Marketing Strategy Evaluation – Part 1

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Part 1: Incorporating the Marketing Mix

The Importance of the 4 Ps

A businesses blueprint is its business plan. Without a solid plan for the future, a business is destined to be blown in any number of directions by market forces. A market analysis is invaluable to management and allows them to create the plan or blueprint for the future growth of the corporation. After a market analysis has been conducted, marketing and sales plans can begin to be developed (Williams, 2022). A market analysis provides valuable insight into a company's potential customers and competitors (Williams, 2022). The first element of a market analysis is the industry analysis (Williams, 2022). The industry analysis is to assess the general industry in which the firm will compete. The second element of a market analysis is the target market. Here, the firm identifies the target audience of potential customers that they will target with sales and hope to convert to profitable customer action (Williams, 2022). The third element is the competitive analysis. Here, the firm seeks to identify its present and potential future competitors in an effort to identify their strengths and weaknesses as well as the source of those strengths and weaknesses (Williams, 2022).

In the ordinary course of conducting the marketing analysis the firm would be wise to consider four components that are crucial to perfecting the plan for their future marketing efforts, to wit; Product, price, placement, and promotion (Emerald Works Limited, 2021).

The first, *product*, includes a marketing analysis of the product's potential use cases, how branding will appear on the product and packaging, what features will be included, the size of the product, its shape, its combination of colors, and the product's specifications (Emerald Works Limited, 2021). Product considerations are arguably the most important of all considerations since it is within these parameters that customers will either be interested or disinterested in owning the product. Suppose a high-end brand technology company plans to incorporate a lower-end product such as a smart light bulb to tap into a new market, but does not consider integration with major smart home brands such as Amazon Alexa or Google Assistant, then customers on existing smart home platforms would be totally disinclined to purchase the product no matter how attractive the pricing.

This leads into the second crucial component, price. Price is valuable to a marketing analysis because the corporation needs to know the perceived value of the product as perceived by the customer. Establishing the market price range will allow the product to be priced adequately and attractively to the customer while appropriately controlling discounts that can be applied to bring the customer to close the deal (Emerald Works Limited, 2021).

A third component of marketing analysis is product placement. This includes all aspects of how the product ought to be exhibited, displayed, and demonstrated (Emerald Works Limited, 2021). Some products' boxing and packaging are enough to lure potential customers in and communicate everything that is necessary right there on the box with words and pictures. On the contrary, some products require a proper demonstration in order for the customer to fully understand how it works, what it does, or possible use cases for the item.

Finally, promotion, is an aspect of target market analysis where the firm must consider which specific methods of advertising they will use. Examples include, print advertising, radio adverts, video commercial advertising on television, digital advertising, online adverts, and virtually any method the firm may use to promote the product (Emerald Works Limited, 2021). In conducting the 4P's of the marketing analysis, the firm will have analyzed what they have previously done, what has worked, what has not worked, and what the target audience may be seeking more of. After the firm conducts the 4P's of the marketing analysis, adjustments to the current marketing strategy can be made and revisited as may be necessary.

New Selling Strategies

After target market analysis is performed and product, price, placement, and promotion are each considered and applied, the specific selling strategy that sales personnel use will need to be considered. There are four main selling strategies based on the type of relationship the customer and company have or desire moving forward, to wit; script-based selling, needs-satisfaction selling, consultative selling, and strategic partnering.

Script-based selling is the most minimally intrusive of the four. In script-based selling, sales personnel say the same things to every customer. Because of this, they do not need to ask many questions or probe into the customer's life or needs as they may relate to the product. A great use-case for this selling strategy comes about when a product is very common, needed by the masses, and does not really require any specialized skill to operate. An example would be a frying pan. A picture on the packaging may show or declare that the pan is non-stick, or declare some other enhancement, but beyond this, not much would be needed to sell the product. Script-based selling works well if the needs of customers do not vary much (University of Minnesota, 2010). There are some inherent benefits to script-based selling, such as the way it helps sales personnel to avoid missing key details about the product or promotion. However, a major drawback of this strategy is that it often can fail to create a connection with the customer and the sales personnel may have difficulty closing some sales.

