

# Samenvatting New Product Marketing

# Hoofdstuk 1 Nature of marketing

Modern marketing concept = the achievement of corporate goals through meeting and exceeding customer needs better than the competition

3 conditions before marketing concept can be applied:

1. companies should focuss on customer satisfaction
2. The achievement of customer satisfaction relies on integrated effort
3. Goal achievement

marketing = creating and communicating value to the customer

customer value = perceived benefits - perceived sacrifice

## 3 Value disciplines

### 1 Product leadership

A focuss on the core processes of invention, product development, market exploitation

### 2 Customer intimacy

Core processes of solution development, results management and relationship management

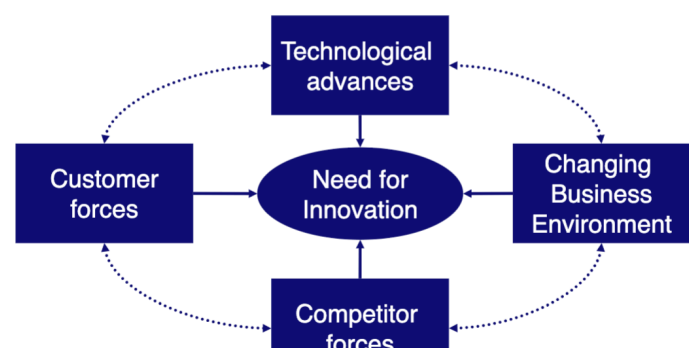
### 3 Operational excellence

Processes of product supply and customer service that are optimized and streamlined to minimize cost and have hassle free service

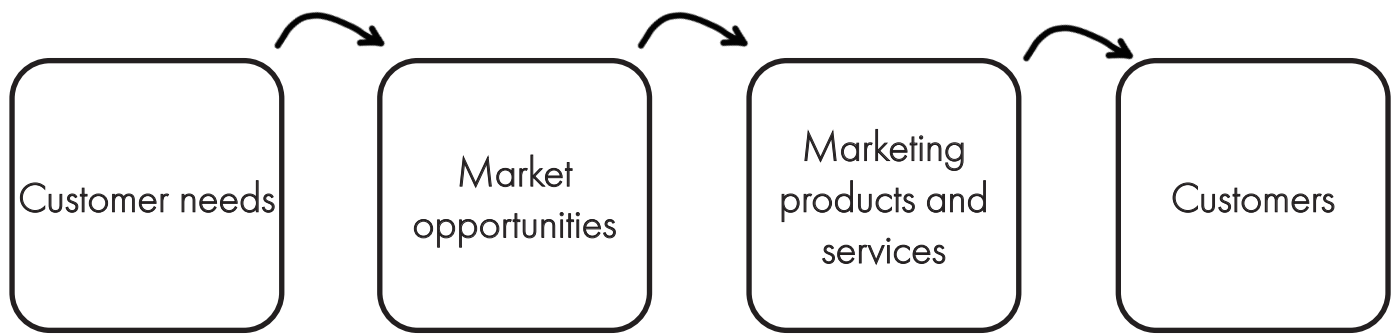
Product leadership = best product

Customer intimacy = best total solution

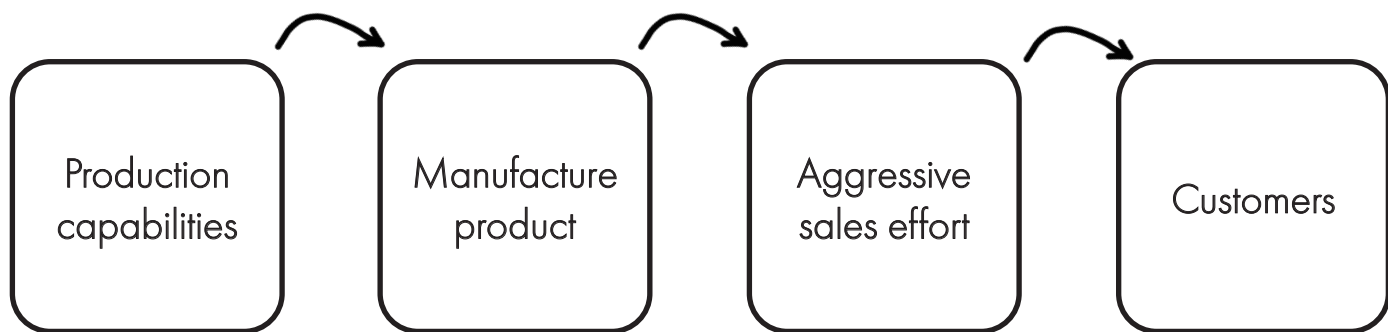
Operational excellence = best total cost



marketing orientation = implementation of marketing concept



Production orientation fits production and selling era



### Marketing orientation

- Customer concern throughout business
- Know customer choice criteria and match with marketing mix
- Welcome change
- invest in market research
- Try to understand competition
- Reward innovation
- Be fast
- Efficient and effective

### Production orientation

- Convenience comes first
- Assume price and product performance are key to most sales
- Cherish status quo
- Rely on anecdotes and received wisdom
- Ignore competition
- Punish innovation
- Why rush?
- Efficient

