Product

Place

Promotion

Price

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Goals of 15.810

1. Introduce you to marketing issues and topics.

2. Provide a breadth of experience through balanced case examples.

3. Help you to think about marketing issues.

4. Provide a structure, 4P's and 5C's.

5. Develop a framework as revealed through cases.

6. Provide tools and theories.

7. Encourage experience with tools and theories through action learning.

7. Help you to think about the ethical issues in marketing.

Class	Day	Date	Topic or Case	Type
1	M	Sept 14	<u>The</u> Marketing Framework: 4 P's and 5 C's	Frameworks
2	W	Sept 16	Snapple (4 P's, entrepreneurs vs. corporate)	Case
3	M	Sept 21	Marketing Analytics	Frameworks
4	W	Sept 23	In-class project meetings: Topic and customer identification.	Practice
5	M	Sept 28	BBVA Compass: Marketing Resource Allocation[†] (analytics)	Case
6	W	Sept 30	Consumer Psychology: Framing and Schema	Frameworks
7	M	Oct 5	Brita Products Company[†] (positioning, disruptive new product)	Case
8	W	Oct 7	Product: Design and Voice of the Customer	Frameworks
9	T	Oct 13	Project groups meet on their own to finalize topics.	Practice
10	W	Oct 14	Aqualisa Quartz: Simply a Better Shower[†] (product, place)	Case
11	M	Oct 26	Special guest*: Sahver Binici, founder, Olivita Artisan (tentative)	Practice
12	W	Oct 28	Pricing: Concepts and Analytics (including conjoint analysis)	Frameworks
13	M	Nov 2	Special guest*: Sigal Cordeiro, GM Global Marketing (tentative)	Practice
14	W	Nov 4	The New York Times Paywall[†] (pricing)	Case
15	M	Nov 9	Promotion: Communications to and from Customers	Frameworks
16	M	Nov 16	Swatch[†] (advertising, framing, integration, 4 P's)	Case
17	W	Nov 18	In-class project meetings: Report on VOC and finalize projects.	Practice
18	M	Nov 23	Aravind Eye Hospital, Madurai, India (place and integration)	Case
19	M	Nov 30	Dove: Brand Evolution (societal issues, social media)	Case
20	W	Dec 2	Synthesis	Frameworks
		Dec 2	Action Learning Exercise is due. Synthesis Assignment is due.	Practice

3

Analyzing a marketing situation

- **in an interview**

- **as an entrepreneur**

- **as a consultant**

- **as a member of the management team**

Marketing framework: 4Ps + 5Cs

- **Strategic Issues: The "5Cs"**
  - Customers
  - Company skills
  - Competition
  - Collaborators
  - Context

