Foundations of International Marketing Sample Summary

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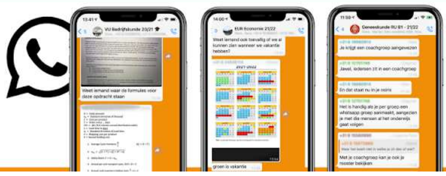

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Information about the course

You are about to read the sample summary for the course Foundations of International Marketing. This sample includes material content addressed in the first 3 weeks. The rest of the material can be found in the complete summary available for purchase on our website. In the table below you can see what materials are in the rest of the summary.

Weekly overview

Week	Topic	Literature
1	Introduction to The Marketing Environment	Marketing Strategy - An Overview Marketing Myopia Strategic Insight in Three Circles
2	Competitive Analysis & Consumer Behaviour	The Coherence Premium Are you Ignoring Trends? Strategies to Fight Low Cost Rivals Branding in the Digital Age
3	Segmentation & Targeting	Note on Consumer Segmentation Segmenting the Base of the Pyramid Rediscovering Market Segmentation Customer Value Propositions in Business Markets
4	Positioning & Pricing Strategy	Analyzing Consumer Perceptions How to Stop Customers from Fixating on Price Pricing to Create Shared Value
5	Product and Channel Strategy	Principles of Product Policy Strategic Brand Valuation Strategic Channel Design The Future of Shopping
6	Promotion & Neuromarketing	The One Thing You Must Get Right When Building a Brand For Mobile Devices, Think Apps, Not Ads Consumer Neuroscience: Applications, Challenges, and Possible Solutions

Source: SlimAcademy, 2025.

What types of summaries do we offer, and when can you expect them?
For the International Business Administration program, we provide various types of summaries. Below you will find an overview of these summaries and when you can expect them during this period.

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Our summaries	**What does it involve?**	**When available?***
Literature summary	For theoretical courses, we offer a literature summary These summaries cover all the required literature, including the book and mandatory articles.	Week 3 of the block
Lecture summary	We also provide separate summaries for lecture material in theoretical courses. This summary includes all the important topics discussed during the lectures.	Week 6 of the block
Exercises summary	The exercises summary consists of practice questions that resemble exam questions. You can practice questions by topic or mixed together.	Week 3 or week 6
Part 1/ Part 2	For mathematical courses, we offer combined booklets that include both the literature and lecture material. Part 1 covers all the material from the first half of the block, and Part 2 covers all the material from the second half of the block.	Week 3 and week 6

Good luck with studying!

Week 1: Introduction to The Marketing Environment

Article: Marketing Strategy - An Overview
This article serves as an introduction to **marketing strategy**. It defines strategy as a plan of action that is specifically created to achieve certain objectives. Objectives could be defined in terms such as sales volume, growth rate, return on investment (ROI), and many more. The importance of defining objectives is to give purpose and direction to strategies.

Strategies are developed at multiple levels in the organization: corporate, divisional, business unit and departmental. Marketing strategy is essential to any business plan and other components of a business unit strategy (e.g. finance, R&D) must support the business' marketing mission. Marketing strategies should consider a firm's limitations as well as its core competencies.

The Elements of Marketing Strategy
A marketing strategy is made up of a number of interrelated elements. The most important element is the **product/market selection**, that decides what markets will be served and with what product lines. Other critical elements include **price**. This element determines what price will be set for individual products, and what price relative to other products, offering quantity discounts, deferred payment plans or rental options.

Another critical element is **distribution systems**. Distribution systems are channels through which products and services move to the end-users e.g. sales force, independent distributors, agents, franchised outlets. Finally, **market communications** are yet another critical element and include but are not limited to direct mail, trade shows, telemarketing, etc.

Other elements of the marketing strategy vary by industry and company. A company whose products need repair and maintenance after being bought must have programs for **product service**. These programs are often business units themselves with extensive repair shops, service personnel, and spare parts inventories.

For some businesses, **technical service** is important as it helps in supporting customers' manufacturing and product development operations. Another critical component is the **plant location**, as this defines the geographic market boundaries (e.g. the location of a plant is critical when the shipping of products is expensive or due to government regulations).

Brand strategies for consumer goods companies can be divided into family brand and product-specific brand strategies. All these elements form a **marketing mix**, which can vary considerably across different markets, growth stages, or products, and even among competitors selling the same products in the same markets.

The next section will talk about the four main components of the marketing mix; product/market selection, pricing, distribution, and market communications (also known as product, price, place, promotion).

Product/Market Selection
Product/market selection is concerned with choosing the right target market, product and production technology. This is often seen as the most important choice made by any organization. A **product** can be defined as "the total package of attributes the customer obtains when making the purchase". This definition is rather wide and should include the full range of benefits (e.g. repair service or convenience), risks, and disadvantages the buyer obtains with purchase and use, including the buyer's experience.

For strategic planning purposes, what is most important about a product is: the value placed on a product by a prospective purchaser versus competitive offerings. The challenge for a company is to distinguish the **perceived value** from the **potential value**. Perceived value resembles the value customers already see in the product, whereas realizing the potential value requires educating the customer about the product benefits. This can be achieved through market communications.

The term "market" can be defined in several ways, for example, the place where buyers and sellers meet or a set of potential customers. This article defines the **market** as "a pocket of latent demand". This means that several variables, such as consumer incomes, trends, new technologies and many others, affect the market demand. There are many sources of new market opportunities, such as the emergence of new technologies (electronics, aerospace, medical sciences, etc.), population growth, increase in national and personal income, societal needs (e.g. crime prevention), shifts in culture, style and taste, and many more.

The market is usually divided along several segment dimensions. A **market segment** is a set of potential customers that are alike in the way they perceive and value the product, in their buying behaviour, and in the way they use the product. The purpose of market segmentation is to delineate groups of potential buyers according to their needs, market potential, and buying behaviour. There are several ways to segment the market, and companies try to pick the right segmentation variables that are suitable for them.

The market can be segmented by the following variables:
- **Demographic segmentation**:
    - Consumer markets: income, age, sex, ethnicity, and educational background;
    - Industrial markets: size, nature of business (profit or non-profit), and type of industry;
- **Geographic segmentation**: Segmentation through market potential, competitive intensity, product-form preferences, trade regulations, economical shipping distance (plant location), and customers' source-proximity needs.

Note: with the increasing globalization of markets, geographic segmentation has somewhat declined in importance, due to greater commonality in product use and preferences, next to eased geographic market limits due to advances in communication and transportation.

- **Psychographic segmentation**: Market segmentation according to lifestyle decisions and attitudes toward self, work, home, family, and peer-group identity. E.g. "Couch Potatoes" vs "Exercise Freaks". And segmentation according to corporate culture toward risk-taking and buyer/supplier relationship values.
- **Segmentation through product use/application**: Segmentation based on how the product will be used/applied by consumers/industrial purchasers. One customer may exhibit different purchasing behaviour in buying comparable products if they are intended for different purposes.

Note: It is important to recognize that the market segmentation scheme is appropriate at the development stage of a market, but may become obsolete with market growth and maturity.