# Hoofdstuk 2 & 12

## Macro environment

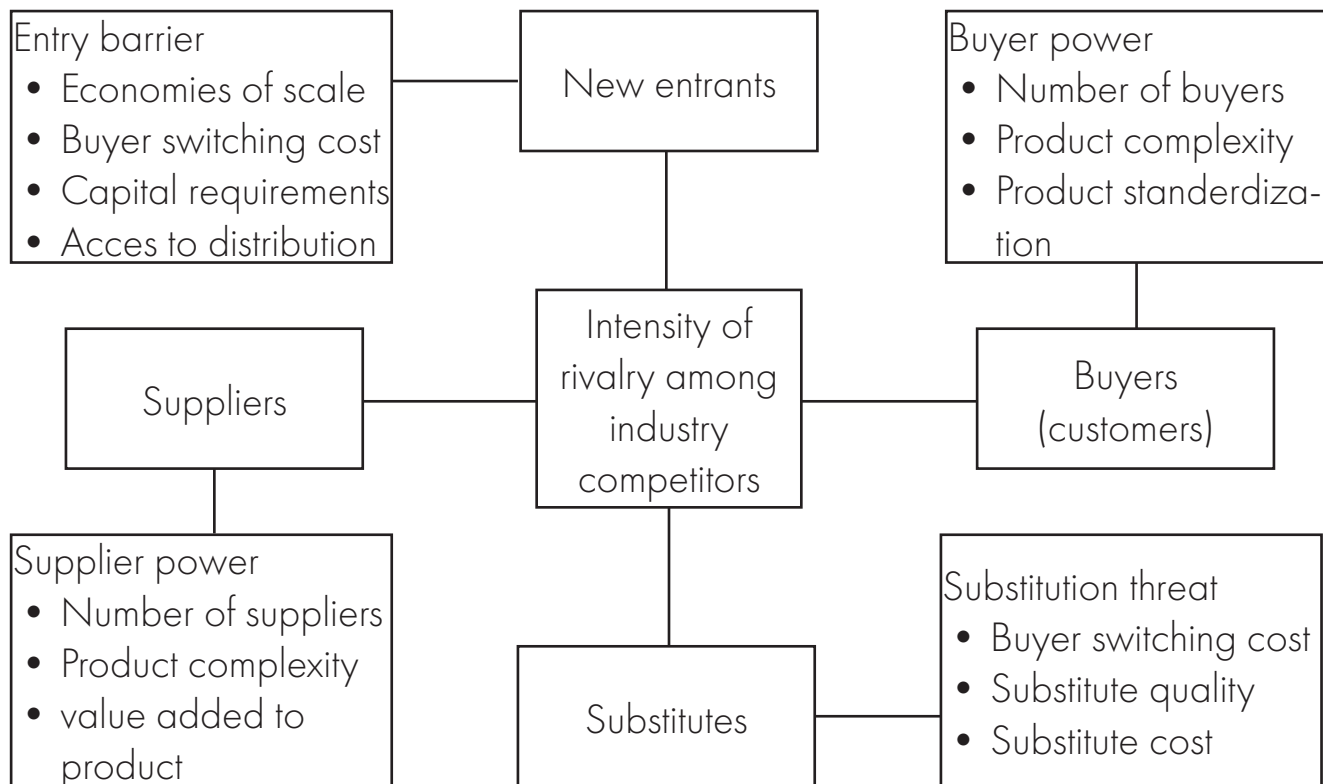
- Political
- Economic
- Social
- Technological
- Environmental
- Legal



P	E	S	T	E	L
<ul style="list-style-type: none"> <li>- Government policy</li> <li>- Political stability</li> <li>- Corruption</li> <li>- Foreign trade policy</li> <li>- Tax policy</li> <li>- Labour law</li> <li>- Trade restrictions</li> </ul>	<ul style="list-style-type: none"> <li>- Economic growth</li> <li>- Exchange rates</li> <li>- Interest rates</li> <li>- Inflation rates</li> <li>- Disposable income</li> <li>- Unemployment rates</li> </ul>	<ul style="list-style-type: none"> <li>- Population growth rate</li> <li>- Age distribution</li> <li>- Career attitudes</li> <li>- Safety emphasis</li> <li>- Health consciousness</li> <li>- Lifestyle attitudes</li> <li>- Cultural barriers</li> </ul>	<ul style="list-style-type: none"> <li>- Technology incentives</li> <li>- Level of innovation</li> <li>- Automation</li> <li>- R&amp;D activity</li> <li>- Technological change</li> <li>- Technological awareness</li> </ul>	<ul style="list-style-type: none"> <li>- Weather</li> <li>- Climate</li> <li>- Environmental policies</li> <li>- Climate change</li> <li>- Pressures from NGO's</li> </ul>	<ul style="list-style-type: none"> <li>- Discrimination laws</li> <li>- Antitrust laws</li> <li>- Employment laws</li> <li>- Consumer protection laws</li> <li>- Copyright and patent laws</li> <li>- Health and safety laws</li> </ul>

## Micro environment

### Porter Model:



## Corporate social responsibility (CSR) (Environment of PESTEL)

Mindset where companies integrate economic social and environmental concerns in their business operations

