

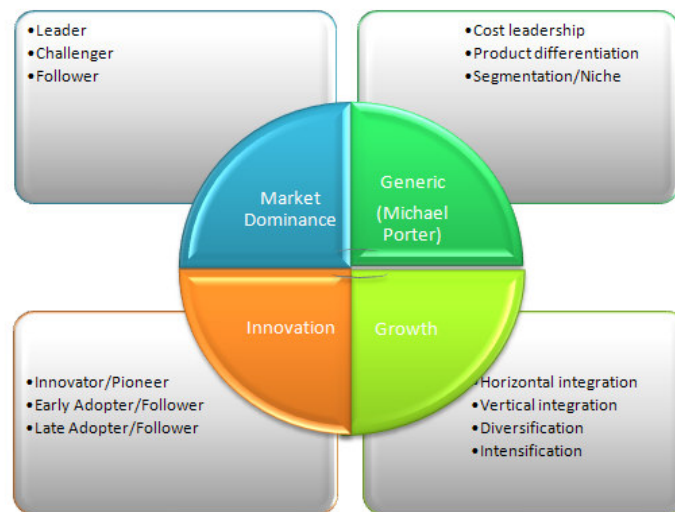


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By J. Josephs

Marketing Strategy Paradigm Shift

Firms typically go to market when they have products or service that has a target market, which they can sell with a better quality or with better benefits or at a better price than existing market players. Historically firms have tried to pursue specific strategies to market products or services based on where they perceived their competitive advantage lay:



With increased globalization of markets and proliferation of sales and communication channels, it is no longer enough for firms to silo themselves into any one of these strategies, but to evaluate all of these strategies and pick the components that best relate to your product and how the goals of marketing strategy apply to it. So what are the goals of marketing strategy?

- To maximize the difference between the price my target consumer is willing to pay for my product and the cost I incur in creating the product
- To improve my product's image or functionality to represent better utility for my target consumer so I can increase or protect this margin
- To improve my product's image or functionality so it can be sold to a different target consumer for incremental profits
- To leverage channels that can better communicate the value of my product to as many of my potential consumers with the resources at my disposal

The key components and players that determine if a firm achieves these objectives or not are:

1. **Customer:** The goal of the firm towards the consumer is not only to acquire, communicate and satisfy, but also to retain profitable customers. To accomplish this objective the firm needs to be able to not only identify profitable customers using segmentation but also proactively enhance the value proposition to these customers. Retention is as important as if not more than acquisition- it costs more to acquire new customers than to retain existing ones and customers are your brand ambassadors in a virtual world full of blogs. A McKinsey study cites that 40% of all customers across industries are 'Deliberators' that "frequently reassess their purchases by criteria such as a product's price and performance and the ease of doing business with a company". If these 'Deliberators' are the customers you are losing, then you have a real problem, because there is a 40% probability that the new customer you are acquiring will have the same issues with you product or service.
2. **Suppliers:** The firm's goal should be to simplify and standardize the inputs to the value creation process, which should help in reducing the cost of the value creation process. Marketing Strategy cannot directly control this component but it can collect market feedback that can help in modifying product characteristics to achieve this goal.
3. **Competitors:** The firm's goal should be to constantly evaluate the value proposition of competitive product offerings and identify opportunities to differentiate themselves.
4. **Partners:** The firm should also constantly evaluate their market environment to identify partners who have products or services that have a synergy with their own. These complementary products can either be active or passive partners. Active partners are those who you can explicitly collaborate with to enhance the joint utility of both products. Passive partners are those whose products can be combined with yours by modifying your products without the need for the passive partner to do anything.

Market Research tries to identify opportunities within each of these components that can bring the firm closer to achieving its strategic goals.

How has Research's role changed in the new Marketing Strategy Paradigm?

Traditionally Market Research supported Marketing Strategy by analyzing consumer preferences, competitive activities and macroeconomic movements inferred from primary and secondary data.



As the business environment continues to evolve, multiple new consumer touch points develop and enormous amounts of data about each of these touch points are increasingly being accumulated.

As the firm continues to manage the proliferation of consumer touch points and attempts to leverage these touch points, the need for research to stretch out of its traditional domain has never been more.

Here are some key points where research needs to evolve:

- Wholesome Segmentation:** The demographics of the US population are becoming increasingly diverse with groups of consumers that have distinct tastes and preferences. It's not enough to segment your target market using traditional approaches. Consumers that may seem to be part of one segment based on the characteristics you have been observing may be significantly different on a dimension you may not be aware of. For instance a Household that has one purchasing behavior profile offline may have a completely different profile online. You may not be selling online yet, but your customer is buying online, it may be worthwhile to find out what they are buying online to determine if you can improve your value proposition to them offline.
- Need for consistency:** As the consumer population gets more and more segmented, it becomes crucial to recognize that results derived from one sample may be applicable to only a part of your target market and further more, a research approach that is appropriate for one segment may not be appropriate for another segment. Consistency also becomes important given the push for greater Marketing accountability.
- Automation:** As markets become increasingly sophisticated business trends change quickly. You do not have the luxury of spending time to collect research data, analyze it and then make your decision about a changing trend. 60% information today is worth more than 90% information tomorrow.
- Broader Research Surveillance:** Consumers are becoming increasingly information-savvy and are leveraging the internet through blogs and Social networking to pool their knowledge and experiences in a coordinated manner and you need to be aware of this 'buzz'. For instance if your product is seafood related, you need to know what the blogs are saying about *Sustainable*

Fishing and if it adversely impacts your brand perception, you may want to use Viral Marketing to defend your brand.

Marketing strategy in itself cannot guarantee the firm's success, firm's success starts with the competitive advantage of the firm that differentiates it from the others, but good Marketing Strategy supported by versatile Market Research will improve your chances of success in a fast paced market environment.

eNumerys Global (www.enumerys.com) is an alliance of researchers developing cutting-edge business insights to aid business decision-making and management strategy based on consumer and macroeconomic trends.

Email us at info@enumerys.com