

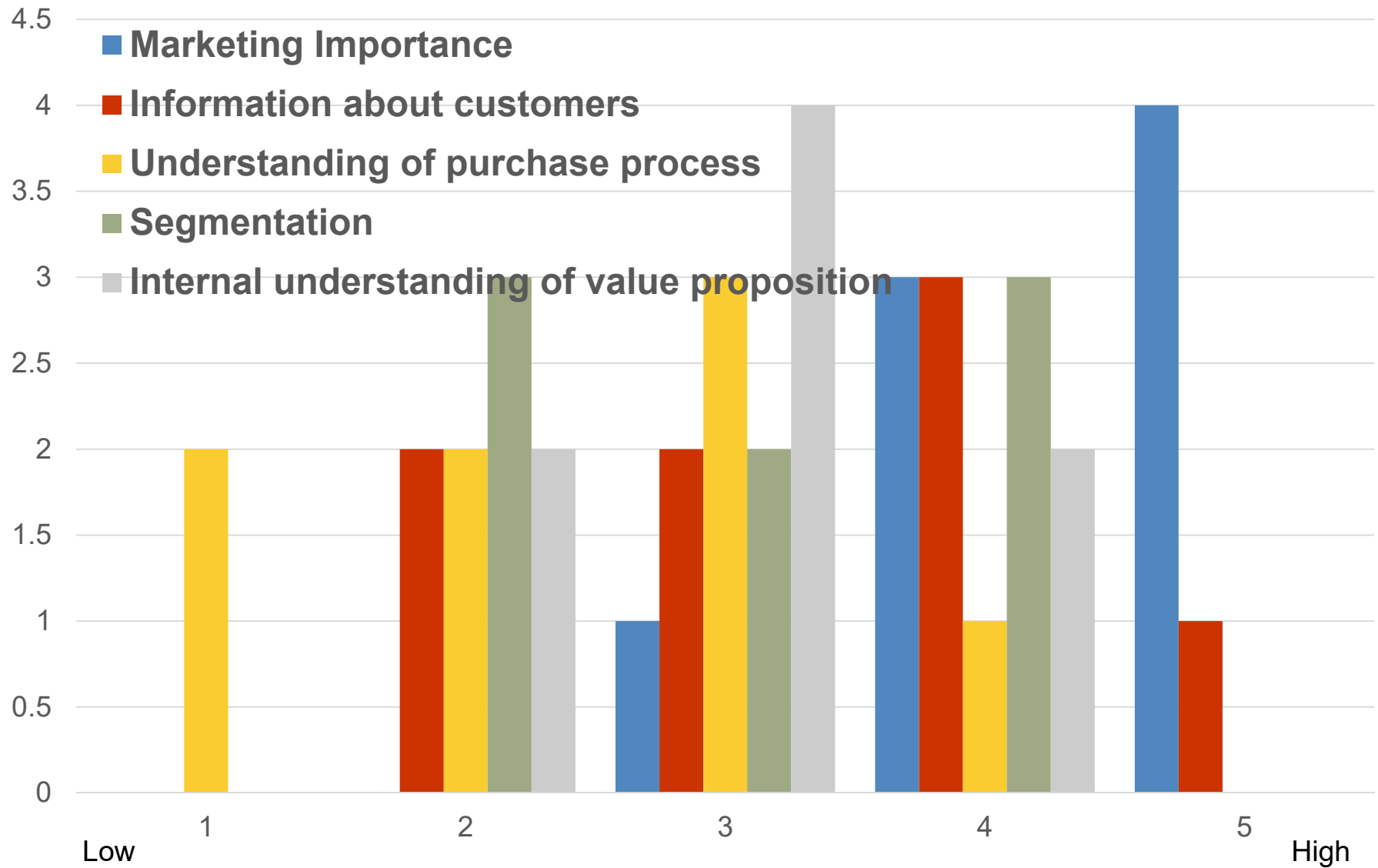


# **Marketing Strategy, *Competitive Analysis and Branding***

May 11<sup>th</sup>, 2016

*Andrés Terech Ph.D.*

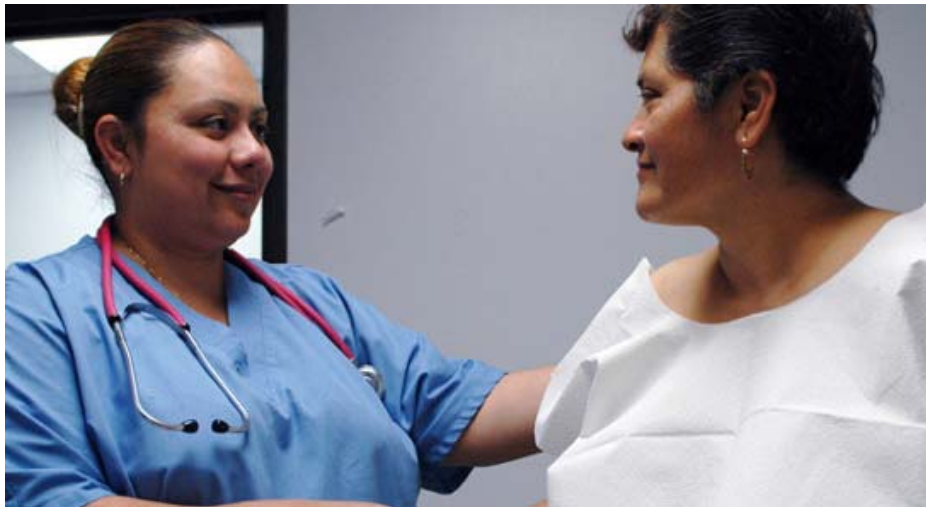
## 2016 LinkageLab Survey Results



# Agenda

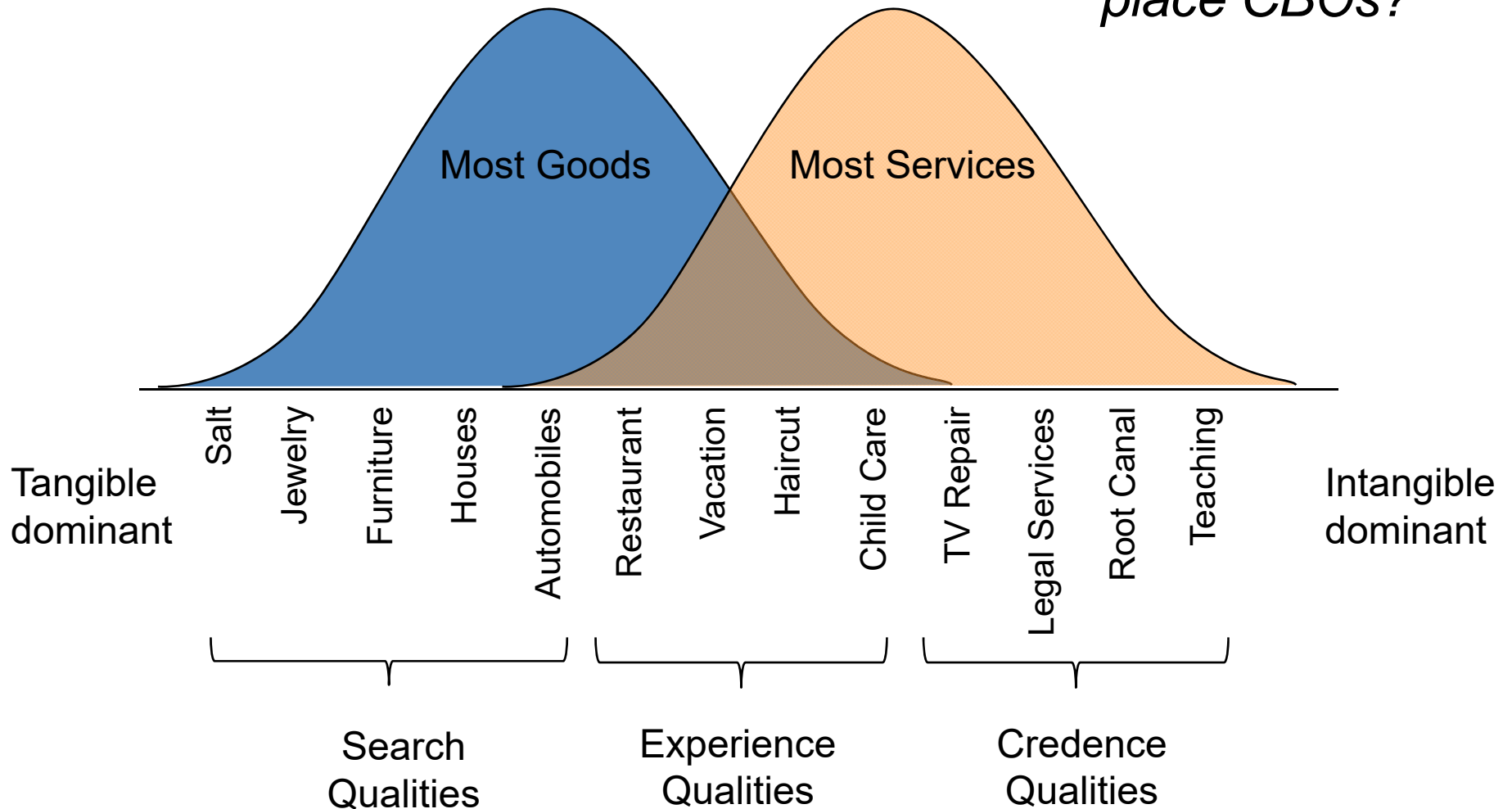
1. Key Differences between Services and Products
2. The Marketing Analysis Framework
3. The Value Proposition and Positioning
4. Building Strong Brands

# Services vs. Products



# Services vs. Products

*Where would you place CBOs?*





# Think and Apply

- What are the key differences between services and products?
- Why are they important for marketing?

# Services vs. Products

## Key differences:

- Nature of the product
  - *An object, a thing, lasting vs. a performance, an effort, ephemeral*
- People are part of the product
- Different distribution channels
  - *The factory is in the field*
- Customer involvement in the production
- Quality control problems
- No inventory for services