### Recurring themes:

Humans rights, Employee well being, Environmental sustainability, Discrimination

# Hoofdstuk 3 Customer behaviour

## SWOT analysis

Strengths	External
Weaknesses	Analysis
Opportunities	Internal
threats	Analysis

## Understanding customers 5 questions

1. Who is important?
2. What are their choice criteria?
3. When do they buy?
4. Where do they buy?
5. How do they buy?

## 2 types of customer

- B2C -- Business to consumer
- B2B -- Business to business
  - Raw materials like machines
  - Final products for resale
  - Supporting products and services

## Difference B2B and B2C on demand characteristics

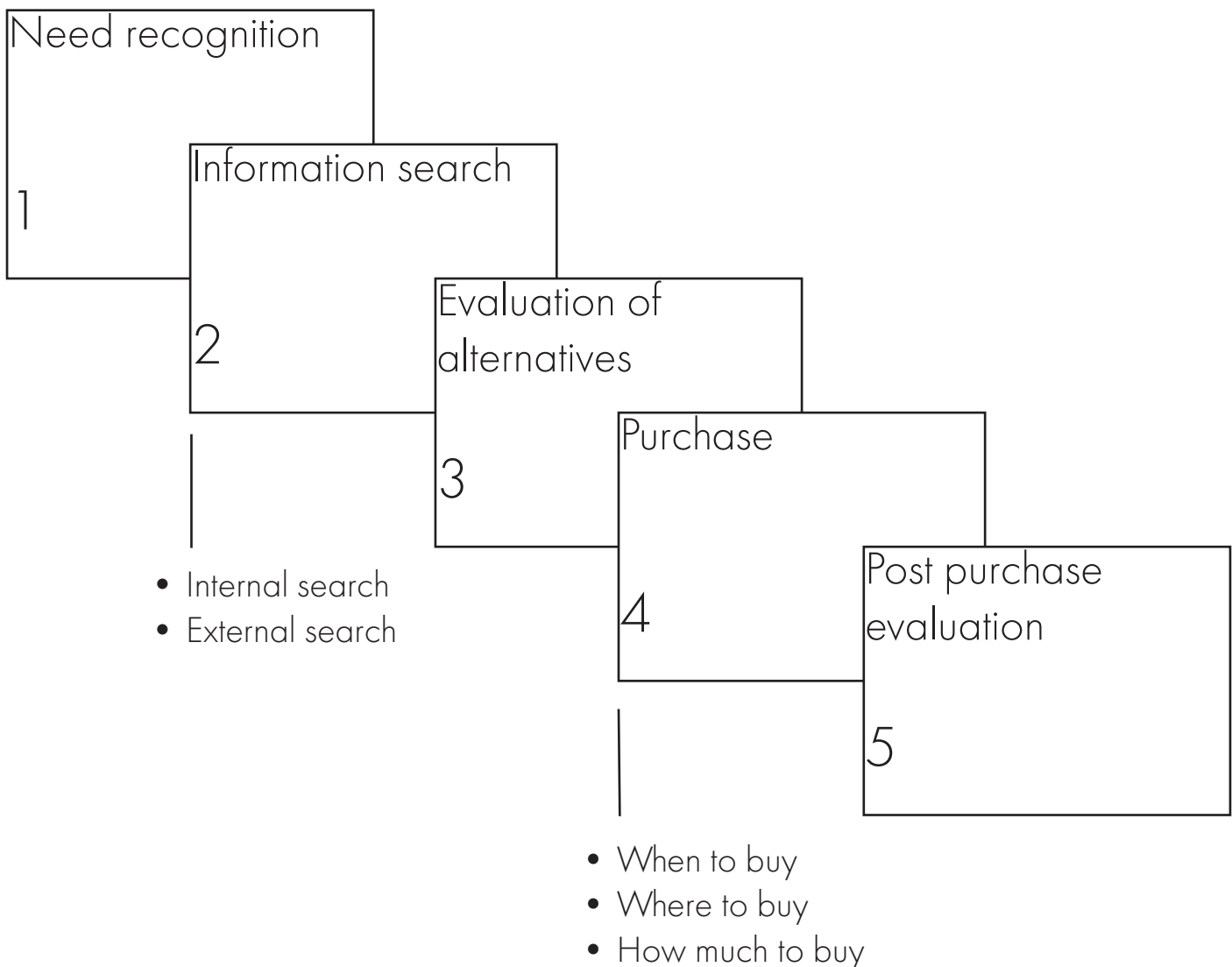
- derived demand
- order size
- number of potential buyers
- buying objectives and criteria
- buyer seller relationship
- decision makers

# Buying decision making process

Who influences the decision maker:

- Buyer
- Gatekeeper
- Influencer
- Initiator
- User

## Buying decision process (individual)



## Cognitive dissonance:

Occurs when a person holds contradictory beliefs, ideas or values and experiences psychological stress when they participate in an action that goes against that  
(When you buy something against your beliefs, ideas or values)

## Strengths and weaknesses

discover strengths and weaknesses by exploring competitors.  
What do you need to know?

