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EXAMINATION NOTES

CLASS: M.COM 3rd SEM

SUBJECT: FUNDAMENTAL OF MARKETING

<u>UNIT 1</u>

MARKETING

The core function of marketing is to recognise customer needs and desires and find the best strategies to meet those expectations and desires in such a way as to generate revenue and profit for an enterprise.
For example, ready-to-use dosa batter – it is an instance of marketing where convenience in cooking was identified as a consumer desire. Marketers grabbed this opportunity to package and distribute processed dosa batter that satisfies market desire, simplifies modern urban life and earns revenue for the company.

*Nature of Marketing

In popular conception, marketing, the term is used interchangeably with promotion. However, marketing is a lot more than just endorsing your product or services. The nature of marketing defines the various purposes it serves in a lifetime. It includes the following elements –

1. It is a Process of Communication

Marketing is the process of communicating with consumers and stakeholders with the objective of earning profit, maintaining customer relationships, and managing stakeholder expectations. It also directs the flow of services and products to the end-user.

2. Marketing is a Managerial Function

The particular marketing approach of an organisation is influenced by the management policy. It is the management policy that dictates the kind of marketing campaigns to run and sets its tonality.

3. Marketing is a Social Process

Marketing to the end consumer plays a crucial social role. Through different marketing channels, the consumer is introduced to a standard of living. To create an optimised marketing strategy, you must have a thorough idea about the consumer's changing needs and expenditure patterns.

4. Marketing is a Philosophy

It is the key guiding principle that defines the commercial operations of a company or organisation. As a policy, marketing requires you to establish certain ground rules on the kind of messaging and the overall ideology of a brand.

5. Marketing is a Legal Process

In its essence, marketing is an elaborate legal process through which the ownership of a product is transferred to the consumer. It is the way an enterprise discovers and identifies the needs of the market and transforms them into marketable products and services.

6. It is an Economic Function

Marketing, at its roots, is an economical function. Through different marketing strategies, the consumer is encouraged to take economic action. This action is transactional in nature and underpins the availing or procuring a product/service in exchange for money.

7. Objectives: Consumer Satisfaction & Profit Making

After all, marketing is an objective-driven action that requires a methodical approach. The ultimate goal of marketing is to satisfy consumer needs and expectations and by this means generate profit for an organisation.

*Scopes of Marketing

The scope of marketing involves both science and an art that needs a dynamic approach to solve real-world problems and crises in society. In modern business, the marketing department uses key strategies to guide a product from conceptualisation, development, and execution to promotion and distribution.

1. **Study of Consumer Behaviour**

The first and foremost role of marketing professionals is to be familiar with the expectations and expenditure patterns of the consumer in general. A thorough understanding of what they like to purchase? When do they do that? How much expense they are prepared to make for a novel item, what is their usual budget for the category of your product and so on.

It helps to determine the time and approach for your product launches. It lies in the nature of marketing management to gauge your consumer behaviour and strategize accordingly.

2. **Identify Their Wants and Requirements**

To ensure a streamlined product launch and satisfy the user demand, marketers first need to identify the pain points of the audience. A strategic approach to marketing requires a complete understanding of the consumer lifestyle. Only this allows you to place a product or service that amplifies or complements their life.

3. **Planning & Product Development**

In this phase, the idea of the product is conceptualised. With the ideation of the product, it lies in the scope of marketing channels to determine the correct branding strategy that addresses consumer demands and desires.

4. **Pricing and Policy Determination**

Marketing professionals may leverage various factors in the product development cycle to identify the correct pricing. It takes into consideration existing competition in the market and the expenditure pattern of the target audience. The strategy should help marketers determine attractive packaging and prices that encourage buyers.

5. **Distribution**

Identifying the proper distribution channel for the product is vital to optimise your ROI. To ensure the desired amount of sales, the distribution line must ensure wider target group outreach at the minimum cost.

6. **Promotion**

In this step, marketers can use a mix of online and offline marketing channels to promote the product or service. Based on the type of product/service, and its target group – a particular marketing channel might be more suitable than others.

7. **Consumer Satisfaction**

Every product or service is created and distributed in the market with the end goal of satisfying the user's demand or making their life easier. Therefore, after market distribution, it is essential to get feedback from the clients on how the product is being received. Depending on the kind of response, a future iteration of the same product or service can be improved to target the maximum number of potential customers.

8. **Marketing Control**

It befalls the marketing department to ensure that the strategies implemented are able to produce the desired amount of results. After the product distribution and launch, marketers perform an in-depth audit to determine the utility of the approach and optimise it accordingly.

*Importance of Marketing

Marketing is directed at consumer satisfaction. In its natural form, marketing operations fulfil the needs of the market to help an enterprise earn profits and boost its sales. Here is a thorough breakdown of the various significance of marketing:

1. Creates Awareness

The scope of marketing enables an enterprise to run campaigns that generate awareness in the market about a product or a service. This is also the preliminary step of marketing and helps lay the groundwork during product launch.

2. Guides Buyer's Journey

Marketing campaigns allow an enterprise or organisation to guide the consumer – offering knowledge and the relevant guidance that ultimately leads to purchase.
Let us take 3D printers as an example. When a company sells 3D printers, it may produce customised web blogs, articles and videos that educate and inform people. Different genres of web based content work as marketing tools that illustrate the benefits of 3D printers and create the necessary knowledge crucial to operate one
.

3. Builds Brand Identity

One of the crucial ways that marketing helps a business is by building a unique identity. It takes creativity of thought and expression to crack an exclusive message that works for your company.

So, it falls upon the marketing department to conjure up a distinctive message that fosters better communication between the company and the target audience. And thereby establishing a brand identity that creates a unique position among the competition.

4. Boosts Sales

By adopting a robust marketing channel, businesses can adopt a continuous messaging model. It may include targeted advertisements or Search Engine Marketing (SEM) to get maximum visibility to the target group of audience. And thereby increase the sales of your products.

5. Helps Scale Up the Business

Marketing is a powerful tool for when you want to take your business to the next level. Whether you are targeting a new demographic of audience or trying to offer a variety of services – let your existing reputation guide your new journey.
It reduces the obstacles of capturing a new market or penetrating a segment different from your core products and services. Thus, utilising marketing tools effectively can help you avert multiple roadblocks to a flourishing business.

RELATIONSHIP MARKETING

Relationship Marketing is a strategy of Customer Relationship Management (CRM) that emphasizes customer retention, satisfaction, and lifetime customer value. Its purpose is to market to current customers versus new customer acquisition through sales and advertising.

INTEGRATED MARKETING

Integrated marketing is an approach that uses different forms of media, called channels, to tell a story or convey an idea. An integrated marketing campaign might start with a TV ad featuring a memorable character. For example, you might see a popular new donut flavor in a commercial, then drive past the donut shop to see posters of the donut.

INTERNAL MARKETING

Internal marketing means promoting the company's objectives, culture, products, and services to internal staff and stakeholders. For this reason, it is also called employee marketing.

PERFORMANCE MARKETING

Performance marketing aims to solve this tension by focusing on the part of marketing that performs in a measurable way. The term, first introduced in the mid-1990s shortly after internet marketing, was a stroke of branding genius by marketing companies. If they have the choice, why would a business owner invest in anything other than marketing that performs? Performance marketing is a results-driven approach to digital marketing, where advertisers pay only when specific actions or outcomes are achieved. These actions can include clicks, leads, sales, or other desired customer behaviors. Performance marketing relies on various channels, such as affiliate marketing, pay-per-click (PPC) advertising, social media advertising, and search engine marketing.

VALUE-DELIVERY

Value-Delivery involves everything necessary to ensure every paying customer is a happy customer: order processing, inventory management, delivery/fulfillment, troubleshooting, customer support, etc. Without Value-Delivery, you don’t have a business.

For example, when a consumer purchases a laptop, value delivery may entail giving them free software updates and longer warranties. A business strategy that consistently works to provide its existing and potential customers extra value frequently benefits from more income, faster growth, and better loyalty.

VALUE CHAINS

Value chains are an integral part of strategic planning for many businesses today. A value chain refers to the full lifecycle of a product or process, including material sourcing, production, consumption and disposal/recycling processes.

CORE COMPETENCIES

Core competencies are the resources and capabilities that comprise the strategic advantages of a business. A modern management theory argues that a business must define, cultivate, and exploit its core competencies in order to succeed against the competition.

- Core competencies are the defining characteristics that make a business or an individual stand out from the competition.
- Identifying and exploiting core competencies is seen as important for a new business making its mark or an established company trying to stay competitive.
- A company's people, physical assets, patents, brand equity, and capital can all make a contribution to a company's core competencies.
- The idea of core competencies was first proposed in the 1990s as a new way to judge business managers compared to how they were judged in the 1980s.
- Examples of companies that have core competencies that have allowed them to remain successful for decades include McDonald's, Apple, and Walmart.

STRATEGIC MARKETING PLANNING

Strategic marketing planning is the process of writing and following a plan to reach a specific marketing goal. Companies may develop strategic marketing plans to increase revenue and profits, achieve greater visibility, discourage competitors or improve their appearance through a total rebranding. Management and operations teams work together to identify the goal, outline the steps, assign tasks and measure the success of the effort. They may revise their steps over time, but they begin with a research-backed, practical plan in place.

CORPORATE STRATEGIC PLANNING

Corporate Strategic Planning is a companywide approach at the business unit and corporate level for developing strategic plans to achieve a longer-term vision. The process includes defining the corporate strategic goals and intentions at the top and cascading them through each level of the organization.

Strategic planning is important for companies because it provides direction for their future growth and financial stability. A corporate strategy is one element of strategic planning that helps organizations define their long-term goals, such as revenue growth or expansion. If you work in business development, you may want to learn about the key components of a corporate strategy to help you establish realistic and achievable goals for your organization. In this article, we define this strategy, explain its importance and list four corporate strategy components to help you create or refine business goals.

A corporate strategy can help businesses establish and meet their goals to achieve long-term success. When clearly defined, this strategy can have benefits for many companies of all sizes.

*Importance of strategic Planning

1. Create strategic direction: This type of strategy can help leaders establish high-level objectives for the organization, which can create a strategic direction for the company's development and growth.

2. Adapt to changes: By continually updating this strategy, a company can adapt to changes and refine its strategic goals to reflect new challenges or opportunities.

3. Increase profitability: This strategy can help companies make decisions about resources and funding to minimize potential risks and maximize their return on investments, which can increase their profitability.

4. Motivate employees: Sharing the organization's corporate strategy with employees can provide them with direction and purpose in their roles, which can motivate them to help a company achieve its goals.

