

Global Business Strategy (Chap 9)

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Issued to be covered

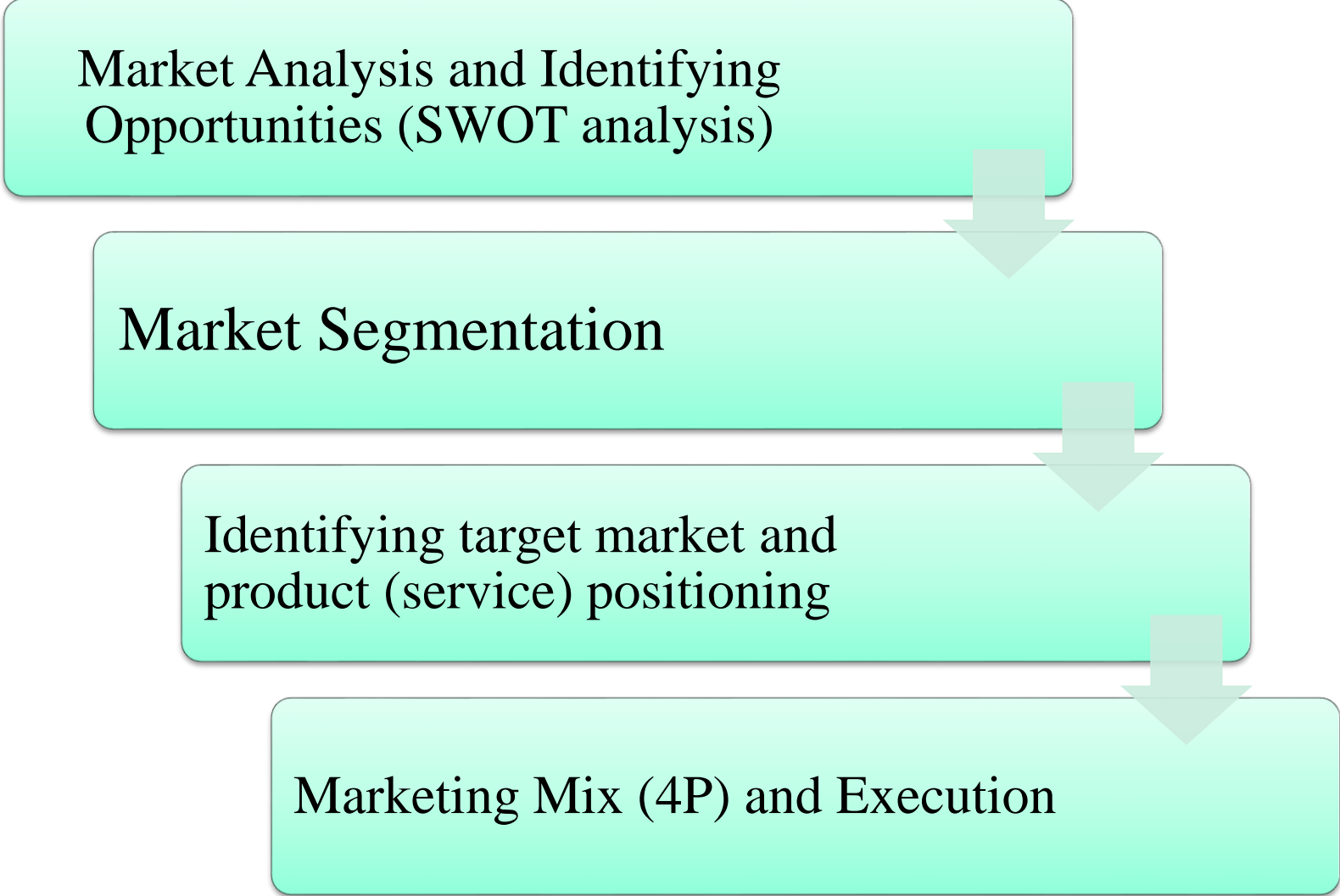
- What is marketing, why important?
- Marketing strategy planning steps
- 4P: Product, Price, Place and Promotion
- Marketing for emerging economies: China, India : Not enough good product market

Marketing and Sales

Marketing	Sales
New customers, potential customer needs	Existing customers
Forward looking (for new product, services)	Existing products
Market analysis for value creation	Actions (Eigyo), and sales force management
Involves whole process of marketing strategy	Focus on “Promotion” in marketing 4P

Strategic Marketing Planning

Market Analysis and Identifying Opportunities (SWOT analysis)



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graph TD; A[Market Analysis and Identifying Opportunities (SWOT analysis)] --> B[Market Segmentation]; B --> C[Identifying target market and product (service) positioning]; C --> D[Marketing Mix (4P) and Execution];
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The diagram illustrates a four-step process for Strategic Marketing Planning. It begins with 'Market Analysis and Identifying Opportunities (SWOT analysis)', followed by 'Market Segmentation', then 'Identifying target market and product (service) positioning', and finally 'Marketing Mix (4P) and Execution'. Each step is contained within a light blue rounded rectangular box, and the steps are connected by large, light blue downward-pointing arrows, indicating a sequential flow.