- Sales
- Number of competitors on the market
- price level
- profit margin
- financial position
- suppliers
- responsiveness to change
- Key customer value
- Strengths and weaknesses (4 P's)



SWOT summerizes your research

TOWS helps you to select which opportunity to pursue

	Strengths	Weaknesses
Opportunities	Can we use our strengths to take advantage of our opportunities	Can we work on our weaknesses to prevent missing out on opportunities
Threats	Can we use our strengths to reduce impact of threats	Can we work on our weaknesses to prevent threats comming reality

SWOT example:

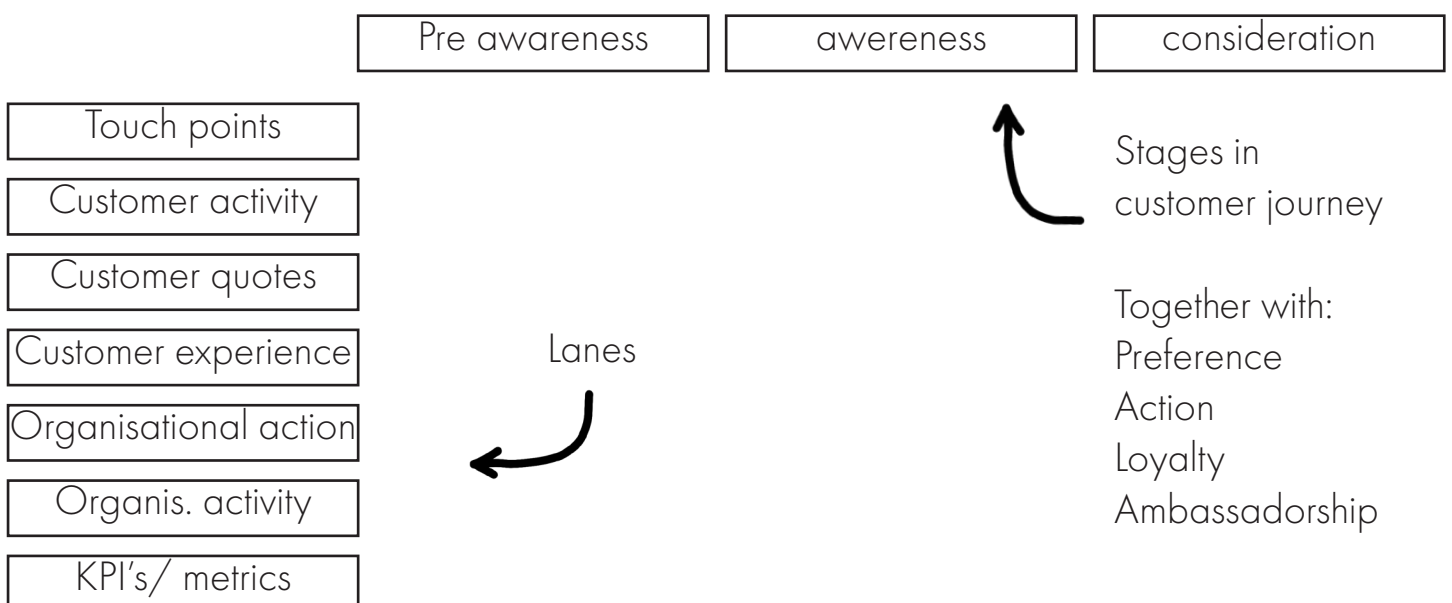
	O1 Emerging markets	O2 Technological development	O3 Technological lock-in	O4 Demand for safer equipment	T1 Bargaining power buyers	T2 Highly regulated market	T3 Highly imitable products	T4 Ethical pressure	T5 Economical crisis	T6 Prices of raw materials	Total
S1 Bargaining power Suppliers	+										4+
S2 Good reputation	++	+				++	+				6+
S3 Diversified portfolio	+	+	+					+			4+
S4 Big influence on industry			+		+	+	++				5+
S5 Good R&D department		++	++	++							6+
S6 Economies of scale	+				+	++		++	+		7+
S7 Big capital reserves	++	+	+	+				++			7+
W1 Structural inertia	--	--	-		--			-			8-
W2 High transaction costs	--	-			--		-				6-
W3 Weak focus on pr. Innovation		-			-	-		-			4-
W4 No focus on private sector					--			--			4-
Total +	6	3	4	7	2	1	4	3	6	3	39+
Total -	4	4	0	1	2	5	1	1	4	0	22-

## Customer journey

A customer journey map shows the story of the customers experience. it indentifies key interactions, motivations, feelings and question for each touch point

Touch point: any way a consumer can interact with a business

Has the objective of teaching a company more about their customers



KPI = Key performance indicators



Classical conditioning: uses an established relationship between stimulus and response to cause learning

Operant conditioning: reinforcement of behaviour through rewards

## Hoofdstuk 4 Market research

Market research:

It is an investment to reduce uncertainty

Can help guide decisions on:

- Whether to enter the market
- Product characteristics
- Positioning
- Promotional strategy

Must weigh the cost and benefits of research

There is no perfect method, trade-off between methods

Qualitative research: scientific method of observation to gather non-numerical data

Quantitative research: empirical investigation of observable phenomena via statistical mathematical or computational techniques

Qualitative methods:

- observation
- in depth interviews
- focus groups
- projective techniques

Quantitative methods are:

- Experiments
- surveys

Primary market research: To answer a specific question

Secondary market research: Use already existing information

Internal: sales records

External: government, consulting

4 measurements levels on qualitative data

- 1 Nominal -- label/code
- 2 Ordinal -- label with ranking
- 3 Interval -- metric without absolute 0 point
- 4 Ratio -- metric with absolute 0 point

continuum questioning

Agree or Disagree -- is ordinal but treated as interval

## Hoofdstuk 5 Segmentation, targetting and positioning

Your consumer behaviour gets influenced, that can either be on social level or personal level

