

BUSINESS MANAGEMENT

2020/2021

2ND SEMESTER



PART II

STRATEGY AND MARKETING

Strategy and Marketing Management

□ Definition

- Activities aimed at satisfying customer's actual and perceived needs through goods/services supplied

□ Objectives

- Analysis, planning, implementation and control of actions with the objective of changing the product/service or consumer's perception of it.

Strategy and Marketing Management

- Role of the Manager
 - Select and schedule activities according to firm's objectives
- Business Environment
- Strategy
- Market Segmentation
- Marketing-Mix

Strategy

Vision - Mission, Objectives e Strategies

- A firm's **Vision**, is the set of values intended to guide the firm in future activities conducing to the attainment of the final goal of excellence (e.g. Apple and NEC)
 - A firm's **Mission** is a written statement of the vision of the firm encompassing the broad orientations; it must be strategic and specific on operations;
 - creating a mission: why, what for, competences, customers, products and concrete values? (e.g.. Body Shop)

Strategy

Vision - Mission, Objectives e Strategies

Microsoft

About Microsoft

Our Mission

At Microsoft, our mission and values are to help people and businesses throughout the world realize their full potential.

Our Values

[Against Animal Testing](#)
[Support Community Trade](#)
[Activate Self Esteem](#)
[Defend Human Rights](#)
[Protect Our Planet](#)

Our Campaigns

Our Charity

Our Principles and Policies

COMMUNITY TRADE IS OUR FAIR TRADE PROGRAMME.



Our Values

We believe every woman has the right to feel fabulous. We believe everyone has the right to earn a fair wage for their hard work, that child labour should be abolished, that amazing natural ingredients should be celebrated, not plundered, and that no animal should be tested on for cosmetic purposes. These beliefs form our five company Values:

MADE WITH PASSION®

AGAINST ANIMAL TESTING

SUPPORT COMMUNITY TRADE

ACTIVATE SELF ESTEEM

DEFEND HUMAN RIGHTS

PROTECT OUR PLANET

Against Animal Testing

Our commitment to being a cruelty free cosmetics retailer.
[Click for more information](#)

Support Community Trade

Our commitment to fair trade.
[Click for more information](#)

Activate Self Esteem

Our commitment to our customer.
[Click for more information](#)

Defend Human Rights

Our commitment to ethical trade and defending basic human rights.
[Click for more information](#)

Protect our Planet

Our commitment to protecting the environment and supporting sustainable development.
[Click for more information](#)

Our Values are our DNA and govern all that we do, from reducing our carbon footprint to ordering our envelopes. To us, there is no other way to work. After all, when you believe in what you do, you do it better.

Our Principles & Policies

[How we implement our commitments](#)

Our Values Report

[Our latest online CSR report](#)

The Body Shop Foundation

[Our charitable trust's website](#)

MORE THAN 1/2 OF OUR 900 PRODUCTS CONTAIN AT LEAST ONE COMMUNITY TRADE INGREDIENT

Everything we do, we do with our Values in mind.
When you believe in what you do, you do it better.

Strategy

Vision - Mission, Objectives e Strategies

- **Objectives**, given the mission, quantify and build a schedule, specify the horizon for implementing and the scope of business; financial (sales, market share, rate of return,...) and non-financial (quality, image, service, innovation,...); (e.g. Vista Alegre, Corticeira Amorim, Toshiba)
- **Strategy**, where and how to compete; products-markets, vertical integration, internationalization; diversification; via own growing process or through acquisitions (e.g. General Electric, BPI, Banco Pinto & Sotto Mayor, BCP)

Strategy

Business environment

Business environment

- Broad environment

- Political & legal – stability, labor market legislation, competition law, international trade restrictions
- Economic – GDP, inflation, interest rate, exchange rate, unemployment rate
- Social & Cultural – life style, social values, demography, literacy
- Technological – Technological and processes innovation, patent law, quality requirements

(e.g. Milupa, Body Shop)

Strategy

Business environment

Business environment

- Stakeholders

- Customers – current and potential; which
- Competitors – current and potential; substitute products
- Suppliers – sell goods or services to the firms in the final good/service market; number; size
- Community – organizations, people and production inputs sharing interest with the firm in the market

(e.g. Milupa, Body Shop)

Strategy

Business environment

- ❑ Firms benefit most if they are the first to identify and adapt to the changing environment
- ❑ Being first in the market (segment) may mean becoming the leader in that product and the benchmark with respect to other products
- ❑ Being first may mean becoming dominant in the distribution channel and have a strong advertising message
- ❑ By being first may help in keeping a longstanding advantage over competitors

Strategy

Business environment

The strategy for leading firms differs from that of followers in a specific market segment