Market Segmentation

Identifying target market and product (service) positioning

Marketing Mix (4P) and Execution

Ansoff's Product and Market Growth Matrix



Global Business Context: CAGE and AAA framework

Example of Market Segmentation

1. Geographical

⊙ Region ⊙ Weather ⊙ Population Density

2. Demographic

⊙ Age ⊙ Sex ⊙ Family Size
⊙ Income ⊙ Vocation

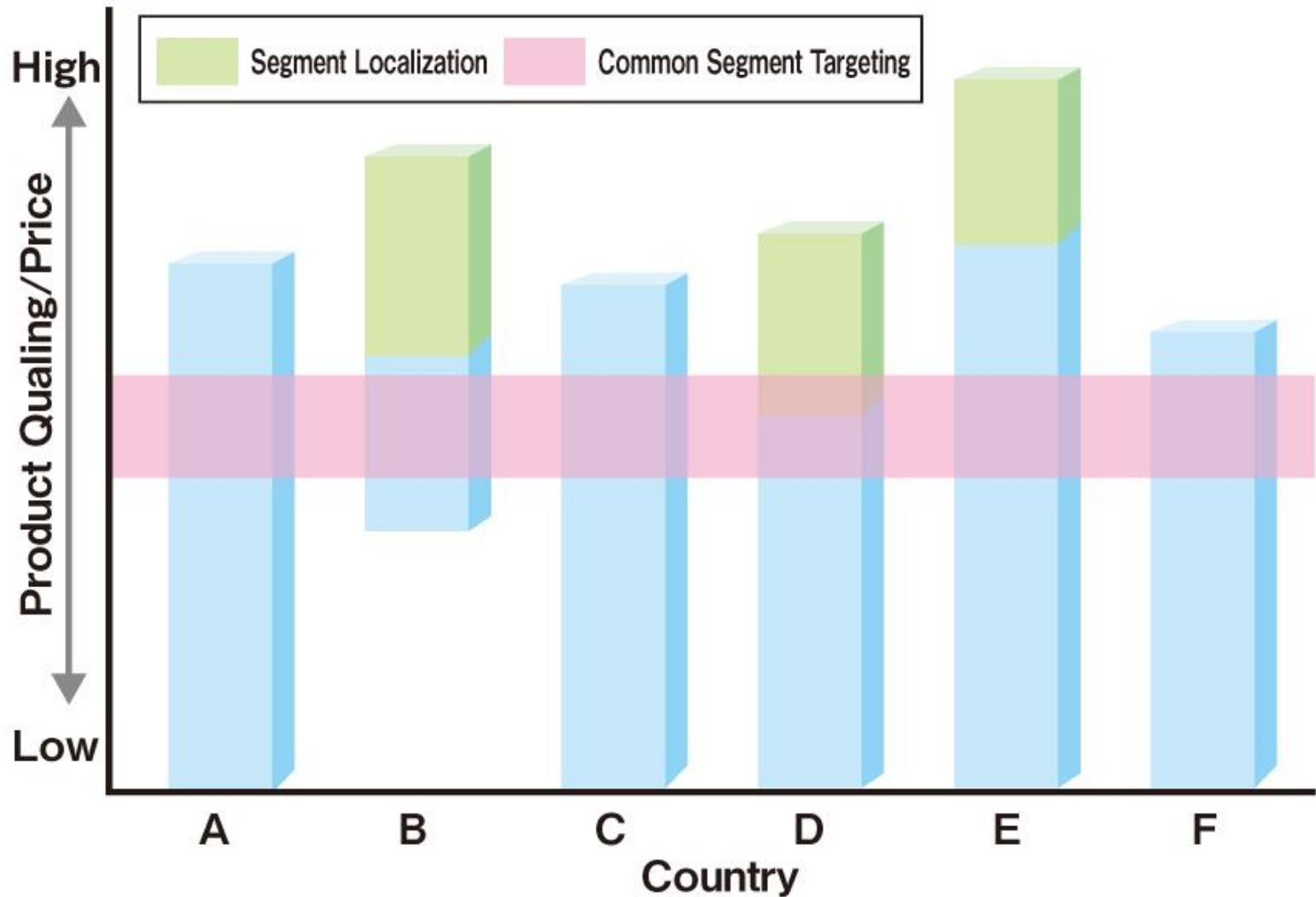
3. Psychological

⊙ Life Style ⊙ Personality

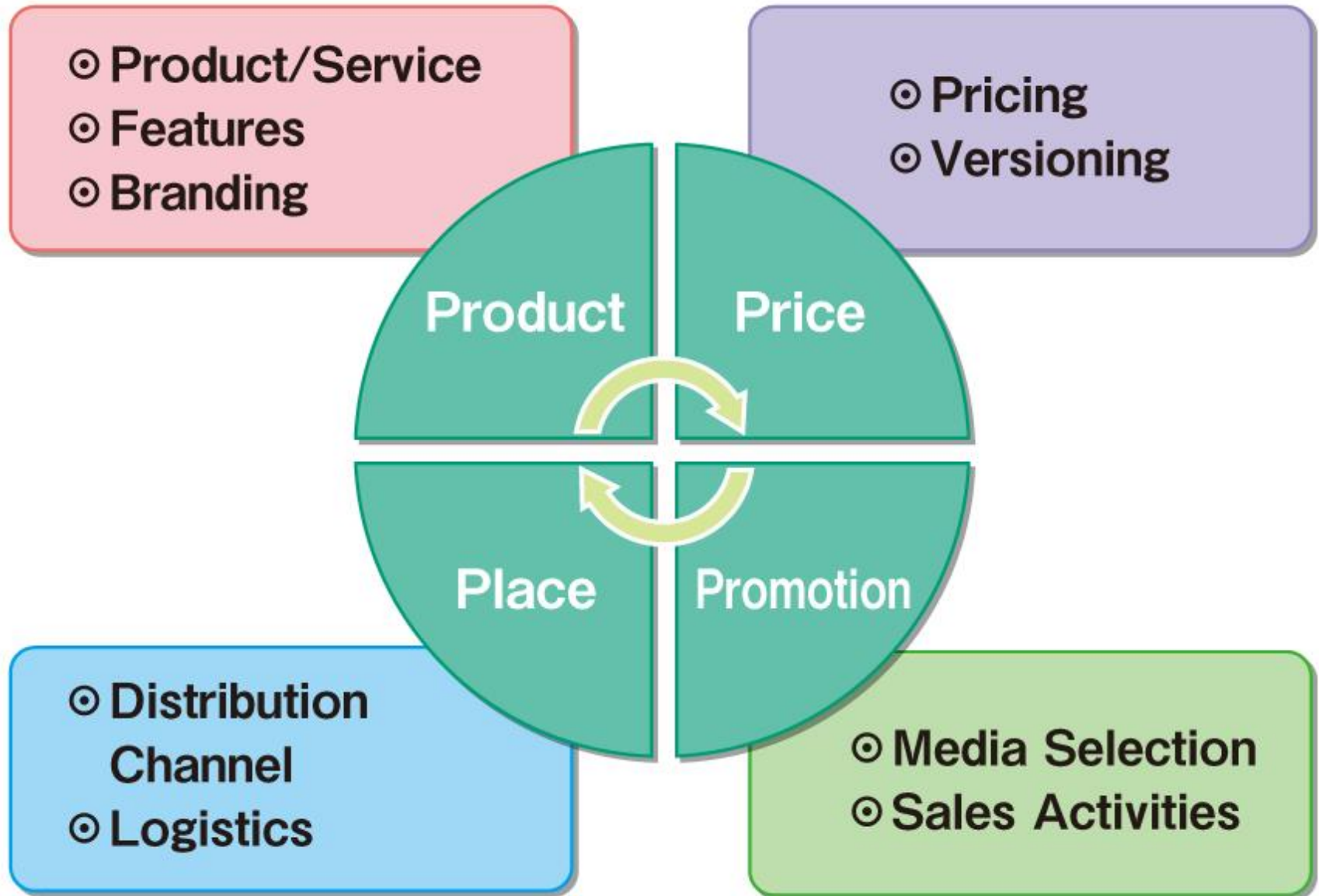
4. Behavioral

⊙ Usage Frequency ⊙ Benefit of Use

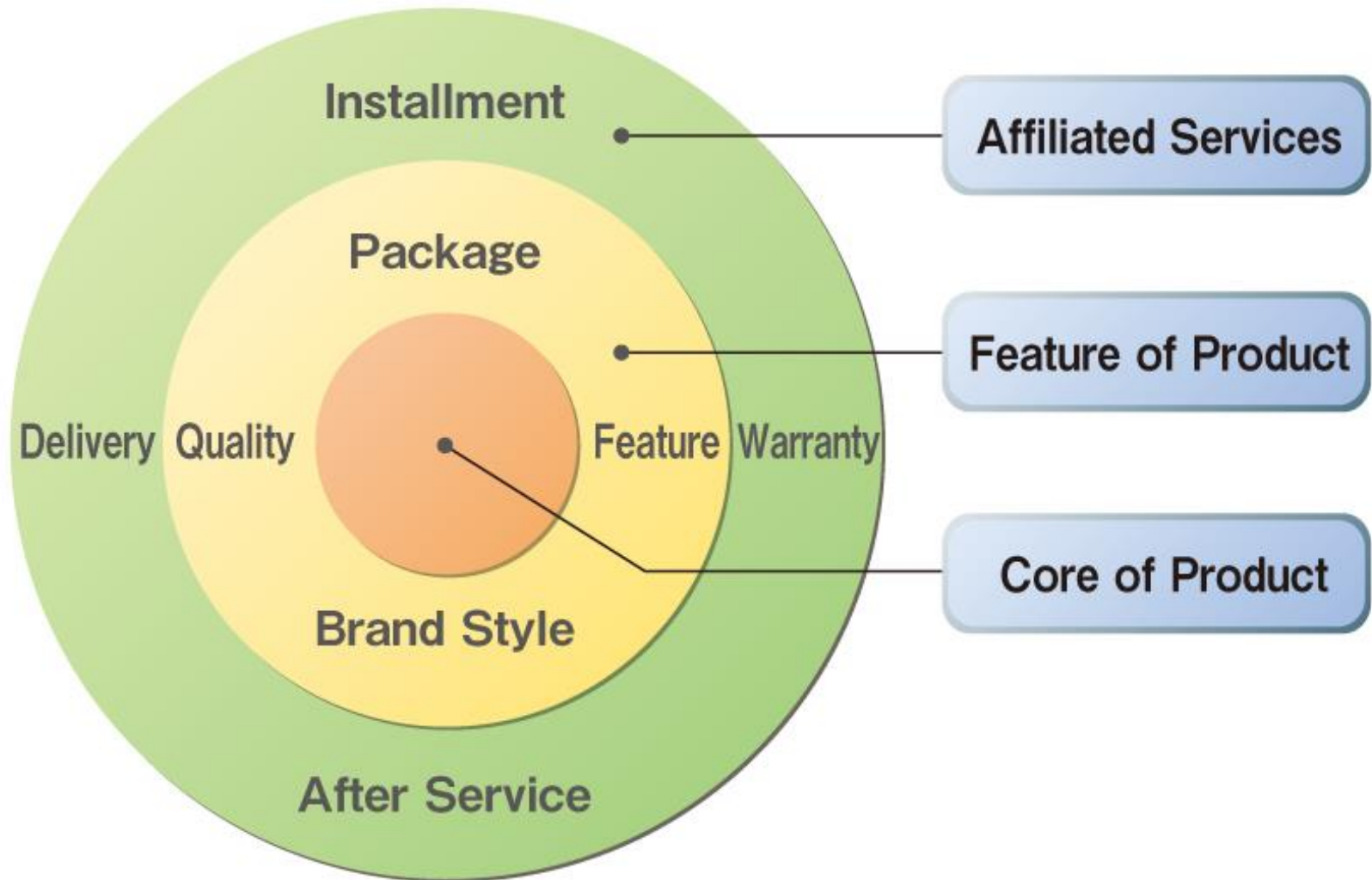
Target Segment Identification



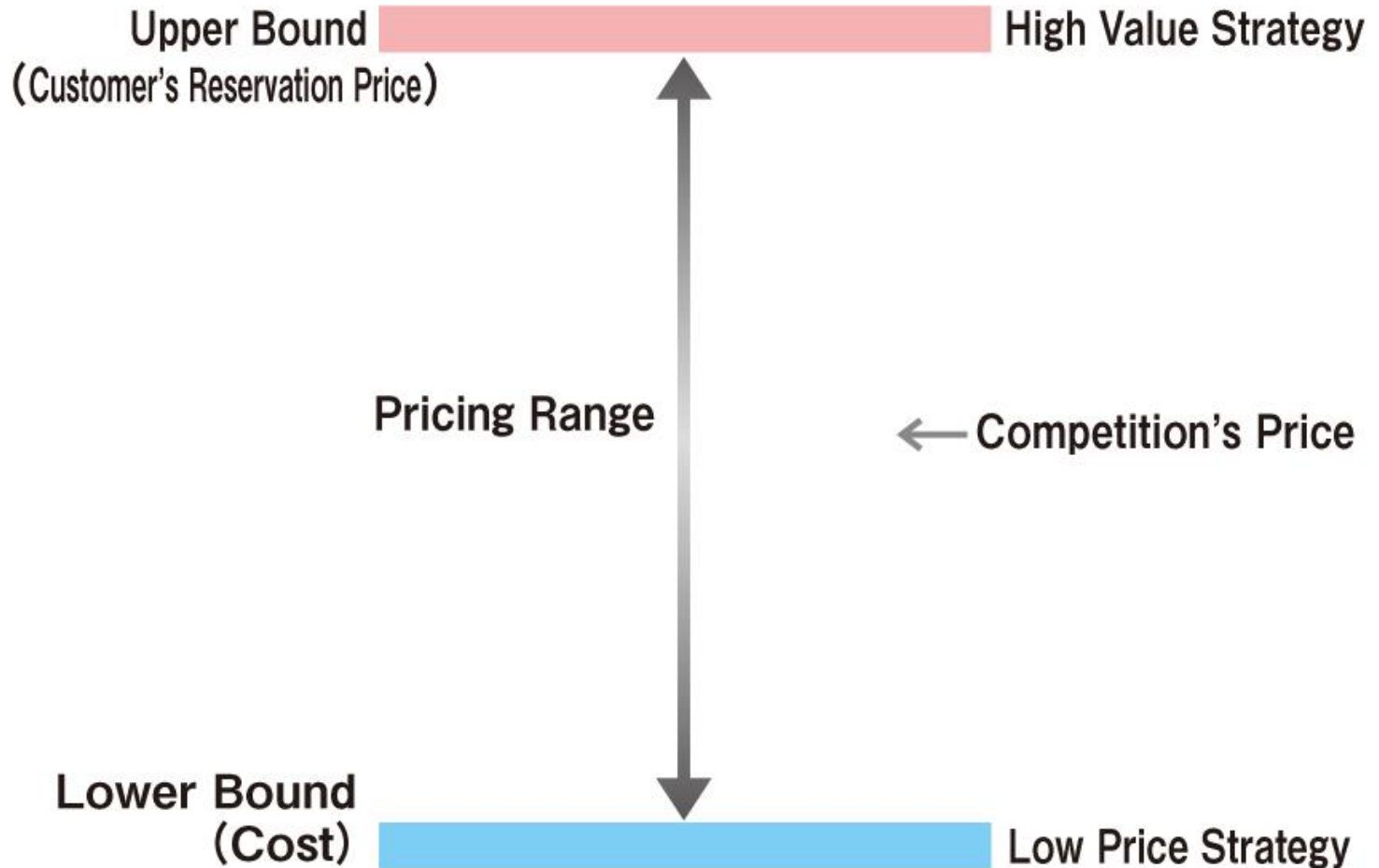
Marketing's 4P



Product

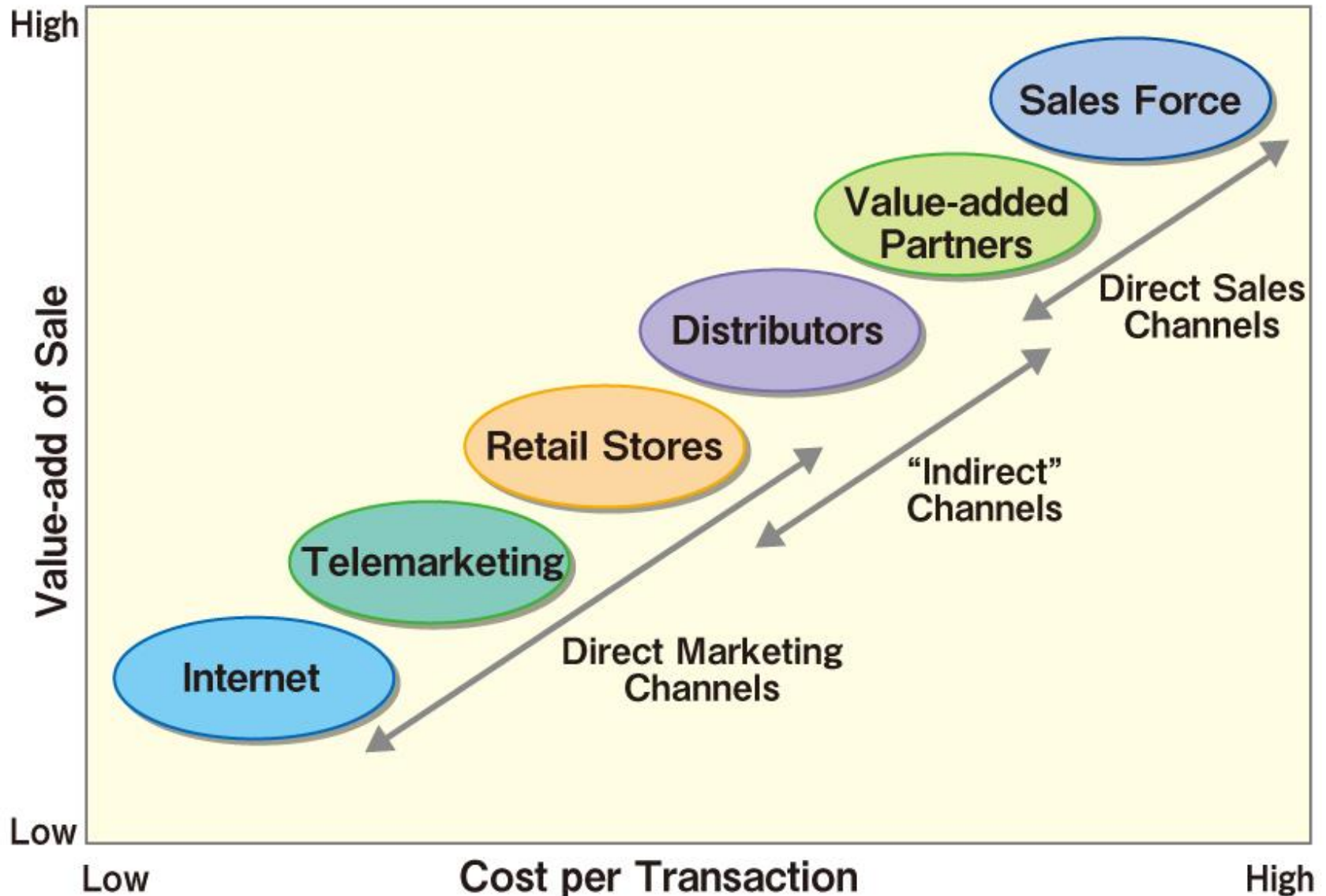


Price

