

Strategic Marketing Programme

Mark J. Peters

Agenda for Programme

1. What is Marketing
2. Why is Marketing important for an organisation like Standard Bank
3. Case Study – Nu Balance
4. Marketing Planning
5. Branding, Differentiating and Positioning

Are you in Marketing?

What is the function of marketing within an organisation? What is that perception of the rest of the organisation?

“Marketing is much too important to leave to the Marketing department... In a truly great marketing organisation, you cannot tell who is in the marketing department. Everyone in the company has to make decisions based on the impact on the CUSTOMER”.

Marketing begins with top management. If top management is not convinced of the need to be customer minded, how can the marketing idea be accepted and implemented by the rest of the company.

What Marketing is Not?

IT IS NOT JUST ADVERTISING AND SALES

IT CERTAINLY IS NOT JUST AN ADD ON DEPARTMENT?

IT IS NOT JUST ABOUT PRODUCTS AND SERVICES

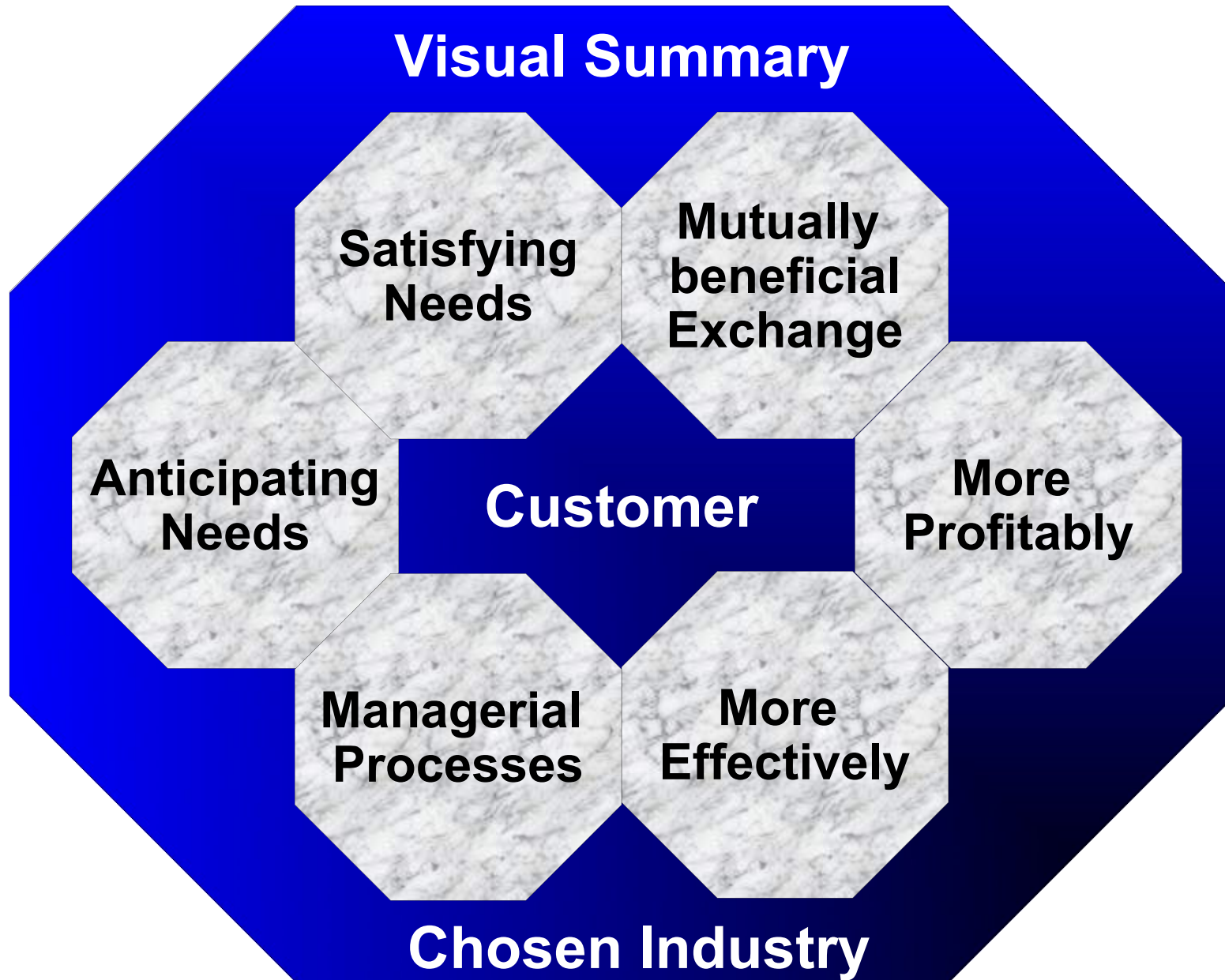
IT IS NOT JUST PR AND PARTIES

Marketing Defined

Marketing is the process of planning and executing the conception, pricing, promotion, and distribution of ideas, goods, and services to create exchanges that satisfy individual and the firm's goals.

Marketing is about:

- Anticipating and satisfying customer needs
- By means of mutually beneficial exchange processes, and
- Doing so profitably and more effectively than competitors
- By means of effective managerial processes.



To Summarise:

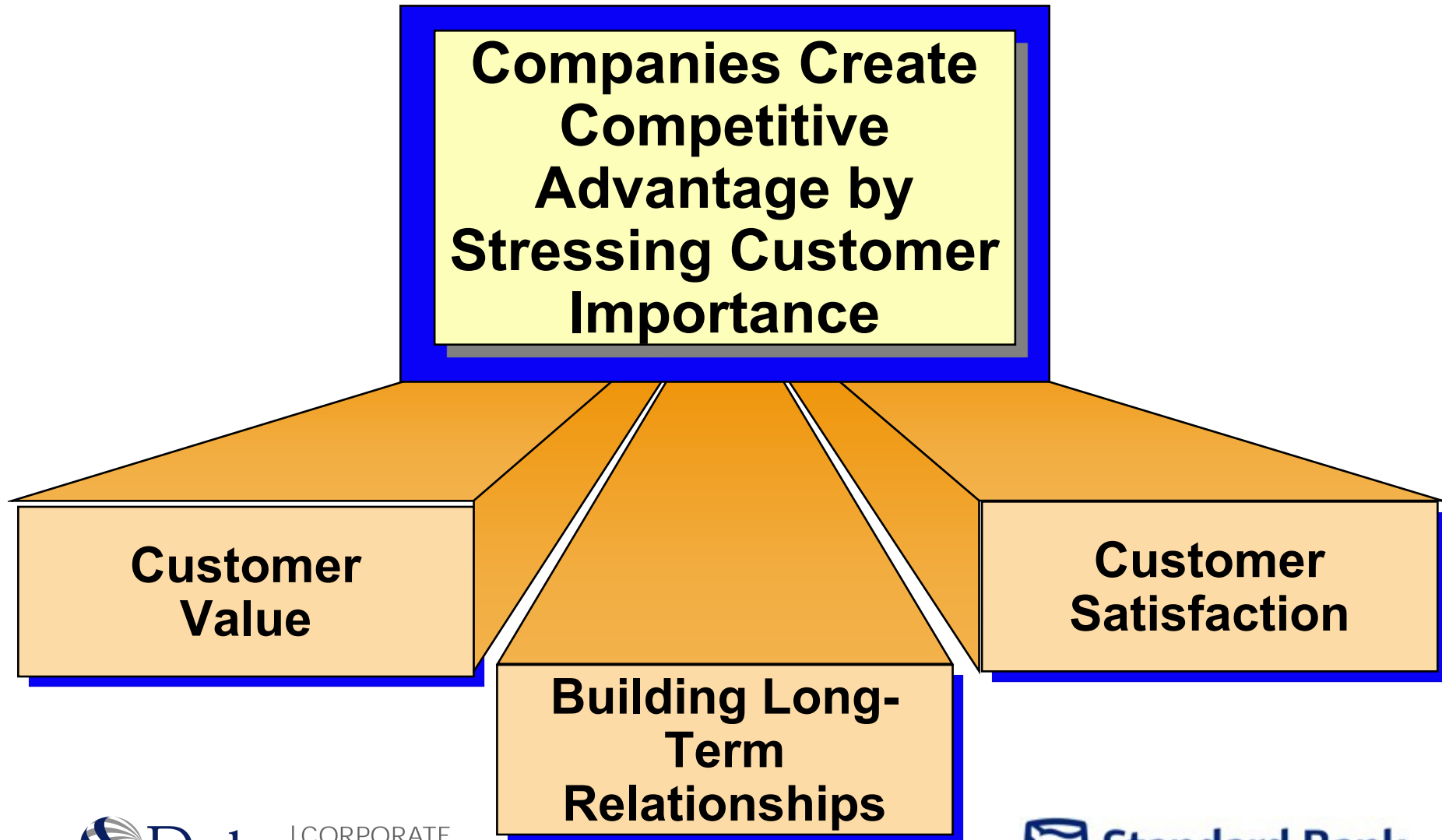
- Marketing refers to the activities that provide need-satisfying products to buyers at profit - the reward for creating a satisfied customer
- It's a philosophy, an attitude, it's a management orientation, it becomes a culture
- End result is satisfied customers and sellers

WHY IS CUSTOMER SATISFACTION SO IMPORTANT?

Customer Satisfaction:

- Cheaper to keep a customer than acquire a new one
- Base profit from existing products/services
- Revenue Growth as customer earns more and expands the relationship
- Cheaper to serve over time
- Increased business from referrals
- Premium pricing as customers become brand loyal

The Importance of Customers



One of the strategic roles of
Marketing then is the art of attracting and
keeping profitable customers and doing this by
maximizing customer lifetime value!!!!!!

Creating a Sustainable Competitive Advantage for Standard Bank

The ability to grasp and create new opportunities by getting closer to consumers and anticipating their needs and the shifts in their needs ahead of the competitors can yield an important competitive advantage

Creating a Sustainable Competitive Advantage

- You have to be something special to someone
- This Special relationship must be sustainable over time
- Must be based on dimensions that are important to customers

**You still have to pose the question
however...**

Will your competitors outperform you because they have an ability to deliver Perceived Superior Customer Value greater than yours over a protracted period of time? And create a Sustainable Competitive Advantage?

Remember perception is reality!

Sources of Competitive Advantage that can lead to a Sustainable Competitive Advantage

1. Service quality e.g., British Airways

2. Customer value e.g., Toyota, Mr Price

3. Customer satisfaction e.g., In banking – Who??

**4. Customer oriented personnel e.g., Avis,
Disney,**

5. Well-trained employees e.g., FedEx

**6. Others, cost, quality (Mercedes), flexibility,
location (V&A), safety (Volvo), exclusivity (Gucci),
product design (Gillette), Distribution (SAB)**

If you truly want to maximise customer lifetime value, isn't it
time you reviewed the

DOMINANT LOGIC OF YOUR COMPANY?

Are you a product driven organisation?

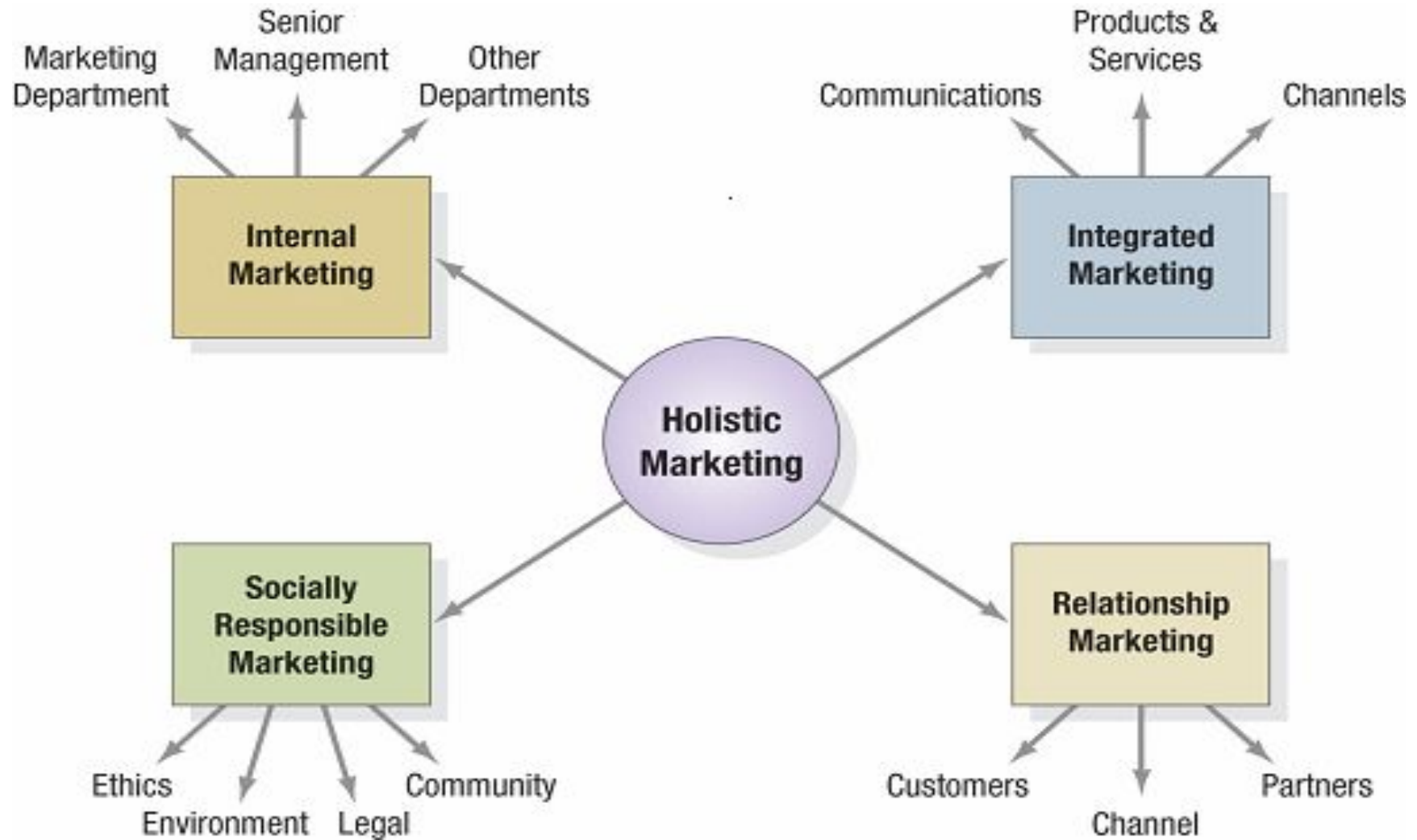
Are you a sales driven organisation?