The second selling strategy, needs-satisfaction selling incorporates a process of asking questions to identify the customer's specific needs for a given type of product, or to identify problems that the sales representative can then present the product as the solution to (University of Minnesota, 2010). As an example, a sales rep may identify that a potential customer needs additional light in a room, the rep can then ask questions which may reveal that the potential customer believes the light switch is very inaccessible. This information will allow the sales rep to explain that their new smart-bulb can be controlled using a compatible voice-assistant technology such as Amazon Alexa or Google Assistant to remotely turn on or off the smart-light. Needs-satisfaction selling helps the company meet the needs of the potential customer (University of Minnesota, 2010).

The third selling strategy is consultative selling. Consultative selling involves an open dialogue between the salesperson and the potential customer. In this strategy, the salesperson identifies and proposes a solution that is customized for the customer and designed around a specific problem that they have (University of Minnesota, 2010). Consultative selling may involve the proposal of multiple products or high customization to solve the customer’s problem. Company representatives typically take in a sales commission for their work using this selling strategy and companies usually have very high customer satisfaction since customers usually get a lot of personal attention while the right combination of products or services is determined by sales personnel.

Finally, strategic partnering is a selling strategy which involves the use of influencers or brand ambassadors who leverage their following to bring about a greater level of success for the brand.

Persuasion and Consumer Behavior

Persuasion is used to influence customer behavior in a marketing form known as content marketing, a method designed to attract and retain customers (Flick, 2021). Content marketing is a form that is highly beneficial to the customer because the firm uses it to add value and relevance, at no cost to the potential customer. The form is personal, and therefore also boosts audience retention. Additionally, the form is financially beneficial to companies that employ it (Flick, 2021). A sales rep begins by creating value. He or she does this by sharing details that may be new and preciously unknown to the potential customer. As the rep begins sharing, the customer’s interest is stimulated. During the conversation, the sales rep uses four persuasive steps, to wit; attraction, authority, affinity, and action (Flick, 2021).

In the attraction stage, the representative provided valuable information about the product without expecting anything in return (Flick, 2021). The representative seeks to be informative while also keeping the customer engaged. The second stage, authority, is when the salesperson subtly persuades the customer of his or her expertise. The representative does this with knowledge of specific industry terms, through answering questions that the customer may have, and by persuading the customer that the solutions that he or she is offering will resolve all open issues (Flick, 2021). Next, the salesperson dazzles the customer with his or her likeable personality and during this stage, known as the affinity stage, he or she utilizes the conversation to establish and build trust with the customer. Finally, in a stage known as the action stage, the rep attempts to persuade the customer to make a profitable action, such as purchasing the product or service. This is done with positive, persuasive, and leading questions which ultimately are designed to positively influence customer behavior.

Part 2: Incorporating Creative Value

Value Proposition

A product may have the best advertising campaign or the best marketing strategy, but if the product itself does not have value or provide value to the customer, then it will never sell or be profitable. The value proposition is the value that a company proposes to provide to the customer when he or she purchases a given product from the company (Strategyzer AG, 2019). Applying a value proposition to a brand is about giving customers a reason to choose the brand over others (Strategyzer AG, 2019).

When a company creates a product that has value or enhances the customer's life in some way, they are creating value (Menai Insight, LLC, 2021). Further, it goes without saying that a product is worth more as it has more value. Companies create more value by continuing to innovate and also occurs as their product solves problems (Menai Insight, LLC, 2021). A great example of this would be the problem of needing to go from room to room to shut lights off that have been left on. Smart bulb manufacturers created value for customers by creating a product that could be turned on or off whenever the customer invokes a voice command. With one command, an entire house full of lights could be turned off, or on.

Value capture works similarly, but applies to the company that has created the value (Menai Insight, LLC, 2021). Value capture describes a company's ability to retain some value that it has created (Menai Insight, LLC, 2021). Generally speaking, the more value the company retains, the more it can charge for its products and the more potential for recurring revenue that it has. A great example of a company striking this balance is Microsoft. Microsoft created value by creating the Microsoft Office suite of programs such as Microsoft Word. It further creates value when they release updates and new features to the Microsoft Office software. They found a way to capture value (and take it back) by creating the Microsoft 365 subscription service. Without the subscription service, customers won't receive access to the new features or product updates; and, with the subscription service, they will. Microsoft came out with an update that added text prediction. This feature added tremendous value for end-users, but can only be obtained and used if they continue to pay the monthly service fee to have a subscription to the Microsoft Office product suite.

