



Marketing Management: Guiding the Market-Focused Organization

**Marketing
requires
leadership
and
management.**



“Leadership and management are two distinctive and complementary systems of action. Management is about coping with complexity. Leadership is about coping with change. Leadership complements management; it doesn’t replace it. Companies manage complexity by planning & budgeting, by controlling & problem solving. By contrast, leading an organization begins by setting direction, aligning people to the direction, and inspiring people to achieve a vision.”

John P. Kotter



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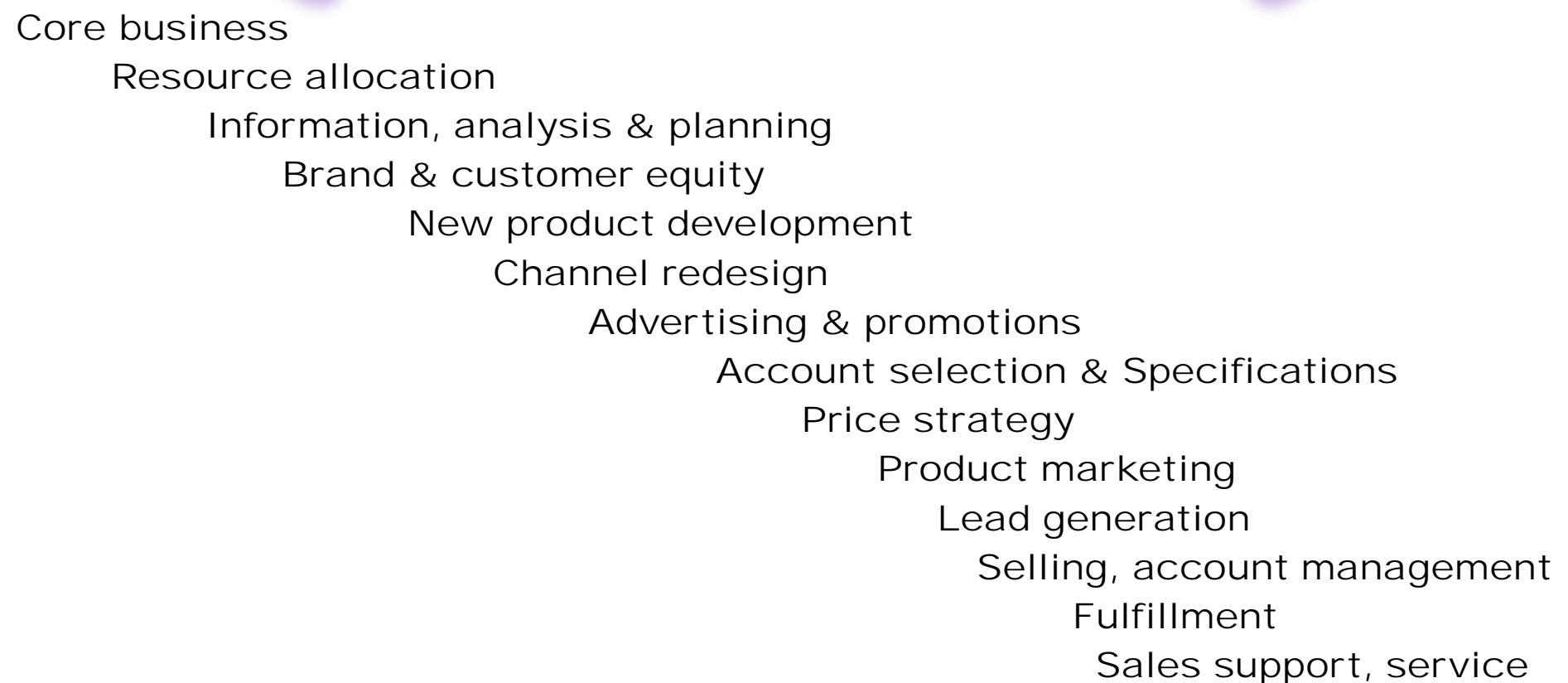




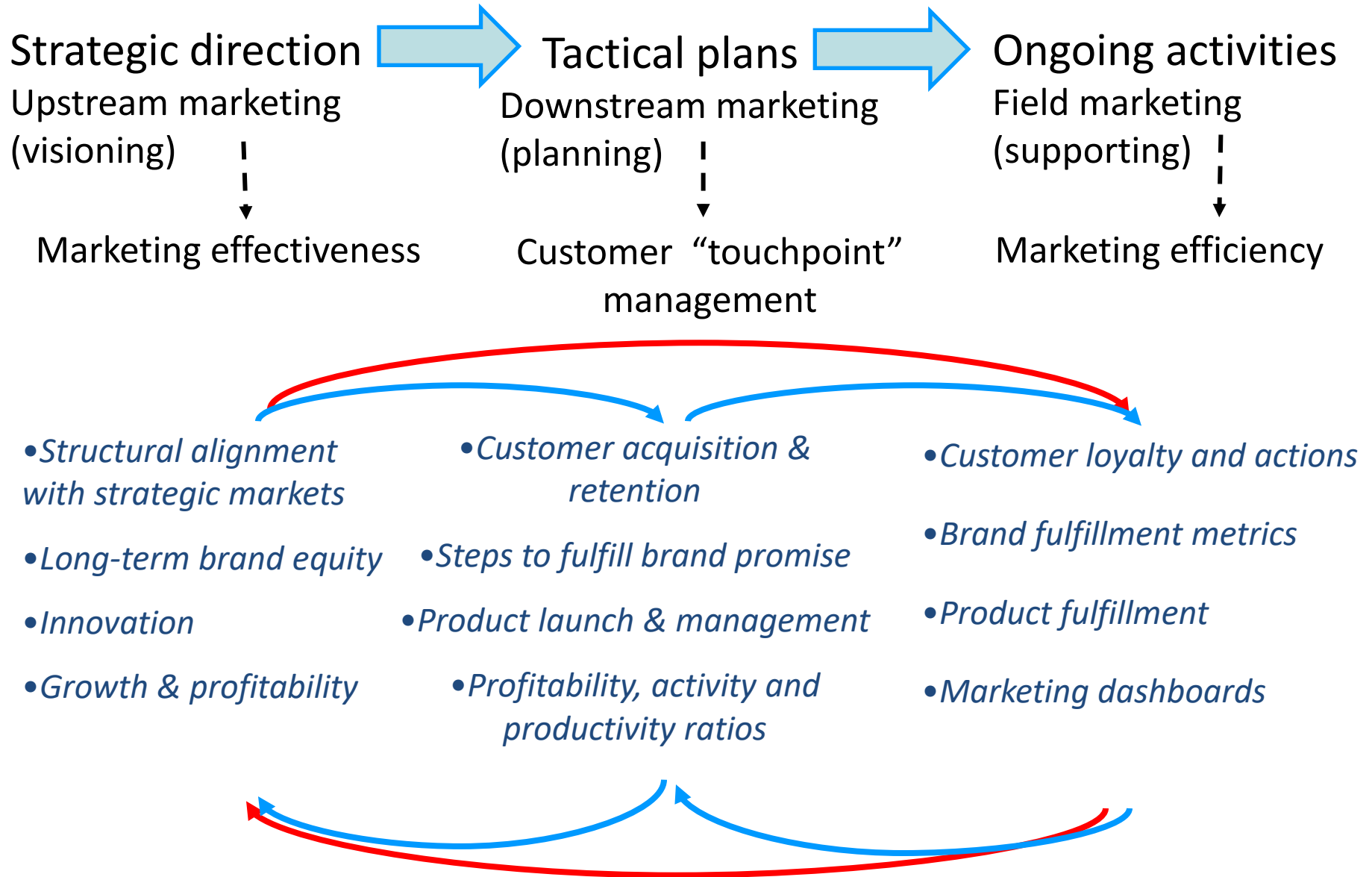
As **leaders**, CMOs
must be
change agents,
visionaries,
instigators,
innovators.

As **managers**,
CMOS must be
integrators &
implementers,
planning &
supporting the
marketing
efforts.





Align long- and short-term structures



Agenda for Marketing Management

1

Shape customer-
centricity

2

Create & deliver
value

3

Communicate the
value proposition

A close-up photograph of a pair of blue-tinted glasses resting on a financial newspaper. The newspaper features various charts, including a line graph and a bar chart, along with numerical data. The text 'Shape customer centricity' is overlaid on the left side of the image in a large, black, sans-serif font. The background is slightly blurred, emphasizing the text and the glasses.

Shape
customer
centricity

Making your strategy work:

The link between strategic & tactical issues

Vision: Desired future position; the “mental picture” of what the company (or product) will be in the future

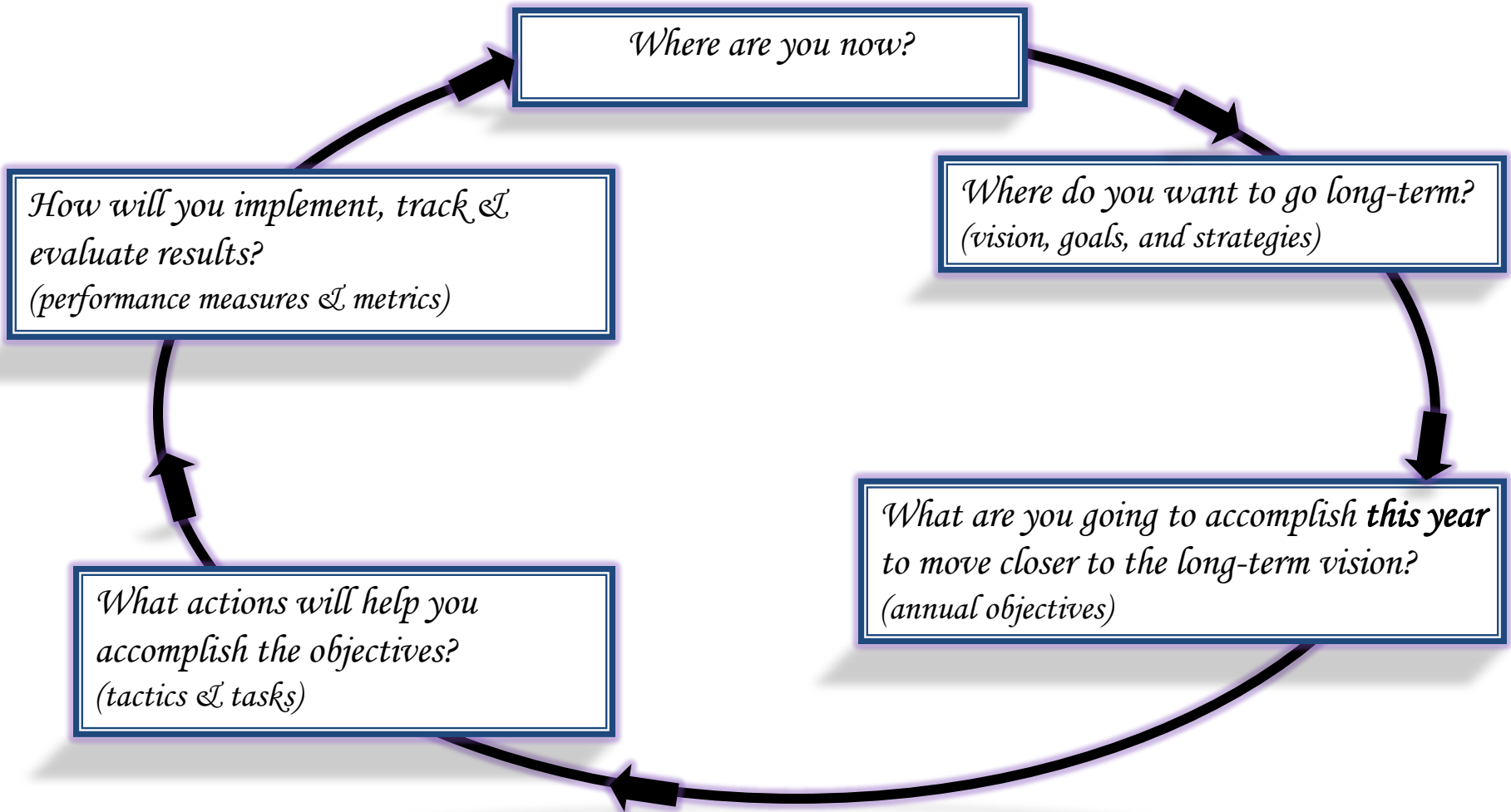
Goals: Long-term results or accomplishments that should lead toward the vision

Strategy: The art of devising general plans to progress toward the goals; recognition of strengths and weaknesses as they relate to attaining the vision

Objectives: What you are going to accomplish this year with your marketing plan to move one step closer to the vision

Tactics: The activities necessary to either attain the marketing plan objectives or to progress forward in concert with the strategy

The marketing planning process



Step one:

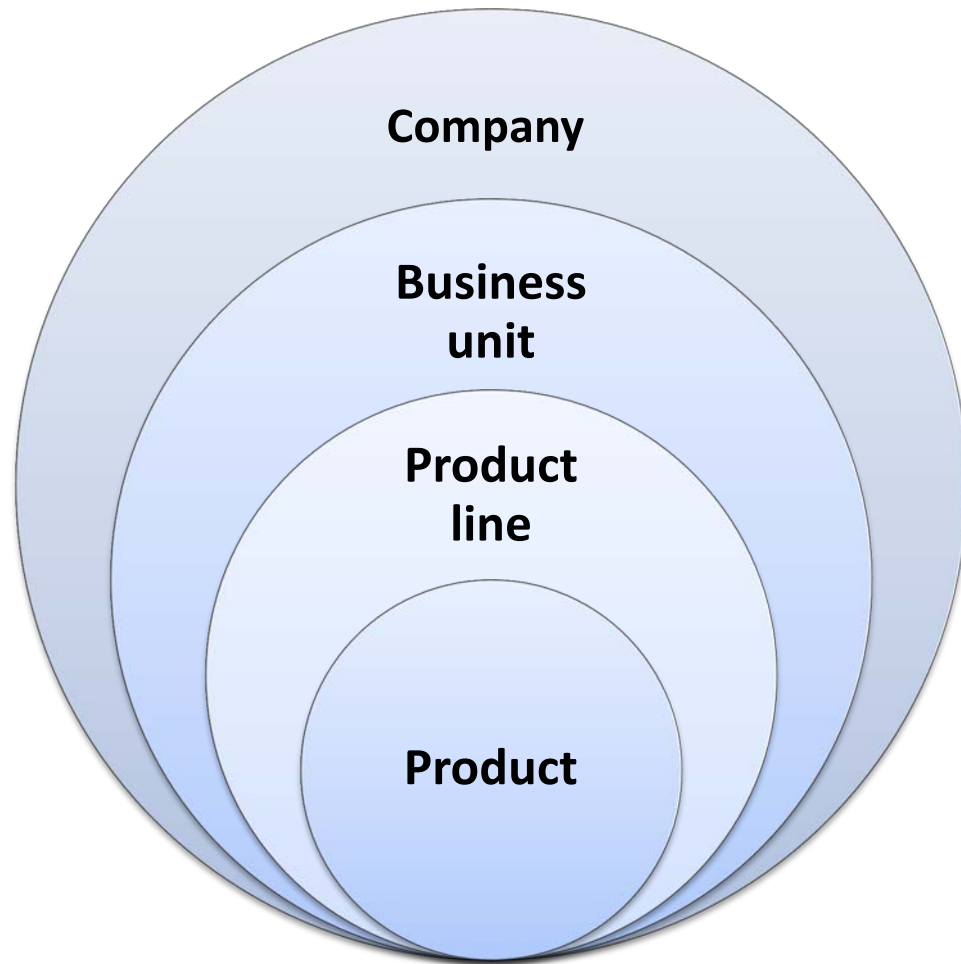
Where are you now?