Shouldn't you be a Market Orientated organisation?

Dominant Logic in Today's Organisation

<u>Philosophy</u>	<u>Key Focus</u>
Product	Product features and product quality
Sales	Techniques to overcome customer resistance
Marketing Department Orientation	Just good enough to have a marketing department
Marketing Orientation Satisfying customer needs and wants at a profit	

Holistic Marketing Concept



The Holistic Marketing Concept

- Smart marketers recognise that marketing activities within the organisation can be just as important as the external marketing drive
- It makes little sense to promise excellence in service before the staff is ready to perform
- Internal marketing must takes place on 2 levels
- The various different marketing functions must work together e.g. Sales, customer service, research
- Marketing must be embraced by other departments They must think customer!!!
- Remember, Marketing is not a department so much as a company wide orientation

Importance of Marketing

Latest Challenges Facing Marketers

- Customers are growing more sophisticated and price sensitive
- They are short of time and want more convenience
- They see growing product parity among the suppliers
- They have high service expectations
- They have decreasing supplier loyalty

Importance of Marketing

Latest Challenges Facing Marketers

- Getting better financial measures of the impact of marketing programs
- Developing more integrated information about important customers
- Getting marketing to be the company's designer and driver of market strategy
- Facing lower cost/higher-quality competitors
- Coming under attack from International Competitors

Importance of Marketing

Latest Challenges Facing Marketers

1. How can we spot and choose the right market segments (s) to serve?
2. How can we differentiate our offering from competitive offerings?
3. How far can we go in customising our offering for each customer?
4. What are the major ways in which we can grow our business?
5. How can we build stronger brands?
6. How do we create the right customer experience?

Importance of Marketing

Latest Challenges Facing Marketers

7. How can we reduce the cost of customer acquisition and keep them loyal for a longer period of time?
8. How can we tell which customers are more important?
9. How can we measure the payback from advertising, sponsorships and public relations?
10. How can we price and distribute our products and services correctly?

Importance of Marketing

What Marketers need to do from a strategic viewpoint?

1. They must study customer needs and wants and develop them in to well-defined market segments
2. They must allocate marketing effort in relation to the long-run profit potential of the targeted segments
3. They must develop winning offers for each target segment
4. They must measure company image and customer satisfaction on a continuous basis

Importance of Marketing

What Marketers needs to do from a strategic viewpoint?

5. They must continuously gather and evaluate ideas for new products and services, product improvements, and services to meet customers' needs
6. They must influence all company departments and employees to be customer-centred in their thinking and practice

Importance of Marketing

What types of Marketing is Standard Bank involved in?

1. Organisation-Wide Marketing
2. Business Unit Marketing (CIB and PBB)
3. Value Propositional Marketing (Private Banking)
4. Product Marketing (Credit Card)

Importance of Marketing

What types of Marketing is Standard Bank involved in?

1. Organisation-Wide Marketing

Organisation-wide marketing that builds the long term corporate brand amongst all major stakeholders including customers and staff and gives leadership to Business Unit marketing functions

Connotes a concern with corporate entities. By implication it denotes a strong link with strategy and that responsibility resides with the CEO and board

Importance of Marketing

What types of Marketing is Standard Bank involved in?

1. Organisation-wide marketing cont/d

Has ten elements:

1. Philosophy and ethos (what we stand for)
2. Personality (mix of subcultures)
3. People (lifeblood of our identity)
4. Product (core business/es)
5. Price (goodwill element in value and price)
6. Place (distribution relationships/channels)
7. Promotion (total corporate communications)
8. Performance (stakeholder ratings)
9. Perception and Positioning (image/reputation)

Importance of Marketing

What types of Marketing is Standard Bank involved in?

2. Business Unit Marketing

- Marketing and communication strategies and projects that fulfil business unit objectives e.g. events, advertising agency liaison etc.
- This could be domestic e.g. PBB and CIB as well as regional (Africa and Russia) and provincial.
- Must deliver on the overall brand strategy

Importance of Marketing

What types of Marketing is Standard Bank involved in?

3. Value Propositional Marketing

- Marketing and communication strategies that fulfil business unit objectives for this group e.g.. Private Banking requires a much greater degree of consultant availability and entrenches a one-to-one relationship e.g.. eventing, availability of client service support material, regular client contact etc.
- High level of a Relationship Marketing approach

Importance of Marketing

What types of Marketing is Standard Bank involved in?

4. Product Marketing

- Marketing and communication strategies that fulfil business unit objectives for example for the Credit Card business unit

Key Concepts in Branding

1. **Brand Equity** - The total value that the brand brings to a company over and above its net book value e.g. Coca cola has a brand equity of \$68.5bn
2. **Brand Positioning** - Brand Positioning is what the organisation's offering and image does to occupy a distinctive place in customers minds (target markets) e.g. ABSA vs. Nedbank vs. Standard Bank
3. **Brand Visual Identity-** The way in which elements of the brand are made to appear externally by means of a corporate logo or symbol, a service, packaging and slogan



Key Concepts in Branding

4. **Brand Protection** - a registered mark that gives the organisation the exclusive use of a name on a defined set of products or services in a specific or general category e.g. TM or ®
5. **Brand Valuation** - how the total value of the brand is estimated. interbrand for example uses various criteria including the brand's market position, age, nature and size of market, geographic spread, market trends, trademarks, consistency in advertising and promotion
6. **Brand Experience** - the total experience the customer has of the branded product or service e.g., Virgin Atlantic pre- and in-flight services

Branding?

Brands matter to every company because what a brand captures is distinctive –

This is the primary source of your company's competitive advantage and the ability to create value

The Importance of Branding

Can it really make a difference?

- Do we just go with the flow of brand names that have become synonymous with our daily lives...
- Examples: Nike, Coke, Vodacom, MTN, Levis, Mercedes Benz, Intel, Microsoft, Apple
- Customers / Clients like brands to which they can associate positive qualities
- Perception and Positioning play a vital role

The Importance of Branding

•Building Brand Equity – What tools can be used?

