



**Universität
Zürich** UZH

Department of Business Administration - Chair for Entrepreneurship

A Primer in Entrepreneurship

Prof. Dr. Ulrich Kaiser

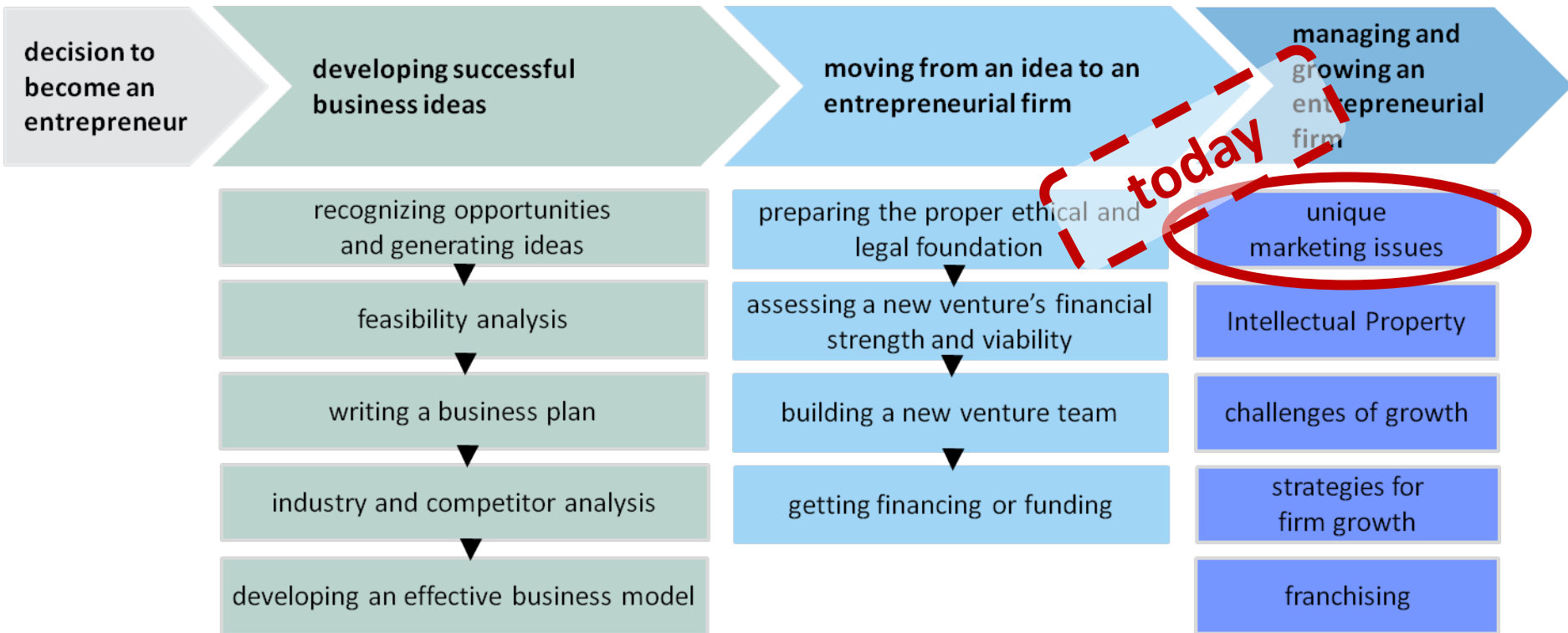
Chair of Entrepreneurship

Universität Zürich

Fall 2014



Content





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Zürich** ^{UZH}

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A Primer in Entrepreneurship

Part IV Managing and Growing an Entrepreneurial Firm

Lecture 11

Unique Marketing Issues Confronting New Ventures

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Agenda

1. The Three Step Process

1.1 Market Segmentation

1.2 Target Market

1.3 Positioning

2. Keys to Success

3. Marketing Mix



Questions



How does an entrepreneur define its target market and position its firm?



What are the two main keys to success ?



What is a Marketing Mix and which elements does it contain?

...to be answered in today's lecture.



1 The Three Step Process

A firm must address two important questions in order to succeed.

who
are the customers



how
to attract customers



1 The Three Step Process

Following the three step process, you need to segment the market, determine the target market and establish a unique position within the target market.





1.1 Market Segmentation

The market is divided into groups of customers which are similar enough that the same product/ service will appeal to them.

TO BE ACCOMPLISHED!

Homogeneous groups of buyers in regard to their wants and needs

Segments having smaller differences within the segment than across segments

Segments being distinct to easily identify members





Segments whose size is determinable to determine potential



1.2 Target Market

Since market segments are often too large to be targeted successfully most firms target a niche within a segment.