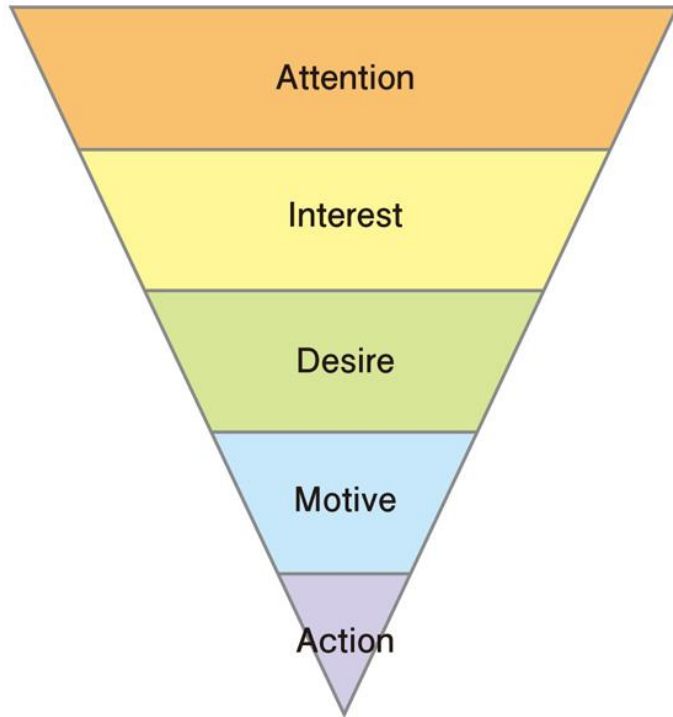


To what extent you can be a price setter, instead of price taker ?

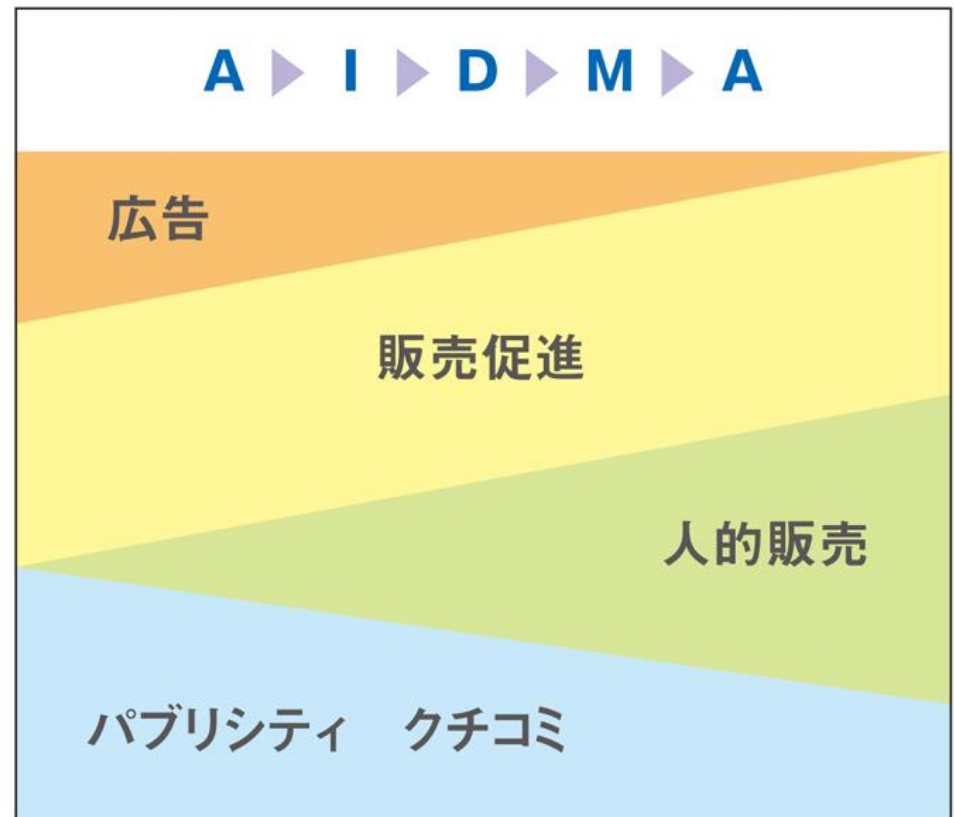
Place (Channel)



Promotion (AIDMA)



Changing to AISAS in
Internet Era



Promotion tools (in detail)

Advertising	Sales Promotion	Events & Experiences	Public Relations & Publicity	Direct & Interactive Marketing	Word-of-mouth Marketing	Personal Selling
Print and Broadcast ads	Contents, Games,	Sports	Press Kits	Catalogs	Person-to-person	Sales Presentations
Packaging-outer	Sweepstakes, Lotteries	Entertainment	Speeches	Mailling	Chat Rooms	Sales Meetings
Packaging Inserts	Premiums and Gifts	Festivals	Seminars	Telemarketing	Blogs	Incentive Programs
Posters and Leaflets	Fairs and Trade	Arts	Annual Reports	Electronic		Samples
Display Signs	Shows	Factory Tours	Charitable Donations	Shopping		Fairs and Trade
Symbols and Logos	Exhibits	Company	Publications	TV Shopping		Shows
Videotapes	Demonstrations	Museums	Community Relations	E-mail		
	Coupons		Lobbying	Blogs		
	Rebates			Web Sites		
	Low-interest					
	Financing					
	Continuity Programs					