Factors influencing product/market selection:

- **Value of the product:**
  - Focus on segments valuing the product the most;
  - Choose the applications in which the product makes the greatest contribution.
- **Long-run growth potential:**
  - Market size and profit potential are key;
  - Take future market opportunities into account, not only current ones.
- **Resource commitments:**
  - High investments needed in R&D, marketing and production facilities;
  - Return On Assets (ROA) estimates must justify the investments.
- **Competitive positioning:**
  - A helpful analogy is to see the market as a chessboard, where the spaces are the different market segments. Some spaces filled with weak competitors, some with strong competitors.
    - The **first-mover** often has advantages as it can develop market recognition, gain fast customer access, lead technology and economies of scale.
    - New entrants usually succeed to the extent that their products and services are differentiated.
- **Company-product/market fit:**
  - New product/market opportunities are assessed in the context of existing business operations;
  - Are the firm's current operations suitable for particular markets?

Price

Pricing decisions are affected by five factors: supply/demand, production and overhead costs, intensity of competition, bargaining power of buyers and the value the product can offer to potential customers. These five factors will be explained in more detail below.

Factor 1: Supply/Demand

High levels of supply drive the price down, whereas high demand puts upward pressure on the price level. The basic levels of supply and demand are beyond the control of individual players. The problem for supply is often one of excess production and how to bring supply in line with demand, as to maintain prices. Attempts to control supply are often made by monopolizing supply sources, forming cartels, competitive signalling, and lobbying for trade barriers or subsidies.

Factor 2: Production and Overhead Costs

Production and overhead costs set the floor in pricing decisions because a company cannot survive when the costs are higher than potential revenues, as this will result in losses instead of profits.

Furthermore, when the fixed costs are high compared to variable costs, maximizing the sales volume is usually seen as important. When the variable costs are high relative to the total costs, it is more important to focus on the unit margins. In all cases, low-cost producers have a competitive edge. Efficient manufacturing and distribution processes and achieving scale economies are often the foundation for market success.

Factor 3: Competition

Competition usually sets the ceiling for price levels. In the early stages, price competitiveness is often moderate or non-existent, but it intensifies when more and more firms enter the market. There are three types of responses to price pressures:

- Product differentiation;
- Dampen intrabrand competition among resellers;
- Exercising price leadership.

By differentiation, products with unique features get a 'monopoly-status' when there is a demand and comparable competitive offerings are not available. Some degree of freedom in pricing exists, as any unique benefit of the product is translatable into price premiums. **Intrabrand competition** tends to put pressure on price levels as resellers of the same brand compete for market share in the regions they serve. Therefore, the higher the number of resellers, the more competition. Price competition at this level soon generates **interbrand competition**, and market prices decline.

The **price leader** is usually the industry's largest firm with cutting-edge technology. The price leader has the strongest distribution, and low production costs. They also have the power to set price levels in response to changes in supply and demand, product cost factors, and perhaps the intensification of competition. Moreover, most industries express **conscious price parallelism**. Similarity of prices is legal as long as it is not reached through a collusive agreement: prices must be found without direct communication and negotiation.

Factor 4: Buyer Bargaining Power
Buyer bargaining power is able to put downward pressures on prices if the buyer group either forms a major amount of the company's sales or if the buyer has several options to choose from, meaning other suppliers to buy from or self-manufacturing. The first creates a high degree of dependency on the firm's largest buyers and leads to the seller's willingness to offer price reductions rather than lose sales volume. Sellers can improve their negotiating position by differentiating their products. Sellers can create power if they offer differentiated products, if customers are satisfied, and if switching to other suppliers is costly to the customers.

Factor 5: Product Value to Potential Customers
At the core, the pricing strategy should be about the value potential customers see in the product. If the seller wants to maximize their profits, it is essential to price the product according to the value of the product given by customers. Often, the perceived consumer value differs across market segments. Companies can differentiate their prices across various segments, but this is only successful in the long run when combined with functional product differentiation. If the low-priced products sold in one market will make their way across segments into markets where higher prices would normally prevail, it is called the **black-market phenomenon**.

Lastly, when entering new markets, companies have an option to choose between **skimming** and **penetration pricing**. Skimming is usually considered as a more low-risk strategy and involves introducing the product first with a high price tag and eventually bringing the price down.
A skimming approach is used to maximize unit profits in the early stages and to gain market experience at low market volume levels. Penetration pricing is based on the idea of quickly invading the market by setting low prices, and thus usually involves higher risks. Penetration pricing replaces competition and allows the firm to gain a quick learning curve experience to quickly achieve scale economies.

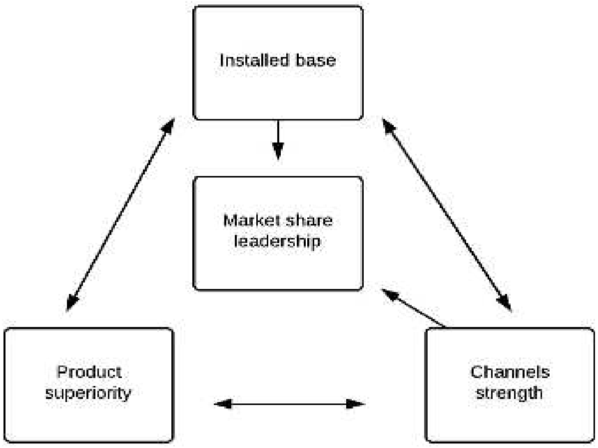
For penetration strategies to succeed, the following conditions have to be met:
- The product must be defect-free;
- The company must have sufficient production capacity to fill the demand;
- Distribution channels must be available for potential buyers;
- Product adoption should be quick (no testing periods or lags).

There are different factors affecting firm price levels:
- **Factors lifting the price**: such as price leadership, high switching costs, high buyer dependency, differentiated products, high product value, and controlled supply;
- **Factors reducing the price**: high buyer bargaining power, intra-brand competition, brand competition, high levels of supply, flexible costing and black market-trade.

Distribution Channels (Place)
Leading firms have very strong **distribution systems** as well as a wide **installed base**; in other words, the volume of a brand's product currently used by the customers. The installed base is the strongest driver of replacement sales. Traditional distribution systems include companies having their own sales force, with independent wholesalers and retail outlets helping to create market coverage.

More recently, there has been a shift to the use of **electronic commerce channels**, in particular, the Internet and Electronic Data Interchange (EDI). This has added new dimensions to the distribution infrastructure. Channel support is essential to successful distribution. It is important for the supplier to make sure the retail prices and margins do not decline. Moreover, it is essential that retailers actively promote and display the products and that the products are widely available in retail outlets.

Key market success factors



Source: HBS (1999).

Firms face many options when structuring sales channels; for example, if the company relies on middlemen, or if it sells its products through a sales force direct to its user-customers. Most distribution systems are made up of a mix of intermediaries that are largely based on the nature of the product, market demographics and buyer behaviour. The most important components of a distribution system include **direct sales reps**, **sales agents**, **distributors** and **retail dealers**.