- **Marketing Tactics: The "4Ps"**
  - Product
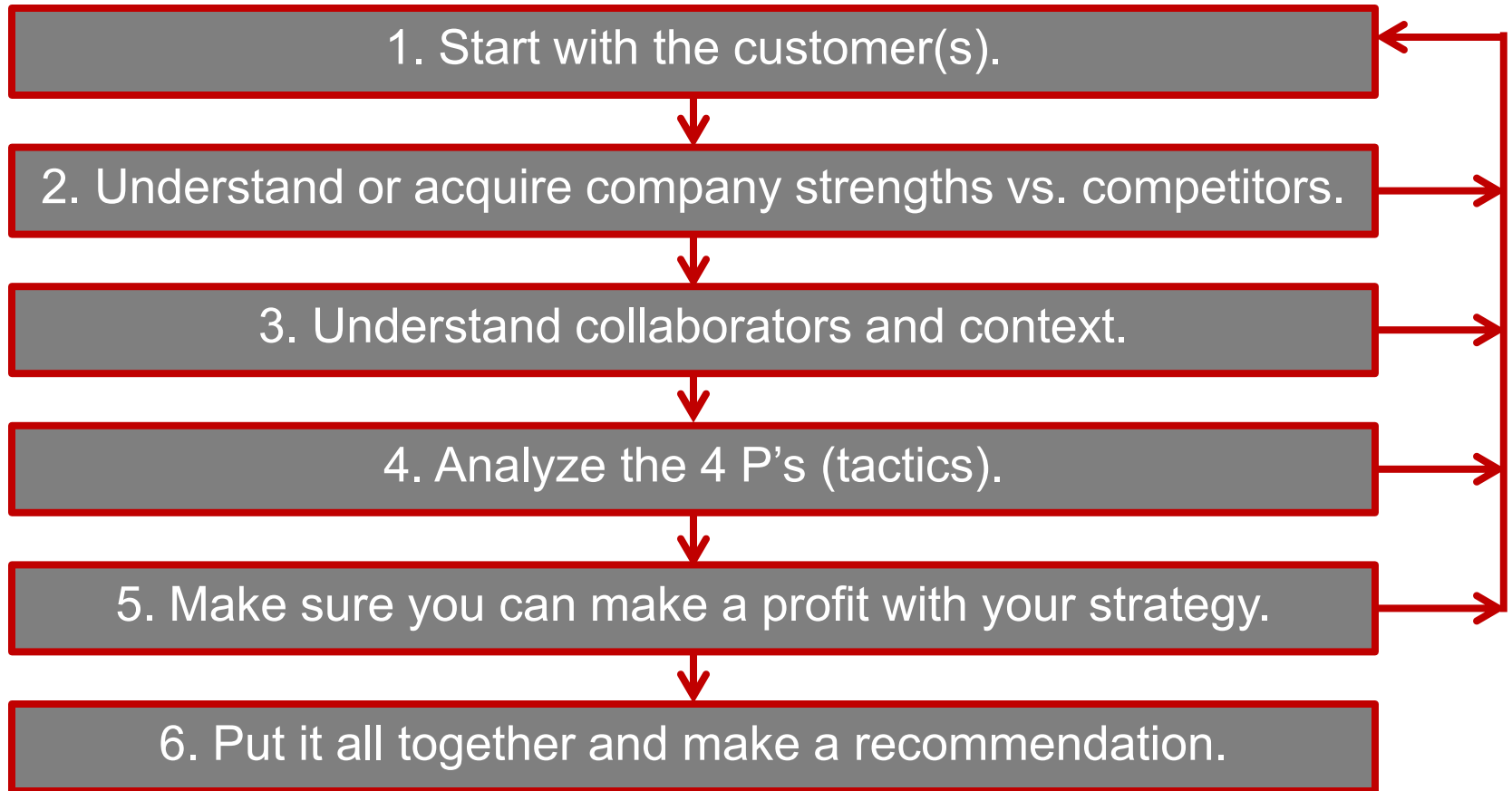 - Price
  - Promotion
  - Place

- **Integration**

Community building of a New Hampshire School

working together to provide a structure

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Six steps to successful analysis.

1. Start with the customer(s).

2. Understand or acquire company strengths vs. competitors.

3. Understand collaborators and context.

4. Analyze the 4 P's (tactics).

5. Make sure you can make a profit with your strategy.

6. Put it all together and make a recommendation.

Step1. Start with the customer(s).

Issues	Examples
Which segment?	Analgesics, NYT, IKEA, Aravind
More than the end customer?	Aqualisa, Snapple, Aravind, Sabritas, Sonance
Customer needs?	Brita, Snapple, Aqualisa, NYT, Swatch, Aravind, MTV, blood gas monitors, Levi's, IKEA, Sabritas, etc.
Example methods.	Qualitative interviews, voice-of-the-customer methods, ethnography, metaphor elicitation

Step 2. Understand or acquire company strengths vs. competitors.

Issues	Examples
Organization	Aqualisa, Aravind
Perceptual assets	Brita, BMW, Swatch, Dove, Tylenol, Chevy
Skills/technology	Aqualisa, Swatch, Aravind, Brita, IKEA
Channel relationships	Snapple, Brita, Aqualisa, Sabritas, Sonance
Network externalities	NYT, Apple, Google, most high-tech products
Strategic assets	Swatch advertising/promotion barrier to entry
Low cost/cost control	NYT, IKEA
Example methods	Perceptual maps, value maps, B/E analysis, EVIU, EVC, conjoint analysis, your insight.

