Marketing Programs and Branding

E.g. supermarket

Augmented offer: Point of differentiation:
- Attractive loyalty programs
- Gourmet items
- Coffee corners & takeaway
- Local farm produce
- Private labels

Expected offer:
- Accurate price tags
- Long opening hours
- Multiple cashiers
- Self-service kiosks
- Multi-payment methods
- Discounted items

Core offer:
- Wide scope of merchandise
- Spacious layout

DIFFERENTIATION:
- Create actual & perceptual differences in offerings
- Tied to tangible/intangible customer value
- At product, brand, or company levels

BASES OF DIFFERENTIATION:
- Innovative product features → 3M, Apple
- Product quality → Whole Foods, Nike, Intel, Toyota
- Price - Walmart, Ross, TJ Maxx
- Customer services - Nordstrom, Zappos, Marriott, Southwest
- Brand image - Bentleys, Harley Davidson, Chanel

MARKET POSITIONING

Positioning
- Create mental representation of product/brand in terms of differentiating attributes in the minds of customers - customer perspective is critical

Relative position
- Product's/brand's position vis-a-vis competition
- Discovered by two tools; perceptual mapping & strategy canvas

PRODUCT LINE EXTENSION
- Occurs when company introduces additional items in the same product category under the same brand name such as new flavours, forms, colours, added ingredients, package sizes

Pros:
- Economies of scale
- Sales & distribution efficiency

- Ride on brand reputation
- Micro-targeting
- Cons:
  Irrelevant products with trivial benefits
- Confusion to customers
- Dilution of brand image
- Negative WOM
- Inefficiency in marketing

Brands:
- Easy to recognize → brand awareness
- Induce strong mental associations → brand imagery
- People holds +ve or -ve attitudes

Brand identity: capabilities, personality, culture, values, noble purpose, shared values & community, aspirational self-image

STRONG BRANDS:
- Have heritage, awareness, consistency, emotional connection
- Attract first-time buyers by reducing consumer perceived risk
- Differentiation
- Promotion efficiency
- Buffer against adversity

Brand equity: the value of the brand to the firm, or the marketing and financial value associated with a brand's position in the marketplace; driven by +ve customer response
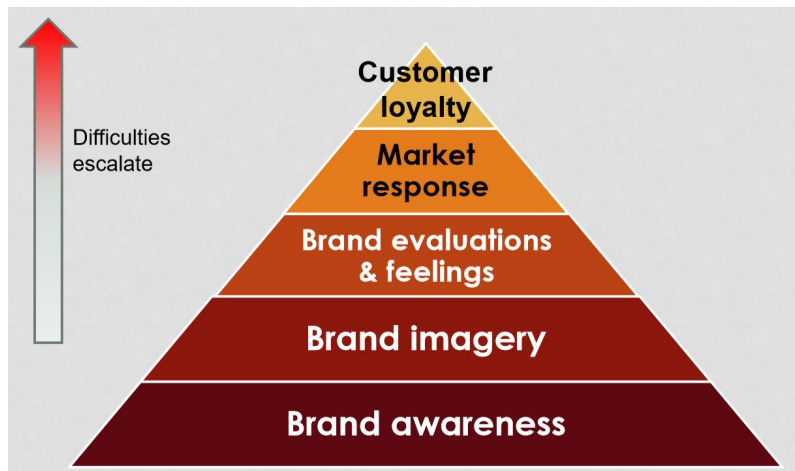
Customer Relationship Management

Satisfaction: customers' subjective evaluation of consumption experience
Indicators of customer relationship quality:
- **Zone of tolerance:** difference between upper and lower end of range of possible customer expectations i.e. degree which customers recognise and are willing to accept variability in performance
- **Customer Satisfaction Index**
- **Net Promoter Score**

Why build customer relationships?
- Abundant choices

- Consumers less responsive to mass media
- Consumers access to product info via WOM
- Consumer preference individualised

LOYAL CUSTOMERS:
- Buy more over time
- Less likely to defect
- Greater acceptance of new products/brand extensions
- Spread WOM
- Reveal personal data

Customer loyalty: both attitudinal and behavioural tendency to favour one brand over others, either due to satisfaction with product/service, its convenience, its performance, or familiarity and comfort with the brand

Repeated purchase is NOT loyalty - a customer may repeat purchasing from the same vendor because;
- Contract locked in
- Habitual behaviour/too much effort to change vendors
- Lowest cost provider
- No better options

Behavioural loyalty → repeated purchases

Attitudinal loyalty → repeated purchases, strong +ve beliefs & feelings, emotional attachment, trust & commitment

LOYALTY IN B2B
1. Hold ownership of supplier
2. Mutual adaptation & collaboration
3. Pay price premium & offer referral business
4. Purchase wider scope of products & resists competitors' offers
5. Intend to develop long-term relationship

CRM
- Generate + act on insights from customer data
- Manage different stages of customer relationships
  - Acquisition, retention, dissolution
- Aligns business processes with customer strategies to build customer loyalty and increase profits over time
- Goal is to move consumers through levels of increasing relationship intensity - customers reach a point where they become sponsors for firms and their products
- Focus on retaining customers instead of acquiring new ones

TACTICAL CRM KEY STAGES

Identify → customers as unique addressable individuals

Differentiate → customers by value, behaviour & needs

Interact across touchpoints → more cost-efficiently and effectively

Customise service & offers
- Identifies what, when, where of each customer purchase
- Track each customer's interactions
- Estimate each customer's lifetime value
- Map each customer's LTV with promotions & service lvls e.g. Amazon, casinos
- Predict customers' response to cross-selling