



UNIVERSITÀ DEGLI STUDI DI SALERNO



DIPARTIMENTO  
DI SCIENZE AZIENDALI  
MANAGEMENT  
& INNOVATION SYSTEMS



# Marketing Strategy **in** Service Business

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# Programme



- Marketing and Service Marketing: origins, evolutions & trends
- Service Theories: from S-D logic & Service Science to service ecosystems & service systems



- Marketing Plan

- Many-to-Many Marketing
- Value co-creation
- Unconventional marketing



Case studies  
Examples



# Agenda: Lesson 3



- The Marketing Plan:



❖ Strategic marketing

STP

❖ Operational marketing

4Ps



- Examples: different strategies for different tactics

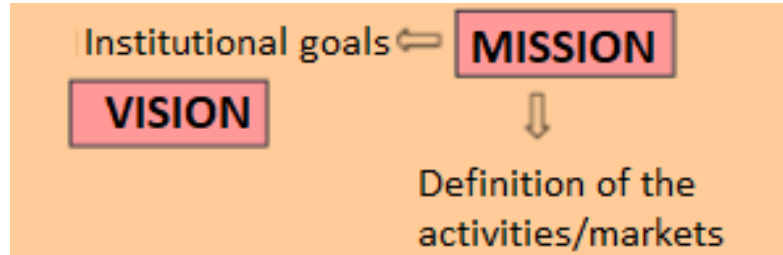
- Exercise

# 3.1

## The Marketing Plan

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# Marketing Management



What ?

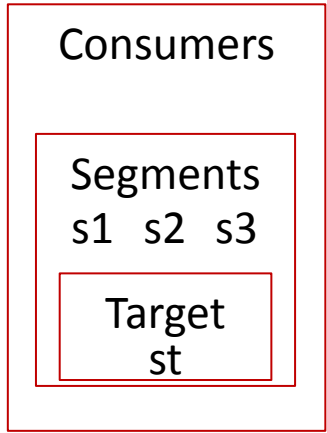
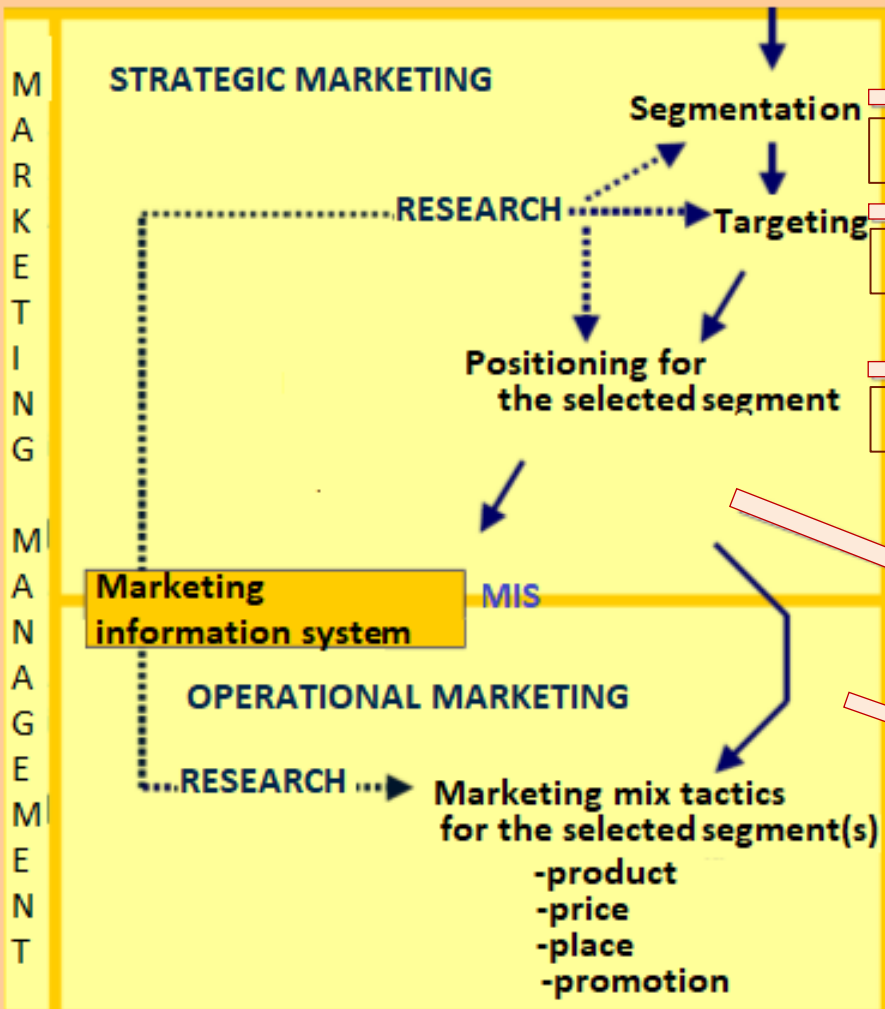
Which value?

For **Whom** ?

Creating value

**Value proposition**

**S  
E  
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C  
T  
I  
O  
N**



Selection of different «levels» of benefits required by users

**HOW?**

Can be value translated into products for the selected targets?

**THROUGH?**

Which kind of marketing mix  
 Value can be spread and take shape?

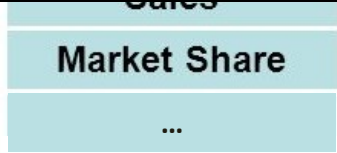
# Marketing Planning

Systematic, structured process that involves:

**Research and analysis** of current and future market and business situation

**Development and Diffusion** of firm's objectives, strategies and programs,

**Implementing, evaluating and controlling** marketing activities.



## THE MARKETING PLANNING PROCESS

CORPORATE MISSION

SITUATIONAL ANALYSIS

INTERNAL FACTORS  
Strengths & Weaknesses

EXTERNAL FACTORS  
Opportunities & Threats

CORPORATE STRATEGY  
Objectives & Tactics

Sales

Market Share

...

Marketing  
Objectives

Marketing  
Strategy

Marketing  
mix

Control

Segmenting

Targeting

Positioning

A mission statement is a short description of organization's raison d'être, of its overall goal and of the objectives for the future (VISION).

## Examples of mission statements



"To be the Ultimate House of Luxury, defining style and creating desire, now and forever."

Chanel's objectives seek to maintain its legacy while successfully moving it to the future, and continuing to be at the forefront of fashion .



"To refresh the world in mind, body and spirit. To inspire moments of optimism and happiness through our brands and actions. To create value and make a difference."

The Coca Cola Company values are leadership, collaboration, integrity, accountability, passion, diversity and quality.



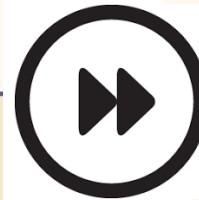
"McDonald's brand mission is to be our customers' favourite place and way to eat and drink."

McDonald's aims to provide exceptional customer experiences by focusing on - people, products, price and prom



"Our mission is to enable people and businesses throughout the world to realize their full potential. We consider our mission statement a commitment to our customers. We deliver on that commitment by striving to create technology that is accessible to everyone—of all ages and abilities."

Microsoft's core values are integrity & honesty, passion, big challenges, accountability and self-criticism.







# Example: PASTA Market

Healthy  
←  
Environmental  
friendly  
↙  
Joy

“  
We bring to the world  
JOYFUL, WHOLESOME  
and **HONEST FOOD**, inspired  
by the **ITALIAN LIFESTYLE**  
and the **MEDITERRANEAN DIET**  
”



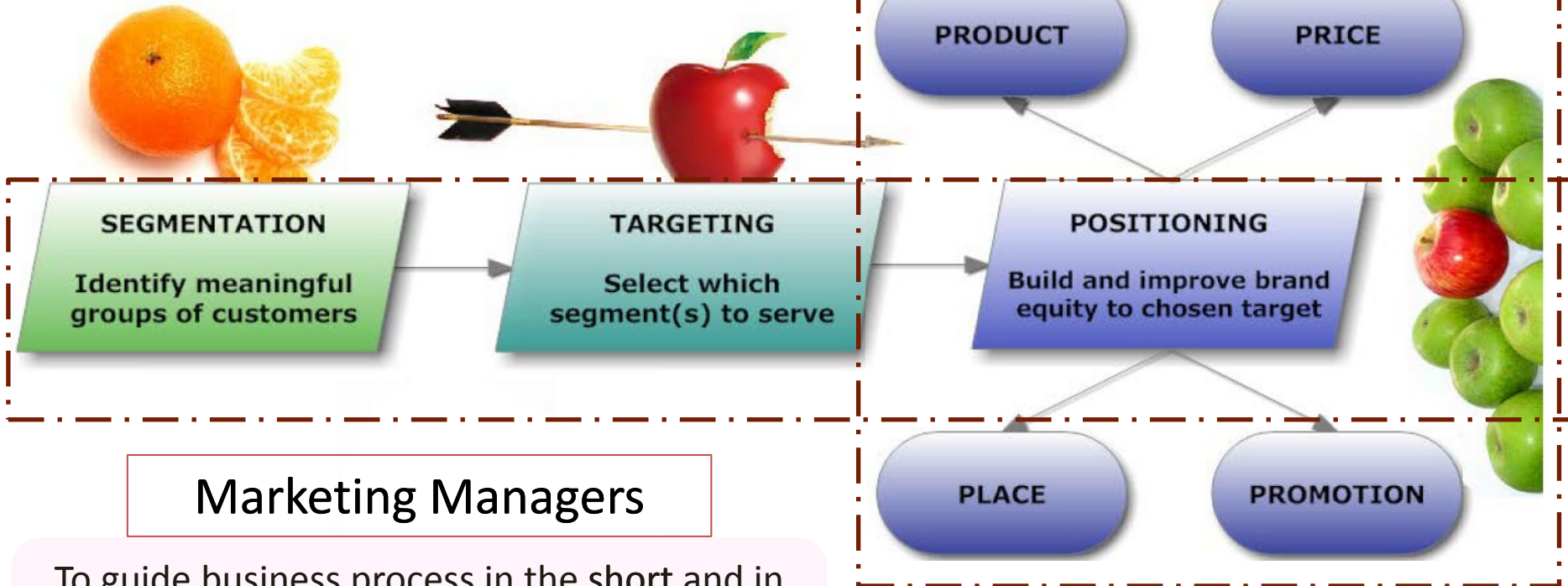
↓  
Culture and  
Lifestyle

↓  
Traditions  
and  
Habits

# Strategic and Operational Marketing

## Strategic marketing

## Operational marketing



## Marketing Managers

To guide business process in the short and in the long run based on **users'** expectations and **competitor's** actions.

## THE MARKETING PLANNING PROCESS

CORPORATE MISSION

SITUATIONAL ANALYSIS

INTERNAL FACTORS  
Strengths & Weaknesses

EXTERNAL FACTORS  
Opportunities & Threats

CORPORATE STRATEGY  
Objectives & Tactics

Sales

Market Share

...

Marketing  
Objectives

Marketing  
Strategy

Marketing  
mix

Control

Segmenting

Targeting

Positioning

**Corporate Strategy:** A strategy that determines the means for the use of resources in the various functional areas to reach the organization's goals.

## THE MARKETING PLANNING PROCESS

CORPORATE MISSION

SITUATIONAL ANALYSIS

INTERNAL FACTORS  
Strengths & Weaknesses

EXTERNAL FACTORS  
Opportunities & Threats

CORPORATE STRATEGY  
Objectives & Tactics

Sales

Market Share

...

Marketing  
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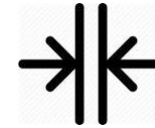
Control

Segmenting

Targeting

Positioning

"The marketing strategy lays out **target markets** and the **value proposition** that will be offered based on an analysis of the best market opportunities." (Kotler & Keller)



Development and maintenance of **strategic alignment** between:

- Market opportunities/competitor's behaviors.
- Goals/organization's capabilities



**3.1.1**

# Strategic Marketing

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# Strategic Marketing

Tools and techniques required for the analysis, measurement and selection of **dynamic scenario** and potential **targets** for *value proposition*.

## AIMS

1. To decrease errors;
2. To identify the **targets** interested in the offering (or potentially interested);
3. To codify strategic guidelines to create or establish/consolidate the reputation and awareness of the offering



# STP- segmentation, targeting, positioning

S

1. To identify customer's expected needs and benefits
2. To classify segments



T

3. To measure segments' attractiveness, profitability, accessibility and differences
4. To select target segments

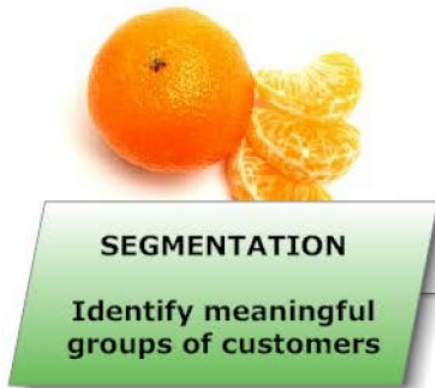


P

5. To establish the positioning for each target
6. To develop a marketing mix plan *for each target*



# STP: (1) segmentation



**1**

Select & study a market

**2**

Choose bases for segmentation

**3**

Select segmentation variables

**4**

Profile and analyze segments

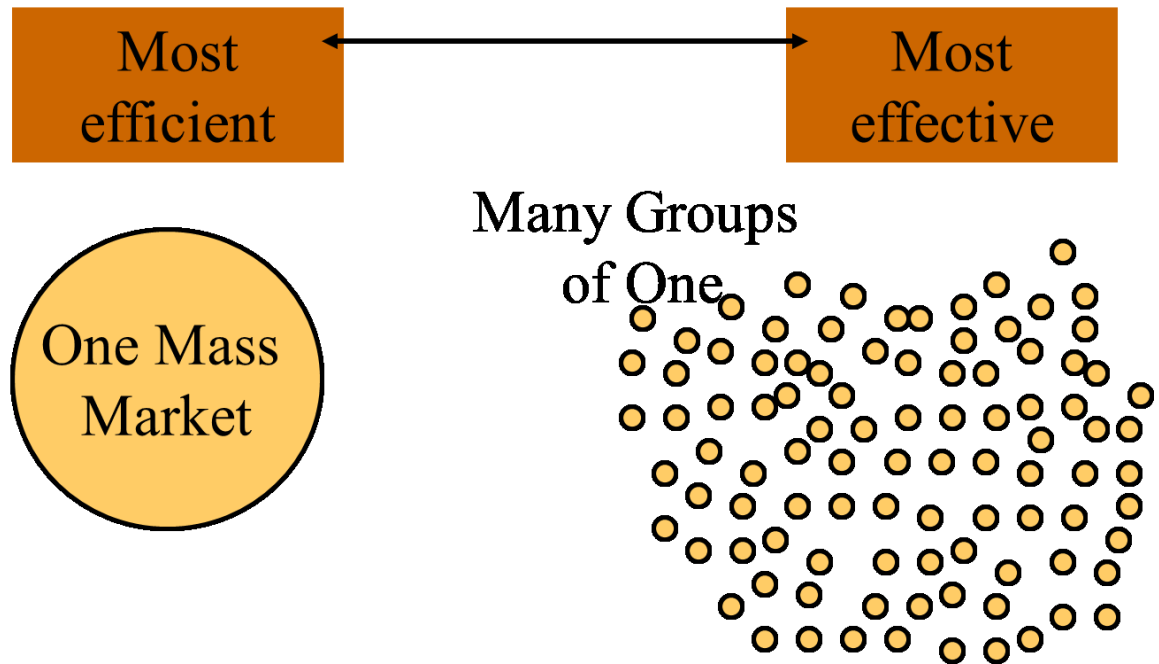


# S

# Segmentation

- **Definition:** Division of the total market into smaller, relatively homogeneous groups