- Is your company structurally aligned with your strategic customers and brand?
- Will your brand continue to be relevant to your customers in the future?
- What are the facts about long-term growth and profitability?



Where do you provide value?

At what level do you compete, and how are you different from the relevant competition at each level?



Reflection point

- Do you develop marketing plans by **fact** or by fad?
- What existing data and reports support your evaluation of “where you are?”
- What additional information do you need?



Step two:

**Where do you
want to go
long-term?**
(your vision, goals,
and strategies)





The vision statement identifies what you want to be in the future. It should be achievable, although a stretch – sometimes known as a Big, Hairy, Audacious Goal (BHAG).

Reflection point

- Where do you (i.e., your firm, your division, your products and services) want to be in the future?



Step three:


- What do you want to accomplish *this year* to move closer from where you are to where you want to be?
(your annual objectives)

EXIT 1A

EXIT  ONLY



For any given year, there may be problems or opportunities that make it easier (or harder) to progress toward your vision. Define objectives around those problems and opportunities.



Some common objectives

Sales objectives (units & revenue)

Target market objectives

Product mix objectives

Brand objectives

Marketing mix (sub)objectives



Be SMART about objectives

Specific

Measurable

Achievable

Results-oriented

Time-based

Reflection point

- Which problems and/or opportunities are you going to focus on this year?
- Which ones have the biggest potential impact on your vision?
- Develop SMART objectives consistent with these issues.



Step four:

- What actions will help you accomplish the objectives?

Focus on what
you will do
differently this
year



Reflection point

- What tactics help you accomplish your objectives, and which ones simply repeat your past activities (without actually moving you toward your vision, strategies & goals)?



Step five:

How will you implement, track, and evaluate results?

- Physical assets & resources
- The right people
- Deadline tracking
- Compare results to the objectives, the budget, trend data, and defined metrics



Some performance metrics



Sales by product and/or by customer)

Percent of revenue from new products

Product penetration rates

% units sold at list price

Awareness, referral rates

Reflection point

- Have you built into your plan specific points at which you will take a pause to determine how well you are doing and prepare corrective actions if necessary?



Work to understand and empathize with your target customers



**Goals, needs,
aspirations**

Psychographics

**Demographics (and
firmographics for
B2B)**

**Influencers,
decision
makers, users**



Rate customer accounts and/or segments on ...

**Strategic
importance**

Significance

Profitability

Strategic renewal matrix

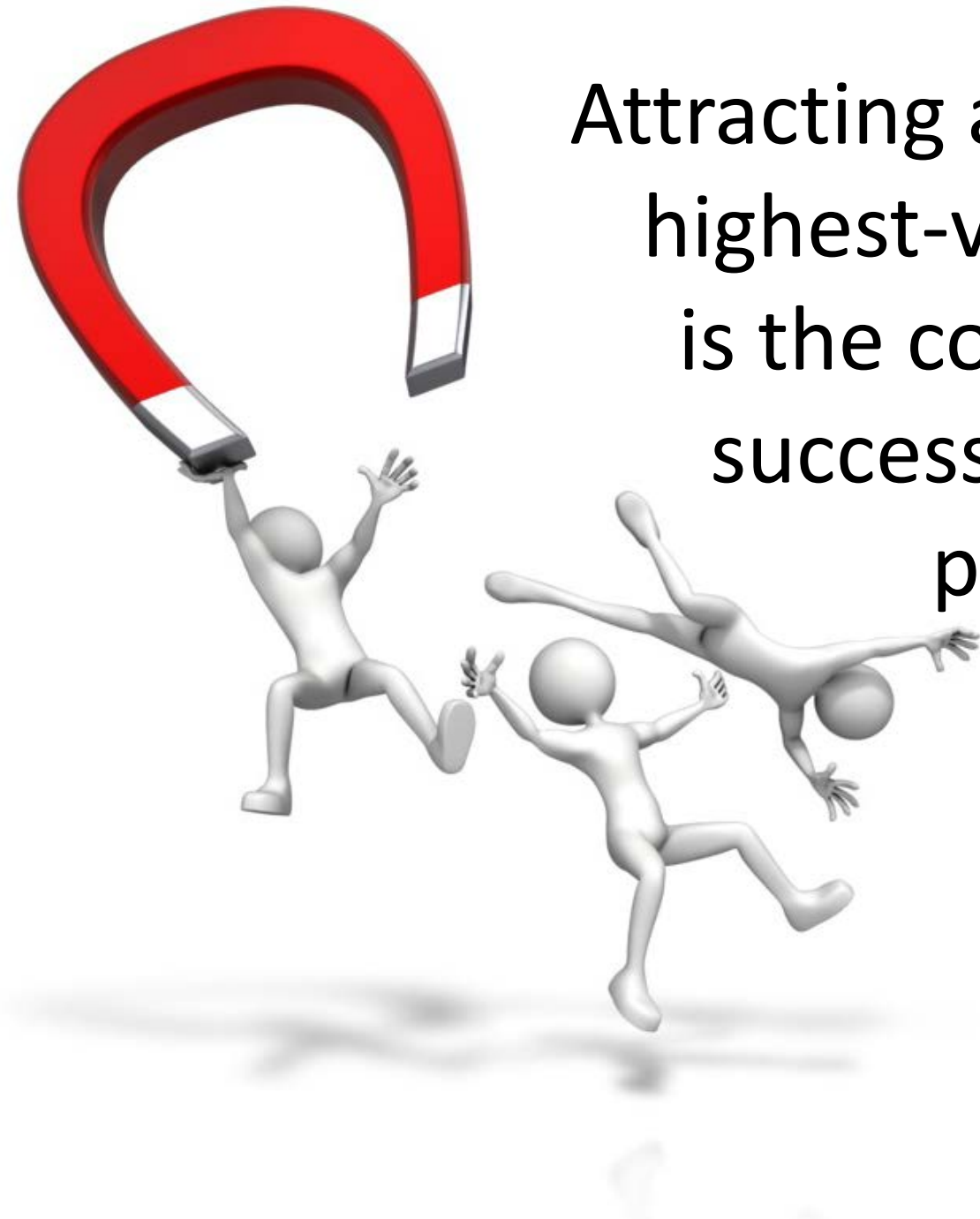
<i>Strategic</i>	<i>Significant</i>	<i>Profitable</i>	
yes	yes	yes	Excellent, high-value customers!
yes	yes	no	Improve profitability
yes	no	yes	Increase share of business
yes	no	no	Reevaluate strategic importance; improve profitability
no	yes	yes	Does customer drain resources?
no	yes	no	Divest customer
no	no	yes	Replace with strategic customer

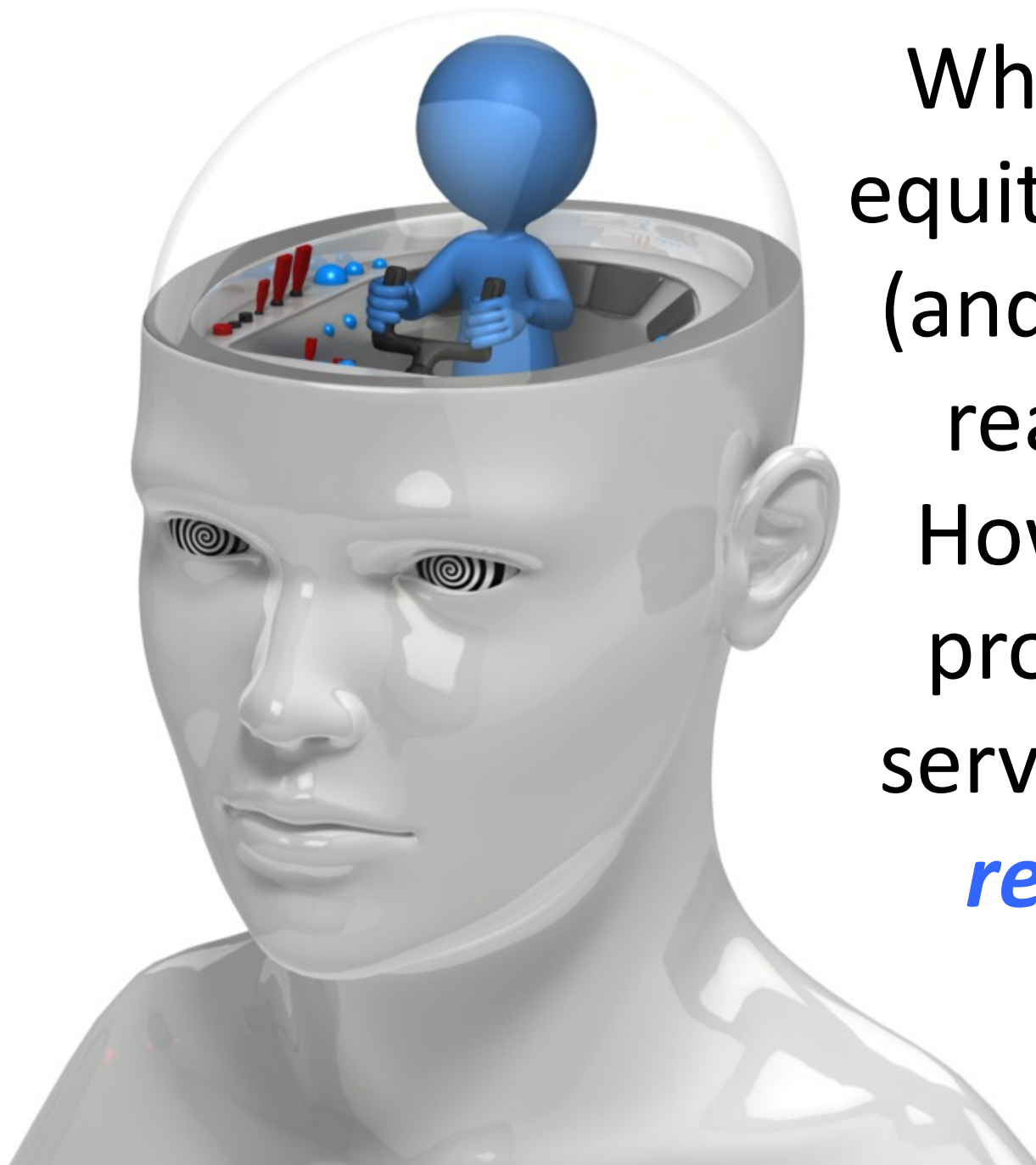
Source: Adapted from “*Strategic Renewal for Business Units*,” by John O. Whitney, HARVARD BUSINESS REVIEW, July-August 1996, pp. 84-98.



How much of your budget
and your resources should
be devoted to customer
retention, to acquisition,
and to win-back?

Attracting and keeping the
highest-value customers
is the cornerstone of a
successful marketing
program.





What do high-equity customers (and prospects) really want?
How can your products and services remain *relevant* to them?

Ask yourself ...

- Am I selling **what** target customers want to buy?
 - *portfolio? solution?*
 - *capabilities vs. usability?*
- Am I selling **the way** they want to buy?
 - *locational convenience*
- Am I communicating in the **customer's own words** with relevant benefits?





Shatter your internal perspective and think like a customer

Your internal perspective

Customer (external) perspective

Product →

Relevant solutions

Price →

Appropriate value

Place →

Convenience

Proficiencies →

Visible competence

People →

Trust in integrity

Positioning →

Simplified decisions

Promotion →

Conversation

*Create &
deliver
value*

*Communicate
value*

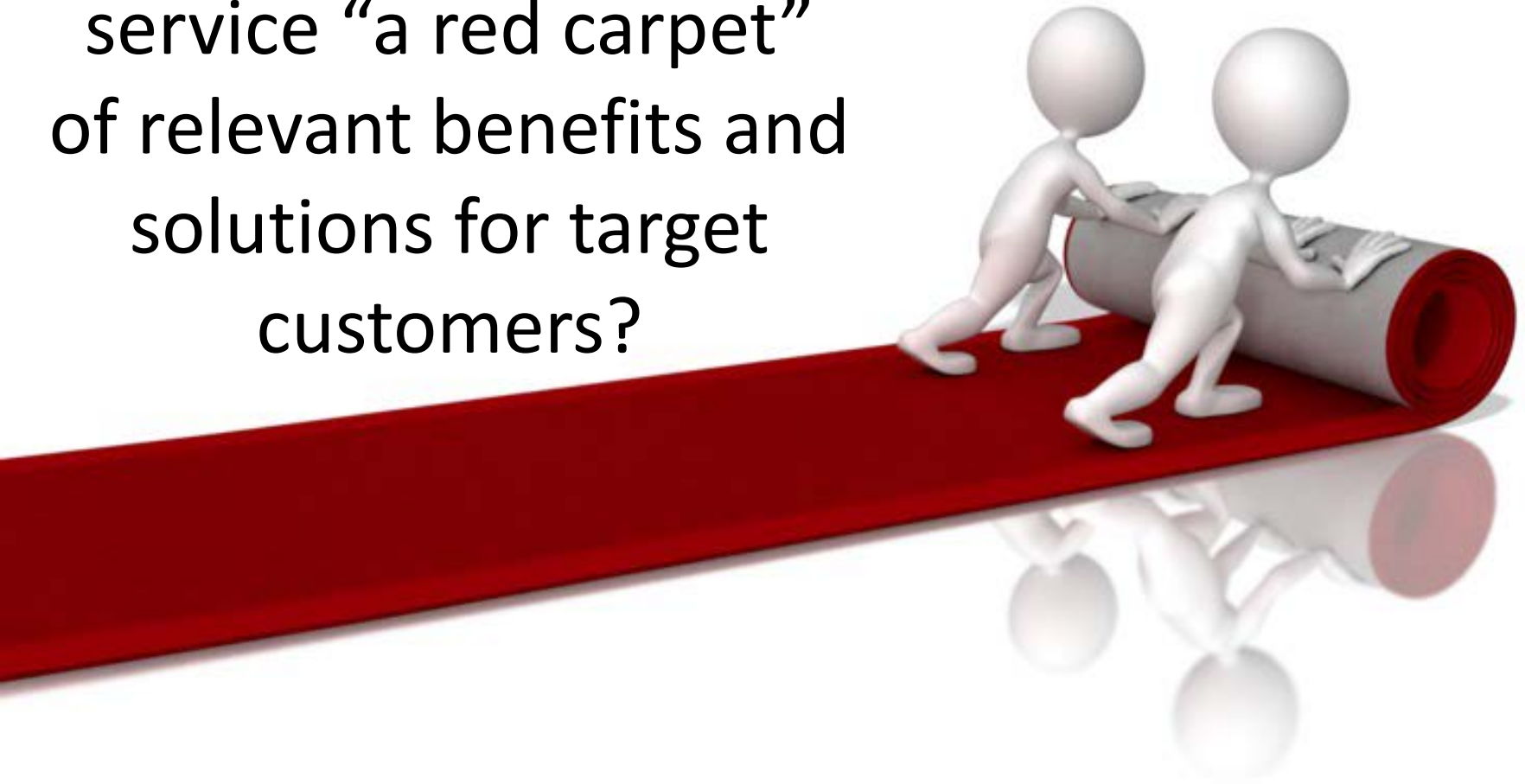
A pair of blue-rimmed glasses with gold-colored temples rests on a financial document. The document features several line charts with fluctuating data points and a table of financial data. The text 'Create and deliver value' is overlaid on the left side of the image in a large, black, sans-serif font.