Owned word: e.g.. Volvo, BMW, Mercedes, FedEx

Slogan: tagline is hypnotic/subliminal e.g.. BMW, Standard Colours
e.g.. Red, Blue, Yellow

Symbols and logos and well known spokesperson Stories: e.g.
FedEx

Top South African Brands

Standard Bank (R10.165 bn)



MTN

Vodacom

Absa



First National Bank

Telkom



Castle Lager

De Beers



Old Mutual



Pick 'n Pay (R2.318 bn)

Source: Interbrand

South Africa's Coolest Brands 25 – 44 Years Old (2006)

1. Nike
2. Coca Cola
3. Levi's
4. Adidas
5. Vodacom
6. Nokia
7. Puma
8. MTN
9. Samsung
10. Reebok

Top Brands in South African 2006 - Banks

1. ABSA
2. Standard Bank
3. FNB
4. Nedbank
5. People's Bank
6. Ithala
7. African Bank
8. Teba Bank
9. NBS
10. Perm

Source –Brands and Branding 2006

Highlights of the Marketing Planning Process

Major Highlights of The Marketing Plan

1. Executive Summary

Main thrusts and recommendations of the plan (written last)

2. Situation Analysis

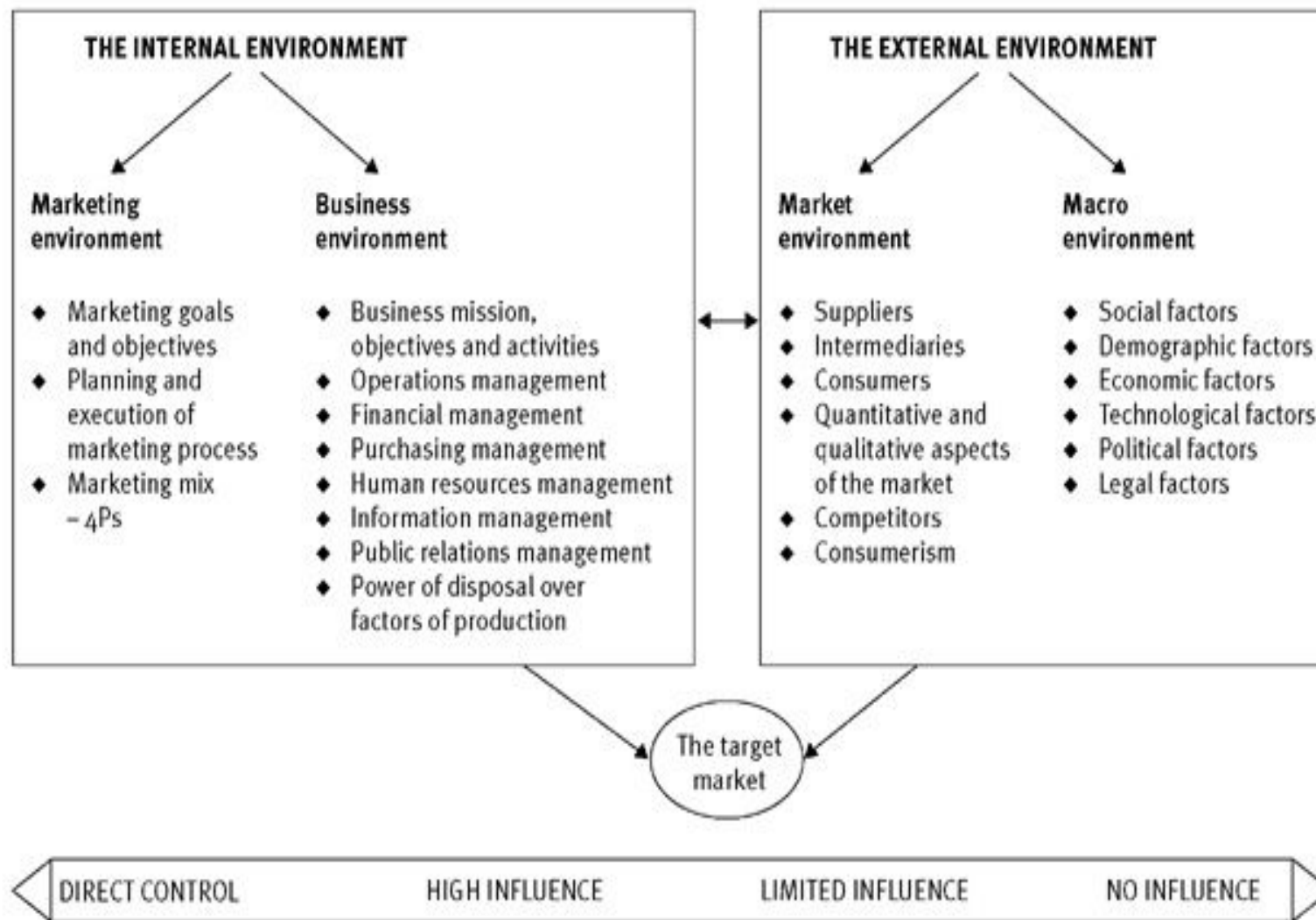
Short report on each of the following:

- 1.1 Macro-environment (PEESTI+C)
- 1.2 Market and customer environment – incl. Suppliers and Intermediaries
- 1.3 Industry and competitive environment
- 1.4 Internal (organisational) environment

3. SWOT Analysis *

List the key strengths, weaknesses, opportunities and threats facing the organisation or business unit or product/brand.

Figure 2.1 The components of the marketing environment



SOURCE: Adapted from Geel, F.C. and Tait, M. 2003. Unpublished lecture notes, University of Port Elizabeth.

Major Highlights of The Marketing Plan

4. Issues and Opportunities*

Specify the Opportunities & Key issues flowing from the SWOT analysis that are critical and have to be addressed in the plan (both negative and positive).

5. Marketing Goals and Objectives

4.1 Mission statement (optional)

4.2 Marketing objectives

- Corporate
- Marketing specific
- Objectives emanating from Opportunities and Key issues that have been developed

Major Highlights of The Marketing Plan

6. Strategy Development

- 6.1 Competitive advantage
- 6.2 Winning strategy/ies*

7. Marketing Strategy Portion of the Plan

- 7.1 Segmentation and Target market (s)*
- 7.2 Positioning strategy (as it relates to the brand personality and emotional positioning that you want communicated)
- 7.3 Product and Service Offering?
 - How is it priced (what is charged?)
 - Where can it be found? Place/Distribution
 - How can we communicate to our Key Customer Groups?*
 - What should our people do?
 - What process should be in place?
 - What physical evidence is associated with our bank?
- 7.4 Setting Strategic decisions mix

Major Highlights of The Marketing Plan

7. Budgets

8. Action Plan for Each Strategy

- 8.1 What will be done?
- 8.2 Who will be responsible?
- 8.3 When will it be done?
- 8.4 How much will it cost?