- **Direct sales reps** are employees that directly call customers, away from a fixed retail location. They are particularly effective in serving accounts that buy large quantities and need extensive product service, technical support and product customization.
- **Sales agents** are independent operators who carry the lines of several suppliers. Their customer profile is similar to direct sales reps, but since they work on commission, sales agents represent a variable cost. They are often first-stage intermediaries when entering new markets.
- **Distributors** are those who buy from many suppliers and have differentiated product lines. They serve customers who purchase relatively small amounts of different items at any time and want ready and reliable availability.
- **Retail outlets** are made up of a large infrastructure that supplies end-products and services to consumers and business buyers (e.g. Walmart). In some product areas, retail outlets are franchised. The franchises must purchase supplies from the franchisor and conform to standards of store design, service quality and product presentation (e.g. McDonald's).

By means of electronic commerce channels, customers can gain product information, place and pay orders. However, there are some drawbacks, as the accessible market is limited. Next to this, there are security concerns when sellers face problems in qualifying buyers and verifying the legitimacy of orders.

Successful distribution depends on how effectively suppliers support the channels through which their products move to markets. When working with intermediaries, three factors are important: suppliers need to assure that products are stocked and available at the resale level; that resellers display, advertise and promote the product properly; and that resale prices and margins do not deteriorate.

There are several factors that help the supplier gain strength in between the channels:
- **Selective distribution instead of intensive distribution:**
    - With fewer resellers, there is less incentive to cut down retail prices and there is more interest in promoting the product line to build sales volume;
    - The intensity of the supplier's resale representation depends on the nature of the product and buyers' behaviour.
- **Superior quality and breadth of the product line;**
- **High supplier-reseller-interdependency:**
    - The greater the share of the dealers' sales the suppliers' line accounts for, the more dependent each is on the other, and the greater the pressure becomes to work together to maximize sales volume and profits.
- **Supplier's own sales force present in resale level;**
- **End-market demand development:**
    - Heavy advertising and promotion usually generates a brand pull in the market.

Note: Of all the elements of the marketing mix, distribution is the hardest to build and change. Nevertheless, change is often essential as markets grow and evolve.

Market Communications (Promotion)
The usual **communication/promotion** channels available for a company include telemarketing (e.g. phone calls), personal sales force, third-party influencers (e.g. doctors), trade shows, direct marketing, television, point-of-sale displays and print media. A successful use of these channels needs an understanding of the **decision-making-unit (DMU)** and the **decision-making-process (DMP)**.

The DMP typically includes several stages:
- An awareness of a need;
- Search for information;
- Identification of options;
- Source qualification and shortlisting;
- Selection;
- Post-purchase affirmation of the buy decision.

The process will be determined by the nature of the product, the buyer's previous buying and product use experience, and the number of people involved in the buy decision. For each stage, different communication vehicles are needed. Television and print advertising create awareness, whereas visiting stores and talking to friends serve better in gathering info, and the final selection is often strongly influenced by a salesperson.

The DMU itself might include a combination of actors. The different actors in the DMU often have different concerns and give different priorities to the product's attributes. Thus, it is the marketer's task to treat these individual needs and address all the actors' interests. To do this effectively, marketers need to understand the influences on which prospective buyers are most likely to respond. The influences could vary from word of mouth (from friends and neighbours) to more authoritative sources such as doctors, product testing organizations, or store personnel.

Different channels of communication are suitable for different situations. **Media advertising** might be an efficient way to provide information about the product and the price, inform prospective purchasers where to buy, suggest ideas for how to use the product, identify the brand with its target market segment, build brand support and establish brand familiarity. **Personal selling**, on the other hand, is often useful to tailor solutions to individual customer needs, identify prospective customers, deal with customer problems, and provide market feedback. When relevant information is difficult to communicate through mass media, or when the number of prospective buyers is too few to justify the costs, personal selling is preferred over media advertising.

When formulating the communication's strategy, there is often a need to choose between a **push-** and a **pull-strategy**:

- **Push-strategies** involve pushing the product to end-users, for example through encouraging the resellers to promote the product;
- **Pull-strategies** focus on creating end-market demand. It is more costly, due to advertising, and because end users will be pulled to the company, for example when a company shows expertise in a certain area.

Knowing how to balance the two strategies is key to reaching cost-effectiveness. Pull elements in the marketing program are effective if the brand name is meaningful to the buyer and if product benefits can be effectively communicated through mass media. Push elements are needed if the way the product is presented at the point-of-sales is important, if clerks' recommendations are meaningful to buyers, and if buyers count on reseller after-sale service.

A Model for Formulating the Marketing Strategy

- Corporate goals: set the main guidelines for strategic planning and bottom-up planning conducted by the **strategic business units.** They set the limits of what can actually be achieved;
- External environment: intends an examination of the exogenous factors which create a favourable climate;
- Business unit strengths and weaknesses;
- Product/market opportunities: come from internal and external factors;
- Market analysis;
- Economic and risk analysis: using break-even, contingency and impact analysis;
- Ethical analysis;
- Product/market strategies: the purpose is to assess feasibility and fit, and given limited resources, to prioritize new opportunities in terms of long-term revenue and profit potential.

Article: Marketing Myopia
Business managers often make the mistake of incorrectly defining the industry they are operating in. Defining an industry too narrowly sets **restrictions** to managerial thinking and strategy formulation, which can lead to the loss of customers or even the extinction of the company.

Example 1: U.S. Railroad Industry
The railroad businesses in the U.S. are in shambles, simply because they allowed customers to be taken away by other transportation means (cars, trucks, aeroplanes, etc.), as they assumed themselves to be in the railroad business instead of the transportation business. They identified their industry incorrectly, because they were product oriented (railroad instead of transportation) instead of customer oriented. The railroad firms saw themselves being in a transportation business and did not see the changing needs of the customers in the railroad industry. Thus, they could not fight the emerging competition from companies using alternative modes of transport.

Example 2: Hollywood
Hollywood once thought it was in the movie industry, while it was actually in the entertainment industry. So instead of being customer oriented (focus on entertainment), it was more product oriented (focus on movies), and thus initially rejected to embrace the opportunity provided by the emerging television industry. Hollywood almost disappeared due to its initial failure to define its business correctly.

When a company is customer oriented, it is constantly looking for opportunities to apply their technical know-how to the creation of customer-satisfying uses that account for the output of successful new products.

Shadow of Obsolescence
Almost every industry has, at some point, been considered a growth industry, as expected future growth looks practically never-ending. Usually, the belief in the industry comes from the absence of obvious substitutes. Still, almost all of these industries have come to a decline at some point, although many industries used to be admired as growth industries. For example, in the dry-cleaning industry, people could not imagine getting clothes cleaned another way, until clothes had synthetic fibres and chemical additives that cut the need for dry cleaning.

In truth, actual growth industries do not exist, only companies organized and operated to create and capitalize on different growth opportunities. Perceived growth industries are actually industries in a phase of growth, but inevitably heading to decline.

These four conditions guarantee the cycle, so they are usually causing the decline of former growth industries:

1. An assumption that the expanding population will assure future growth;
2. Lack of perceived and credible substitutes for the industry's major product;
3. Too much faith in mass production and the advantages of reducing unit costs as output rises;
4. Preoccupation with a product that lends itself to carefully controlled scientific experimentation, improvement and manufacturing cost reduction.

These four points will now be discussed in more detail on the next page.