- **Why?**



- **Levels:** Mass, Segment, and Niche



# Example: PASTA Market

## TRADITIONALISTS

- **Heavy** consumers
- **Culture** of food and meals consumption as «rituals»
- **Medium** interest in product quality
- High **Price sensitivity**

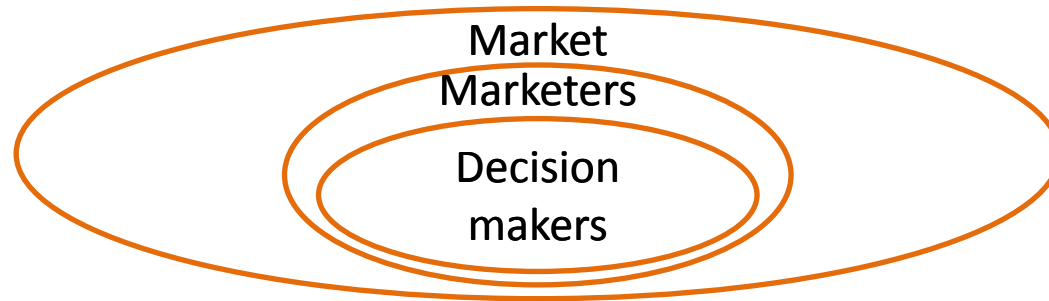
## POST-MODERNISTS

- **Light** users
- **Low** familiarity with cooking and «processed» food
- **Low** interest in product quality
- Medium **Price sensitivity**

## HEALTHY CONSUMERS

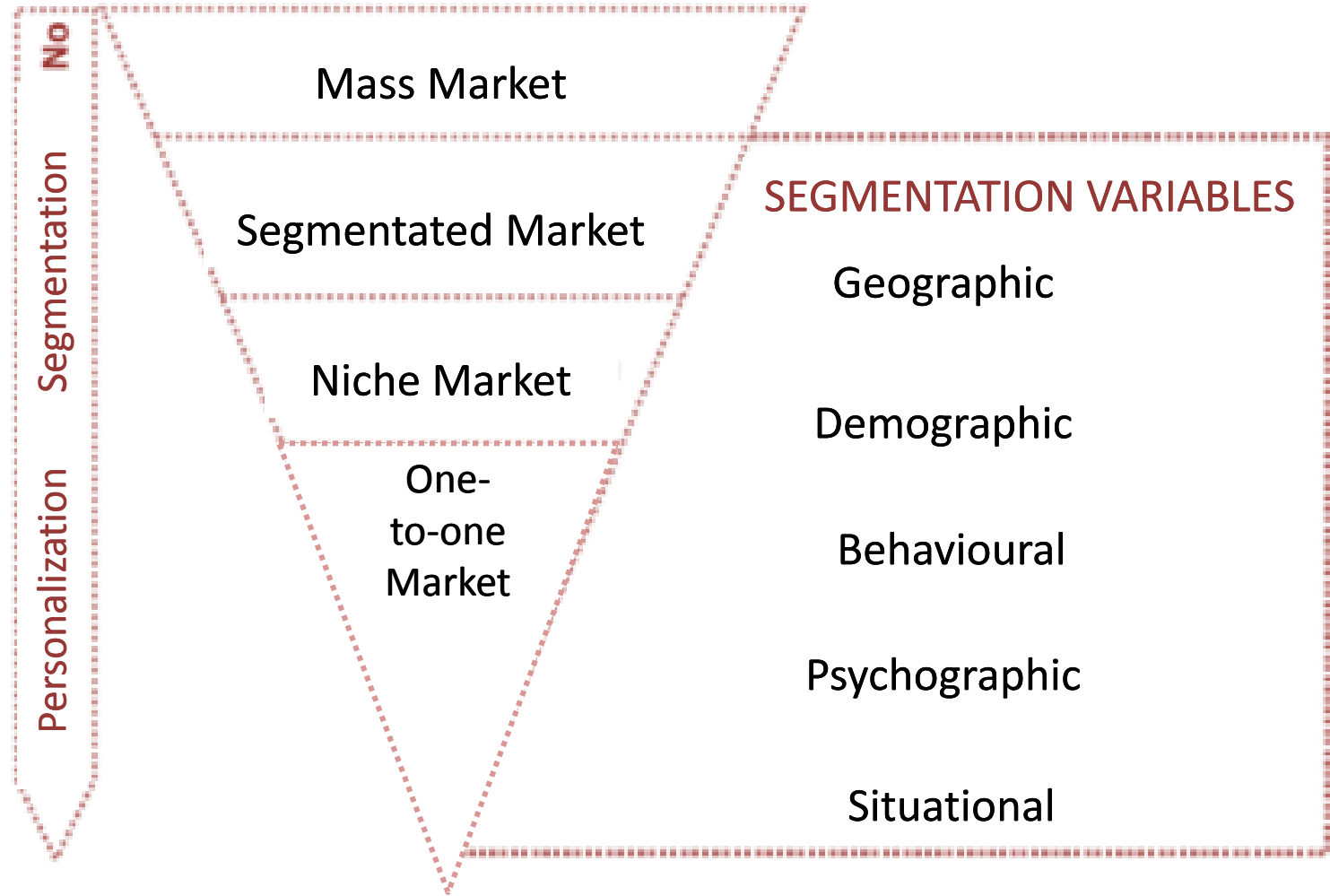
- **Heavy consumers** of organic, lactose-free and gluten-free food
- **Specific** requirements on organoleptic properties of products
- Low **Price sensitivity**

# The importance of **segmentation**



- **Markets** have a variety of **product** needs and preferences.
- **Marketers** can better define **customer needs**
- **Decision makers** can define **objectives** and **allocate resources** more accurately.

# Segmentation Criteria



# Segmentation Criteria

Behavioural    Psychographic    Situational    Demographic



# Segments: main characteristics

## Segment Size and Growth Potential

- Sales, profitability and growth rates

QUANTITY

## Segment Structural Attractiveness

- Competition, substitute products,
- buyers & supplier power, new entrants

QUALITY

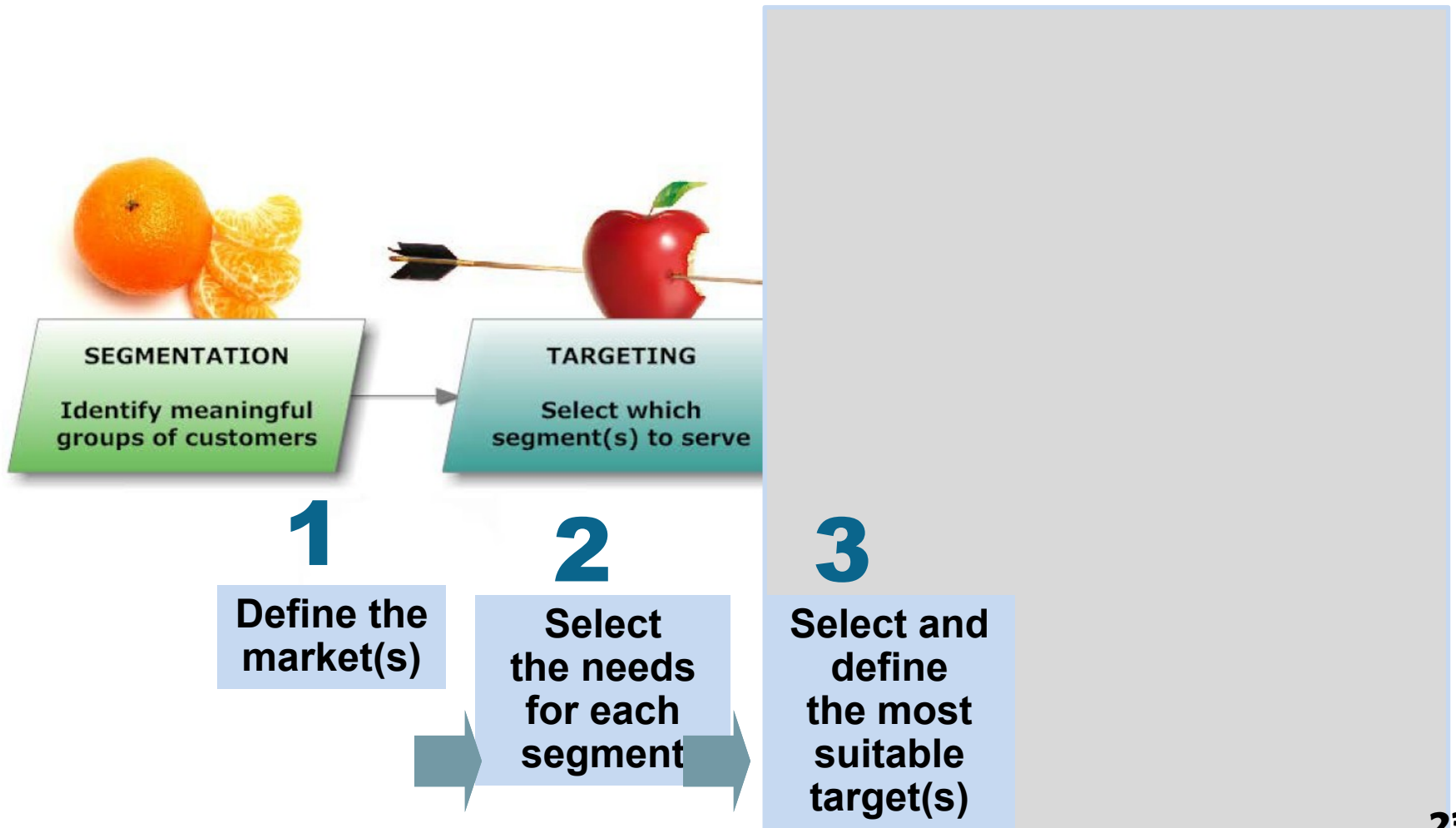


## Company Objectives and Resources

- Core competencies
- “What business do we want to be in?”

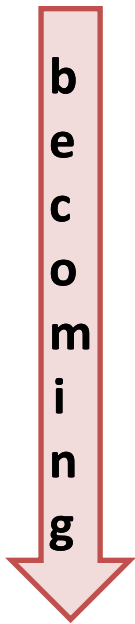
STRATEGY

# STP: (2) TARGETING



## (2) Targeting

Selection of one or more segments



Targets to “deliver” :

- value propositions
- offering design
- strategies and tactics

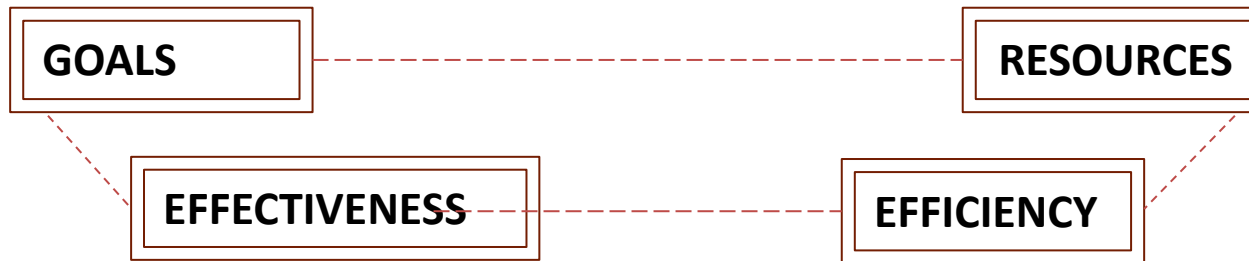




# Targeting as a **process**

Process that identifies potential markets by analyzing the marketing opportunities arising from the different segments.

This complex decision should balance:



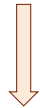
At the end of the process, firms can choose a target market, that is the set of customers with **homogeneous needs** and features that companies aim at «striking»: the **target**.

# Targeting: identification of market(s)

**RESEARCH:** how does the external environment look like?



**SEGMENTATIONS:** How many and which segments are in the market?



**TARGETING:** Among the different segments, for whom should firms create value?

After the analysis of external environment and after segmentation, companies use the **quantitative** and qualitative **information** obtained from data to evaluate and decide the segments/targets to whom offering can be delivered through focused marketing actions.

# TARGET MARKET

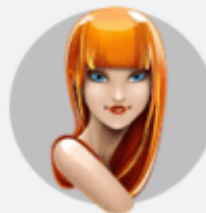
## CASUAL USER



John

- Uses Most features
- Always has device with him

## BUSINESS USER



Michelle

- Simple and Integrated Device
- Wants Easy and powerful to use

## THE POWER USER



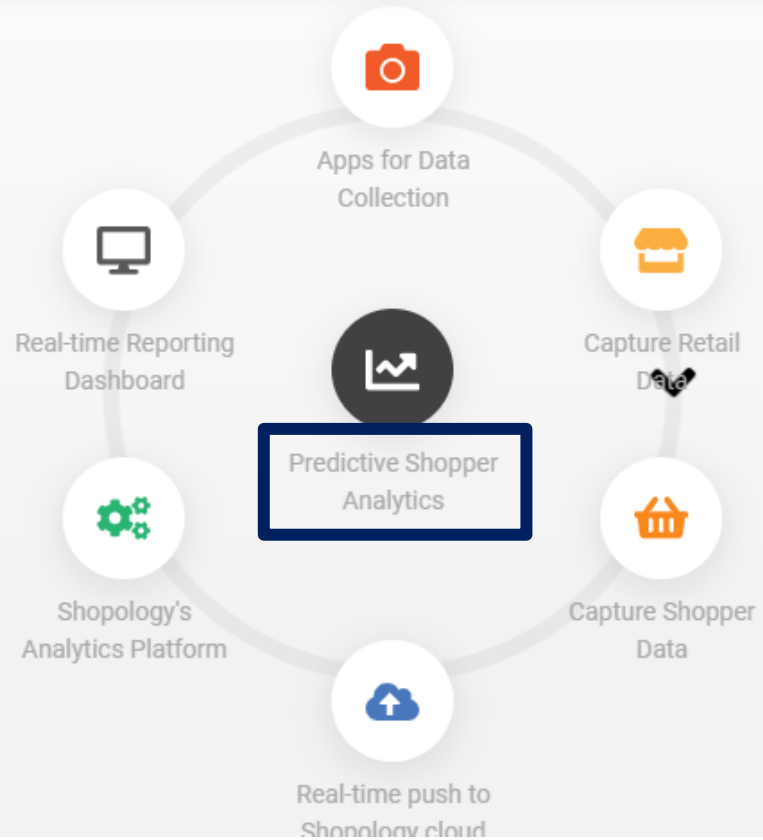
Jim

- Uses all features given
- Extended functionalities with software

# Shopology & Customer Journey

## Track, Analyze & Predict in-store Shopper Behavior

Shopology enables leading marketers to optimize their investments with a multi-app platform that captures actionable retail and shopper data



# Targeting: Main steps

- **COMPETITOR ANALYSIS**

- ❖ Matrix

- Attractiveness/Competitiveness

- ❖ Swot Analysis



- **MARKET COVERAGE**



# (1)Targeting: competitor analysis

## *Competitor Analysis*

After the identification of the segments that help the definition of the markets, firms should evaluate the trade-off:



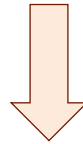
Segments/ **Investments** required to satisfy the segments

Businesses should relate the efforts that can be sustained and the potential outcomes to be achieved.



# (1) Competitor Analysis

To define how many and which segments should be selected through an assessment of segment(s) **attractiveness** based on firm's capabilities to employ resources to satisfy it/them.



Two main factors affect the decision:

External

*Contextual factors* that surround business' activities, for instance the time period in which resources should be available.