MARKET a place within a market segment that represents a
NICHE narrower group of customers with similar interests.

-  understand the market
-  meet its customers' needs
-  become an expert
-  provide customers with high levels of value and service



1.3 Positioning

A firm establishes a position in order to differentiate itself from its competitors.

part of a market/
segment the firm is
claiming as its own

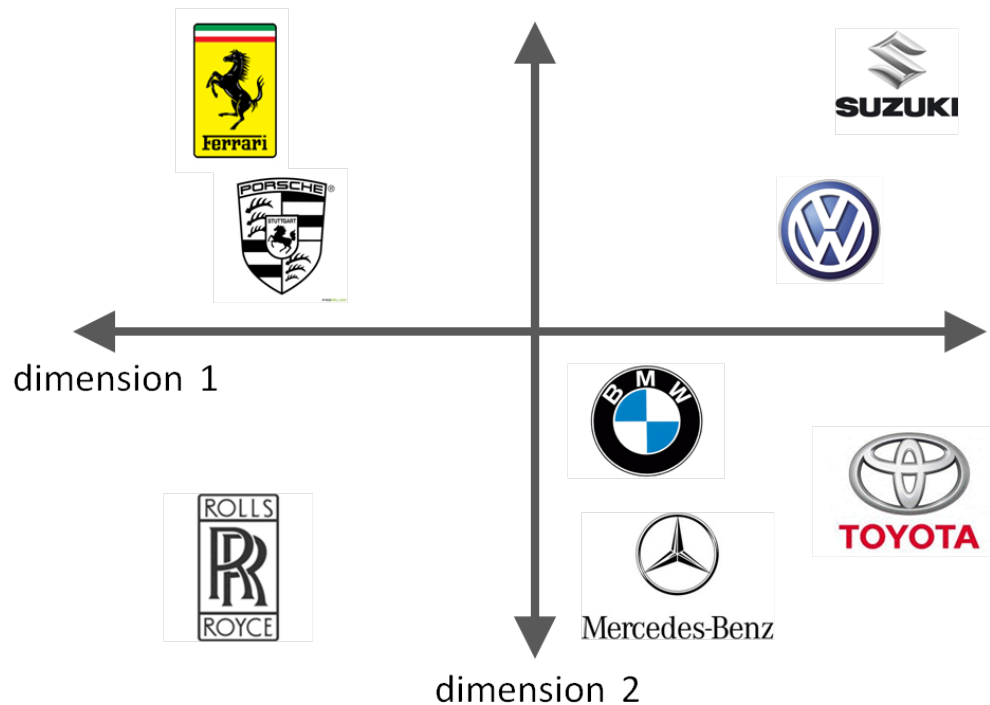
POSITION

how the firm is
situated relative to
its competitors

A position is established in its customers' minds by consistently drawing attention to its product's attributes that define the essence of what the product is and what separates it from its competitors.

1.3 Positioning

Fictive example of the positioning of automobiles



possible dimensions:

- Safety
- Design
- Sportiness
- Status
- Resale Value
- etc.

1.3 Positioning

Firms often develop a tagline to reinforce the position they have staked out in their market.

A phrase that is used consistently in a company's literature, advertisements, promotions, stationery, and even invoices, and thus becomes associated with the company:



NOKIA
Connecting People



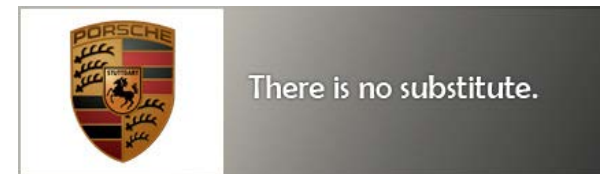
 **myspace**
a place for friends



HAVE IT YOUR WAY®

NIKE
JUST DO IT.

Audi
Truth in Engineering 





2 Keys to Success

Selling benefits rather than features.

A positioning or marketing strategy that focuses on the features of a product, such as its technical merits, is usually much less effective than a campaign focusing on the merits of the product.



2 Keys to Success

While features are nice, they typically do not entice someone to buy a product.

Our cell phones are equipped with sufficient memory to store 100 phone numbers.

NO

GO

Our cell phones let you store up to 100 phone numbers, giving you the phone numbers of your family and your friends at your fingertips.



2 Keys to Success

A strong brand can be a very powerful asset.

BRAND a set of positive or negative attributes that people associate with a company

BRAND MANAGEMENT

monitoring the integrity of the brands, protecting the image and value of an organization's brand in consumers' minds

BRAND EQUITY

the term denotes the set of attributes and liabilities that are linked to a brand and enables it to raise a firm's valuation



2 Keys to Success

There are different ways of thinking about the meaning of a brand.