The Value Proposition and the Marketing Environment

In the above example, Microsoft's value proposition includes each individual Microsoft Office software program and all of the viewing, editing, and creation tools within the program. The value proposition extends Microsoft's ability to meet the needs of its customers. Value propositions may come in the form of items that enhance value and can be measured in quality or in quantity (Strategyzer AG, 2019). A product may be deemed by consumers to have value based on how new it is, how well it performs, the customization that is offered, the ability of the product to assist with completion of other tasks, the design of the product, the reputation that association with the brand affords, a low or competitive price, the product's ability to cut the customer's operational expenses, the ability to reduce risk, or the ability to increase customer convenience (Strategyzer AG, 2019). Because of these factors, the marketing environment is always challenged as companies compete to offer the most effective product at the best price point.

While consumers are solely seeking to obtain value for themselves out of products they purchase, businesses may also be seeking business value. Business value describes value received from a product that enhances the company's health or well-being, beyond that which is enhanced by mere financial gain (Sward, 2006). An example would be a company that decided to purchase a new biometric time clock. The biometric time clock would cut down on payroll disputes from hourly employees and at the same time ensure that employees would not be able to clock out for one another.

Cultural value is another element of value proposition and is defined as the value a consumer receives from continued association with a given business (Haken, 2021). It can simultaneously refer to the exponential increase in value colleagues receive from working together more fluidly within a company's staff (Haken, 2021). A great example of this is seen when two financial institutions merge. In this instance, customers always benefit from the expertise of the staff since they come from two distinct environments with distinct strengths and skillsets. In a reciprocal way, colleagues of the merged institutions become better situated to create value to customers.

Porter's Five Forces

The perfect balance must be struck between creating value and capturing value. Companies desire to increase their value proposition by creating value for the customer, but must ensure they capture value to bring in recurring income, repeat customers, and to succeed in the market against the competition. Porter's Five Forces is a framework that is useful to ensure the firm maximizes its ability to capture value. Porter's five forces include: Buyer power, supplier power, rivalry within the industry, the threat of substitutes, and the threat of new entrants (Menai Insight, LLC, 2021).

When developing an overall marketing strategy to create value for the brand and for the customer, buyer power must be considered. This is the extent to which customers are able to drive down product pricing (Menai Insight, LLC, 2021). A great example of this is when customers desire to purchase in bulk or are generally sensitive to cost (Bruin, 2020). A second consideration accounted for by Porter's five forces is the counterbalance, supplier power (Menai Insight, LLC, 2021). This includes the number of suppliers in the market, and the uniqueness of the product line (Bruin, 2020). Using these two factors and others, suppliers are able to drive the price higher and capture more value (Menai Insight, LLC, 2021). A third consideration of Porter's five forces is the rivalry in the industry, or the extent to which value is diminished by the price set by competition within the industry. While this is great for customers, it takes value away from businesses (Menai Insight, LLC, 2021). Next to last is the threat of substitutes which works similarly to rivalry in the industry in that value decreases because of competing substitute products. This also helps capture more value for customers as more and more choices abound. Finally, Porter's five forces takes the threat of new entrants into consideration. As more companies vie for customers' attention and purchases, value is increased for the customers and decreased for businesses. The more competition in the market, the better price customers are able to obtain.

Marketing plays a big role in combating forces which may take value away from businesses. For example, to combat the bargaining power of buyers, companies can create sales that are limited in time and availability. The scarcer a product is, the higher the price that can be fetched. Businesses may also choose to use cheaper parts in creating products and this too can be used to claw back value. Marketing can also be used to increase the bargaining power of suppliers. Companies could create more SKUs and this variety and increase in choices for the customer will help to increase a company's ability to capture value. Another of Porter's five forces, rivalry in the industry, can be a challenge to companies' ability to capture value, but with a marketing campaign that involves brand ambassadors, a company can differentiate themselves from the competition and stand out by leveraging the brand ambassador's social media channels and ability to influence followers. Marketing is also helpful in combating the threat of substitutes. To do this, the company can increase the perceived level of product differentiation. This can be accomplished by customizing products with names, logos, and images of popular companies or games that are familiar to customers. When Minecraft first became popular, marketers were quick to customize all kinds of merchandise. We saw Minecraft blankets, pillows, computer towers, board games, et cetera. Finally, marketers can shape strategy with working knowledge of Porter's explanation of the effects of the threat of new entrants to the market. A loyalty program launched as a well-crafted marketing strategy would help keep customers loyal and prevent customers from shifting purchases to competitors, including new entrants. Porter's Five Forces theory is valuable in developing an overall marketing strategy and can be used to create value for the company's brand and product offerings.

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