DIVISIONAL STRATEGY

A divisional strategy, or business strategy, means defining the specific goals and activities of particular business units. While a company may have an overall strategy of how they want to operate, the divisional strategy focuses on each division or department. Leaders often create business strategies that contribute to the company's goals.

*How does a divisional strategy work?

Divisional strategies are one of the three main strategies many companies define. The other two are:

1.Corporate strategy: A corporate strategy is how a company plans for revenue growth, lower cost and efficient operations. This often requires market analysis and current business performance to decide what risks a company might take to succeed.

2. Functional strategy: A functional strategy is often one that mid-level managers might decide for each department. People define these by understanding the overall corporate and business strategies and deciding how best to achieve any goals.

*Benefits of a divisional strategy

1.Custom strategies

One benefit of creating this type of strategy is that you create goals and perform research for specific areas of the business. Rather than a broad, corporate strategy, people within specific divisions can adjust their strategies based on their needs. For example, a corporate strategy might be to reduce operational spending, while the department-level strategy for a sales department might be to automate more emails and calls.

2. Competitive advantages

As market research is essential in defining a strategy for a division, this can provide a company with a competitive advantage. You might learn what your top competitors do and the results they achieve, showing you how you might improve your own products and services. You might perform a SWOT analysis by analyzing your strengths and weaknesses along with external threats and opportunities.

3. Process improvement

Division strategies can help improve your processes, as these often include goals for team members to reach. For example, business strategies often include ways to reduce spending, increase revenue or improve market standings. With these, team members can evaluate their current processes and understand what they might change to reach the goals.

4. Improved culture

Having a clear divisional strategy can help improve company culture. As employees can share and understand what their roles are and how they can help the company achieve larger goals, they might feel more motivated to perform better. Similarly, a clear vision, mission and departmental values can ensure each team member contributes and behaves appropriately.

*Components of an Effective Divisional Strategy

Each effective business strategy has several components:

1. Mission: As with overall companies, specific divisions might include a mission statement. These can be a few sentences and identify the ideal accomplishments and the reasons for pursuing these.

2. Values: A value statement can also be several sentences that express what is important to a division. This might mean how a division might work, what leadership believes in and the expected behavior of team members.

3. Vision: A division's vision means describing how you expect the particular business unit to look in the future. This might mean expected revenue, market positioning or reputation that can inspire employees to pursue the vision.

4. Budget: As strategies often include cost reduction and revenue goals, creating a budget can help guide the strategy. You might indicate a specific budget or resource allocation to ensure managers know how to spend the money when executing their tasks.

5. Goals: More than just describing the mission or vision, you can write a few sentences on what specific and measurable goals you have. These can include budget figures, revenue targets or operational goals with ways to measure the success of each.

BUSINESS UNIT LEVEL STRATEGY

By definition, a business unit (also referred to as a division or major functional area) is a part of an organization that represents a specific line of business and is part of a firm's value chain of activities including operations, accounting, human resources, marketing, sales, and supply-chain functions. Business units and functional areas help a company organize itself internally. For example, a company may have several strategic business units that each sell different products or provide distinct services. As fully functional segments of a company, business units typically have their own strategic direction and vision.

When it comes to strategy, each business unit has a role to play in the company's grand plans and enterprise strategy. Each line of business or sector must align with and contribute value to the primary corporate business strategy. In order to optimize results, strategy needs to be part of everyone's responsibilities. As such, each business unit must develop its own business-unit strategy framework that will define how it will fulfill its part of the primary corporate strategy and make a distinct, value-added contribution to the organization's long-term success.

*Strategy Level Types

There are three major strategy level types:

1. Corporate-Level Strategy: Concerned with the overall scope and direction of an organization across its various businesses. This includes diversification and vertical integration.

2. Business-Level Strategy: Focuses on competing successfully in individual markets or industries. This involves being an industry leader or differentiating a brand.

3. Functional-Level Strategy: Deals with optimizing specific departments or functions to support business-level strategy. This level of strategy can include areas like extensive advertising, brand management, and global distribution.

*Importance of Business-Level Strategy

Business-level strategy is important as it defines how a company competes in a specific market, which influences its competitive position and success. It helps differentiate the company from competitors, attract customers, and achieve a sustainable advantage.

<u>UNIT 2</u>

MARKETING ENVIRONMENT

A company's marketing environment includes every element that may affect its ability to connect with its customers. This can include internal elements such as resources, equipment and a company's corporate structure. It can also include external components like existing customers, delivery platforms and top competitors. Both internal and external conditions can affect how a customer responds to a business and determine how a business might grow .Some benefits of understanding your marketing environment include:

Assisting you in understanding the company's competitors and the market

Supporting you in identifying your current and potential customers

Helping you determine future marketing plans

Aiding you in assessing current trends

*Types of marketing environments

- **<u>Internal marketing environment</u>**

Marketing professionals work with the resources, company values, systems and processes that exist within a company. These influence the tasks that a company's marketing and advertising teams complete and how effectively they can create campaigns and content to be competitive in a market.

- **<u>External microenvironment</u>**: An external microenvironment covers the relationships outside of the company. A company's external contacts may include customers, suppliers or other outside agencies.

- **External macro environment:** The term macro environment refers to the market or field in which a company performs. While macro factors may affect the entire industry, they rarely have a direct impact on a specific company.

*Marketing Environment impact on marketing decisions

There are two elements within the external marketing environment; micro and macro. These environmental factors are beyond the control of marketers but they still influence the decisions made when creating a strategic marketing plan.

*Micro Environment Factors

- **Suppliers**: Suppliers can control the success of the organisation when they hold power. The supplier holds the power when they are the only or the largest supplier of their goods; the buyer is not vital to the supplier's business; the supplier's product is a core part of the buyer's finished product and/or business. Imagine they are the link in the value delivery processes and what impact this may have.

- **Resellers**: If the organization's product or service is taken to market by third-party resellers or market intermediaries such as retailers, wholesalers, etc. then the marketing success is impacted by those third-party resellers. For example, if a retail seller is a reputable name then this reputation can be leveraged in the marketing of the product. They are the link between the organization and the customer, so are important due to factors such as promotion and distribution.

- **Customers**: Who the customers are (B2B or B2C, local or international, etc.) and their reasons for buying the product will play a large role in how the organization approaches the marketing of its products and services to them. It is also important to note the stability of demand and how this can impact the outcomes of any marketing efforts.

- **The competition:** Those who sell the same or similar products and services as the organization is the market competition, and the way they sell needs to be taken into account. In reality, every organization that sells something similar is classed as competition. What impact do their prices and product differentiation have? How can the organization leverage this to reap better results and get ahead of the competition?

- **The general public**: The organization has a duty to be a good corporate citizen. Any actions the company takes must be considered from the angle of the general public and how they are affected. The public has the power to help the organization reach its goals; just as they can also prevent the organization from achieving them. The opinion of the public can play a key part in the success of any marketing efforts.

Macro Environment Factors:

- **Economic factors**: The economic environment can impact both the organization's production and the consumer's decision-making process. These can include interest rates, recession, demand and supply for example.

- **Natural/physical forces**: The Earth's renewal of its natural resources such as forests, agricultural products, marine products, etc. must be taken into account. There are also natural non-renewable resources such as oil, coal, minerals, etc. that may also impact the organization's production. In the broader picture, these can be linked to climate change, pollution and new law and regulations that regulate the environment.

- **Technological factors**: The skills and knowledge applied to the production, and the technology and materials needed for the production of products and services can also impact the smooth running of the business and must be considered. Automation, connectivity, speed and performance are all necessary considerations.

- **Political and legal forces**: Sound marketing decisions should always take into account political and/or legal developments relating to the organization and its markets.

- **Social and cultural forces**: marketing must consider changing in culture and society when creating successful marketing activities. These include aspects such as demographics, consumer attitudes, buying patterns, changes in population and employment patterns as well as changes in living standards.

MARKET SEGMENTATION AND TARGETING

Market segmentation and targeting refer to the process of identifying a company's potential customers, choosing the customers to pursue, and creating value for the targeted customers. It is achieved through the segmentation, targeting, and positioning (STP) process.

*STP (Segmentation, Targeting, and Positioning) PROCESS

Segmentation is the first step in the process. It groups customers with similar needs together and then determines the characteristics of those customers. For example, an automotive company can split customers into two categories: price-sensitive and price-insensitive. The price-sensitive category may be characterized as one with less disposable income.

The second step is **targeting**, in which the company selects the segment of customers they will focus on. Companies will determine this base on the attractiveness of the segment. Attractiveness depends on the size, profitability, intensity of competition, and ability of the firm to serve the customers in the segment.

The last step is **positioning** or creating a value proposition for the company that will appeal to the selected customer segment. After creating value, companies communicate the value to consumers through the design, distribution, and advertisement of the product. For example, the automotive company can create value for price-sensitive customers by marketing their cars as fuel-efficient and reliable.

BUYER BEHAVIOR

Buyer behavior refers to the decision and acts people undertake to buy products or services for individual or group use. It's synonymous with the term "consumer buying behavior," which often applies to individual customers in contrast to businesses.

Buyer behavior is the driving force behind any marketing process. Understanding why and how people **decide to purchase** this or that product or why they are so loyal to one particular brand is the number one task for companies that strive for improving their business model and acquiring more customers.

*Types of Buyer Behavior

1. Complex buying behavior

This type is also called extensive. The customer is highly involved in the buying process and thorough research before the purchase due to the high degree of economic or psychological risk. Examples of this type of buying behavior include purchasing expensive goods or services such as a house, a car, an education course, etc.

2. Dissonance-reducing buying behavior

Like complex buying behavior, this type presupposes lots of involvement in the buying process due to the high price or infrequent purchase. People find it difficult to choose between brands and are afraid they might regret their choice afterward (hence the word 'dissonance').

As a rule, they buy goods without much research based on convenience or available budget. An example of dissonance-reducing buying behavior may be purchasing a waffle maker. In this case, a customer won't think much about which model to use, chousing between a few brands available.

3. Habitual buying behavior

This type of consumer buying behavior is characterized by low involvement in a purchase decision. A client sees no significant difference among brands and buys habitual goods over a long period. An example of habitual buying behavior is purchasing everyday products.

4. Variety seeking behavior

In this case, a customer switches among brands for the sake of variety or curiosity, not dissatisfaction, demonstrating a low level of involvement. For example, they may buy soap without putting much thought into it. Next time, they will choose another brand to change the scent.

CONSUMER DECISION-MAKING PROCESS

The consumer decision making process is the process by which consumers become aware of and identify their needs; collect information on how to best solve these needs; evaluate alternative available options; make a purchasing decision; and evaluate their purchase.

Stage 1: Need recognition

The first stage in the consumer decision-making process for a consumer is to figure out what they need. The most important thing that leads someone to buy a product or service is their need for it. All buying decisions are based on what people need.