Internal

*Medium & Long-term goals* related to volumes of production and sales, market penetration and (perspective) profits

# (1) Competitor Analysis

## Potential Limitations

CURRENT

The presence of a large number of competitors, already active in the identified segment (or potentially entering), can limit or damage the entry or permanence of the company in the chosen segment



The consolidated bargaining power of customers and suppliers can make the market segment less profitable for the company

FUTURE



# Matrix Attractiveness-Competitiveness

ENDOGENOUS FACTORS		EXOGENOUS FACTORS			Segment Attractiveness
		Threats/ Opportunities			
		Low	Medium	High	
Strengths/ Weaknesses	High	1	2	3	
	Medium	4	5	6	
	Low	7	8	9	

Capability to satisfy the segment(s)



Example:

## Target Attractiveness

POST-MODERNISTS

Undifferentiated tastes, no special requirements in terms of quality or brand

HEALTHY CONSUMERS

Required components/ recipes/ organoleptic features

TRADITIONALISTS

Brand awareness, Italian Culture, loyalty

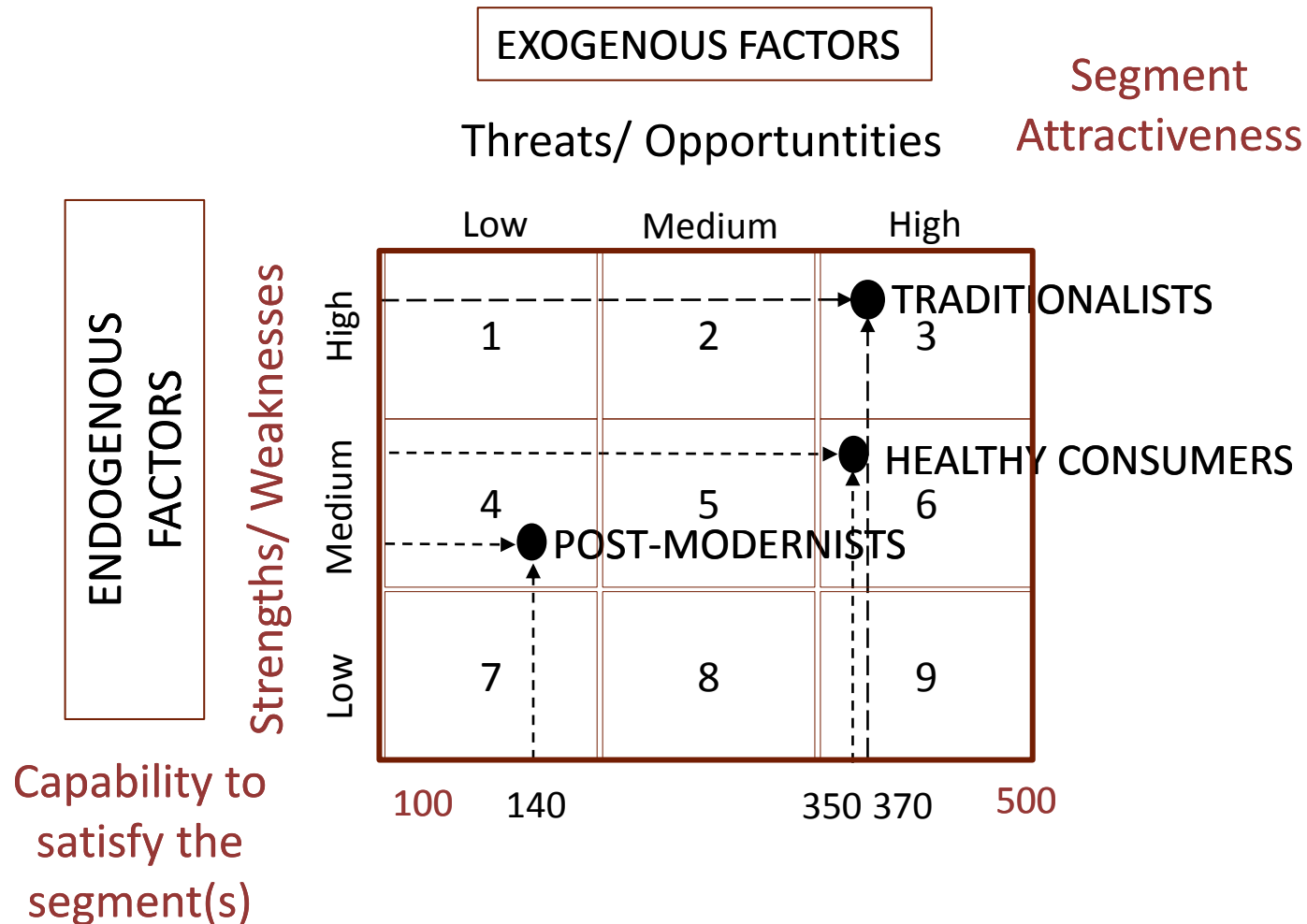
	Post-modernists	Healthy Consumers	Traditionalists
DEMAND	50	50	50
OFFERING	50	50	50
	*	*	*
ATTRACTIVENESS	1	3	4

100

300

400

# Example: Matrix Attractiveness-competitiveness



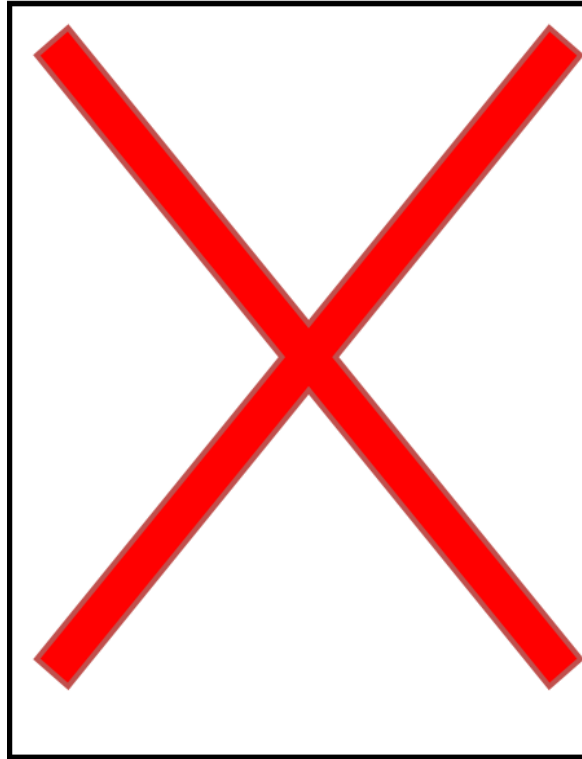


# Example: PASTA Market

Italian Families

## Traditional Products

Strengthening of Mediterranean Culture  
New Storytelling Campaign  
...



Green eaters

## Green Lines

Broadening of the assortment  
New packagings  
....

# Stakeholder Analysis

Stakeholder Analysis is the process of understanding who has a vested interest in a change effort and working with them to ensure success



# SWOT Analysis

S

Qualities that separate your firm from competitors

Internal resources (skills, knowledge, staff)

Tangible assets: intellectual-capital property, technologies

W

Things your company lacks

Things your competitors do better than you

Resource limitations

Unclear unique selling proposition

O

Underserved markets

Few competitors in your area

Emerging needs for your product-service

Press/media coverage of your company

T

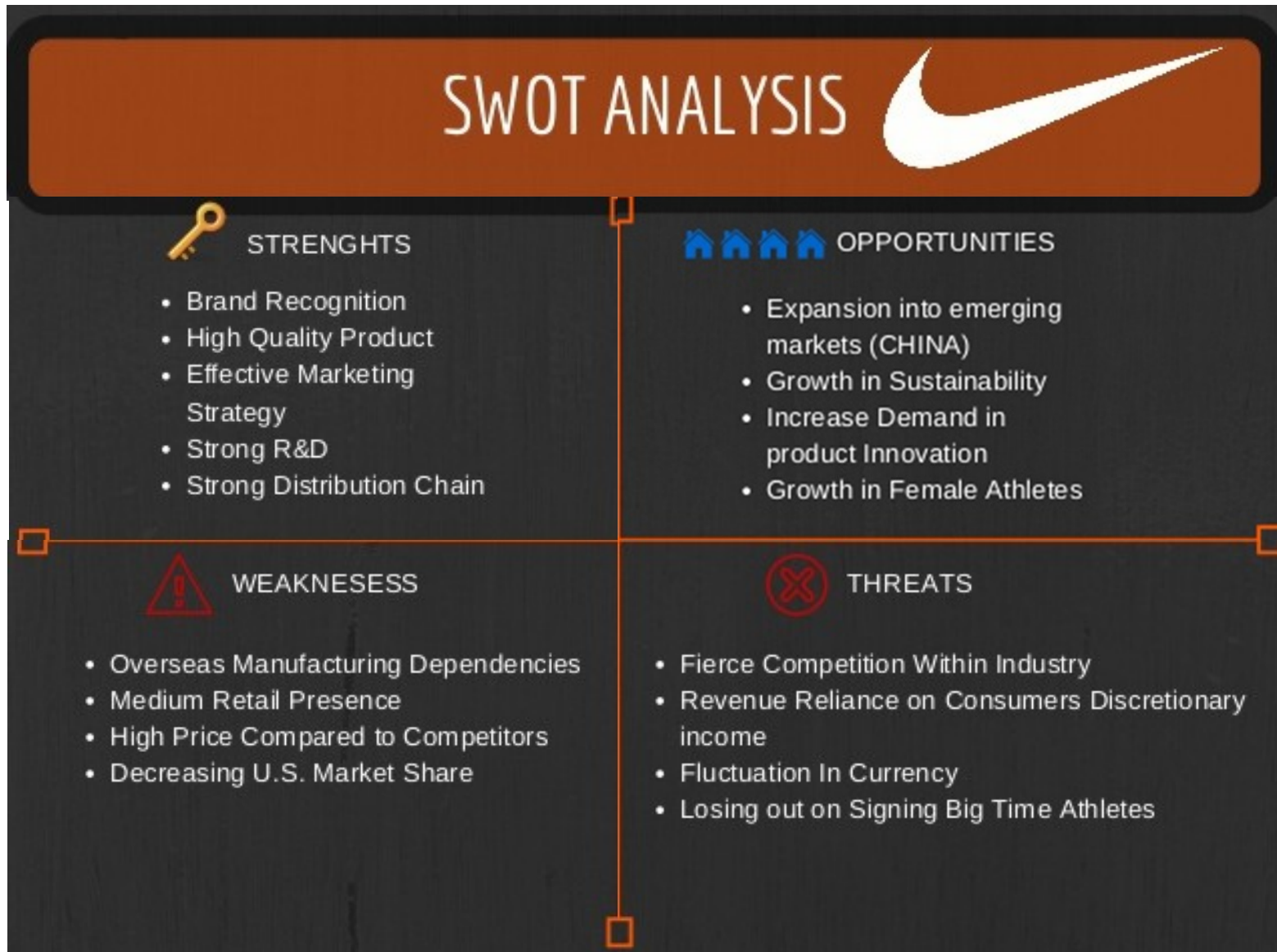
Emerging competitors

Changing environmental conditions (law, regulation)

Changing customer's attitude toward the company (need)

Negative Press/Media coverage

# SWOT Analysis: Example



## (2) Market Coverage

Market “portion” reached through marketing activity or campaign, or, in relation to sales, through employees and salesforce (market share).

After the step of analysis, firms should assess the possible opportunities deriving from it and identify the possibility to competitive advantage

*Undifferentiated marketing strategies*



*Differentiated marketing strategies*

*Concentrated marketing strategies*

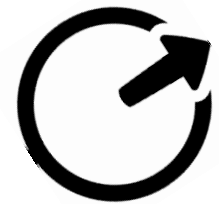




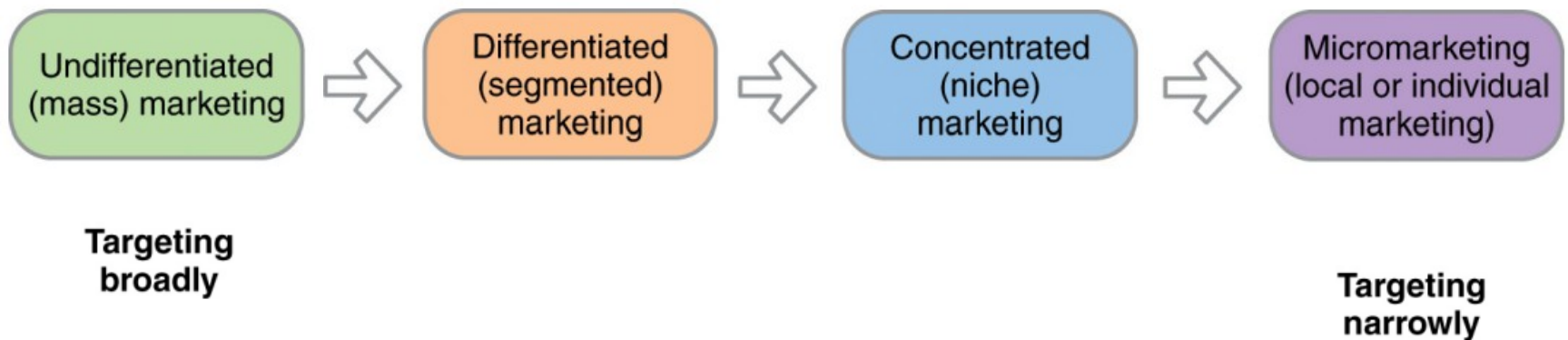
## (2) Market Coverage: **Main factors**



- The kind of **product/service** offered and the degree of homogeneity or specialization of **needs**;
  - The stage of the product in its **lifecycle** of the product ( in the phase of decisions);
  - The **resources** owned.
- 
- The current situation in the target market and the potential **future** evolution (e.g. from homogeneity of needs to the emergence of differences);
  - The analysis of **competition**, the level of dynamism and the past strategic decisions of competitors (for comparison, contrast or inspiration).



# Market Coverage: Different Targeting, Different Strategies





# (1) Undifferentiated marketing

## PROS



- Possibilities to exploit the advantages economies of scale in production and selling;
- **Lower costs** (e.g. for communication, single marketing mix)
- To maintain **leadership**

## CONS



- Complexity of markets and evolution of **consumers' needs and degree of satisfaction**;
- Difficulties in the coverage of **small segments** with specific needs.

# (1) Undifferentiated marketing

The brand is too strong to identify the entire market and/or the segment in consumer's mind. The brand **embodies** the whole market.

**Apple Ipad in Tablet market  
(2010)**



**Coca-Cola**



## (2) Differentiated (Segmented) marketing

- ✓ Target several segments and design separate offers for each

Coca- Cola (Coke, Sprite, Coca Zero/ Diet, Fanta, etc)



Procter & Gamble (Tide, Cheer, Gain, Dreft, etc.)



Toyota (Aygo, Yaris, Corolla, Prius, Camry, etc.)



## (2) Differentiated marketing



## (2) Differentiated marketing

### PROS



- Possibilities to boost the overall selling opportunities;
- Possibility to **maintain** market share.

### CONS



- Higher **costs** for production, distribution and communication;
- Criticalities in the definition of strategic choices of control. (BRAND PORTFOLIO)



# (3) Concentrated and Niche marketing

- ✓ Target one or a couple of small segments with very **specialized** interests



**Status symbol**



**Luxury Goods**

**MONT  
BLANC**

**BVLGARI**

**Specific  
needs**



# (3) Concentrated and Niche marketing

## PROS



- Possibilities to acquire economies of scale and **learning economy** through the focus on a specific segment;
- Specialization of products (and competencies).

## CONS



- Risk of the unexpected inability to survive in the market due to iperspecialization. The success of the firm depends only on a specific segment or product-service. The risk of business is not fragmented.

# (4) Micro-Marketing/Personalized marketing

Hypercompetition and the rapid evolution of contemporary customer's tastes lead businesses to adopt more and more focused programmes and solutions:



## Micro- marketing:

Small group of consumers selected based on common features such as localization (single point of sales, restaurants, typical products);



## Personalized/ Taylored Marketing

Satisfaction of the needs of a single consumer (individual or consumer group).