Condition 1: Population Myth
Every industry prefers to think that profits are secured by **population growth**. It is a comforting thought, removing uncertainties and anxiety towards the future. Moreover, if the market is constantly expanding, it seemingly solves the growth problem and lifts the responsibility to generate growth from management's shoulders. This will most likely lead to a lack of innovation and (creative) thinking. If the product has an automatically expanding market, the firm will not pay much attention on how to expand it.

For example, the petroleum industry has focused on improving the efficiency of making its product, not on improving the generic product or its marketing. This has led to a false sense of indispensability: the petroleum industry is convinced that there is no alternative to its major product – gasoline. However, the survival of the oil industry is largely dependent on the succession of different businesses and innovations, such as the combustion engine. Moreover, the industry has defined its product in the narrowest possible way, namely gasoline and not energy/fuel/transportation, and is relying on the growing population as a source of industry growth. This can easily lead to a decline.

Condition 2: The Idea of Indispensability
The petroleum industry firmly **believes in the indispensability** of their product and that there is no competitive substitute. However, the oil industry got run over already twice: first when the electric bulb made kerosene lamps obsolete and the second time when coal-based central heating replaced the space heaters. Only the constant innovation of new products using oil has saved the industry from extinction. For example, the increase in aviation, the use of diesel in railroads and the increased demand for cars saved the oil industry.

This idea of indispensability has also blinded the oil businesses from accepting other alternative products. For instance, oil companies had the resources and the capabilities to become major players in the natural gas industry. However, many executives decided not to go into the industry and limited themselves to a specific product (oil). Those who did believe in the natural gas industry decided to form their own firms, producing multibillion businesses that could have been part of the oil businesses.

Although most people see oil as a growth industry, it has never been a continuously strong growth industry, but it has grown by fits and starts, always saved by innovations started by outsiders. The point is that there is no guarantee against product obsolescence. If a company's own research does not make a product obsolete, another's will.

Condition 3: Faith in Mass Production
Mass production industries are impelled by a great drive to produce all they can, because of profit possibilities. **Focusing on mass production** and driving down unit production costs is attractive for companies operating in various industries. There are risks involved in focusing on production processes and unit costs, though. Focus on mass production usually leads to an emphasis on selling the product instead of marketing it.

The difference between marketing and selling a product is that marketing is interested in fulfilling the needs of a customer, while selling is focused on the needs of the seller. Selling is more concerned with generating cash flows, whereas marketing is more concerned with satisfying customer needs through the product itself and all things associated with it (creating, delivering and consuming it). Marketing-minded firms focus on creating value-satisfying goods and services that consumers will want to buy.

Example: Detroit Problem
The Detroit problem, as an example of a car industry, honoured mass production but was more product than customer focused. Detroit spent millions of dollars on consumer research but only asked them about car preferences that Detroit already offered, rather than researching customer wants. This led them to lag behind more innovative companies. This kind of focus usually prevents the product from adapting to changing consumer tastes. Firms should be ready to reinvent their products and their industries, even if it means destroying old ones.

The sole focus on profit possibilities leads to self-deceit among growth companies, which rest reassured about demand expansion. However, this can undermine a proper concern for the importance of the customer. The result is that the industry declines as the product fails to adapt to the constantly changing patterns of customers' needs and tastes, new marketing practices and product developments. Since the firm only focuses on its own product, it fails to see how it is becoming obsolete.

Condition 4: Risks Involved in Research & Development
Focusing too much on R&D (product/price reductions) can also be dangerous. After succeeding in creating a superior product, companies often assume that ongoing and extensive investment secures future success. Once again, the actual customers are left without attention. In technologically oriented firms, the managers are often engineers, not businesspeople. This leads to selective bias as management will favour handling those controllable variables which they are aware of, like research instead of marketing. Furthermore, this leads companies to attempt to fill markets rather than find markets.

This article reaches the conclusion that the main focus should always be on the customers and filling their needs. The company as a whole must exist in order to create value for customers, not to create products as such.

Given the customers' needs, the industry develops backwards, first concerning itself with the physical delivery of customer satisfaction. Then create the things by which these satisfactions are achieved. Finally, move back to finding the necessary raw materials. Moreover, chief executives must believe in this model and support it. The whole company should be about satisfying customer needs rather than selling products. This is the only way to succeed in the long run. If the consumer sees the price as fair, he/she is usually more willing to pay a premium.

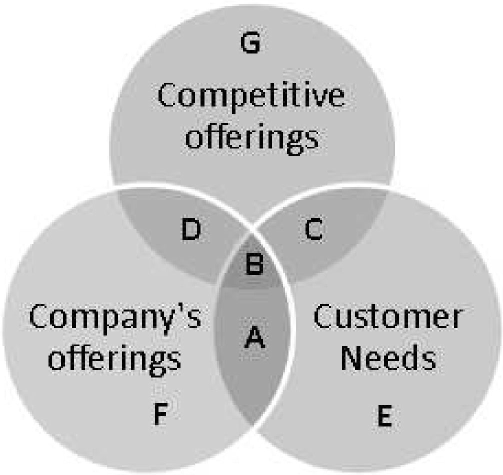
Article: Strategic Insight in Three Circles
This article highlights the fact that companies often acknowledge that they must build a **distinct competitive advantage**, but that they do not truly know what this actually means. To visualize what strategy (both internal and external) means, it provides three circles for acquiring strategic insights that lead to competitive advantages.

The diagram below shows where the **company's offerings** stand relative to **competitor's offerings** and **customer needs**. Each one of these elements is represented by one of the circles and, thus, forming a representation showing **unfilled customer needs (E)** and **points of parity (B)** between the company's and its competitor's offerings.

The three main circles represent the following:
- **Customer needs:** the team's view of what the most important customers' wants or needs are;
- **Company's offerings:** the team's view of how customers perceive what the company offers;
- **Competitive offerings:** the team's view of how customers perceive what competitors offer.

A, B, and **C** are critical to building competitive advantages. **A** indicates the companies' competitive advantage, **B** indicates the points of parity between the company and competitors, while **C** indicates the competitive advantages offered by competitors. The overlap (A and B) indicates how well the company's offerings are fulfilling customers' needs. Moreover, the figure shows which part of customer needs are filled solely by the company as well as the needs competitors can fill, and the company cannot. Another insight might be what value the company or its competitors create that customers do not need **(D**, **F**, or **G)**.

Competitiveness in Circles



Source: Urbany J.E. Davis, J.H. (n.d.).

Slim Summarised! Week 1

Marketing Strategy Overview
- Key elements of marketing strategy: product, pricing, distribution, communication.
- Model for strategy: set corporate goals, analyse external factors, assess strengths & weaknesses, identify opportunities and risks → develop a strategy based on this information.

Marketing Myopia
- Defining industry too narrowly limits thinking and strategy and having a consumer-oriented approach is vital for success.
- Conditions leading to industry decline: population myth, indispensability, faith in mass production, risks in R&D.
- Focus on customers, meet their needs and adapt to change for long-term success.

Strategic Insight in Three Circles
- Companies often aim for competitive advantage but lack a clear understanding of what it means.
- 3 circles to gain strategic insights and achieve competitive advantage represent: customer needs, company's offerings and competitive offerings.
- This framework helps identify areas where the company uniquely fulfils customers needs and where competitors may excel.