A brand is an **EXPECTATION** of performance.

A brand is an unwritten **WARANTEE**.

A brand is a
PROMISE.

A brand is a **GUARANTEE**.

A brand is a
REPUTATION.

A brand is a collection of **MEMORIES**.

A brand is a **PLEDGE**.

A brand is a mark of **TRUST**
and **REDUCED RISK**.



2 Keys to Success

A firm may develop a brand on a philosophical and a practical level.

PHILOSOPHICAL

creating value and having
meaning in its customers' lives

PRACTICAL

building through techniques, such as advertising,
public relations, sponsorships, support of social
causes, and good performance.



Source: http://www.ikea.com/ms/en_GB/about_ikea/press_room/student_info.html

IKEA marketing strategy

The IKEA vision, business idea and market positioning statement provide a framework for all IKEA marketing communication worldwide.

The IKEA vision is **"To create a better everyday life for the many people."**

Our business idea is **"To offer a wide range of well designed, functional home furnishing products at prices so low that as many people as possible will be able to afford them."**

Our market positioning statement is **"Your partner in better living. We do our part, you do yours. Together we save money."**

By communicating the content of this framework and encouraging customers to experience the IKEA concept, we are building the IKEA brand. The IKEA brand is the sum total of the emotional and rational values that consumers associate with the IKEA trademark and the reputation of our company. The brand image is the result of over 50 years work by IKEA co-workers at all levels all over the world.




What we do, what we say, the products we offer, the price we offer them at, the presentation of our range and the information we provide our customers all contribute to our image. The overall task of IKEA marketing communication is to build the IKEA brand and inspire people to come to the stores.

2 Keys to Success

Co-branding refers to a relationship between two or more firms where the firm's brands promote each other.



2 Keys to Success BrandZ TOP 100 Global Brands 2012










	brand	brand value (\$ M)	brand value change 2011 vs. 2010
1.	 Apple	153,285	84 %
2.		111,498	-2 %
3.		100,849	17 %

SOURCE: <http://www.marketingweek.co.uk/Journals/2011/05/11/TheBrandZTop100GlobalBrands.pdf>



2 Keys to Success BrandZ TOP 100 Global Brands 2012

BRANDZ™ Top 100 Most Valuable Global Brands 2014

	Brand	Category	Brand value 2014 \$M	Brand contribution	Brand value % change 2014 vs 2013	Rank change
1		Technology	158,843	3	40%	1
2		Technology	147,880	4	-20%	-1
3		Technology	107,541	4	-4%	0
4		Technology	90,185	4	29%	3
5		Fast Food	85,706	4	-5%	-1
6		Soft Drinks	80,683	4	3%	-1
7		Credit Card	79,197	4	41%	2
8		Telecoms	77,883	3	3%	-2
9		Tobacco	67,341	3	-3%	-1



2 Keys to Success

There is a difference between positioning and branding.

The **brand** is all about the attributes and **promises** that people associate with a company.

The **position** is all about the **details**.

3 Marketing Mix

A marketing mix is the set of controllable, tactical marketing tools that is used to produce the desired response in the target market.

