

Branding as a Competitive Edge for MSME



A world without marketing ?



What is Marketing?

American Marketing Association:

‘Marketing is the activity, set of institutions, and processes for creating, communicating, delivering, and exchanging offerings that have value for customers, clients, partners, and society at large’

The Chartered Institute of Marketing:

‘The management process responsible for identifying, anticipating and satisfying customer requirements profitability’

What all these Definitions have in common...

- Identification of customer needs
- Meeting the needs of the customers
- Providing benefits to customers better than the competition

at a profit for the company

- The name of the game in marketing is attracting and retaining a growing base of satisfied customers
- Modern & efficient marketing can be described as an integrated effort to satisfy customer needs at a profit

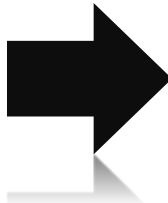
From Product Focus to Customer Focus

Product Focus

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1 Assumes that price and product performance are the keys to most sales

- Know competitive product features/benefits
- Superficial (e.g. geographic) or invalid (e.g. product) segmentation
- Marketing is the responsibility of the marketing department and is often viewed in terms of promotional tools
- Focus tends to be more tactical and short-term
- Sell products you can make



Customer Focus

4

2 Understands customer decision making process, focuses on a “bundle of benefits” including service, communication and perceptions

- Know strategy, assumptions, cost structures and objectives of key competitors.
- Segment by customer characteristics (need, application, benefits, motivations/behaviours).
- Marketing is a discipline and a culture which requires everyone’s involvement
- Focus on strategy first, tactics second. Balance short-term and long-term objectives
- Make products you can sell

But even customer focus has evolved in unprecedented ways...



Risk

- What ever we do must be in line with what the customer requires



Marketing as a Discipline combines several elements

- Understanding customer needs
- Strong customer focus
- Aligning internal operations with customer needs
- Hasten new product development and introduction
- Competitor analysis excellence
- Effective resource allocation
- Innovation and creativity
- Effective use of marketing tools

Why Should We Be Customer-Focused?

The obvious reasons

- Customer choices are greater
- Customer expectations are higher
- Customers want more for less
- The competition is getting cleverer

The deeper reason

Value creation



Top line growth & profitability

Customer Focus is not made to be nice to customers: Customer focus is aimed at increasing a business's profits and growth.

But...Who is the Customer?

Level in the market chain	Type of customer
<ul style="list-style-type: none">• Direct customer?• Distributor?• End user?	<ul style="list-style-type: none">• Sales representatives/ agents; distributors• Retailers, end users• Confirming houses, trading companies• Agents...

Value to the Customer & Value of the Customer

**VALUE TO THE CUSTOMER
= CUSTOMER VALUE**



**VALUE OF THE CUSTOMER =
CUSTOMER EQUITY**

Customer Value

Value is a tradeoff perceived by the customer between:

- Benefits to him/her
- Costs to him/her

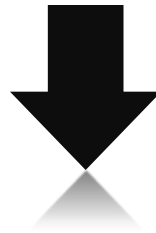
Perceived value is different for each customer:

- Different perception of benefits
- Different perception of costs



The Value Creation Challenge

- Perceived value guide customers' choice
- For customers, their perceptions = the reality
- But their perceptions \neq our reality



**The value creation challenge:
maximize perceived value**

The Value Creation Challenge



Customer Retention: Main Effects

- Acquisition costs only occur at the beginning of a relationship, so the longer the relationship, the lower the amortized cost
- Account maintenance costs decline as a percentage of total costs (or as a percentage of revenue)
- A long-term customers tend to be less inclined to switch, and also tend to be less price sensitive
- Long-term customers may introduce new customers via word of mouth
- Long-term customers are more likely to purchase add-ons, go for upgrades and cross buy

Customer Retention: Main Effects

- Satisfaction breeds habit, meaning that long-term customers are less likely to switch to competitors, making it less likely for competitors to enter the market or gain market share
- Long-term customers are less expensive to service because they are familiar with the process and require less active familiarization
- Loyal customers are more consistent in their buying behavior
- High levels of repeat customers makes employees jobs easier, which feeds back into improved customer service
- Loyal customers can be a source of improvement for your company as they can provide you with insights on how to develop your next generation of offering

Recommendations

- SME's must be aware of the market's changing needs and respond accordingly
- Marketing should work hand in glove with the other departments of a company and never in isolation
- SME's should concentrate their efforts on their most profitable customers vs trying to do business with all the potential customers
- You need to surpass customers' expectations and create an outstanding experience when your customers buy from your company
- It is important that you identify and nurture your base of customer champions as they are likely to become a source of repeated business & recommendation of your company and offering
- The business & financial impact of customer retention is tremendous

Key Learning Points

- Efficient marketing can be described as an integrated effort to satisfy customer needs at a profit
- Customer orientation is not about having the knowledge about the customer, it is transforming it into action
- Customer focus is not the objective: the objective is increasing profits and growth
- There is sometimes a gap between what the customer says he wants and what he really wants as customers do not necessarily express their need
- Innovation does not guarantee success; successful innovations are customer based innovations

What is a Brand ?



