

Strategic Marketing

Learning is a commodity that has to be created

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Session 2

Law 1

If there are multiple prices, first law is to bring the price down (same product but price different in different areas)

Lipitor – the drug whose price fell down by 90% when patent expired

Law 3

What's your competitive advantage ?

Any competitive advantage you have over time will turn into a market expectation

There is no universal solutions

Law 4

In every industry, the relationship between ROI and a size of the business follows a definite pattern

Horizontal axis is strategic variable

Vertical axis is

If you do the change in Size, then the effect is on ROI

Drivers

1) Increasing uncertainty of markets

Planned 70%, Unplanned 30% (1975)

<50% planned (2010 and later)

How current information can be used to plan the path ahead – that is strategy !!

2) Any competitive advantage evolves into a market expectation

This is where arbitrage comes in

3) Speed kills

Concept of just in time – ford assembly having issue to winter, the pipelines freeze, affects wind shield

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SESSION 3 – DAY 2

Arbitrage Mechanism (refer slide)

Prisoners' Dilemma

Pricing is the only variable that is not used to influence market place

Pricing is the variable that brings the ROI

Consumer Surplus – what consumers are willing to pay for a good or service relative to its market price

http://www.investopedia.com/terms/c/consumer_surplus.asp

If you already have a product, value of another of similar type goes down

Value \geq Price

New Darwin-ism > Technology drivers. Is the product innovation ready for the market ?

Paul Galvin

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The invisibility factor – digital revolution

In management curriculum – we learn to manage physical aspects

Organizational Blind Spots – example Patient Records

Customers get upper-hand ??

Customer Decision Making

Consulting – customers discover needs

If customer knows, the market is getting commoditized

Strategic Pendulum

From business excellence to strategic partnerships

Business Centricity

Product Centricity

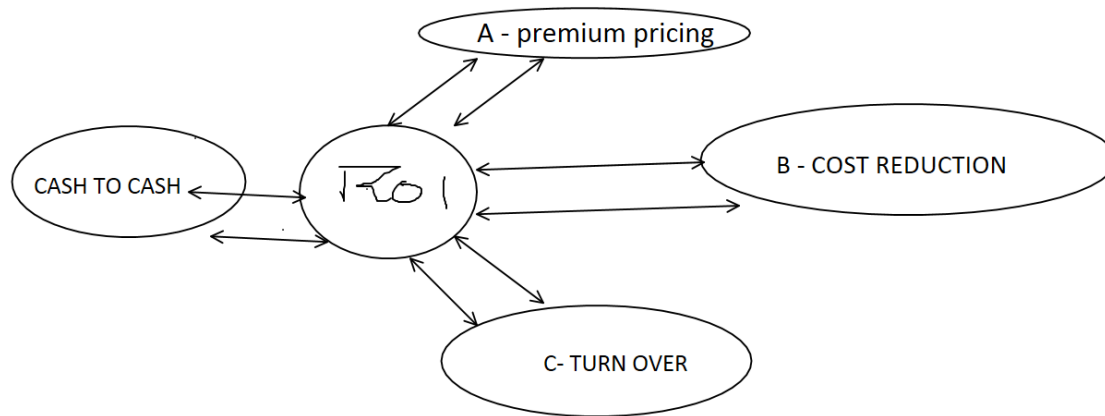
Customer Centricity

Competitor Centricity – Honda Accord example

Session 4 – Day 2

Last of the fundamental topics – ROI mapping

James Walter and Thomson



Pipeline A (from diagram in OneNote)

Premium Pricing

Brand is something artificially created –

Brand = ID+Meaning

Pipeline B (Cost Reductions)

The only turn over that matters is the capital turn over

Pipeline C (Turn Over)

**** AS SENIOR MANAGEMENT PEOPLE WE SHOULD BE AWARE OF WORKING CAPITAL TURN OVER – KEY THING TO BUSINESS

Pipeline D (Cash – to – Cash)

With negative margins can we generate a positive ROI

Dell takes 7 days to configure the system. Dell has 7 days float

Day 3 – Session 1

Marketing Myopia

Assembly line came up because of pressure on how product has to be priced

Consumer behaviour so we can market to them.