- Loyalty and personalize relationships over time



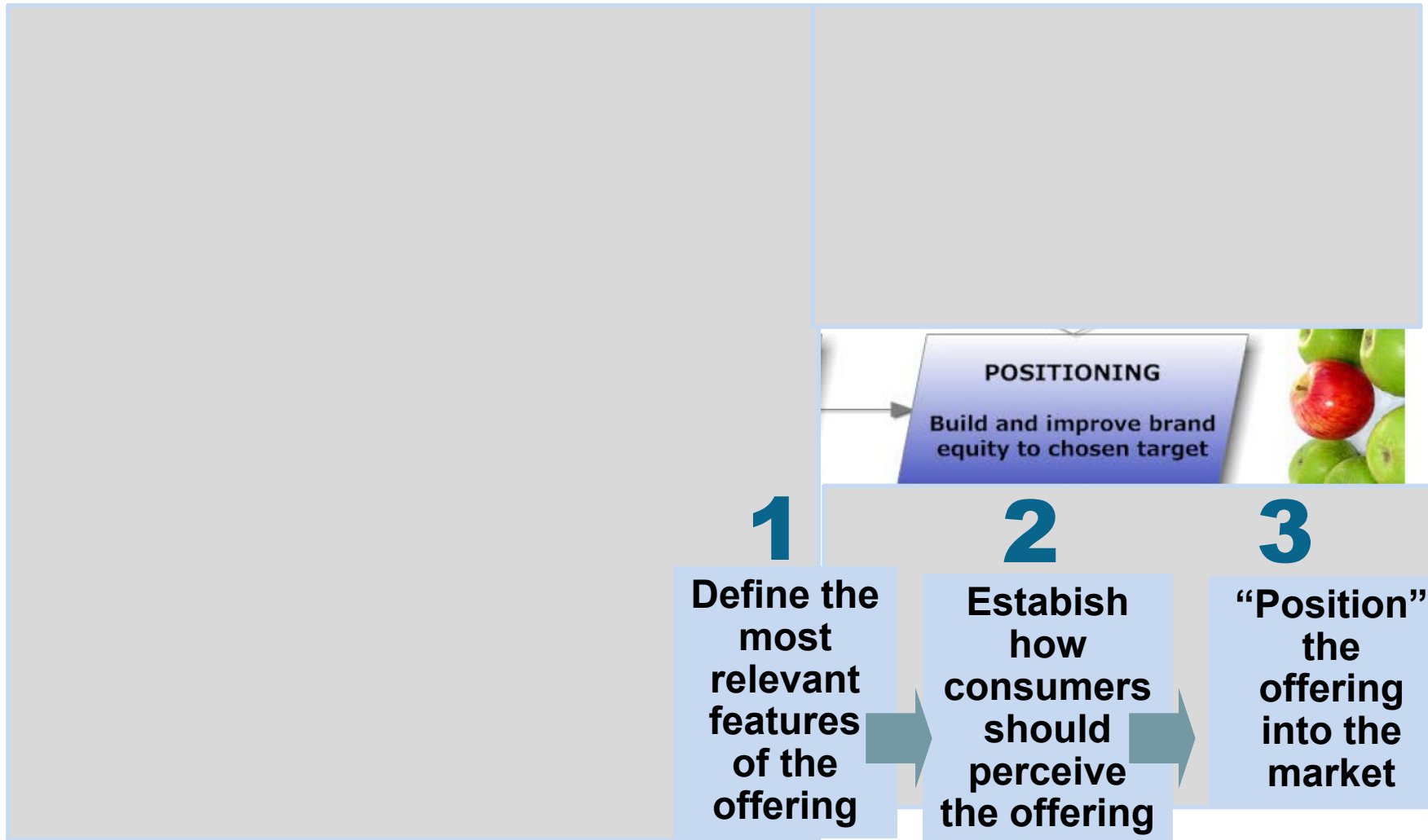
# Everyone is much more than a customer



Customer Lifetime value

Life stage defines a person's major  
concern

# STP: (3) POSITIONING



# The definition of Positioning

*“the building of a product image in order to give a brand, in the evaluation of consumers, a favorable place, differentiated from competitor’s position» (Ries and Trout, 1991)*

Positioning defines the way in which a brand or a firm are **perceived** by potential consumers as *different* from competitors



# Positioning

Positioning is a tool for the *analysis* employed by firms to define the optimal strategy to attain competitive advantage



Main **goals**:

- **Favorable perception** of potential buyers;
- **Brand Awareness** (reputation, notoriety)

# Positioning Strategies

*Stabilization* of current positioning of the product, brand or firm in consumer's mind;

Research and achievement of a *new positioning* based on new attributes not yet used or promoted as new value for consumers;



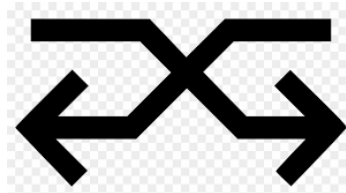
Repositioning in relation to competitor's offerings, that involves a process of shifting of positioning from an old to a new location in potential consumer's mind



# The Repositioning

A change of positioning is necessary when market conditions change. Usually, repositioning is performed for two reasons:

- To challenge new competitors;
- To enhance the capability to address users' needs and preferences.



N.B.= the repositioning should be carried out without creating confusion in the perception of customers, by adopting a **coherent** and reliable communication strategy consistent with the previous image of the brand.

# Positioning: Analysis and Strategies

Positioning involves two different moments:

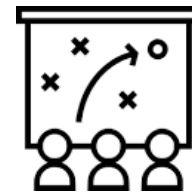
## Analytic plan



focus the attention on the identification of the benefits of the product perceivable by the consumer with respect to the expected benefits and assessment of the ability to satisfy them by the competitor's offering

Research for a satisfactory place for the offering and for the brand by identifying the tools (**marketing policies**) to occupy and defend the positioning from competitors' actions

## Strategic plan



# Positioning

The main activity is the identification of required benefits:

## Functional benefits



Strictly connected with product's attributes; referred indirectly to the brand

Referred to product's and consumer's **value** and to brand's ability to put users in relations with the others and with their reference group

## Symbolic benefits





# Example: Pasta Market

## Functional benefits

- Complete nutrition
- Taste
- Digestibility

## Symbolic Benefits

- Health and physical well-being (weight, fitness)
- Healthy way of life
- Conviviality



# Example: Positioning

- **Functional benefits of the brand «Nutella»:**
  - Nutritional properties
- **Symbolic benefits of the brand «Nutella»:**
  - Emotional/hedonistic: delight for taste
  - Sentimental: childhood memories



# Example: Positioning

- **Functional benefits of the brands «Bulgari and Cartier»:**
  - Quality of raw materials (stones, emerald, metals etc.)
  
- **Symbolic benefits of the brands «Bulgari and Cartier»:**
  - Exclusivity
  - Refinement
  - Status symbol

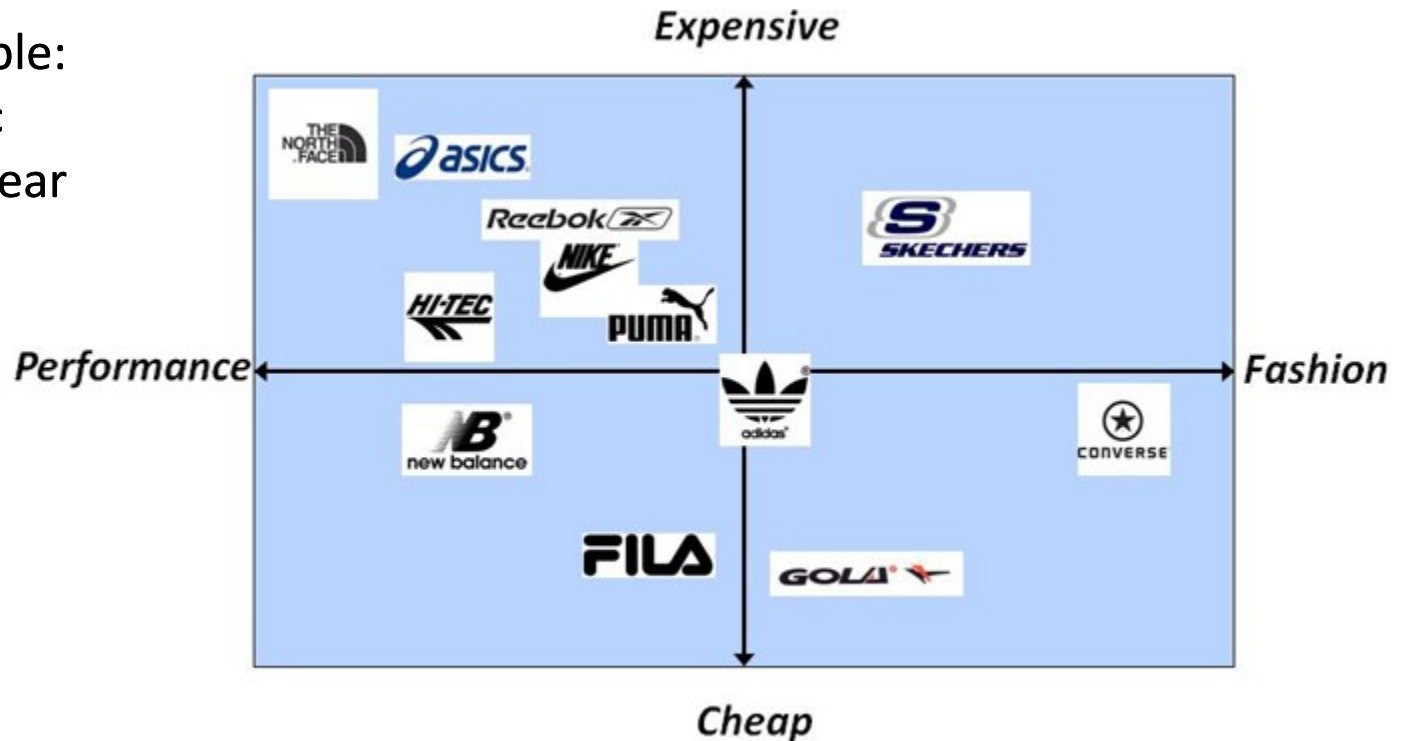
BVLGARI

*Cartier*

# Perceptual Positioning Maps

Display consumer's perceptions through a visual picture of how customers perceive their brand versus the competing products or services on relevant buying dimensions

Example:  
athletic  
footwear

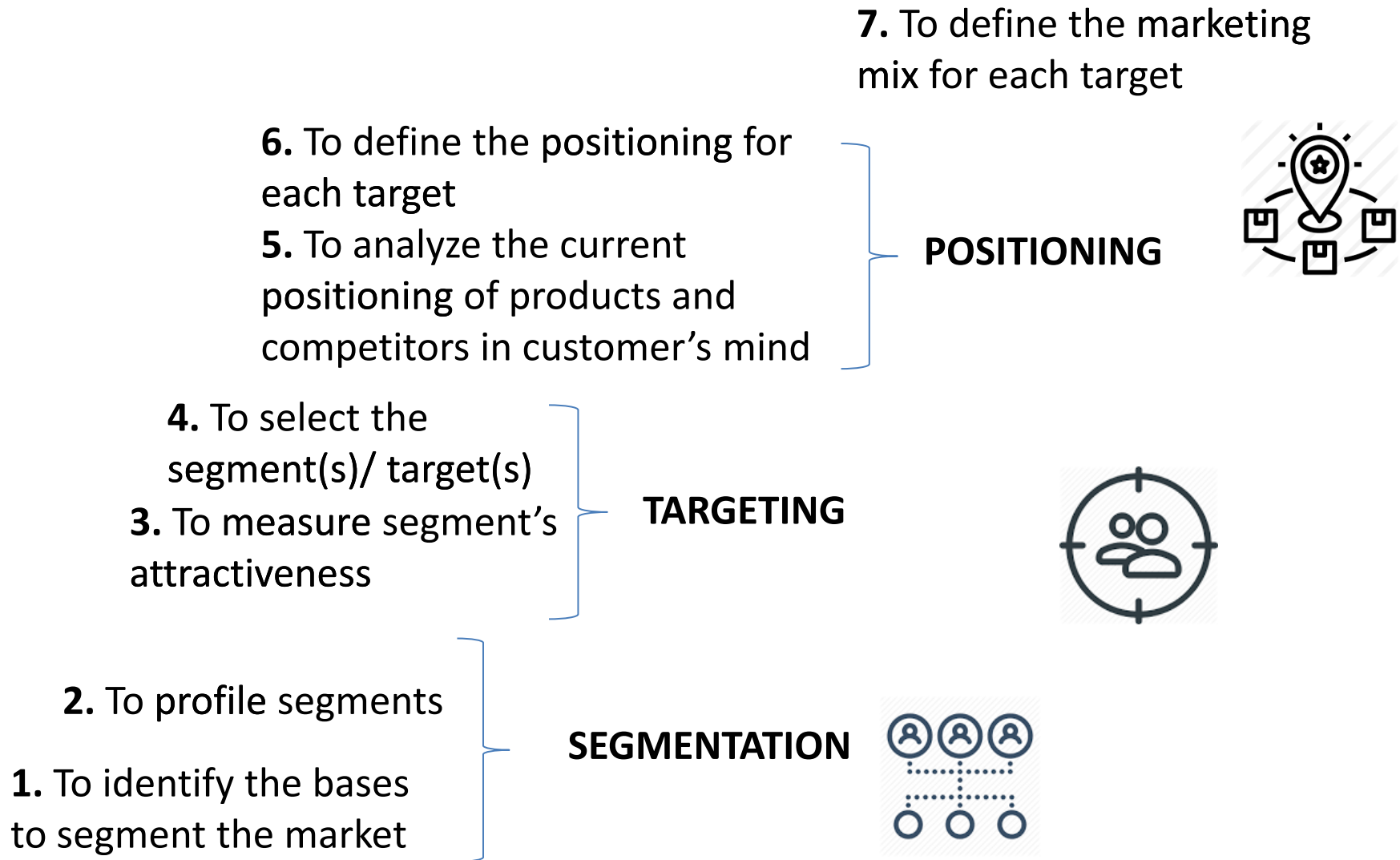


# Example: Candy sector





# Marketing management **steps: a synthesis**



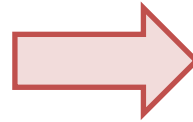
# Criteria for Positioning

Main features to differentiate a product (the brand) in the perception of buyers:

- Physical attributes of the product
- Symbolic attributes of the product
- Benefits offered
- Price
- Contrast to a competitor
- Association with a class of products
- Identification with a class of users
- Identification with an opinion leader
- Appropriateness for given occasions of use
- Image of the manufacturer or country of origin

# Positioning

**1. Physical attributes:** to emphasize the main (inner characteristics) features that affect performance



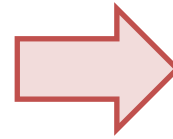
Intense perfume; tapered shape; juicy pulp; absence of seeds.

Rich of vitamin C and essential oils. Delicious, natural, suitable for the preparation of fresh recipes

**Food companies can stress the colors, the appearance, the freshness of their goods**

# Positioning

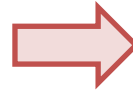
## 2. Symbolic attributes



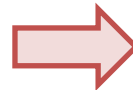
To adopt a given  
(dynamic, exclusive,  
sporty, adventurous)  
lifestyle

# Positioning

## 3. Offered benefits



Anti bacterial; Anti plaque; It protects caries; Helps and strengthens the enamel; Helps protect the gums; Effective on the tongue; Acts in hard-to-reach areas; It guarantees long lasting freshness.



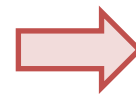
Ferrarelle lights up your vitality because it envelops the well-being of 100% effervescence, perfectly balanced, with a unique and full taste.



Creamy, rich in taste and fat-free, many pieces of fruit.