**What are the 4P
of Marketing ?**

4P

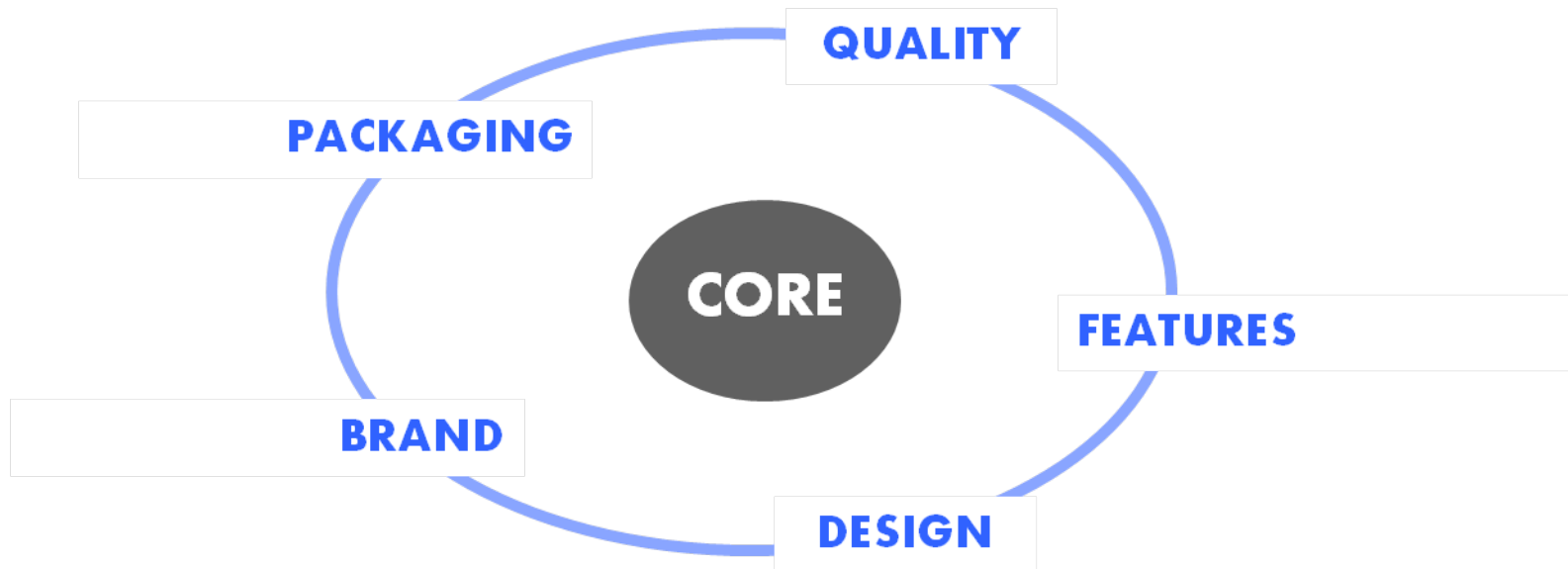




3.1 Product

Determining the product/ service to be sold is central to the firm's entire marketing effort.

THE CONSUMER BUYS THE **ACTUAL** PRODUCT



3.2 Price

The price is the amount of money consumers pay to buy a product and is the only element of the marketing mix that produces revenue.

straightforward and easy to justify
BUT difficulties in determining the costs

COST-BASED

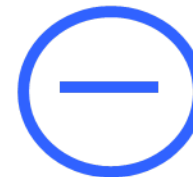
product's
costs



markup percentage

VALUE-BASED

consumers' willingness
to pay



cushion

recommended since it hinges
on the consumer's perception
of what a product is worth



3.2 Price

Regardless of the method of pricing, a company cannot charge a premium price without delivering on its positioning and branding promises, and unless circumstances are right.

DEMAND

- Demand for the product is strong relative to supply.
- Demand for the product is inelastic.

PRODUCT

- The product is patent protected and has a clearly defined target market.
- The product offers additional features that are valued.
- A new technology is being introduced.
- The product is positioned as a luxury product.

**PREMIUM
PRICE**



3.3 Promotion

A firm needs to communicate the merits of its product to its target market in order to persuade people to buy the product.

ADVERTISING

PUBLIC RELATIONS



3.3 Promotion

Advertising is used by entrepreneurs to promote their firms.

- ! raise costumers' awareness of a product
- ! explain a product's comparative benefits
- ! create associations between a product and a certain lifestyle

identify the purpose

determine target audience

select a medium

create the ad

select place & time

fulfill expectations

3.3 Promotion

Public relations refers to a number of techniques.



3.4 Place

A firm's product needs to move from its place of origin to the consumer by taking a distribution channel.

**product's
place of origin**

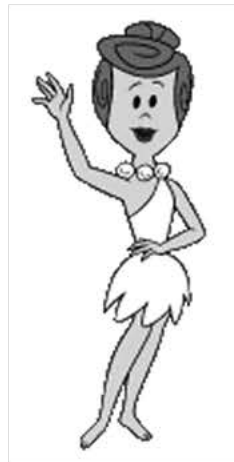


SELLING
DIRECTLY

**DISTRIBUTION
CHANNEL**

SELLING THROUGH
INTERMEDIARIES

consumer



3.4 Place

Many firm sell directly to costumers.



