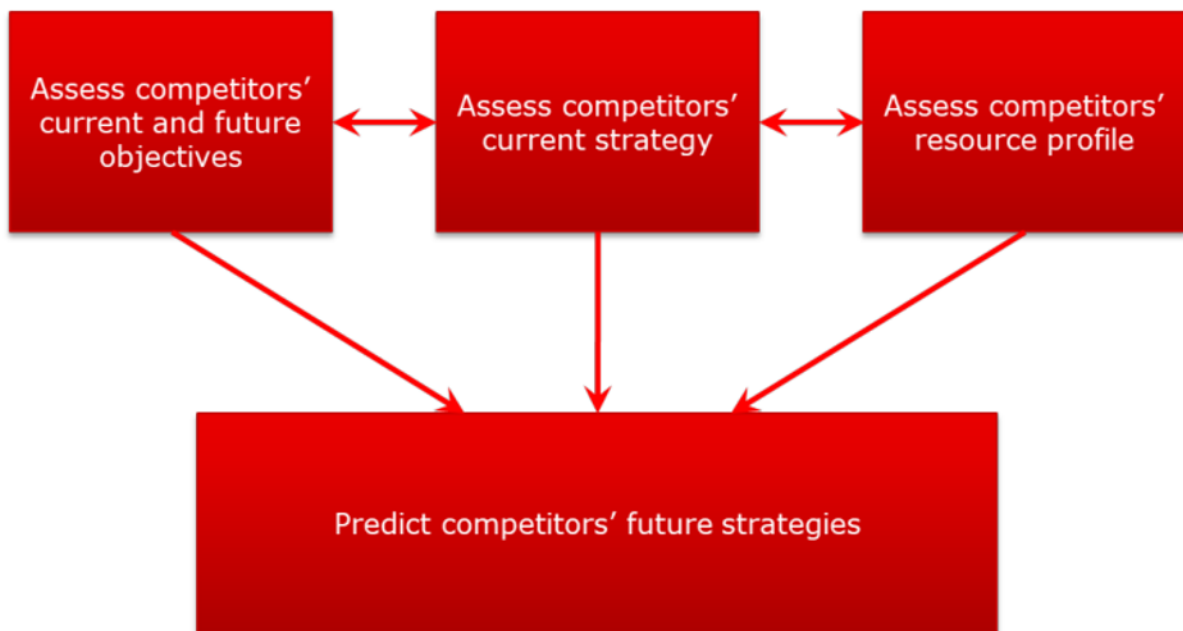
- **Important:** being in a strategic group does not mean they are your direct competitors.

Example:



→ Competitors & Markets

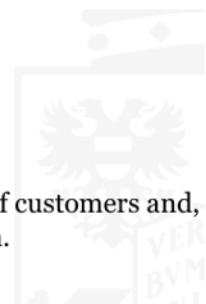
○ Competitor analysis:



- **Strategic Competitive Reasoning:** assessment and consideration of how competitors are likely to act, and how they are likely to react to the firm's own decisions.
- **Market Segments:** groups of customers who have similar needs that are different from needs in other parts of the market.

Customer value and Critical success factors

- Not all product/service features are equally important
 - What is creating value for the customers?
- Critical success factors
 - Those product/service features that are particularly valued by a group of customers and, therefore, where the organisation must excel to outperform competition.
- Importance of *relative* strenghts



Opportunities & threats

- Look for strategic gaps ('white spaces') avoid 'red oceans' aim at 'blue oceans'.

In other words look for spaces in the market where there are no competitors (white space), but look out it may be a black hole

(white space where everyone tried but it never works). Avoid places where all the sharks/businesses fight (blood = red ocean) and look for places where waters are empty/not many competitors (blue ocean).

SWOT

	Internal	External
Good points	Strengths What are we good at relative to competitors?	Opportunities What changes are creating new options for us?
Danger points	Weaknesses What are we bad at relative to competitors?	Threats What emerging dangers must we avoid or counter?