# The Marketing Framework

## I. Situation Analysis

*answers WHAT we do and WHY we do it*

the Cs

## II. Setting the Strategy

*answers WHO we serve and WHY we are different from others*

STP

## III. Executing the Value Proposition

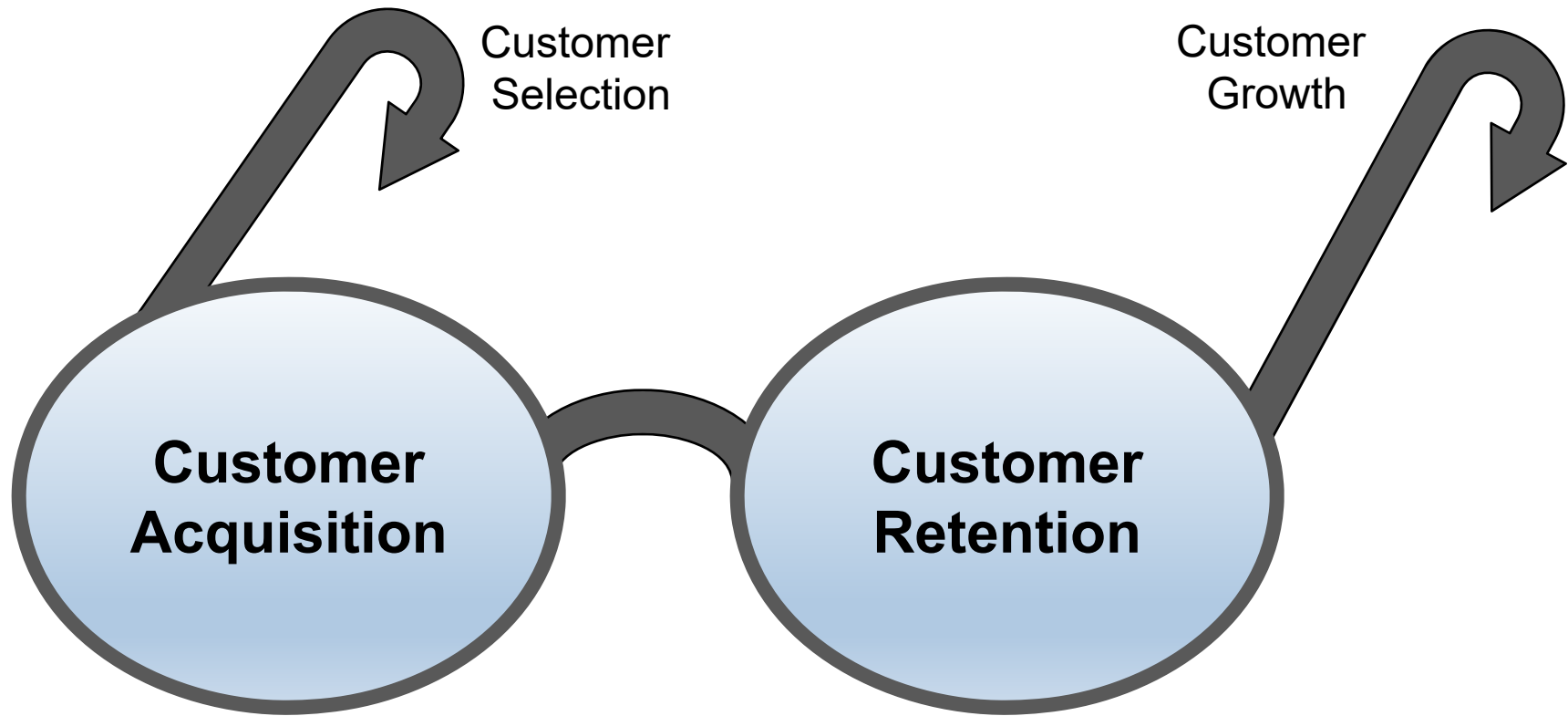
*answers HOW we do it*

the Ps

# Breaking Paradigms

*What is the most important goal in a business?*

# Marketing Starts with Customers





# Building the map

- Who is your customer?
- Do you have more than one type of customer?
- List all the ideas that come to mind. There is no wrong answer.

# Customer Analysis

- What are the customer's needs and wants?
  - Motives, problems, constraints
- What are the sources of value for the customer from our product?
  - Functional, economical, emotional, and self-expressive
- How do they make decisions and shop?
  - Consumer behavior, decision making processes
- How can we learn more about our consumer? What kind of research can we do?
  - Behavior vs. opinion, research techniques.

# What do customers really buy?



“A product (service) is what a product (service) does”

“People don’t buy drills, they buy holes in their walls.”

Ted Levitt

# What do LTC customers really buy?



- ✓ .....
- ✓ .....
- ✓ .....
- ✓ .....
- ✓ .....
- ✓ .....
- ✓ .....
- ✓ .....

# Needs, Wants, and Demand

**Needs:** something necessary for organisms to live a healthy life.

- E.g., Entertainment or Good health

To be healthy

**Wants:** needs directed to specific product.

- Entertainment → 4WD adventures

Someone to take me to my doctor appointments

**Demand:** wants backed by an ability to pay.

- Entertainment → A lot of consumers want a fully loaded 4WD jeep, but only some of them can actually afford it.

Duals can't afford a personalized service



# Think and Apply

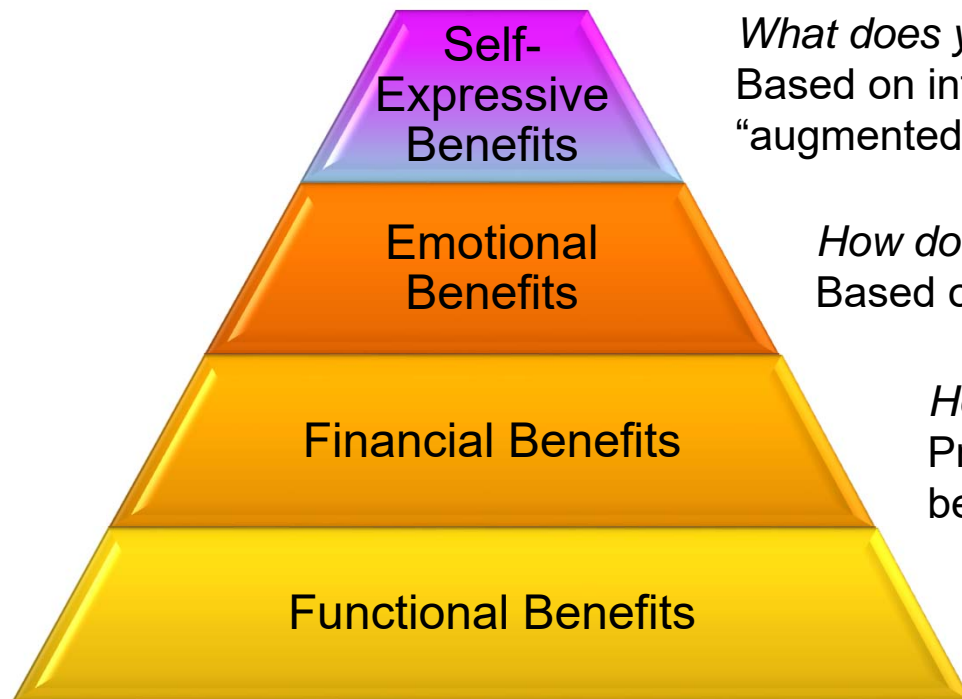
Think of your own industry, focus on **one** need and identify what are your consumers wants or expectations. Then, classify these wants as met or not met yet.

Wants	Met by me	Met by others	Not met yet

# Levels of product benefits



What is your product primary source of value to the customer?



Self-Expressive Benefits

*What does your iPhone say about you?*  
Based on intangible, psychosocial attributes: the “augmented product”

Emotional Benefits

*How does the iPhone make you feel?*  
Based on intangible or aesthetic attributes

Financial Benefits

*How does the iPhone save you money?*  
Price often most important attribute; may also be based on cost reduction

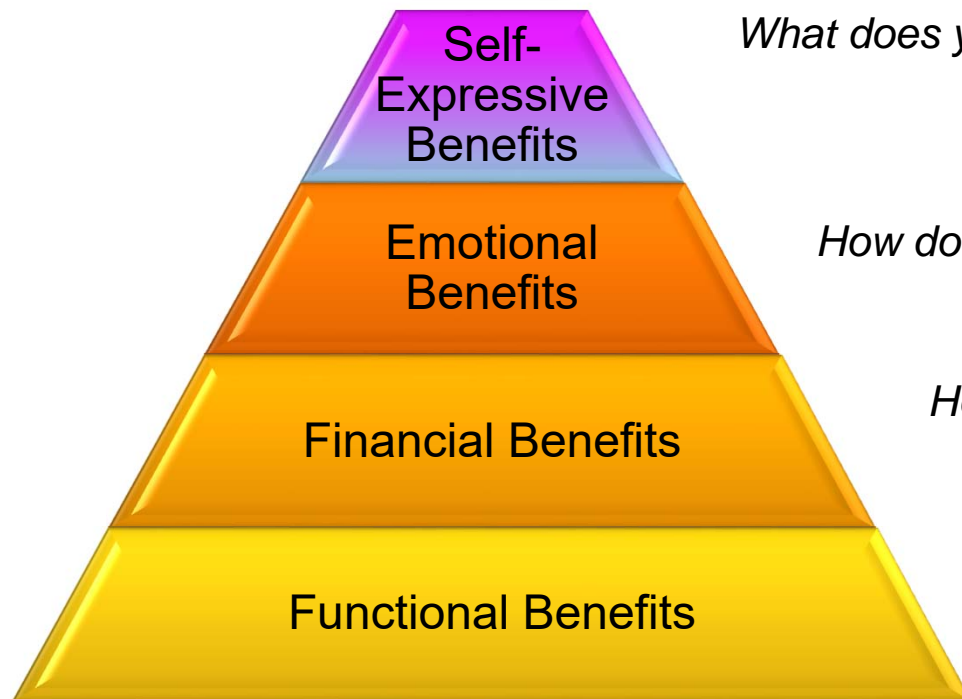
Functional Benefits

*What needs does the iPhone meet?*  
Tangible attributes: what it does

# Levels of product benefits



What is your **service** primary source of value to the **health plan** customers?



*What does your service say about them?*

*How does your service make them feel?*

*How does your service save them money?*

*What needs does your service meet?*



# Consumer Decision Making

- Is emotional as well as rational
- Forgets
- Takes shortcuts
- Is not motivated
- Is sensitive to framing effects

The Real  
Consumer

*It Tastes Good Because  
It's My Favorite Brand*



# Issues in Identifying Value Motives

Customers can't (or won't) always tell you which value motives they are trying to fulfill.

Manifest motives:

It will be large & comfortable

It will keep me safe

It performs well, is high in quality



Latent motives:

It will demonstrate that I am successful

It will suggest I am wealthy

It will help me look powerful



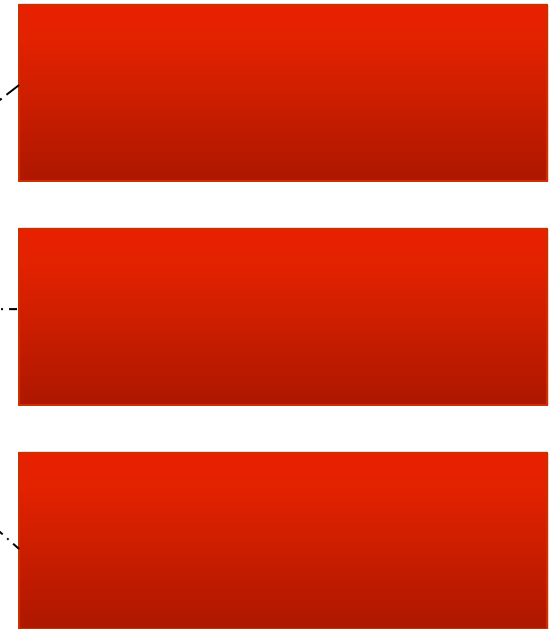
# Think and Apply

As CBO, do you face the same challenge?  
Identify latent motives, for both, the health plan and the patient? How would they impact your marketing decisions?

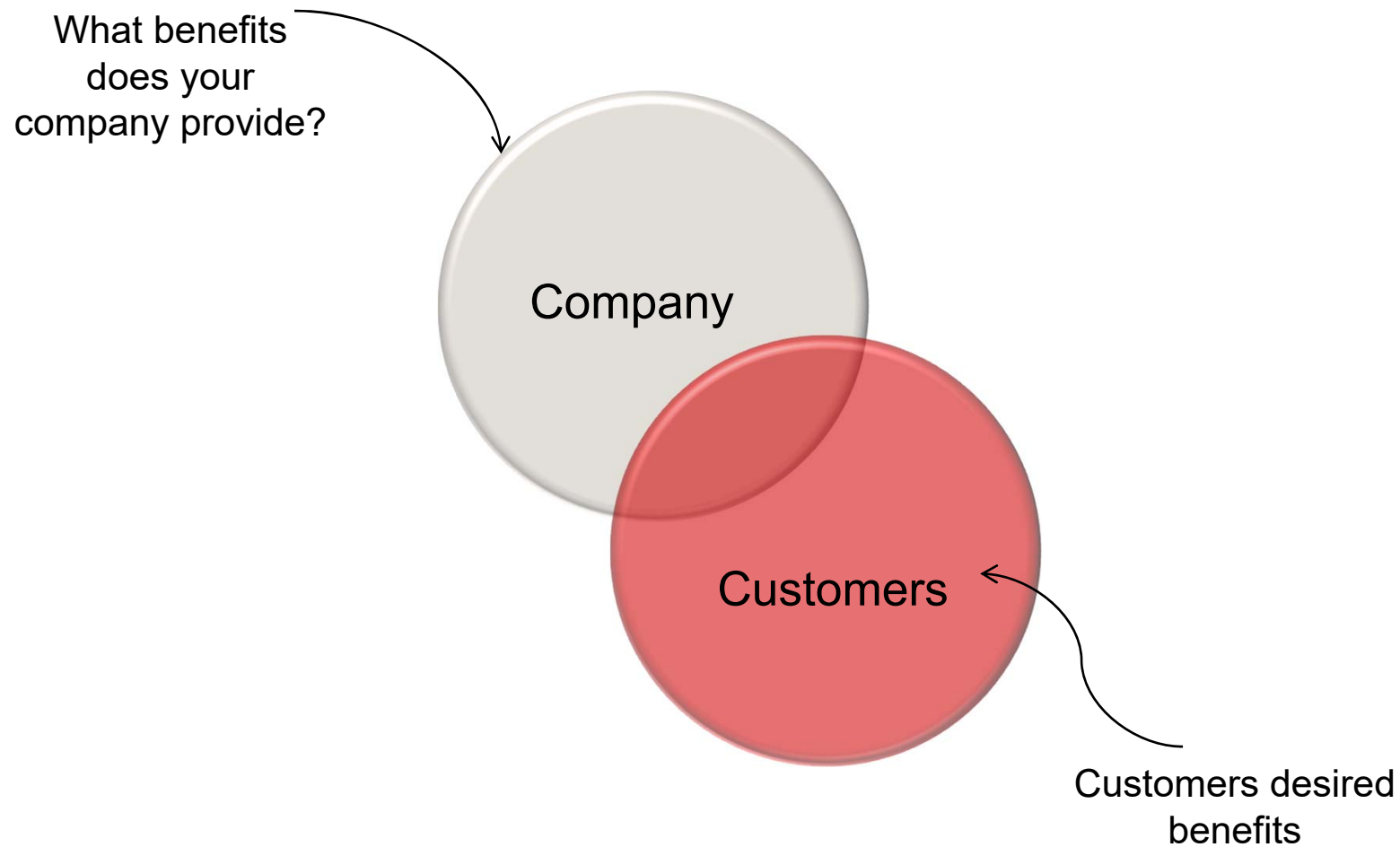
Manifest motives:



Latent motives:



# Situation Analysis



# Company Analysis

- What is the economic status of the company?
  - Costs (fixed and variable), profitability, ROI
- What are the company's strengths and weaknesses?
  - Core competencies, resources, culture, goals
  - Market share
  - Previous products and their success
- Are the company's strengths sustainable relative to the competition?
  - Sources of competitive advantage
  - Switching costs

# The SWOT Model

Strengths

Weaknesses

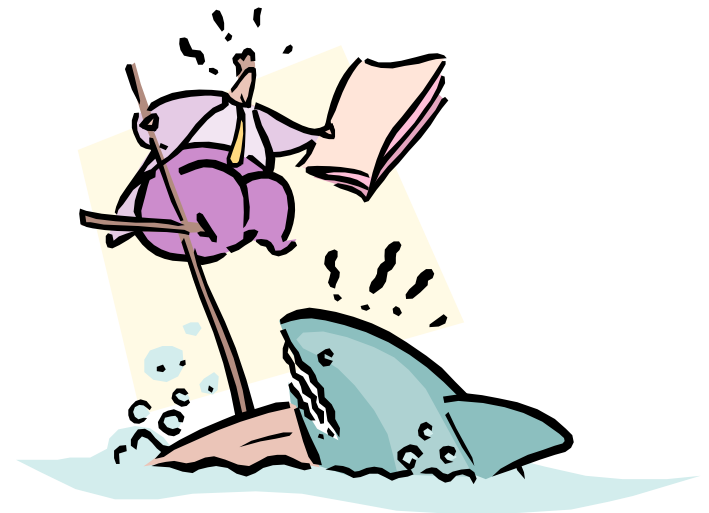
} Internal



Opportunities

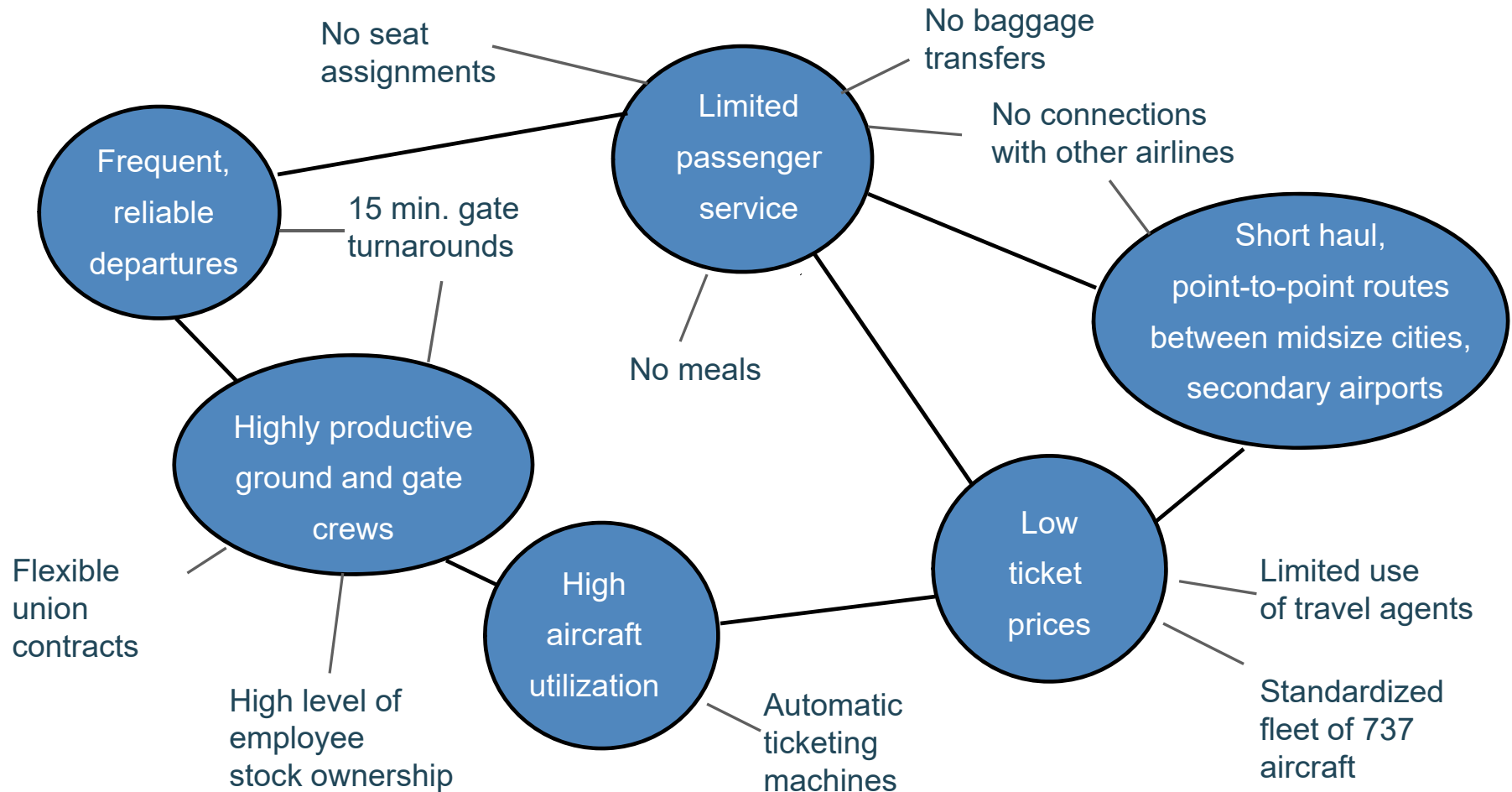
Threats

} External



# Southwest Airlines

## Competitive Advantage Through Reinforcing Activities



# Company Strengths

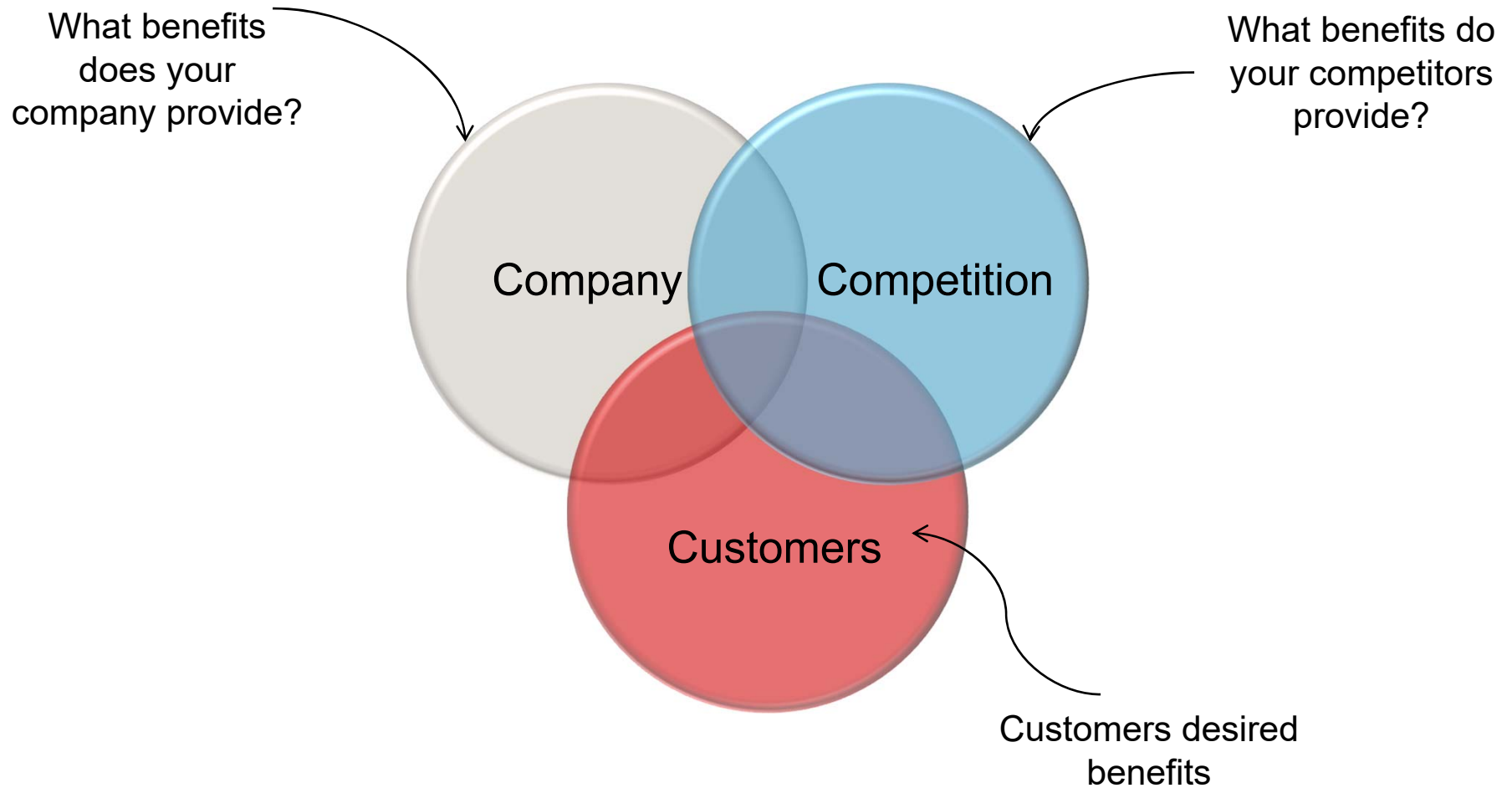
- A core competency is the ability to perform business tasks in an effective and efficient manner that strategically differentiates the company from its competitors.
  - If a competency is central to the business but it is not unique is generally not considered core. It has to be difficult to imitate.
  - It can be leveraged widely to many products and markets.
  - It must contribute to the end consumer's experienced benefits.
  - It should change in response to changes in the company's environment.
- What are the core competences of:
  - 3M and Amazon



# Think and Apply

- Think on your own organization and identify its core competencies.
- Are those sustainable? What are the ‘activities’ that reinforce their strengths?
- Do these core competences help you deliver a service that satisfy your customer basic needs? And the unmet desires?
- What is the most importance weakness of your company?