DIRENE PACKAGING
&
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What is a brand?

Contrary to the origin of the word, a **'brand'** no longer indicates the manufacturer's ownership of a product as in a farmer's branding of livestock.



Example: The marketers of Coca Cola learned this when they launched a new taste for Coca Cola.

Consumers were unhappy with what had happened to 'their' Coke. **Classic** Coca Cola soon reappeared.



What is a brand?

A brand is not simply:

A great product

A name

A logo

A flashy design

An ad

A slogan

A symbol

....



It is far **more than just a logo**, a graphic **symbol** or merely a **name**.

A brand only lives if it exists in the **minds of consumers**. In this intangible form a brand's personality and image is rich, complex and enormously powerful.

Some of the World's Top Brands

East Rand Plastics Brands



What is a brand?

It is a **promise** that is:

Relevant

- Relates to physical needs
- Relates to emotional needs

Trustworthy

- Believable
- Consistently delivered

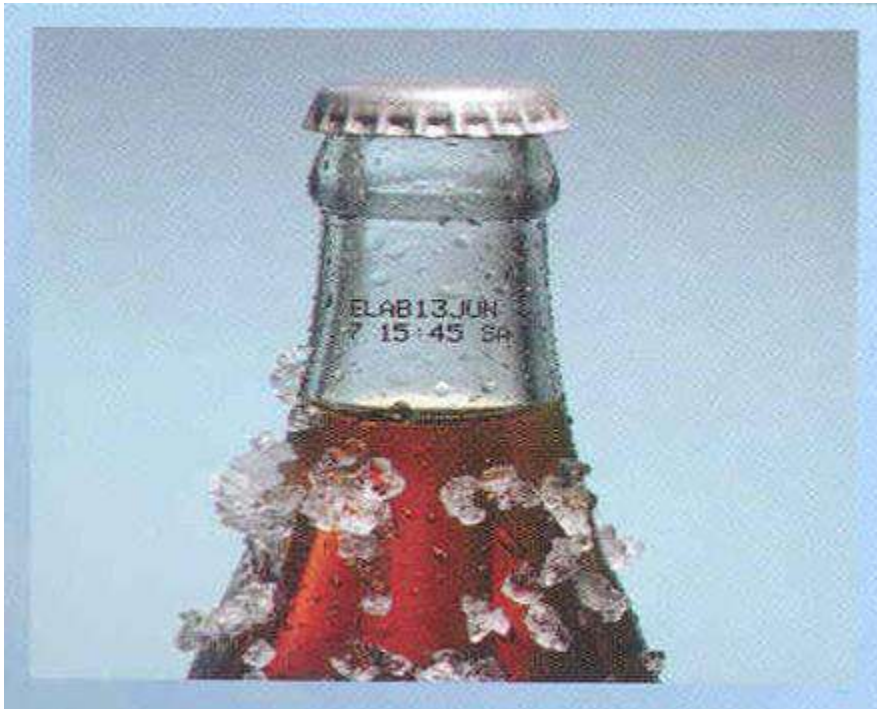
What is a brand?

Having an **insight into the consumer's mind** for both the current brand positioning and the desired positioning is critical in the development of good packaging design.

This consumer insight should be the result of **scientifically structured research**, but all too often it is merely intuitive.



What does a Brand do ?



???????



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What does a Brand do ?

Brands act as value enhancers for enterprises. They carry the expression and the unique performance attributes of the firm way beyond the sole product of services offer, to include the full enterprise performance package: **product quality, service delivery, customer care**, etc. As such , brands are the most proprietary value building asset of an enterprise.





It takes Hard work to build Strong Brands

Brand Building

- Brand Building must be at the forefront of every business decision making
- Make your brand your most important asset no matter what size your business is.
- It is NOT about pretty logos or colourful symbols.
- It IS about what consumers feel when they see your logo. Is it positive or negative? Does it instill trust? Would they be happy to commit to a repeat experience? Do you exceed expectations?

Critical Brand Building Steps

- Coca-Cola
- Tusker
- Nike
- Haile Gebre Selassie
"Jegnaw"



All highly respected, highly trusted brands

Critical Brand Building Blocks

1. Make a Promise

- To succeed as an entrepreneur, you must create the most valuable, singular promise.
- Why should your customer value your service/ product over all other offers in the market? What will lift your offer above that of your competitors?

Critical Brand Building Steps

2. Communicate your Promise

- Choose the most effective media, such as a well-structured and targeted e-mail or fliers. Effectively communicate your promise.

Critical Brand Building Steps

3. Keep Your Promise

- Drive your entire organization to keep the promise you made.
- Business processes and operations should be hung on the delivery of this promise
- A client will ask: did they exceed my expectations through the delivery of their service? It helps when you choose to recruit staff that understand this wrap and strive to deliver.

Critical Brand Building Steps

4. Strengthen your promise

- Seek to reinforce your promise.
- Clients will often develop brand loyalty if you react willingly to their implied or explicit need.