Social consists of:

- Cultures or subcultures
- Social class
- Reference groups

Personal consists of:

- Motivation and values
- Beliefs and attitudes
- Personality
- Lifestyle

Cognitive learning: learning through thinking reasoning and mental problem solving

Behavioral learning: building a habit of automatic responses to a repeated situation

Sustainable competitive advantage: something in your market that you are skilled in and have an advantage compared to the competitors

Possible sources for SCA: Image, Patents, Access to capital, Location

Market segments: groups of individuals or organizations with similar characteristics

Have significant implications for the determination of the marketing strategy

Market segmentation is aggregating potential buyers into groups with

- common needs
- similar response to market action
- have between group differences

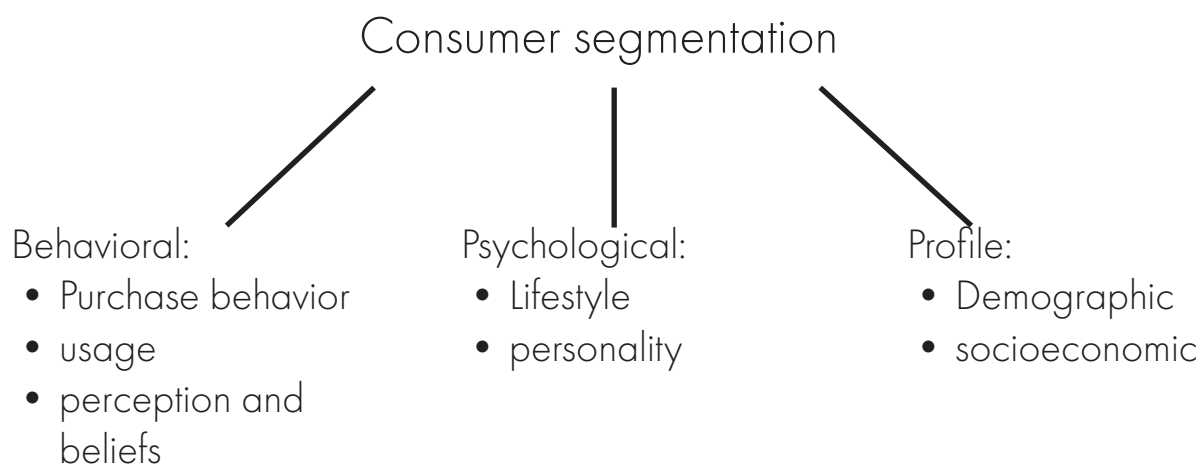
Benefits of Market segmentation:

- Enhanced profitability
- More efficient targetting of communications
- Opportunities of segment dominance
- Improved customer retention
- Enhanced opportunities for growth

All because you better match customer needs

There is no perfect product for everyone

People don't know what they want



Targetting is deciding what segments are the once to go for on the criteria of:

- Effective
- Measurable
- Accessible
- Actionable
- Profitable

Positioning: Refers to the act of designing the companies offering, so that it occupies a meaningful and distinct position in the target customers mind

Effective positioning: is the act of linking products and services to the solutions that consumers seek

To reposition yourself involves changing

- the targeted markets
- the differential advantage
- both

		Product	
		Same	Different
Target market	Same	Image repositioning	Product repositioning
	Different	Intangible repositioning	Tangible repositioning

Types of positioning:

- Functional
- Symbolic
- Experiential

CLV = Customer lifetime value

Acquisition: when a customer buys something

Retention: when you keep a customer

Churn: when you lose a customer

CLV is a metric predicting the net profit attributed to the entire future relationship of a customer