	Internal	External
Good points	<ul style="list-style-type: none"> • Technological skills • Leading brands • Distribution channels • Customer loyalty • Production quality • Scale • Management 	<ul style="list-style-type: none"> • Changing customer tastes • Opening of geographic markets • Technological advances • Changes in government politics • Tax reductions • Change in population age-structure • New distribution channels
Danger points	<ul style="list-style-type: none"> • Absence of important skills • Weak brands • Poor access to distribution • Low customer retention • Unreliable product/service • Sub-scale • Management 	<ul style="list-style-type: none"> • Changing customer tastes • Closing of geographic markets • Technological advances • Changes in government politics • Tax increases • Change in population age-structure • New distribution channels

Strategic Market Orientation (SMO)

- ➔ Market Orientation is NOT Strategic Market Orientation, it is an example of a revenue generating SMO.

Central Question: What is the primary focus of decision making?

- ➔ Focus on competition
- ➔ Focus on customer value

Or broader:

- ➔ Focus on revenue generation (revenue focus)
- ➔ Focus on cost reduction (cost focus)
- ➔ Focus on both (dual focus)

Ever since 1980's (Porter):

- Cost leadership (internal focus: efficiency)
 - Differentiation (external focus: satisfaction)
 - To be a leader, firms must choose, not get “stuck in the middle”
 - Dual focus would not work!
- ➔ This view is challenged by real world examples such as Toyota that successfully implements a dual strategy.