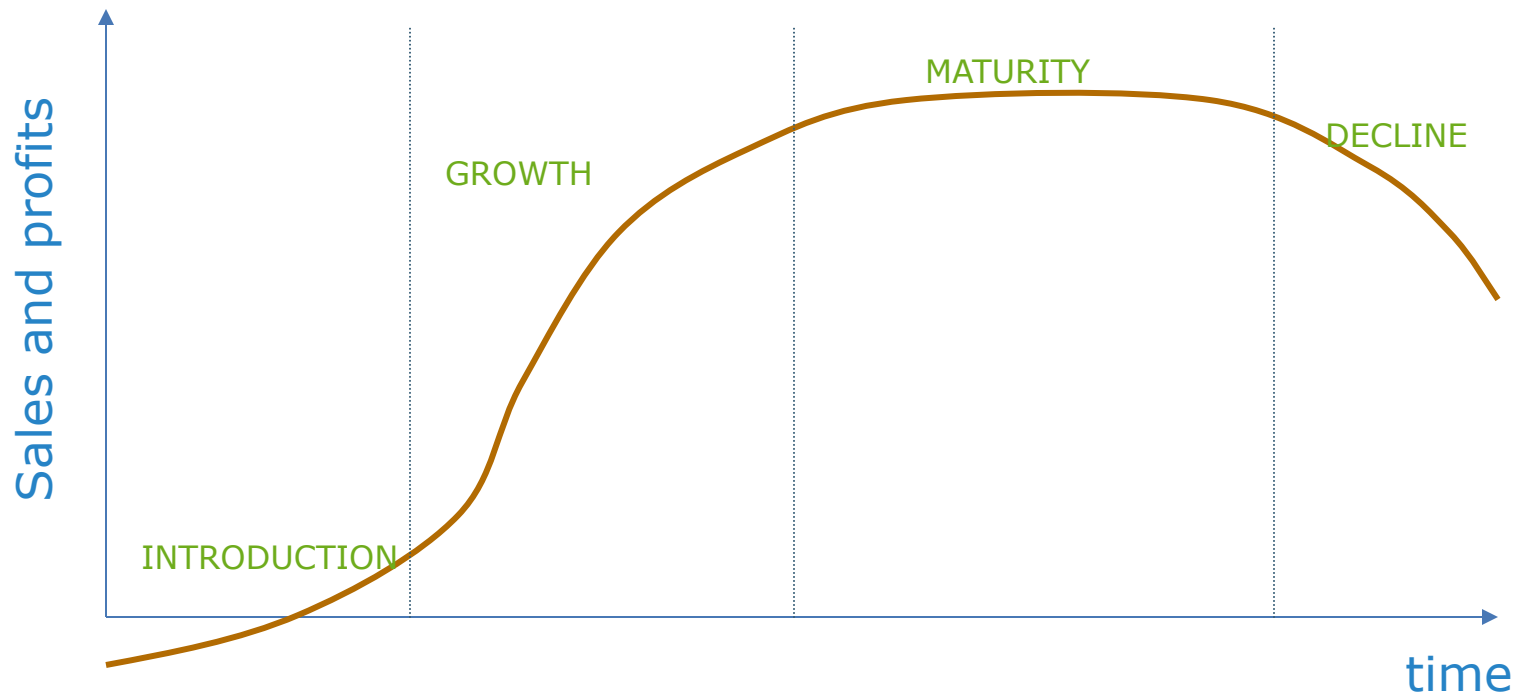
Leaders – enter with large production capacity, vast line of products, dominate distribution channel, high promotion effort.

Followers – smaller line of products covering a smaller part of the market, invest less in promotion and services to the customer; stronger effort in price discounts, strategy focused in small market niches not target by larger companies

Strategy

Product life cycle

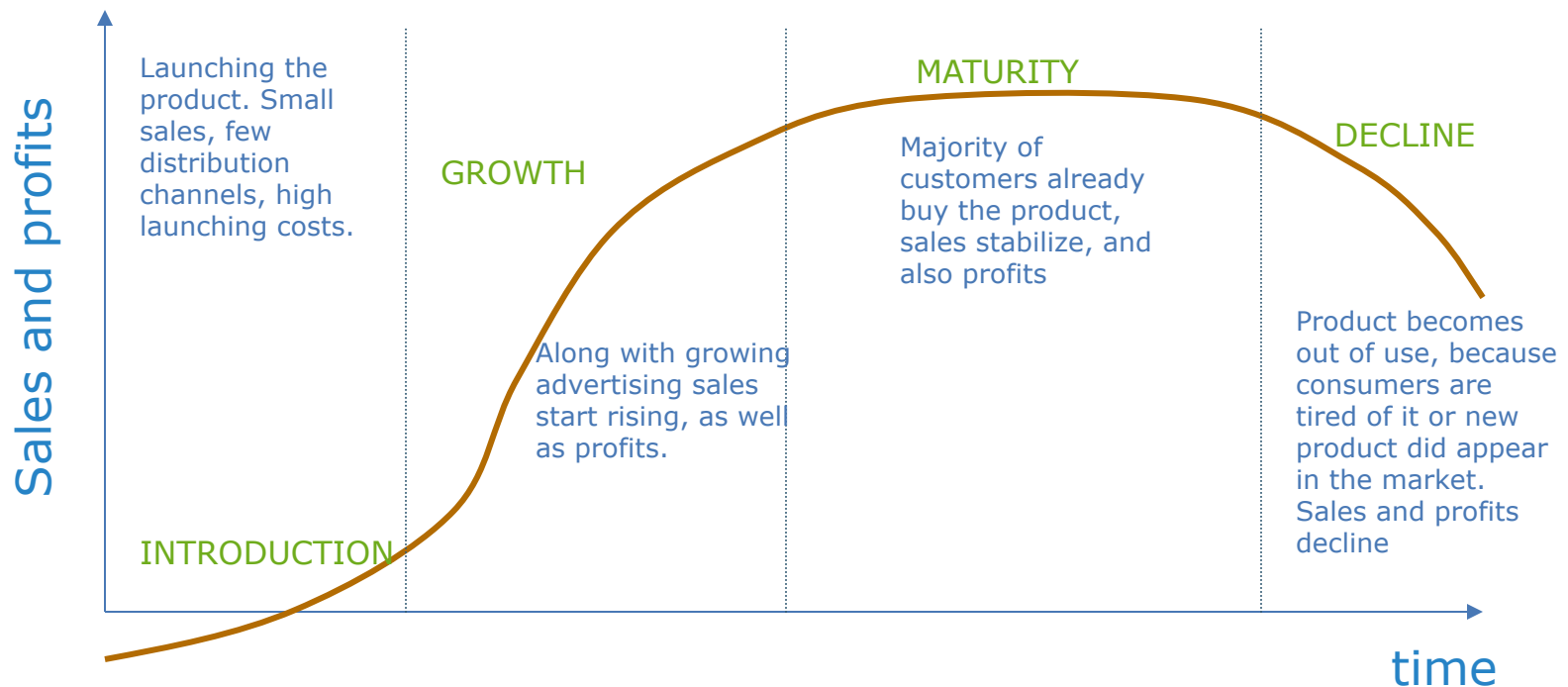
- **Product life cycle** – sales “history” of a given product over a long time period