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Step 3. Understand collaborators and context.

Issues	Examples
Collaborators	Aqualisa, Aravind, Snapple, BBVA, Swatch, Sabritas
Context (examples)	
baby boomers aging	Automobiles
sleepy market, competitive threat	Aqualisa
health and environmental trends	Brita
parts vs. finished products	Swatch
AI not yet ready	AIBO, Honda Asimov
cultural differences	Taobao
urban areas with sufficient rich	Aravind

Step 4. Analyze the 4 P's (tactics).

- **Match to customer, company strengths (vs. competition), collaborators, & context**

- **Internally consistent**
    - low cost keeps price low so competitors cannot fund advertising, but our first-in advertising is intensive and efficient (Swatch)
    - premium product, premium price, premium channel, educate high-end customer (Aqualisa)
    - manage transition from paper to online, provide free to traditional subscribers, manage annoyance cost to price discriminate

Examples of coordinated 4 P's

Snapple   **Gatorade**

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More coordinated 4 P's

Swatch   **Aravind**

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Step 5. Make sure you can make a profit with your strategy (analytics).

Issues	Examples
Allocation of media	Brita, SiriusXM, Romanian Bank
Customer lifetime value, identify best customers, RFM $$\frac{1}{1-r} \rightarrow \frac{1}{1-r(1+u+cs)+i}$$	Calyx & Corolla, SiriusXM, Starbucks, Harrah's, Book club, Carnival Cruise Lines, Aqualisa, NYT, Brita, Sonance Speakers
Funnel measures	Romanian Bank, BBVA, Advertising
MR = MC (or MR > MC)	BBVA, NYT, Calyx & Corolla, Sabritas
Experiments	Crayola, Conde Nast, General Motors,
Calculate B/E profit	NYT, SiriusXM, Brita

Step 6. Put it all together and make a recommendation.

Case	Example
Aqualisa	
Swatch	
Brita	

Six steps to successful analysis.

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4. Analyze the 4 P's (tactics).