# Situation Analysis



# Competitor Analysis

- Who are the direct and indirect competitors?
  - Industry structure analysis, perceived alternatives
- What are our competitors' capabilities? Can those be matched?
  - Strengths and weaknesses
- How are the competitors perceived by our customers?
  - Perceptual maps, brand personification
- How do competitors behave? How will they respond to our actions?
  - Competitor response profiles
  - Coopetition

# Who are the competitors for ...?

**BARNES & NOBLE.com**  
www.bn.com

**FedEx**

**amazon.com.**

**AVIS**



**Google**

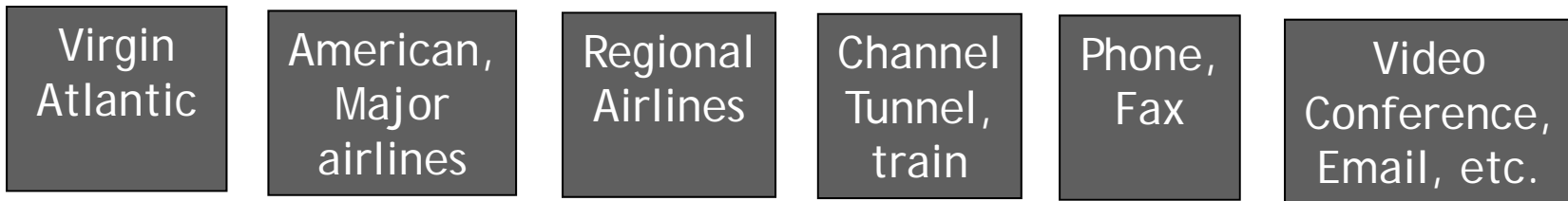


# Competitive Spectrum



*Direct*

*Indirect*



Virgin Atlantic

American,  
Major  
airlines

Regional  
Airlines

Channel  
Tunnel,  
train

Phone,  
Fax

Video  
Conference,  
Email, etc.



# Think and Apply

- Identify your direct (and indirect) competitors.

# Competitors' Strengths and Weaknesses

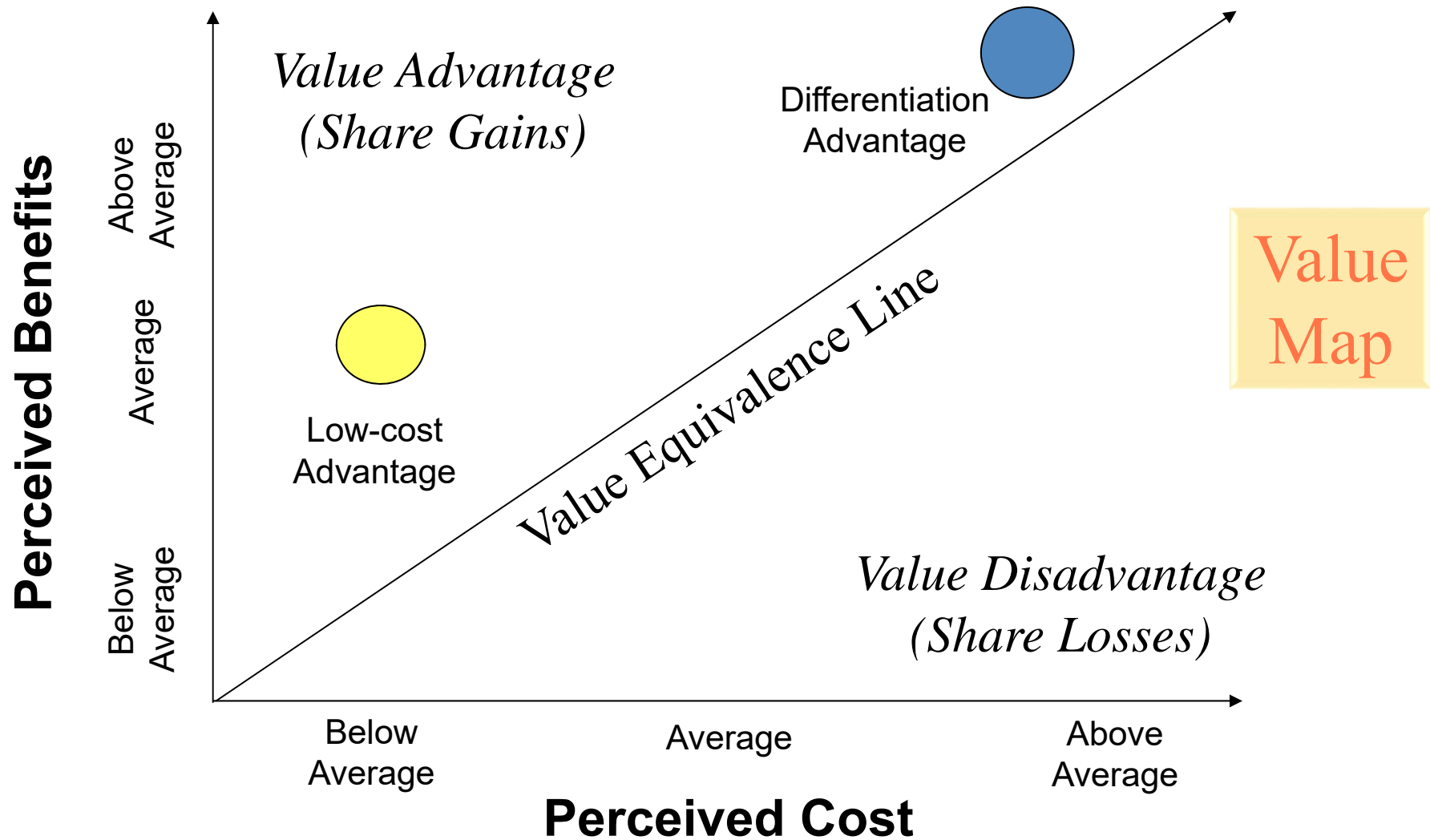
- What can you learn about your competitors and how?
  - What they say about themselves
    - \* Annual reports, SEC filings
    - \* Press quotes, announcements, speeches
  - What others say about them
    - \* Talk to customers, distributors, suppliers
  - What we can observe
    - \* Triangulate observations

Requires an ongoing commitment to, and mechanism for, collecting and maintaining information about the competition.

# Understanding Competitors

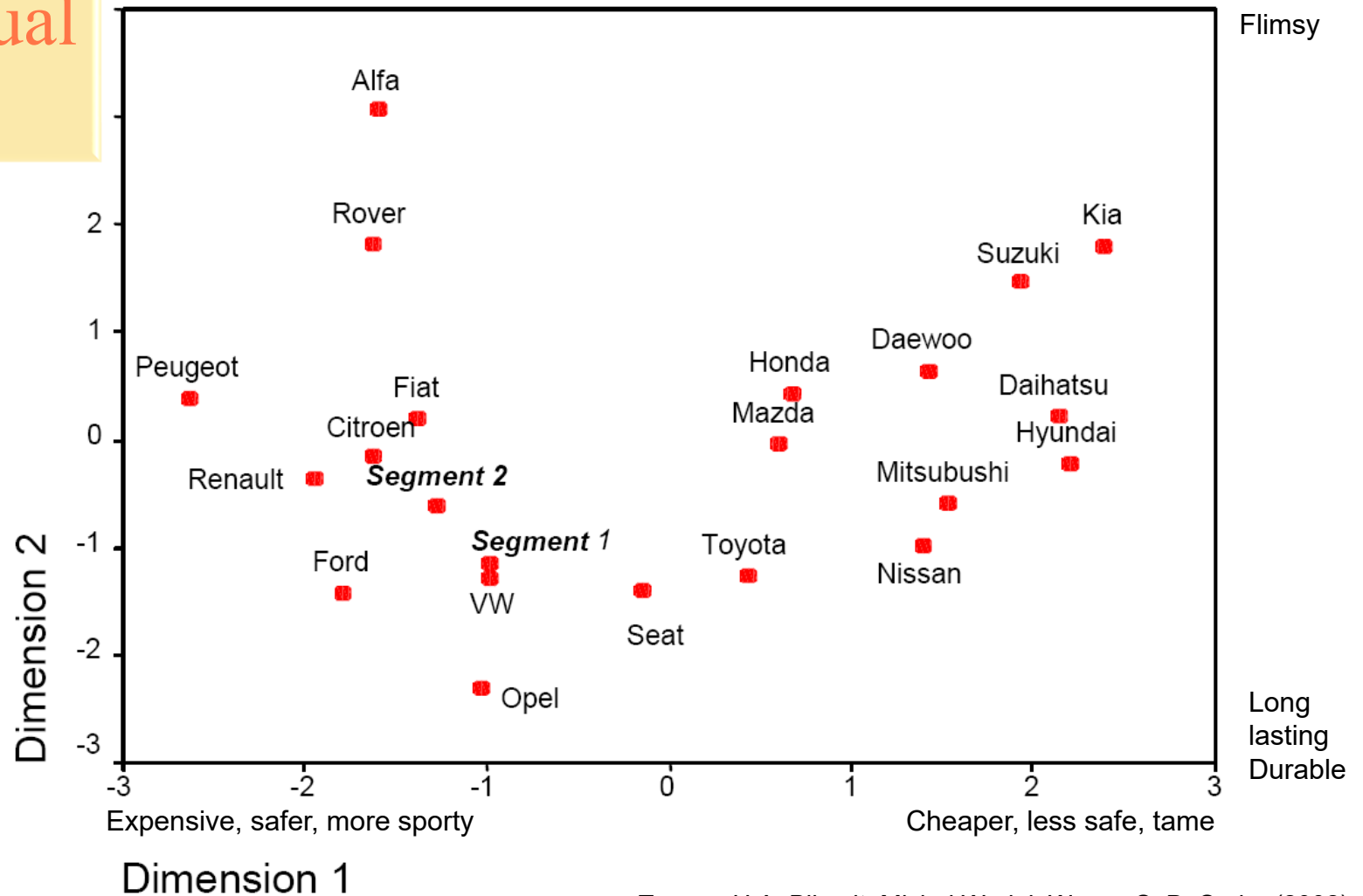
- How are the competitors perceived by our customers?
  - Value Maps
  - Perceptual Maps
  - Brand Personification

# Understanding Competitors



# Understanding Competitors

## Perceptual Map



Tammo H.A. Bijmolt, Michel Wedel, Wayne S. DeSarbo (2002)

# Understanding Competitors

## Brand Personification

<i><b>Beer Brand</b></i>	<i><b>At a Party</b></i>	<i><b>As His Hobbies</b></i>	<i><b>As His Occupation</b></i>
Budweiser	Older guy	Watch ball games, rake leaves	Businessman
Heineken	Three piece	Polo	Rich guy
Michelob	Smoke a pipe	Stamp collecting	Professional
Schlitz	Flex muscles	Busting kids	Factory, service station worker
Pabst	Drunk	Square dancing, guns	Jockey with 50 to 1 odds
Miller	Good guy, friendly	Golf, tennis	Junior executive
Carling	Fishes butt out of beer and drinks it	Horseshoes	Laborer

# Competitor Behavior?

## What is a competitor ABLE to do?

- What are their strengths & weaknesses?
- What financial resources do they have?

## What is a competitor WILLING to do?

- What have they done in the past?

## What is a competitor GOING to do?

- Can we predict their responses to our actions?