Strategy

Product life cycle

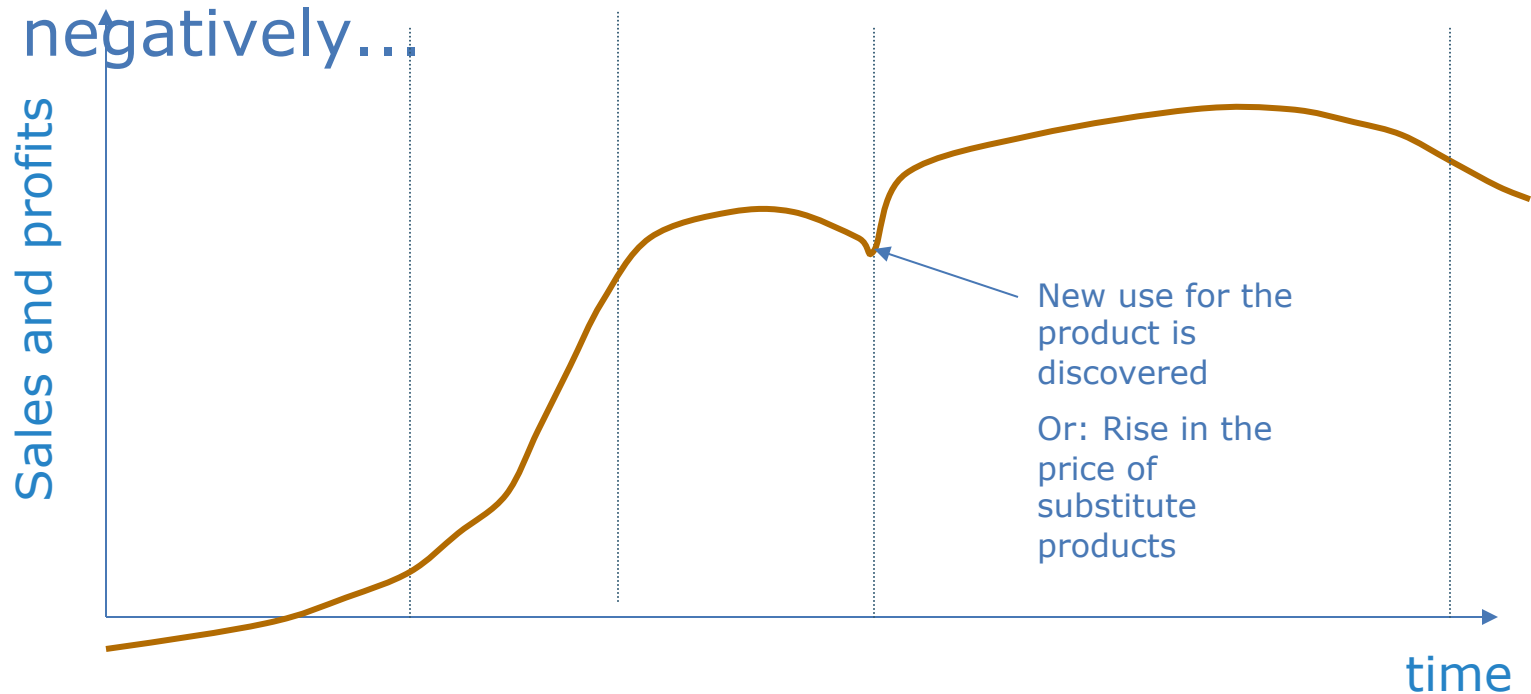
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Strategy

Product life cycle

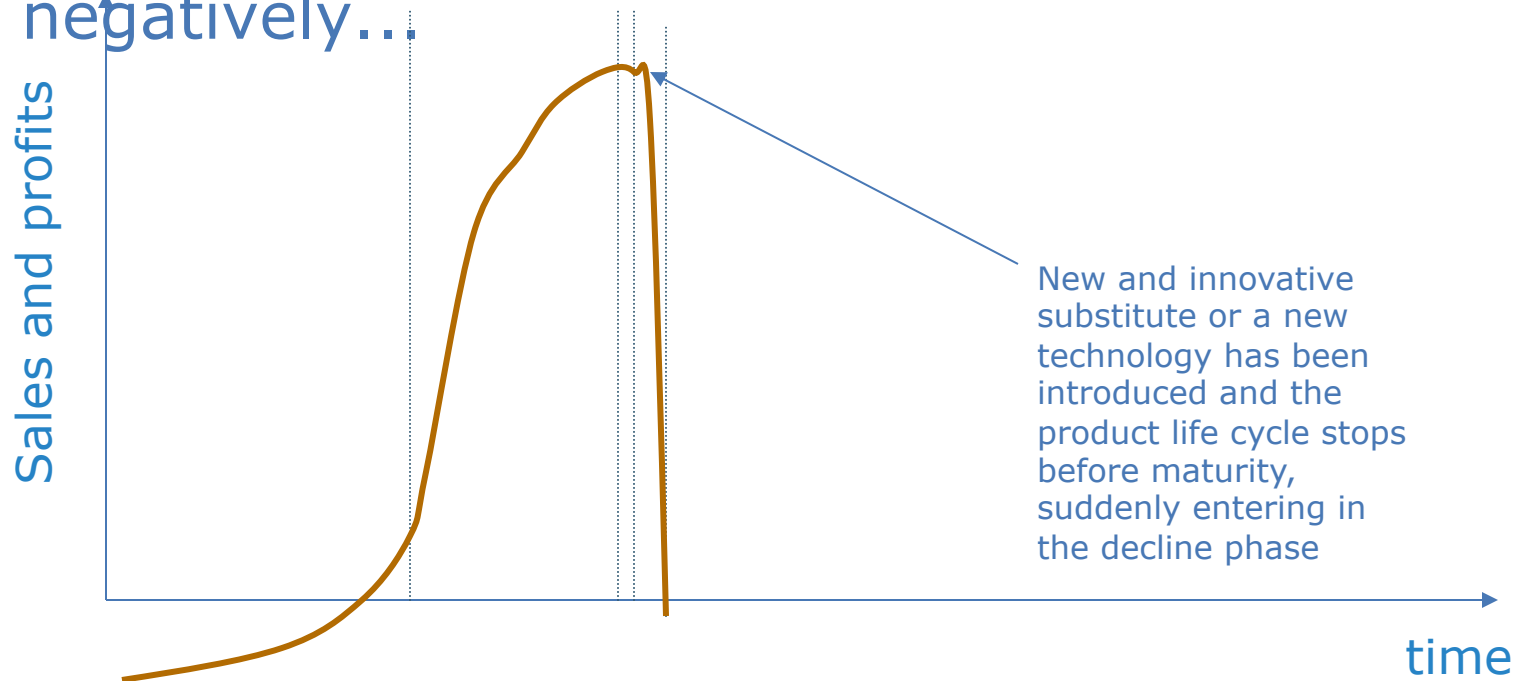
- **Critique and exceptions** – there are products with a different life cycle; life cycle some events may change the product – positively or negatively...



