



Prince Mohammad Bin Fahd University

BUSI 3313 101 – Marketing Principles

Group Project Assignment

You have been randomly allocated to a group with two or three other students. Randomization (1) avoids allocation of students to pre-existing, cohesive sub-groups (for example a group of three students' friends against which three students who did not previously know each other would probably struggle); (2) increases likelihood of spreading assets and capabilities; and, (3) evidences that nobody has been given a special advantage. When you enter the workplace, you are likely going to work with fresh faces, so get used to it.

This semester-long project requires each group to **develop a marketing plan for a Saudi Arabia-based company, product or service**. The project accounts for 30% of the course mark. Marketing concepts discussed in the course must be addressed in the project.

Groups are encouraged to submit a short summary of their project to the Instructor as early as possible in the semester for review, but the Instructor will not provide detailed feedback on project content prior to assessment of the final submitted group project assignment.

Groups are strongly recommended to obtain instructor approval of their project topic.

The project consists of a Written Assignment. The Written Assignment is to be submitted via Blackboard for assessment **no later than 10 a.m. on Thursday 12 December 2019**.

As with in-class case analyses, the Assignment should neither simply repeat case raw material, nor describe the Module's frameworks, concepts, tools and techniques, but be analytically evaluative, marshalling case facts to support arguments. The Assignment requires each Group to:

- a) Develop a marketing plan and evaluate (assess, compare and contrast) it with at least one other feasible marketing plan option that might improve upon the situation presented in your case.

- b) Make a recommendation based on the group's analysis of what the firm/manager should do. Make sure that your group helps your reader understand the assumptions you make in your evaluation of the advantages and disadvantages of options, your decision criteria, and why you chose your marketing plan.
- c) Incorporate within the group's analysis a refutation of the alternative marketing plan(s).
- d) Draw into the analysis parallels to similar situations (i.e., examples of other firms facing similar marketing challenges, and/or discussions of industries where such issues are common).
- e) Succinctly summarize the group's key takeaway(s) of analyses (i.e., what lessons can other firms facing similar challenges take from your analyses and recommendations for your marketing plan?).

Each Group should then upload and submit as a single document its completed written marketing plan **by 10 a.m. on Thursday 12 December 2019**.

Group members may discuss the cases with any other course member, not only their respective group members, but each group must write up its submission independently.

Your submitted Assignment should be analytically evaluative, marshalling case facts to support arguments. The submitted written assignment should be no more than 20 pages long, be formatted with 2.54 cm. ("Normal") margins, "1.5" line-spaced, paginated, and 12-point Arial or Times New Roman font. Figures, tables, and references may be added provided they are within this overall page limit. Ensure that each page is numbered and state the page length on your cover sheet. Exceeding the number of pages or word count implied by the guidance in the preceding paragraph will result in the deduction of ten percentage points – that is 10 marks; thus, a score of 85% would be reduced to 75%. Cite and reference all sources, including a Bibliography at the end of the document (the Bibliography is outside the 20-page limit).

Ensure each page is numbered and state the page length on your cover sheet. Exceeding the number of pages or word count implied by the guidance in the preceding paragraph will result in the deduction of ten percentage points – that is 10 marks; thus, a score of 65% would be reduced to 55%.

The Appendix provides some additional guidance.

Appendix: Additional Guidance for preparing Marketing Plan

The textbook (Table 2.2, p. 81) contains an outline of a typical marketing plan.

You will find it helpful to discuss two sets of decisions every organization needs to make: the *aspiration decision* (what the company hopes to achieve in the market) and the *action plan decision* (or "marketing mix" of the 4Ps- product, promotion, placement, and price) – see pp. 77-79 of the textbook.

There is no one way to market a product or service effectively; indeed, organizations often adopt different strategies for their different offerings. For example, General Electric's approach to selling microwave ovens to millions of households differs, more than a little bit, from how it sells aircraft engines to the handful of firms that buy them. Similarly, different firms within the same industry employ different approaches. Steinway devotes itself to "Making the World's Finest Pianos" (and nothing else) by strictly limiting the types of pianos it manufactures and the types of outlets through which it sells. Competitor Yamaha, on the other hand, offers everything from grands and uprights to digital pianos and portable keyboards. L'Oréal of Paris has a policy that its cosmetics can be found at a wide variety of retail partners in the United States, including department stores, grocery stores, drugstores, and mass merchants, while Mary Kay cosmetics can be purchased only from a certified Mary Kay beauty consultant (including online, telephone, and in-person orders).