Finding out what the customer needs is the first move to evaluating the Consumer Decision Making Process. Finding out what needs and wants the target market has can help with many marketing decisions.

Stage 2: Searching and gathering information

People are usually skeptical when they have to choose between options. So they need all the facts before they spend their money. After figuring out their need, the potential consumer moves on to the second stage: searching for and gathering information.

The buyer considers all the benefits and drawbacks of the purchase at this stage of their decision-making process. Because of changing styles and online shopping sites, consumers know much more about what they want to buy and can make better choices.

Consumers can get information from many different places, like books, magazines, the Internet, and reviews of products by other people. It’s important to make a purchase decision, so the consumer shouldn’t be in a hurry when learning about the products and brands on the market.

- **Commercial Information Sources:** Important types include digital media, newsletters, TV ads, salespeople, and public displays.
- **Previous Purchase Experiences:** It is consumers’ past experiences with using a product.
- **Personal Contacts:** This is a very reliable source of information and impacts the consumer’s mind the most. Consumers usually talk to their friends, family, coworkers, and acquaintances about their needs and interests in different products and then use their advice to decide what to buy.

Stage 3: Considering the alternatives

The third stage in the consumer decision-making process is to carefully look at all the alternatives and substitutes on the market. Once consumers know what they need and where to get it, they will start looking for the best deals or options.

At this stage, the consumer compares options based on price, product quality, quantity, value-added features, or other essential factors. Before choosing the product that best meets your needs, look at customer reviews and compare prices for the alternatives.

After finding helpful information, the consumer chooses the best product on the market based on their taste, style, income, or preference.

Stage 4: Buying the product or service

After going through the above stages, the customer decides what to buy and where to buy it. The consumer makes a smart choice to buy a product based on his needs and wants after he has looked at all the facts.

Needs and wants are often sparked by marketing campaigns, recommendations from friends and family, or sometimes by both.

Stage 5: Post-purchase evaluation

In the last stage of the consumer decision-making process, the consumer evaluates or analyzes the product they bought. They look at how helpful the product is, how satisfied they are with it, and how much it is worth to meet their needs.

If consumers know that the product they bought was worth what they paid for and met their expectations, they will stick with that product.

CUSTOMER SATISFACTION

Customer satisfaction is the evaluation of how well a company's products or services meet or exceed the expectations of its customers. This assessment considers aspects such as quality, service, and overall experience. The comprehension and enhancement of customer satisfaction is essential in retaining customers and promoting loyalty.

*Customer Satisfaction Importance

Customer satisfaction is essential for the success of any business. When customers are satisfied, they are more likely to become repeat customers, leading to improved customer retention. Furthermore, satisfied customers are more likely to share positive experiences with others, which can attract new customers. Additionally, satisfied customers are more likely to provide valuable feedback, allowing businesses to make necessary improvements and effectively meet the needs of their customers.

*How to Measure Customer Satisfaction

In order to effectively build and maintain customer satisfaction, it is crucial to have a way to measure it. This section will discuss various methods for measuring customer satisfaction, including customer surveys, Net Promoter Score (NPS), and analyzing customer complaints and feedback. By understanding how to measure customer satisfaction, businesses can gain valuable insights and make informed decisions to improve overall customer experience.

1. Customer Surveys

Determine survey objectives: Define the purpose and specific insights you want to gather related to customer surveys.

Choose the right survey method: Select between online surveys, phone interviews, or in-person questionnaires based on your target audience for customer surveys.

Create effective survey questions: Craft clear, relevant, and unbiased questions to obtain accurate and actionable feedback from customer surveys.

Ensure respondent anonymity: Assure participants that their responses will remain confidential to encourage honest feedback in customer surveys.

Analyze and act on results: Interpret the data, identify trends, and implement improvements based on the feedback received from customer surveys.

2. Net Promoter Score

Net Promoter Score (NPS) is a metric used to measure customer loyalty and satisfaction based on the question ‘How likely are you to recommend our product/service to a friend or colleague?’

Calculate NPS by subtracting the percentage of detractors from promoters, ranging from -100 to 100.

Interpret NPS scores: Promoters (9-10) are loyal enthusiasts, passives (7-8) are satisfied but unenthusiastic, and detractors (0-6) are unhappy customers.

Utilize NPS feedback to improve customer experience, identify areas for growth, and enhance customer retention strategies.

3. Customer Complaints and Feedback

Customer complaints and feedback are essential for business growth. Actively seek and address customer complaints to improve products, services, and overall customer experience. Use feedback to identify areas for enhancement and to show customers that their opinions are valued.

CUSTOMER VALUE

Customer value refers to the perceived benefits a customer receives from a product or service in relation to its cost. It takes into account factors such as quality, price, convenience, and overall experience, which influence customer preferences and loyalty.

For example, a local bakery's dedication to consistent quality, friendly service, and reasonable prices has resulted in high customer value. Even with the emergence of new bakeries, customers have remained loyal due to the exceptional value they receive from this bakery.

*How to Create Customer Value?

As a business owner, it is crucial to understand the importance of creating customer value in order to build long-lasting relationships with your clientele. This section will discuss the essential steps to creating customer value, including understanding your customers' needs and wants, providing high-quality products and services, offering competitive pricing, and personalizing the customer experience. By following these strategies, you can increase customer satisfaction, value, and retention for your business.

1. Understand Your Customers' Needs and Wants

Conduct surveys and interviews to gather direct feedback on customer preferences and better understand their needs and wants.

Analyze purchasing patterns and customer interactions to identify specific needs and preferences.

Utilize social media and online analytics to gain insight into customer sentiments and current trends.

2. Provide High-Quality Products and Services

Invest in high-grade raw materials and components to ensure the production of top-quality products.

Implement strict quality control measures during all stages of production.

Train and empower staff to consistently deliver exceptional service.

Solicit and act on customer feedback to continuously improve the quality of products and services.

3. Offer Competitive Pricing

Conduct Market Analysis: Research competitors' pricing strategies and assess the value proposition of your products or services.

Cost Optimization: Identify areas where costs can be minimized without compromising quality to offer competitive prices.

Value-based Pricing: Align pricing with the perceived value by customers, emphasizing benefits over cost.

Promotional Offers: Use targeted promotions and discounts to attract price-sensitive customers while still maintaining the value of your offerings.

4. Personalize the Customer Experience

Utilize customer data to better understand their preferences and behavior.

Offer personalized product recommendations and promotions to cater to individual needs.

Implement personalized communication through targeted emails or messages to engage with customers on a more personal level.

Create tailored experiences based on past interactions and feedback to enhance the customer experience.

CUSTOMER RETENTION/LOYALTY

Customer retention is the process of implementing strategies and activities to maintain the engagement of existing customers and encourage them to continue doing business with a company. The goal is to establish long-term relationships with customers, promoting brand loyalty and ensuring repeat business. This can be achieved through exceptional customer service, personalized experiences, and consistently providing value.

Some suggestions for improving customer retention include:

Implementing loyalty programs

Offering exclusive deals to returning customers

Gathering feedback to continuously enhance customer satisfaction

*Improvement in Customer Retention/loyalty

In today's competitive market, building customer satisfaction, value, and retention is crucial for the success of any business. One key aspect of this is improving customer retention, which involves keeping customers coming back for more. In this section, we will discuss four effective strategies to improve customer retention: providing excellent customer service, rewarding loyal customers, continuously improving products and services, and maintaining open communication with customers. By implementing these tactics, businesses can increase customer satisfaction and loyalty, leading to long-term success and growth.

1. Provide Excellent Customer Service

Train staff to actively listen and empathize with customers.

Respond promptly to inquiries and concerns.

Personalize interactions to make customers feel valued.

Implement a reliable feedback system to address customer issues effectively.

Fostering strong customer relationships and loyalty is crucial for providing excellent customer service. This involves proactive communication, swift issue resolution, and a customer-centric approach.

2. Reward Loyal Customers

Implement a loyalty program offering exclusive discounts and rewards for repeat purchases.

Provide early access to new products or services to show appreciation for their loyalty.

Offer personalized gifts or special perks based on their purchasing history and preferences.

3. Continuously Improve Products and Services

Regular Feedback: Continuously gather feedback from customers through surveys, reviews, and direct communication to improve products and services.

Market Research: Stay updated with market trends, competitors, and new technologies to enhance products and services.

Employee Training: Invest in training programs to ensure employees have the skills and knowledge to deliver improved services and continuously improve products and services.

Innovation: Encourage creativity and innovation within the organization to develop new and enhanced products and services and continuously improve products and services.

4. Communicate with Customers

Utilize various communication channels such as email, phone, social media, and in-person interactions to effectively communicate with customers.

Ensure prompt and clear responses to customer inquiries and concerns to maintain good communication.

Seek feedback from customers through surveys, reviews, and suggestion boxes to better understand their needs and preferences.

Provide proactive updates on new products, services, and promotions to keep customers informed and engaged.

*Common Challenges in Building Customer Satisfaction, Value, and Retention

In the competitive world of business, building customer satisfaction, value, and retention is crucial for long-term success. However, many companies face common challenges in achieving these goals. In this section, we will discuss the roadblocks that businesses often encounter when trying to build customer satisfaction, value, and retention. These include a lack of understanding of customer needs, poor product or service quality, ineffective communication with customers, and failure to adapt to changing customer expectations. By addressing these challenges, companies can pave the way for a loyal and satisfied customer base.

1. Lack of Understanding of Customer Needs

Conduct market research to gain a comprehensive understanding of customer preferences and pain points.

Utilize surveys and feedback tools to collect valuable customer insights.

Invest in customer relationship management systems to track interactions and preferences in order to better serve customers.

Train employees to actively listen and comprehend customer needs in order to provide exceptional service.

Understanding and fulfilling customer needs is crucial for delivering value and fostering loyalty. This requires proactive efforts in market research, feedback collection, and employee training to address any lack of understanding of customer needs.

2. Poor Product or Service Quality

Inadequate quality of products or services can result in dissatisfied customers, negative reviews, and decreased loyalty. It is essential to promptly address any quality issues by implementing strict quality control measures, gathering customer feedback, and consistently improving the quality of products or services.

3. Ineffective Communication with Customers

Use a variety of communication channels, including email, phone, and social media, to effectively reach customers.

Ensure that information is clear and concise to prevent confusion or misunderstandings.

Listen attentively to customer feedback and promptly address any communication issues that may arise.

Provide training and education to staff to improve their communication skills and maintain consistent messaging.

4. Failure to Adapt to Changing Customer Expectations

Stay updated with market trends and customer preferences to avoid failure to adapt to changing customer expectations.