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Practice Questions Week 1

Practice Question 1
What statement best reflects what marketing is about?
A. Sell more products to your customers
B. Put your focus internally/on the product
C. Create profit through satisfying your customers
D. Create profit by selling products in a high volume

Practice Question 2
What advantage do low-cost rivals often have compared to traditional companies?
A. Larger product ranges
B. Higher gross margins
C. Lower sales volume
D. Higher operating margins

Practice Question 3
In customer value propositions, the "all benefits" value proposition has one drawback - which one is it?
A. They require knowledge of competing offerings
B. They emphasize favourable points of difference
C. They are often too complex for customers to understand
D. They may include benefit assertions that do not provide value to customers

Practice Question 4
According to the article "marketing myopia", what is a common pitfall when industries believe in the "population myth"?
A. Lack of innovation
B. Increased competition
C. Rapid technological advancement
D. Improved marketing strategies

Practice Question 5
In the article "strategic insight in three circles" what do the 3 circles represent?
A. Competitive advantages
B. Points of parity, points of difference, and customer satisfaction
C. Customer needs, company's offerings, and competitive offerings
D. Market segmentation, product development, and branding

Practice Question 6
Out of these four examples, what is the best example for push marketing?
A. Coupons
B. Building an app
C. Advertising
D. Buzz marketing

Answers Week 1

Practice Question 1
Answer: **C** When we look at the goal of marketing, we want to make as much profit as possible by selling what the customer wants.

Practice Question 2
Answer: **D** Low-cost competitors often have relatively small gross margins (the difference between the cost of producing or acquiring a product and its selling price) but higher operating margins.

Practice Question 3
Answer: **D** The “all benefits” approach assumes that all product features are beneficial, even if some are irrelevant or unimportant to customers, which can lead to a lack of focus on what truly matters to them. So they may include features or benefits not actually valuable to customers.

Practice Question 4
Answer: **A** The “population myth” is a belief held by some industries that their profits are secure simply because of population growth. Because of this, industries often become complacent and do not focus on innovating or improving their services.

Practice Question 5
Answer: **C**

Practice Question 6
Answer: **A** With push marketing, you push your product towards the end-users. This happens with coupons. The other ones are examples of pull marketing.

Week 2: Competitive Analysis & Consumer Behaviour

Article: The Coherence Premium
The "**coherence premium**" refers to the superior returns achieved through a strategy that matches the company's core competencies with the right market opportunities. The main message of this article is that companies should focus more on what they do best and match these capabilities with market opportunities. Often, they pay too much attention to external positioning and not enough to internal capabilities.

What is Coherence?
A **coherent company** is a company that successfully aligns its internal capabilities with correct market positioning. A **capability** is something you do well that customers value and competitors cannot beat. Most companies, however, are not coherent, and it is rare for a strategy to even mention internal capabilities. Although reading market signals and identifying market opportunities is critical, the marketing strategy should be in correlation with internal capabilities.

However, individual capabilities cannot generate the coherence premium. In order to become coherent, a company needs to choose its system of capabilities, implement these capabilities to support the strategy, and align the systems with a suitable product and service portfolio.

Coherency can provide clear answers to the following questions:
- How to face the market?
    - In a coherent company, executives, managers, and employees at every level understand how the company creates value for its customers. They are broad enough to allow flexibility and growth and narrow enough to focus strategy and decision-making.
- What capabilities are needed?
    - The value creation system should have 3-6 key capabilities;
    - Mutually reinforcing capabilities are desirable.
- What to sell and to whom?
    - Product/service offerings, capabilities and the strategic purpose, also known as "the way to play", are aligned;
    - Products that require different capabilities are terminated;
    - The external market is continually scanned for new opportunities that leverage the capabilities' system;
    - In-depth expertise in just a few areas is supported by everyday decision-making.

Coherence Leading to High Profits
According to the article, there is a clear correlation between company coherence and financial performance. **Coherent companies earn higher profits**, and the effect is magnified when we look at mature, post-consolidation markets. A widely known example is Coca-Cola, one of the most profitable companies in the consumer packaged goods industry. Coca-Cola achieved this success through its focus on beverage creation, brand proposition, and global consumer insight.

There are four different ways in which coherence helps to enhance profits:
1. Coherence helps to build competitive advantage;
2. Coherence focuses strategic investments on the right target and reduces waste;
3. Coherence builds efficiencies of scale. This means that companies can spend more wisely and grow more easily when they deploy the same capabilities across a larger array of products and services;
4. Coherence helps to align daily decision-making processes with the strategic intent, causing companies to execute better and faster during chaotic times as everyone understands what is important.

The problem is that organizations often have a natural propensity to become incoherent, so it takes extraordinary leadership to pursue a capabilities-driven strategy. The firm needs to be able to make tough business decisions such as divesting businesses, streamlining non-essential functions, pairing product and service lines, and resisting the temptation to enter a "hot new market" which does not suit the firm's capabilities.

A strategy that is focused on core capabilities is extremely hard to apply and requires sharp leadership. Often, single divisions inside companies are able to achieve coherence more easily than the whole organization itself. Coherence does not only shape the leadership agenda, it enables leadership. It aligns the organization at every level and gives employees the tools to make the right decisions every day.

Article: Are You Ignoring Trends That Could Shake Up Your Business?
This article claims that managers are able to articulate major trends in their businesses, but fail to recognise the less obvious but profound trends towards consumers' aspirations, attitudes, and behaviours. The article wants to get managers to think more creatively and aggressively about how trends can give ideas for new value propositions in core markets, as well as to discuss ways how product development and marketing research can exploit trends effectively.

Three Strategies for Dealing with Trends
The most obvious trends are easy to recognise. However, it is common that mistakes in management lead to a failure in acknowledging the more sophisticated trends, especially when these do not occur in the company's core markets.

Firms might act in the following ways:
- They may engage in strategies that aim to differentiate products along these trends, but with superficial product features.
- They may adopt a passive approach and wait until the trend has grown.

In the worst case scenario, the whole company could be put in danger because of these approaches. In the best case, they will still lead to badly invested R&D funds, while the company invests in developing products that are ignoring the demands brought up by the rising trend.

There are **three basic innovation strategies** companies can use to tackle rising trends:
- Infuse and augment;
- Combine and transcend;
- Counteract and reaffirm.

The goal of the **infuse and augment** strategy is to design a new product that retains most of the attributes and functions of traditional products in the category, but adds others that address the needs unleashed by a major trend. Aspects of the trend are infused into the company's existing product category and augmented to the products. This strategy is only meant to augment existing product categories. An example of this is Tesco's response to growing concerns about the environment. To address consumers' concerns, Tesco introduced its *Greener Living Program*, which involves consumers in protecting the environment through collecting points (by reusing bags, recycling cans, etc.). These points would later be redeemed for cash.

The **combine and transcend** strategy is more radical than the first one. This is a more thorough strategy, where existing features are combined with the features that address the rising trend. The aim is to create a novel experience. Here, new market opportunities can occur more easily than with infusing and augmenting. An example of this is Nike's decision to combine its strong position in the high-performance athletic footwear market with the iPod's meteoric rise. Through the Nike+ sports kit and web interface, Nike has shifted themselves from a focus on athletic apparel to a new plane of engagement with its consumers, without replacing shoes as an essential part of the value proposition.

