

Stage 5 – Marketing Mix.

MARKETING IN PRACTICE: HYUNDAI MOTOR COMPANY

Hyundai Motor Company coordinates the financial objectives in every marketing plan with business-level objectives and long-term corporate goals. Several years before the South Korean car company decided on a target of selling 500,000 cars in Europe during 2012, it began working towards the goal by setting and achieving quarterly and yearly objectives for unit sales in European countries. Hyundai also balances its financial objectives with marketing objectives such as increasing brand awareness, boosting market share and introducing new vehicles. As an example, to improve brand recognition among younger UK car buyers, Hyundai's marketing mix included a contest inviting YouTube users to make a video from samples of the i30 hatchback's sounds, such as its horn and its electric windows sliding up or down.

In particular, one objective for external relationships in Hyundai's marketing plans is to reinforce the brand's credentials for quality, value, technical innovation and sustainability. A related objective for internal activities is to develop green vehicles, such as the world's first hybrid car powered by liquefied petroleum gas, to help Hyundai compete with Toyota, Honda and other major rivals. Its marketing plan for introducing the Elantra hybrid in South Korea included marketing-mix activities such as media previews, dealership training and advertising to support the new-product launch. 'We are moving with 'Hyundai speed' to achieve our goal of environmental leadership in our industry and redefining the Hyundai brand as a technological innovator,' explains a Hyundai executive.²⁷

CASE: ADIDAS RACES TOWARDS HIGHER MARKET SHARE

Germany's Adidas Group is racing towards higher market share and increased turnover in its mission to be the leading sports brand in the world. Founded in 1949, Adidas now markets sports footwear, apparel and accessory products under three main brands: Adidas, Reebok and TaylorMade. By putting its brands in the spotlight and introducing products that combine performance and style, the company seeks to overtake global market leader Nike, dominate the women's fitness segment and gain share in the men's sports segment.

Adidas's partnership with FIFA and outfitting deals with many national football teams and sports stars give its brands significant exposure during popular events such as the football World Cup and the European Championship. Facebook fan pages for its Adidas Originals have attracted 2 million fans for localised brand-related content based on where the user is located. Through collaboration with Cirque du Soleil, Adidas has created a new range of co-branded gym workout equipment and apparel for women. Finally, having Stella McCartney to design women's sportswear and trainers made from non-leather materials reinforces the brand's association with the fashion world.¹

MARKETING IN PRACTICE: L'ORÉAL

L'Oréal, the world's largest cosmetics company, markets beauty products under luxury brands such as Lancôme and Biotherm, mainstream brands such as Maybelline New York and Garnier, professional brands such as Matrix, and speciality skin-care brands such as Vichy. It also owns the Body Shop retail chain. With €17.5 billion in annual turnover, L'Oréal is pursuing a growth strategy by introducing new products and marketing existing products to additional segments and additional markets. 'The idea is to broaden consumer targets, in terms of price, categories and geography,' explains the chief executive. 'Having several different levels of price and offers can help us compete.'⁵

L'Oréal has therefore created Basics from Garnier as a more affordable mainstream brand and introduced smaller packages of some premium skin-care items. It now markets some of its beauty brands in Egypt, Pakistan and Kazakhstan, where it previously had no market presence, and has launched new cosmetics products in China, Brazil and India. Currently L'Oréal's product experts are working on scientific breakthroughs to develop new anti-ageing skin creams geared to the needs of targeted consumer segments. Both new products and existing ranges are receiving strong advertising and promotional support to highlight their competitive differentiation and communicate important benefits.⁶

MARKETING IN PRACTICE: WALKERS

Although the Walkers brand already holds 23 percent of the UK market for crisps, its marketers are planning for new ways to gobble up additional share and increase turnover. Understanding snacking attitudes and behaviours, flavour preferences and buying patterns helps them plan to satisfy needs and wants through a variety of product innovations that customers value. In addition to the original crisps range, Walkers' marketers have introduced light crisps, deep-ridged crisps and low-fat baked crisps in several flavours and package sizes to give customers more choices as they please their palates and fit their lifestyles. They've also relaunched the Sensations brand of upmarket crisps with special flavour combinations, new packaging and new advertising.

