

Marketing Frameworks in Consulting

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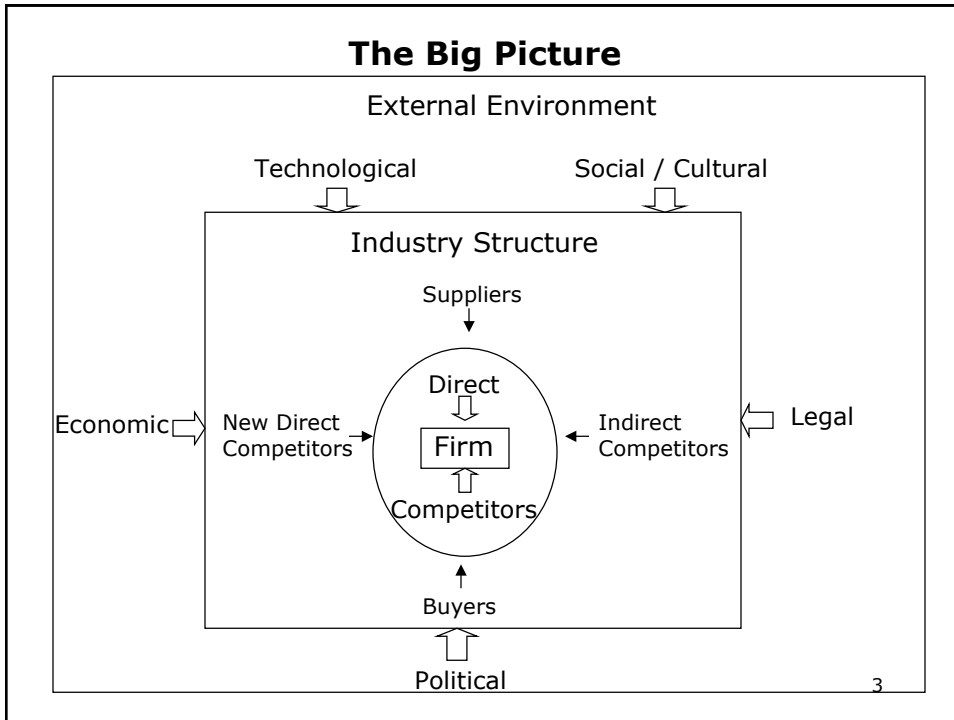
A Framework for Marketing Planning

- Marketing Review
 - Market and Industry Analysis
 - Customer Analysis
 - Company Analysis
 - Competitor Analysis

- Objective Definition and Strategy Development
 - Company versus Marketing Objectives
 - Product/Market Strategy
 - Segmentation
 - Product Positioning

- Strategy Implementation Via Marketing Mix
 - Product
 - Price
 - Promotion
 - Physical Distribution

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Objective Definition and Strategy Development

- Company versus Marketing Objectives
- Product/Market Strategy

		Market	
		Existing	New
Product	Existing	<i>Market Penetration</i>	<i>Market Development</i>
	New	<i>Product Development</i>	<i>Diversification</i>

- Segmentation
- Product Positioning

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Customer Analysis: Segmentation, Targeting & Positioning

- Market Segmentation is the process of identifying relatively homogeneous groups of consumers with respect to perceptions of, evaluations of, need for and behavior toward a product or service.
- The ideal segmentation scheme begins by finding *basis* or *responses* variables that capture the difference across customers (*heterogeneity*). The response segments are then profiled using *descriptor* variables.
- The criteria to evaluate a segmentation scheme are (i) differential response, (ii) identifiability, (iii) measurability and (iv) accessibility. A segmentation scheme should be MECE.
- Important insights can be generated though using "consumption" as a basis variable (BCI/CCI analysis)

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Example: Category vs. Brand Building

Basis: Use Product or Service

BCI / CCI Analysis - Segments described by consumption levels

BCI: Brand Consumption Index

CCI: Category Consumption Index

$$\text{BCI (J,X)} = \frac{\text{Number of units of brand X consumed by consumer J}}{\text{Average number of units of brand X consumed in the market (per capita)}}$$

$$\text{CCI (J)} = \frac{\text{Number of units of the category consumed by consumer J}}{\text{Average number of units of the category consumed per capita}}$$

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CCI / BCI Analysis

- Combine BCI and CCI to Examine Descriptors of the attractiveness of usage segments

