

Week 1: Marketing concept, Value creation & Market-oriented firm

- ❖ **Marketing营销学:** An activity that creates, communicates & exchanges offerings that have value for customers 卖之前, 做 | 卖 | 买之后, 收钱
 - **Offerings that have value:** A good/service offered that satisfy customer needs OR wants
 - **Aim:** Create superior & perceived value AND in turn, gain financial value from customers(profits) 互惠互利
 - 2 Marketing processes: 2 perspectives 34111
 1. **Physical process:** (real-life)
 1. **Make the product** Product
 - Design product + Purchase materials + Manufacture product
 2. **Sell the product** → Decide pricing + Selling & Advertising + Distribution + After-sale services price+promotion+place + service
 2. **Value delivery process:** (marketing)before deliver(research), make, deliver
 1. **Choose the value**, based on customer needs OR wants(research)
 - External focus to create value
 2. **Create the value** through Product & process design
 - Internal focus to deliver value WHAT & HOW
 3. **Communicate the value**
- ❖ **Marketing mix:** 4Ps that create customer value WAWH
 1. **Product** WHAT
 - a. Develop product **AND** services G/S
 - b. Develop brands Develop product(eg. LV)
 - c. Ensure service quality Develop service
 2. **Price:** Decide pricing strategy AT WHAT PRICE
 - a. Penetration, skimming, price discrimination, stability pricing
 3. **Place:** Decide distribution channel WHERE
 - a. Select channels
 - b. Develop promotional plan of channels Let us know - external
 - c. Monitor & Control distribution process internal
 4. **Promotion:** Marketing communication 宣传 HOW
 - a. Select media 宣传方法
 - b. Develop message content 做内容
 - c. Determine promotional budget 做宣传, 花钱

Value creation

为什么做价值=赚好的钱

- ◆ **Good profits:** Profits earned by delivering customer value, instead of at customer's expense
赚好的钱=收了钱，确实给价值，不是拿便宜
 - **3 benefits:** 赚好的钱=客人知道= 衷心+继续买&推荐 + 带来长期钱
 - Improve customer loyalty
 - Improve customer retention rate **AND** customer profitability
 - Help to achieve sustainable long-term profits
 - **Example of bad profits** → Ryanair is low-fare airline **AND** establish no-refund policy, even if customers miss flight for good reasons
 - **Example of good profits** → JetBlue(low-fare) offers comfortable seats + free wifi + Movies + Free snacks & drinks
- ◆ **Customer value** = Life-cycle **Benefit** ÷ Life-cycle **Cost**
 - Increase value by increasing Benefit OR reducing Cost 要传达的价值
 - **Aim:** To create superior AND perceived value 不是做慈善
 - **Value proposition:** Statement that inform values that company aims to deliver 给的价值

Customer value(CV) creation framework: (through benefit & cost, 443322222)

- **Benefit:** ALL tangible AND intangible desirable attributes of product consumed by customers over the entire relationship lifecycle 好处 = 拥有期间用了所有喜欢的特征
 - 4 types of benefits: 对于客人而言= benefits received **PPER** product
 1. **Improved performance** → Eg. Macbook has longer battery life + More functions(iTunes, iMovies, Facetime)
 2. **Improved productivity** → Eg. Faster processor speed
 3. **Improved experience** → Eg. iPhone has swiping motion + fingerprint recognition
 4. **Reduced risk** → Eg. Offer warranty or demonstrate(functional) + Design fashionable product design(social) + Give discount(financial)
 - 4 Sources of benefits & Tools to create value:
 1. **Products** before make, what to design, after make, after sell-use long
 - Design, Features, Packaging, Reliability
 2. **Support Services**
 - Distribution, Installation, Training, Maintenance
 3. **Image** Product - 形象
 - Brand reputation, Promotion, Publicity
品牌名誉建立形象，怎样建立，bring publicity
 4. **Relationship management** Service - 建立关系
 - Communication, courtesy, credibility 沟通，注意语气，讲的话
- **Cost:** ALL tangible AND intangible costs incurred by customer over the entire relationship lifecycle 拥有期间产生所有cost
 - 4 types of cost: Cost = Money, Time , Effort(physical + mental)
 1. **Money**
 2. **Time** → Order placement, Payment process
 3. **Behavioral effort** → Travelling, product set-up 买之前，买之后
 4. **Cognitive activity** → Information search 买之前，买时候

■ 5 sources of cost & Tools to create value:

1. **Search cost** 买之前, 知道多一点, 看有没有
 ➤ Information availability, Product availability
2. **Acquisition cost** Acquire = Pay price + Place order
 ➤ Purchase price, Order placement process, payment process
3. **Set-up cost** machine, people
 ➤ Installation, Training
4. **Maintenance cost** 有坏, 没坏
 ➤ Repair cost, Upgradability
5. **Exit cost** 最后坏了 = 只是丢掉 / 买新的代替
 ➤ Disposal cost, Replacement
 ➤ Eg. H&M buys back unwanted clothes from customers