Regularly gather and analyze customer feedback and behavior to stay in tune with their needs.

Adapt products, services, and communication strategies based on changing customer expectations to ensure customer satisfaction.

Invest in technology to enhance customer experience and meet evolving needs, preventing failure to adapt to changing customer expectations.

UNIT 3

ORGANIZATIONAL BUYING

Also known as business-to-business (B2B) buying, refers to the process by which organizations and businesses purchase goods, services, or raw materials to support their operations. It involves purchasing decisions made on behalf of the organization rather than for personal use.

Importance of Organizational Buying

Organizational buying is an important digital marketing term because it refers to the purchasing decisions made by businesses and organizations.

Unlike individual consumers, organizational buyers consider different factors in their decision-making process, such as the need for large quantities, long-term contracts, and negotiated pricing.

Recognizing and understanding organizational buying allows digital marketers to tailor their strategies, messaging, and product offerings to better meet the specific needs of these customers.

By focusing on the unique requirements and motivations of organizational buyers, marketers can develop more targeted campaigns, establish trust, and foster lasting relationships with key business clients, ultimately driving growth and profitability for their own organization.

*Steps In Organizational Buying Process

STEP 1:- Problem/Need Recognition

Organization Buyer always Start with the problem recognition with identification of demand for a particular product in the market.

It can be a need of buying more inventory like printer, bench or to solve a particular problem like under production by buying more machine.

Unlike Consumer need Recognization is not always a complex it can be routine work. Problem Recognization is not always for solving a problem it can also be to grab an opportunity in the market.

In this organization see and identify the problem of their end customers and also their consumption pattern.
Example:- Suppose you own 10 food courts in your city and you sell burger over there and you find that more consumer is asking for sandwiches. Now you have identified the problem and a new opportunity. Now you need to find a vendor to buy and sell sandwiches. So once you recognized your need its time to go to the next step.

STEP 2:- Product Specification

This Stage Involve Clearly Understanding the problem in hand and laying down all the general characteristics of the product or service that might solve the given problem.
For any organization, it is necessary to estimate the exact quantity and the period in which Product need to be delivered.
Example:- Now as in the previous Step we identified that our customers are being shifted from burger to Sandwiches.

Now we need to estimate How much Quantity of Product say packets of sandwiches, Type of sandwiches and when do we need them.
Now we find that we need 500 packs of sandwich bread every day on a regular basis in the morning at 8:00 Am. Now its time to move to our Next Step.

STEP 3:- Product and vendor Search

Its time to find the required product and the list of all the vendors available. Now as you know the product specification now organizational buyer will try to find various suppliers that can solve the problem and also qualify to be suitable suppliers.
Organizations need to collect a lot of information from various resources such as Company Files, Current supplier detail, Records, directories, Connections, Websites, Word of mouth in order to get a list of suppliers.
Example:- Now we know which type of bread do we need and how much we need and when do we need.
In this step, we will look at the ous option of Product and their vendors, wholesaler, distributor, available in our area in order to make a list of them
Now we had used our contacts searched web and made a list of all product and suppliers that are available in our city.

STEP 4:- Product and Vendor Evaluation

In this step as we searched and made a list of all the available vendors and alternatives available to us its time to evaluate all those alternatives.
In this step, we will be evaluating all the available products and their vendors in order to select the most appropriate among them.
We will evaluate all the vendor available to us on various parameter and basis such as:-

Product quality,Price,warranty,credit availability,reliability,value Analysis,cost analysis
Capability of Supplier,Reputation of Supplier,After-sale Service
The supplier will also be evaluated on the basis whether or not they can supply the requires quantity of products and their after-sale service
Example:- Now we have got the list of all the suppliers available to us Its time to evaluate them and their products as well
Let's suppose They have two types of bread for making sandwiches and there are 20 suppliers in your area who can supply you the required products
First, you need to decide the product in our case its bread that which type of bread you want to use.
Once you are done with bread Its Time to evaluate all the supplier based on their bread quality, price and whether they will be able to supply the required quantity on time or not.
Once you evaluated all the supplies its time to move to the step.

STEP 5:- Outlet Selection and Purchase

In the last step, we had evaluated all the suppliers and Products available to us.
This step involves the selection of the final product and the supplier based on the information gathered during the Evaluation Process.
In this step, we will finally select our vendor.

Example:- In the last step as we had evaluated all the supplier and product available to us. Now its time to finally choose one who fits our need and makes the final purchase or we can say palace our order for loaves of bread.

STEP 6:- Post Purchase Evaluation

Finally, we are at our last step of organization buying Process
This step involves the evaluation of the performance of the supplier by the organization.
The major part of the post-purchase evaluation is the service of the supplier, quality of the product delivered, delivery on time, customer response, After-sale service by the supplier, etc.
The motive of the step is to minimize the dissatisfaction and to encourage customers to tell us our mistakes to make improvements.
Example;- In the last step we had placed the order for the bread. In this step, we will evaluate our decision of making a purchase.
Its time to evaluate how supplier responds to our quarries, quality of bread delivered, time of delivery, Behaviour of supplier and whether your organization is satisfied with the purchase does purchase fulfill the organization objective or not.

*Participants in Business Buying Process

1. Initiator:

Being the first rung of the ladder, an initiator is someone who circles up the need of a particular service or the product. The question is: to what extent is this product affecting our companies and combating the deprivation? Here, an initiator is accountable for providing a rational answer.

2. Influencers:

It has been observed that influencers can stand on different levels while voicing down their opinions regarding a certain product. Such a group of people will influence others regarding the product that should be purchased along with their ideal locations within the city.

3. Deciders:

These people are given full freedom upon purchasing or ignoring the decision to purchase the products at the markets. Their criteria for evaluating the products depend on their prices and value for money.

4.Approvers:

These people help deciders in persuading the product they are looking for at the market. Such people are authorized to do so.

5. Buyers:

These people make the actual purchases from the business while keeping prices and quality in mind.

THE PURCHASING AND PROCUREMENT PROCESS

Stage One: Need Identification

In Stage One, Need Identification, the procurement process begins with the identification of a purchasing need.

- Identify your organization’s purchasing needs
- Determine whether the State Purchasing Act applies (review exemptions in the Georgia Procurement Manual)
- Analyze existing sources of supply, including mandatory statewide contracts, state entity contracts and statutory sources
- Assess available sourcing options, such as piggyback purchases, cooperatives or open market sources
- Determine whether a competitive solicitation is required for purchases of $25,000 or more
- Collaborate with the State Purchasing Division’s Agency Sourcing team for complex, high-risk or high-dollar purchases
- Review special approvals or restrictions, such as trading in used equipment

Stage Two: Pre-Solicitation

Stage Two, the Pre-Solicitation Stage, addresses several steps procurement professionals complete before preparing the solicitation

- Identify high-level scope, stakeholders, and critical business requirements
- Conduct an analysis of available goods, services and suppliers, and market and budget constraints
- Estimate expected contract award value or purchases for the fiscal year
- Identify the best sourcing method
- Determine if within your entity's delegated purchasing authority and collaborate with the State Purchasing Division's Agency Sourcing Team as appropriate.

Stage Three: Solicitation Preparation

In Stage three, Solicitation Preparation, procurement professionals prepare for the competitive solicitation process, working in conjunction with cross-functional and evaluation

- Identify the appropriate solicitation type.
- Finalize the scope of work and develop the solicitation requirements, including solicitation questions.
- Prepare cost line items or cost worksheet.
- Develop the evaluation criteria and award methodology.
- Select the appropriate contract template in consultation with your legal team.

Stage Four: Solicitation Process

Stage Four, the Solicitation Process, includes public advertisement of the solicitation and all events occurring while the solicitation is open for competitive bidding, and important information for suppliers interested in submitting responses to solicitations.

Key steps performed by our State Purchasing Division (SPD) team, procurement professionals and suppliers, as described in the Georgia Procurement Manual, include the following:

State Actions:

- Publicly advertise solicitations
- Manage communications
- Revise or cancel solicitations as needed
- Receive supplier responses
- Close the solicitation

Supplier Actions:

- Access and review solicitations
- Prepare and submit responses

Stage Five: Evaluation Process

Once the solicitation closes, Stage Five, the Evaluation Process begins. Evaluation methods vary based on the solicitation type as well as the specific language of the solicitation.

Supplier Actions:

- Responding to requests for clarifications, if any.
- Participating in demonstrations or oral presentations, if any.
- Participating in negotiations, if any.
- Participating in contract discussions, if any.

State Actions:

- Managing the evaluation process.
- Verifying suppliers' eligibility for contract award.
- Soliciting additional information from suppliers as needed.
- Conducting negotiations as appropriate.
- Finalizing contract discussions.

Stage Six: Award Process

Stage six, the Award Process, begins once all evaluation activities are completed and the state entity is ready to publicly announce the results.

Supplier Actions:

- Reviewing state entity's public notice of solicitation results.
- Participating in protest or supplier debriefing processes as applicable.
- Receiving contract award as applicable.

State Actions:

- Providing public notice of solicitation results and intent to make contract award.
- Support release of solicitation records in response to open records requests, if any.
- Participating in protest or supplier debriefing processes as applicable.
- Issuing contract award or purchase order.

Stage Seven: Contract Process

Stage Seven, the Contract Process, begins once the state entity has finalized contract award.

B2B CUSTOMER RELATIONSHIP

B2B customer relationship refers to a company using services or programs from another business to meet their goals or manage operations. For example, a business offers a video and chat software program, which companies use for departments to communicate. Therefore, the customer business is now a part of the provider business clientele. B2B customer relationships can be important for both the business providing the product or service and the business receiving it**. Examples of B2B customer relationships** are:

Automobile part manufacturers and car companies

Management software companies and businesses

Cyber security firms and businesses

Technology component manufacturers and cell phone companies

Benefits B2B Customer Relationship

B2B companies can build foundations and maintain trust with customers to develop strong customer relationships that benefit everyone. Some of these benefits might include:

Personal benefits

Having a personal B2B relationship can help build longevity, expand your customer base and increase revenue. For example, if a provider company has a positive personal relationship with their customer company, and that customer expands their business, it might increase the chances of the provider gaining the new business over competitors. Creating personal connections with your customers can show your commitment and dedication to the success of their business.

Financial benefits

Financial benefits are also possible with B2B customer relationships and might lead to customers willing to pay more for a product or service because of the positive customer relationship they will receive. Another financial benefit of well-managed customer relationships may include increased business opportunities and efficiency because there may be more opportunities for effective planning to meet each customer's individualized needs.