5. Make sure you can make a profit with your strategy.

6. Put it all together and make a recommendation.
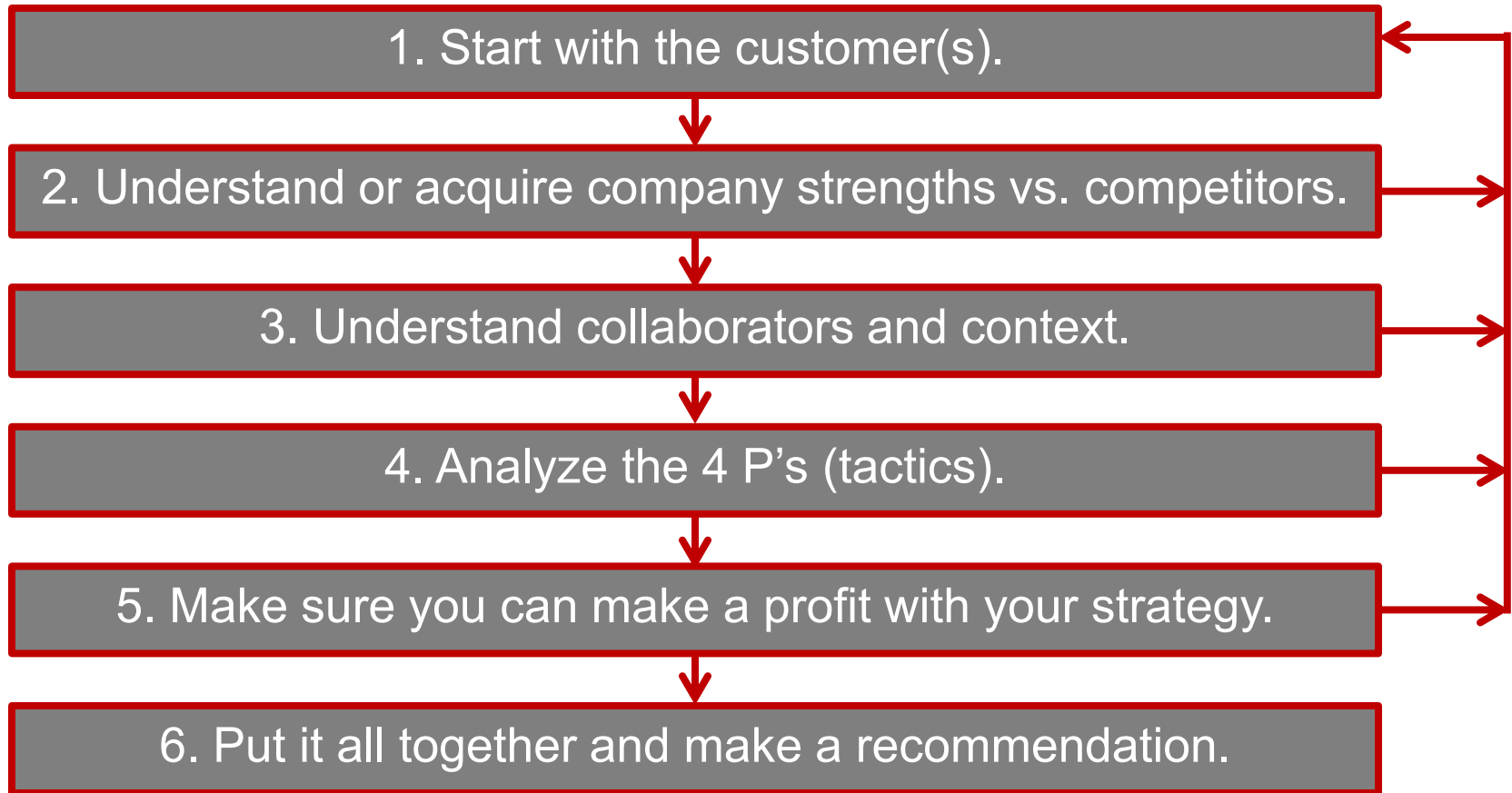
Tactical review

- **Product**

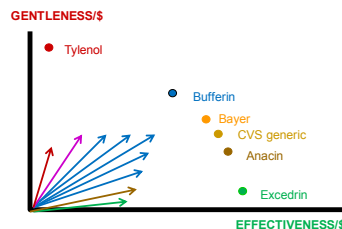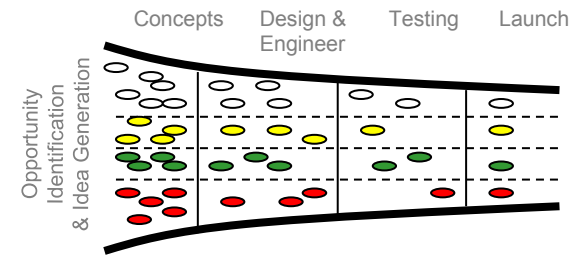- **Price**

- **Promotion**

- **Place**

Product

Key ideas

- **Customer satisfaction matters**
- **Product development funnel**
  - reduce risk (Gatorade)
  - compressed, market feedback (Snapple)
  - spiral (software)
- **Customer-speak vs. company-speak**
  - observational interviews (e.g., GM)
  - ethnography (e.g., MTV)
  - 1-on-1 interviews (e.g., blood gas monitors)
- **Linking needs to actions**
- **Strategic positioning**

	Starbuck's Customer Satisfaction Survey*		
	Less satisfied customer	Satisfied customer	Highly satisfied customer
Visits/month	3.9 visits	4.3 visits	7.2 visits
Ticket size/visit	$3.88	$4.06	$4.42
Customer life	1.1 years	4.4 years	8.3 years
Total valuation	$200	$922	$3,170