Strategy

Product life cycle

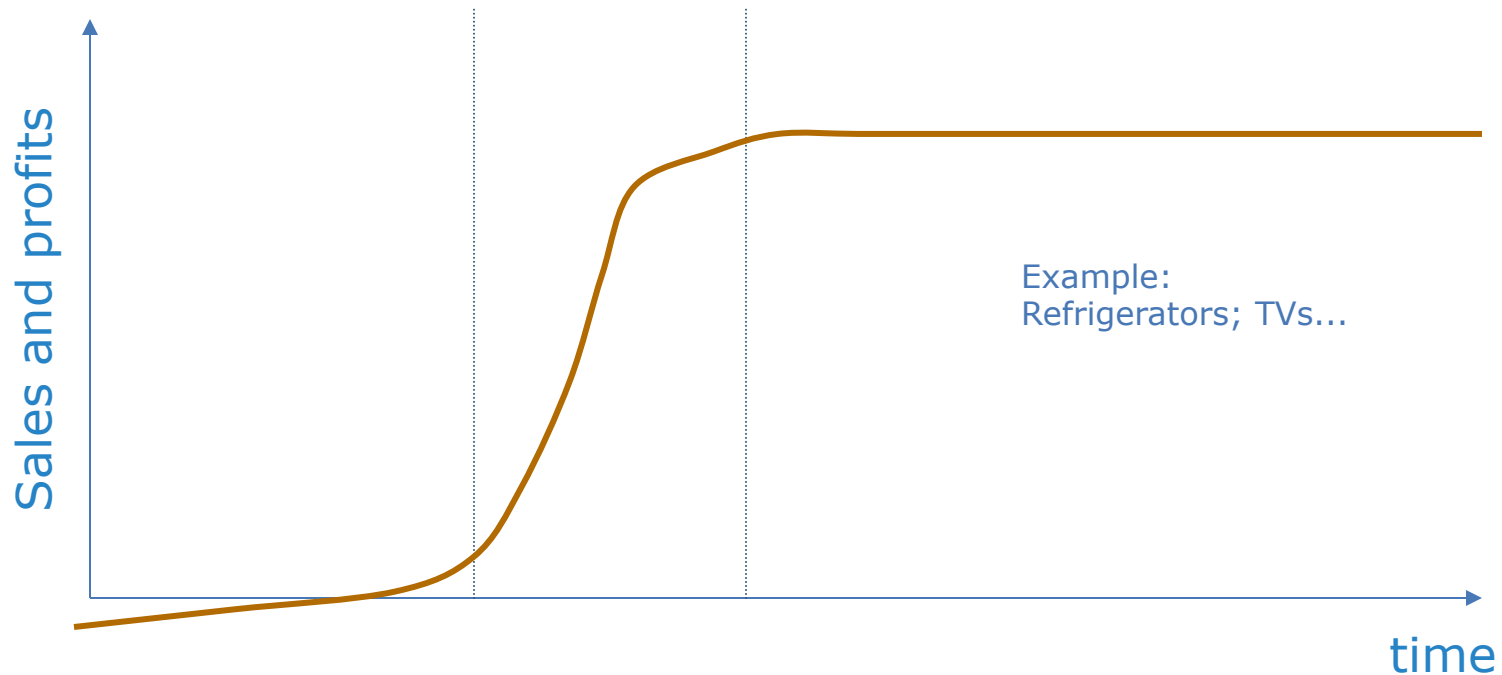
- **Critique and exceptions** – there are products with a different life cycle; life cycle some events may change the product – positively or negatively...



Strategy

Product life cycle

- **Critique and exceptions** – there are products with a different life cycle; some products have a long lasting maturity phase



Strategy

Product life cycle

- **Implications from product life cycle** – signals opportunities and threats in the market, helping the firm to decide on changing the objectives, strategy and marketing plan.
- Market characteristics in each phase are strongly correlated with marketing strategy and investment decisions.

Strategy

Product life cycle

Characteristics of each phase	Introduction	Growth	Maturity	Decline
Growth rate	Moderate	High	Non significant	Negative
Technolog.change design	High	Moderate	Limited	Limited
Market segments	Few	Few to many	Few tp many	Few
Competitors	Few	Many	Limited number	Few
Rate of return	Negative	High	High if large market share	Low

Firm response behavior	Introduction	Growth	Maturity	Decline
Obj.&Marketing Strategy	Stimulate demand	Build market share	Keep market share	Harvest
Product	Improve quality	Continue improving	Characteristics	Maintain
Line of Product	Small	Broad	Maintain line	Reduce
Price	Skimming/Penetration	Reduce	Maintain	Reduce
Placement	Selective	Intensive	Intensive	Selective
Promotion	High	High	High but declining	Reduced

Strategy

Product life cycle

Phase	Obj.&Marketing Strategy	Investments	Profits
Introduction	Accelerate product market segment growth making known and available	Moderate to high R&D, build capacity, in the product and in Marketing	Extremely negative
Growth	Strengthen market competitive advantage	High to extremely high	High
Maturity	Maintain advantage	Low	High
Decline	Harvest	Negative	Low

The introduction of a new product requires heavy investments in the product and in marketing, hence many firms exhibit losses at early stages. Even when sales start rising, because investments still need to be high, profits are mild.