A given organization might also change its marketing approach over time. Samsung Electronics, for example, launched in 1969 with a low-cost strategy, and in 1990, the company's marketing head referred to Samsung as a "third-tier commodity brand with very little product differentiation." Shortly thereafter, Samsung focused on developing manufacturing expertise to compete on the basis of the highest quality products. In 2013, it was rated number 8 in Interbrand's "Best Global Brands of 2013" tabulation – the highest rated non-US company on the list. That same polling had rival Sony at number 46, showing the extent of Samsung's transformation from a low-cost player, with a reputation lagging far behind Sony, to a top quality producer.

Customer differences – in what they value in a product or service, how they want to buy, and how they trade off price versus benefits – mean that some customers more naturally fit the capabilities and aspirations of a given company. As companies seek to find and keep different kinds of customers, it logically follows that the market will be populated with products of varied specifications, promoted and distributed in a variety of ways, and priced at different levels.

Even though there is more than one way to go to market, we can nevertheless articulate a best practice for thinking about how to develop a marketing strategy for a particular circumstance. Such a framework is shown below:



Schematic of Marketing Strategy Formation Process

This framework contains three interrelated elements in the marketing strategy formation process: analysis, decisions, and outcomes. The middle of the diagram depicts the two different sets of decisions an organization needs to make: the aspiration decision and the action plan decision.

The aspiration decision (which we can think about in terms of what value the product will represent to what kind of customer) specifies what the firm hopes to achieve in the market. This involves three steps: (1) *segmenting* the market to identify possible groups to serve, (2) selecting or *targeting* a specific group or groups to address, and (3) determining the desired *positioning* in the mind of the selected customers (that is, what should the customer be thinking about the firm's offering, relative to other options?). The steps in working out the aspiration decision are popularly known as STP (segmenting, targeting, and positioning).

Examples abound of firms consciously positioning products and services to target a particular set – or segment – of customers. In fact, many companies renounce some potential customers so they can focus exclusively on a select customer group, whose wants their product is particularly well suited to serve. The Coca-Cola Company describes its Coke Zero as being “created with young adults in mind.” IKEA particularly wants you as a customer “if you can do simple things like pick up your purchases and assemble them at home.” “Bugs” Burger Bug Killers unconditionally guarantees pest elimination, not just pest control, and therefore accepts only customers willing to follow its strict cleanup regimen – and to pay premium prices. Marriott designed its Courtyard hotels for business travelers and its Residence Inns for those on an extended stay. Zipcar's car-sharing service, first operating in Boston, sought to solve the transportation and parking problem of urban dwellers and college students, who were generally neglected by car-rental companies with their “no one under 25” rules. Outotec of Finland offers its gold- and copper-mine design and construction services for the most challenging set of circumstances, because those circumstances play to the firm's distinctive engineering skills.

Looking at customer segments and how the purchase process varies across them allows organizations to fine-tune the marketing mix to meet the particular needs of chosen customers. Indeed, segmenting customers has become a key aspect of marketing today. In the words of Theodore Levitt, “if you’re not thinking segments, you’re not thinking.”¹

An organization’s target market selection decision is critical, because customers ultimately set their own purchase criteria and thus dictate the rules by which the marketing game will be played. Thus the target market selection should consider the firm’s corporate goals and the fit of the segment with these goals; it should also consider the firm’s comparative strengths and weaknesses vis-à-vis competition, given the target market’s purchase criteria.

The most widely used segmentation bases are demographic (e.g., age, income, gender, occupation), geographic (e.g., nation, region of country, urban versus rural), and lifestyle (e.g., hedonistic versus value-oriented). An alternative type of segmentation variable is the customer’s behavior or relationship to a product: for example, the customer’s user status (nonuser versus user), usage rate (light, medium, or heavy user), and loyalty status (none, moderate, strong, or totally loyal). With the widespread use of customer loyalty cards, usage-related customer segments can now be readily identified and targeted. For example, Catalina Marketing maintains three-year purchase histories for over 200 million unique loyalty-card identifiers.