The Annual Marketing Plan

Setting Winning Strategies

The ability to grasp and create new opportunities by getting closer to consumers and anticipating their needs and the shifts in their needs ahead of the competitors can yield an important competitive advantage

The Annual Marketing Plan

Setting Winning Strategies

1. Cost Reduction – Budget Household Insurance, Kulula.com, Online/Virtual Banking
2. Improved Customer Experience – Starbucks, Harley Davidson
3. Highest Product quality – Toyota
4. Innovative Business Model – FedEx
5. Niching – High net worth woman's bank

The Annual Marketing Plan

Setting Winning Strategies

6. Product/Service Innovation – IPOD, ABSA Free Internet Banking
7. Overcoming Commoditisation – Mexican Cement company, Cemex
8. Design – Samsung, Bang & Olufsen
9. Grapevine – Buzz Marketing and word of mouth e.g. 94.7 and the Fugitive

The Annual Marketing Plan

Setting Winning Strategies

10. The use of Lateral Marketing – MBA = train + classroom, and in Banking?

11. Upscale to Technology-Enabled marketing - Turn CRM into CMR, Make tellers accountable for selling as well

12. Pay only for what you use – Hollard & Pay as you drive

13. Exploit the Internet – consultative, online focus groups, free research with a reward, new idea generation

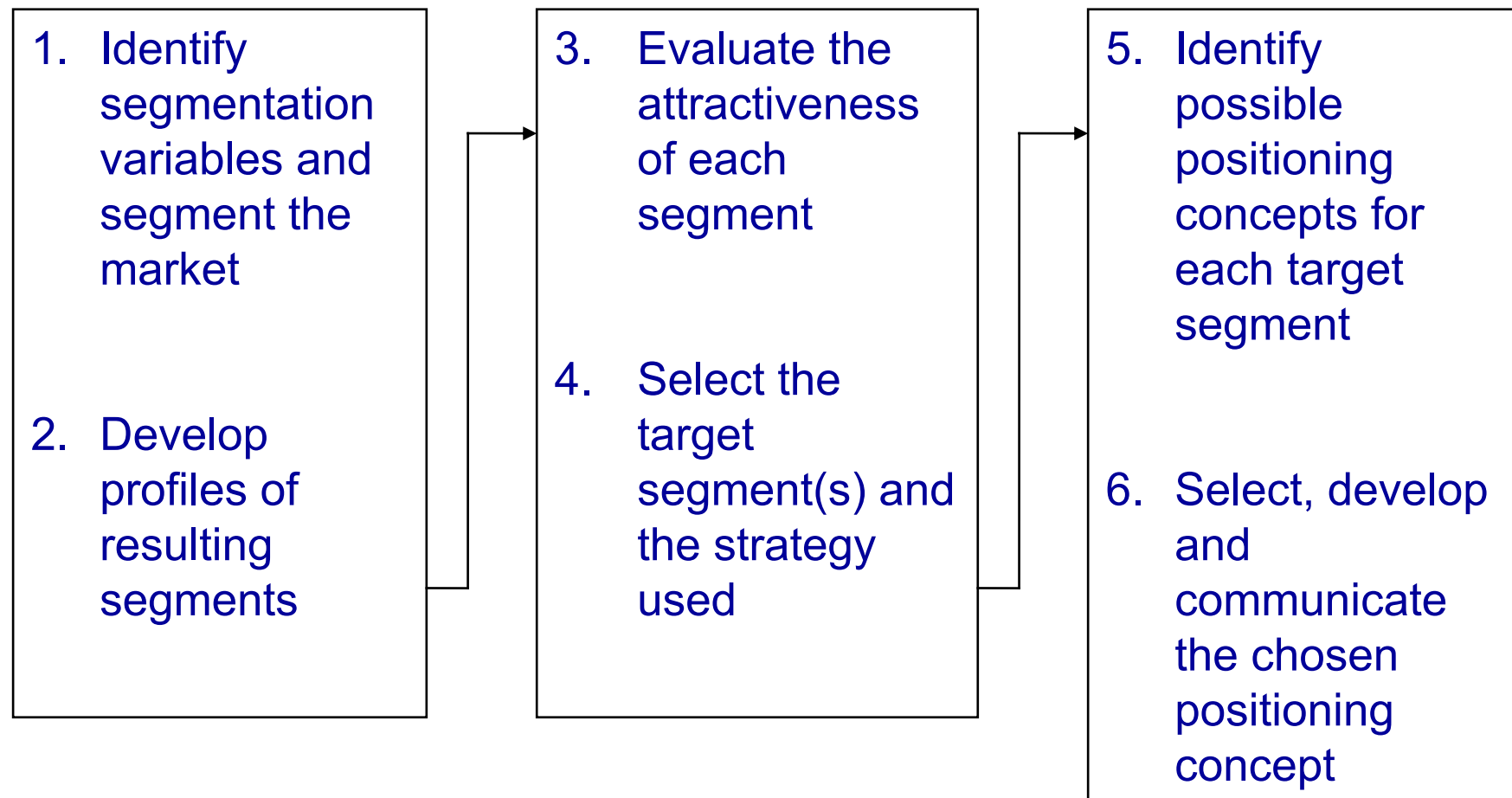
The Annual Marketing Plan

Setting Winning Strategies

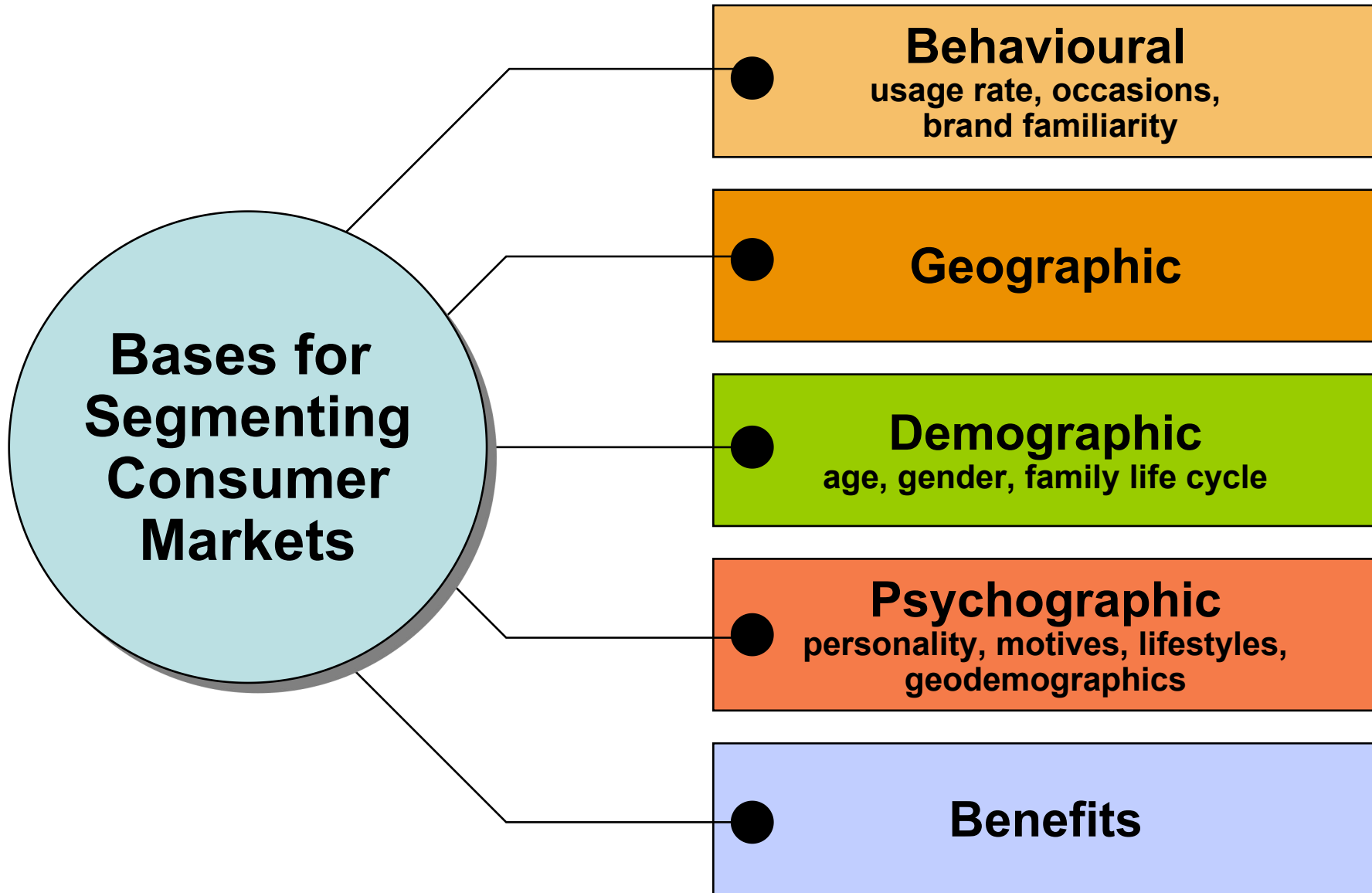
- a. You have to be something special to someone – your clients
- b. Must be based on dimensions that are important to your clients
- c. Must be sustainable over time
- d. Novel ways of differentiation lead to competitive advantage