Knowledge-based benefits

A major component of managing customer relationships is understanding the challenges customers may face and working to address their needs. For example, if a customer company that makes kids' toys has a shortage of material and is looking for another supplier, the provider may refer them to a trustworthy client to help with their issue. This can show that the company has a knowledge of the market and connections. This can also help B2B companies ideate and generate innovative ideas for current and potential customers.

Steps to help Effectively and Efficiently manage B2B Customer Relationships

1. Consider customer relationship management (CRM) technologies

CRM technologies can help businesses streamline the management of their customer relationships, and can help optimize B2B customer communications. For example, a company might select a CRM technology system to help boost communication via email or automated short message services (SMS), in order to increase customer interactions. This can provide data that may show how often their communication is being reviewed and if there's been further action.

2. Collect feedback regularly

Collecting feedback from customers regularly can be beneficial for B2B customer relationship management to identify spaces or places for operational improvement. Developing and implementing anonymous surveys can help collect customer feedback. When developing surveys, it's important to consider these questions:

What are you interested in getting feedback about?

How might you word questions in unbiased ways while still receiving the information you seek?

Considering questions like these may increase the chances of receiving beneficial feedback in anonymous surveys. Gathered information or data can then identify if there are specific needs customers have that your product or service is not addressing and provide pathways for improvements.

3. Improve customer experiences

B2B companies can use learned information about customers' needs to develop user journey maps, which can show the customer's process using a company's product or service to accomplish a goal. These journey maps can then help identify where customers might face challenges and provide B2B companies with direction for improving customer experiences. Companies may find solutions in brainstorming or use the design thinking process to guide user experience (UX) improvements, which can increase the positivity of customer relationships. Potential improvements may include:

Added solutions

Simplified navigation

Personalized features

Increased support

4. Implement target marketing campaigns

B2B companies can use their knowledge of customer needs or goals to target their marketing campaigns and provide customers with the information that might be most relevant to them. For example, if a group of customers shares a goal of increasing efficiency, marketing campaigns may target them with strategies and information about how to use the company's product or service to help achieve higher efficiency. This example can be relevant for any common need or goal between customers. B2B companies can implement target marketing campaigns through a variety of communications, including:

Email or mail

Social media

Advertisements

B2B companies using target marketing might implement drip campaigns to provide customers with pieces of information over time and keep them engaged. These campaigns may be pre-written, implemented when relevant and updated as necessary.

5. Monitor and stay connected with customers

Monitoring customer satisfaction and success can help your company understand what customers really want and need. You can use business analytics tools and techniques, like software, to keep track of how well your company is doing with current clients. Detailed information from discussions between account managers and customers may also help monitor their satisfaction and success.

COMPETITIVE FORCES

Competitive forces are the factors and variables that threaten a company's profitability and prevent its growth. They are generally grouped into two categories: Direct forces that determine how low the floor can go for price competition.

They are generally grouped into **two categories:**

Direct forces that determine how low the floor can go for price competition. They include:

Intensity of direct competition measured by number of competitors, degree of product standardization, amount of excess production capacity

Customer negotiating power, which is influenced by customer expectations towards product quality and price

Indirect forces that place a ceiling on a market's prices and profits. They include:

The threat of indirect competition—the availability of products that offer similar performance

The possibility of new entrants into the marketplace

Supplier pressure—where demand for inputs is high, suppliers can raise their prices

Regulatory pressure—laws and regulations affecting customer and supplier behaviour and the availability of substitute products and services

COMPETITOR ANALYSIS

A competitor analysis, also referred to as a competitive analysis, is the process of identifying competitors in your industry and researching their different marketing strategies. You can use this information as a point of comparison to identify your company's strengths and weaknesses relative to each competitor.

You can do a competitor analysis at a high level, or you can dive into one specific aspect of your competitors' businesses. This article will focus on how to conduct a general competitive analysis, but you'll want to tailor this process to match the needs and goals of your business.

Importance of Customer Analyzing

1. Identify your business's strengths and weaknesses

By studying how your competitors are perceived, you can draw conclusions about your own brand's strengths and weaknesses. Knowing your company's strengths can inform your positioning in the market, or the image of your product or service that you want members of your target audience to have in their minds. It's essential to clearly communicate to potential customers why your product or service is the best choice of all those available.

Being aware of your company's weaknesses is just as important in helping your business grow. Understanding where you fall short of your customers' expectations can help you identify areas where you may want to invest time and resources.

You might learn that customers prefer your competitors' customer service, for example. Study your competition to find out what they're doing right, and see what you can apply to your business.

2. Understand your market

While identifying competitors, you may find companies that you didn't know about or that you didn't consider part of your competition before. Knowing who your competitors are is the first step to surpassing them.

Conducting a thorough assessment of what your competitors offer may also help you identify areas where your market is underserved. If you find gaps between what your competitors offer and what customers want, you can make the first move and expand your own offerings to satisfy those unmet customer needs.

3. Spot industry trends

Studying the competition can also help you see which way the industry as a whole is moving. However, you should never do something just because your competitors are doing it. Copying the competition without really considering your own place in the market rarely, if ever, leads to success .If you see your competitors doing something that you're not, don't rush to replicate their offering. Instead, evaluate what your customers' needs are and how you can create value for them. It's often better to zag when everyone else zigs.

4. Set benchmarks for future growth

When doing a competitor analysis, you should include companies that are both larger and smaller than your own. Studying well-established businesses in your industry can give you a model of what success looks like and a reference point against which to compare your future growth. On the other hand, researching new entrants into your industry tells you what companies may threaten your market share in the future.

COMPETITIVE STRATEGIES

Competitive strategies are strategies that allow an organization to gain and, for as long as possible, sustain a competitive advantage or to prevent competitors from maintaining their competitive advantage.

*Types of competitive strategy

1. Cost leadership strategy

A cost leadership strategy keeps prices for products and services lower than competitors to encourage customers to purchase the lower-priced products to save money. Businesses use a cost leadership strategy in industries with high price elasticity, such as energy and transportation. This strategy is most effective for companies that can produce a large volume of products for low costs. These businesses often have large-scale production methods, high-capacity utilization and various distribution channels with which to work.

Example: Archibald Products is an online retailer of various household goods and uses a cost leadership strategy to maintain lower shipping costs for their customers and competitive production costs. The company purchases large quantities of the products it sells so that it can distribute them quickly to customers. It also keeps its overhead costs low by training a few employees to handle every step of the distribution process so that it can order large quantities and compete with other online retailers.

2. Differentiation leadership strategy

Businesses may use the differentiation leadership strategy to differentiate their products from competitors by emphasizing specific features of their products. This strategy might involve the design or function of a product. A company that's been in operation for a while may use this strategy to show that an original offering is better than newer products. Alternatively, a newer company may use this strategy to show that a new invention is more beneficial than existing offerings. The goal is to appeal to more customers through unique features and quality while keeping competitors from obtaining a larger market share for products

.Example: Lowdo is a search engine that uses a product differentiation strategy to appeal to certain customers through its products and services. For Lowdo searches to be successful, it uses tailored, personalized search filtering based on its customers' needs. This allows the company to keep its customers loyal and prevent them from using other search engines.

3. Cost focus strategy

The cost focus strategy is similar to the cost leadership strategy, but the cost focus strategy involves catering to a specific market. This strategy still involves trying to offer the lowest price, but it attempts to target a unique market segment with specific preferences and needs. When a company implements a cost focus strategy, it can establish brand awareness more easily within a specific geographic market.

Example: Wrando is a clothing store that uses a cost focus strategy to generate sales by advertising to working parents with young children. It sells affordable clothing for parents and young children. The company experiences success because it lowers its costs by purchasing clothing items from manufacturers in large quantities and outsourcing its distribution process so that it can keep all its employees dedicated to serving customers at its stores. Parents can shop for themselves and their children in one location, and they can access affordable clothing that other department stores in the area may sell for higher prices.

4. Differentiation focus strategy

The differentiation focus strategy is similar to the differentiation leadership strategy in that both attempt to highlight unique product attributes and features. The difference between them is that while the differentiation leadership strategy may involve appealing to a broader market, the differentiation focus strategy involves appealing to a specific market segment. This strategy typically doesn't prioritize the price of a company's offerings, as it attempts to highlight how a company's offerings are unique compared to those of its competitors.

Example: Windy Skies Resorts is an island resort that has hotels, swimming pools and adventure activities like zip lines. It decides to implement the differentiation focus strategy by advertising how it serves adult couples without children. This advertising strategy helps it distinguish itself from other resorts in the area that cater to large families. At Windy Skies Resorts, adult couples can enjoy their stays and make friends with other couples. They can enjoy their vacations without having to worry about a loud, noisy environment disrupting their relaxation.

BALANCING CUSTOMER & COMPETITOR ORIENTATIONS

Whether a company is the market leader, challenger, follower, or nicher, it must watch its competitors closely and find the competitive marketing strategy that positions it most effectively. And it must continually adapt its strategies to the fast-changing competitive environment. This question now arises: Can the company spend *too* much time and energy tracking competitors, damaging its customer orientation? The answer is yes. A company can become so competitor centered that it loses its even more important focus on maintaining profitable customer relationships.

In practice today, companies have to be **market-centered**; being able to watch their competitors while developing strong relationships with their customers and delivering better value than their competitors.

A **product oriented company** is one that pays little attention to the competitors and customers, but focused solely on the development of product.

A **competitor-centered company** has its efforts focused on tracking competitors' moves and market shares while deriving strategies to counter them. Though this enables the company to be always on the watch for one's own weaknesses and others' actions, the company may end up being too reactive and may compromise itself in terms of innovation ability.

A **customer-centered company** on the other hand is more focused on customer developments when designing its marketing strategies and delivering superior value to its target customers. This is done through paying attention to the evolution of customer needs and deciding which customer groups and emerging needs are most important to serve.

UNIT 4

BRAND EQUITY

Brand equity is the value premium that a company generates from a product with a recognizable name, when compared to a generic equivalent.

Companies can build their brand equity with their products by making those products memorable, easily recognizable, and superior in quality and reliability. Mass marketing campaigns also help to create and strengthen brand equity.

When a company has positive brand equity, customers willingly pay a high price for its products, even though they could get the same thing from a competitor for less. Customers, in effect, pay a price premium to do business with a firm they know and admire.

Because the company with brand equity does not incur a higher expense than its competitors to produce the product and bring it to market, the difference in price goes to their margin. The firm's brand equity enables it to make a bigger profit on each sale.

Examples of Brand Equity

A general example of the importance of brand equity is when a company wants to expand its product line. If the brand's equity is positive, the likelihood that customers might buy its new product increases. Customers associate the new product with an existing, successful brand.

For example, if Campbell's releases a new soup, the company is likely to keep it under the same brand name rather than inventing a new one. The positive feelings and trust that generations of customers already have for the Campbell Soup Company (established in 1869) and its products make a new product more enticing compared to a soup associated with an unfamiliar brand name.