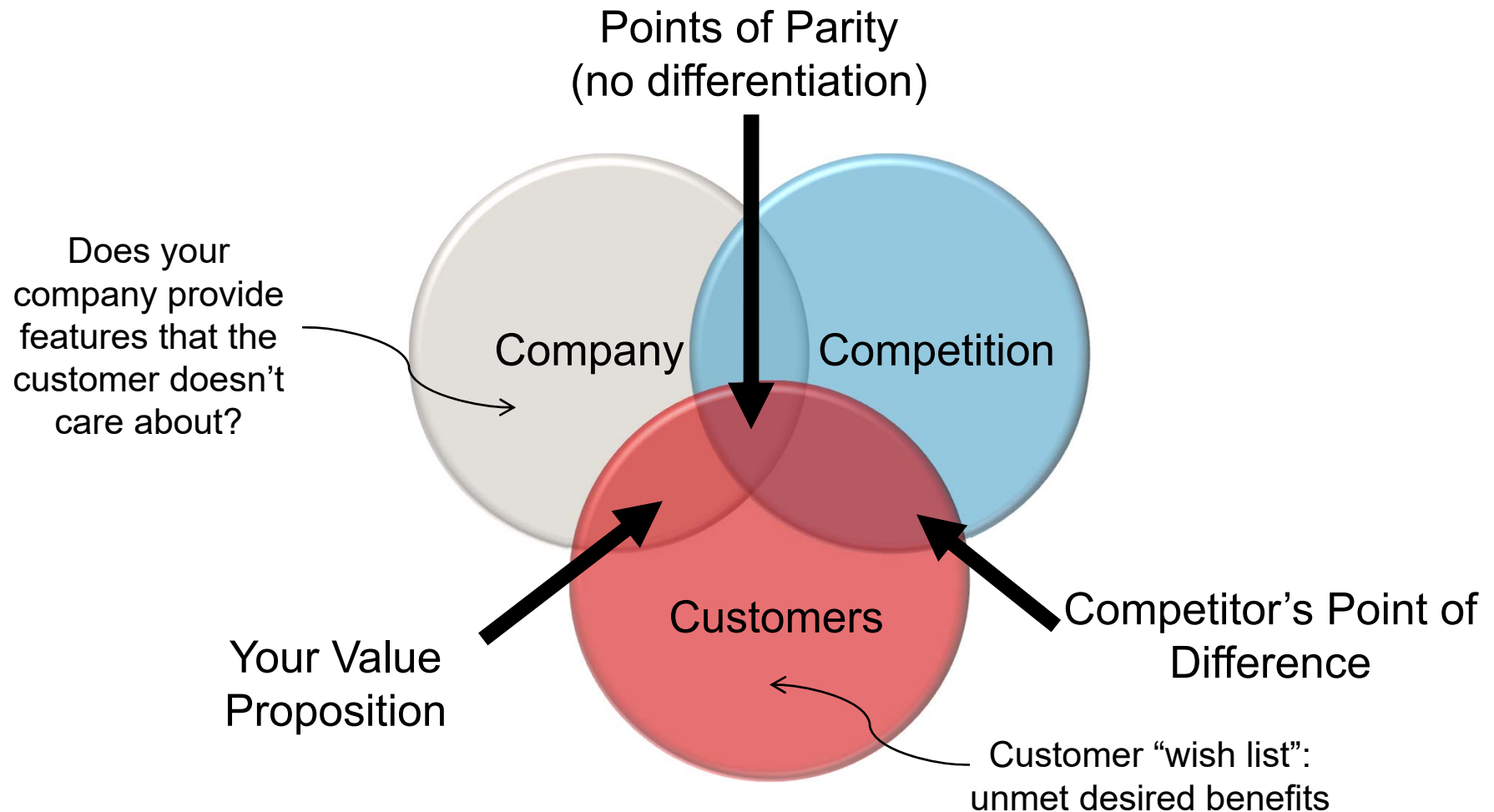


# Think and Apply

- Put yourself in the shoes of a CBO customer. Think what are the two most important dimensions that drive your purchasing decision.
- Based on your current (and probably biased) knowledge, please create a positioning map depicting consumers' perception of your competitors and yourself with respect of those two key attributes.

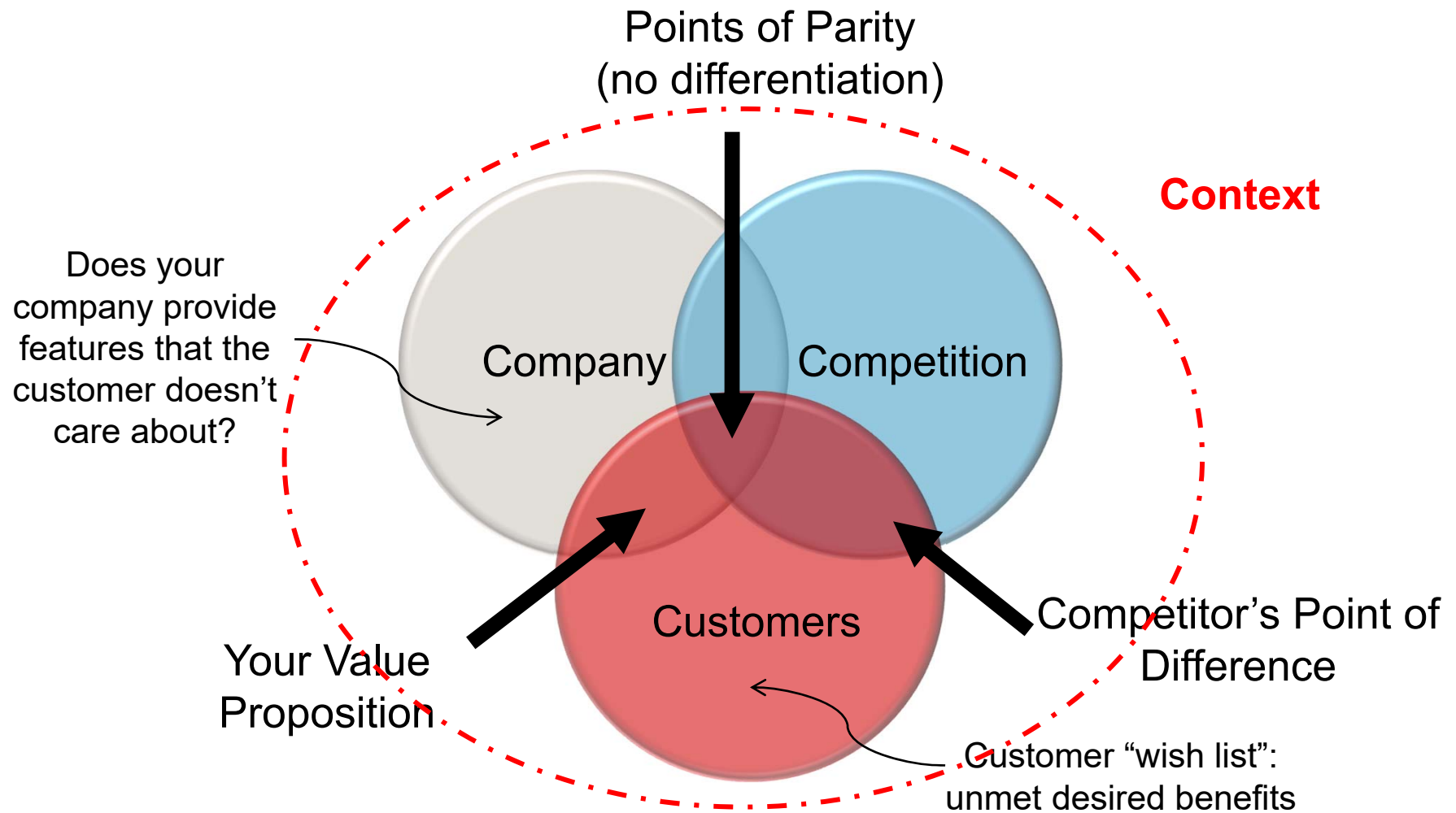
# Situation Analysis

## *Connecting the Cs*



# Situation Analysis

## *Connecting the Cs*



# The Marketing Framework

## I. Situation Analysis

*answers WHAT we do and WHY we do it*

the Cs

## II. Setting the Strategy

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STP

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*answers HOW we do it*

the Ps

# Why do we need to segment?

- Does “one-size-fits-all” offering ever works?



# Segmentation

- Conceptually: Market segmentation is the process of dividing the market (consumers) into identifiable groups based on **similarities** and **differences** as they relate to a particular need.
- Logic: Not every consumer in the target market has the same desires. Segmenting is the opportunity to satisfy them.

# Hyatt Hotel Chain



HYATT  
SUMMERFIELD  
SUITES®



PARK HYATT®



HYATT  
RESORTS™

HYATT  
REGENCY  
HOTELS®



HYATT  
PLACE®



# Is this a good segmentation?



...only if color is  
predictive of  
different behavior!!

# Primary Segmentation Variables

Descriptors “Who”	Behaviors “What” & “How”	Bases “Why”
<ul style="list-style-type: none"><li>• Age</li><li>• Income</li><li>• Education</li><li>• Profession</li><li>• Industry</li><li>• Size</li><li>• Location</li></ul>	<ul style="list-style-type: none"><li>• Usage</li><li>• Loyalty</li><li>• Deal proneness</li><li>• Responsiveness to marketing mix</li></ul>	<ul style="list-style-type: none"><li>• Needs</li><li>• Preferences</li><li>• Lifestyle</li><li>• Benefits</li></ul>

# Segmentation

Segmentation is more than mere classification

- *Rational*: Segments should be mutually exclusive. Members should be assigned to only one segment.
- *Identifiable*: Must be possible to assign people into a segment based on measurable traits.
- *Accessible*: Must be possible to reach segment based on targeted marketing actions.
- *Actionable*: Members of a segment should respond similarly to a particular marketing mix.



# Think and Apply

- Can you segment your customer base?  
Would you be better off servicing some of them and not all?
- If you focus on serving only some of them, in what ways will your service be different ?



# Targeting



# Targeting

- Which segment is most attractive based on your ability to reach them, and your value proposition?
- Which segment is most attractive based on economic reasons? Will we make money?
  - Size, breakeven volumes, margins, profitability and ROI
  - What is the lifetime value of these target customers?
- What other criteria should be considered?
  - Company “Fit”: with objectives, competencies, value proposition, resources
  - Competitive Intensity: underserved needs, competitors’ strength, weakness, and reaction profile.



# Think and Apply

- Keeping in mind the segments you had previously identified, please rank them in order of targeting preference, from most to least preferred?
- Would you target them all? Why?

# To Be or Not to Be

***Making magic happen! ...***

# Positioning: the art of creating value



# Creating Value Through Positioning

## Super Premium Vodka

- Defined by Federal regulations as “neutral spirits so distilled or so treated after distillation with charcoal or other materials as to be without distinctive character, aroma, taste or color”.
- So why are vodka prices so different?



# To Be (*Perceived*) or Not to Be

- How do you want to be perceived?

*Value Proposition*

# Value Proposition

- Value proposition is a cluster of benefits (tangible and intangible) the company promises to deliver at a particular price to satisfy consumers needs.
- The promise becomes reality through a combination of products, services, information, price, and experiences.

# Effective Value Proposition

Developing a meaningful or worthwhile differentiation

*Important:* The difference delivers a highly valued benefit to the target segment.

*Distinctive:* The difference is delivered in a distinctive (unique) way.

*Superior:* The difference is superior to other ways of obtaining the benefit.

*Preemptive:* The difference cannot be copied easily by competitors.

*Affordable:* The buyer can afford to pay for the difference.

*Profitable:* The company will find it profitable to introduce the difference.





# Think and Apply

- What's is your Value Proposition?

# To Be (*Perceived*) or Not to Be

- How do you want to be perceived?
- How to guide your marketing actions to reach the desired position?

*Value Proposition*

*Positioning Statement*

# Positioning Statement

## Structure of positioning statement

To customers who are (target summary),  
our product offers (state what the product does from the  
consumers' point of view)  
relative to (competitive alternatives)  
because (support).

# Discover the hidden P.S.

The smart for two. Built for an urban environment, it shows that “thinking big” refers to innovations rather than centimeters. And, thanks to its unique overall concept, it proves that cars can enhance city life rather than limiting it.





# Think and Apply

- Write down a positioning statement for your organization
  - ✓ Target audience
  - ✓ Frame of reference
  - ✓ Point of difference
  - ✓ Reason to believe

# To Be (*Perceived*) or Not to Be

- How do you want to be perceived? *Value Proposition*
- How to guide your marketing actions to reach the desired position? *Positioning Statement*
- How are you perceived? *Positioning*

# *Positioning*

... the company proposes,

... the customer rules!