Competitive Strategies

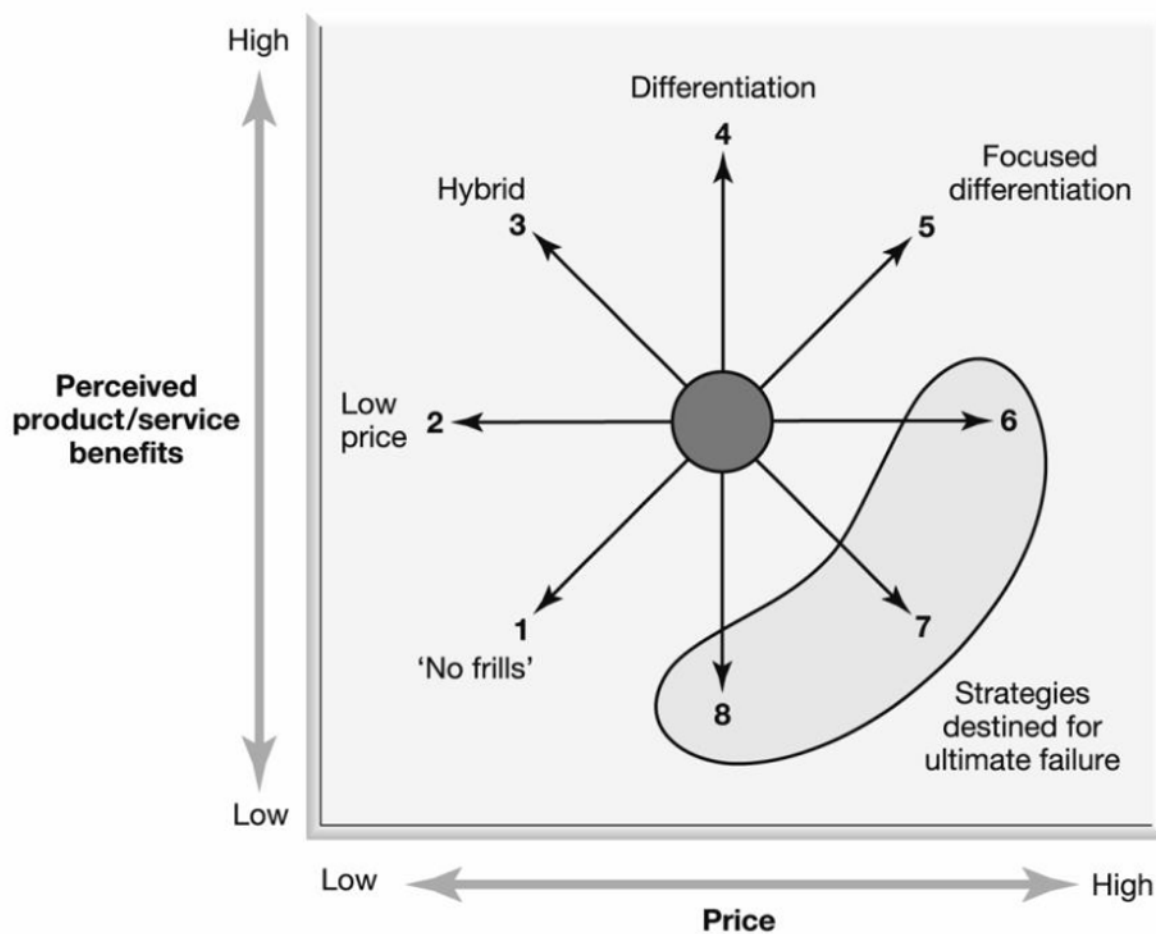
1. Cost-leadership focus strategies

- “No frills” strategy:** low absolute and relative price, but also low benefit.
- Low-price strategy:** lower relative price, but higher relative benefit.

2. Differentiation focus strategies

- Broad Differentiation strategy:** different benefits than competitors that are widely valued by a lot of customers, price premium.
- Focused Differentiation strategy:** high perceived benefits in a selected (niche) segment, substantial price premium.

3. Dual Focus strategy: simultaneously achieve differentiation and lower relative price.



Which strategy is more profitable?

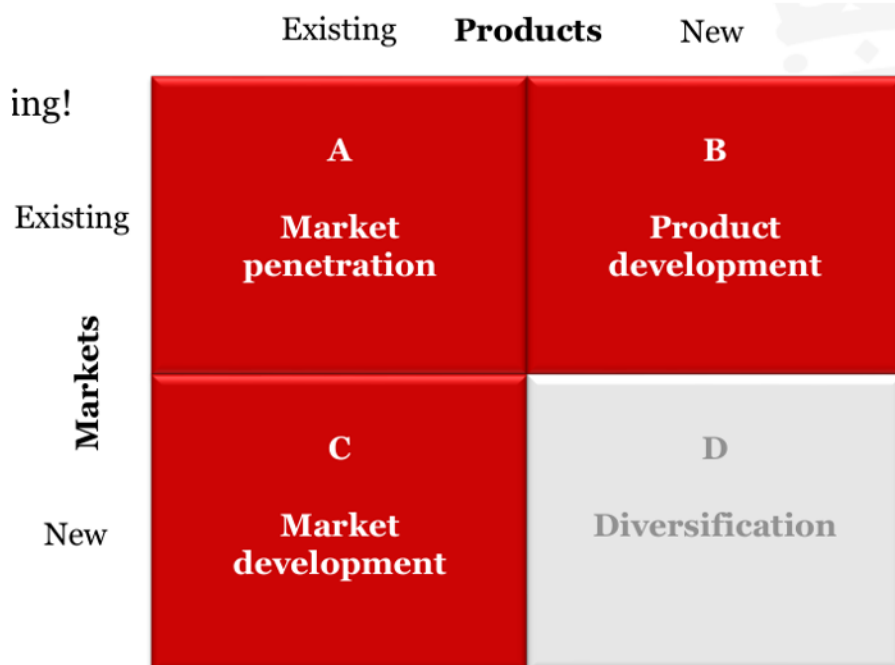
- Cost focus has no significant impact on financial (e.g., profits) and relationship (e.g., customer satisfaction) performance
- Revenue focus does have significant effects on both
- Dual focus has no significant impact on financial (e.g., profits) and relationship (e.g., customer satisfaction) performance
 - Porter confirmed: do not get stuck in the middle!

Dual strategy is viable if efficiency is high. Efficiency moderates the effect of satisfaction on long-term financial performance.