Knowing that snackers value novelty, Walkers challenged customers to suggest unusual flavours for new crisps. This crowdsourcing campaign brought in more than 1 million ideas, including chilli and chocolate, onion bhaji and Cajun squirrel. A panel of judges chose six flavours to introduce for a limited time and then invited consumers to vote for their favourites online, by mobile messaging, on Facebook and by e-mail. Builder's Breakfast, which tastes like egg and beans, was the winning flavour – and Walkers was the big brand winner, having stirred up much word-of-mouth excitement about itself and its snacks.⁴

CASE: LEGO BUILDS ON PRICING DECISIONS

Lego, nearly 80 years young, markets its iconic snap-together plastic blocks plus licensed character mini-figures and video games to children of all ages. The Danish company suffered losses in 2004 and almost went out of business as its product mix ballooned. Since then, Lego has followed a series of structured marketing plans to steadily increase turnover, even during recessionary periods, and improve profitability by re-focusing on the value that Lego products offer customers.

Whereas some toymakers struggled financially during the recent economic downturn, consumers kept buying from Lego because they valued the high quality, durability and unique play experiences for which the brand stands. 'When families find money a bit tighter, they can't afford to get it wrong,' explained Lego's UK managing director. 'They look for brands they can trust and something that will last longer than a five-minute fix.'¹ Today, the company continues to increase profits by speeding up the introduction of new products such as board games, licensing popular characters from hit movies such as *Toy Story* and streamlining the supply chain for higher cost efficiency.²

MARKETING IN PRACTICE: FREEMIUM PRICING

When consumers play *Sorority Life* on MySpace or Facebook, they pay nothing for the game – but do have to pay a small amount to buy virtual extras for their avatars. Marketers who use this kind of freemium pricing offer a basic good or service for free and put a price tag on premium levels of functionality and optional features. In the case of *Sorority Life*, marketed by Playdom, players suggested the virtual pink VW car as an avatar accessory. Playdom sold more than £60,000 worth of pink VWs in only two days as players made the purchase to express themselves and gain status through an extra not included with the free game.

Freemium pricing is a key feature of *app stores*, which offer downloadable applications for mobiles. Limited-functionality apps are often free, while versions with more functionality or options must be purchased. Apple's App Store offers tens of thousands of downloadable applications for the iPhone and iPod. Nokia also offers freemium apps in its Ovi store, and Microsoft offers freemium apps in its Windows Marketplace store. Now millions of apps have been sold, helping successful independent developers build profitable businesses using the freemium pricing model.³

MARKETING IN PRACTICE: TIFFANY

Tiffany, whose blue gift boxes have become a symbol of prestige, operates 206 jewellery stores around the world, including its famous flagship store in New York City. Of the company's £1.7 billion in annual turnover, 20 per cent comes from the sale of diamond engagement rings. However, after years of strong demand and rising revenue, Tiffany faced a major pricing challenge during the recent economic crisis. Consumers were postponing jewellery purchases or opting for less expensive items. In addition, the company was 'facing a headwind from continued heavy and unprecedented levels of discounting by many competitors', said one executive.⁹

Sales of Tiffany products priced at £30,000 or more fell sharply during the recession, although the sales decline in lower-priced items was less dramatic. The company realised that pricing decisions made to address the situation would have to be consistent with the company's traditional targeting and positioning. After studying the marketing environment, Tiffany decided to reduce the price of diamond engagement rings by about 10 per cent. Rather than advertise this pricing decision and risk damaging the brand image, Tiffany had its salespeople communicate the price change as they spoke with customers in the store. Why not change pricing on a broader scale and promote more discounts? 'It's about maintaining the long-term value of the enterprise,' the chief executive explained. 'If we were to abandon that, the consequences would be significant.'¹⁰

Case. HOW DELL CONNECTS WITH CUSTOMERS

How can a global corporation with more than £37 billion in annual turnover afford to maintain an ongoing dialogue with consumers and business customers? The US-based computer manufacturer Dell is doing just that, and the results are rewarding for all. Dell's idea is to communicate with customers, potential buyers, members of the media, technology columnists, influential bloggers and everyone else interested in its computer equipment, accessories and services. In addition to advertising in traditional media such as newspapers, magazines and television, Dell communicates and influences opinions and actions through catalogues, direct mail, e-mail and newsletters plus an ever-expanding online presence that includes websites and postings on blogs, YouTube, Facebook, LinkedIn, Flickr, Twitter and other social networking sites. It also invites customers to rate and review its products online for everyone to see.

In the first two years after Dell began announcing special promotional deals and new products on Twitter, it sold more than £2 million worth of products through such postings. Customers appreciate hearing about the latest promotions and getting voucher codes for additional savings. Now 200 Dell staff members tweet not just to promote specific deals but also to provide support, answer questions, monitor public sentiment, discuss technology and otherwise engage with external and internal audiences on a more personal level. Twitter is 'a great way to fix customer problems and hear what customers have to say, it's a great feedback forum and it leads to sales – how can you miss?', says a Dell employee who tweets.¹