# Positioning

## 4. Price



Price lower than competitors' services. Focus on basic features and essential characteristics.

# Positioning

## 5. Opposition to a competitor



A drink created to challenge Coca-Cola, the «hystorical» competitor.

At the beginning, Pepsi aims at curing stomach pains.

# Posizionamento

## 6. Association with a category of products



... Decaffeinated coffee...



... Analgesics...

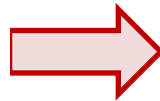


... Roll kitchen paper...



# Posizionamento

## 7. Identification with a segment of users

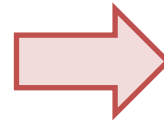


«Dishes as good as homemade... Ready meals»

Users: Singles, mothers

# Posizionamento

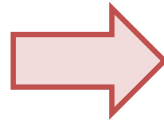
## 8. Identification with leaders or celebrities



The «personality» of celebrities are associated with brand's and product's personality (elegance, exclusivity, refinement)

# Positioning

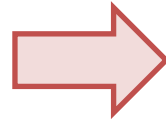
## 9. Suitability for given occasions of use



On San Valentines Day  
one candy one chocolate  
candy out of three is  
«Perugina»

# Positioning

## 10. Image of Producer (brand) and Country of Origin Effect



... the focus is not (only) on the features of goods, but on feelings and sense of belonging...promotion of citizenship

# Positioning Map

**Positioning Maps** is a tool that represents graphically the positioning or perception of each group of competing products in respect of two **specific product characteristics**

## AIMS:

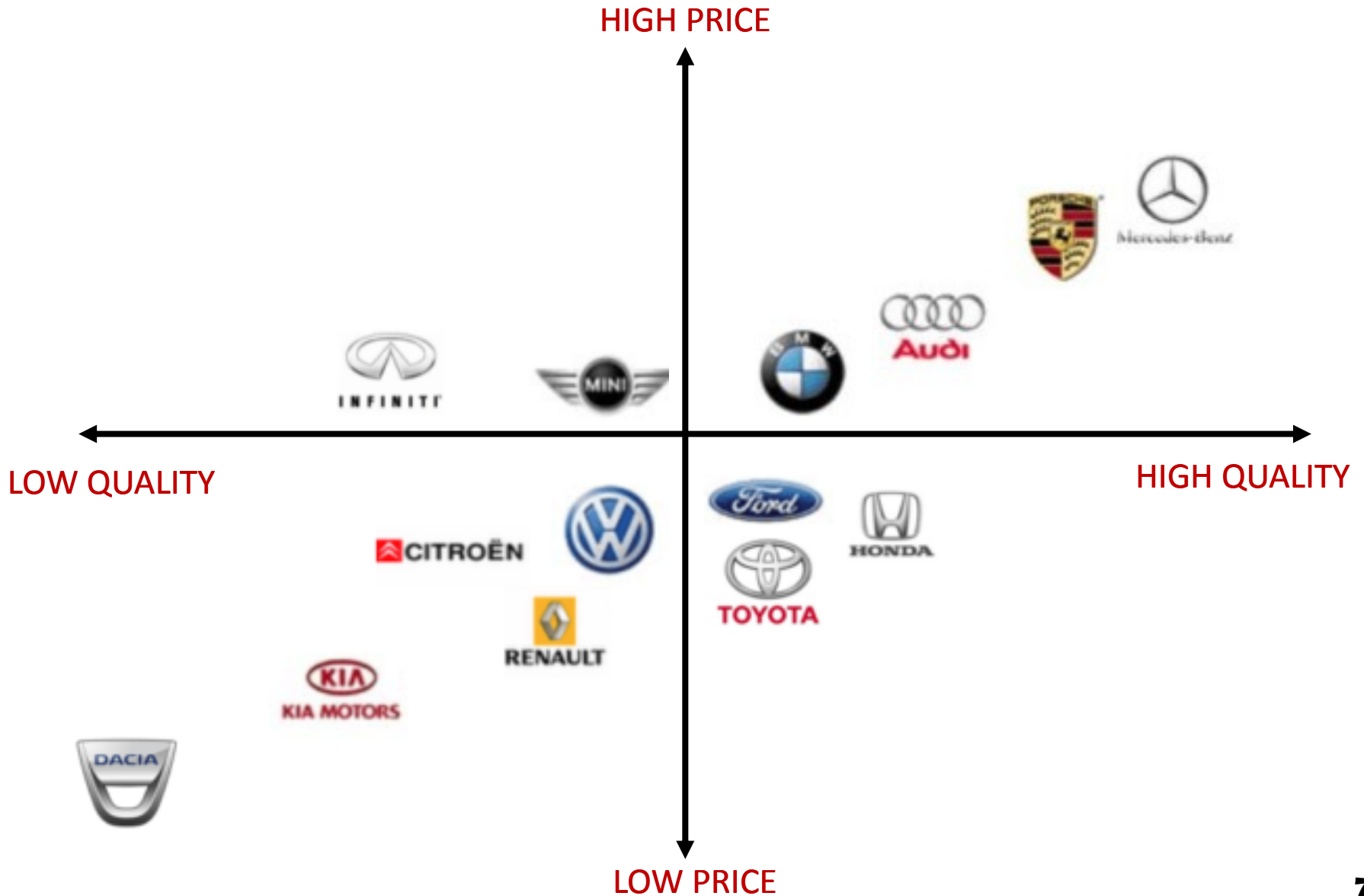
- understand the perception of and the existence of correspondence between **consumer preferences** and **offer positioning**
- compare the positioning of competing products
- identify any ideal **free positions**



# Positioning Map: Fashion



# Positioning Map: Cars

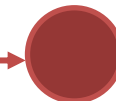


# Positioning Map:

## Pasta Market



HIGH QUALITY



LOW PRICE

GAP IN THE MARKET  
(OFFERING BLANK)

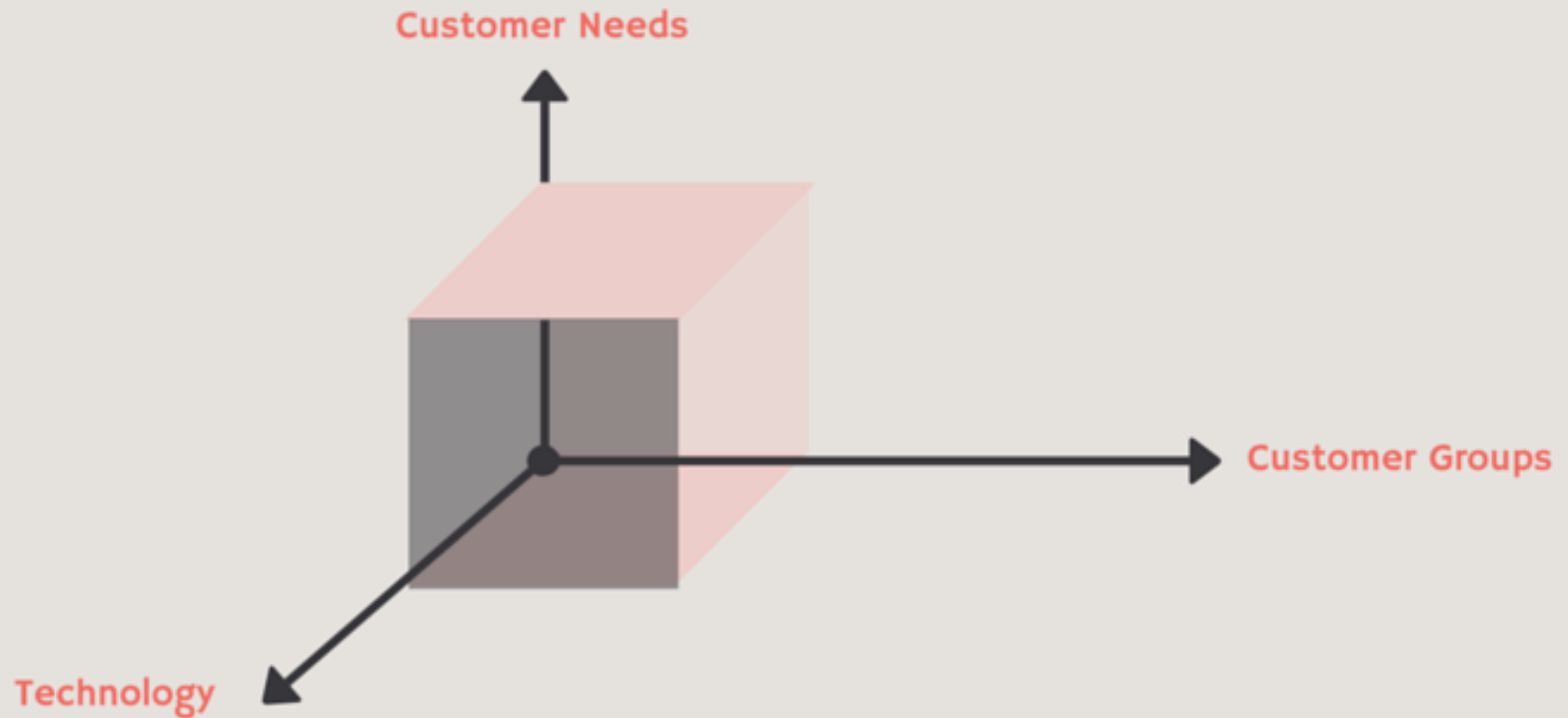
HIGH PRICE



LOW QUALITY



# Framework your business: **Abell's Matrix**



# 3.1.2

## Operational Marketing & The 4 Ps



# Marketing Mix

Marketing Mix is the set of decisions that concern the kind of product, the kind of packaging, the price, the place, the communication that are the marketing variables controllable by firms, the **4 Ps**.



N.B.= marketing mix decisions should comply with a «**dual coherence**» between:

- Internal (between the different single «Ps»);
- External (coherent with positioning and corporate image).

# (1) Product

*A product is everything that can be offered to consumers to satisfy their needs. It can be a physical object and can involve people, places, institutions, ideas. Products should comply with firm's proposal to satisfy the need of buyers.*

## Basic attributes

Ingredients, components, raw materials, shape  
(service: equipment, structures for delivery)

## Secondary attributes

Packaging, visual identity, brand, accessories

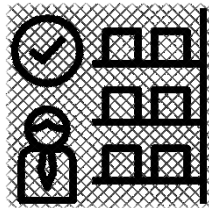


It depends on market and product's vision and strategies

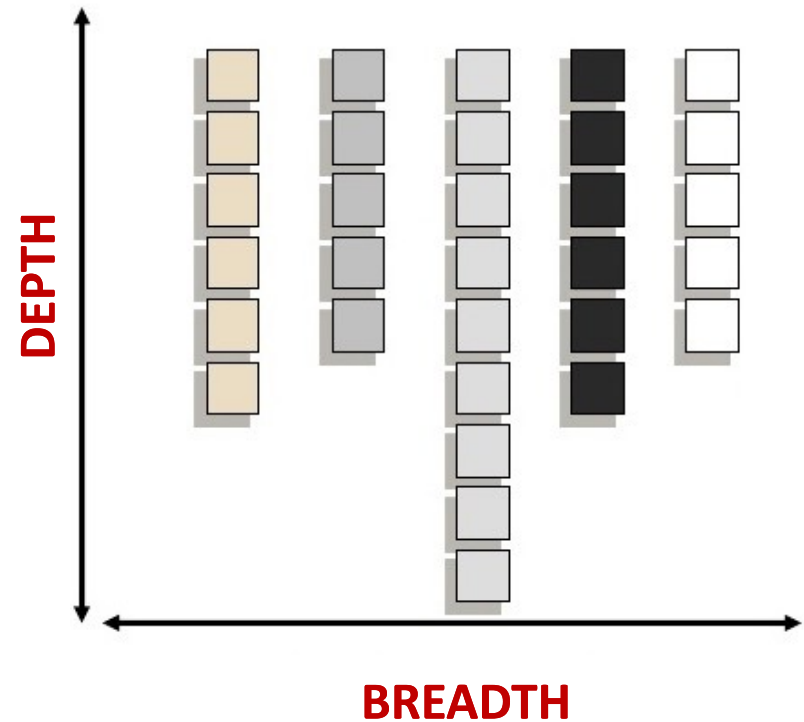
# Assortment

Lines, types of products, variations and versions constitute the assortment, measured according to two dimensions:

**BREADTH:** number of the product lines



**DEPTH:** number of variations and of different versions of each product for each line





# Example: Pasta Market

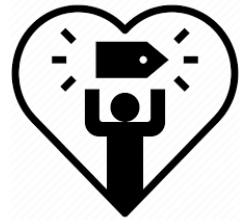


# The Brand

*It is a name, a symbol, a picture, a logo or a combination of these elements to identify products and services of one or more suppliers to distinguish them from competitors' products.*

To be **effective**, brand should have the following features:

- Originality
- Ease of pronunciation
- Memorability
- To be translatable in other languages, coherence with the product



Manufacturer brand

Producers



Retail brand

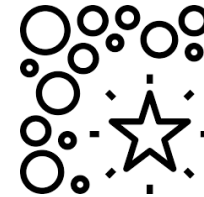
Distributors

# The main goals of branding

- Identification of producers
- Awareness, notoriety and esteem



- Association with the level of quality of the product
- Differentiation from other products (or from different products of the same company but characterized by a different marketing mix);



- Protection and rights;



- Possibility for the customer to make comparisons with other products;
- Impact on consumer's behaviors;
- Opportunity to retain customers.





# Three main tools



Product Lifecycle



BCG Matrix



General Electric Matrix

# Different targeting, different products

- *commodity or convenience goods*: mass consumers goods (water, pasta, bread and food sector in general) highly replaceable and low price



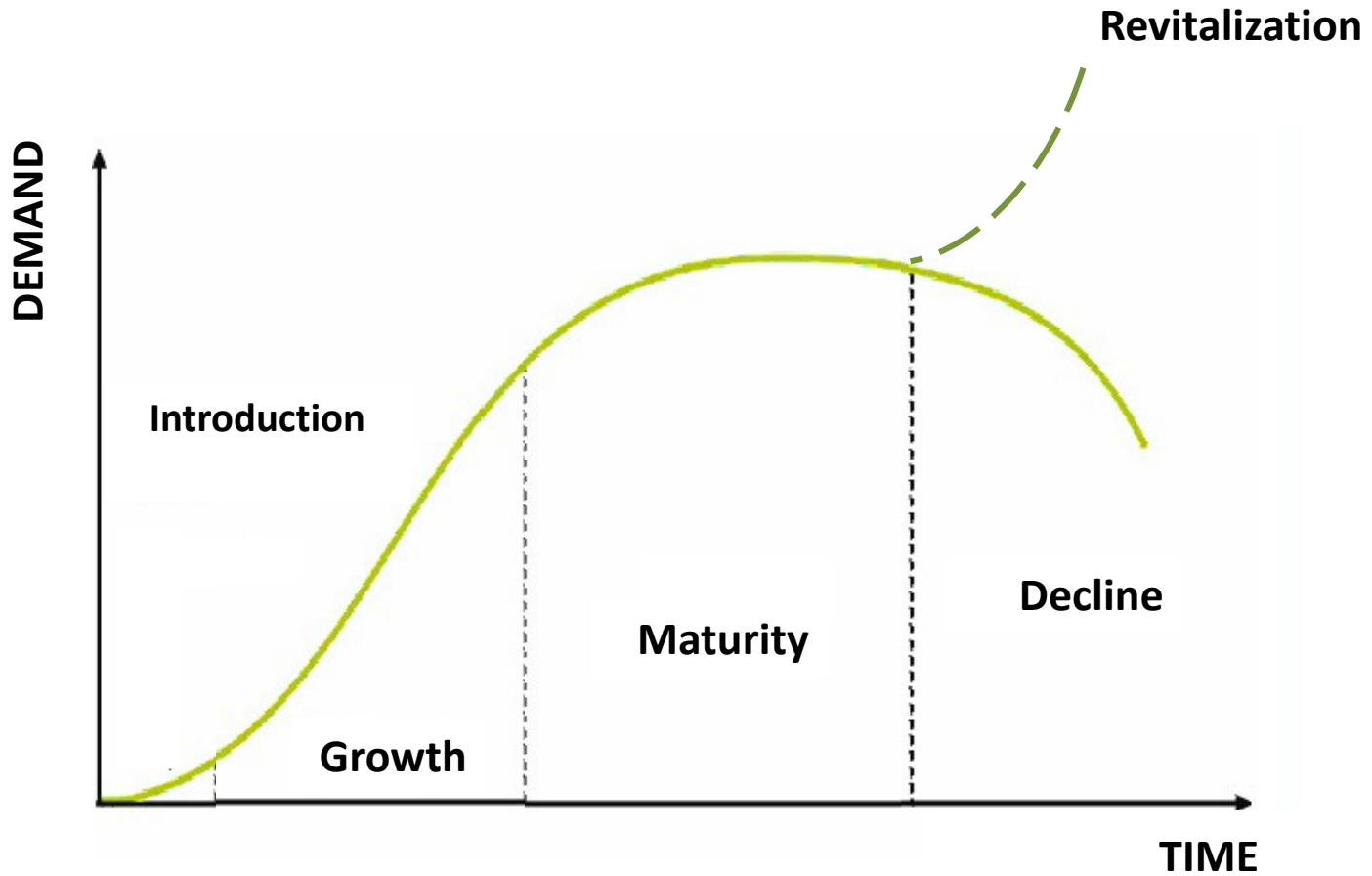
- *shopping goods*: products devoted to customers with medium *spending capacity* and that requires careful evaluation (professional services, travels, services *not easily replaceable*)



- *luxury goods* (exclusive cars, haute couture fashion): targeted at market niches or at consumers with high spending capacity



# (1) Product Lifecycle





# Product Lifecycle

## Introduction

Slow sales growth and negative economic results due to the huge expenses.