Promotion in global business

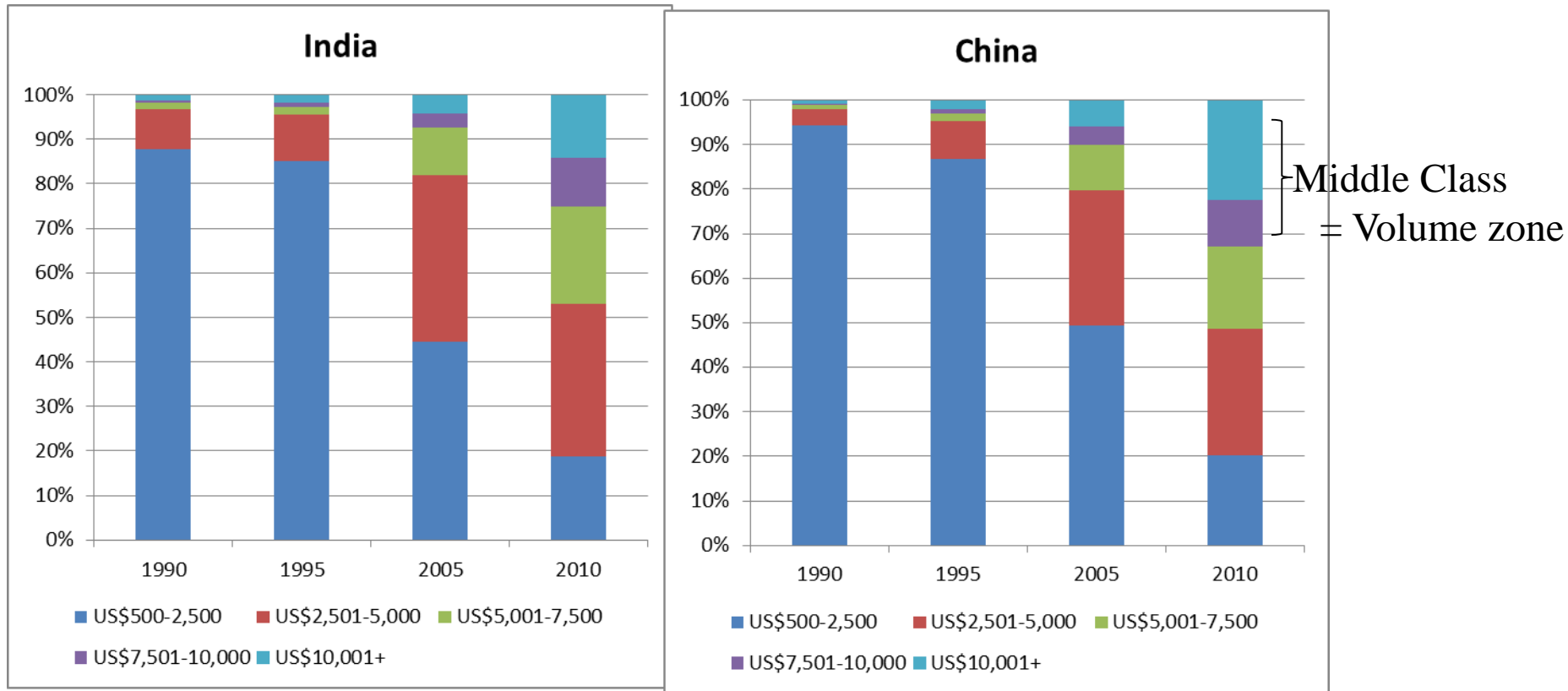
Some caveats

- Regulations over promotion activities: such as whether you can do “comparative advertising”
- Terminology in foreign language
- Brand creation (difference in customer’s perception)
- Importance of local ad agency
- Lack of product knowledge at local distributors