producer



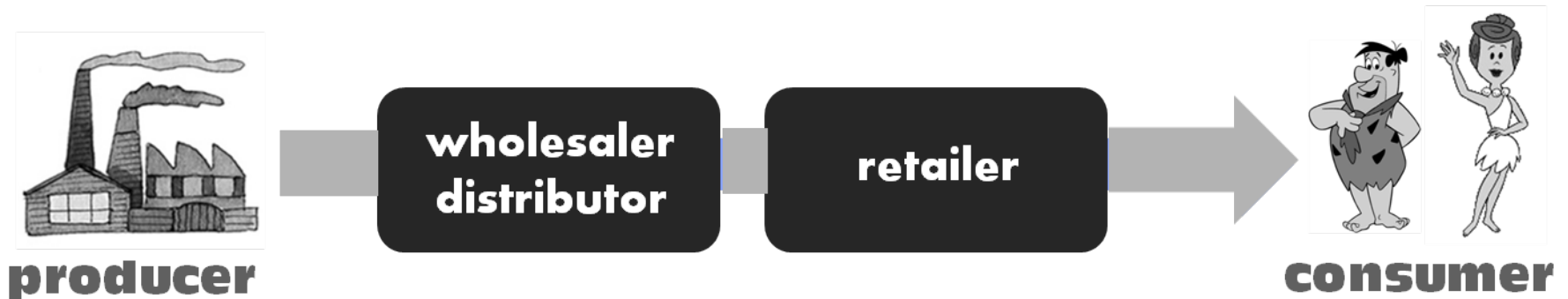
consumer

PRO control

CON capital tied up in fixed assets

3.4 Place

Firms that sell through intermediaries typically pass off their products to wholesalers who place them in retail outlets to be sold.



PRO less capital tied up in fixed assets

CON loss of control



Do you know the answer ?



How does an entrepreneur define its target market and position its firm?



What are the two main keys to success ?



What is a Marketing Mix and which elements does it contain?

...test yourself.

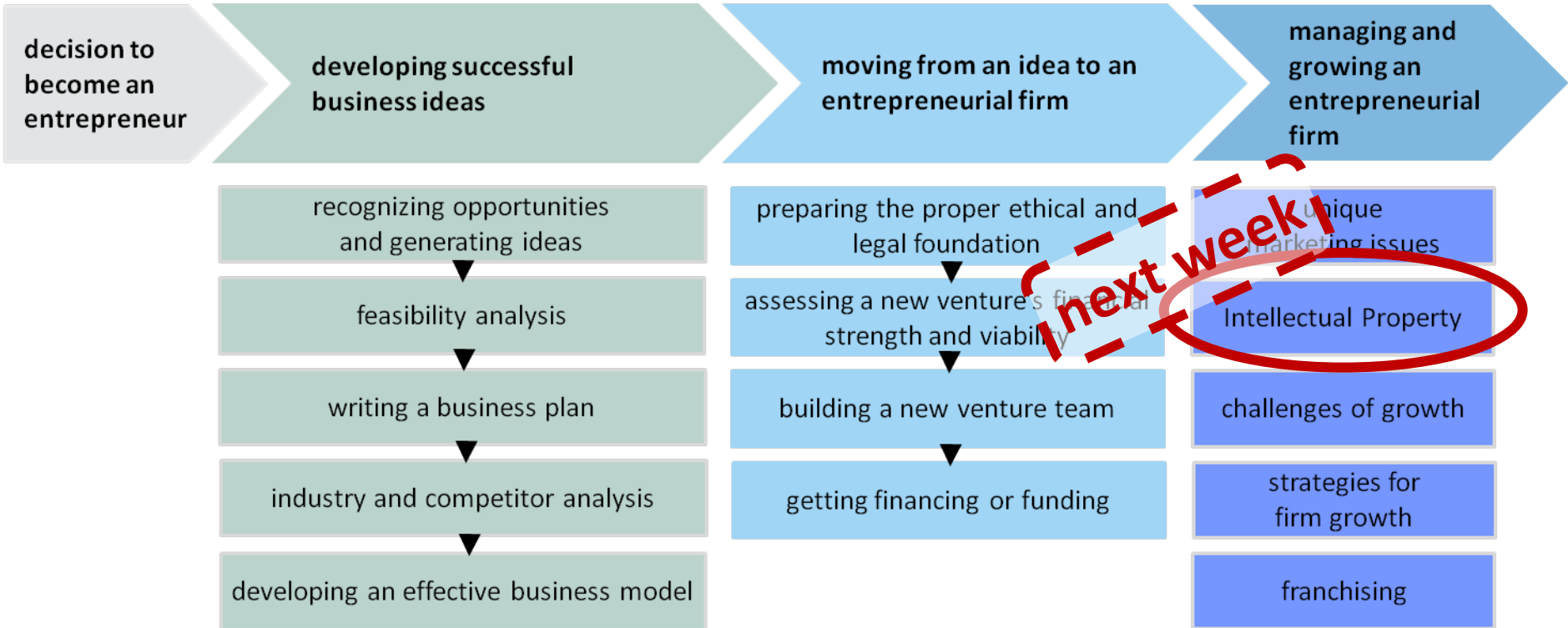


References

Barringer, B. and D., Ireland (2008): Entrepreneurship - Successfully Launching New Ventures, Pearsons Prentice-Hall.



Outlook



next week!