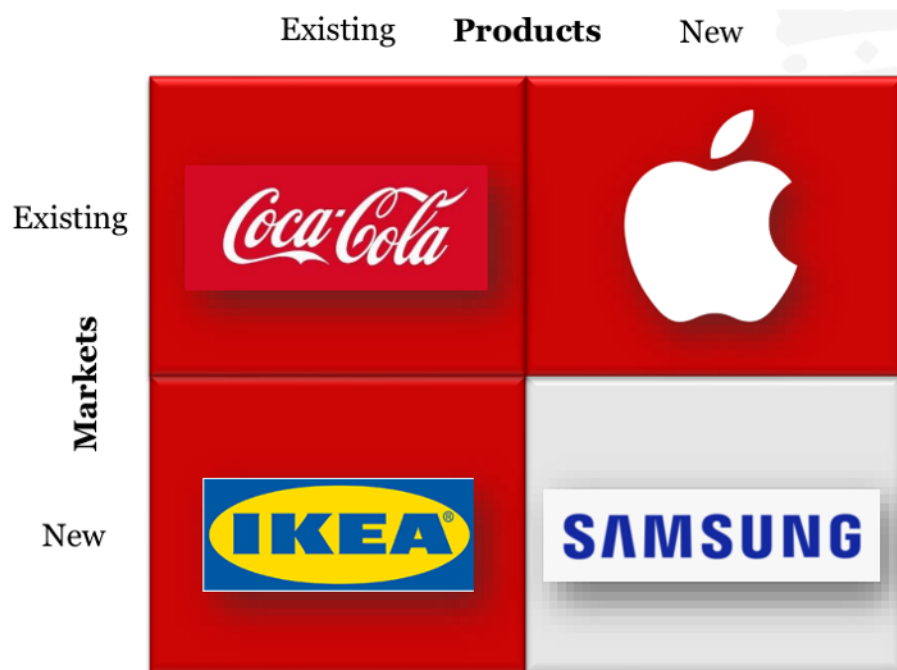
Lecture 2 – Segmentation, Targeting & Positioning

BCG growth-share matrix

Possible Strategies: Build, Hold, Harvest & Divest

Ansoff matrix

Examples of real-world companies:



e.g.: Coca-Cola mainly focuses on existing products in existing markets (**Market Penetration**), Apple creates new products in existing markets (**Product Development**), Ikea targets new markets with existing products (**Market Development**), while Samsung diversifies with new products in new markets (**Diversification**).

3 Stages of Marketing Strategy

The **STP**: Market **S**egmentation, Choice of **T**arget Markets and Competitive **P**ositioning.

1. Segmentation

The process of dividing the market into distinct subsets of customers with similar needs. "Viewing a heterogenous market as a number of smaller homogenous markets..."

➔ Premises of Segmentation:

- Customers must differ
- Determined based on measurable characteristics

- Target segments can be isolated from broad market

→ Requirements of Segmentation (“MASDA”):

- **Measurable:** size, purchasing power...
- **Accessible:** can be reached and served
- **Substantial:** large and profitable enough to serve
- **Differentiable:** respond differently
- **Actionable:** effective programs can be developed

→ Types of Segmentation:

- **A priori:** segment the market based on identifiable attributes (e.g., demographics) & then describe differences in behavior/needs.
- **Post-hoc:** segment the market based on behavior/needs and then describe identifiable attributes.

→ Segmentation Bases:

- **Background Consumer Characteristics**
 - **Demographic:** gender, age...
 - **Socio-economic:** income, occupation...
 - **Consumer life cycle:** marital status, family size...
 - **ACORN & related:** geodemographics...
 - **Psychographic:** personality traits, lifestyle...
- **Attitudinal Characteristics**
 - **Benefit Desired:** which benefit/what attracts these given consumers?
 - **Perception & preference:** Multidimensional scaling
- **Behavioral Characteristics**
 - **Purchase behavior:** innovators, brand loyalists...
 - **Consumption behavior:** heavy vs. light users

Example of **Benefits Desired** (beer drinkers):

Segment	Principle Benefits Desired
Regular Beer Drinkers	Good taste, slightly higher alcohol, regular prices
Weight/Health Conscious	Low in calories, low alcohol content
Effect Seekers	High alcohol content

2. Targeting

→ 5-step Approach

- **Select relevant factors** to judge the market on
- **Give them weight** based on importance to your company
- **Evaluate each market segment**
- **Give summary scores** on both dimensions
- **Trade-offs** may be necessary

	Factor 1	Factor 2	Factor 3	Score
<i>Weights</i>	<i>55%</i>	<i>30%</i>	<i>15%</i>	

Attractiveness				
Segment 1	7	3	6	5.95
Segment 2	3	9	4	4.95
Segment 3	7	5	5	6.10

Service strength				
Segment 1	7	6	5	6.40
Segment 2	8	7	4	7.10
Segment 3	6	10	6	7.20