Create and
deliver
value

SWISS FRANK	
OPEN INTEREST	
IMM	
CLOSE	0.9221
IN 100th	1.00
	0.98
	0.95
	0.92
	0.90

Product → Relevant Solutions

Is your product or service “a red carpet” of relevant benefits and solutions for target customers?



Why do customers buy?

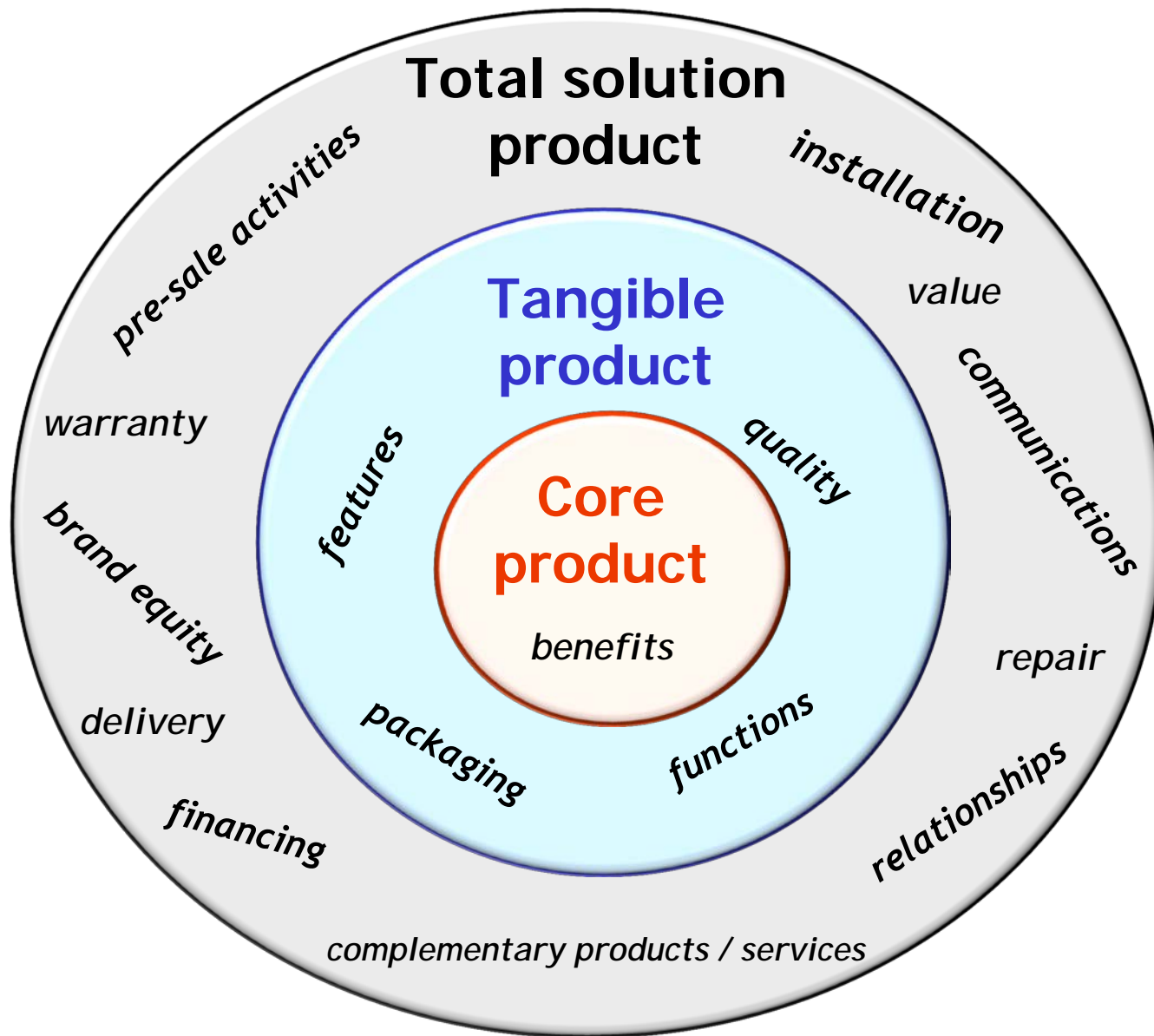


“Don’t tell me about your grass seed; tell me about my lawn.”

People don’t buy just drills and bits -- they buy the ability to make holes.



Know the “total product”



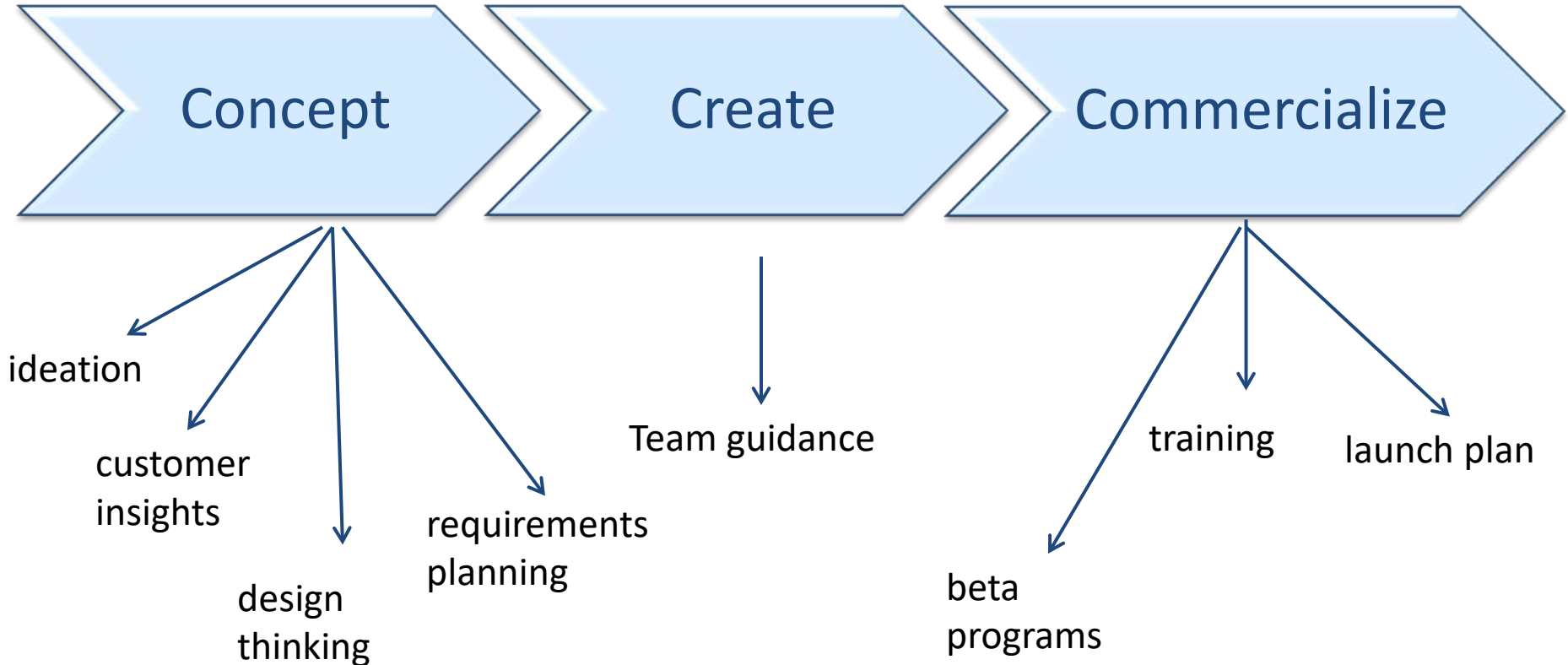
Do your product features energize customers? Do customers even care?

	<i>Basic</i>	<i>Discriminator</i>	<i>Energizer</i>
<i>Positive</i>	Nonnegotiable	Differentiator	Exciter
<i>Negative</i>	Tolerable	Dissatisfier	Enrager
<i>Neutral</i>	So What?	NA	NA

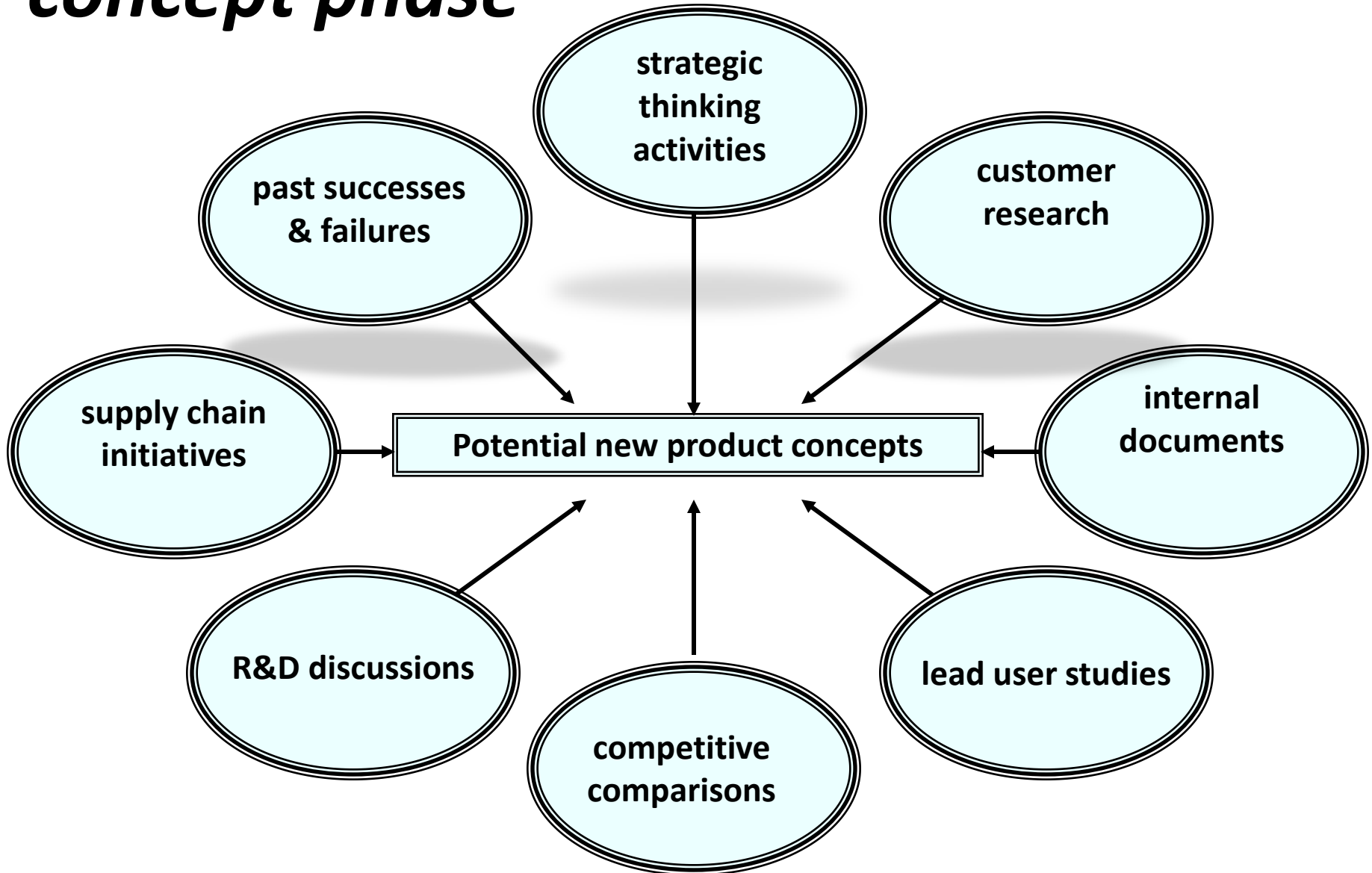
Source: Ian C. MacMillan and Rita Gunther McGrath, "Discover Your Products' Hidden Potential," Harvard Business Review, May-June 1996.

Let's take a simplified look at new product development

The role of marketing heightens in the first and last segments.

