

2012

Marketing – An Overview: Strategies to Succeed Against the Big Competitors

*Prepared for : “Let’s Get it On!”
Olives New Zealand Conference 2012*

Some Introductory Questions

1. What are the key problems for you in growing your Business?
2. How can you expand your Customer Base?
3. Can you increase your Profitability? (eg through premium pricing or product diversification?)
4. Do you sell Olive Oil? Or are you creating a relationship with customers through your brand?

Three Videos to Set the Scene

- Queensland promoting itself to the World – At a minimal budget! <http://www.youtube.com/watch?v=Sl-rsong4xs>
- Social Media – What's it all about?
 - <http://www.youtube.com/watch?v=fpMZbT1b2o&feature=related>
- Making a Brand come alive – Using Social Media
 - <http://www.youtube.com/watch?v=owGykvbfqUE>
 - <http://adage.com/article/the-viral-video-chart/spice-s-man-meme-starts-fade/145148/>
 - <http://adage.com/article/the-viral-video-chart/viral-spice-responses-crush-original-ads-web-views/145015/>
 - http://www.bnet.com/blog/smb/lessons-from-the-old-spice-man/1554?tag=mantle_skin:content

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Examples of NZ Success

- Icebreaker and Untouched World – Creating world class Brands
 - <http://nz.icebreaker.com/> <http://www.untouchedworld.com/>
- Kaitaia Fire and Linden Leaves– Competing against Big Brand Bullies
 - <http://www.kaitaiafire.com/index.pasp>
 - <http://nz.lindenleaves.com/en/>
- The Wine Industry – Positioning in the New Zealand Way
<http://www.nzwine.com/assets/sm/upload/42/9r/q9/vf/NZW%20Strategic%20Review%20Dec%202012.pdf>
 - NZ wineries:**
 - would not be able to sell viably at the prices that low cost countries can offer retailers
 - depend on the “quality halo” and the media interest generated by premium and super-premium NZ wines to sustain their relatively high prices within lower priced segments
 - lower priced sales, while viable, do not have the same potential to deliver high returns across the industry that premium sales can.

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What is Marketing?

Marketing is an organisational function and a set of processes for creating, communicating, and delivering value to customers and for managing customer relationships in ways that benefit the organisation and its stakeholders.

Future scenario:
What if we did it extremely well...?

What is Marketing Management?

Marketing management is the *art and science* of choosing target markets and getting, keeping and growing customers through creating, delivering, and communicating superior customer value.

What is Marketed?

- Goods
- Services
- Events and experiences
- Persons
- Places and properties
- Organisations
- Information
- Ideas

**Olives, Olive Oil?
Taste, Delight, Freshness, Purity, Health?**

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Company Orientations

- Production
- Product
- Selling
- Marketing

Where do you fit?

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Traditional Marketing Mix

Four Ps

- Product
- Price
- Place
- Promotion

Or change focus: Four Cs

- Customer solution
- Customer cost
- Convenience
- Communication

Should we add: People? Planet?

New Consumer Capabilities

- A substantial increase in buying power
- A greater variety of available goods and services
- A great amount of information about practically anything
- Greater ease in interacting and placing and receiving orders – Eg www.Amazon.com
- An ability to compare notes on products and services, and be critical! – Eg www.Dell.com
- An amplified voice to influence public opinion – Eg www.Facebook.com

Holistic Marketing

Holistic marketing sees itself as integrating the value exploration, value creation, and value delivery activities with the purpose of building long-term, mutually satisfying relationships and co-prosperity among key stakeholders.

Think about the complete Value Chain:
From production until the moment when customers dispose of your empty container

What is a Marketing Plan?

A **marketing plan** is the central instrument for directing and coordinating the marketing effort.

It operates at a strategic and tactical level.

A Good Marketing Plan requires Clear Corporate Direction

Good Mission Statements:

- Short, memorable, meaningful
- Focus on a limited number of goals
- Stress major policies and values
- Take a long-term view
- Define major competitive spheres

Rubbermaid Commercial Products, Inc.

“Our vision is to be the Global Market Share Leader in each of the markets we serve. We will earn this leadership position by providing to our distributor and end-user customers innovative, high-quality, cost-effective and environmentally responsible products. We will add value to these products by providing legendary customer service through our Uncompromising Commitment to Customer Satisfaction.”

Levels of a Marketing Plan

- **Strategic**
 - Analysis of marketing opportunities
 - Target marketing decisions
 - Value proposition
 - Approach to the competition
- **Tactical**
 - Product features
 - Promotion
 - Merchandising
 - Pricing
 - Sales channels
 - Service

Marketing Plan Contents

- ✓ Executive summary
- ✓ Situation analysis
- ✓ Target Market
- ✓ Objectives
- ✓ Marketing strategy
- ✓ Marketing Mix – 4 or 5 Ps
- ✓ Financial projections
- ✓ Implementation controls

Template Very Basic: www.taranakiscopes.co.nz/uploads/Marketing%20plan%20template.doc

Or register to access: <http://www.pacificbusiness.co.nz/biztools/biztemplates/>

Creating a Marketing Plan

- ✓ Make it simple
- ✓ Make it common sense
- ✓ Make it specific
- ✓ Make it realistic
- ✓ Make it complete

Segmenting Consumer Markets

- Geographics – Where do you sell?
- Demographics – To whom?
- Psychographics – What do they think?
- Behavioural – What are their habits?