Strategy

Business Environment and SWOT Matrix

SWOT Matrix (Strengths, Weaknesses, Opportunities and Threats)

- Analysis of the firm – Characteristics of the firm that are Strengths and/or Weaknesses
- Analysis of external environment – Environmental elements that translate into Opportunities and/or Threats
- Define strategies
 - SO – use strengths to profit from opportunities
 - ST – use strengths to overcome threats
 - WO – given the weaknesses, profit from opportunities
 - WT – notwithstanding the weaknesses overcome the threats

Strategy

Business Environment and SWOT Matrix

SWOT Matrix

	S trenghts list	W eaknesses list
O pportunitites list	SO strategies	WO strategies
T hreats list	ST strategies	WT strategies

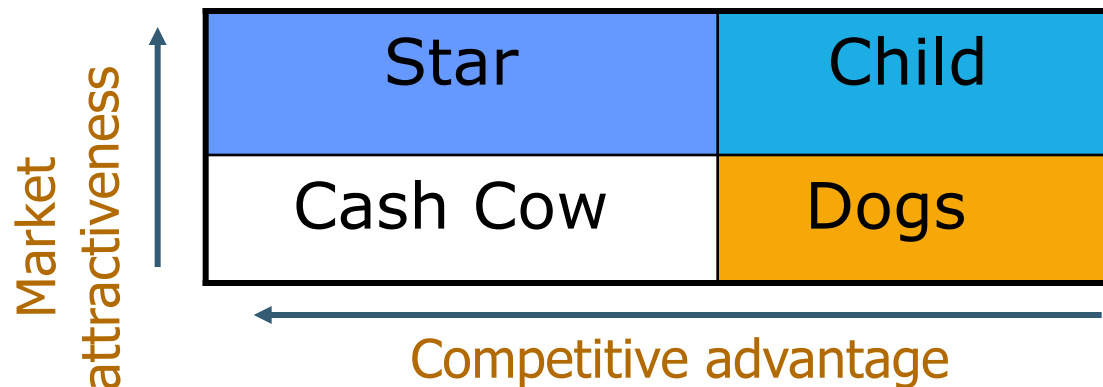
Ex. Cimpor

Strategy

Portfolio matrices and strategies

Given the business environment analysis and of the competitive advantage of the firm it is possible to build portfolio matrices and design strategies

■ **BCG portfolio Matrix** (Boston Consulting Group)



Competitive advantage – market share, dimension, growth, brand loyalty, technology,...

Market attractiveness – Growth, dimension, degree of competition, profitability, degree of technological sophistication, ...

Strategy

Portfolio matrices and strategies

- General Electric e McKinsey & Company Portfolio Matrix

Market attractiveness

High	1	1	2
Average	1	2	3
Low	2	3	3
	High	Average	Low

Competitive advantage

□ Strategies: invest (■/1, or make a "Child" become a "star"); keep or selectively invest (□/2) ; divest (■/3)

Strategy

Portfolio matrices and strategies

- Growth strategies: product-market matrix

	Current products	New products
Current markets	Market penetration	Product development
New Markets	Market development	Diversification

Ex. Duracell, ...

Strategy

Segmenting, targeting and positioning

Defining the Marketing Strategy involve three key decisions for the firm:

- **Market segmentation** – process of segmenting the market into different groups
- **Evaluation** of segments attractiveness and competitive advantages of the firm – choose segments to target – **targeting**
- **Posicioning** – Define product characteristics and Marketing plan most appropriate for the target (or targets).

Strategy

Segmenting, targeting and positioning

- **Segmenting** is the process of splitting the market into groups with common characteristics – divide the market into homogeneous segments of potential buyers

- Homogeneity with respect to what? In characteristics that determine different needs or benefits perceived by customers in each segment.

- Two kinds of market
 - Organizational: small number, large amount in buying, careful decision, interdependence (,...)
 - Consumers: large number, small shopping amount, decision can also be “behavioral”, independence (,...)

Strategy

Segmenting, targeting and positioning

□ **Segmenting**

Customers are always non-homogeneous –numerous individuals with different preferences, needs, habits and degree of requirements.

□ Criteria for segmenting– choosing the criteria is the first step for segmenting. There are various criteria

- Demographic, Geographic, Social and Economical
- Personality and “Life style”
- Behavior with respect to the product
- Psychological attitude towards the product
- More than one criterion can be combined in selecting

Strategy

Criteria for Segmentation

- Demographic, Geographic, Social and Economical
 - Demographic - Sex (watches and deodorants), Age (tourism and leisure), Height and weight (clothing and dietetic products), Size and composition of family (Home equipment, "breakfast", cars)
 - Geographic – Regions: land relief and climate (heating, fertilizers, irrigation systems), Category of location: city, town, village...
 - Social and Economic – Income Level (Cars, Travel, fur coats), Educational Level (books, magazines, music recordings, shows), Religion and Degree of Religious Practice (contraceptives)...

Strategy

Criteria for Segmentation

□ Personality and Life-Style

- Enjoying cooking vs. Cooking as an obligation, a task required – two personal characteristics relevant for prepared meals, instant soups, soluble coffee... And many other food products.

□ Behavior towards the product

- According to amounts consumed (electricity, telephone: private and corporate customers)
- According to users' habits – shaving: blade or electric shaver? Important for after-shave makers. Clothes' washing: hand-wash or machine wash? Important for detergent makers

Strategy

Criteria for Segmentation

- Psychological Attitude towards the product
 - Amateur Photography – keeping memories or doing artistic work?
 - Car Drivers – Functional, Sport or Social concerns when selecting a model? (luxury cars, sobriety, originality, classical...)
 - Car Drivers – unleaded gas: response to environmental concerns of consumers
- Multi-criteria
 - Age + Family Size + income level + social and professional class + psychological attitude → all these criteria are relevant for a car maker

Strategy

Segmenting, targeting and positioning

□ Target Market

- Once segmentation is carried out, the firm chooses one or more market segments as clients targeted with the firm's actions. This or these segments are the target segments or target market.
- Approaches – variety of products can be of a wider or narrower scope; determinants – they can be the type of clients, competitors, product life-cycle or competitive advantage

(ex. Car makers)