M = sales price - variable cost

R = marketing costs

r = level of retention

d = discount rate

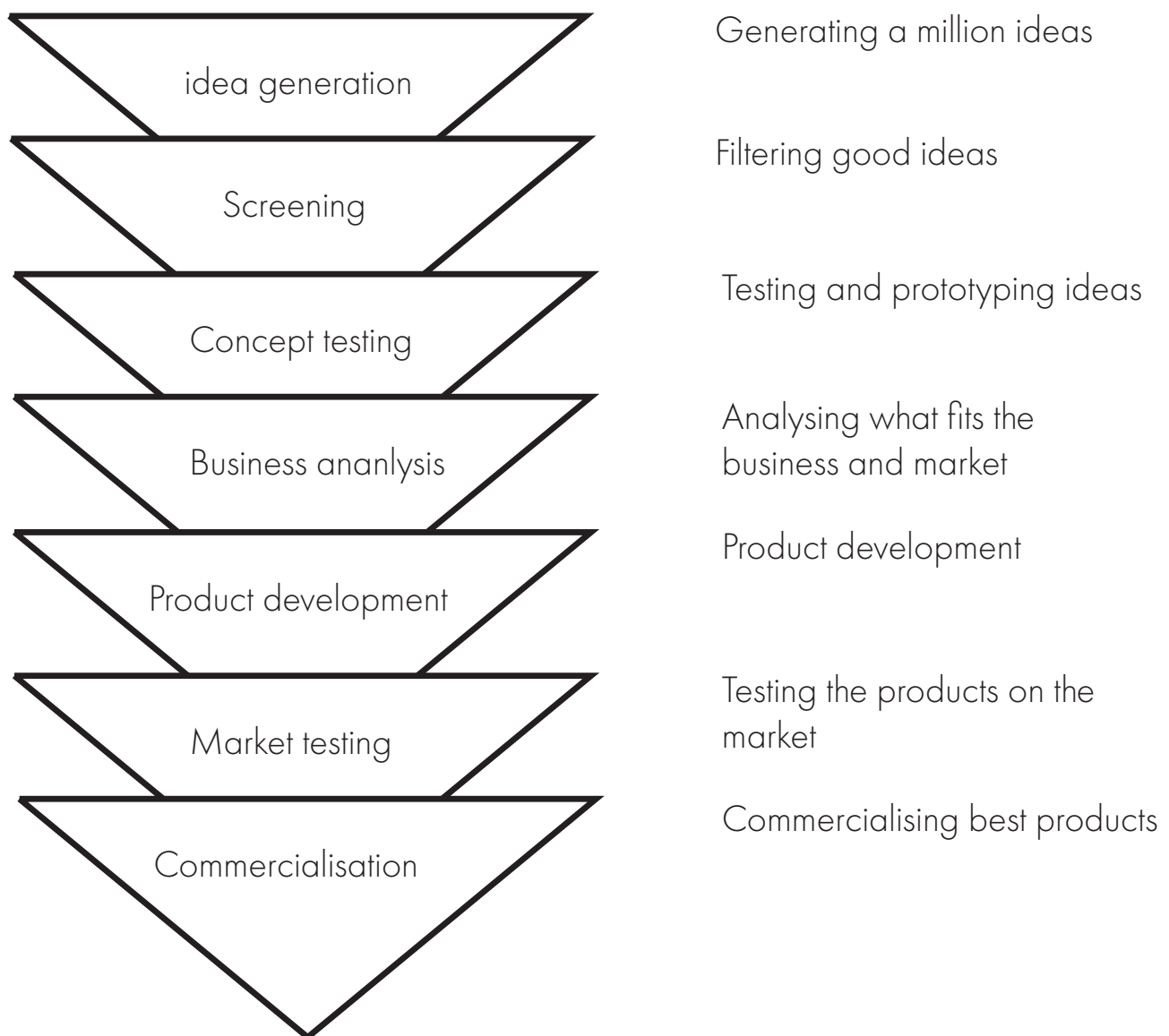
$$CLV = (M - R) * (r / (1 - d - r))$$

Customer life time profit depends on:

- Discount rate
- unit of time
- time horizon
- frequency of buying
- average order size
- estimate level of retention

## Hoofdstuk 6 New development processes

7 stages of new product development



# Hoofdstuk 7 P for Product

You can think about products in having tangible and intangible components

product = anything which is capable of satisfying customer needs by providing some form of benefit or value

## 3 levels of products

### 1 core product

ability to get clothes clean (washer)  
required status (pool)

### 2 Actual product

packaging  
styling  
quality  
features

### 3 Augmented product

installation  
delivery and credit  
guarantees  
brand values  
after sale service

Benefits of branding for organisations:

- Company value
- Consumer preference and loyalty
- Barrier to the competition
- High profits
- Base for brand extensions

Benefits of branding for consumers

- communicate features and benefits
- reduce the risk in purchasing
- simplify the purchase decision
- provide symbolic value

Service = consumers buy a deed, process or performance

Unique characteristics of services:

- Intangibility
- insperability
- perishability
- variability

intangibility = that a customer may find it difficult to evaluate a service before purchasing solutions:

- Use personal sources
- word-of-mouth
- create company image
- communicate after sale

Insaperability = simultanious production and consumption, importance of service provider