# Positioning



## Positioning:

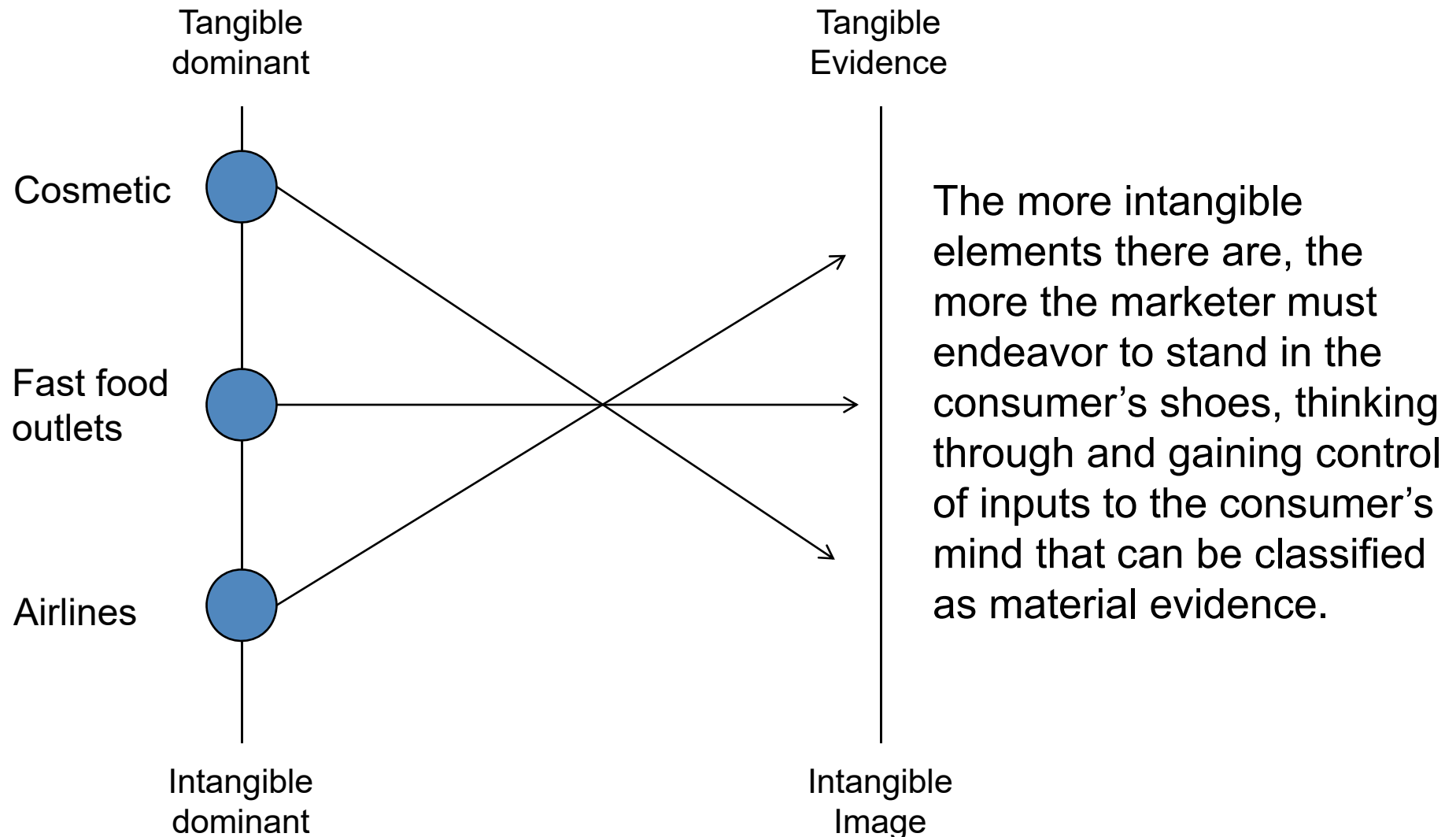
- The company's **image** and offer in the target consumers' **minds**, so it occupies a **distinct** and **valued** place in relation to **competitors**.
- Positioning happens in the brain, not in the boardroom.
- Competition and consumers wants influence the company position, and both change constantly.

# Benefit Positioning

Emphasizing the primary benefit of the brand

- Toyota: Reliability
  - Visa: Ubiquitous acceptance
- Functional
- Priceline: Discounts
  - Discover: Cash back
- Monetary
- Don Perignon: Exclusivity
  - Allstate: Peace of mind
- Psychological

# Positioning Emphasis



# Positioning Emphasis

Making services more tangible



# Positioning Emphasis

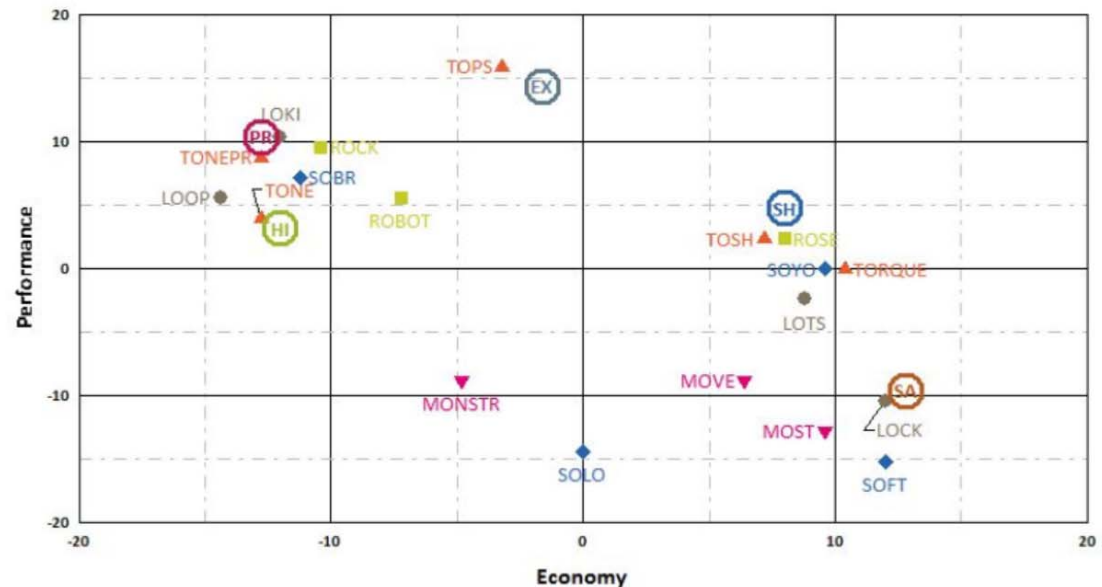
## Making services more tangible

- Professional photographers show books of their work
- Landscape architects invite to drive by other houses where they have worked
- Cruise operators send videotapes of happy vacations
- Hotel cleaning personnel leave the strip of paper over the toilet seat
- Transportation services offering sampling



# Think and Apply

- Go back to the positioning map you created before. Identify what elements of your value proposition should be stressed more.
- How can you change your positioning statement so that your brand perception moves in the expected direction?



# Delivering the Value Proposition

- Implement the value proposition through an integrated marketing plan using the marketing mix -- the P's

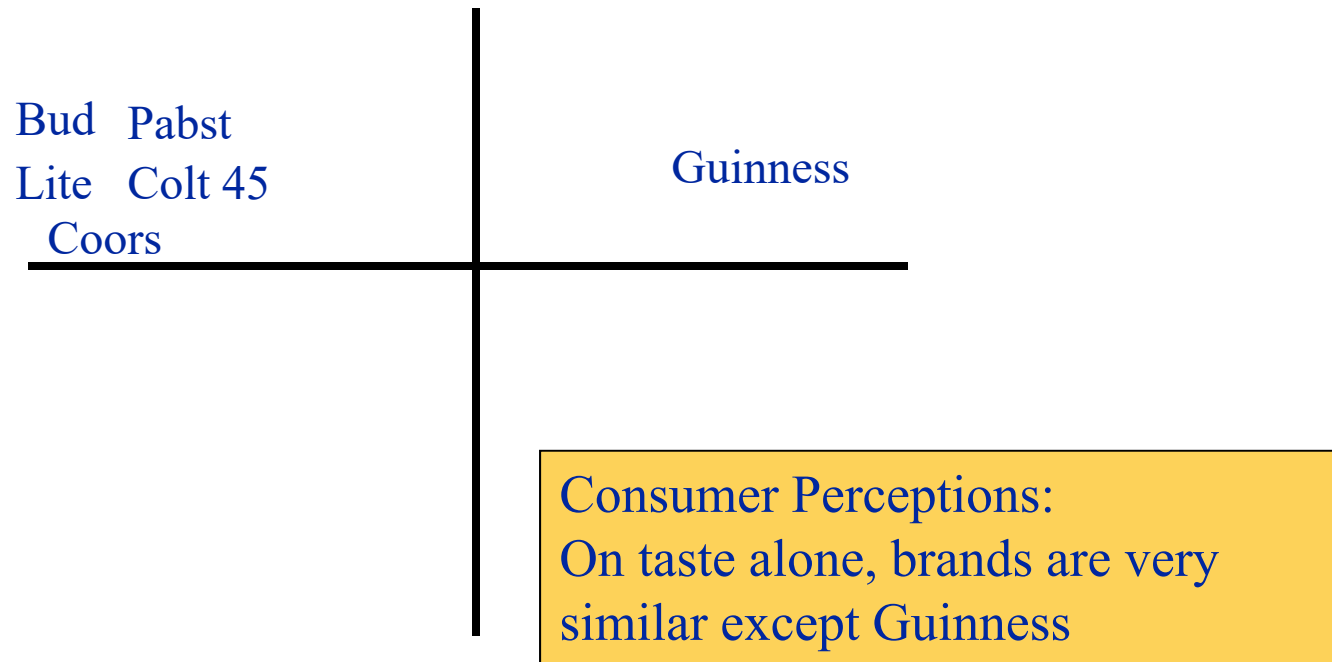


# Branding



# The Power of Branding

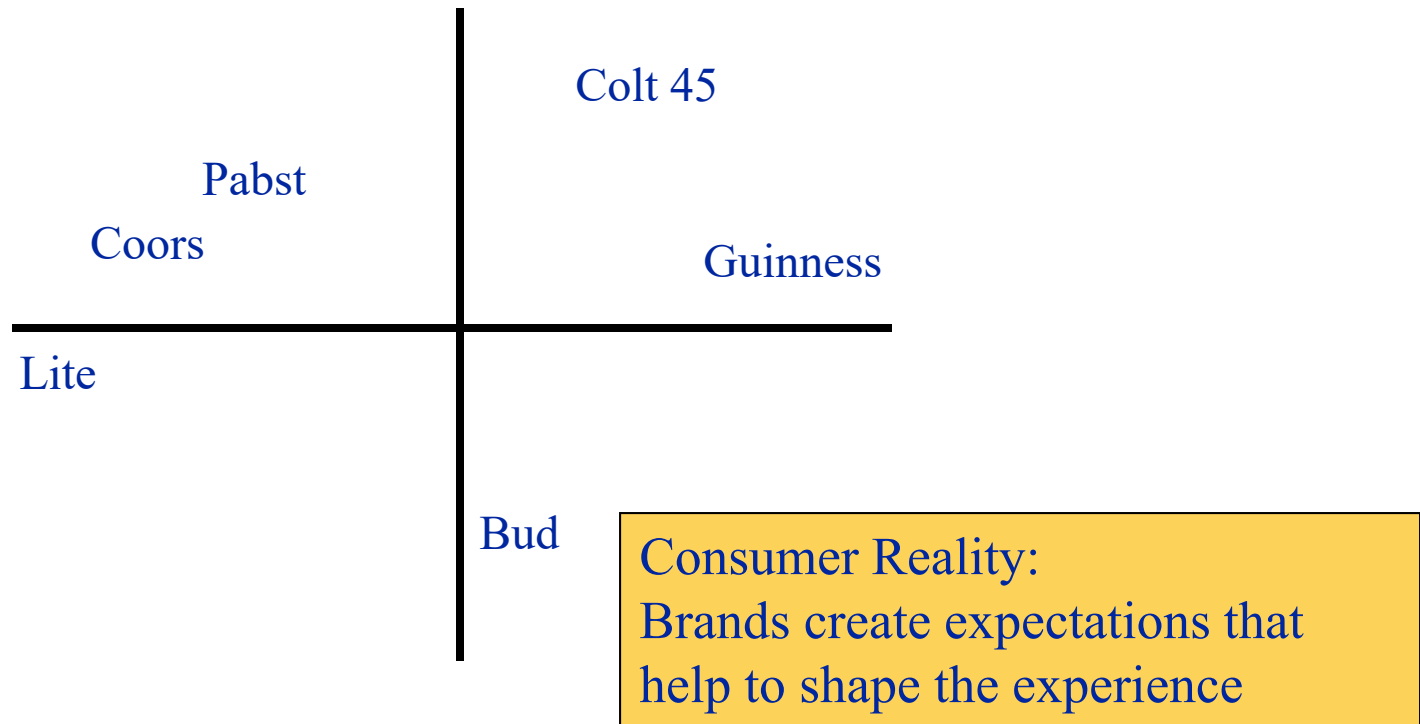
Taste Test: Brand names not given



Source: Keller (1998) *Strategic Brand Management*

# The Power of Branding

Taste Test: Brand names given



Source: Keller (1998) *Strategic Brand Management*

# What is a Brand?

- . . . A name, term, sign, symbol, or design, or a combination of them intended to identify the goods and services of one seller or group of sellers and to differentiate them from those of competition (*AMA*)
- . . . A promise that a firm makes to its customers, a promise to deliver a specific set of features, benefits and services consistently to the buyers.