Strategy

Segmenting, targeting and positioning

□ Competitive Positioning

- It is the **distinctive characteristic** of the product/service (produced by the firm but, above all) perceived by the client.
- There are different types of positioning: attributes, type of product, role the product can play, relatively to the clients or relatively to competitors
 - **Cost Advantage** – We have a cost that is lower than the industry's average
 - **Vantagem de diferenciação** – We have a product that is different from all other products in the market
 - **Horizontal** – Our product has different characteristics but is sold at a similar price as the products of our competitors - variety
 - **Vertical** – Our product has characteristics that are superior to those of our competitors and is sold at a similar price – quality

Strategy

Segmenting, targeting and positioning

marketeer
estratégias, marketing e negócios

NewsLetter

email

Pesquisa

Edições

Livros

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A Marketeer
Media Kit
APPM
Livraria
Assinatura
Agenda
Contactos

sumário

FEVEREIRO 2006. N.º 115. ANO 11



22 AS OUTRAS LINHAS DOS COSTUREIROS

Tal como acontece com as principais grifos internacionais, muitos estilistas portugueses têm optado pela expansão das suas marcas e entrada em novas áreas de negócio, como forma de ver os seus resultados crescer. Assim, a roupa "coseram" os acessórios mas também artigos de têxtil-lar, serviços de jantar, faqueiros, canetas, sabonetes e perfumes, entre outros. Ana Salazar, José António Tenente, Fátima Lopes, João Rôlo ou Miguel Vieira são alguns exemplos destes criadores que, depois de obterem notoriedade para as suas marcas, se tornaram "interessantes" para os fabricantes, que os assediavam para desenharem os mais variados produtos, com vantagens óbvias para todos. A forma de o fazer é que varia

Por: Margarida Henriques

74 ESTUDOS & TESES 74 MARKETING TERRITORIAL PARA O DESENVOLVIMENTO

A adaptação da estratégia de marketing a um país, cidade ou região traz vantagens óbvias a o seu desenvolvimento, um factor importante no momento em que a captação de riqueza ocorre à escala global

Por: António Azevedo

88 INTRODUÇÃO AOS PRINCÍPIOS DA NEGOCIAÇÃO

Ao longo do processo de negociação terá de se debater com diferentes pontos de vista, enfrentar pessoas e situações mais ou menos difíceis. Por isso negociar nem sempre é tarefa fácil, uma vez que tanto há interesses partilhados como opostos. Conheça o passo a passo

92 COMUNICAÇÃO & MEDIA 92 AUMENTAR A PAIXÃO PELO VINHO VERDE

Um forte investimento ao nível da produção,

102 PINGO DOCE COMPARA

São vários filmes que comparam de forma bem directa os preços de um conjunto de produtos à venda nas lojas Pingo Doce com os mesmos comercializados pelo Minipreço, uma cadeia de discount. Este é um formato de publicidade pouco utilizado mas devidamente regulamentado e que, para já, conseguiu voltar as atenções para a insígnia do Grupo Jerónimo Martins