E.g.. Outsurance, More legroom, Fetch Rover, Express checkout

The Annual Marketing Plan Segmentation, Target Marketing and Positioning (STP)



Segmenting Consumer Markets



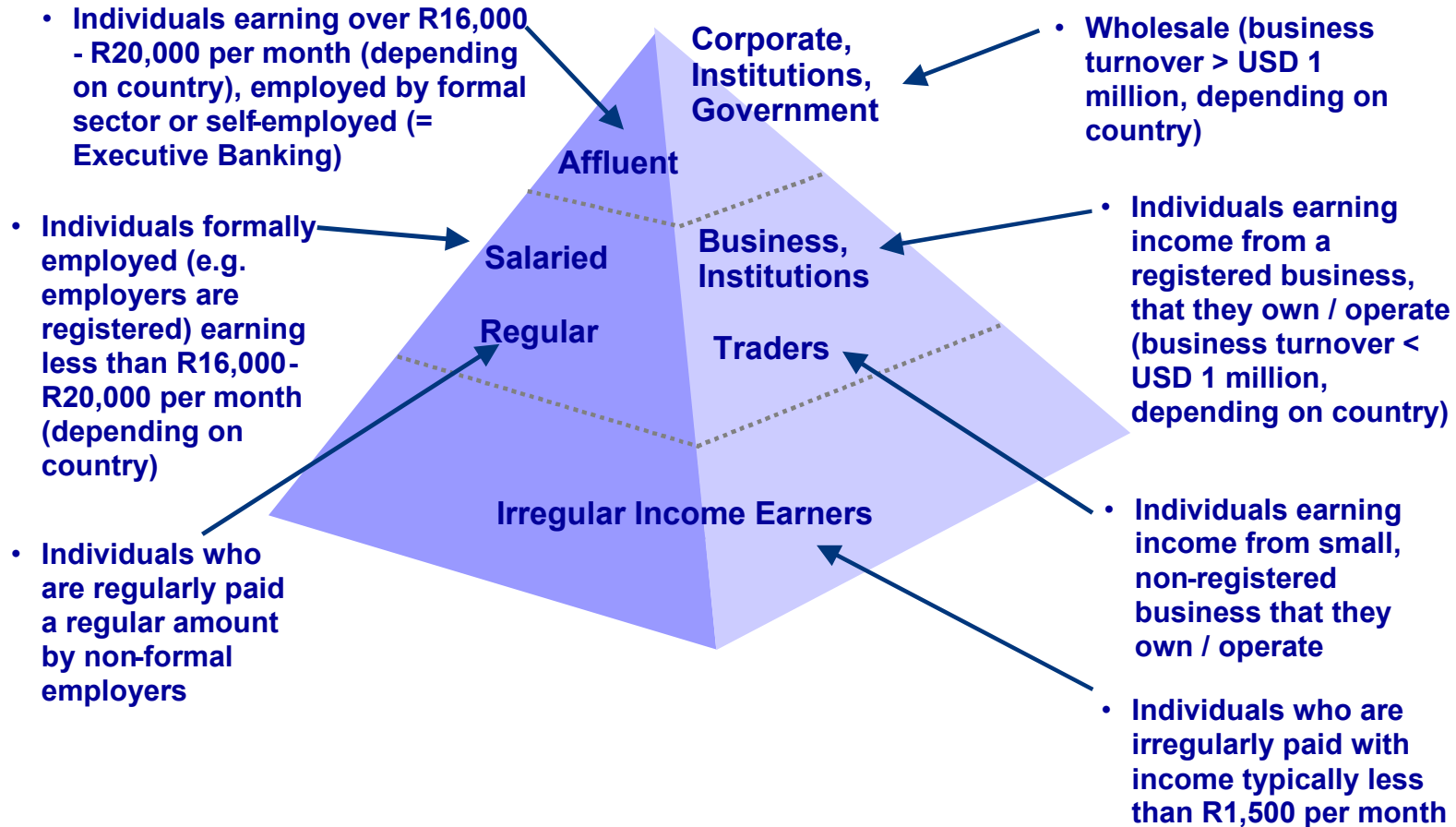
The Annual Marketing Plan

Target Marketing

A target market refers to a group of people or organisations at which a firm directs a marketing program.

- a) How much and in what way the markets are going to be segmented must be determined.
- b) Only those segments (parts of markets) showing the best potential for successful marketing should be pursued.
- c) Size & growth potential of segments to be addressed.
- d) Decide which Target Market Strategy to adopt i.e..
Undifferentiated, single, segment or multiple segment.