Demographic Segmentation

- Age
- Life cycle / Life stage
- Gender
- Income
- Generation
- Social class
- Ethnicity

Who Buys your Products?

Psychographic Segmentation

- Lifestyles?
- Entertainers?
- Gourmets?
- Trendies? Arties?
- Health conscious?
- Gym bunnies? Athletes? Fitness freaks?

Who Buys your Products?

How do wine companies differentiate themselves?

Behavioral Segmentation

Decision Roles

- Initiator
- Influencer
- Decider
- Buyer
- User

Behavioral Variables

- Occasions
- Benefits
- User Status
- Usage Rate
- Buyer-Readiness
- Loyalty Status
- Attitude

Loyalty Status

- Hard-core – Single user
- Split loyals
- Shifting loyals
- Switchers

Maximizing Customer Lifetime Value

- Customer profitability
- Lifetime value

- Annual customer revenue: \$500
- Average number of loyal years: 20
- Company profit margin: 10%
- Customer lifetime value: \$1000

Customer Retention

- Acquisition of customers can cost 5 times more than retaining current customers.
- The average company loses 10% of its customers each year.
- A 5% reduction to the customer defection rate can increase profits by 25% to 85%.
- The customer profit rate increases over the life of a retained customer.

Strategies - Ansoff's Product-Market Expansion Grid

- Market penetration strategy
- Market development strategy
- Product development strategy
- Diversification strategy (eg Simunovich)



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Porter's Generic Strategies

- Overall cost leadership
- Differentiation
- Focus

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Competitive Strategies

- The Dominant player
- Market followers
- Market challengers
- Market nichers

Market Follower Strategies

- Counterfeiter
- Cloner
- Imitator
- Adapter

**Should we do this?
As a Company? As a Sector?**

Niche Specialist Strategies

- Quality-Price Specialist
- Service-Specialist
- Channel Specialist
- Brand focus

**Should we do this? As a Company?
As a Sector?**

Market Challenger Strategies

- Define the strategic objective and opponents
- Choose a general attack strategy
- Choose a specific attack strategy

Should we do this? As a Sector?

Marketing Warfare! General Attack Strategies

- Frontal attack
- Flank attack
- Encirclement attack
- Bypass attack
- Guerilla warfare – Ideal for small vs big!

Wage war on the Big Brand Bullies!
What should Olives NZ do?
How can you help?
Concerted effort. Many fronts!

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Specific Attack Strategies

Mmmm...

- Price discounts
- Lower-priced goods
- Value-priced goods
- Product proliferation
- Product innovation
- Manufacturing-cost reduction

Much better!

- Prestige goods
- Improved services
- Distribution innovation
- Intensive advertising promotion
- Brand development

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Grow the Pie...?

- NZ Olive Oil has 10% of the local Market
- Who are your main competitors? The guy sitting next to you? Or 'the others'?
- Grow the market of NZ EVOO – jointly – and your company will grow
- Co-opetition! Tell and promote the NZ story!

Start a propaganda war on the Big Brand Bullies!

What is the role for Olives NZ?

What is your role?

A concerted effort to educate the nation?

Create synergy – through a joint message strategy?

What is a Brand?

A **brand** is a name, term, sign, symbol or design, or a combination of them, imbued with value and personality, intended to identify the goods or services of one seller – or group of sellers – and to differentiate them from those of competitors.

What is Branding?

Branding is endowing products and services with the power of the brand.

The Role of Brands

- Offer legal protection
- Signify quality
- Create barriers to entry
- Serve as a competitive advantage
- Secure price premium
- Build a relationship with your customer

What is Brand Equity?

Brand equity is the added value endowed on products and services, which may be reflected in the way consumers, think, feel, and act with respect to the brand.

Advantages of Strong Brands

- Improved perceptions of product performance
- Greater loyalty
- Less vulnerability to competitive marketing actions
- Less vulnerability to crises
- Larger margins
- More inelastic consumer response
- Greater trade cooperation
- Increased marketing communications effectiveness
- Possible licensing or brand extension opportunities

Brand Elements

- Brand names
- Symbols
- Logos
- Colours
- Lettertype
- URLs
- Slogans
- Photography
- Characters
- Celebrities

What is Positioning?

Positioning is the act of designing the company's offering and image to occupy a distinctive place in the mind of the target market.

Value Propositions

- Tegel Chicken
 - Top tender chicken at a moderate premium price
- Domino's
 - A good hot pizza, delivered to your door within 30 minutes of ordering, at a moderate price

What is Yours? Tell your neighbour.

Defining Associations

Points-of-parity (POPs)

- Associations that are not necessarily unique to the brand but may be shared with other brands

Points-of-difference (PODs)

- Attributes or benefits consumers strongly associate with a brand, evaluate positively, and believe they could not find to the same extent with a competitive brand

**What are the PODs for NZ EVOO?
What are Your PODs?**

The War on the Big Brand Bullies

- Whittakers do it all the time – vs Cadbury
 - Good, honest, quality New Zealand chocolate since 1896
- L&P do it – vs Coca Cola, Fanta etc
 - World famous in New Zealand
- NZ Winegrowers, Cervena venison and Zespri have already done it – globally...
- Olives can do it too...Individually. Jointly

Tell Your Story! Enhance your Brand!