→ Market segment attractiveness & Current/Potential Strength

		Market segment attractiveness		
		Unattractive	Average	Attractive
Current and potential company strengths in serving the segment	Weak	Strongly avoid	Avoid	Possibilities
	Average	Avoid	Possibilities	Secondary targets
	Strong	Possibilities	Secondary targets	Prime targets

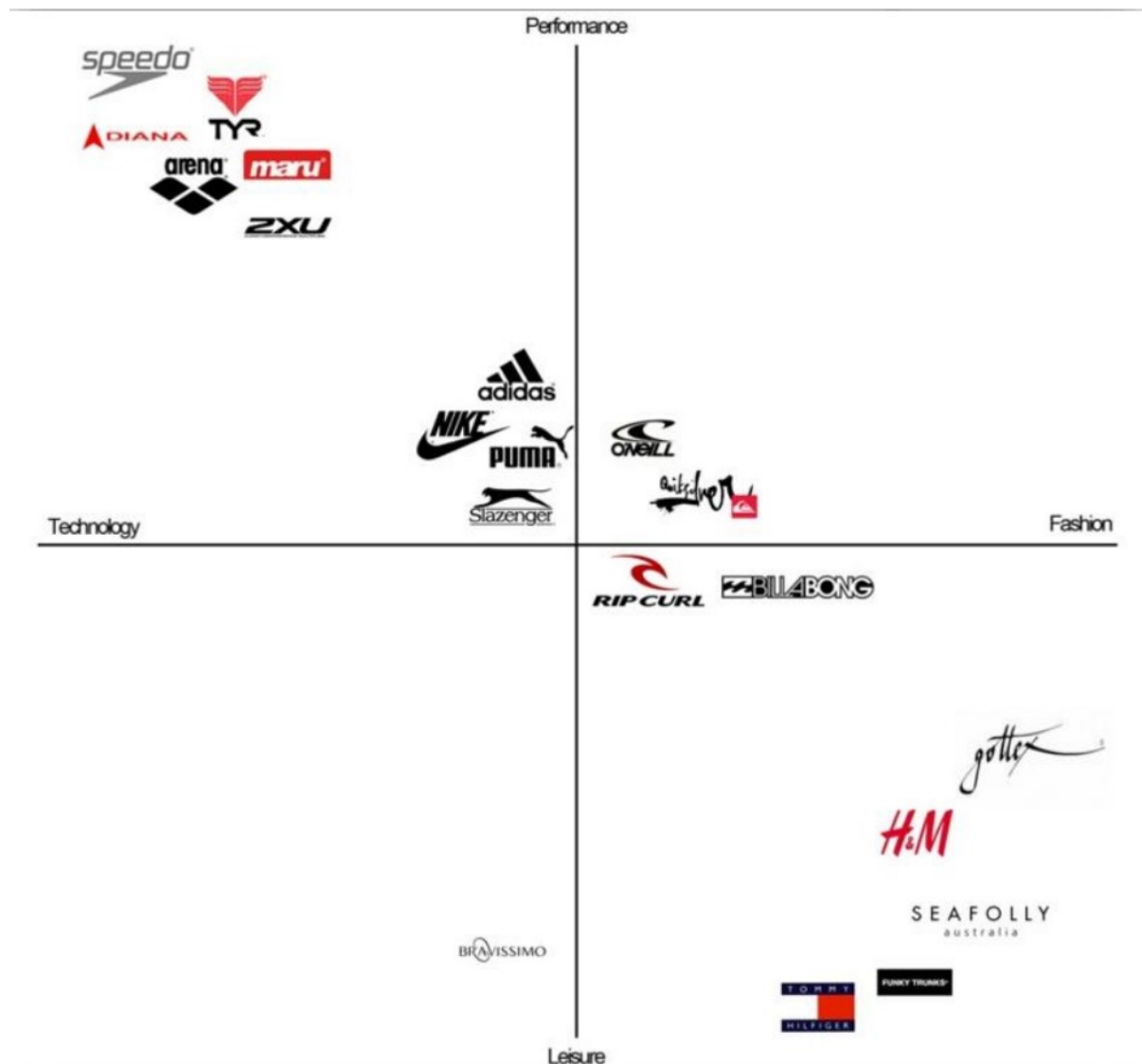
- **Current market position:** relative market share, rate of market change...
- **Economic & Technological position:** relative cost position, capacity utilization...
- **Capability profile:** management-, marketing strength...