## Development

Rapid market acceptance, with improved profits

## Maturity

Product acceptance by potential buyers which leads to stabilization of sales and profits.

## Decline

High decrease in sales and profits.

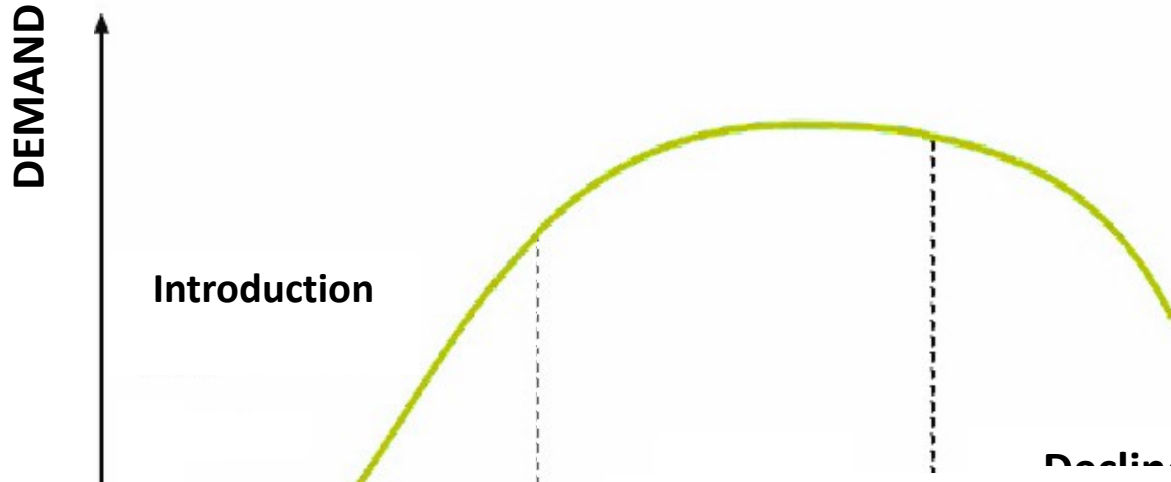
## Revitalization

Sales development deriving from changes:

- in the **offer** (new uses of product, quality improvements, expansion of the range, introduction of accessories, etc.;
- In the **demand** (new needs satisfied with the product, new market segments, new channels, new consumer habits, new trends in users' needs).



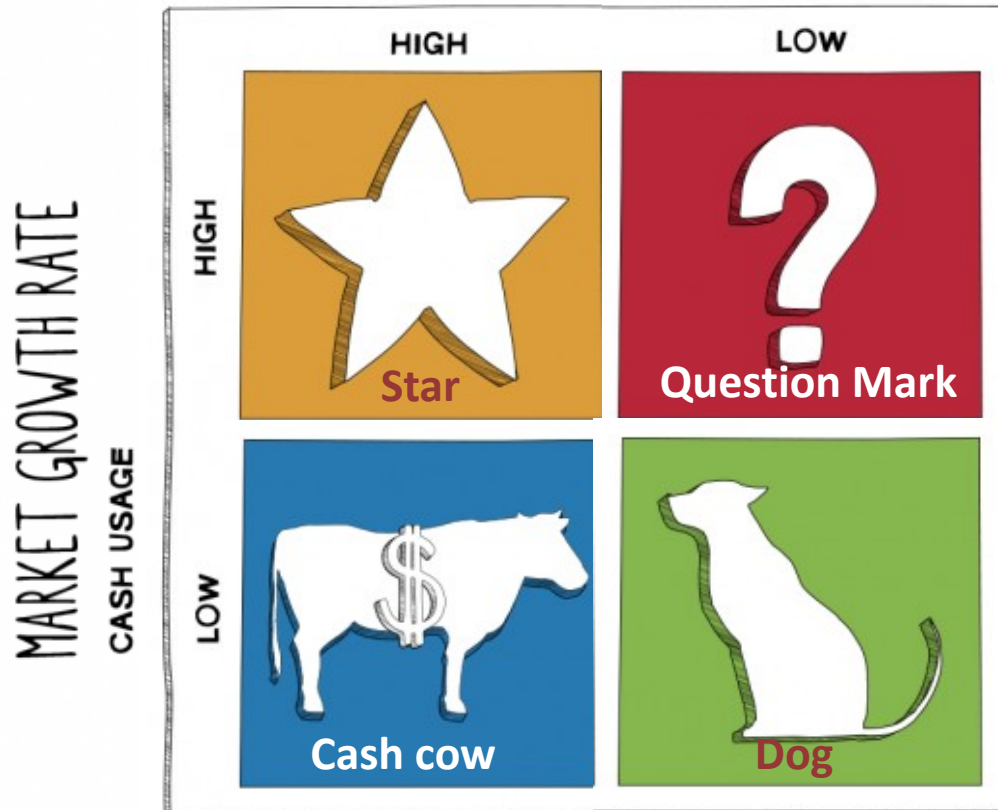
# Product Lifecycle: Implications



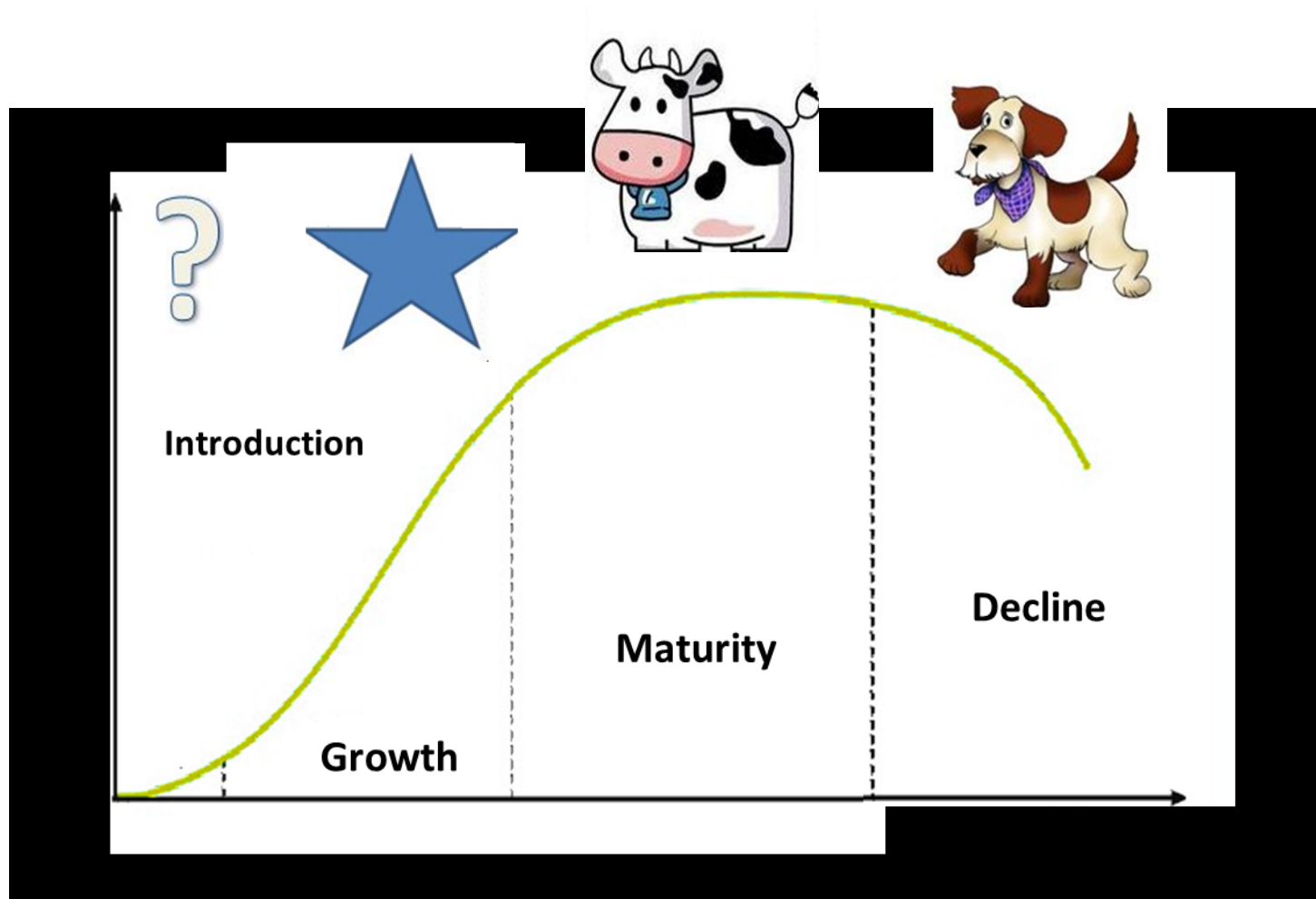
	Introduction	Development	Maturity	Decline
<b>SALES</b>	Low	Rising	Stable	Descending
<b>COSTS</b>	High	Medium	Low	Low
<b>PROFIT</b>	Negative	Rising	High	Decreasing
<b>CUSTOMERS</b>	Innovators	Early Adopters	Majority	Laterals
<b>COMPETITORS</b>	Few	Increasing	Stable	Reduction