In the segmentation and target market selection process, a company has to play out various scenarios. Consider the positioning part of the aspiration decision: If we pursue this segment, how would we approach it and what would we want segment members to see in us? Positioning answers these questions. The answers should be formalized in a positioning statement. A positioning statement can take many forms, but effective statements specify the following essential elements:

1. The target customer, as defined by the segmentation variables
2. The wants of that customer
3. The product type and category, as seen by the customer
4. The key benefit to be provided to the target customer.

For example, Tybout and Sternthal recount the following positioning statement for Zipcar:

To urban dwelling, educated, techno-savvy consumers who worry about the environment that future generations will inherit, Zipcar is the car sharing service that lets you save money and reduce your carbon footprint, making you feel you have made a smart, responsible choice that demonstrates your commitment to protecting the environment.²

¹ Theodore M. Levitt, *The Marketing Imagination: New, Expanded Edition* (New York: Free Press, 1986), p. 128.

² Alice M. Tybout and Bobby J. Calder, eds. *Kellogg on Marketing*, 2nd ed. (Hoboken, NJ: John Wiley and Sons, 2010), p. 89.

Once the aspiration decision has been made, the firm can begin to work out its action plan, commonly known in marketing as the four Ps of the marketing mix (we use the term *mix* because the elements all need to work together to form a cohesive plan.) Three elements of the plan create value for the customers – the *product* offered, communication to the customer about the product (*promotion*), and mechanisms to distribute the product to the customer (*place*). The final element of the mix is the *price* charged for the product, which generates revenue for the firm.

A meaningful target market selection typically provides focus by deliberately excluding some customers from the market served. For example, in its early days, Dell consciously renounced first-time buyers of a personal computer because the buyers lacked the sophistication required to custom-design a machine on the web.

Kotler articulated the fundamental importance of making the aspiration decision: “The advantage of solving the *positioning problem* is that it enables the company to solve the *marketing mix problem*. The marketing mix – product, price, place, and promotion – is essentially the working out of the tactical details of the positioning strategy.”³

The value created for the customer through the first three Ps is the upper bound on the price the company can charge and still attract a customer. Obviously, organizations aspire to create value, such that the upper bound on price is greater than the unit cost of producing the value.

As shown on the left side of the framework, an organization needs to analyze the market in order to make good aspiration and action plan decisions. Usually this requires an analysis of the five Cs (customer, company, collaborators, competition, and context).

When developing a marketing strategy, a company should undertake a five Cs analysis, starting with the primary C of (1) *customer* behavior, supported by analysis of the (2) *company* (e.g., what special skills, competencies, and assets does the organization bring to the task of creating and keeping customers?), plus (3) *collaborators* (e.g., which suppliers can partner with the firm in its effort to attract and keep customers, and how they can be enlisted and motivated to participate as desired), (4) *competition* (e.g., who else seeks to create and keep the same customers? What capabilities do firms bring and what are their aspirations? What is their blueprint for competing?), and (5) *context* (e.g., what cultural, technological, and legal factors limit what is possible?).

To indicate its primacy for marketing decision making, this framework places the first C – customer – in the middle of the circle under analysis. Here we assess who is involved in a purchase decision and how customers approach that process. For example, when purchasing a laptop computer, what criteria does the customer use to make a decision? Does she trade off various

³ Philip Kotler and Kevin Lane Keller, *Marketing Management*, 14th ed. (Upper Saddle River, NJ: Prentice-Hall, 2014), p. 47.

attributes against one another (e.g., weight versus screen size versus price) or does she have a set expectation that the product must meet or exceed for each attribute? The customer analysis is followed by close examination of the remaining Cs.

A company's choice of actions in the middle of the framework then has to be funded and implemented. For example, if part of the chosen marketing mix is promotion via a company-owned sales force, the company must then develop and field such a sales force. The decisions in the middle column thus determine how successful the company will be at acquiring a customer, whether that customer is retained over time, and at what rate of purchase. The decisions made also determine the costs of the product or service and the supporting marketing costs.

As the framework illustrates, the actions of the firm create not only short-term financial results but also a franchise, the platform for future marketing efforts such as its brand reputation and customer loyalty. This is not a linear process. Rather, there is a back and forth between analysis and decisions. The need to choose between action alternatives determines the specific analysis the firm should undertake. For example, if a manufacturer decided to distribute its goods through retail channels, rather than just selling on its own website, it would need to drill down further in its analysis to decide between, say, Target and Walmart, or to identify smaller, local firms.