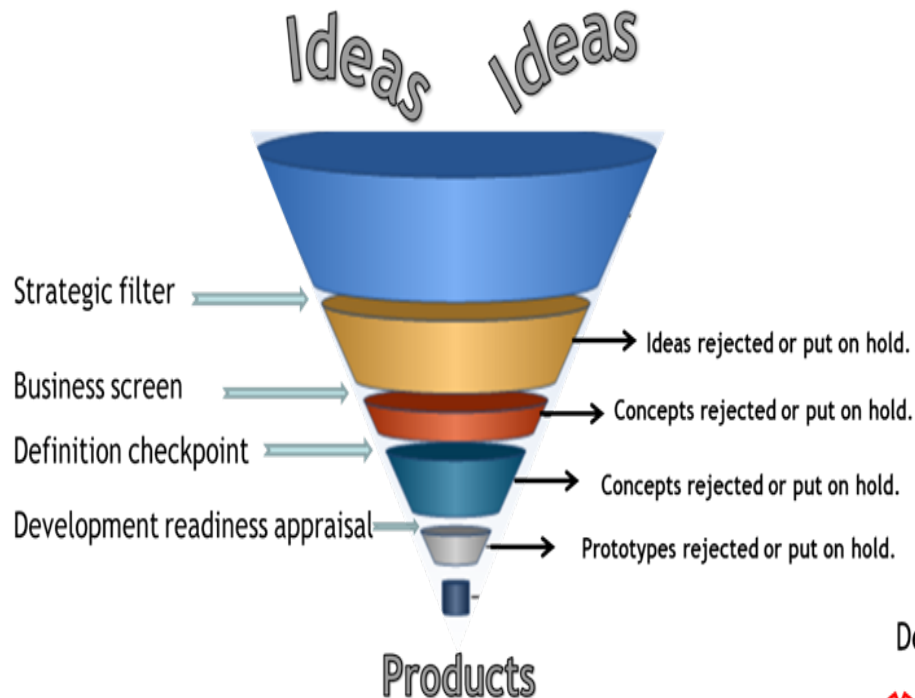


Use multiple idea sources in the concept phase

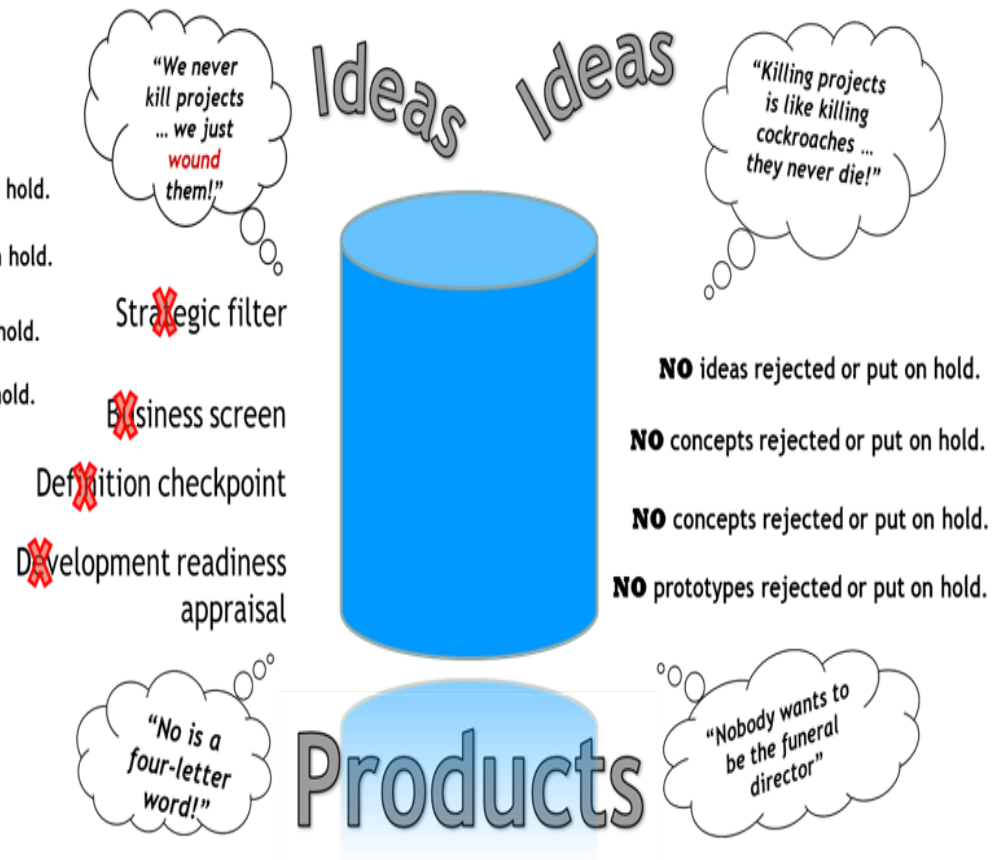


Use an idea funnel approach

Screen and fine-tune ideas and concepts



Avoid idea **tunnel**



Creation phase



Plan launch

Audit systems

Conduct beta tests

Manage gate reviews

Guide the project team

Commercialization Phase:

1. Timing (*when to launch*)



Commercialization Phase:



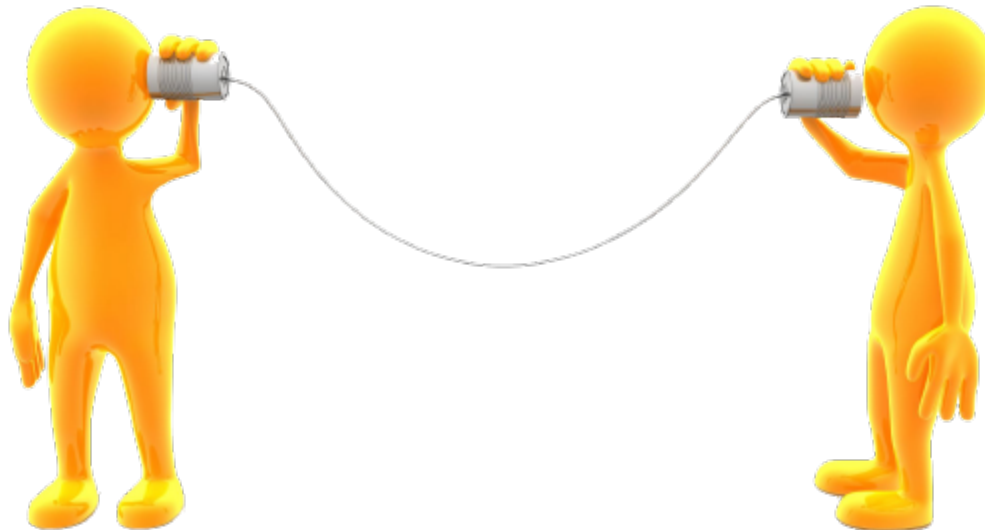
2. Scope

(where to launch, at what intensity, and in what sequence)

Commercialization Phase:

3. Communications strategy

- *positioning*
- *branding*
- *touch-points*



Commercialization Phase:



4. Training
- *salesforce*
 - *channel*
 - *service*

Commercialization Phase:

5. Ancillary issues

- *packaging*
- *warehousing, inventory*
- *service, warranty*



Commercialization Phase:



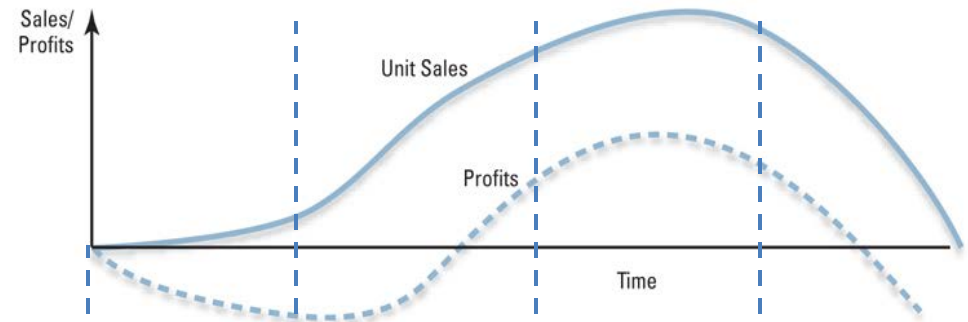
6. Systems readiness !



Keep
rejuvenating the
product after
launch –
throughout its
lifecycle – to
keep it relevant
to customers

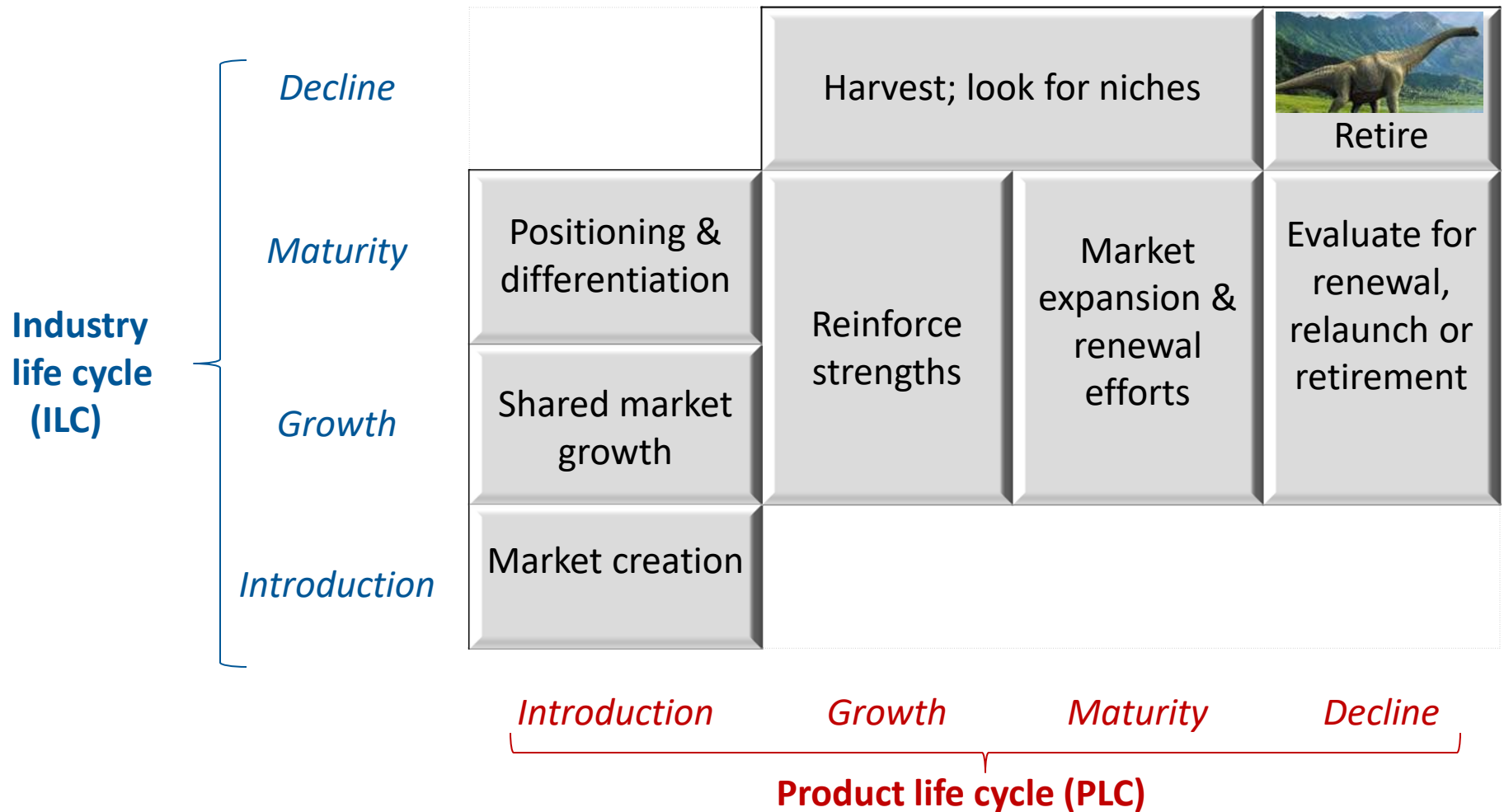
Stages of the Industry Life Cycle

The value is not as a predictive tool but rather as an insight tool.



Stage Factor	Introduction	Growth	Maturity	Decline
Generic strategies	Differentiation	Differentiation	Differentiation Overall cost leadership	Overall cost leadership Focus
Market growth rate	Low	Very large	Low to moderate	Negative
Number of segments	Very few	Some	Many	Few
Intensity of competition	Low	Increasing	Very intense	Changing
Emphasis on product design	Very high	High	Low to moderate	Low
Emphasis on process design	Low	Low to moderate	High	Low
Major functional area(s) of concern	Research and development	Sales and marketing	Production	General management and finance
Overall objective	Increase market awareness	Create consumer demand	Defend market share and extend product life cycles	Consolidate, maintain, harvest, or exit

Adjust strategies for ILC/PLC link



Rethink product value offerings

Today

Standard package



Tomorrow

Need-specific offerings



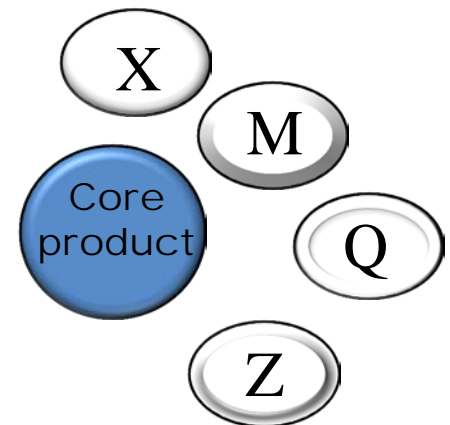
Option 1 – Std.