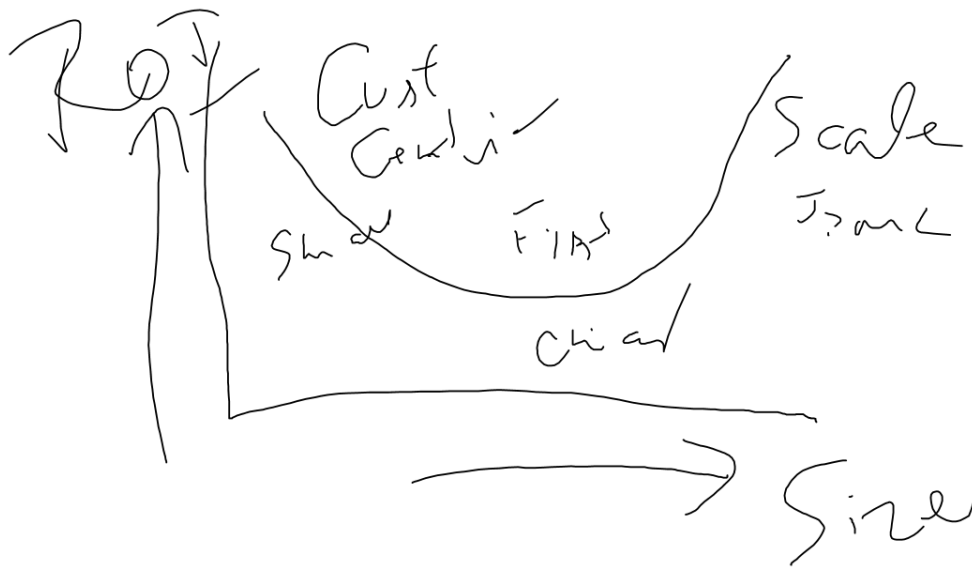
customers are becoming homegenious because of communities

making a use of a product as a routine is the best marketing strategy !! pepsi and coke in 70s – free sample

True driver of ROI for a giant company like Walmart is not meeting customer expectations but building their mass delivery capability

Bank ROI example – bank in Chicago to Chicago Bank and then JPMC

Small business possess high ROI since they are CUSTOMER CENTRIC



Each time my organization changes – we take a step back in the market place

U CURVE

DAY 4 – SESSION 1

20% of the customers account for 80% profit and 80% of the customers account for 20% of the profit

Top Multinational Bank

<u>Customer</u>	<u>ROI</u>
20%	200%
40%	0%
40%	-100%

Banking is a relationship industry, people don't shift banks !!

A – Profitable Customer...Great Service

B

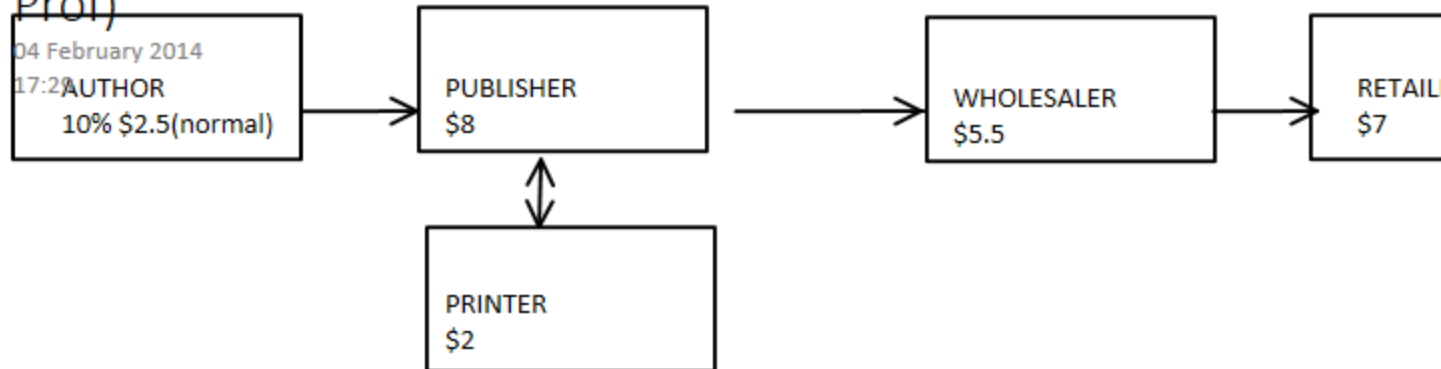
C – Costly(loss) Customer Good Service

Airlines – good example of how they handle the minimum resources they have and how to allocate to passengers (Dr.Paul and wife travel example in airline)

VALUE CHAIN

How you measure the concept of value and put numbers around it

VALUE CHAIN - BOOK PUBLICATION (by Prof)



PUBLISHER – would be an integrator, much more than a project lead, this would be somebody who has a strong role, this will provide the branding and thereby the price

Publisher controls negotiation, if not could not lead to inefficiency

The question of core capabilities goes to Organization Design

Organizations are not buildings or concrete. They are built with a purpose.