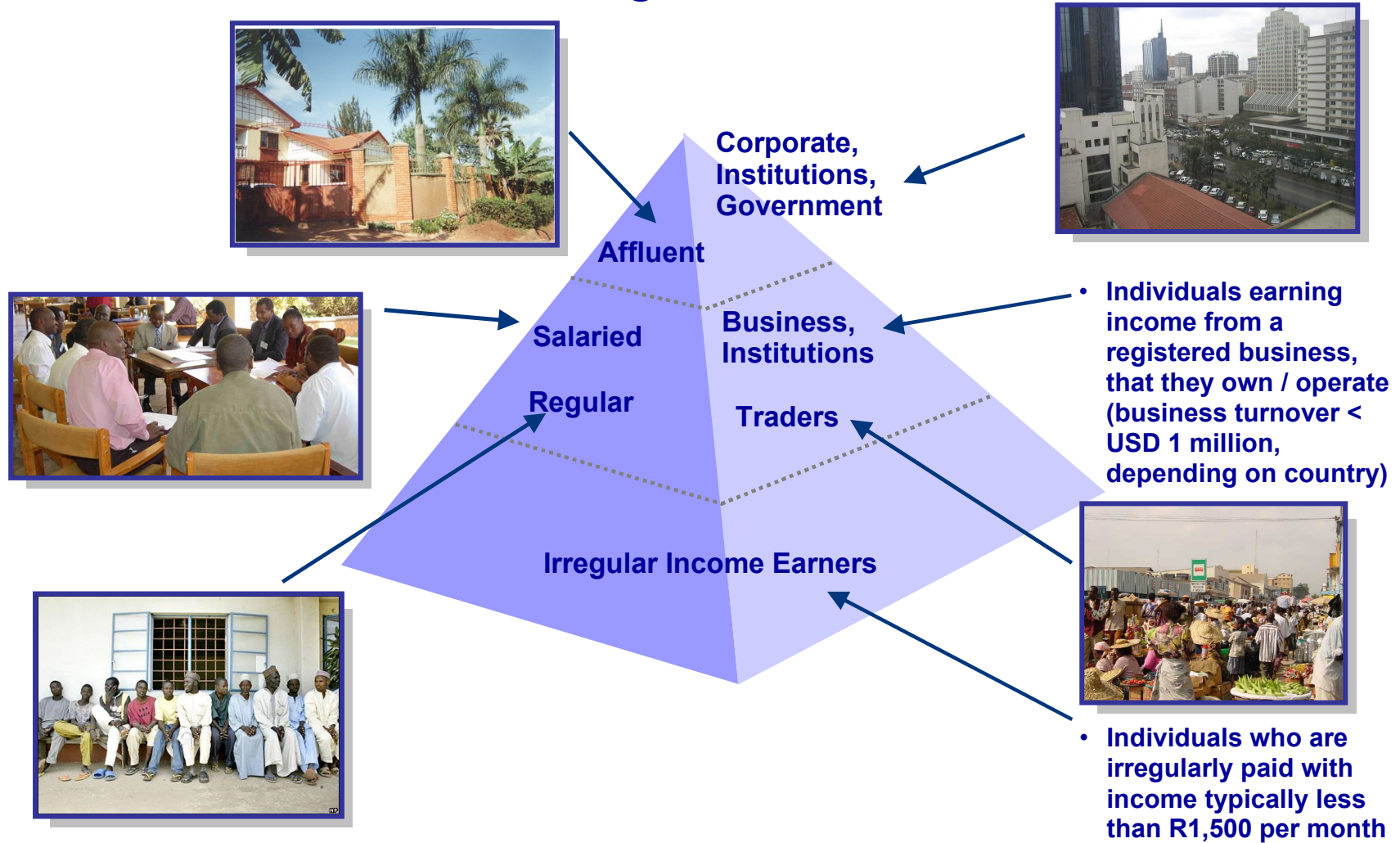
Standard Bank Africa Segmentation Framework



Informal markets = Trader, Regular and Irregular Income Earners

Segment size estimates based on population 18+ years in countries where Standard Bank Africa operates

Standard Bank Africa Segmentation Framework



Informal markets = Trader, Regular and Irregular Income Earners

Segment size estimates based on population 18+ years in countries where Standard Bank Africa operates

Strategies for Selecting Target Markets

There are three alternative strategies for selecting a Target Market resulting from Segmentation. (You also do not have to enter market)

- Market Aggregation (Undifferentiated)
- Single Segment (Concentrated or rifle approach)
- Multiple Segmentation

Example of Multi-segment Targeting



The Annual Marketing Plan

The Marketing Mix – Excellence in implementation of decisions for:

1. Products – Customer Value
2. Pricing – Customer Costs
3. Distribution – Customer convenience
4. Promotion – Customer Communication
5. People
6. Processes
7. Physical Evidence

The Annual Marketing Plan

The Marketing Mix

1. The **marketing mix** (the controllable variables) is the combination of the product, how it is distributed, promote, its price, the people component, processes and physical evidence.
2. These four elements must satisfy the needs of the organisation's target market (s) and also achieve its marketing objectives.
 - a. **Product.** Strategic decisions must be made regarding branding, packaging, product mixes, lines, development product life cycle etc.
 - b. **Price.** Strategies include price setting on items within a product line, terms of trade and possible discounts.

The Annual Marketing Plan

The Marketing Mix

- c. Distribution. Strategic concerned with making products available when and where customers want them.
- d. Promotion. Decisions must be made as to advertising, public relations, personal selling and sales promotion, and how they will be rolled into a coordinated program.
- e. Physical evidence. In order to add an element of tangibility, service marketers make use of physical evidence to create an atmosphere or image for a business

The Annual Marketing Plan

The Marketing Mix

- f. Processes. Delivering the service product is a process. If the process does not run smoothly, then there could be obvious delays or problems. Problems in processes can create a negative image.
 - g. People. People are crucial in projecting the right image of an organisation as well as in customer care. This requires detailed training and staff motivation.
3. The seven marketing-mix elements are inter-related; decisions in one area affect actions in the other.

The Product Decisions

Some Questions to Ask When Analysing Product/Service Strategies.

- a. What are the major product/service offerings of the firm? Do they complement each other?
- b. Where is the firm and each major product in its life-cycle? Intro, growth, maturity & decline.
- c. What changes will we make to existing products/services in terms of quality, features, packaging etc? What product mix strategies? Contract, expand, alteration via product alteration e.g.. quality, functionality or style modification, upward or downward.
- d. What is the competitive differential advantage of this product?
- e. Can this competitive differential advantage be sustained or can it easily be copied by competitors?

The Product Decisions

Some Questions to Ask When Analysing Product/Service Strategies

- f. What process does the organisation use to develop new products? Has it been successful?
- g. What consumers make up the target market and what are their reactions to the product?
- h. Is product symbolism or brand image an important factor in the market, and what is the image of the organisation's product among consumers? Moving from brand experience brand recognition brand preference brand loyalty.
- i. What product strategies are competitors using and how successful are they?
- j. What areas of product or brand strategy needs improvement?

The Pricing Decisions

Use the following questions to help you formulate your pricing strategies

- a. How price sensitive are customers?
- b. Do consumers of this product use price as an indicator of quality?
Is it cost based, competitor based or customer based?
- c. How will various prices affect the product or brand image?
- d. What is the product's life cycle stage and what influence does this have on pricing strategy?
- e. What entry pricing strategies should be used?