Option 2 – “naked “ solution



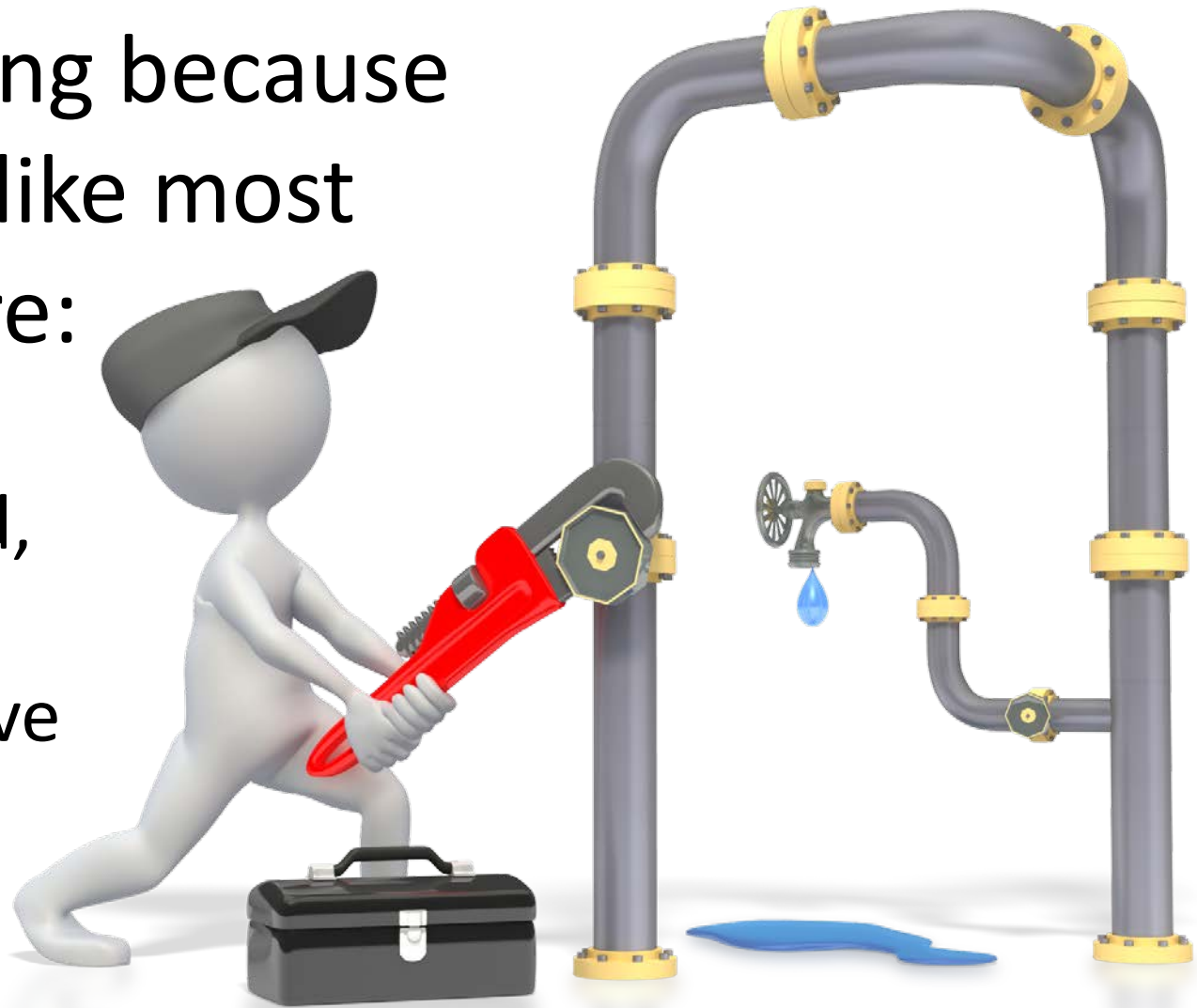
*Option 3 – product with
modified services*



Option 4 -Variable options

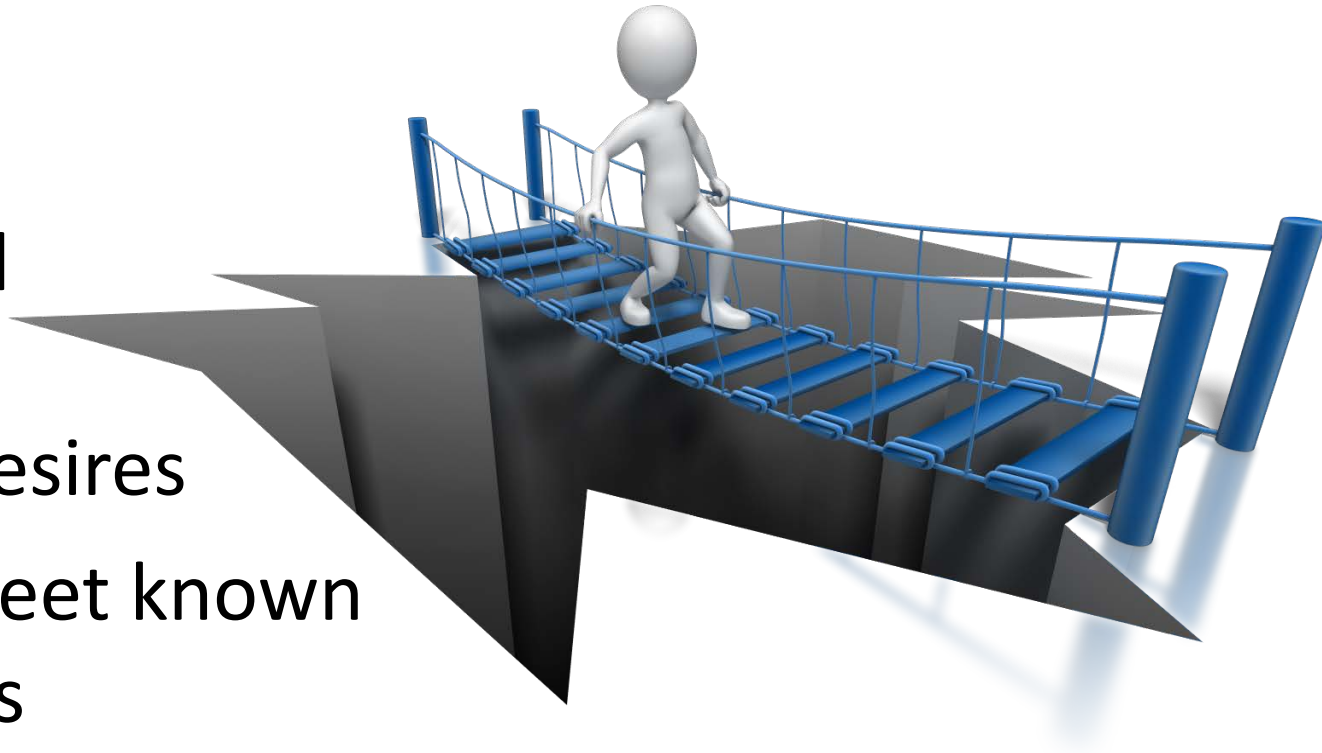
Services marketing can be challenging because services (unlike most products) are:

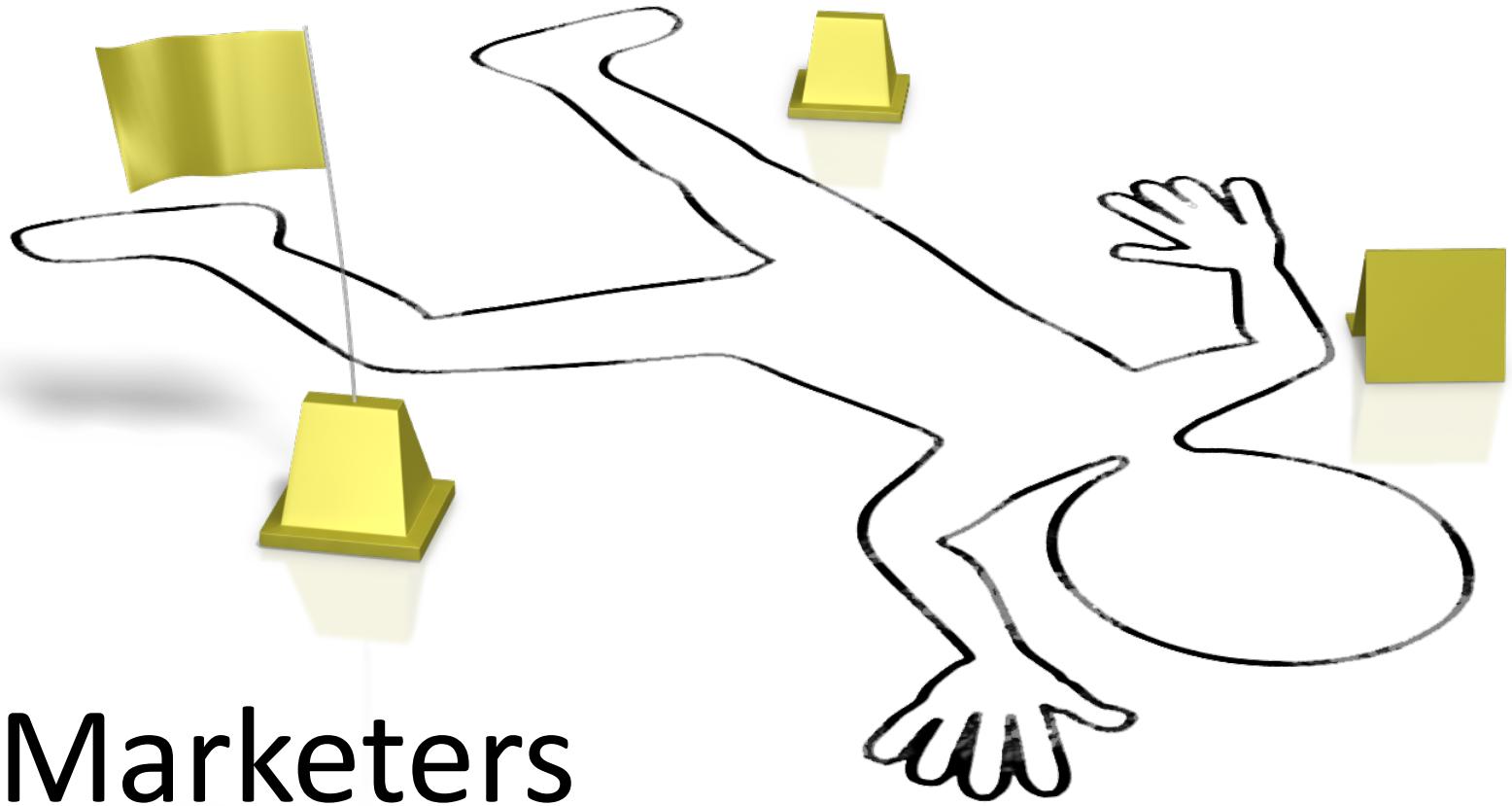
- Intangible
- Non-standard, (variable)
- Labor intensive (inseparable)
- Perishable



Service quality gaps

- Failure to identify and understand customer desires
- Failure to meet known expectations
- Failure to ***shape*** realistic expectations





Marketers
must manage the **evidence**
of service quality

Evidence of Reliability



The ability to
perform the desired
service dependably,
accurately, and
consistently

Evidence of Responsiveness

The willingness to provide prompt service and to help customers.





Evidence of

Assurance

Employees' knowledge, courtesy, and ability to convey trust and confidence

Evidence of Empathy



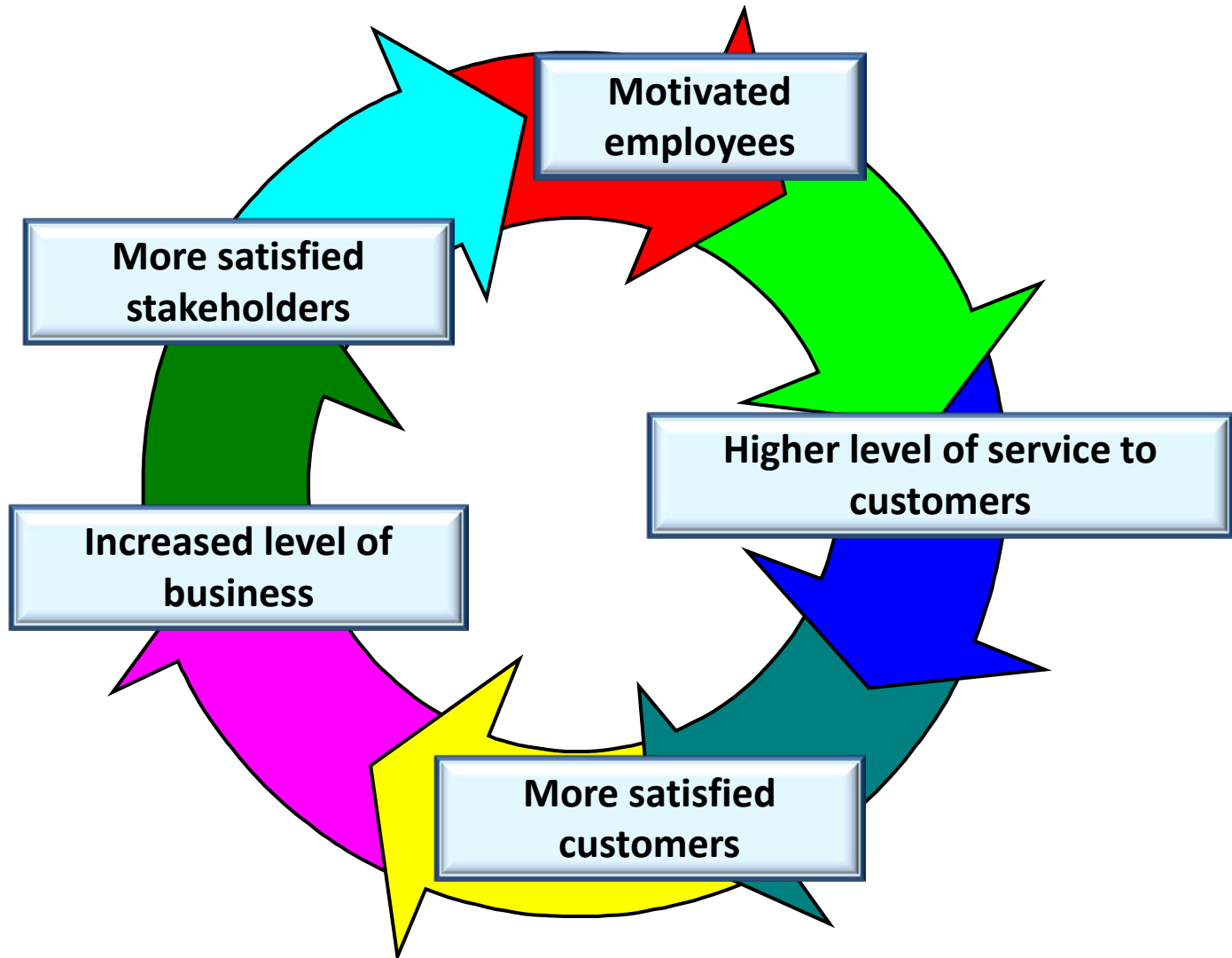
The provision of caring, individualized attention to customers.

Evidence of Tangibles

The physical facilities, equipment, and appearance of personnel.