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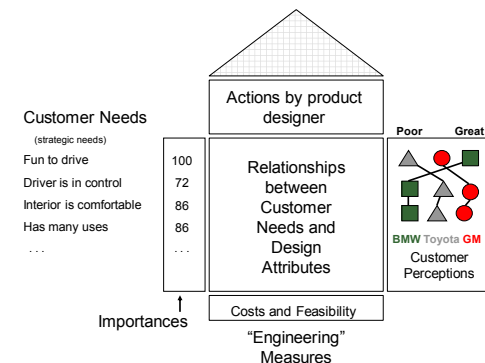
Price

Key ideas

- **Strategic positioning and local monopoly (chickens vs. lobsters)**

- **Expected Value in Use [EVIU)**

- **Expected Value to Channel [EVC]**

- **Break-even analysis [B/E]**

- **Conjoint analysis**

Dealer Economics	Speaker craft		Sonance
Retail price	$365		$400
Dealer margin	75%		65%
Return to dealer	$275	75% of $365	$260
Time to install	½ hour		1 hour
Dealer cost/hour	$60		$60
Dealer cost installed	$30	½hr x $60/hr	$60
Net profit dealer	$245	$275 – $30	$200
Dealer profit per hour of labor	$490/hr	2/hr x $245	$200/hr

	Mass Market		Niche market
Retail price	$750		$2,500
Dealer price	$305		$875
Sonance cost	$200		$200
Dealer margin	$415	$750 – $305 – $30	$1,595
Sonance margin	$105	$305 – $200	$625
Units per dealer	450		450
Profit per dealer	$47,250	450d x $105/d	$281,250
Fixed costs	$2 M		$ 2 M
Dealers to B/E	42.3 d	$2M/$47,250	7.1 d
Niche size	425 d		75 d
Min market share	10%	42.3 d/425 d	9.5%

Promotion (communications)

Key ideas

- **Analytic and creative**

- **Inbound and outbound**

- **Consideration sets**

- **Funnel (hierarchy of effects)**

- **Schema theory**

- **Experiments & econometrics**

	Media Spend (Ex 5)	Percent (calculated)	CPApplication (Ex 5)	Completed Apps (from Ex 5)
Google	$288K	56%	$77	52%
MSN	$37K	7%	$56	9%
SuperPages	$70	~ 0%	$4	0.2%
Yahoo	$177K	34%	$73	34%
Unified Marketplace	$14K	3%	$48	4%
Total	$516K	100%	$73	100%
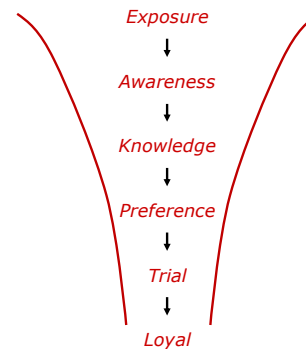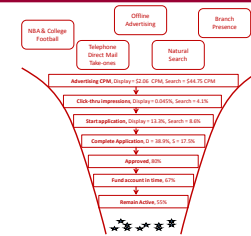
Exposure
↓
Awareness
↓
Knowledge
↓
Preference
↓
Trial
↓
Loyal

Ethics

- **Social marketing (Aravind)**
- **Point of view (Dove)**
- **Positioning is two-edge sword**
  - Many examples
- **Examples throughout 15.810**

Marketing is integrated and distributed

- **Integrate marketing, engineering, manufacturing, & finance**

- **Marketing strategy and company skills**
  - Human resources (*Aravind, IKEA*)
  - Leadership (*Snapple, Aravind, Aqualisa*)
  - Research and Development, design (*AIBO, Swatch*)
  - Production (*Swatch, IKEA, Aravind*)
  - Historic brand image (*BMW Films, Swiss, Dove*)

- **4 P's – almost every case**

Marketing is a science and an art.

- **Analytics and creativity in online and offline communications (BBVA, Aqualisa).**

- **Pricing tools and creative strategy (NYT).**

- **Fulfilling customer needs and framing (Apple, Aqualisa, household robots, Swatch).**

- **Co-creation (IKEA, Aravind).**

- **and many, many examples.**

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