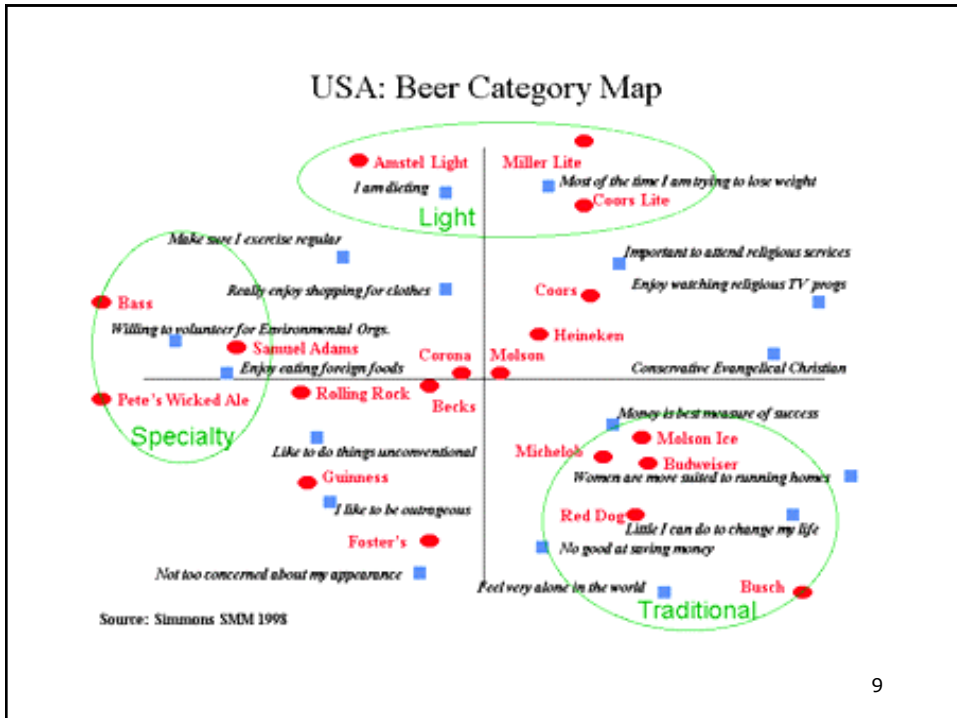
		BCI	
		Low	High
CCI	Low		
	High		

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Customer Analysis: Segmentation, Targeting & Positioning

- *Targeting* a segment involves the identification of segments to which marketing effort will be directed. Marketers must select targets for which their product will meet a need.
- The choice of a target segment is governed by (i) size of opportunity in segment, (ii) company's strengths and capabilities and (iii) competitive intensity.
- *Positioning* requires designing a product image and developing a marketing mix to promote the image to the chosen target segment(s).
- The **BACD** model helps us select and develop a viable position
 - **B**enefits & **A**tttributes (how consumer benefits map to underlying product attributes. Important tool here is the *Perceptual Map*)
 - **C**hoice of positioning concept (important and meaningful, superior, pioneering, distinctive, sustainable, communicable, feasible)
 - **D**elivery and maintenance of positioning concept

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Company Analysis

- Definition of the corporate mission
 - What is our business (are we being myopic)? Who is our customer? What customer benefits do we provide? The three important elements that should be reflected in the corporate mission are (i) environmental factors, (ii) corporate resources and (iii) customer needs
- Analysis of the current portfolio
 - *BCG Matrix*
- Development of a corporate plan for business growth
 - Growth strategies (Product - new/existing; Market - new/existing)
 - *Core Competence* of the organization
 - *Resource based view* (Scarcity, Appropriability, Demand)

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Competitor Analysis

- Identifying competitors
 - Levels (form, category, generic, budget)
 - Substitutability
 - Customer judgment (similarity, consideration sets, usage substitution)
 - Purchase records (switching, cross-elasticity of demand)
- Targeting competitors
 - Own and competitor strategies and resources
 - Customer segment
 - Time horizon
 - Rate of technology change
- Assessing competitors
 - Current position and strategy
 - Future Goals
 - Ability to design, manufacture, market, finance, manage

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Product Management

- Product/Market evolution
 - **Product Life Cycle** (Introduction/Growth/Maturity/Decline) and marketing strategies/tactics for each stage
- New product development process
 - Opportunity Identification, Design, Testing, Introduction, Life-cycle Management
 - *ATR* model [% Share = (% Aware)(%Trial)(%Repeat)]
- From products to brands
 - Brand Value (brand name, perceived quality, brand loyalty)
 - Brand Equity/Value measurement (consumer, product/market, financial)

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Price

- Key requirements of pricing policy
 - It should complement your strategic goals
 - It should be derived from common, company-wide objectives.
- 8 steps to pricing is a useful tool:
 1. *Assess what value your customers place on the product or service* **(Customer)**
 2. *Look for variation in the way customers value the product* **(Customer)**
 3. *Assess customers' price sensitivities* **(Customer)**
 4. *Identify an optimal pricing structure* **(Company)**
 5. *Consider competitors' reactions* **(Competitor)**
 6. *Monitor prices realized at transaction level* **(Company)**
 7. *Assess customers' psychological response* **(Customer)**
 8. *Analyze whether returns are worth the cost to serve* **(Customer/Company)**

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Place (Physical Distribution)

- The channel fulfills many important functions
 - Information, Promotion & Demand Generation, Customization of augmented product, Negotiation, Ordering (assortment, lot size, availability..), Financing, Risk-taking, Holding inventory, Transportation and logistics, Collect payment, Hold title
- Though it may seem attractive to "cut out the middleman", companies may be not be able to perform these functions effectively and efficiently
- Distribution intensity (Extensive, Selective, Intensive)
- Conflict management
 - Types of conflict (vertical, horizontal, multi-channel)
 - Sources of conflict (goal incompatibility, role confusion, differing perceptions, power imbalances)
 - Conflict resolution (super-ordinate goals, personnel exchange, co-optation, joint membership in trade associations)

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Some Tips

- Approach
 - Structure, Structure, Structure (e.g., 2 X 2 matrix)
 - Frameworks
 - Use numbers
- Practice, Practice, Practice
 - Live
 - Online (http://www.bcg.com/careers/interview_prep/interactive_case/interactive_case.asp)
- Generic Case problems
 - Market entry
 - Customer preferences
 - Competitive landscape
 - Viable positioning given company competence
 - New product/market
 - Market size estimation (use chain ratio rule)
 - Profitability projections
 - Declining revenues/profits
 - Profit = Quantity*(Price – Variable Cost) – Fixed Cost
- Happy interviewing!