* Brand Equity Importance

Brand equity is important for increased customer loyalty, which can translate to repeated and increasing sales despite higher-priced products or services. Brand equity is also important because it supports higher perceived value, greater customer satisfaction, and a more stable customer base. Simply put, consumers are more likely to choose a brand that they know and trust.

*Elements of Brand Equity

The elements of brand equity include:

1. Brand awareness: The extent to which consumers are familiar with and recognize a brand.

2. Brand loyalty: The degree to which consumers consistently choose a specific brand over others.
3. Brand image: The perception of attributes that consumers have of a brand, such as quality, reliability, and uniqueness.
4. Brand associations: The emotional or psychological associations that consumers connect with a brand, such as feelings of trust, reliability, or nostalgia.
5. Brand value: The perceived benefits and overall value that consumers attribute to a brand.

*Factors Affect Brand Equity

Several factors can affect brand equity. One is the quality of products or services. Consumers are more likely to have a positive perception of a brand if it consistently provides high-quality products or services. Consistent marketing and branding efforts are also important. These can help build and maintain a positive brand image. Customer experiences also matter. Positive experiences can lead to increased loyalty and positive brand associations. Brand reputation is also important, as consumers are more likely to choose a brand they perceive as trustworthy and reliable. Competition can also impact a brand's equity, as consumers may have multiple options to choose from. Finally, changes in consumer preferences or trends can affect a brand's equity, as consumers may shift towards different brands or products.

*Brand Equity's Effect on Profit Margins

The importance of brand equity's potential to boost profits and increase profit margins is demonstrated by the effort that certain companies make to support the high quality of their products.

1. Higher Prices

When customers attach a level of quality or prestige to a brand, they perceive that brand's products as being worth more than products made by competitors. Thus, they are willing to pay more for them. In effect, the market bears higher prices for brands that have high levels of brand equity.

Yet, the cost of manufacturing a polo shirt and bringing it to market is not higher, at least to a significant degree, for an established company such as Lacoste than it is for a less reputable brand.

However, because its customers are willing to pay more, it can charge a higher price for that shirt, with the difference going to profit. Therefore, positive brand equity can increase profit margin per customer.

2. Higher Sales Volume

Brand equity has a direct effect on sales volume because consumers gravitate toward products that either have great reputations themselves or come from companies with great reputations (or both). For example, when Apple releases a new product, customers line up around the block to buy it even though it is usually priced higher than similar products from competitors.

One of the primary reasons why Apple's products sell in such large numbers is that the company has amassed a staggering amount of positive brand equity. Because a certain percentage of a company's costs to sell products is fixed, higher sales volumes translate to greater profit margins.

3. Customer Retention

Customer retention is the third area in which brand equity affects profit margins. Returning to the Apple example, most of the company's customers own not just one Apple product, but several. Plus, they eagerly anticipate new releases.

Apple's customer base is fiercely loyal, sometimes bordering on evangelical. The company enjoys high customer retention, another result of its brand equity. By retaining existing customers, Apple increases profit margins by lowering the amount it has to spend on marketing to achieve the same sales volume. It costs less to retain an existing customer than to acquire a new one.

MANAGING BRAND EQUITY

Brand management is a function of marketing that uses techniques to increase the perceived value of a product line or brand over time. Effective brand management enables the price of products to go up and builds loyal customers through positive brand associations and images or a strong awareness of the brand.

Developing a strategic plan to maintain brand equity or gain brand value requires a comprehensive understanding of the brand, its target market, and the company's overall vision.

Brand equity models are designed to establish the way in which brand value is created for a brand. Each of the brand equity models offers a deep insight into the brand value concept and the ways to evaluate it. Brand equity models are used to design marketing strategies at various stages.

*Types of Brand Equity Models

1. Aaker Model

David Aaker has defined brand equity in his Aaker Model. He defines brand equity as a group of assets and liabilities that can be directly associated with the brand and that which adds value to the product.
Aaker model consists **of 5 components:**

Brand Loyalty
This explains the level of loyalty that a customer shows toward a brand
Brand Awareness
This is the extent to which the brand is popular in the market

Perceived Quality
The image of a product and its quality in the eyes of the customers
Brand Associations
The level of recognition that a brand has in its product category
Proprietary Assets
The number of patents, intellectual property rights, trademarks, etc. that a brand owns.
These components of the Aaker model help to influence the customer's choice. A customer will be willing to associate with a brand that offers higher quality and satisfaction.

2. Keller's Model

Kevin Keller has made a signification contribution to the branding theory and has rolled out the concept of customer-based brand equity. Keller defines a brand as an effect that emerges out of a favorable association with a brand.

Who are you?
The first step is to create awareness about the brand and build a strong identity. When people have not heard or seen a product, it is difficult to sell the product.
It is important to know your customers and what they expect from a brand. When you start building a brand identity, it becomes easier to catch the attention of the consumers.
You should ensure that your brand stands out, and customers are aware of your brand can recognize your brand.

What are you?
The next step is to communicate to the users about what your brand means and what does it do. You should explain the performance of your product, which means that your brand should be reliable, should offer good service, it should be durable, should have service effectiveness, good style, and design, and reasonable price.
It is important to explain how your brand is able to meet the needs of the customers and connect with them on a social and psychological level. This can be done using a variety of marketing strategies such as direct promotion, sharing customer experiences, or using social proof.

What do I think about you?
In this stage, the brand response is obtained. The brand response can be either a feeling or a judgment about a product. Consumers always have a feeling or judgments about a product. When a product meets the expectations of users, it evokes a positive feeling about your brand. A product has to be attractive, satisfy the needs of the consumers and should be unique when compared to the competitor products.

What is the association with you?
In this step, the relationship between the brand and the customer is strengthened. The brand response that came from the earlier stage is now converted into an intense and emotional bond between the brand and the customer. This is the final stage and the most difficult to achieve. When the customer is in a good relationship with the brand, they often make repeated purchases and become loyal customers.
These steps in Keller's brand equity model provide direction to build and measure brand equity.

3. Brand Asset Valuator (BAV) Model

BAV is a brand equity model that gives the brand equity value of many brands and helps to compare brand equity across many brands.
As per the BAV model, collecting consumer insights will help to improve brand health and the future of a brand.

The four key components of brand equity are:

Differentiation
This is the extent to which the brand is different from another brand. A brand should be unique and stand apart from its competitors.

Relevance
This is a measure of how relevant your brand is for consumers. It is important to know if your brand is relevant to consumers in terms of its cost, needs, and convenience.

Esteem
This is a measure of how well a brand is perceived and respected for its quality and performance. This depicts the response of the consumers to the growing popularity of the brand or the decline of the brand.

Knowledge
This measures the level of understanding of the consumers relating to identifying the brand. Knowledge can be built by brand-building exercises.

The BAV model tries to ascertain how the differentiation, relevance, esteem, and knowledge are related to each other for the determination of the brand strength.

4. Brandz Model

Brandz model was developed by the marketing research consultants Millward Brown and WPP. BRANDZ is a tool that is used to diagnose and predict brand equity. In this model, data is collected with the help of interviews and publicly available data. Consumers of different brands are asked questions about the brand that they know.
This model is developed based on five steps that are in sequential order. Each step in this model is a continuity of the previous steps and should be conducted in the same order.

Presenc*e*
Do I know about it?
This is a stage of building familiarity with the product based on past trials and brand promise.

Relevance
Does it offer me something?

Once people know about a product, the next step is the question of relevance. Does the product offer what they want? Is the product relevant to consumer needs?

Performance
Can it deliver?
When the product is found to be relevant to consumers, the next step is to check if the product delivers what it promises. Is the product performing as expected or as promised?

Advantages
Does it offer something better than others?
Once the product is known to deliver what it has promised, the next step is to check if the product has any special bonding or preference over all the other similar products in the market.

Bonding
Nothing else beats it.
This is the last step, where the product has proved to be excellent and has built a strong bond with the user. This will eliminate all other competing products as the customer is now emotionally and psychologically bonded with the product and is not ready to compromise with any other product.

Importance of Brand Equity Models

With the evolving marketing strategies, the most common factor was that customers became the center of all strategies. Companies soon realized that the customer is the king, and they can flourish only when the customer is happy. The customer can be made happy by offering unique and quality products that in turn, build a strong brand. When customers are able to identify the brand, they start connections and slowly build a strong bond with better-performing products. All this comes under brand building exercise, which ultimately increases brand equity for the company.

Brand equity models have been designed and prepared by various researchers to study and understand consumer behavior. Brand equity models have proved to be a tool that helps in the diagnosis and to predict the strength of a brand.

In today's world of the internet, there is a huge amount of data that is available about consumers. But not many know how to convert the data into information that can be used to understand consumers and their needs. The brand equity model helps to know the most important components of consumer behavior and also helps to eliminate unnecessary noise from the data.

Ultimately the focus of every brand equity model is to increase the brand equity of an organization.

MEASURING BRAND EQUITY

Here are 7 ways to evaluate brand equity, including some examples of metrics you can use to collect operational and experience data:

1. Brand evaluation

One way of measuring brand equity is by trying to understand the total value of the brand as a separate monetary asset, which can be included on a business's balance sheet. This metric shows the worth of the brand, reflecting the brand's contribution to the company's success.

How can we measure a brand's financial value? There are differing schools of thought on this, where results produce divergent estimates of brand value or agreement on the direction of change, differing from one year to the next.

It's worth considering the value in terms of:

- **Cost-value** to create and build the brand - this could include budget spend on advertising, trademarking or licensing.
- **Market-value** of what it's worth when put into the market to sell, when looking at similar companies and brands
- **Income-value** of what it brought into the company, or how much the company saved by growing the brand.

2. Brand strength

Brand strength, or the power of the brand, can be measured by emotional data - the differential value the brand has acquired in someone's mind, as a result of multiple interactions over time.

Equity is almost synonymous with 'attitudinal strength' or 'strength in the mind' and is a proxy measure for the relative consumer demand for the brand.

You can capture this data using consumer surveys, and a series of evaluative questions that assess the relative preference, or 'wantability' the consumer has for the brand.

Review these common models for establishing brand strength:

- Millward Brown's MDF framework
- Ipsos' Brand Value Creator (BVC)
- TNS' Conversion Model (CM)

3. Brand awareness

Brand awareness is how well your brand is known by your target customers, the market and by key stakeholders.

Since brand awareness is an emotional-based metric, it can be measured with questions asking about:

- A customer's future intent to buy.
- A customer's current brand awareness now and over time
- The purchase history of target customers
- How much 'conversation share' there is - A measure of the customer's time that is passed speaking about your brand in everyday conversations.