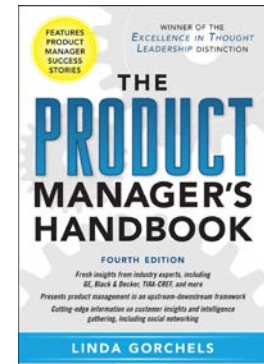


The quality wheel of services marketing

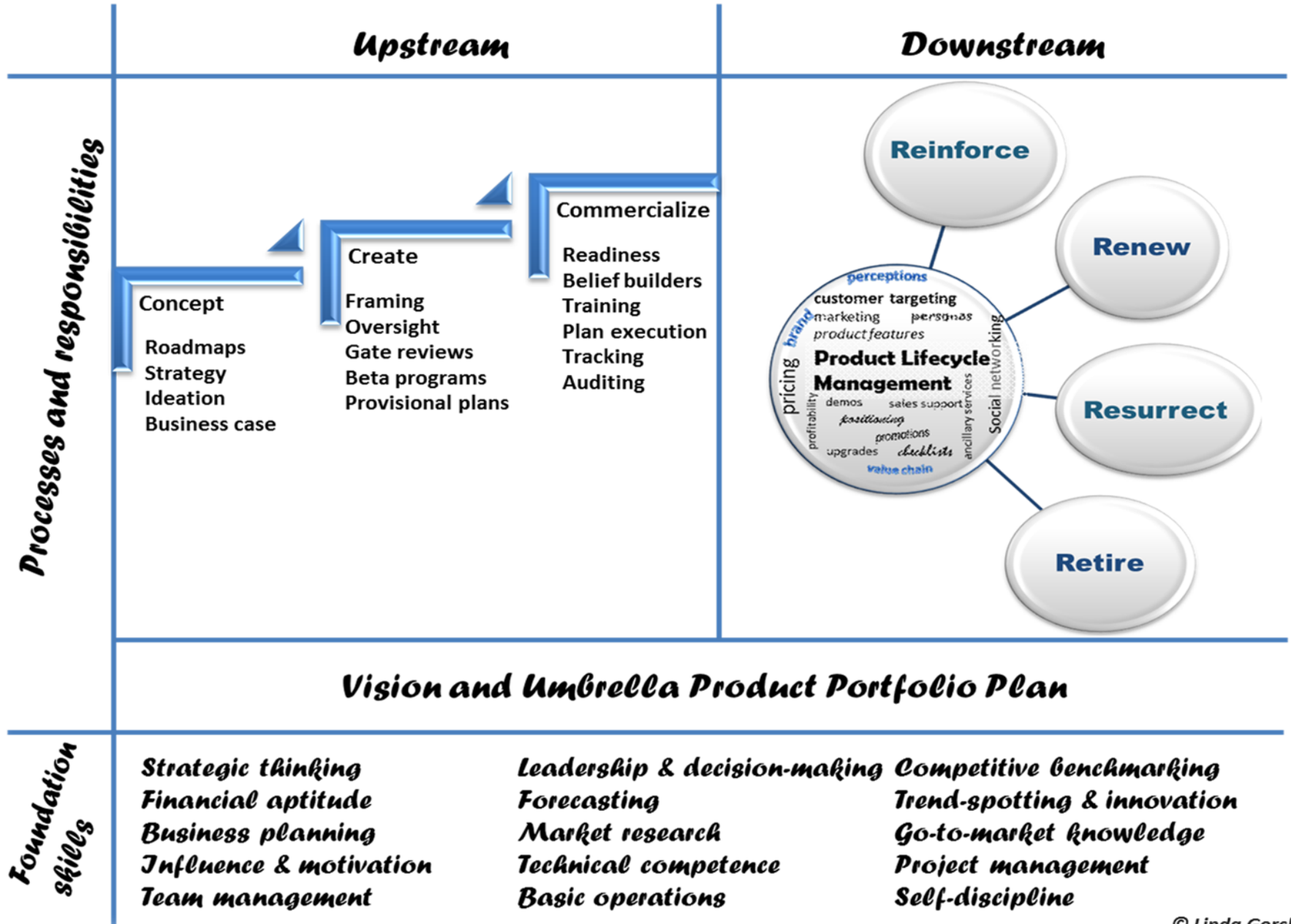


What is product management?

- It is the entrepreneurial management of a piece of business (product, service, product line, brand, segment, etc.) as a “virtual” company.
 - Product managers are generally accountable for this piece of business without having direct authority over the entities that “make it happen.”



Product Management Framework



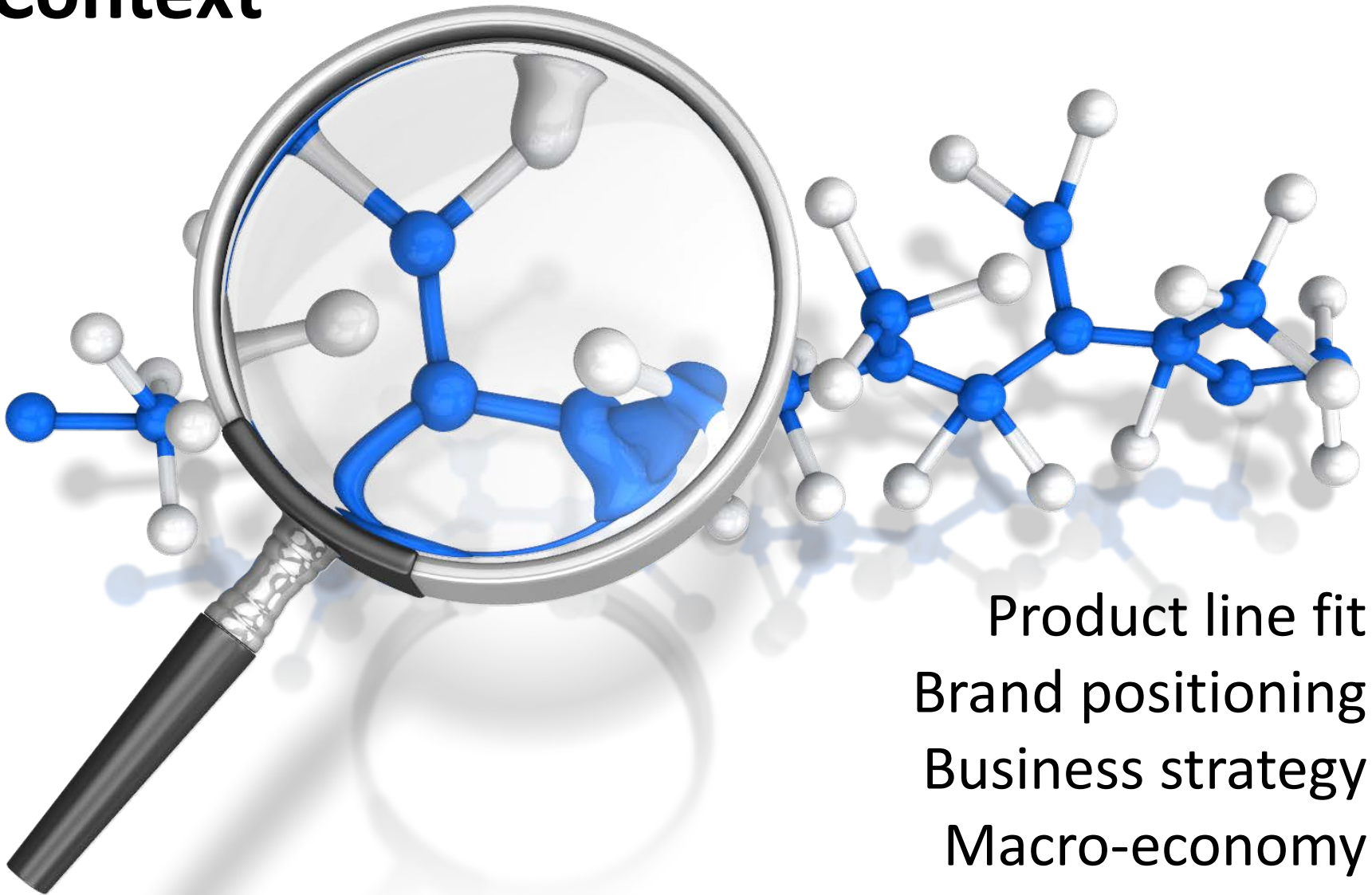
*The product manager's job is to
oversee all aspects
of a product or service line so as to
create and deliver
superior customer satisfaction
while simultaneously providing
long-term value for the company.*

Price → Appropriate Value

Juggling the
high Cs of
pricing



Context



Product line fit
Brand positioning
Business strategy
Macro-economy
Price management structure

Price management structure



- Who should have authority?
 - Represent a myriad of interests
-
- Reviews, contracts, dashboards
 - Balance consistency and flexibility
 - Establish policies



Customer segments

Price sensitivity
Ability to pay
Expectations
Applications and uses
True cost-to-serve



Competitive positioning

Leader or follower
Perceived advantages
Ability to compete

Costs



What costs
are relevant to
this pricing
decision?

Comparative 1% changes

	Original	1% price increase (\$202)	1% volume increase (5050 units)	1% cut in CGS (\$108.90)	1% cut in fixed costs (\$346,500)
Sales (5,000@ \$200)	\$1,000,000	\$1,010,000	\$1,010,000	\$1,000,000	\$1,000,000
CGS (5,000@ \$110)	550,000	550,000	555,500	544,500	550,000
Gross margin	450,000	460,000	454,500	455,500	450,000
Operating costs	350,000	350,000	350,000	350,000	346,500
Net pretax income	\$100,000	\$110,000	\$104,500	\$105,500	\$103,500
% change in income		10%	4.5%	5.5%	3.5%

Place → Convenience

How does “place” fit into marketing? How do marketers create convenience for customers through channel management?



Start with the end customer



- How do end users want to buy?
- What support, processes, environment are necessary to help them make buying decisions?
- What channels are consistent with the way customers want to buy?
- Are you effective (or even present) in those channels?

What is channel management?

**Stewardship
Differentiation
Efficiency**



What is channel management?

- Stewardship of a *go-to-market* strategy that provides value to end-users...
 - local selling
 - financing/credit terms
 - delivery/installation/customization
 - service support
- In a way that establishes differentiation
 - through seamless customer experience
- And increases effectiveness or efficiency
 - cost containment and channel segmentation

Range of channel issues



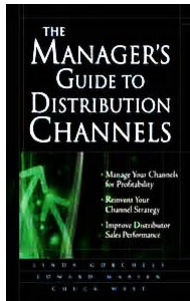
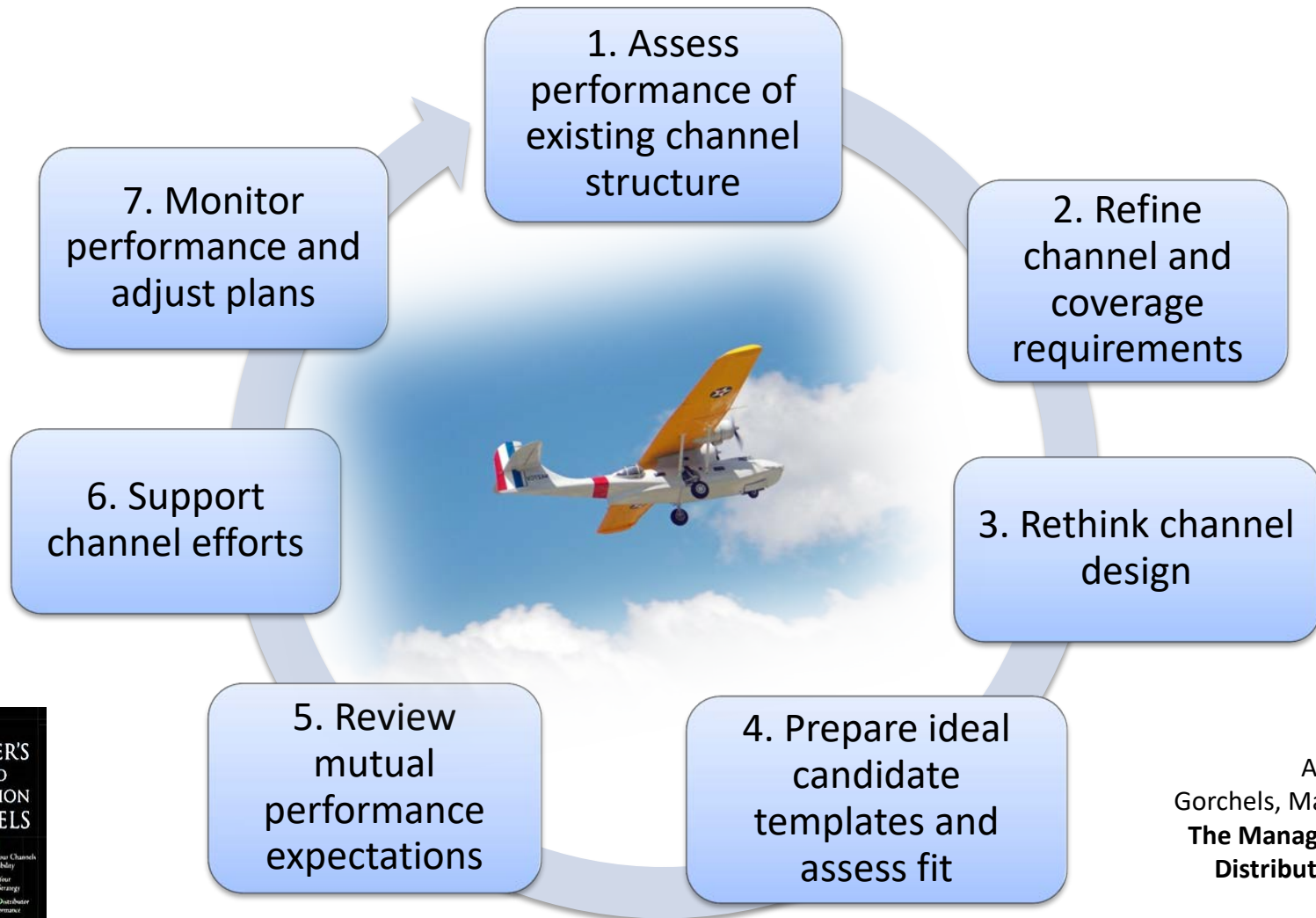
Is channel structure redesign required due to:

- **market dynamics?**
- **shifts in strategy?**
- **a new product launch?**

How can you:

- **better manage your relationship with the channel?**
- **motivate the channel to attain objectives?**
- **evaluate channel effectiveness and performance?**
- **improve support within the channel?**

