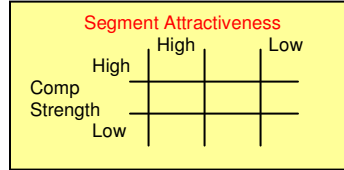
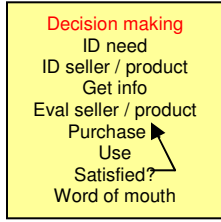


- **Situational Analysis (4 C's)** –
  - **company** - core competencies; competitive advantages; any required adjustments
  - **customers** - unmet needs; purchase decision-making; **segmentation** / channels;
    - **segmentation** – geographic, demographic, psychographic (morals, culture), decision-making, consumption (usage requirements)
  - **competition** - at consumer / channel levels; likely reactions; who is growing
  - **collaborators** – strategic partners; suppliers; industry alliance; gov't agencies

**Segment Value** = # customers \* Value per customer  
**Target MS** = Target Sales / Possible Population Sales



- **Action Plans** – objectives + alternatives + recommendation
  - **Top down** – segment + target (measure segment **attractiveness** + target based on capabilities) + position (4Ps)
    - **attractiveness** – market factors + competitors + financial (EoS & capital)+ technological + social / political
  - **Bottom up** – customer **decision making** + LTVC +
    - **decision-making** – key = ID “rate limiting step” to get most bang for buck
  - **Profitability** – to increase → raise demand (new products / segments) + manage brand switching + increase purch rate (trade-ups / complements) + higher value for customer + lower P sensitivity + lower FC (commoditization) + lower VC (improve supplier / reseller relations)



- **Implementation (Marketing Mix)** - *what changes required to achieve objectives?*
  - **A) position statement** – For [target market], brand is the [pt of diff] among all [frame of ref]
  - **B) product** – identify key features, benes, quality, design, pckging, **brand equity** / name / image
    - **brand equity** =
      - ♦ **awareness** = recall & recognition (**15 seconds of danger** = when customer in store looking for your product)
      - ♦ **image** = strength & fit of assoc (easy to create / hard to change)
      - ♦ **perceived quality** = technical specs / product benes compatible w/ customer needs / criteria > **remember** – perceived quality and ROI exert approx equal effects on future sh P
      - ♦ **customers** = size / loyalty of base (measure w/ LTVC)
    - **brand loyalty** = inertia + enduring preferences
    - **brand extension** = extend / combine brand names
      - ♦ pros – name awareness + lower exp + enhance core brand
      - ♦ cons – dilute core brand + lack of fit

**LTVC** = cumulative retention rate X (usage rate \* unit contrib) – customer cost

- **C) price** – list P, payment methods, discounts, perceived value (**EVC**)
  - **3rd degree P discrim** – same good multi P's (but difficult to determine reserve P)
  - **every day low P** – near overall low P (but not necessarily lowest)
  - **every day fair P** – generally low P but w/ π to comp for service
  - **skimming** – start high P & lower after get high reserve P customers
  - **low P** – build MS + penetration + EOS / set standards = **risky + comp advantages difficult to sustain**
  - **value based strategy (EVC)** = require accurate measurement of tradeoffs BUT more **sustainable advantages**
  - **conjoint analysis** – measures reserve P thru **part worth** (examine P metric to determine relative value of “a point”)
  - **P Sensitivity** – reference Ps = what seems normal/fair + % change = more salient + losses=bigger than gains + Hi P decoy lowers P sensitivity
  - **P cuts** – challenge = getting distributors to pass to customers (**IBEV**)

**EVC** = comp life cycle cost – our start-up – our post purch + incremental value

**IBEV**  
 = (Old Volume \* Unit cont loss) / New Unit Contrib

- **D) place** – distribution channels, logistics, market penetration
  - intermediary reduces total # of transactions to reach same # customers
  - **consider** – physical product attributes (~Ikea) + channel pieces (telemarketing + distributors + direct sales)
  - **channel design** – physical (transport / delivery) v. informational (customer service / advert / in store) issues
    - ♦ **Exclusive** (high influence / margins + stability + less comp @ POS) v. **Selective** (less reseller loyalty) v. **Intensive** (Customer Convenience)
  - **indirect channel** – hi VC + more efficient / contact + less control + broader coverage + more distance from customer + **push short / pull long**
  - **direct channel** – hi FC + more effective / contact + more control + better targeting + less distance to customer
  - **sales tasks** = lead generation + qualify prospects + pre-sale selling + close of sale + post sale service + acct mgmt (**use multi channels**)
  - **channel power** = expert (specialized know) + referent (prestige / credibility) + reward (added bene) + legitimate (K) + coercive (w/d bene)
  - **channel p'ship** = **strategic p'ship** (LT + sustainable + risky) + **market relationships** (ST)
  - **channel competition** = consider amount
  - **internet based** – virtual info space + virtual transaction space + virtual communication space + virtual distribution space

- **E) promotion** – advert, sales promotion, publicity, personal selling
  - **communications objectives** = who (segmentation) + what (positioning)
  - **marketing objectives** = where / when / why will message influence sales (~ customer decision-making)
  - **CPM** – generally = \$10-100; direct mail = \$1000 (~ \$1 / contact)
  - **GRP** = gross rating point (~ % of population) measures **total** # exposures from media options (**c/b > 100%**) = reach \* frequency
  - **reach** - % population exposed at least once (**m/b ≤ 100%**) (**increase for awareness / reminder advert**)
  - **frequency** = GRP / reach (**increase for educational / persuasive advert**)
  - **advert effectiveness** – consider decision making model (above)
  - **risk** – ambiguity may promote backlash (~ Bennetton)

**wCPM**  
 = Cost / Reach (000s) \* weight