The Distribution Decisions

Use the following questions to help formulate your distribution strategies

- a. What is the target market for this product and where do these consumers usually purchase a product or utilise the service you offer.
- b. What channels should be used in distributing product offerings? Are they direct or indirect?
- c. What degree of market coverage is needed to reach the target market? i.e.. intensive; selective or exclusive.
- d. How competent is the organisation to manage various service distribution points?
- e. Should the organisation be adopting a defensive vs. an offensive distribution strategy?

The Processes Decisions

Some Questions to Ask When Analysing Process Strategies.

- a. Because services cannot be stored, what ways must be found to handle peak loads and optimise different customer experience?
- b. What can a bank like Standard Bank do channel cash only customers to ATMs during work hours to free up expert help to handle more complex customer needs during peak hours? The same applies to express deposit queues.
- c. How should service availability and consistent quality, in the face of simultaneous consumption and production of the service, be handled in service organisations?

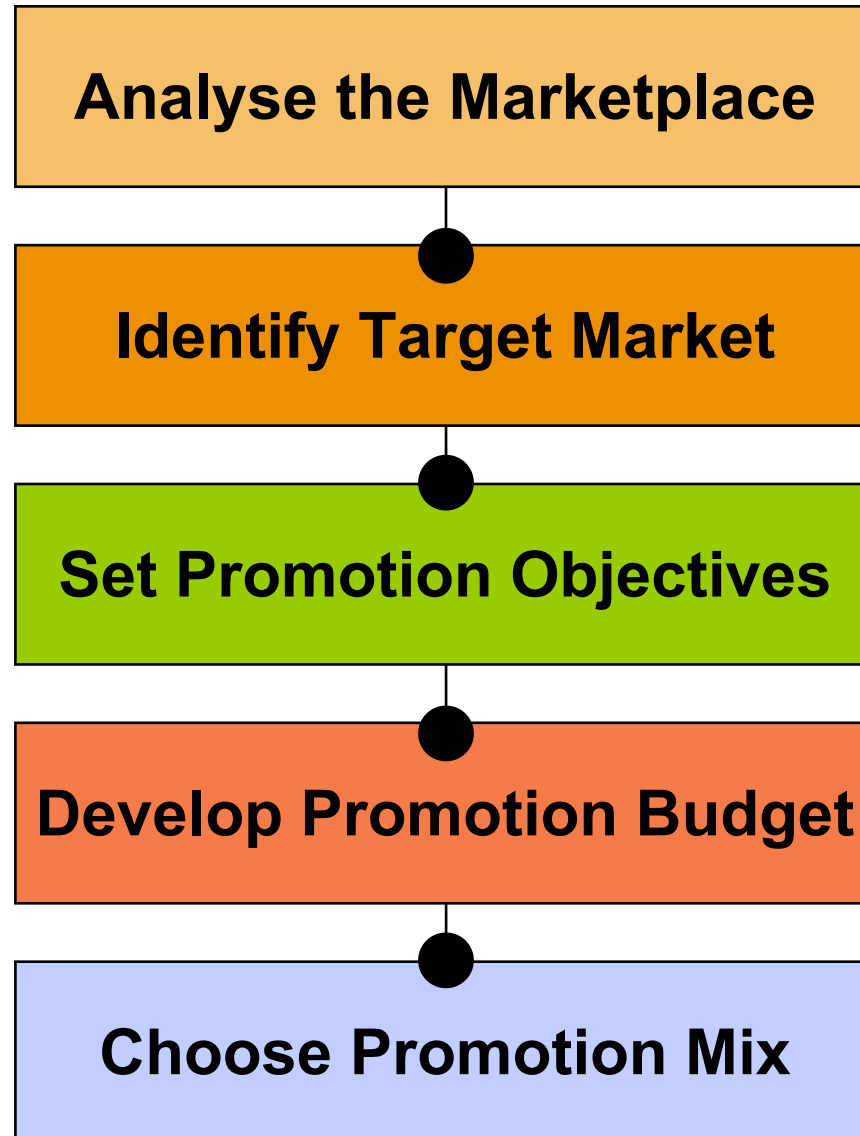
The Promotion Decisions and the Role of Promotional Tools in the Promotional Mix

This is the element in the marketing mix used to **INFORM**, **PERSUADE** and **REMIND** the target market about the firms **differential advantage** e.g.. Quality, service etc. The unique features help develop a USP (Unique Selling Proposition).

In order to reach the target market effectively, the elements in the promotional mix must be **COORDINATED** themselves as well as being coordinated with other elements in the Marketing Mix.

This creates an **INTEGRATED MARKETING COMMUNICATIONS campaign**. Promotional Mix is often managed by outside experts

Creating a Promotion Plan



Promotion Decisions

Components of the Promotional Mix

1. Personal Selling

Involves the presentation of a product to a prospective customer by a representative of the selling organisation across all business. More is spent on personal selling than on any other form of promotion - therefore - desirable to combine with other forms of promotion.

2. Advertising

- paid for form of impersonal mass communication
- sponsor is clearly identifiable - controlled message
- common types - TV, radio, newspapers, magazines
- non-personal and cannot answer questions
- timing

3. Sales Promotion

- Designed to supplement advertising and facilitate personal selling. Can give immediate results e.g.. trade shows, in store displays, coupons, samples, calendars, gifts, banners, sales aids and leaflets/brochures. Paid for by sponsors and broken down by use: i.e.. final users, own sales force, other intermediaries (Trade).

4. Public Relations

- Planned communication effort to influence attitudes and opinions of a particular group e.g.. customers, shareholders via newsletters, annual report, sponsorship of special events.
- Different to Publicity in that publicity is not paid for and has credibility of editorial material, news releases, press conference and photos.

5. Direct Marketing

- A two way communication process that requires an action or response from the customer.
- Offers the advantage that it can be personalised to an individual client and potentially build a relationship.
- Accuracy in Database use can be critical
- Results can be measured, especially in direct mail. Also Call Centres, direct response ads

6. Sponsorship

- Include Sports, Arts, Communities, General programme and Individuals (Icon or Source Credibility)
- Offers the opportunity of brand building whilst cutting through the clutter
- Size of investment and growth in sponsorship illustrates that it is considered a viable means of achieving marketing and promotional objectives and gives a meaningful return on investment
- Examples are Standard Bank Cricket, National Arts Festival, Arts Gallery and Jazz Festival

7. Internet and New Media

- This promotional tool represents an extensive and powerful communications network, improving inter and intra-organisational communications. This is achieved via web sites, e-mail, e newsletters, e-zines, BLOGS, auto responders usenet newsgroups, discussion forums etc.
- There is also an opportunity for CRM to be developed utilising Call Centre technologies and therefore get closer to customers.
- New Age media are now playing an complimentary role in communications such as SMS, MMS, Mobile banking.

8. Event Management

- Is a Strategic Marketing and communications tool. Requires target audience identification, devising the event concept and planning logistics.
- Sometimes target audiences by using news media hoping to generate media coverage which could reach millions
- Examples include Product launches, internal communication forums, Corporate Communication functions, Press gatherings etc.