→ Factors of Targeting Strategy

- Segment **size**
- Incremental **cost** of differentiating between segments
- **Extent and durability** of differences between segments
- **Stability and mutual compatibility** of segment targets
- **Fit** between segment and company strengths
- Level and type of **competition** in segments

3. Positioning

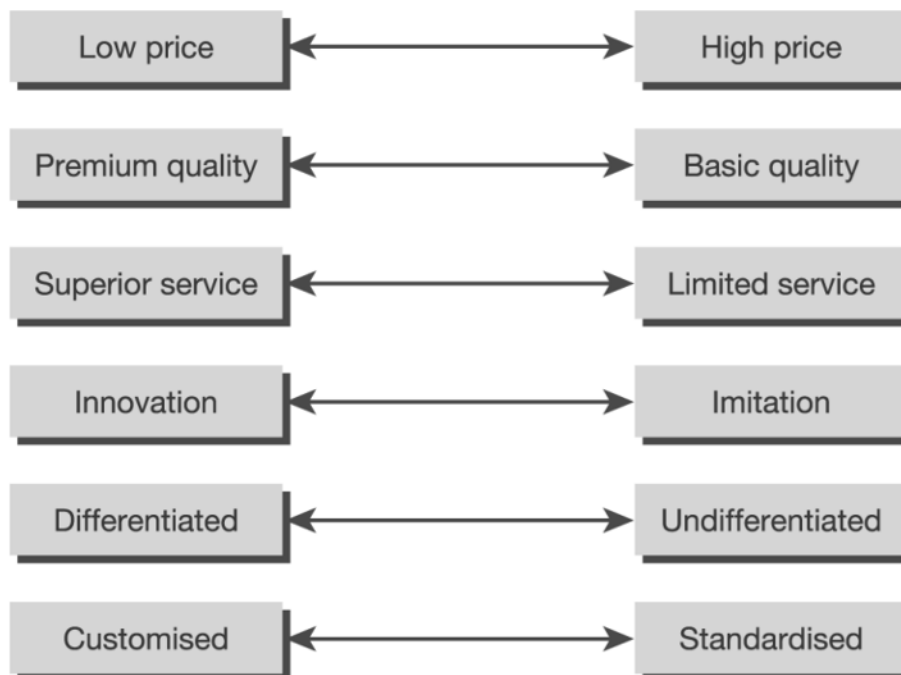
The act of designing a company's offering and image so that they occupy a meaningful and distinct competitive position in the target customers' minds.



→ 5-step process

- Identify **relevant attributes**
- **Can you deliver** attributes?
- Do they give **competitive advantage?** (*Most crucial*)
- Select **overall positioning strategy**
- Communicate and **deliver** the chosen positioning

→ Positioning Strategies



→ Value Proposition

		Price		
		More	The Same	Less
Benefits	More	More for More	More for the Same	More for less
	The Same			The Same for Less
	Less			Less for much Less

Innovation

→ Types of innovation

- **Internal vs. External:**
 - *New to the company* (e.g., Bentley Bentayga SUV)
 - *New to the market* (e.g., iPod, Oculus)
- **Evolution vs. Revolution:**
 - *Incremental innovation* (improve performance of existing product)
 - *Radical innovation* (replace previous technology)

incremental innovations



Disruption & Innovation

“When new technologies cause great firms to fail”

- New technology that initially may underperform (niche), but eventually displaces the established technologies (mainstream).

Examples: Uber, iPhone, Spotify, Netflix...

→ Innovation Dilemma (Push vs. Pull)

- **Technology Push:** invent (R&D), make and sell.
 - **Pro:** new & beyond the thoughts of consumers
 - **Con:** pursuit of technological change without regard to real market needs
- **Market Pull:** listen to lead users, understand them, create what they need, sell.
 - **Pro:** provides products consumers really want
 - **Con:** neglects disruptive technologies

➔ **First mover vs. Follower**

- **First mover:** higher risk, big reward if successful
- **Followers:** learn from first movers, reliable returns