Key methodologies to use include:

- Focus groups, research panels or customer brand perception surveys
- Sales data
- Customer feedback routes like using social media reviews and mentions
- Website search volumes on your brand

4. Brand relevance

This is connected to customer satisfaction, but focuses on whether your customers agree that the brand provides unique value. This can increase your brand equity level as the brand is perceived to be more valuable and relevant to a target market or to fulfill a specific purpose.

Some ways you can measure this include:

- Customer satisfaction (CSAT) surveys can help you understand your customer's satisfaction levels with your company's brands, products, services, or experiences.
- A Net Promoter Score (NPS) can provide insight on the customer's emotional connection to a brand, which is a key driver for increasing brand loyalty.
- Using a survey-based statistical technique called Conjoint Analysis to reveal key consumer decision-making processes and the value customers place on a brand's features.

5. Output metrics

You can determine brand equity through outputs like email marketing or social media messaging about the brand.

It relates to ROI operational data that tells you if your effort (e.g. number of communications out) was worth the investment. Email marketing won't singularly determine your brand equity, but it will improve your brand awareness and perception, and as awareness grows, revenue should improve too.

This information can be gained from sales transactions about promoted brand products. The pricing power, or the brand's ability to command a premium without losing business to a competitor is often associated with "brand equity" in consumer and service markets.

Other methodologies for investigating outputs are:

- Analysis of variance testing (ANOVA) to understand how different groups respond to variations to a brand's messaging or development version
- Cost-comparison of pricing valuations
- Customer responses back to communication call to actions - for example, signing up to an email list, joining a loyalty program

6. Financial data

You can understand a product or services' brand equity by looking at the financial results and sales performance of the business.

Historical data is necessary to assess brand performance, like the market share, profitability, revenue, price, growth rate, cost to retain customers, cost to acquire new customers and branding investment.

Also, don't neglect some key indicators of good brand equity, which should all be increasing if you're on the right path:

- The value of a customer over their lifetime
- The price premium in comparison with your competition
- The revenue growth rate

7. Competitive Metrics

If your competitors are doing badly, or if they are giving you a run for your money and creating great marketing campaigns, their activities will have an impact on your brand.

You can see how your brand equity performs within a competitive market, but in particular, you can conduct Competitor analysis to evaluate your competitors' strengths and weaknesses, how their brand compares to yours.

If their brands are performing well, you'll see variances in:

- Your acquisition rate against their rates
- Your dominance position in the market - including sales, social media engagement and following

- Revenue generated through certain channels that are being used by other competitors

DEVISING A BRANDING STRATEGY

While **devising a branding strategy**, a firm may choose to pick existing brand elements common to other products or line of business or may choose to completely pick up new and distinctive brand elements. At times, firms use a combination of both.

The firm has **3 choices** while devising a branding strategy:

1. Develop new brand elements for new product
2. Apply some of its existing brand elements
3. Use a combination for existing and new brand elements

Devising a Branding Strategy # 1: Creating a Sub-Brand

While devising a branding strategy, marketers might choose to create altogether a new brand for the product. At the same time, marketers may combine the new brand with an already established brand. This helps build a quick association of the new brand and also helps the new brand to en-cash the equity built by an already established existing brand. The existing brand which gives birth to the Sub-Brand is the **Parent Brand**.
E.g. Hershey's Kisses Candy. Here Kisses Candy in itself is as good as a new brand but has associations with an already established existing brand in Hershey's.

Devising a Branding Strategy # 2: Brand Extension

When the firm uses an established brand to introduce a new product, the strategy is referred to as **Brand Extension**.
Brand Extension falls into two categories – **Line extension** OR **Category extension**. The existing brand which gives birth to the Line OR Category Extension is the **Parent Brand**.

a) Line Extension

Line extension refers to the parent brand covering a new product within the same product category. The new product in this can be a new flavour, a new colour or even a new size packet. Importantly, the new product should be in the same product category.

E.g. Nestle Maggi original product has seen many line extensions. The new products added to the line fall into the same product category and fulfil the same need of the customer with some variations.

b) Category Extension

When the parent brand is used to enter a new product category altogether, it is referred to as a **Category Extension**.

Example: Victorinox is well known for its high-quality swiss army knives. However, the company has used the same brand to enter into different categories like Watches, Cutlery, Fragrances, Travel Gear, Pens, etc-

Similarly, brands like Honda, BMW are in both 4 and 2 wheeler mobility business and carry the same brand in both the categories.

A **Brand Line** refers to a range of the original and all variants of the product.

A set of all **Brand Lines** is referred to as the **Brand Mix (or Brand Assortment)** offered by the company. The brand mix/brand assortment comes into picture primarily because of catering to needs to various channel partners. e.g. Pepsico makes an entire range for the B2B channel priced at a premium.

Devising a Branding Strategy # 3 – A Licensed Product

A product whose brand name has been licensed to other manufacturers to make the product. In this case, the owner of the brand gets paid a licence fee for using the brand. In turn, the brand owner decides some minimum quality criteria to be met to sell products under his brand name. E.g. Jeep sells license to manufacture apparels, to strollers. The product quality should be as per their standard and they should communicate the Jeep philosophy of 'Life Without Limits'. In such cases the Licensing revenue because a metric to track of the parent brand.

CUSTOMER EQUITY

Customer Equity is defined as the total of the discounted lifetime values of the organization's customer. In short, more loyal the customers, higher is the customer equity. There are three drivers of customer equity namely: Value equity, Brand Equity, and Relationship equity.

Brand positioning is the process of positioning your brand in the mind of your customers. More than a tagline or a fancy logo, brand positioning is the strategy used to set your business apart from the rest.

5 Tactics to Increase Customer Equity

1. Show your clients that you appreciate them.
2. Be more convenient than your competitors.

3. Be ready to solve problems.
4. Provide customers with unique value propositions.
5. Ensure to provide the best quality.

Why is brand positioning important?

Brand positioning allows a company to differentiate itself from competitors. This differentiation helps a business increase brand awareness, communicate value, and justify pricing — all impacting its bottom line.

How to Create a Brand Positioning Strategy

1. Determine your current brand positioning.
2. Create a brand essence chart.
3. Identify your competitors.
4. Conduct competitor research.
5. Identify your unique value proposition.
6. Build a brand positioning framework.
7. Create your positioning statement.
8. Evaluate whether your positioning works.
9. Establish an emotional connection with prospects and customers.
10. Reinforce your brand's differentiating qualities during the sales process.
11. Create value.
12. Ensure that customer-facing employees embody your brand.

1. Determine your current brand positioning.

Are you marketing your product or service as just another item on the market, or are you marketing it as something distinctive? Your current brand positioning gives you important insight into where to go next. You'll need to understand your current position to further analyze your competition.

2. Create a brand essence chart.

Once you’ve determined where your brand stands within the market, it’s time to get into the nitty-gritty of what your brand means to customers. A brand essence chart can help organize these ideas so that they’re clear and concise. You’ll also be able to use this chart for copywriting and design inspiration.

Attributes: Think of these as features. For a physical product, this might be a little easier to brainstorm than SaaS or a technology product.

Benefits: What does the customer get to experience as a result of the attributes of your product or service?

Personality: These adjectives describe characteristics of your brand. Don't be afraid to take out a thesaurus for this part, either. Personalities can and should be nuanced in order to distinguish your brand from the competition.

Source of Authority and Support: What is the foundation of your brand? It might be a long-standing history of expertise in the industry, awards, and recognition by regulatory agencies in your vertical, scientific research, or even unwavering customer support in the form of reviews and testimonials.

What It Says About You (The Customer): Based on the elements we've discussed thus far, what does your brand say about your ideal customer? Use inspiration from the personality section to help you complete this section.

How It Makes You (The Customer) Feel: What are some words or phrases your ideal customer might use to describe how they feel when they interact with your brand? This section of the brand essence chart will help you find a niche angle for your brand messaging.

Positioning/Brand Essence: Finally, you'll tie all of these elements together to create a simple statement that describes what the customer should take away from your brand.

3. Identify your competitors.

After analyzing yourself, it's important to analyze your competition by performing competitor analysis. Why? You need to see who you're up against to conduct competitor research. That research will help you decide what you can do better in your strategy to gain an edge.

There are different methods for determining your competition, including:

- **Conducting market research:** I recommend asking your sales team what competitors come up during the sales process, or do a quick search using a market keyword and see which companies are listed.
- **Use customer feedback:** Ask your customers which businesses or products they were considering before choosing yours.
- **Use social media:** Quora offers a platform where consumers can ask questions about products and services. Search these forums to discover competitors in your niche. I'd also recommend looking on Reddit for Subreddits related to your business or niche to learn more about what your target audience might be looking for.

4. Conduct competitor research.

Wessel says, "From my experience, it is critical to really challenge yourself on how your capabilities or features compare to both competitors and alternatives."

So, once you've determined who your competitors are, it's time to conduct in-depth competitor research. You'll need to analyze how your competition is positioning their brand in order to compete. At its simplest, your research should include:

- What products or services your competitors offer
- What their strengths and weaknesses are
- What marketing strategies they're using successfully
- What their position is in the current market

You work at your business, so it's normal to assume that you're proud of what you offer. So, when it comes to making sure your competitor analysis is as impartial as possible, Wessel says, "Seeking an outside perspective can be invaluable in overcoming internal biases."

5. Identify your unique value proposition

Building a unique brand is all about identifying what makes you different and what works best for your business. Chmielewska suggests, "Start by defining what 'effective' really means for your brand — and then build its image based on that."

After you conduct your competitor research, I imagine you'll start to see patterns in that some businesses have the same strengths and weaknesses. As you compare your product or service to theirs, you might find one of their weaknesses is your strength.

This is what makes your brand unique — and it's the perfect starting point for positioning your brand in the market. Take note of your unique offerings as you compare, and dive deep to identify what you do better than anyone else.

6. Create your positioning statement.

It's time to take what you've learned and create a brand positioning statement. A positioning statement briefly describes your brand's unique offer and explains how it meets your customer's needs.

I know it sounds similar to a value proposition, but it's different in that it focuses on your differentiator, and your positioning statement focuses on the primary benefits you offer your customer and why they would need your product or service.

Wessel says, "By understanding the customer's 'job-to-be-done', you ensure the messaging stays focused on their point of view and their desired outcomes. The stronger aligned your positioning is to helping customers get their job done better, faster, and/or cheaper, the stronger your brand position will resonate with your target market."

I recommend crafting your positioning statement after creating your value proposition because it will help you determine what to focus on. Here are four guiding questions to guide you through your process:

- Who is your target customer?
- What's your product or service category?
- What's the greatest benefit of your product or service?
- What's the proof of that benefit?