Finally, the **counteract and reaffirm** strategy involves developing products that emphasize its traditional values, in ways that make consumers oppose the aspects of trends that the company views as negative. It is focused on developing totally new products, which would still emphasize the attributes of traditional product categories. An example of this is the ME2, a handheld video game created by Canada's iToys. By reaffirming the toy category's association with physical play, the ME2 counteracts some of the negative impacts of digital gaming devices like unhealthy lifestyle.

Four Steps for Tackling Trends
To tap a profound consumer trend, you will need audacity and imagination: audacity to consider that negative events give rise to new inspiration (e.g. fear of global warming might inspire new kitchenware) and imagination to conceive innovations that compellingly augment, transcend, or reaffirm your existing category. There is a four-step process for addressing trends.

Step 1: Identifying meaningful trends
Identifying meaningful trends involves finding the trends that really matter. **Ripple effects**, **impact**, **scope**, and **endurance** are helpful in identifying these trends. Ripple effects occur when the changes are occurring in several areas of the consumer's life. Impact simply refers to the profoundness of the changes in people's priorities, perceptions and expectations. Scope is the overall size of the market impact. In other words, how many customers are affected by the trend. Trends with a lot of endurance are here to stay and will not disappear in the near future.

Step 2: Exploration plans
The second step is to engage in two separate exploration plans. The first one should dig into the subtle effects of the trend. How does this trend affect consumer beliefs, goals, behaviours and perceptions? The second exploration should focus on finding out consumer perceptions and behaviours related to the company's existing product category.

Step 3: Comparing results
The third step is to compare the results of these two explorations and find out how key aspects of the trend might relate to key aspects of the consumption experiences in your category. In the best case, you might find congruence between existing products and the trend. However, you might also find disconnectedness or even a conflict between the values of your existing category and the trend.

Step 4: Isolating and choosing a strategy
The last step is to isolate potential strategies and to choose the strategies to pursue. Infusing and augmenting is probably the best choice if the old value proposition of the company still seems to be important to the customers. Combining and transcending the category to integrate the two worlds is the most effective strategy if there is a disconnection between the trend and existing products. If there is a clear conflict situation, counteracting and reaffirming strengthens your core values.

Three issues leading to a failure to exploit the trends:
1. Responding in a superficial way;
2. Failure to recognise trends coming from outside the company's markets;
3. Waiting too long before reacting.

Article: Strategies to Fight Low-Cost Rivals

Companies tend to be more comfortable competing against familiar rivals, those with similar ambitions, strategies, weaknesses and strengths. However, this makes them vulnerable to the threat from disruptive, low-cost competitors. These low-cost companies offer such low prices by harnessing the forces of deregulation, globalization, and technological innovation.

According to this article, companies should always choose from three options when they are facing a low-cost rival. These options are to **attack**, **coexist uneasily**, or **become a low-cost producer**. If a company fails to react to the market entry of a low-cost rival, it will eventually be forced to give up complete market segments. When market leaders do respond, they often set off price wars, hurting themselves more than the challengers. Eventually, they change course by either becoming more defensive and trying to differentiate their products, or taking the offensive by launching low-cost businesses of their own.

The Sustainability of Low-Cost Businesses

It is a common belief that low-cost businesses are not really sustainable, and thus not a permanent threat. However, companies successfully pursuing a low-cost strategy have many advantages compared to their traditional rivals. Focusing on fewer market segments, delivering the product without extra features of questionable value and lean operations are examples of aspects that low-cost rivals get their competitive advantage from. Low-cost competitors earn low profit margins and rely on high sales volume with relatively fast asset turnover ratios. Thus, they often have relatively small gross margins, but higher operating margins. Swift turnover on assets results in attractive ROA. Due to those high returns and high growth rates, the market capitalizations of many upstarts are higher than those of industry leaders.

According to the article, consumer behaviour usually works in favour of the low-cost operators. If the consumer is lured into using price as the main criteria when making purchasing decisions, the only way to tackle existing companies is to offer a cheaper price. Low-cost rivals base their whole strategy on decreasing their costs and prices. The only thing threatening a successful low-cost operator is a new rival who is able to roll out offerings with even lower price tags. Traditional companies charge premiums and are not a real threat to low-cost rivals.

The Futility of Price Wars

The first issue for a traditional company to consider, is if the new rival is moving towards a market segment the traditional company is not serving. If the rival does not threaten segments that are served by the company, it might be reasonable to wait and observe how the situation develops. This wait-and-watch approach has been rather successful in luxury industries, such as wine and perfume, serving the top of the economic pyramid. However, the article claims that usually low-cost players operate to change consumer behaviour permanently, accepting fewer benefits at lower prices. Moreover, low-price warriors are aided by the fact that consumers are becoming cynical about brands, are better informed because of the internet, and more open to value-for-money offers.

When traditional companies realize the danger of low-costs, they often decide to engage in a price war. They try to match or beat their prices. However, their cost structure is totally different from the new competitor, and they usually fail miserably. Even when market leaders tried to directly copy the business model of their low-cost rival, they were usually not able to match the prices. For example, because pricing below production costs is illegal in many countries. Furthermore, it is not a sustainable business model for the traditional company, eventually leading to financial distress.

When Differentiation Works
After failing in waging a war against the low-cost rival, many companies seek help from product **differentiation** as a last attempt to coexist. Among others, these approaches have been used in major companies to tackle the situation: designing cool products, continuous innovation, offering a unique product mix, branding the customer community, and selling experiences rather than products.

However, there are three conditions that determine the success of differentiation:
- They often do not work in isolation: a traditional company has to be able to combine several of these approaches.
- The company still has to persuade the customer to pay a premium price for its products. Charging a small premium for greater services is usually the most effective strategy.
- Costs and benefits must be in line before implementation. This is difficult to execute, as companies often try to differentiate by engaging in projects with huge costs. As customers would turn to low-cost rivals, the company should drive its costs down in order to achieve premiums.

Strategies that help establish a player to coexist with low-cost rivals can work initially, but as consumers become more familiar with low-cost options, they tend to mitigate the higher cost option, and they prefer to pay less for fewer benefits. This has resulted in a shrinking market, charging higher prices to fewer customers. These companies have to cope with smaller top lines while having high overhead costs. In order to remain alive, they have to merge with or acquire rivals.

Dealing with Dual Strategies
Upon rivalling the low-cost market, companies sometimes decide to engage in **dual strategies.** They will set up their own separate low-cost venture.

There are several criteria as to when and how companies should set up low-cost operations:
- The traditional operation must become more competitive as a result.
- The new business should derive some advantages it would not have gained as an independent entity.
- The low-cost venture must be properly differentiated from the parent company: it needs its own unique brand name. It is essential for the new venture that the customers understand that it is a distinct operation with its own unique products and its different price level.
- The new venture should be independent, so it can operate without distractions from the parent company.
- The low-cost venture should be started with an aggressive intention to make a profit, such that the old and new businesses compete with each other. The parent company should expect this and do its financial planning accordingly.

Companies often believe that their experience and large resource pool will lead to success in their dual strategy. Often, they see the operating model of low-cost rivals as simple and easily imitable. However, this is rarely the case. Most of these separate low-cost ventures end in failure.