## (2) BCG Matrix

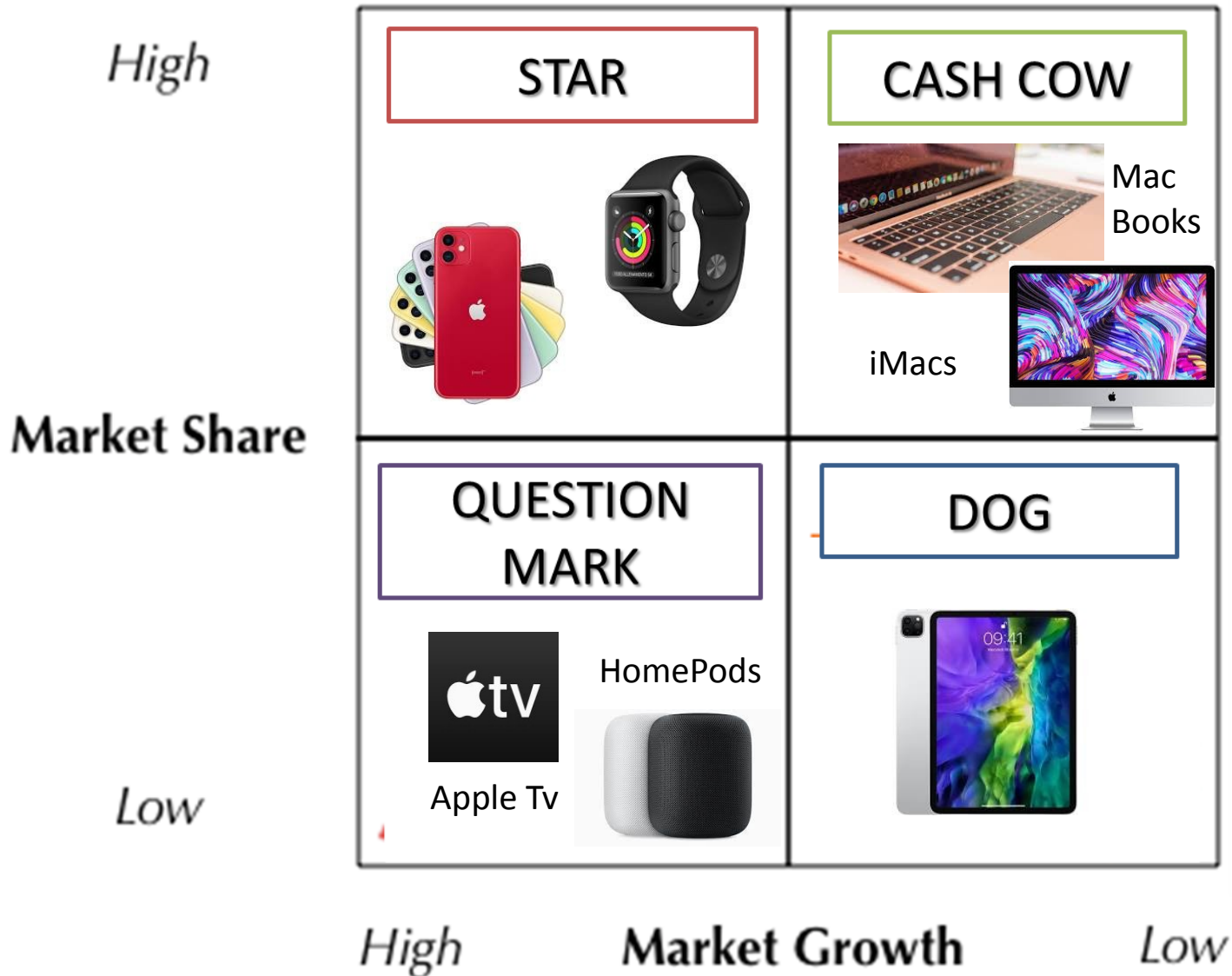
RELATIVE MARKET SHARE  
CASH GENERATION



# (1+2) BCG Matrix & Product Lifecycle

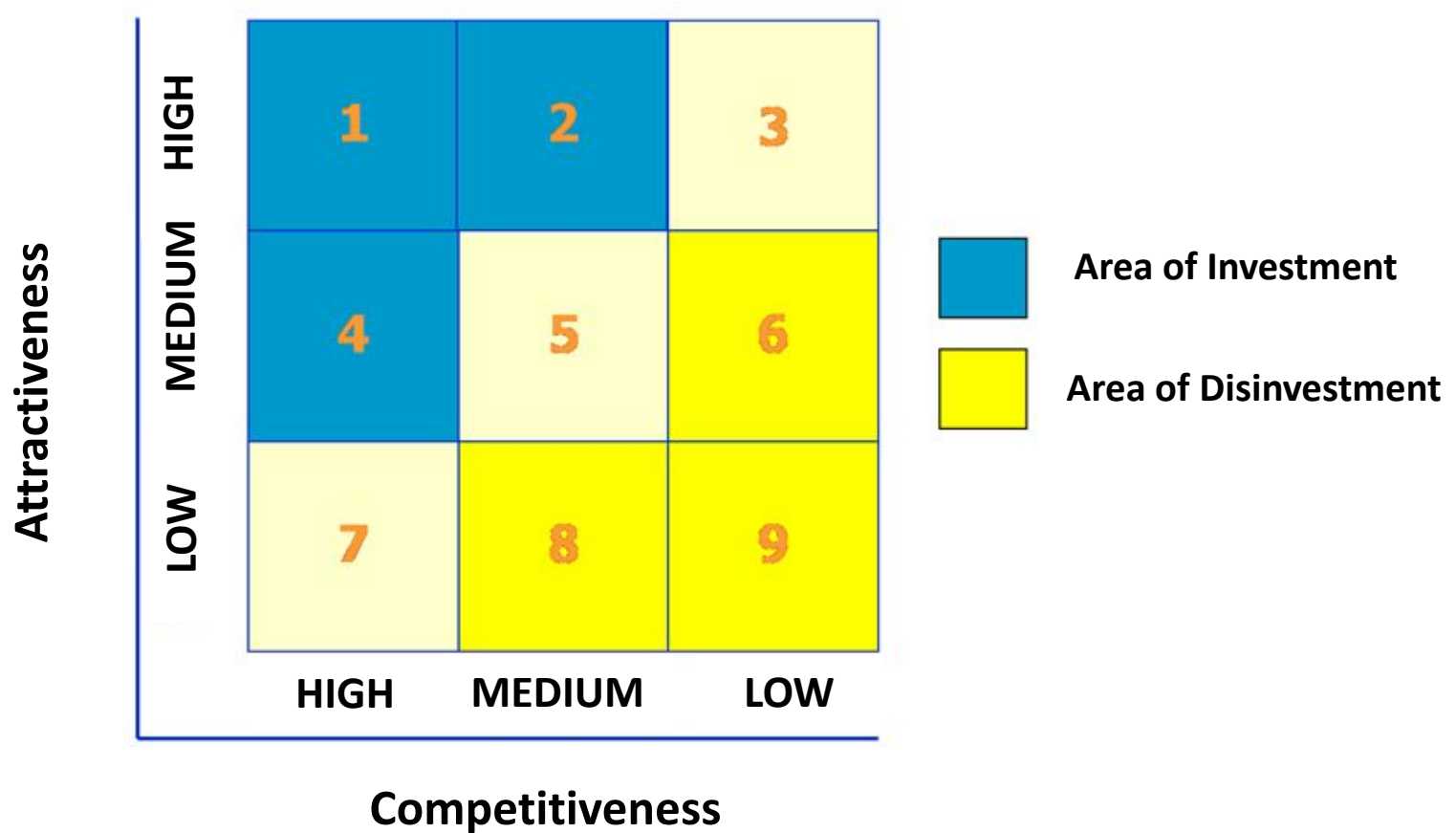


# BCG Matrix: an application





# General Electric Matrix



## (2) Price

It is the “measure” of the main effort and sacrifice sustained by consumers to satisfy their needs.

N. B. It is the “P” more influenced by external factors (competition in the sector) and that depends on the company's ability to manage the other three variables.



There are no standard procedures to settle prices, but there are three different **orientations** that price policies:

- **Profit**-oriented goals;
- **Sales**-oriented goals;
- Objectives oriented towards **risk** reduction.



# New product's Price

Price decisions are based on the long-term, since they refer to the phase of **introduction** and can influence the price throughout the entire **lifecycle**. There are two main strategies:



## PENETRATION PRICING

Proposal of a price lower than competitor's products



## SKIMMING PRICING

Proposal of a price higher than competitors' products

# New product's Price

## SKIMMING POLICY

Price *higher* than market's expectations

- High unit contribution margin;
- Low number of early consumers.

Suitable products: **innovative**



The firm can keep on establishing high prices

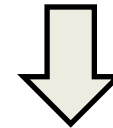
The firm can choose to reduce prices when attractive segments lose their potential and can be re-targeted at broader segment

## PENETRATION POLICY

Price lower than market's expectations

- High volumes of sales;
- Reduced contribution margin;
- High number of early consumers.

Suitable product: goods **not differentiated** from technical viewpoint, with higher competition and consumers with high price sensitivity.



Over time, price is stable but contribution margin increases, since high volumes can produce economies of scale  
- Unit costs + profit

# Example:

## Pasta Market



0,67 €



0,95 €



1,19 €



1,80 €

# (3) Place: Distribution

Distribution channels are a «set of *institutions* that perform the complex activities needed to deliver and *transfer* the product, with the related property right, from producers to consumers»

The main activities of distribution are:

- Deposit at the end of the production process;
- Transport;
- Collection of to support transactions with customers;
- Promotion and information communication with the customer;
- Selection, assembly, packaging and adaptation of the product in the final phase of delivery to the customer;
- Negotiation of the conditions of sale;
- Execution of after-sales services (assistance, guarantee, maintenance);
- Acquisition and management of the financial resources necessary to carry out the activities.



# The composition of Channels

**Distribution channels** permit firms to reach their market.

The decisions related to distribution concern the definition of the activities that organizations carry out directly and indirectly.



## Direct channel

Activities are managed without engaging external actors

Producers reach consumers directly.

(e.g. selling on catalogue, by phone, through email)



## Indirect channel

Some activities are entrusted to third parties.

Every stakeholder engaged in one of the activities performs a different **step** of distribution channel. The more individuals are engaged, the more the number of intermediate phases in the channel increases.

# Distribution Channels



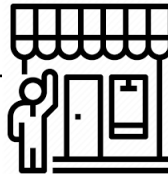
DIRECT CHANNEL

Producer

Consumer

SHORT INDIRECT CHANNEL

Producer



Retailer

Consumer

LONG INDIRECT CHANNEL

Producer

Stockist



Retailer

Consumer

Producer

Stockist

Agent

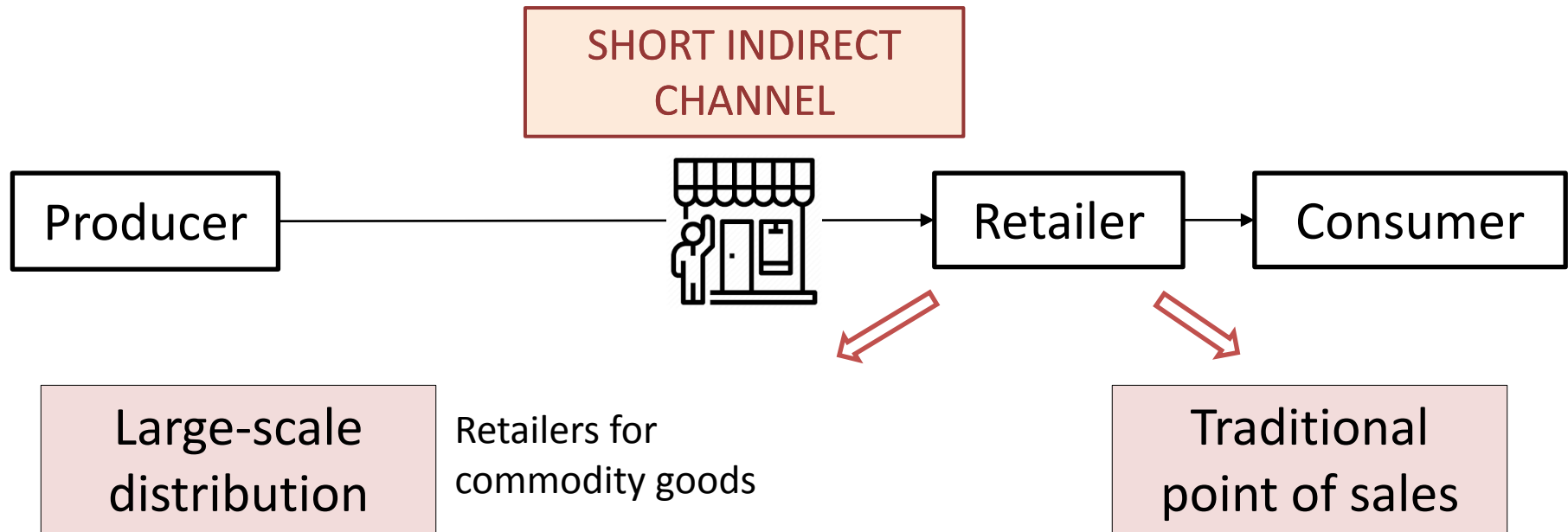
Retailer

Consumer



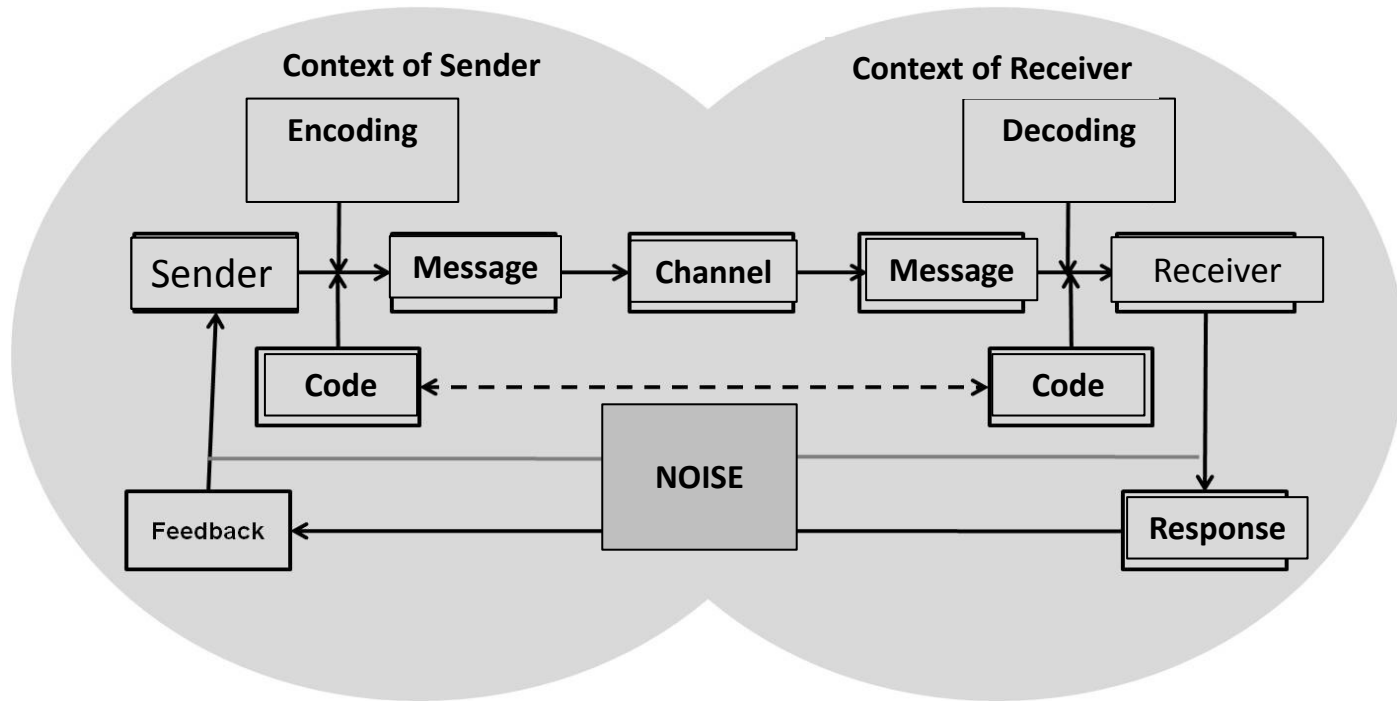
# Example:

## Pasta Market



- Hypermarket: more than 2,5 m<sup>2</sup>
- Supermarket: from 400 m<sup>2</sup> too 2.500 m<sup>2</sup>

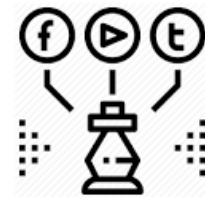
# (4) Promotion: Communication



The source/ sender (a firm or an organization) develops an encoded message (e.g. an advertising campaign) and send it through a given means of communication (television, press, front-office employees, sales staff etc. ) to the recipients (target-market).

# Communication Strategy

1. Selection of Receiver
2. Selection of communication goals ←
3. Development of strategic planning
4. Budgeting
5. Selection of communication mix levers ←
6. Development of the message
7. Selection of media
8. Programming times and modalities of action
9. Definition of the standards for performance monitoring
10. Evaluation of effectiveness



# 1. Selection of Receivers

## In the target market

- existing consumers
- potential consumers
- acquired consumers
- competitor's consumers



## Other receivers-stakeholders

(with different roles in the buying process)

- suppliers
- shareholders
- employees
- Salespersons
- intermediaries
- public institutions
- public opinion

# 2. Selection of Communication Goals

Depending on **TARGET**:

- Encourage the demand
- To inform the market
- Persuade consumers to buy (to guide users' actions by indicating addresses, phone number, etc.)
- Reassure buyers
- To create or to strengthen the image of a brand/ product
- To boost the institutional image of a brand

To enhance the effectiveness of strategies, goals should be:

- measurable
- based on market research
- addressed to a defined **target**
- realistic
- coherent with **marketing plan**
- supervised periodically



# 3. Development of Communication Plan (Strategy)

- Main goals related to the total strategy
- **Integrated** set of communication forms for each stakeholders
- Selection of the **concept** (**creative idea**) that should guide the content of the message
- Selection of communication means and vehicles for **each target**



# 4. Budgeting

Based on:

- marketing plan objective;
- economic conditions of the market;
- product category;
- life cycle of the product;
- distribution channels;
- experience of competitors

Budget size is calculated arbitrarily as:

- % on sales
- in relation to corporate objectives
- similarly to the investments of competitors.

P.S: Often the size of the budget is a fixed constraint.