# Brands go beyond the product

## Product

Tangible: made in factory

Physical

Concrete

Can be copied

Can be outdated

It is what it is



Position a product by  
capturing favorable attributes

## Brand

Intangible: lives in customer's mind

Symbolic

Abstract

Unique

Potentially timeless

It is what consumers (company) want it to be



Position a brand by capturing  
favorable associations/concepts

# What is a Brand?

---

**Firm level:** Intangible asset

**Product level:** a (non-physical) attribute that augments the product

**Customer level:** knowledge

---

# Brand Knowledge Structures

1. Attributes
2. Benefits
3. Image/experiences



Cola

Bubbles

Thirst Quenching

Beyoncé

Messi

Next Generation

# Marketing without Brands

- It's about attributes and benefits
- Marketers rely on product features
- Extensive development of product-based differentiation



# Marketing with Brands

- Includes connecting with customer emotions
- Focus on building relationships
- It's shaped by experiences



# Brand Strategy

- Point of Parity
- Point of Difference



Cola

Bubbles

Thirst Quenching

Beyoncé

Messi

Next Generation

# Brand Strategy



- Point of Parity
- Point of Difference



*Le baume d'acier?*

# Analyzing the Brand Strategy

- Point of Parity → category, competitive
- Point of Difference → strong, favorable, unique



Cola

Bubbles

Thirst Quenching

Beyoncé

Messi

Next Generation

# Choosing POPs/PODs:

## DESIRABLE VS. DELIVERABLE

Desirability criteria (customer perspective)

- Personally relevant
- Distinctive & superior
- Believable & credible

Deliverability criteria (firm perspective)

- Feasible
- Profitable
- Pre-emptive, defensible & difficult to attack



# The Science Behind Branding

## Demo

Tired

Doze

Pillow

Dream

Snooze

Sandman

Drowsy

Blanket

Nap

Siesta

Weary

Moonlight

Rest

Bedspread

Slumber

Nighttime

# Demo



B. Mathur / Reuters

# Demo



hdfunboom.com

# Demo



Foodnetwork.co.uk

# Demo



B Mathur / Reuters

# Demo



Rainer Jensen / AFP

# Demo

How many of you remember seeing the word sleep?



# Demo

Tired

Pillow

Snooze

Drowsy

Nap

Weary

Rest

Slumber

Doze

Dream

Sandman

Blanket

Siesta

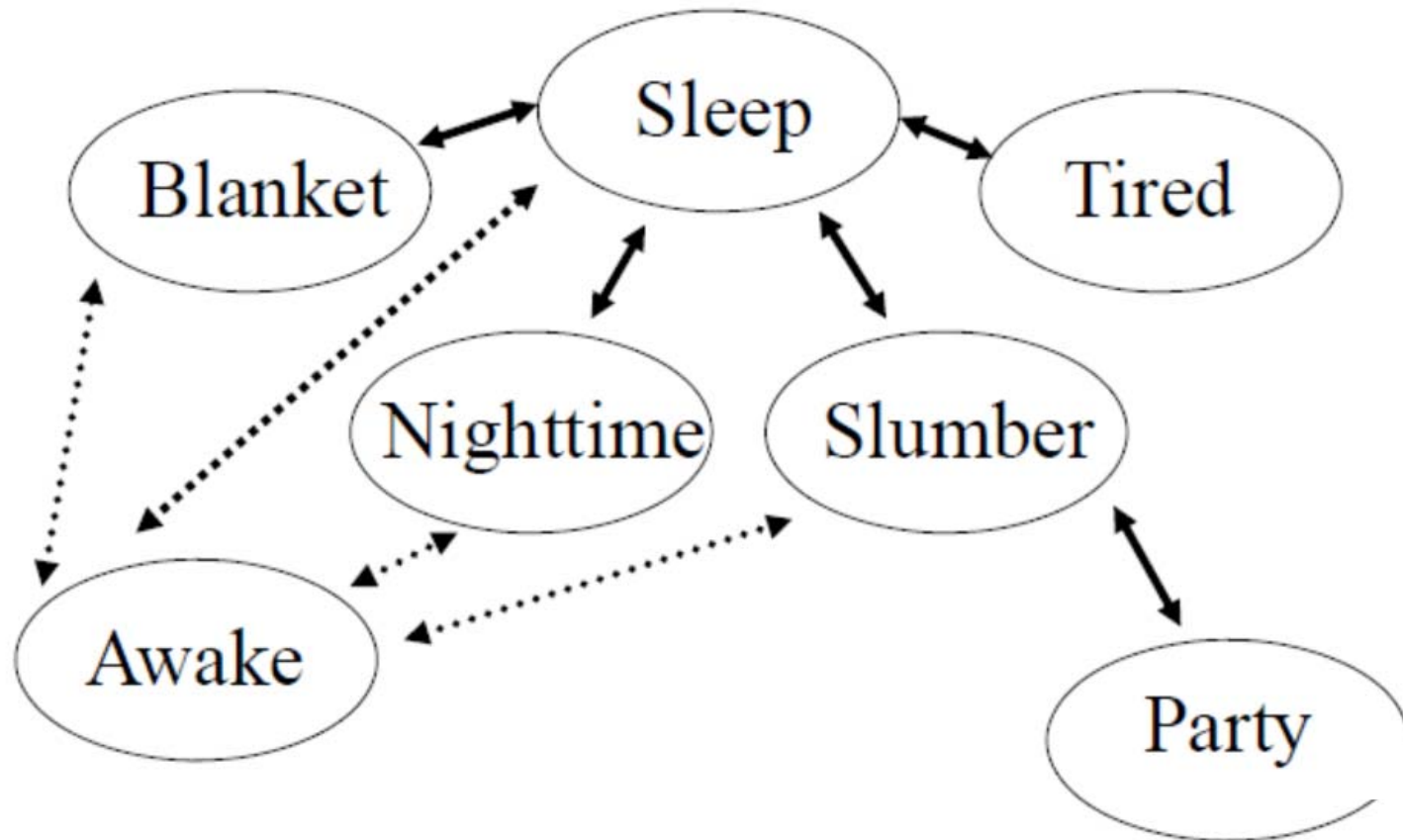
Moonlight

Bedspread

Nighttime

# The Science Behind Branding

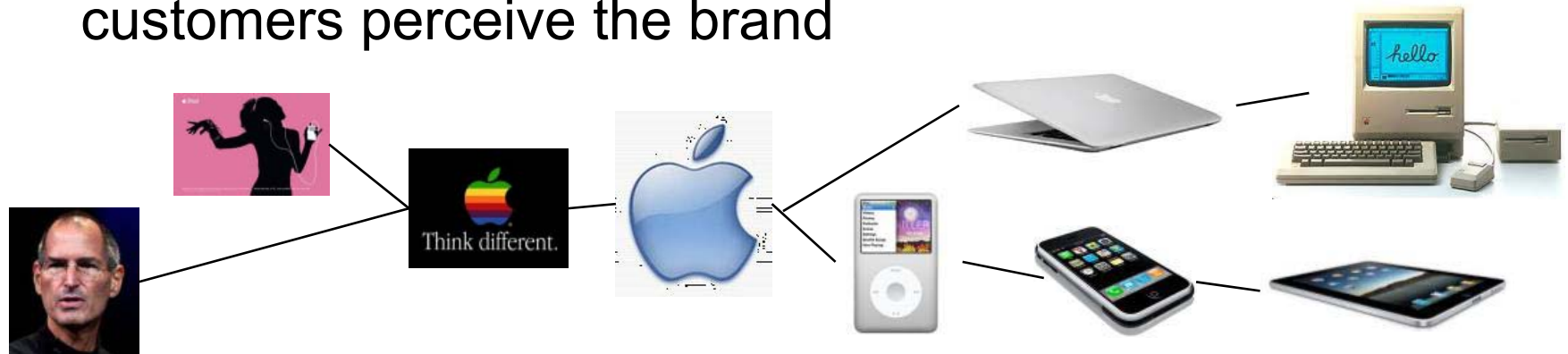
## Associations



# The Science Behind Branding

## Brand obeys the principles of memory

- Knowledge about a brand is learned over time
- Nodes and links can be strengthened with experience (or weakened over time)
- These well-learned knowledge structures reflect how customers perceive the brand



# Building Associations

- Logos 
- Slogans "It's everywhere you want to be."  
"The ultimate driving machine"

- Symbols



- Colors 



- Packaging, Characters, Jingles

# Building Associations





# Think and Apply

- Think about the different communication materials your CBO has, what associations are they creating?
- Are those associations the one you would like to strengthen?
- Think in terms of POP and POD, if you could start from scratch, would do develop these materials differently? How?

# KP Thrive Campaign 2004

*We stand for Broccoli.*

*For Pilates. And dental floss.*

*We believe in the treadmill and its sibling the elliptical.*

*In SPF 30 we trust.*

*We believe in seatbelts and stopping HIV.*

*And that fruit makes a wonderful dessert.*

*We have faith in optimism, in laughter as medicine as well as penicillin.*

*All hail cold turkey, the gum and the patch.*

*We're anti addiction and pro anti-oxidant.*

*We believe there is art to medicine as well as science.*

*And that health isn't an industry, it's a cause.*

*We're Kaiser Permanente, and we stand for health.*

*May you live long and Thrive.*



We stand for broccoli. For Pilates. And dental floss.  
We believe in the treadmill and its sibling the elliptical. In SPF 30  
we trust. We stand for seat belts and stopping HIV. And we believe fruit makes  
a wonderful dessert. We have faith in optimism. In laughter as medicine as  
well as penicillin. And we pledge allegiance to one nation, indivisible, with  
resistance and cardio for all. We believe in physical therapy, psychotherapy,  
even music as therapy. All hail cold turkey, the gum, and the patch. We're  
anti-addiction. Pro-antioxidant. And have never met a vegetable we didn't like.  
We believe there is art to medicine as well as science. And we believe health  
isn't an industry, it's a cause. We are Kaiser Permanente and we stand for  
health. May you live long and thrive.

KAISER PERMANENTE thrive

# Who Creates the Brand?

## Four actors

- Companies
- Consumers (i.e., no just customers!)
- Pop culture
  - movies, TV, radio, books, and Internet
- Influential people
  - Experts, specialized magazines, and sales reps!!!