8. Evaluate whether your positioning statement works.

Taking the time to position your brand to appeal to a certain customer is just the beginning. Once your positioning statement is created, it's time to test, experiment, and gather feedback from your customers on whether or not your positioning achieves its go

9. Establish an emotional connection with prospects and customers.

Connecting with your prospects on a human level before going in for the hard sell builds trust and helps your prospect have a more positive experience with your company's brand.

For example, at the beginning of the sales process, reps should take ample time to learn about your prospects and what problem they are looking to solve by using your product.

10. Reinforce your brand's differentiating qualities during the sales process.

With a strong brand position, the differentiating properties of your company's offering should be easy to understand and refer to. Make sure your prospects understand what makes your brand unique throughout the sales process.

You probably already know what your key differentiators are, but you can always refer back to your competitor analysis to iron in the key points to call out during your sales process.

11. Create value.

I know you know this, but it's worth repeating: your main goal should be to help your prospect solve a problem or overcome a challenge they are experiencing. Ideally, your company's offering is part of the solution.

12. Ensure that customer-facing employees embody your brand.

Customer-facing employees are your company's most valuable ambassadors. Prospects should receive an experience that embodies the core values of your company and aligns with the company's brand. For example, if your company takes a light, fun approach to branding, you should incorporate this language into your sales conversations. Having an overly serious or stiff tone would not be authentic to your company's brand.

DEVELOPING AND COMMUNICATING A POSITIONING STRATEGY

Positioning Strategy

A positioning strategy is like the way a brand wants to be known and remembered by its customers. It's about telling people why a product or company is better or different from others.

Just like when you meet new people, you want them to remember something unique about you. Companies want their customers to remember something special about their products or services.

To do this, companies think about what makes them special, who their products are for, and why people should choose them over other options. Then, they create a plan to talk about these things in a way that makes customers like and trust them.

This helps the company stand out in a crowded marketplace and attract the right customers who will love what it offers. So, a positioning strategy is like a brand's way of introducing itself and making a good impression on customers.

Positioning your brand effectively in the market is essential for standing out and attracting your target audience. Here's a step-by-step guide to help you develop a compelling positioning strategy:

Step 1: Identify your goal

Begin by clarifying your goal for creating a positioning strategy. What do you want to achieve? Your goal could be to increase market share, target a new customer segment, or rebrand your business. Having a clear objective will guide your strategy.

Step 2: Study your competitors

In-depth competitor analysis is crucial. Identify your competitors and study their positioning in the market. Understand how they communicate their unique value propositions and what sets them apart. This will help you find opportunities to differentiate your brand.

Step 3: Create a perceptual map

A perceptual map is a visual representation of how consumers perceive brands in your industry. It helps you understand where your brand stands relative to competitors in terms of key attributes or factors. Plot your brand and your competitors on the map to identify gaps and opportunities for positioning.

Step 4: Make a timeline

Develop a timeline that outlines the key milestones and deadlines for implementing your positioning strategy. This timeline should include tasks such as market research, branding updates, content creation, and promotional campaigns. A well-structured timeline keeps your strategy on track.

Step 5: Find your niche

Identify a niche or specific market segment that aligns with your brand's strengths and unique offerings. By focusing on a niche, you can become an expert in that area and connect more deeply with your target audience.

By following these steps, you can create a positioning strategy that helps your brand stand out, resonate with your audience, and achieve your business objectives. Remember that positioning is an ongoing process that may evolve over time to adapt to changing market dynamics and customer preferences.

Strategic positioning best practice

Positioning strategy is a critical component of marketing and branding. Here are some best practices to help you develop and implement an effective strategy:

- **Understand your target audience**

In-depth knowledge of your target audience is essential. Create detailed buyer personas to identify their needs, preferences, and pain points. Tailor your positioning to address these aspects effectively.

- **Analyze competitors**

Conduct thorough competitor research to understand their positioning strategies. Identify gaps in the market where your brand can excel. Your positioning should aim to fill these gaps and offer something unique.

- **Create a unique value proposition (UVP)**

Your UVP is a concise statement that communicates your brand's unique benefits and values to customers. It should clearly articulate why your brand is the best choice. Make sure your UVP is compelling and easy to understand.

- **Consistency across channels**

Maintain a consistent brand image and messaging across all channels, including your website, social media, advertising, and customer interactions. Consistency builds trust and reinforces your positioning in the minds of customers.

- **Focus on customer benefits**

Instead of just listing features, emphasize the benefits your products or services offer to customers. How will using your brand improve their lives or solve their problems? Connect emotionally with your audience.

- **Segment your market**

If your target audience is diverse, consider segmenting it into smaller, more specific groups. This allows you to tailor your positioning for each segment, making it more relevant.

- **Test and refine**

Don’t be afraid to test different positioning strategies or messages with your audience. Conduct surveys and A/B tests and gather feedback to refine your approach based on what resonates best.

DIFFERENCIATION STRATEGIES

Differentiation strategy is nothing but an approach that pushes organizations to develop a unique product or service compared to their competitors.

This strategy's primary goal is to gain a competitive edge and earn greater reputation in the target market. The business must know its strengths, weaknesses, and customer needs to accomplish this.

Several corporate giants would want to get ahead of you. Thus, knowing the underlying needs of your target audience is the key to developing a unique product or service.

*Benefits of Differentiation Strategy

Implementing a differentiation strategy for business growth comes with many benefits. Let’s take a look at them in detail:

1. Reduction in Price Competition

Following a differentiation strategy helps companies to lower their price commission in the industry. Suppose a firm provides a quality product, their competitors will struggle to succeed even after dropping their prices. When people receive quality products, they don’t mind paying higher prices.

2. Product Uniqueness

As said, product differentiation is the most popular type of differentiation strategy. When a company opts for this strategy, they achieve tremendous success because their competitors cannot deliver the same quality. That makes these companies one of a kind in the industry.

3. Increased Profit Margins

If a company aims for a competitive advantage in the industry because of its high-quality product, it can set higher price points. Thus, resulting in increased profit margin, and the company can earn higher revenue with minimum sales.

4. Customer Loyalty

When you satisfy your customers with their desired product, you can earn brand loyalty. Differentiation is a market strategy, and you must remain empathetic towards your customer to create a product they require.

5. Minimum or No Substitutes

Implementing a differentiation strategy helps in creating products with no or minimum substitutes. For example, your company has made a product with unique features. The customers will have to choose your product unless a competitor delivers the same product at a similar or lower price.

*How to Differentiate Your Business?

Suppose a company wants to try out a differentiation strategy for business growth with a unique Idea.

What are the options available? In general, there are two ways to select a differentiation strategy, they are:

- **Broad differentiation strategy**
- **Focused differentiation strategy**

*What is a Broad Differentiation Strategy?

When a company wants to target a wide range of customers, it will adopt a broad differentiation strategy.

This implies that the company intends to cover a large market with similar needs and develop similar products. They would also upgrade an existing product but with enhanced features.

For example, A cement industry will offer its product to a broad market with a brand name. The company will target distributors, whole-sellers, and retailers. They assure their cement can withstand the earthquake or natural hazards. That makes it different from other brands.

*What is a Focused Differentiation Strategy?

If the former strategy is not applicable for some companies, they can opt for a focused differentiation strategy. A firm choosing this strategy targets a specific/niche segment of the market. They can target one or more market segments at the same time. But, they will have to produce custom products for different markets.

Coca-Cola is a perfect example of this differentiation strategy. For instance, they offer diet cola, canned, and bottled drinks. Thus, serving three different markets at the same time.

*Types of Differentiation Strategy

Other than the two strategies mentioned, there are more specific types of differentiation strategies you must know. They are as follows:

- Product Differentiation
- Service Differentiation
- Distribution/Channel Differentiation
- Relationship Differentiation
- Image Differentiation
- Price Differentiation

1. Product Differentiation

Product differentiation is the most evident and noticeable type of differentiation strategy. Customers tend to differentiate a product by its physical appearance.

Organizations use this strategy to make their product design unique. A few common ways to differentiate a product are:

- Unique product features
- Product performance
- Product efficacy
- Consumer opinion

This strategy is popular in B2C markets. Companies target their products to the end-users. But, it is also prominent in the B2B market.

Let's take **Coca-Cola**, for example. They have established a brand name and have created a beverage with a unique taste. Despite having so many other cola beverages in the market, one can easily differentiate the taste of coca-cola.

2. Service Differentiation

In simple words, service differentiation means creating an unusual way to serve customers.

Every company's motto is "serve the customer." So what makes this one unusual? But customer service has evolved drastically. People want you to present impeccable service with no wait time.

There are many factors involved in servicing your customers like order processing, customer service method, etc.

McDonald’s is the perfect example of service differentiation. Setting aside a few exceptions, they serve the same way in every outlet of theirs. Their service differentiation is “consistent quality.” Whether you are in New York or Bangalore, the taste and presentation of food remain the same. For instance, their french fries will have the same amount of salt, size and be served fresh everywhere.

3. Distribution Differentiation

This is a strategy for companies to differentiate themselves from a group of competitors.

Companies can create a personal distribution channel and manufacture products to make them available to dealers, distributors, and retailers using this strategy.

A company that focuses on distribution differentiation must concentrate on the supply chain as well. This helps in maintaining standardized distribution channels to create a competitive advantage.

Let’s understand this strategy by taking **Amazon** as an example. Amazon has evolved drastically, and it is because of its distribution differentiation. They don’t have an offline store, so they provide 1-day delivery with their own courier service. With this, Amazon has become one of the valuable companies.

4. Relationship Differentiation

Companies creating excellent customer relationships is the best way to differentiate themselves from their competitors. Using a relationship differentiation strategy, companies can build a good relationship with sales representatives, employees, and technical representatives.

Vantage Circle is an employee benefits platform and work towards **employee rewards and recognition**. This is a perfect example of relationship differentiation because they work towards **employee engagement**.

5. Image Differentiation

Image differentiation is a combination of multiple differentiation strategies.

It simply means to innovate a reputed brand image. A company must master all departments such as product quality, customer service, and product performance to build a different and unique brand image.

Example: **Google**, the world-famous search engine website, is the perfect example of image differentiation. Its rebranding enhances the user and advertiser experience as a whole.

6. Price Differentiation

Price differentiation strategy, price discrimination, refers to charging different prices for the same product. Companies use this **strategic planning skill** to target broader markets. But, they adjust their prices as per the customers' price preference.

This is a great way to penetrate deeper into the market and boost company revenues.

We can consider Amazon if we were to understand this strategy with an example. The biggest online retail industry readjusts the product prices according to their competitors and the buyers' purchasing ability. Amazon does not have a retail store; hence they win the price war easily.