Channel management process

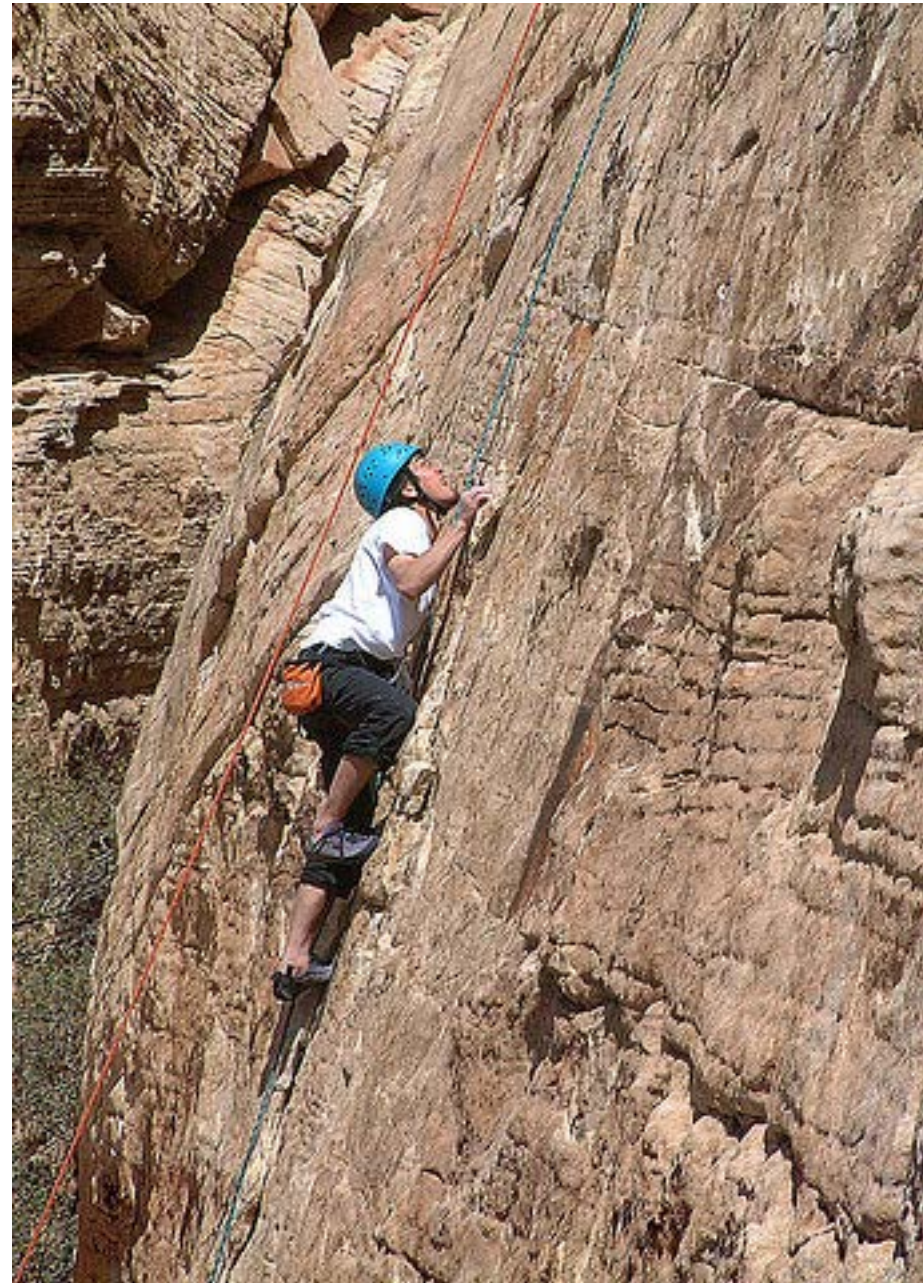


Adapted from:
Gorchels, Marien & West,
**The Manager's Guide to
Distribution Channels**

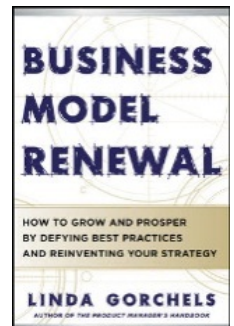
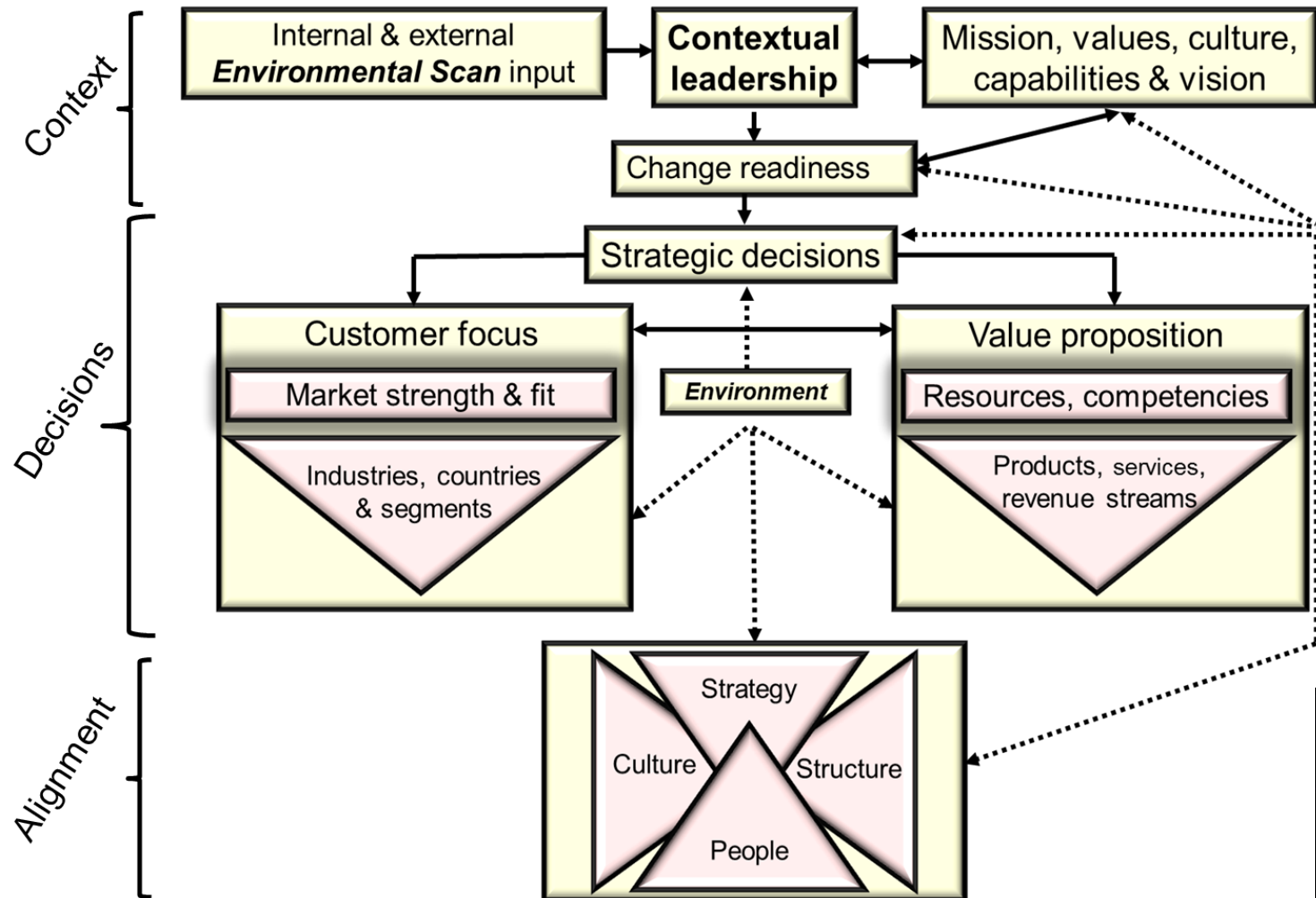
A low-angle, upward-looking perspective of several modern skyscrapers. The buildings feature glass and steel facades, with some showing a grid-like pattern of windows. The sky is a clear, bright blue with some wispy white clouds. The perspective creates a sense of height and architectural grandeur.

Proficiencies \Rightarrow Visible competence

Do you have the competencies, capabilities and proficiencies to fulfill the brand promise? Are these proficiencies clear to customers?



Marketing must fit your business model

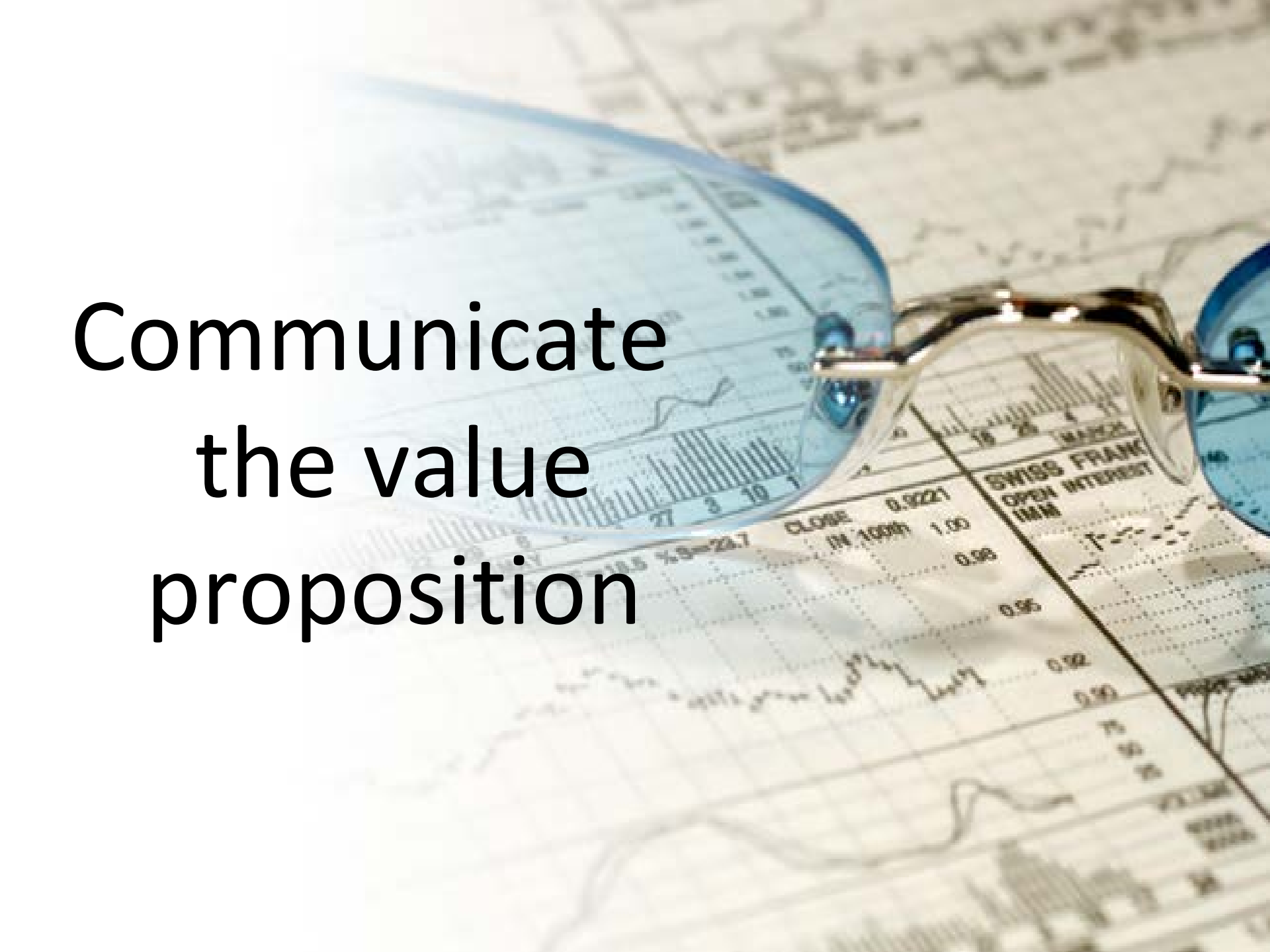


Source:

People → Trust in integrity

Even if you possess valid competencies, do customers *believe* you will follow through in delivering value?



A close-up photograph of a pair of blue-rimmed glasses resting on a financial document. The document features various charts, including a line graph and a bar chart, along with numerical data. The text 'Communicate the value proposition' is overlaid on the left side of the image in a large, black, sans-serif font. The background is slightly blurred, emphasizing the glasses and the text.

Communicate
the value
proposition

Positioning → Simplified decisions



Clear differential brand positioning makes it easier for customers to make decisions.

A strong brand has a clear and unique image that is relevant and stands for something important to targeted customers.

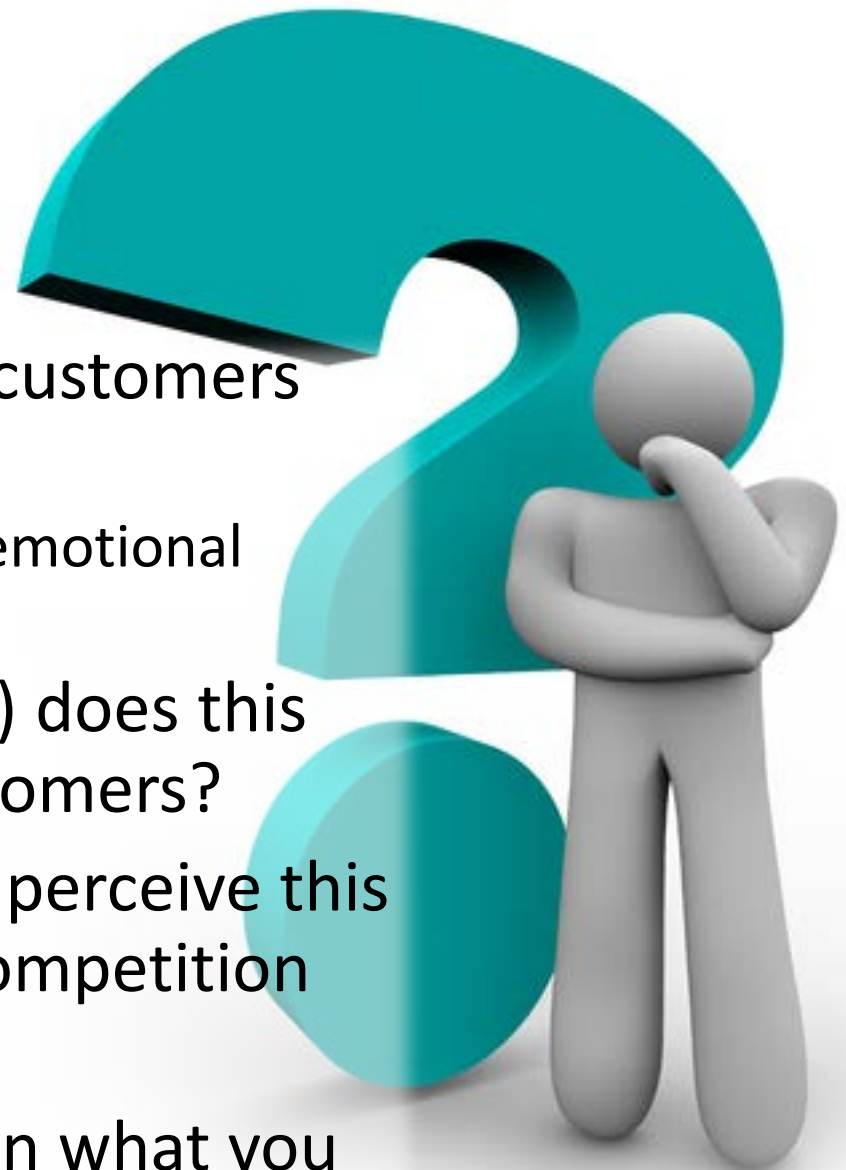


Brand development template

Profile target customers	Portray customers in both objective and subjective terms, and segment carefully
Define differentiation	Explain how you are different from the specified competition and why customers should care
Define brand personality	List the rational and emotional components of your brand to the relevant target segment(s)
Determine what customers believe you have promised	Describe what customers expect in terms of product & service performance, business support, quality, trustworthiness, etc.
Translate promises into standards of performance	Detail the training, support, and performance measures and define responsibility and authority
Evaluate depth & scope	Discuss brand architecture linking corporate issues with brand and segment issues

Ask yourself

- What is the image target customers have of your brand?
 - Include both rational and emotional elements
- What value (brand equity) does this image have for these customers?
- How do target customers perceive this brand compared to the competition (your positioning)?
- Is the customer perception what you *want* it to be, and is it consistent with your goals?