Por: Maria João Vieira Pinto

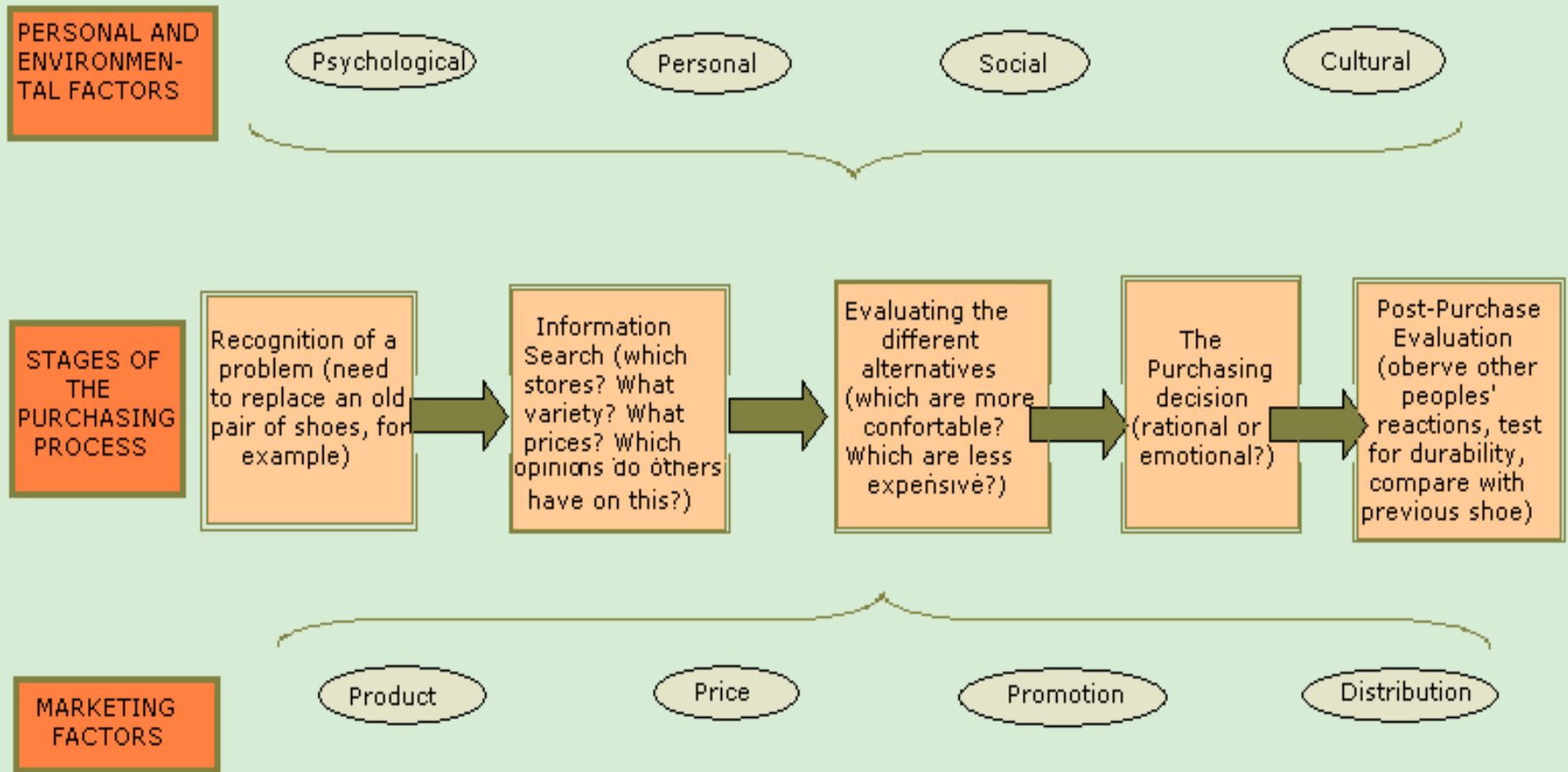
106 REPOSICIONAMENTO SAUDÁVEL

A procura de produtos saudáveis é uma tendência que tem vindo a ganhar cada vez mais força no mercado alimentar, e em especial no das bebidas. Daí que a Compal tenha apostado numa das suas marcas - a Compal Clássico - para assumir este posicionamento. Para comunicar o binómio sabor/saúde, a marca lançou agora uma nova campanha publicitária, e promete para breve o lançamento de uma série de novidades ao nível do produto e da embalagem

Por: Margarida Henriques

Strategy

A Consumer's Purchasing Process



Strategy

Process of consumer decision making

□ Buying process of the consumer

- **Motivations** of various sort may create different needs that end up in buying.
 - **Hedonist** – pleasant or unpleasant feelings valued by the customer – taste, welfare, beauty, comfort, social values
 - **Rational and operational** – product is useful or meets a specific interest – economical, health, usefulness...
 - **Ethic** – feelings of duty or moral obligations lead to buying (an encyclopedia for his sons, particular food that helps in growing process...)
- Also crucial: **Degree of involvement** (depending on the importance of the decision – high value or impact on health), **Degree of intention** in buying (some buying requires thinking, other is by impulse, by inertia...) as well as the **sources of information and advice** consulted by customers.

MARKETING-MIX

Marketing Mix

Readings:

- Geraldes, *Manual do Empreendedor*, pp. 193-239
- A. Sousa, *Introdução à Gestão*, pp. 219-230

Marketing

- Marketing Mix – 4 Ps Policy (Product, Price, Place, Promotion)
 - Decisions relative to
 - Product/Service – own characteristics, packaging, brand
 - Price – conditions of sale, base price, discounts, payments' due dates, articulation with accounting
 - Distribution – Reaching the customer, distribution channels
 - Communication (or Promotion) – includes advertising mix, public relations, promotion and sales staff.

Marketing

- Marketing Mix centered on the product or service
 - ▣ Innovation, quality, specificity, usefulness forms smaller firms
- Marketing Mix centered on price
 - ▣ Low Price; firms of larger dimension
- Marketing Mix centered on distribution
 - ▣ Location; firms of smaller size
- Marketing Mix centered on communication
 - ▣ Publicity, promotions *pull* strategy, firms of larger dimension

Marketing

□ Marketing Mix: Produto/Serviço

- Symbolic Content (ex. Connected to life style) may matter more than product characteristics themselves
- Key decisions are
 - Product or Service's Characteristics: performance – client satisfaction, technical quality, originality and other attributes (service, warranty, design (modern, functional, communicational) and packaging (protection and extension of product line)

Ex. Car market, clothing market, Tuborg 7.2

Marketing

□ Marketing Mix: Produto/Serviço

■ Key decisions are

- Brand: distinctive, credible and easy to remember; respects the law; trans-cultural nature of a brand; can be peoples' names, descriptive of activity, an agglutination of different words, or have no meaning at all (each type of brand with its own advantages and disadvantages; *franchising*)

Ex. Coca-cola, Ford, IBM, Microsoft, BIC

Marketing

□ Marketing Mix: Price

■ Calculation of the Break-Even Point

- $\text{Fixed Cost} / (\text{Price per unit} - \text{unit variable costs}) =$
nbr. of units to be sold for profits to be zero

■ Ways of establishing Price

- Based on Cost (Total) of Production per unit
 - High Price; Low price; *markup*
(productive process, suppliers, distribution and taxes)

Marketing

□ Marketing Mix: Price

■ Ways of establishing Price

□ Market – competitors and clients

- Price below competitors; price above competitors (if product or service is unique); similar to competitors; consumers' reactions (given quality and benefits)

Marketing

□ Marketing Mix: Price

■ Set price as function of

□ Product characteristics

- Standardization or originality (benefit perceived by customer)
- Low price – non differentiated goods/services to satisfy general needs, non durable, less versatile, technologically simple
- High price – goods/services that are rare, durable, versatile, technologically complex

Ex. Rolex

Marketing

□ Marketing Mix: Price

- Other elements of price: payment conditions
 - Discounts – immediate payment, quantity, seasonal, renewable/recyclable product; successfully applied only to some products
- Pricing strategies
 - Market penetration – initially low, stimulate demand, then increase
 - Cream skimming – initially high, rapidly recover, then decreased; (if products/services have something unique)
 - Competitive – pricing as competitors