The interactions among these actors are many and complex. It is difficult to isolate their impacts

# Analyzing the Brand: Research

## Two important considerations

1. How brands are encoded in memory (POP vs. POD)
  - Attributes
  - Benefits
  - Non-product associations: images/experiences
2. How brands are recalled from memory
  - Recognition
  - Recall

# Characteristics of Strong Brands



1. Understand brand meaning by marketing appropriate products and marketing products appropriately



2. Properly position brands in the competitive space



3. Maintain innovation and relevance for the brand



4. Provide superior delivery of desired benefits



5. Communicate with a consistent voice at one point in time and over time

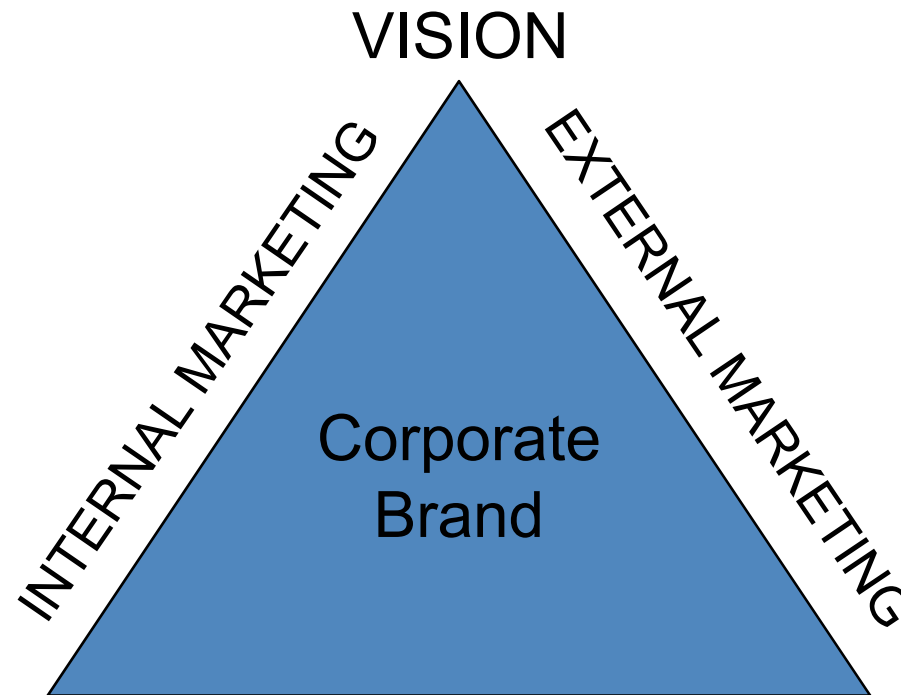


6. Employ a full range of complementary brand elements and supporting marketing activities



7. Establish credibility and create appropriate brand personality and imagery

# Branding in Service Industry



## CULTURE

- Attitude
- Responsibility
- Compliance
- Loyalty / retention
- Innovation

## IMAGE

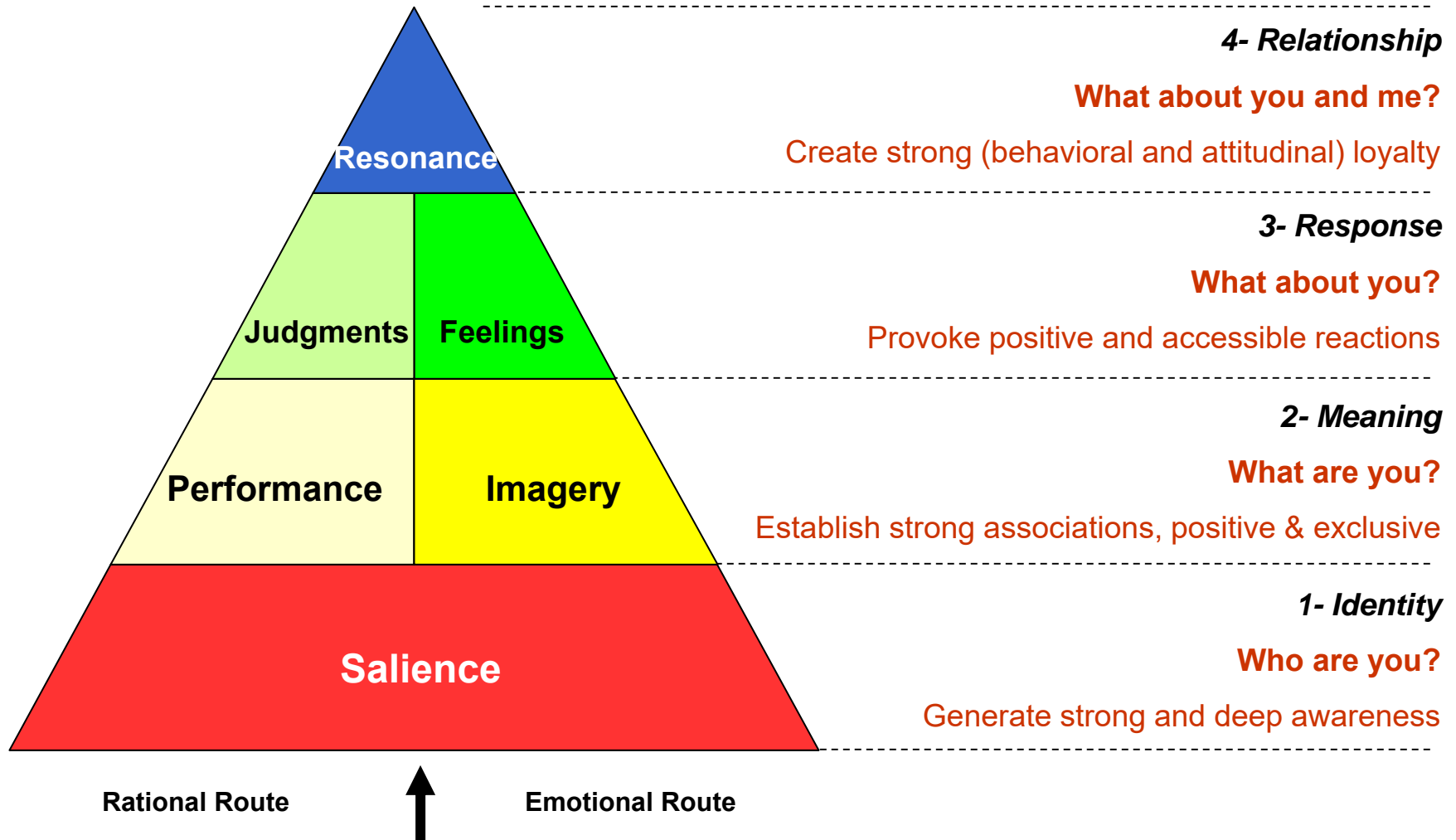
- Sells
- Attract talent
- Promote it (WOM)
- Regulate
- Support (\$)

# What is Brand Equity

The value of a brand (i.e., its equity) is derived from:

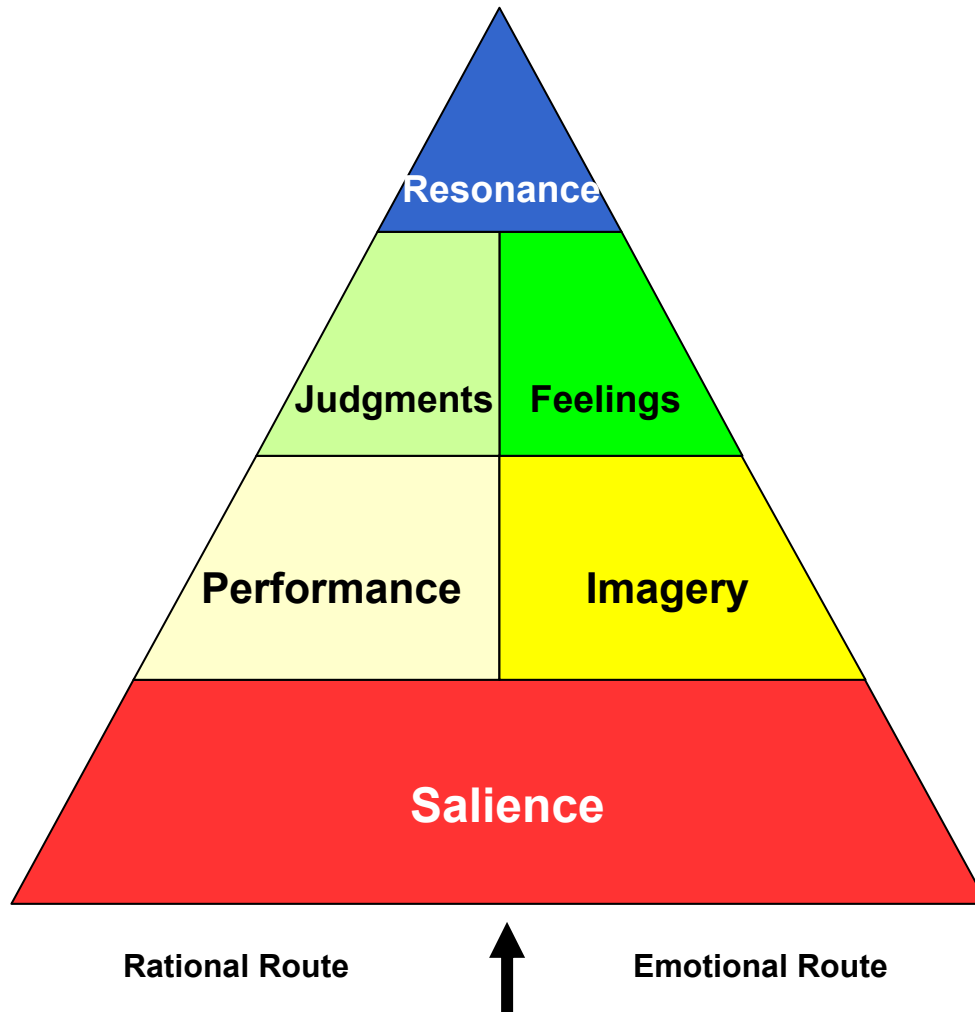
- **Awareness** (recall, recognition, consideration, familiarity, signal of substance/commitment, anchor to which other associations can be made)
- **Associations** (help decision process, retrieve information, reason-to-buy, extensions, create positive attitudes and feelings, positioning, channel interest)
- **Loyalty** (reduced marketing costs, trade leverage, attracting new customers through WOM and reassurance, time to respond to competitors' actions, price sensitivity)

# Customer-Based Brand Equity Pyramid





# Think and Apply



Apply the brand equity pyramid to your organization. Given the value proposition and positioning you have previously identified, what brand building actions would you recommend?

# Branding in the Social Media Age



*ON-DEMAND*



*PERSONAL*



*ENGAGING*



*NETWORKED*

- *Efficiency*
- *Ease*
- *Instantaneous*
- *(minimize time)*

- *Acknowledgment*
- *Individualized*
- *Privilege*

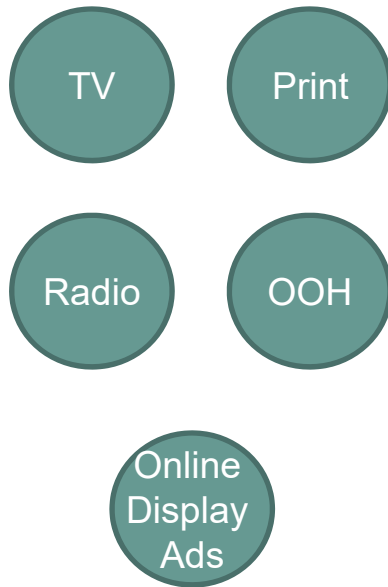
- *Participation*
- *Immersion*
- *Entertainment*  
*(maximize time)*

- *Ego gratification*
- *Community*
- *Meaningful change*

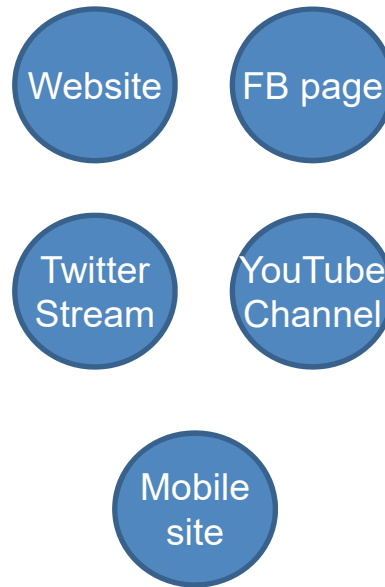
by Kelly Mooney & Nita Rollins

# POEM (Paid, Owned, Earned Media)

## *PAID MEDIA*



## *OWNED MEDIA*



## *EARNED MEDIA*



# Real Time Marketing

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This woman's selfie while shopping has gone viral, and now Old Navy has offered her a gift card because of it.



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# Can anything be branded?



# Thank you!

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