Market-oriented firm

❖ To create value → MUST become value-driven firm

3 characteristics of a value-driven firm: strategy - 5C

1. **Value-driven strategy:** A strategy developed based on of 5Cs (how to know what value to create)
 1. Context 了解环境
 2. Competitors external—Flat
 3. Customers 对下
 4. Company Capabilities internal—能力
 5. Collaborators 自己能力不足
2. **Leadership** that encourages innovation, flexibility AND responsiveness
 (leaders use strategy) 做新的价值=创新, 一直在改变, 不是随便改变—跟着市场
3. **Market-oriented culture** : When every employee understands their role in understanding customer needs AND delivering customer value 面向市场文化 = 每个人了解客人需求+做价值
 - 3 processes to become market-oriented:
 1. **Generate** market intelligence by every employee 面向市场—了解市场 - 产生认知
 - **Generate market intelligence:** Collect data about market
 1. Market research 自己research
 2. Visit client 用别人知识—客人
 3. Use competitor's data(eg. Price, channel location) 用别人知识—对手
 - 2. **Disseminate** market intelligence throughout organisation 自己知道, 传出去
 1. Organisation-wide Databases share给你, 自己看
 2. Internal reporting 我report给你
 3. Cross functional teams 亲口告诉
 - 3. Every employee **responds** to market intelligence 传了, 用
 - **Marketing myopia:** Short-sightedness that lead to narrow definition of business My old PA - 近视—导致目光短浅
 - Eg. Myopic = Television company **VS** Broader = Entertainment company(eg. Produce mini drama, movies, open cinema)
 - **Solution:** Become market-oriented firms → More externally focused AND able to capture more opportunities to create value

Week 5: Product lifecycle & Product development

Augmented product

- ❖ **Product:** Any means that can deliver value to customers 产品=把价值带给客人
- ❖ Product has 3 levels
 - Each level adds more value to product
 - **BUT** must first satisfy core customer needs
 - Then only seek opportunities to differentiate

3 levels of products: 1st - develop... help to satisfy/achieve - 最低要求+ 基本要求+ 额外要求

1. **Core customer value:** Features that satisfy fundamental customer needs, which gives the right to compete
 - Eg. Coffee = caffeine, Fast food = Solve hunger + fast services
2. **Expected product:** Features that help to achieve Basic differentiation from other products
基本要求=预料之中 = 基本区分
 - Focus on core product benefits 基本产品=产品好处
 - Design, features, packaging, reliability
 - Eg. For coffee → Proportion of ingredients, taste, cup design, source of coffee beans
 - Features that are similar to competitors
3. **Augmented product:** Features that help to achieve Complex differentiation from other products
额外产品=复杂区分
 - Focus on additional product benefits(3 other sources of benefits)
 - Support services + Image + Relationship management
 - Eg. For coffee → Levain gives cookie, Starbucks write name on cup
 - Features that are different from competitors(**USP**)

Product life cycle (**EXAM** question → Marketing mix in each PLC stage)

- ❖ **Product life cycle(PLC):** Show Changes in sales AND profits over product lifetime



5 stages in product life cycle: b4 product, after develop, start buying, stop grow

1. **Product development:** Stage when company designs **AND** develops new products

2. **Introduction:** Stage when company introduces new product **AND** experiences slow sale growth
 1. **Product** → Introduce new product
 2. **Price** → Set low price to quickly gain market share **OR** high price to cover R&D cost **IF** limited competition (penetration / skimming)
 3. **Place** → Limited distribution through exclusive **OR** selective distribution
 - Reduce waste AND loss
 - Provide full services to inform customers 一间／几间－提供专门服务告诉怎样用
 4. **Promotion & targeting strategy** → Perform intensive promotion to inform customers AND persuade them to buy
 - Target innovators AND early adopters
3. **Growth:** Stage when company experiences fastest sales growth **AND** attracts competitors
 1. **Product** → Improve product benefits (design, features, packaging, reliability) after intro - don't just sit - improve
 2. **Price** → Maintain pricing stability after set price - maintain
 3. **Place** → Perform intensive distribution to Increase number of outlets
 - Ensure customers can find products when needed
 4. **Promotion** → Shift from informational advertising to comparative advertising
4. **Maturity:** Stage when company experiences falling sales growth
 1. **Product** → Modify product benefits **AND** uses
 2. **Price** → Lower the price **AND** offer value bundles 虽然跌
 3. **Place** → Further increase number of outlets **AND** build direct channels (ie. online)
 4. **Promotion & targeting strategy** → Target new niche segments + Strengthen brand positioning
 - **Niche segments:** Small BUT profitable segments
 - Eg. Healthy, energy drinks + Organic products
5. **Decline:** Stage when company experiences falling sales **AND** reduces cost
 1. **Product** → Maintain **OR** drop product
 - IF product is weak = Costly to maintain
 - Affect reputation & sales of other product + Delay development of new products 影响现在其他 + 未来
 2. **Price** → Maintain pricing stability
 3. **Place** → Focus on limited **AND** low-cost distribution channels (ie. direct)
 4. **Promotion & targeting strategy** → Cut advertising effort **AND** drop unprofitable segments

General observation on Product life cycle:

- ❖ 3 possible applications of Product life cycle analysis:
 1. Product form (eg. Diet coke) specific product
 2. Product category (eg. Soft drink) product category
 3. Brands (eg. Coca-cola) 生产产品的品牌
- ❖ 2 factors that affect Duration of PLC: 生命周期
 1. Consumer behavior 用他们的人－客人
 2. Competitors 打击他们的人－竞争对手