Argument why outsource - perform the best, outsource the rest – key principle in organization design

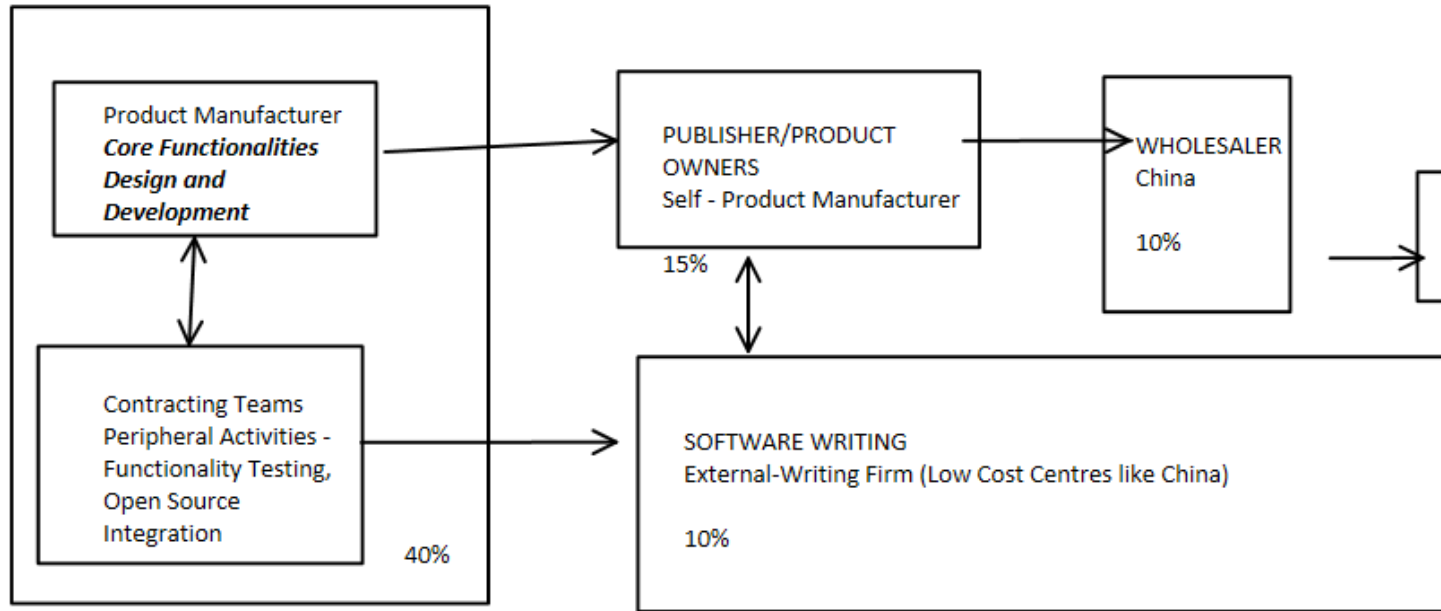
Organizations are built for specific purposes. If you are building a consulting organization, you need mindsets

Amazon outsource their wholesalers to a different organization

Software Product (Like OS)

04 February 2014

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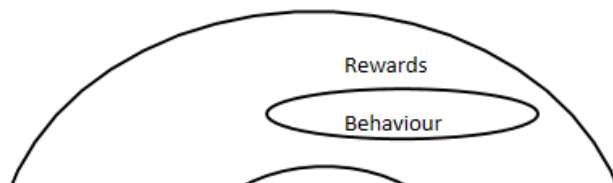
FINAL SESSION – DAY 5

If market place is different revenue sharing would be different (like iPhone in India and US)

Relationship Marketing (more in a B2B context)

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RELATIONSHIP MARKETING

Relationship Marketing

Core Element is made of expectation and feelings

SESSION 1 – DAY 6

Connection between customer satisfaction and ROI

Pricing

Don't fight individual price battles. Bundle the products

Microsoft Office – came with the bundling solution – they were the pioneers

Value of bundling comes in because all will not need every software (some would need presentation, some would need word only)

Loss Leader

MULTI PART PRICING

Price Discrimination

Session 2 – Day 6

Pricing to be a more creative

Concept of value is embedded in the user environment.

Value 100 % is imputed from the user environment – if you are stomach full, no point of giving whatever nice food, you are gona refuse it

Branding has nothing to do with value – it creates stickiness

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Forces bring market value (Variation of the porter model)

Threat of New Entrants

Low Entry Barriers

Low capital requirements

Low switching costs

Low economies of scale

Low Product differentiation

Easy Channel Access

Industry Rivalry

No Industry Leader

Many Competitors

High Fixed Costs

High Exit Barriers

Slow Industry Growth

Low Product Differentiation

Capacity Augmented in Large Increments

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Supplier power – How powerful is that

If the suppliers have no power it is 10. If suppliers have enormous power it is 0

We are vendors

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Creativity is more talent – inside out – what's inside and expression out is creativity

Innovation is never inside out – it is outside in

Creativity is never market driven

Innovation has 5 platforms

Platform 1 – innovation by subtraction

Market will not accept innovation unless there is continuity from past to present to future. Even though revolutionary product can be disruptive. 99% of success productions are evolutionary