Look to the future



- Extend the brand
 - To new and adjacent products
 - To new (and not so close) categories
- Revitalize the brand
- Introduce flanker brands
 - Establishing a different image with a new segment

Cross-over positioning

- Can I position the product into a different category, or create a new product category?



the SIMPSONS

*Cartoon or
Adult Family Sitcom?*

Secondary association positioning

- Secondary associations include company, country of origin, causes, spokespeople, etc.
- Marketer is borrowing or leveraging these associations for the new product
- May be important when a unique brand identity is difficult to attain without it
- Try to make it relevant



Reverse positioning

- Can you “de-feature” products?

Rethink products for specific market needs. More features can equate to more complexity and less value.



jitterbug
BY GREATCALL.

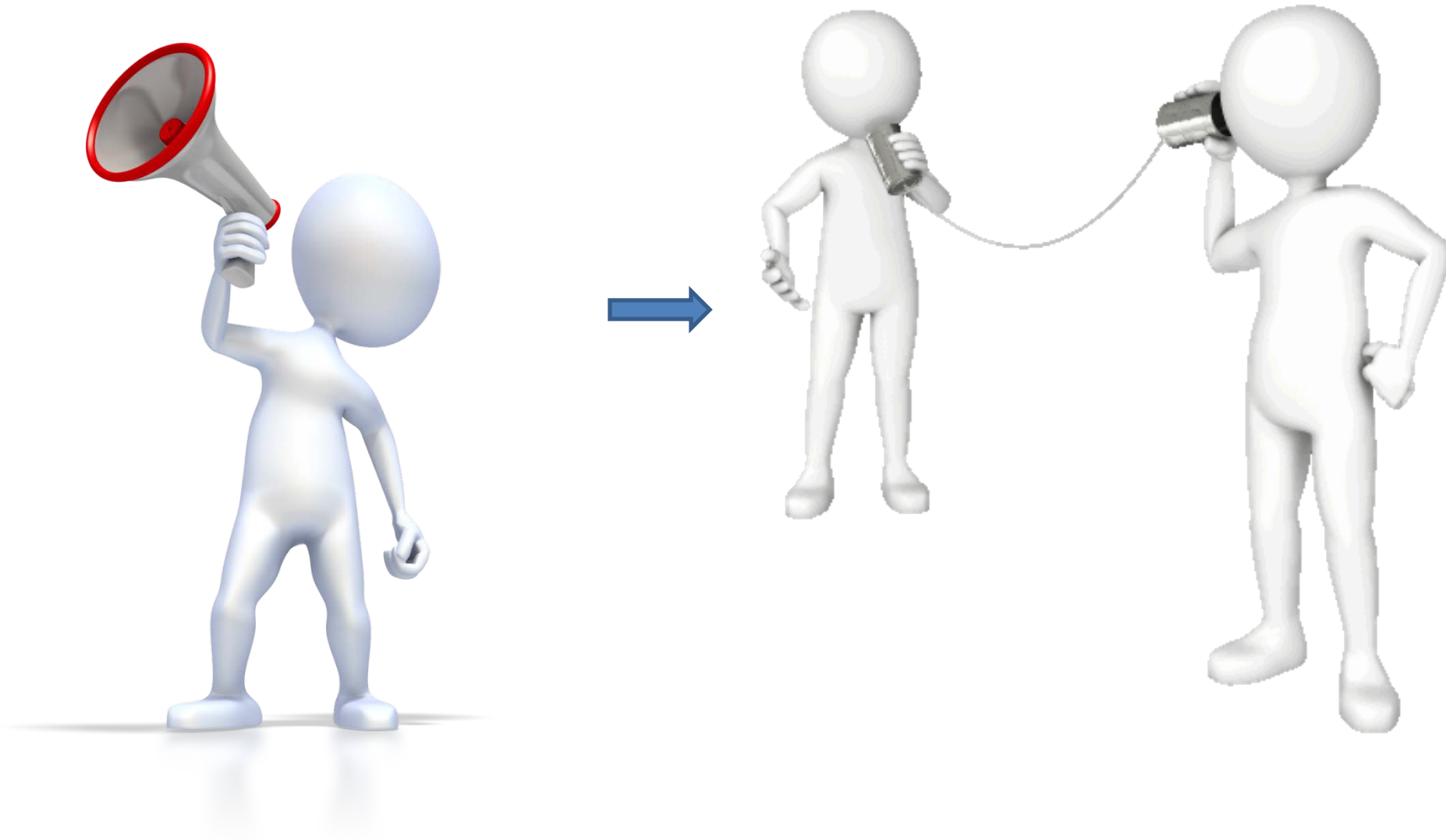
Be different

Be relevant

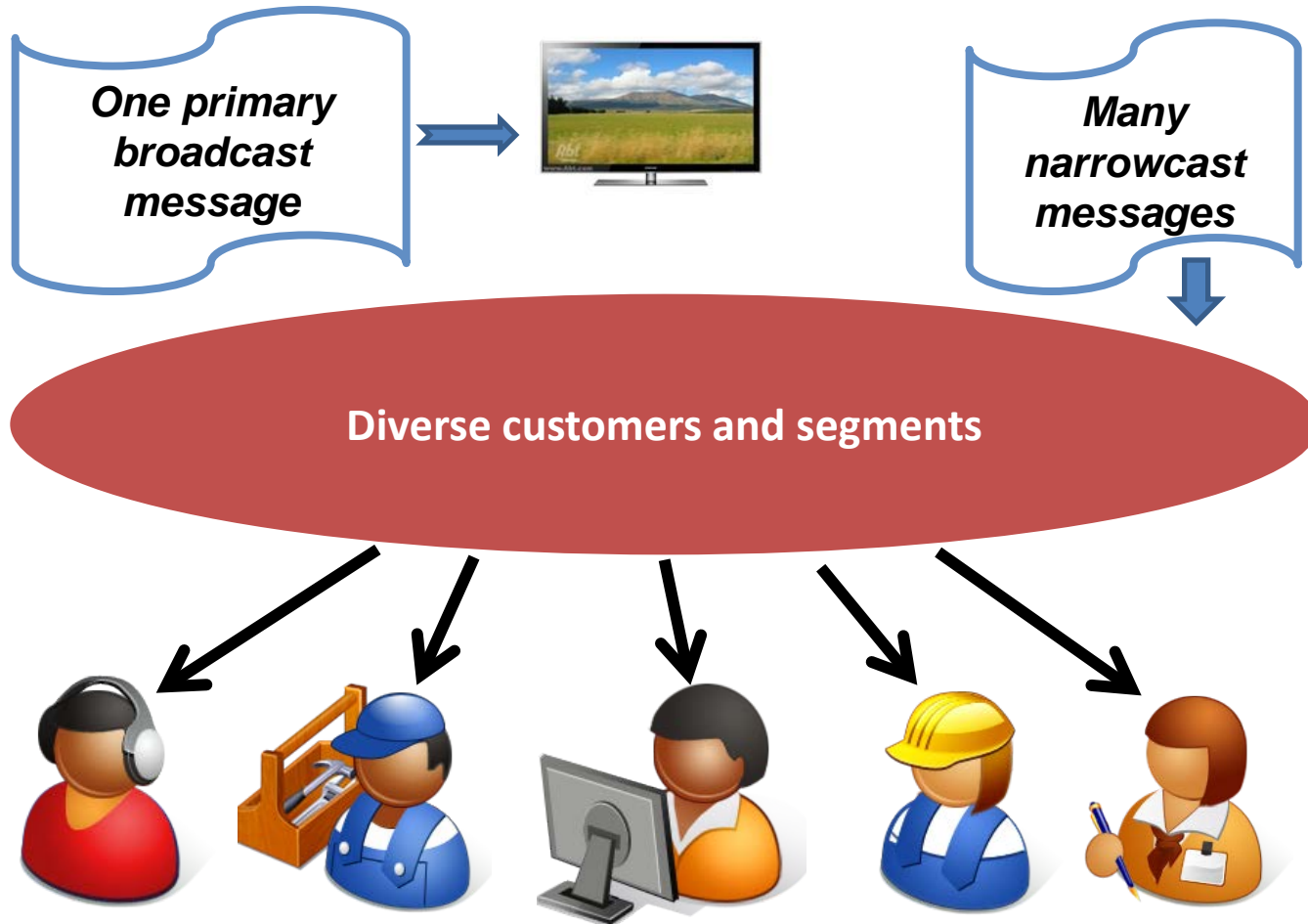
Be energizing

Be real

Promotion → Conversation



Broadcast to narrowcast



IMC

Integrated
Marketing
Communications



The promotion,
the marketing
communications,
the conversations
should be integrated.

What does “integrated” mean?

- ... *“organized or structured so that constituent units function cooperatively”*
- So we need ...
 - one primary benefit per campaign
 - one unified personality
 - one selling idea
 - reinforcing why the customer should believe





So what's the big deal?

Traditional communication approaches assumed each media impression was a unique and separate event.

Today's media world is comprised of a simultaneous mix of communications controlled more by the prospects than by the marketers.

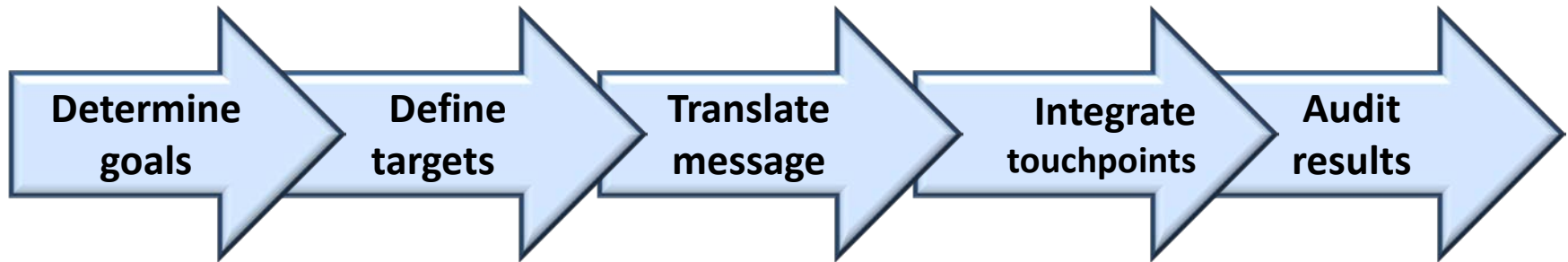
How do you get marketing, communications, and sales units to function cooperatively??

Consider structural issues

- The marketing (communications) in most companies and agencies is “siloed”
- It may be necessary to build a center of competence to accomplish integration
 - diversity in professional experience
 - business acumen
 - analytical savvy
 - willingness to think differently
 - creativity



Here are the IMC steps



- | | | | | |
|---|---|--|--|--|
| 1. Determine what needs to happen to attain overall marketing goals | 3. Describe primary and secondary markets, including influencers & stakeholders | 5. Translate into a strong, differentiated brand & positioning | 7. Synchronize engagement strategy to integrate seamlessly across media, with sub-objectives | 9. Specify & monitor appropriate measurement protocols by sub-category |
| 2. Restate marketing challenge in quantitative terms | 4. Think like a customer (or stakeholder) | 6. Fine-tune creative platform and message strategy | 8. Estimate acceptable budget guidelines | 10. Evaluate final results against initial (integrated) objectives |

Determine goals

1. What needs to happen?
 - e.g., attract new customers with new product
2. Restate in quantitative terms
 - e.g. “obtain trial by 25% of identified prospects during the first quarter”



Define targets

3. Describe target markets

- segment customers and influencers, and fully define key targets
- prioritize communication strategies

4. Think like a customer – think *conversation*

- what are their goals and values?
- what is the noise in the communication?
- who, what, when, where, why, how?



The Value Proposition

For (specific target customers) **who** (have a specific need, goal or opportunity), **the** (Product) **offers** (concrete statement of relevant value).

Unlike (specific competitor or competitive set), **the** (Product) **is/does** (energizing point of differentiation) **due to** (proof of performance.)

Value (positioning) statement

For **buyer persona Alex** who **wears many hats,**
specific target customers *major need driver or goal*

Desk-Mite offers **clear time management tools** .
product or brand *concrete statement of relevant value*

Unlike **Time-Mite,** our product **offers unlimited flexibility**
competitive alternative *energizing point of differentiation*

due to **our proprietary interface with all connectivity tools.**
competency or feature that is the proof of performance

Integrate touchpoints

7. Synchronize customer engagement strategy

- for example, to obtain trial by prospects you might...
 - build word of mouth advertising through social networks
 - arrange an open house where the product can be sampled
 - alter channel strategy to be present where prospects are likely to buy
 - expand your online presence
 - advertise in targeted media and select social media
 - modify packaging to appeal to prospects

8. Estimate budget guidelines

- task method
- percent of sales / profit
- competitive parity



Audit results

9. Sub-category metrics

- direct response: response rate, # leads, ROI
- website: stickiness, repeat customers
- events: new customer contacts, names added to the database, qualified leads
- publicity: # press releases published
- contests: short-term sales increases
- advertising: awareness, conversions

10. Attainment of overall goals



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Just as we routinely upgrade computer systems, we must upgrade our own knowledge systems. Linda has helped over 10,000 people over a 25+ year period with these educational upgrades, merging anecdotal client experience with researched “best practices,” and sharing the resulting insights with managers and executives. After working in the office products, publishing and insurance industries, she joined UW-Madison’s Center for Professional and Executive Development, both as a corporate trainer and program director. Now, as a director emerita, she provides workshops for select clients.

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