A CEO's manual for strategic marketing

Marketing is undergoing a metamorphosis. The internet has given unprecedented power to consumers and new channels and tools are opening up competition.



January 20, 2017

SEO, SEM, social media management, branded content, display advertising, big data... New opportunities, channels and tools are revolutionizing the world of marketing. At the same time, customers have become aware of their power: they scrutinize and compare commercial offerings every day. Many don't bother to complain if they see something they don't like; they simply click over to something else. Understanding these consumers is more important

©IESE Business School

than ever before.

In this ever-changing environment, many sales executives who were trained in traditional strategies and tactics are wondering if they have the skills they need to succeed.

IESE professors **Julián Villanueva** and **Juan Manuel de Toro** have put together a textbook on strategic marketing to clear up the confusion. This 2017 volume is aimed at senior executives looking to understand the keys to sales and marketing in today's environment.

In 460 pages, this manual covers the concepts, techniques and trends that should be factored into a company's marketing strategy — including market selection and segmentation, new product development, image and brand management, pricing, various distribution channels, sales team training and supervision, and strategies for the internet, social networks and mobile devices.

The making of a marketing plan

The manual is structured in four parts, based on the four essential components of a modern marketing plan: 1) defining the market, 2) crafting the value proposition, 3) entering the market, and 4) generating online traffic and converting it to customers. IESE marketing professors and other contributors then take on the implications of 26 aspects of strategic marketing in 26 chapters.

In the book's foreword, Villanueva and de Toro call for level-headedness when facing today's complex circumstances: "Not everything is the same, nor is everything so different." Yes, we have seen the emergence of new digital tools, channels and services that change the rules of the game. Being an expert in digital marketing is increasingly important, and yet it does not suffice: Mastering traditional marketing is still necessary.

Above the digital noise, the authors remind us that there are still real flesh-and-blood people that need to be trained, evaluated and motivated; television ads continue to have a major impact on sales; focus groups and surveys are still useful for market research; and it is still essential to get the finance department's approval on plans.

What are we selling? And why is it worth buying?

With this in mind, the first two sections of the book cover the basic elements of a solid business strategy.

©IESE Business School

The first section is on defining the market. It discusses how to identify, gain a deeper understanding and appreciate the importance of the segment or segments that constitute our potential market.

Then we turn to crafting the value proposition, i.e., defining and differentiating the features of the product or service; creating and managing the brand that will go along with that; and determining the ideal price (for more detail, see: "**What is the ideal price of a product?**").

An unstable environment

The third section analyzes the best strategies for introducing new products to the market. And this is where many rapid-fire changes to the rules of the game require us to rethink what was done in the past.

Far from a stable, familiar and manageable environment with controlled competitiveness and higher demand than supply, we now have a very unstable environment where supply clearly exceeds demand. In this new business environment, competition is fierce, segmentation is increasingly sophisticated, differentiation is elusive, technological changes can make products obsolete almost overnight and customers are increasingly demanding.

New media and new channels

Launching new products or services is no longer done as it was before. There are new media and new ways of communicating, with an increasing importance placed on image; all this has changed the general conceptions of publicity, relationship marketing, sponsorships, commercials, public relations, and advertising and media agencies.

There have also been profound changes in distribution, due mainly to market consolidation. As a result, distributors have moved from relying on a manufacturer's strategy to having their own. Furthermore, many more brands are bypassing intermediaries (such as wholesalers or specialty shops) to serve their consumers directly.

In this context, companies are constantly redefining their distribution strategies, reconsidering direct and indirect channels, whether their brand reach should be extensive or exclusive, how to gain power in a channel and how to best manage conflicts.

©IESE Business School

Customers are still the most precious commodity

In an environment where differentiation is increasingly difficult, a new sales approach is required: "attract, sell, satisfy and gain customer loyalty."

This requires switching from conquest marketing to retention marketing. Companies are not just looking for repeat buyers. After-marketing programs look to establish lasting and strong relationships with customers.

Sales teams must shift their mindset and move from a transactional model to a relational one. To make that happen, their marketing needs to be increasingly creative — not just attracting an audience, but offering that audience greater value.

Don't forget the digital marketing plan

The fourth and final section looks at generating traffic and gaining customers online, underscoring the need to develop a digital marketing plan that includes social media and mobile devices.

A chapter on web traffic looks at the best ways to create greater visibility for products and services and how to get in closer contact with customers (for further information, see: "**Marketing secrets for generating Internet traffic**").

There are also chapters on other key aspects of a digital marketing plan, including search engine optimization (SEO), paid-for search engine marketing (SEM), display campaigns, and social media marketing (SMM) strategies.

The final chapter is about mobile strategy, which the authors consider the future of digital marketing. Undeniably, more and more users search for products and shop exclusively on their mobile devices. In fact, companies must adapt their strategies to these new habits to survive. (For further information on this last point, see: "**Mobile marketing: Responsive website or app?**")

www.iese.edu/insight

©IESE Business School