Switching to conquer is an option when there is no synergy between the traditional business and a low-cost model, dual strategies are not viable. The traditional company is then left with two options: switching from selling products to selling solutions, or converting themselves into low-cost players.

Switching to solutions might be a possibility, because low-cost players take the basic product/service of the traditional companies and turn it into a cheap commodity. Selling solutions has several benefits. It enables manufacturing companies to incorporate a bigger service element in their products, it helps the companies to get a better understanding of the customer, and most importantly, it enables the company to differentiate from low-cost players, since they typically do not have a proper service element in their offerings. Since low-cost players have limited product ranges and service capabilities, they cannot offer solutions. However, it is important to recognise that a company must work with customers to understand their problems in order to design solutions. Companies often make the mistake of combining products and services that work well together and simply calling them solutions.

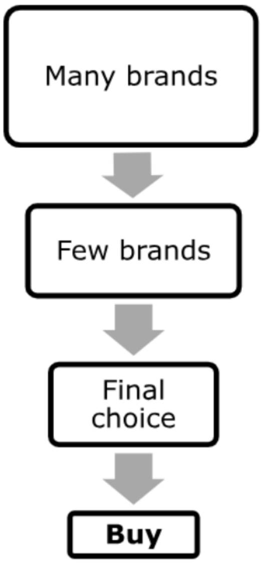
Switching to a low-cost player is also an option, at least in theory. In real life, these transformations rarely succeed. Switching to a low-cost business model means acquiring capabilities that are different from the company's existing competencies, which is often difficult to do. The incumbent has a profitable business to maintain, and its core competencies do not add value in a low-cost strategy. If incumbents fail to tackle the new rivals aggressively and quickly enough, they might find themselves driven out of the market. Consider, for example, the case of Ryanair, who successfully turned themselves into low-cost players by making decisions that converted them into being 80-90% cheaper (e.g. only flying from secondary airports like Eindhoven airport instead of Schiphol).

In conclusion, there will always be two kinds of consumers: those who buy on the basis of price and those who are focused on value. This means that there is always room for both types of companies: low-cost businesses and value-added businesses. How much room will depend not only on preferences, but also on the strategies the business deploy.

Article: Branding in The Digital Age
This article is about how the Internet has changed consumer behaviour towards brands. The internet is transforming the economics of marketing and making many of the functions of traditional strategies and structures obsolete.

For marketers, the old way of doing business is unsustainable. Modern customers are connecting with a wider array of brands: they use different media channels than before, and often expand the pool of brands before narrowing it down. After a purchase, customers remain actively engaged with the company. Satisfied customers might promote the brand publicly and even help in further developing the brand.

The Funnel Metaphor



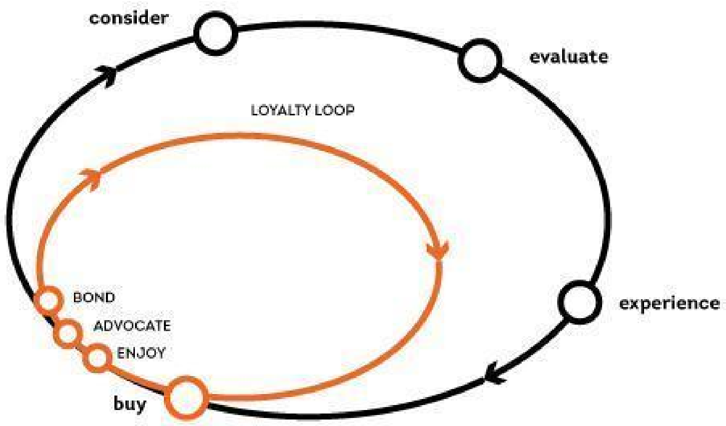
Source: HBR.ORG (2010).

According to the article, traditional marketing strategies that focus on creating brand awareness and aimed to mainly boost sales, are outdated in the modern environment.

From the Funnel Metaphor to the Consumer Decision Journey
As seen above, a **funnel metaphor** is a well-known analogy that describes how consumers start their purchasing decision with an assortment of brands, narrow it down to fewer brands, and then make the final choice of the brand they want to purchase. The point of purchase is the final step in a funnel metaphor. Traditionally, marketers have used paid-media push marketing at a few points along the funnel to build brand awareness, drive consideration and ultimately inspire purchase. However, the metaphor fails to capture the shifting nature of consumer engagement.

The **consumer decision journey** (CDJ) below is a relatively new substitute for the funnel metaphor. The CDJ is an iterative process where, instead of systematic selection of brands, the consumers go through different stages of the journey. After the purchase, the customers often enter into an open-ended relationship with the brand, sharing their experiences through social media.

The Consumer Decision Journey



Source: HBR.ORG (2010).

The different stages of CDJ are:

- **Consider:**
  - This stage includes the consumer's **consideration set**, meaning the products and brands a consumer has on his or her mind from exposure to ads or store displays.
- **Evaluate:**
  - Consumers acquire information through reviews, retailers and other sources.
  - The assortment of possible brands actually grows in the evaluation stage as they learn more and their selection criteria shift.
- **Buy:**
  - Modern customers often make the final purchase decision just before the actual purchase. Thus, the point of purchase (placement, packaging, availability, pricing, sales interactions) is an even more important touchpoint than before.
- **Enjoy, advocate, bond:**
  - Dissatisfied customers might harm the brand image by giving bad reviews.
  - Satisfied customers advocate the product through word of mouth.

Practical Implications
There are two major implications for marketing. Firstly, marketers should target stages in the decision journey, instead of focusing on how to allocate spending across media. On average, 70-90% of marketing spending hit the 'consider' and 'buy' stages. However, the 'evaluate' and 'enjoy/advocate/bond' stages often influence the consumer more. Still, these stages are neglected in most marketing budgets.

The second implication is that marketers' budgets are constructed to meet the needs of a strategy that is outdated and should be revised. Traditionally, marketers have mostly been interested in paid media. Now, they should start to acknowledge the importance of both the **owned media**, which are channels the brand controls (e.g. company websites), and the **earned media**, pointing at customer-created channels (e.g. customer review sites). An increasing portion of the budget must go to "non-working" spending, which are the people and technology required to create and manage content for a profusion of channels and to monitor or participate in them.

Launching a Pilot
A CDJ-driven strategy has three main parts: understanding a consumer's decision journey, determining which touchpoints are priorities and how to leverage them, and allocating resources accordingly. To understand a consumer's decision journey, firms should look at what consumers do, what they see, and what they say.

- What they do:
  - For example, research shows that offline channels were influential only during the 'consider' stage.
- What they see:
  - It became clear that the new strategy of the company had to deliver an integrated experience from considering buying and beyond.
- What they say:
  - Product ratings and consumer recommendations sometimes triggered useful and extensive discussions, but when the ratings were negative, the conversation would often enter a self-reinforcing spiral.

A Customer Experience Plan
A deep investigation of the decision journey often reveals the need for a plan that will make the customer's experience coherent. Usually, a **customer experience plan** should be drafted. This is a plan that aims to create a coherent customer experience and can include elements such as the actual shopping experience, social media websites, interaction that continues after the purchase, and so on.