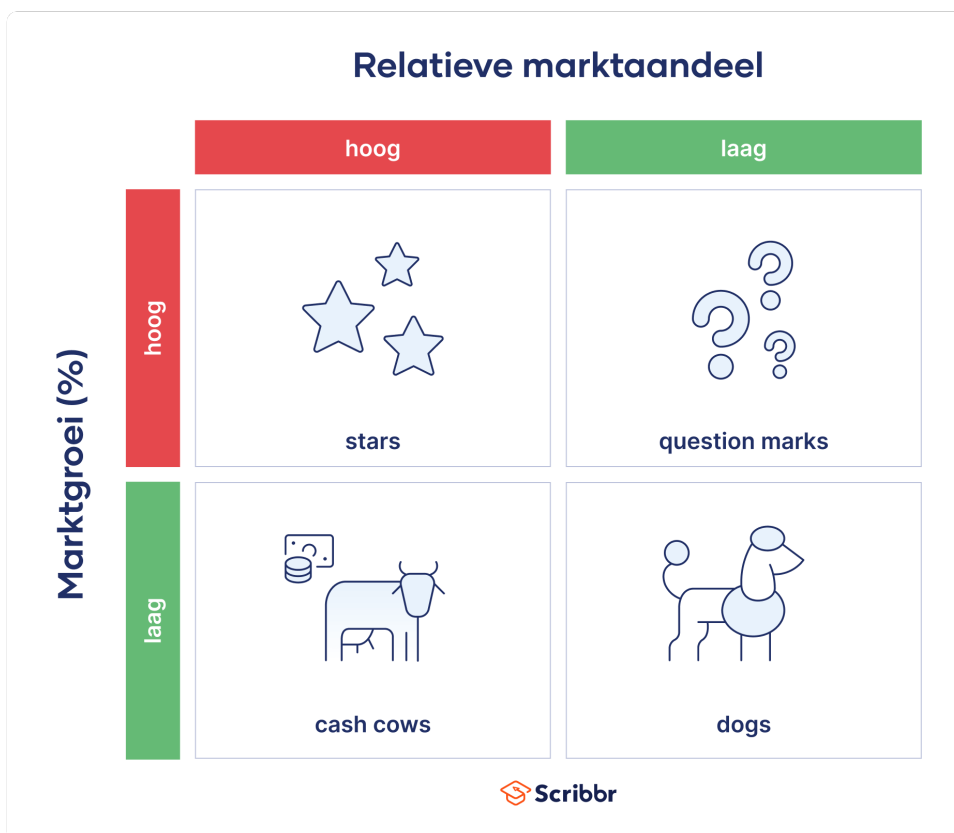
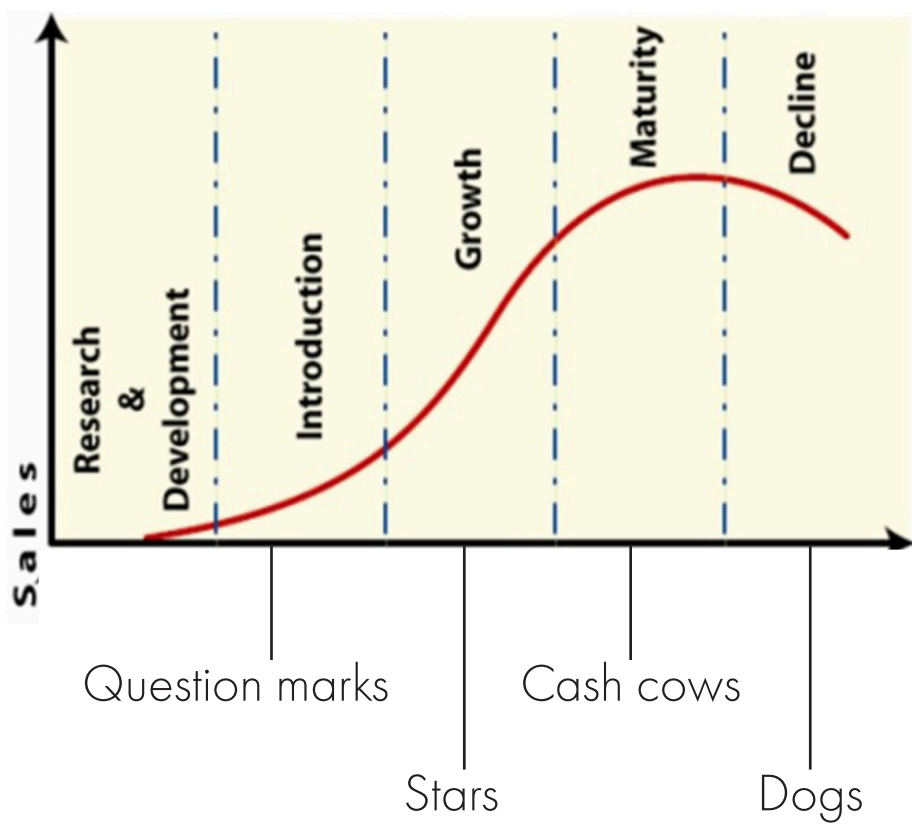
Solution:

- training and selection
- manage consumers
- Franchising

Variability = Service quality may be subject to a considerable variability, which makes standardization difficult

Perishability = Consumption can not be stored for the future, match supply and demand, participation by consumer, differential pricing, comfortable waiting area, reservation system.

<i>Tangible</i>	<i>Intangible</i>
Low quality control problems	High quality control problems
Easy to evaluate	Hard to evaluate
No time criteria	Strict time criteria
Low importance of contact points	High importance of contact points
Inventories	No inventories





# Hoofdstuk 8 P for Price

## 3 pricing methods

- Cost based pricing
- Competitor orientated pricing
- Market led pricing

Cost based pricing cons:

- Price increase with falling sales
- internal cost focus, no market orientation
- Sales depend on price, hard to estimate sales

# Hoofdstuk 9 P for Place

Decisions concerning place:

Distribution

- distribution channel
- Key distribution channel decisions
  - Channel length and width
  - Channel integration
- Distribution analysis

Location

- multi format retailing
- Location based marketing

Distribution channels: are a set of independent organisations involved in the process of making a product or service available for consumers in a qualitative and quantitative way

Distribution width = how many places you can buy a certain something

- exclusive distribution
  - specialty goods
- selective distribution
  - shopping goods
- intense distribution
  - convenience good

# Distribution analysis

## General metrics

- market share
- turnover share

## Distribution metrics

- numeric distribution
- weighted distribution
- selection indicator

$$\text{Numeric distribution} = \frac{\text{\# of shops that sell brand A}}{\text{\# of shops that sell product category Y}} \times 100\%$$

$$\text{Weighted distribution} = \frac{\text{Category Y turnover of shops selling brand A}}{\text{Total market turnover in category Y}} \times 100\%$$

$$\text{Selection indicator} = \frac{\text{Weighted distribution}}{\text{Numeric distribution}}$$

Numeric distribution = hoeveel winkels die jouw categorie product verkopen ook jouw merk verkopen

$$\text{Turnover share} = \frac{\text{Turnover brand A}}{\text{Category Y turnover of shops selling brand A}} \times 100\%$$

$$\text{Market share} = \frac{\text{Turnover brand A}}{\text{Turnover of shops that sell category Y}} \times 100\%$$

$$\text{MS} = \text{WD} \times \text{TS}$$

$$\text{MS} = \text{ND} \times \text{SI} \times \text{TS}$$

# Hoofdstuk 10 P for Promotion



Define communication objectives

Do you want to introduce product?