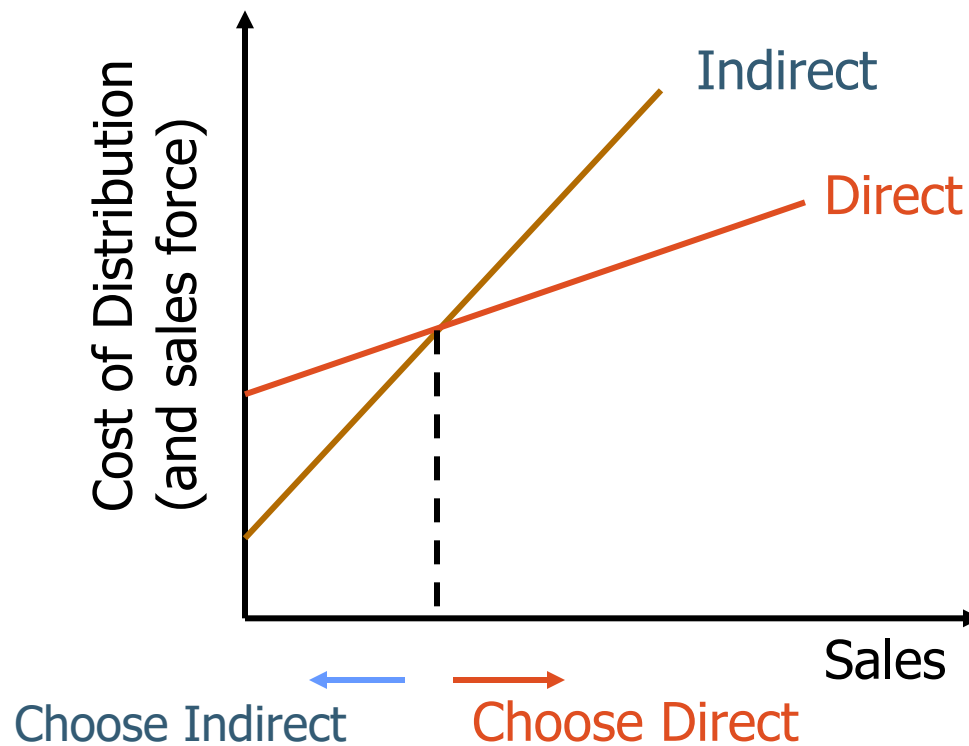
Marketing

□ Marketing Mix: Distribution

- Channels – means to take the product/service to the consumer
- Distribution
 - Direct – the firm itself
 - Indirect – intermediaries
- Choosing the distribution
 - Target market, product, objectives, rentability
 - Intensive (convenience goods); Selective (choice goods); Exclusive (special goods)

Marketing

Marketing Mix: Distribution



Marketing

□ Marketing Mix: Distribution

■ Levels of channel

- Customer, product, intermediaries, competition, characteristics of the firm

Ex.

Producer ●————→ Consumer

Producer ●————→ Retailer ●————→ Consumer

Producer ●————→ Wholesaler ●————→ Retailer ●————→ Consumer

(ex. Wine, construction material, coffee, pens)

If organizational good: agent- > wholesaler/distributor

Marketing

□ Marketing Mix: Distribution

■ Functions of intermediaries

Physical distribution

- Transportation, storage, maintenance

□ Services

- Variety choice, packaging, collect information, promotion, sales, pos-sales, financial

Marketing

□ Marketing Mix: Distribution

■ Managing intermediaries

- Inter-relation Producer-Intermediary-Consumer
- Objectives of intermediary - objectives of producer

(bargaining power in the channel: capacity to reward, to inflict damage –location, customer loyalty–, law –*franchising* –, reputation, technical quality, information)

- Intermediary is a customer
- Intermediary exclusive or shared (control, transmission of information, performance, competition, margins, dependence, location, training)
(ex. Coca-cola)

Marketing

□ Marketing Mix: Distribution

■ Types of intermediaries

- Wholesalers: *gerais, armazenista, cash-and-carry, cooperativas, agentes*
- Retailers: *specialty stores, supermarkets, showrooms, hypermarkets, discount, convenience, without store – vending machines, direct marketing, telemarketing, direct selling, direct mail, on-line*

(ex. Toys 'R' Us, Catalogs, Tupperware,...)

Marketing

□ Marketing Mix: Promotion

- Promotion Mix: advertising, promotions, public relations, sales force
- Relative importance of mix
 - Organizational markets: sales force, public relations, promotions, advertising
 - Consumer markets: advertising, promotions, public relations, sales force
- Functions
 - Inform the market, attract, identify eventual customer, relation with the distribution channel, current customers loyalty

Marketing

□ Marketing Mix: Promotion

■ Promotion Mix: Advertising

- TV – + sound, image, colour, movement, large audience;
– segmentation, cost
- Radio – + segmentation, large audience, sounds; – image, attention
- Press – + vast and diversified audience, segmentation, re-read, cost; – quality, memory; newspaper (– quality), magazine
(+ segmentation, re-read)
- Direct mail – + segmentation, personalized, evaluation, long message;
– cost, duration, smaller audience
- *Outdoor* – + geographic segmentation, cost, frequency of exposition; – segmentation, environment
- Internet – + message, cost per additional customer; – audience, quality

Marketing

□ Marketing Mix: Promotion

■ Promotion Mix: Sales force

- Sales
- *Push* strategy
- *Pull* strategy

Advantages (proximity) and disadvantages (reaches small number of customers, cost, training, management)

Marketing

□ Marketing Mix: Promotion

■ Promotion Mix: Promotions

- Samples
- *Coupons*
- Discounts
- Contests (and rewards)
- Free gifts
- Trade fairs and exhibitions
- Activities at the points of sale

Advantages (specific objectives, variety, performance, easy to combine with mix components) and disadvantages (appropriation by existing instead of new customers, risk for image)

Marketing

□ Marketing Mix: Promotion

■ Promotion Mix: Public relations

- Personal contacts
- Realization of events
- Publications
- Sponsorship, art support and social involvement

Advantages (direct/proximity) and disadvantages (reaches small number of customers, cost, training)

Marketing

□ Applications of Marketing Mix

■ Distributors

- Product: extention and deepness of line of products, quality, services
- Price: relative level, payment conditions
- Distribution: number of stores (size of each) and location, horário, transportation
- Promotion: ambiance in the store, shop windows and display, mix

Marketing

□ Applications of Marketing Mix

■ Services market

What distinguishes services from goods: relation with customer, benefit in the act, intangibility, customer is part of the production process, less uniform

- Product: quality (tangible, technically trustworthy, readiness, empathy) , innovation/improvement
- Price: perceived service, seasonality
- Distribution: in the store, home delivery, mail or electronically, location, time-table
- Promotion: personal contact

Marketing

□ Applications of Marketing Mix

■ Product life cycle

	Introduction	Growth	Maturity	Decline
Product	Quality, brand, patent	Quality, services	Quality, attributes	Reputation, innovate
Price		High	Low	Low, or high-niche
Distribution	Reduced number of intermediaries	Greater number of intermediaries	Reduced number of intermediaries, incentives	Reduced number of intermediaries
Promotion	Directed, information, promotions	Larger audience, benef. brand, advertising	Differentiate the brand, incentives for loyalty	Minimum