# 5. Development of Communication Mix Strategy

- Advertising
- Sales Promotion
- Public Relations
- Sales persons (front-office employees)

## 6. Development of the Message

Content based on:

- target and marketing goals (tone of voice)
- brand strategies (reputation, image, identity...repositioning)
- stage of product's lifecycle



## 7. Selection of **Media**

Based on:

- The kind of product
- The features of market
- The characteristics of communication

**Forms** (advertising, sales promotion, P.R., salesperson)

General **means** (*television or press*)

Specific *measurable* **vehicles**  
(newspaper, radio channel,  
television channel, websites)

8. Programming of **times and modalities**

9. Definition of standards for **performance monitoring**

10. Evaluation of **effectiveness**

# Communication Mix

*The set of forms (means, instruments) through which businesses can realize communication*



ADVERTISING

SALES  
PROMOTION

PUBLIC  
RELATIONS

SALES  
PERSON

# Communication Mix: **main criteria**

- ***The nature of product***
- ***The analysis of target market (size of market and geographical location)***
- ***Phase of the product's lifecycle***

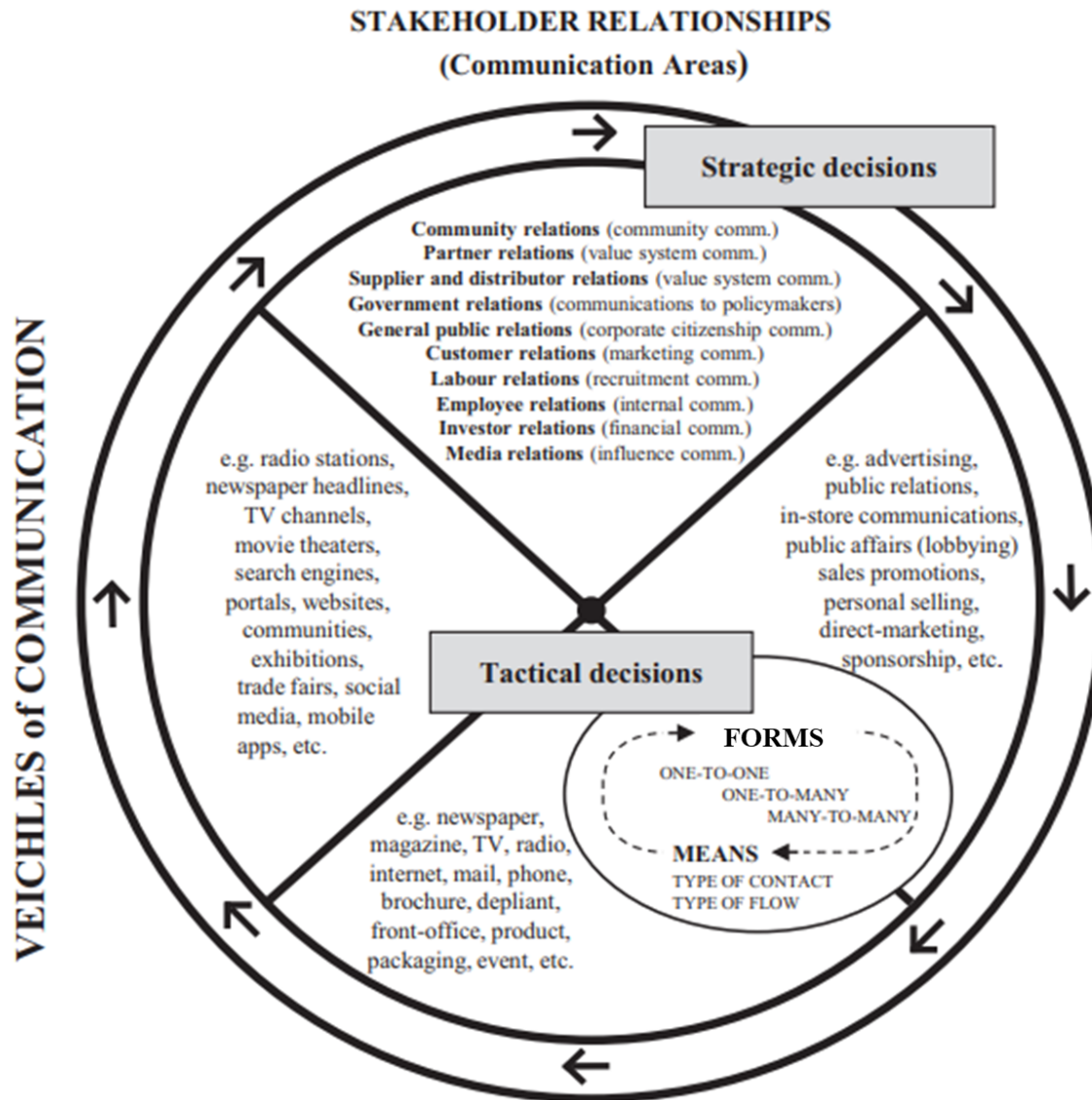
- ***Channel strategies:***

*pull (targeted at final consumers)*



*push (targeted at retailers, and/or at sales personnel)*





# Communication Mix Wheel



# Communication Mix Levers

Communication Mix Lever	Main features of communication	Pros	Cons
<b>ADVERTISING</b> 	<ul style="list-style-type: none"> <li>• <b>Mass</b> communication (high size market).</li> <li>• Impersonal</li> <li>• For commodity goods in the phase of introduction</li> <li>• Targeted at consumers.</li> </ul>	<ul style="list-style-type: none"> <li>• Standard and measurable message</li> </ul>	<ul style="list-style-type: none"> <li>• Absence of direct feedback</li> <li>• High general costs</li> </ul>
<b>SALES PROMOTION</b> 	<ul style="list-style-type: none"> <li>• <b>Mass</b> communication</li> <li>• Impersonal</li> <li>• Targeted at consumers and retailers</li> <li>• For product revitalization in the phase of maturity or decline or to enhance users' loyalty</li> </ul>	<ul style="list-style-type: none"> <li>• Standard message</li> <li>• Rapid effectiveness</li> </ul>	<ul style="list-style-type: none"> <li>• Nonconstant message</li> <li>• Absence of direct feedback</li> </ul>

# Communication Mix Levers

Communication Mix Lever	Main features of communication	Pros	Cons
<b>Public relations</b> 	<ul style="list-style-type: none"> <li>• Mass communication.</li> <li>• Impersonal.</li> <li>• Strengthen <b>brand image</b>.</li> </ul>	<ul style="list-style-type: none"> <li>• No direct costs</li> <li>• Reliability of message</li> </ul>	<ul style="list-style-type: none"> <li>• No direct feedback</li> <li>• Not controllable/measurable message</li> </ul>
<b>Salespersons</b> 	<ul style="list-style-type: none"> <li>• Focused one-to-one communication</li> <li>• Personal</li> <li>• Usually for manufacturing goods</li> <li>• Targeted mainly at consumers (retailers, too)</li> </ul>	<ul style="list-style-type: none"> <li>• <b>“Tailored”</b> message for consumers</li> <li>• Direct <b>feedback</b></li> </ul>	<ul style="list-style-type: none"> <li>• High costs per contact.</li> </ul>

# Communication Mix: example

FORMS	MEANS	VEHICLES	Timing
ADVERTISING	• TELEVISION	Česká televize: ČT1, ČT2, ČT Sport, ČT Děčko Nova Živé vysílání Prima Video Tv Noe Idnes	Prime time, day time
	• PRESS	Cesky Noviny, Hospodarske Noviny, Lidové Noviny, Mlada Fronta Dnes, Prager Zeitung  Respekt, Tyden, Reflex	Daily newspapers  Magazine and specialized magazine (cars, cooking, music)
	• RADIO	HitRadioCity Brno Free Radio 107 Europa 2, Express Radio	Prime time, day time
	• Billboards and posters	-----	One month, etc.
	• WEB (Banner, sponsored ads)	Official website Blog	One-three months
	• SOCIAL NETWORKS	Facebook Youtube Instagram Linkedin Twitter Pinterest	Planned posts (Three times a week/ one time a day) <b>Content:</b> texts, videos, pictures, tweets and hashtag)

# Communication Mix: example

FORMS	MEANS	VEHICLES	Timing
SALES PROMOTION	• TELEVISION	Česká televize Etc.	Prime time, day time
	• PRESS	See previous slide	Daily newspapers or specialized magazines
	• RADIO	See previous slide	Prime time, day time
	• Telephone advertising		
	• WEB (Banner, sponsored ads)	E-mail Google sponsored link	One month-three months
	• SOCIAL NETWORKS	Facebook	Three times a week, etc
PUBLIC RELATIONS	<ul style="list-style-type: none"> <li>• MEETINGS, FAIRS, EXHIBITIONS, TRADE SHOWS</li> <li>• WORKSHOPS, PRESS CONFERENCES</li> <li>• WORKSHOPS AND COURSES IN SCHOOLS AND UNIVERSITIES</li> <li>• AWARD AND CONTEST (e.g. innovathon, contest for students)</li> <li>• SPONSORED EVENTS (e.g. football games, marathon, music live shows)</li> </ul>	<ul style="list-style-type: none"> <li>- Name of the events and organizers</li> <li>- City/cities in which the event takes place</li> </ul>	<ul style="list-style-type: none"> <li>Date and planning of the event</li> <li>Duration of the event</li> </ul>

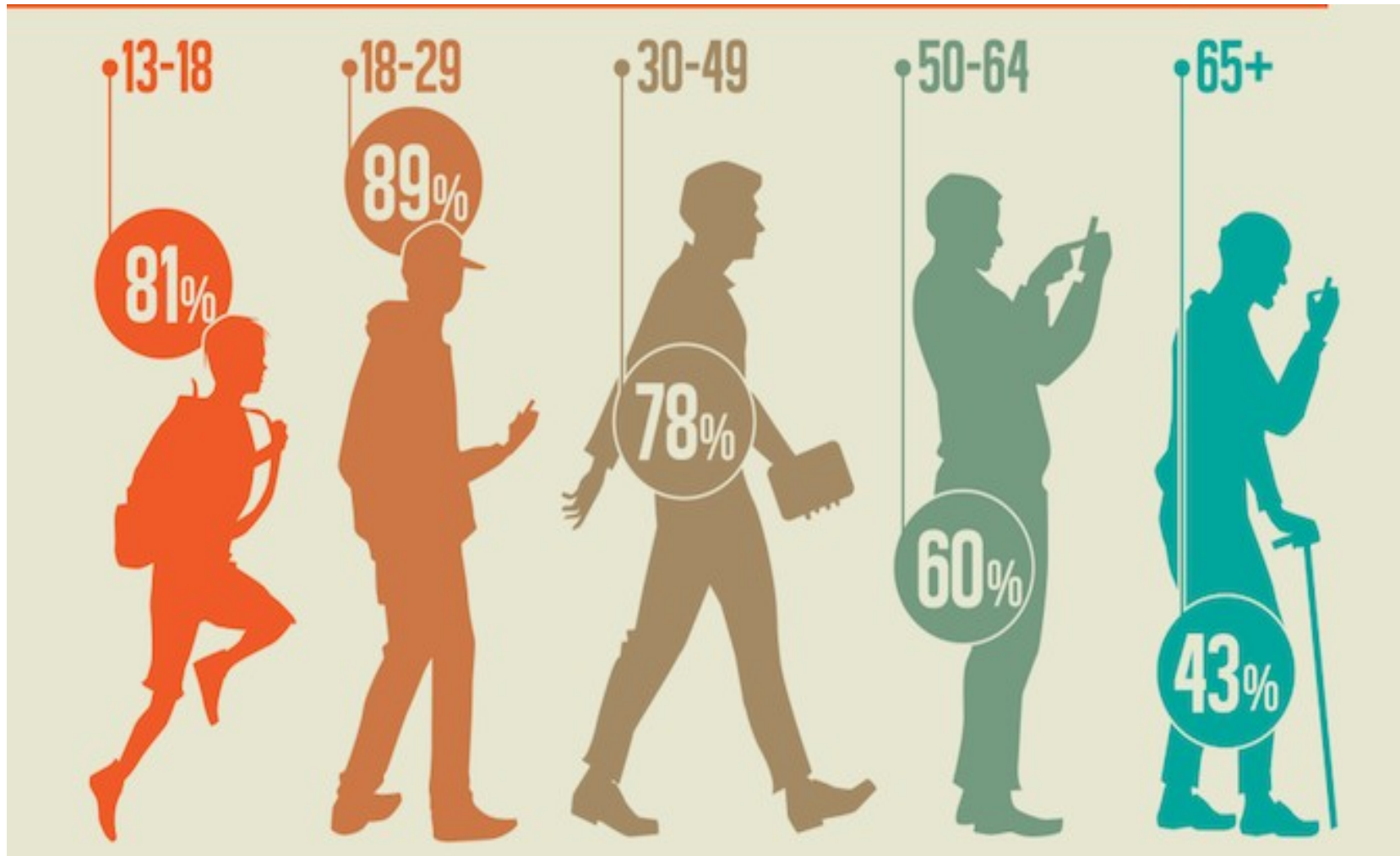


# Communication Mix:

## example

<b>FORMS</b>	<b>MEANS</b>	<b>VEHICLES</b>	<b>Content</b>
<b>SALESPERSON AND DIRECT SELLING</b>	<ul style="list-style-type: none"><li>• <b>EMPLOYEES</b></li></ul>	<ul style="list-style-type: none"><li>• Monobrand stores</li><li>• Front-office employees in direct points of sales</li><li>• Assistance in E-commerce websites</li><li>• Assistance in Livechat</li><li>• Customer care &amp; call centers</li><li>• Stands in trade shows</li></ul>	Kind of skills and competencies of the employees

# Age Breakdown (Social media users)



# Media Planning



FIT

Brand strategic objectives **Brand personality**

Real communication and visual signals: **Brand Identity**

Off-line ↔ On-line



- To enhance the exposure to brand's messages;
- To raise traffic on official «traditional» media (*website, online and offline stores, blogs, social networks, applications, magazines, brochures, etc..*);
- To encourage and monitor (?) Word-of-mouth.

# Media Planning



- Goals: DESIRED EFFECTS
- Content: *Tone of voice*
- Receivers/Stakeholders: TARGET

WHY?

WHAT?

TO WHOM?

- **Communication mix: FORMS- MEANS- VEHICLES**

HOW?

- Geographic context
- Timing
- To check performances: measurement

WHERE?

WHEN?

WHICH RESULTS?

# Media Planning: off-line vs on-line

- Goals
- Content
- Target



- Communication Forms (beyond «classical» ads)
- Means: digitals (applications, mobile devices, etc)
- Vehicles: links, banners, etc






**Payed  
media**



**OWNED  
MEDIA**

**EARNED  
MEDIA**

# Social Media Plan

	 FACEBOOK	 LINKEDIN	 TWITTER	 PINTEREST	 GOOGLE PLUS
<b>Minimum Publication</b>	3 times a week	2 times a week	5 times a week	30 times a week	3 times a week
<b>Maximum publication</b>	10 times a week	5 times a week	No limitations	70 times a week	10 times a week
<b>Notes</b>	Pictures are shared more than texts		To publish again the same tweet after few hours		

The intensity and the extensiveness can vary based on the kind of platform selected and on the target

# Example: Pasta Market

FORMS: ADVERTISING

MEANS



press

television

radio

Web



Official website

Banners Food blog  
Banners Food App  
Banners Streaming TV

Specialized Newspapers-Channel

VEHICLES

Sponsored Ads on Social network

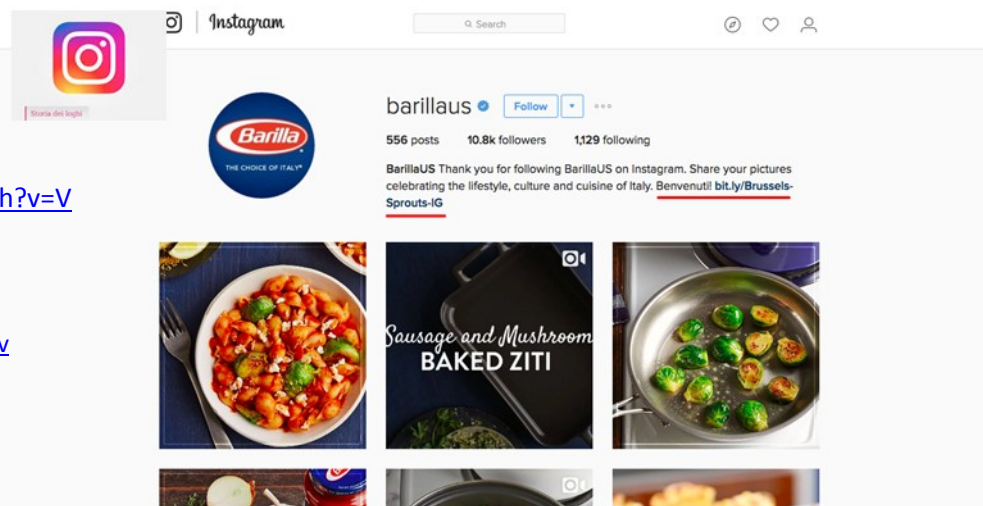
Social media

CHAT SPOT

<https://www.youtube.com/watch?v=VoDiFxiJf7U>

ADOPTION

<https://www.youtube.com/watch?v=lz7pzn2nXQw>

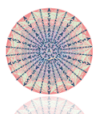


ITALY RESISTS

<https://www.youtube.com/watch?v=848kapapk8l>



UNIVERSITÀ DEGLI STUDI DI SALERNO



ASVSA

Associazione per la ricerca sui Sistemi Vitali

THANK YOU.

Questions?  
Comments?

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