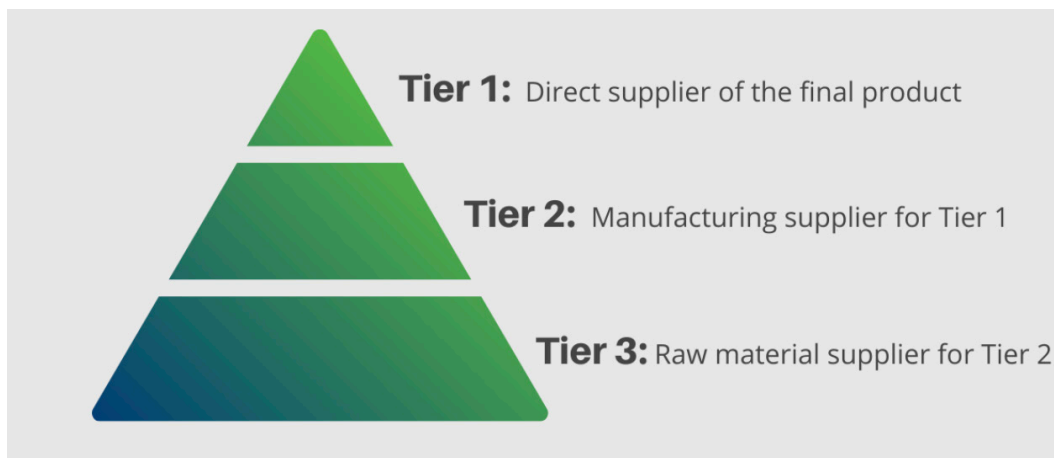
Do you want to know product

Do you want to sell the product?

Set the budget

Determine the promotion mix

- Personal selling
- Public relations
- Direct marketing
- Sales promotion
- Internet and online marketing
- Advertising



## Influences on consumer behaviour

Personal influences:

- information processing
- motivation and values
- beliefs and attitudes
- personality
- lifestyle
- life cycle

Social influences:

- culture and subcultures
- Social class
- reference groups

The buy class:

organizational purchases are distinguished between:

new task: need for product that has not arisen previously

Straight re-buy: Buys product previously purchased and approved

Modified re-buy: change has occurred so new purchases should be made within an already existing product purchase

7 lifestyle groups

- the explorer - discovery
- the aspirer - status
- the succeder - control
- the reformer - enlightenment
- the mainstream - security
- the struggler - escape
- the resigned - survive

## Questionnaire design

- 1 planning stage - research question survey method, target groups
- 2 design stage - type of questions layout ordering of topics
- 3 pilot stage - pilot testing, redesign

## Type of competitors

- brand competitors (similar products)
- product competitors (provide product in the same category)
- generic competitors (different products that help the same need)
- total budget competitors (different product but fill same requirement)

## 4 keys to positioning

- clarity
- consistency
- credibility
- competitiveness

Marketing information systems = a system in which market information is formally gathered, stored, analysed, and distributed to managers in accord with their informational needs on a regular planned basis

- internal market information
- environmental scanning
- market intelligence
- marketing research

Syndicated / omnibus research = research, collected by firms on a regular basis, sold to other firms

## Core dimensions service quality:

- reliability
- assurance
- responsiveness
- empathy
- tangibles

A good brand name should:

- evoke positive association
- be easy to pronounce and remember
- suggest product benefits
- be distinctive
- use numerals when emphasizing technology
- not infringe on existing brand names

mobile marketing

proximity marketing: use of wireless devices to distribute marketing messages to specific locations

social marketing: adverts on social media

Key retail MARKETING decisions

- retail positioning
- store location
- product assortment
- price
- store atmosphere

consumer channels

producer - consumer

producer - retailer - consumer

producer - wholesaler - retailer - consumer

producer - agent - wholesaler - retailer - consumer

B2B channels

producer - industrial consumer

producer - agent - industrial consumer

producer - distributor - industrial consumer

producer - agent - distributor - industrial consumer

key channel decisions

- Channel selection: market factors, producer factors, product factors, competitive factors
- Distribution intensity: intensive, selective, exclusive
- Channel integration: conventional marketing channels, franchising, channel ownership
- Channel management: selection, motivation, training, evaluation, managing conflict

conventional marketing channels: administered vertical marketing system  
franchising: contractual vertical marketing system  
channel ownership: corporate vertical marketing system

franchising can occur in

manufacturer - retailer  
manufacturer - wholesaler  
wholesaler - retailer  
retailer - retailer