New Roles for Marketing
Marketing has to take on new roles in order to successfully pursue a CDJ-oriented strategy. Three roles are becoming more important for marketing:

- "Orchestrating" owned-media functions:
  - Often the different owned-media functions of a company belong to different departments other than marketing. Marketers should be able to coordinate these functions.
- Publishing and managing the "content supply chain":
  - Marketers are becoming multimedia publishers, promoting through social media, creating viral videos and so on.
  - Managing the content supply chain is essential for a coherent customer experience.
- Being a marketplace intelligence leader:
  - Unfortunately, marketing data is often under the control of IT departments. With its traditional focus on driving operational efficiency, it often lacks the strategic or financial perspective that would incline it to steer resources towards marketing goals. Therefore, marketing departments should control this data and distribute insights derived from this data across the company.

The best results come when a bottom-up pilot is paralleled by a top-down CMO initiative to address cross-functional, infrastructure, and organizational challenges. Moreover, a company must capture processes, successes and failures when launching a pilot so that it can be adapted and scaled.

Slim Summarised! Week 2
The coherence premium ● Coherence premium means achieving superior returns by aligning core competencies with market opportunities. ● Focus on internal capabilities and understanding customer value creation. ● Coherent companies tend to be more profitable, efficient and aligned at all levels. **Are you ignoring trends that could shake up your business?** ● 3 innovation strategies for dealing with trends: infuse and augment, combine and transcend, counteract and reaffirm. ● 4 steps for tackling trends: identify meaningful trends, explore their effects, compare results with existing products and choose a strategy. ● 3 common failures in exploiting trends: superficial responses, overlooking trends from outside core markets and waiting too long to react. **Strategies to fight low-cost rivals** ● Low-cost competitors pose a threat to traditional companies by offering lower prices. ● Companies facing low-cost rivals can attack, coexist uneasily or become a low-cost producer themselves. ● Differentiation strategies work, but often result in smaller market segments with higher costs. **Branding in the digital age** ● The internet has transformed consumer behaviour and made traditional marketing obsolete. ● The consumer decision journey (CDJ) is a process where consumers go through stages like consideration, evaluation, purchase and advocacy. ● Marketing’s new roles include: orchestrating owned-media functions, managing the content supply chain and being a marketplace intelligence leader.

Practice Questions Week 2

Practice Question 1
When is a mass marketing strategy appropriate?

A. When there are multiple target segments with different needs
B. When all customers have similar needs and wants
C. When segmentation dimensions are unclear
D. When the marketer is unwilling to select target segments

Practice Question 2
Consider the following statements:

I. Effective leadership is crucial for implementing a capabilities-driven strategy
II. Incoherent organizations tend to perform exceptionally well financially

Which of the statements is correct?

A. Statement 1 is true
B. Statement 2 is true
C. Both statements are true
D. Both statements are false

Practice Question 3
In the article “segmenting the base of the pyramid” what value-creating strategy is recommended for the subsistence segment?

A. Directly providing appropriate and affordable products and services
B. Engaging in community to co-produce value
C. Appointing individuals or small businesses to provide efficient reach and coverage
D. Forming commercial partnerships with NGOs and governments

Practice Question 4
What is the goal of the “infuse and augment” innovation strategy?

A. To completely replace existing product categories
B. To counteract negative impacts of trends on traditional products
C. To maintain existing product categories without any changes
D. To design a new product that retains most attributes of traditional products and add features addressing trend-driven needs

Answers Week 2

Practice Question 1
Answer: **B** A mass marketing strategy is appropriate when there is little to no differentiation in customer preferences or when the market is relatively undifferentiated.

Practice Question 2
Answer: **A** Pursuing a capabilities-driven strategy is challenging and requires extraordinary leadership. Coherent companies tend to earn higher profits.

Practice Question 3
Answer: **B** Engaging the community in the creation and delivery of products and services can empower individuals in the subsistence segment, provide them with income-earning opportunities and improve the quality of their consumption.

Practice Question 4
Answer: **D** The goal of the “infuse and augment” strategy is to design a new product that retains most of the attributes and functions of traditional products in the category, but adds others that address the needs unleashed by a major trend.

Epilogue

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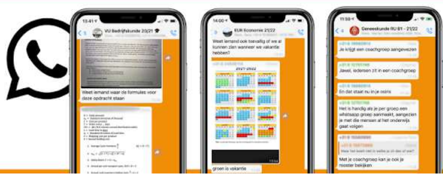

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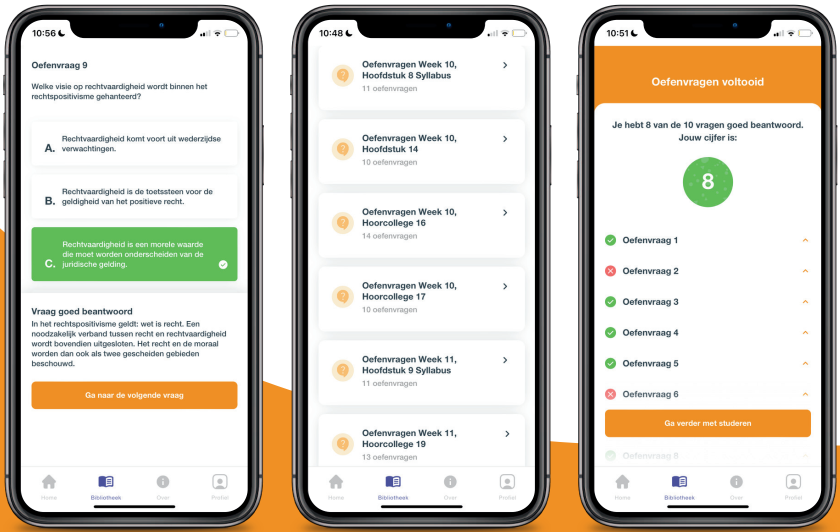

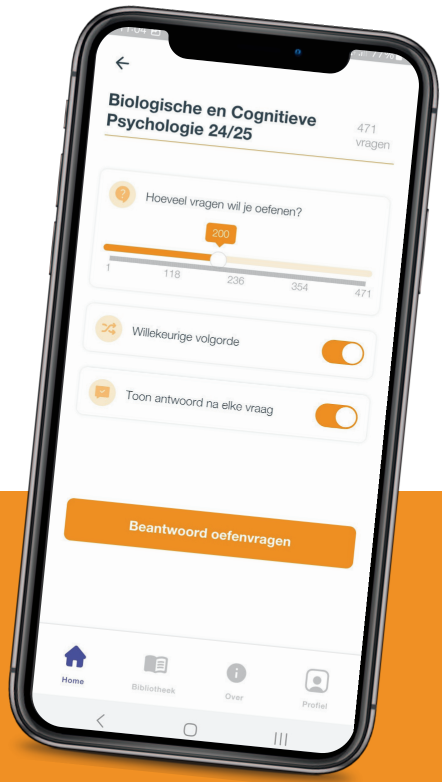

Practice the way you want:

- Choose how many questions you want to answer
- Pick open and multiple-choice questions
- See if your answer is correct right away – or at the end
- Skip questions, pause, or come back later
- Check your own open answers to keep your score fair

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