Marketing mix by product life cycle

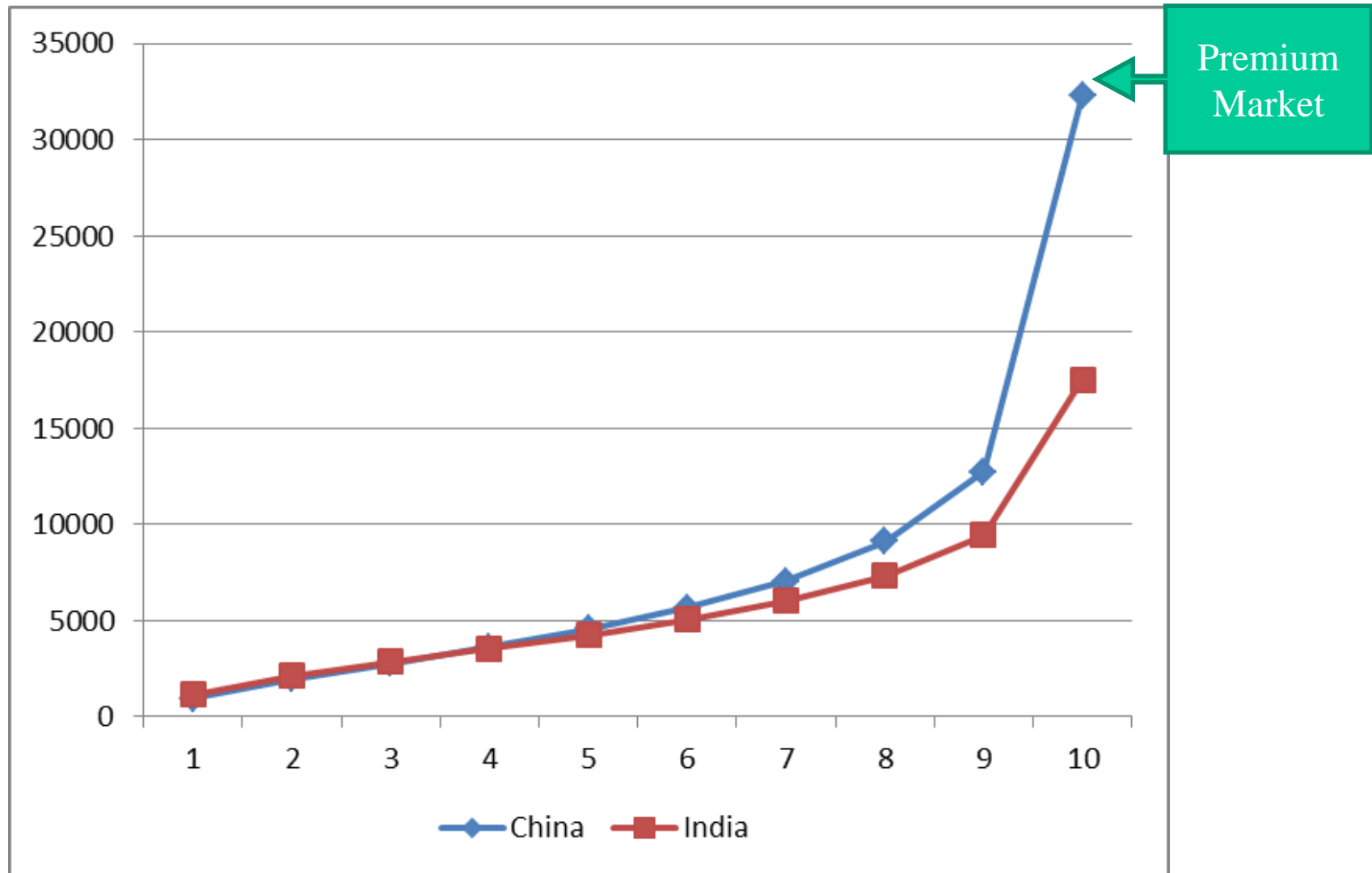
	Introduction	Growth	Maturity	Decline
Characteristics				
Sales	Low Sales	Rapidly Rising Sales	Peak Sales	Declining Sales
Costs	High Cost per customer	Average Cost per Customer	Low Cost per Customer	Low Cost per Customer
Profits	Negative	Rising Profits	High Profits	Declining Profits
Customers	Innovators	Early Adopters	Middle Majority	Laggards
Competitors	Few	Growing Number	Stable Number Beginning to Decline	Declining Number
Marketing Objectives	Create Product Awareness and Trial	Maximize Market Share	Maximize Profit While Defending Market Share	Reduce Expenditure Milk the Brand
Strategies				
Product	Offer a Basic Product	Other Product Extensions, Service, Warranty	Diversity Brands and Items Models Price to Match or Best Competitors	Phase Out Weak Products
Price	Charge Cost-plus	Price to Penetrate Market		Cut Price
Distribution	Build Selective Distribution	Build Intensive Distribution	Build More Intensive Distribution	Go Selective: Phase Out Unprofitable Outlets
Advertising	Build Product Awareness Among Early Adopters and Dealers	Build Awareness and Interest in the Mass Market	Stress Brand Differences and Benefits	Reduce to Level Need to Retain Hard-core Loyals
Sales Promotion	Use Heavy Sales Promotion to Entice Trial	Reduce to Take Advantage of Heavy Consumer Demand	Increase to Encourage Brand Switching	Reduce to Minimal Level

Market potential of China and India



- Profit=gross margin * sales volume (size of market and competition)
- Difference between durable and consumption goods, customer preference?

Average household income by decile (2010, US\$)



Another concept of price: PPP

- Concept of PPP (Purchasing Power Parity)
- Big Mac price by Economist magazine

US: 4.07 \$, China: 14.7 RMB=2.27 US\$ (▲44%)

	2005		2010	
	PPP	/US\$	PPP	/US\$
China	42	8.19	53	6.71
India	33	44.1	44	44.7
Japan	118	110	144	80.5
USA	100	1	100	1

TM by type of overseas market: Premium or good enough?

	Relevance for premium market (enough volume, brand image, quality requirement by customers)	Good enough products and services are OK (saturated value proposition curve, commoditization ...)
Strong competitive position against local competitors	Stay-in and focus on premium market	Risk of innovator's dilemma, prepare for good enough market strategy, local partnership (but risk of cannibalization)
Local competitors' catching up	Further development and product differentiation by non-technical factors such as investing-in brand, safety and eco-friendly	Give up this market and go another place? Local partnership with local autonomous management (a kind of portfolio investment)

Adapted from “The Battle for China’s Good-Enough Market”
by Gadish, Leung and Vestring, HBR September 2007