

# iMDE: international Market-Driven Engineering

## Lecture 8

### Marketing and Sales

Carl-Henric Nilsson, Lund University

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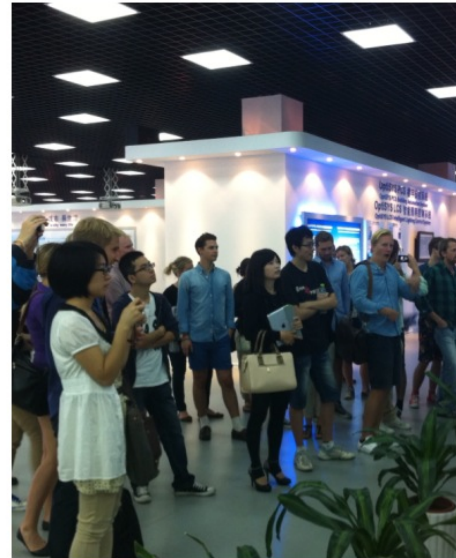
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# Supcon

- Thank you group 8 for a good presentation at Supcon.
- Thank you group 6
- and 2 for preparing
- questions



# Visit by Mayor of Lund City

- Thank you for preparing nice presentations for the Mayor of Lund.



# Lectures

The course will take you from “how to generate innovations”, though “the writing of Business Plans, and understanding Product development and Production” to the “how to sell and market a product”.

- Lecture 1: Introduction
- Lecture 2: Innovation-Inspiration
- Lecture 3: Innovation-Ideation
- Lecture 4: Innovation-Implementation
- Lecture 5: Innovation-Innovation climate and Examples
- Lecture 6: Business plan
- Holliday
- Lecture 7: Product Development and Production
- Lecture 8: Marketing and Sales
- Lecture 9: Final presentation
- Lecture 10: Final presentation



# Final presentations

The course will take you from “how to generate innovations”, though “the writing of Business Plans, and understanding Product development and Production” to the “how to sell and market a product”.

- Lecture 1: Introduction
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- Lecture 6: Business plan
- Holliday
- Lecture 7: Product Development and Production
- Lecture 8: Marketing and Sales
- Lecture 9: Final presentation – [WEDNESDAY 17/9 morning](#)
- Lecture 10: Final presentation – [WEDNESDAY 17/9 afternoon](#)



# Final joint meeting (informal)

Everyone – Please reserv  
Wednesday 17/10 19.00 – XX  
for dinner at International College



# Agenda Marketing and sales

- What is marketing?
- Marketing Mix
- Industrial marketing
- International marketing
- Sales



# iMDE: international Market-Driven Engineering

## Lecture 8

### What is Marketing

Carl-Henric Nilsson & Weiqing XU



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# What Is Marketing?

Simple Definition:

*Marketing is managing profitable customer relationships.*

Goals:

- 1. Attract new customers by promising superior value.*
- 2. Keep and grow current customers by delivering satisfaction.*



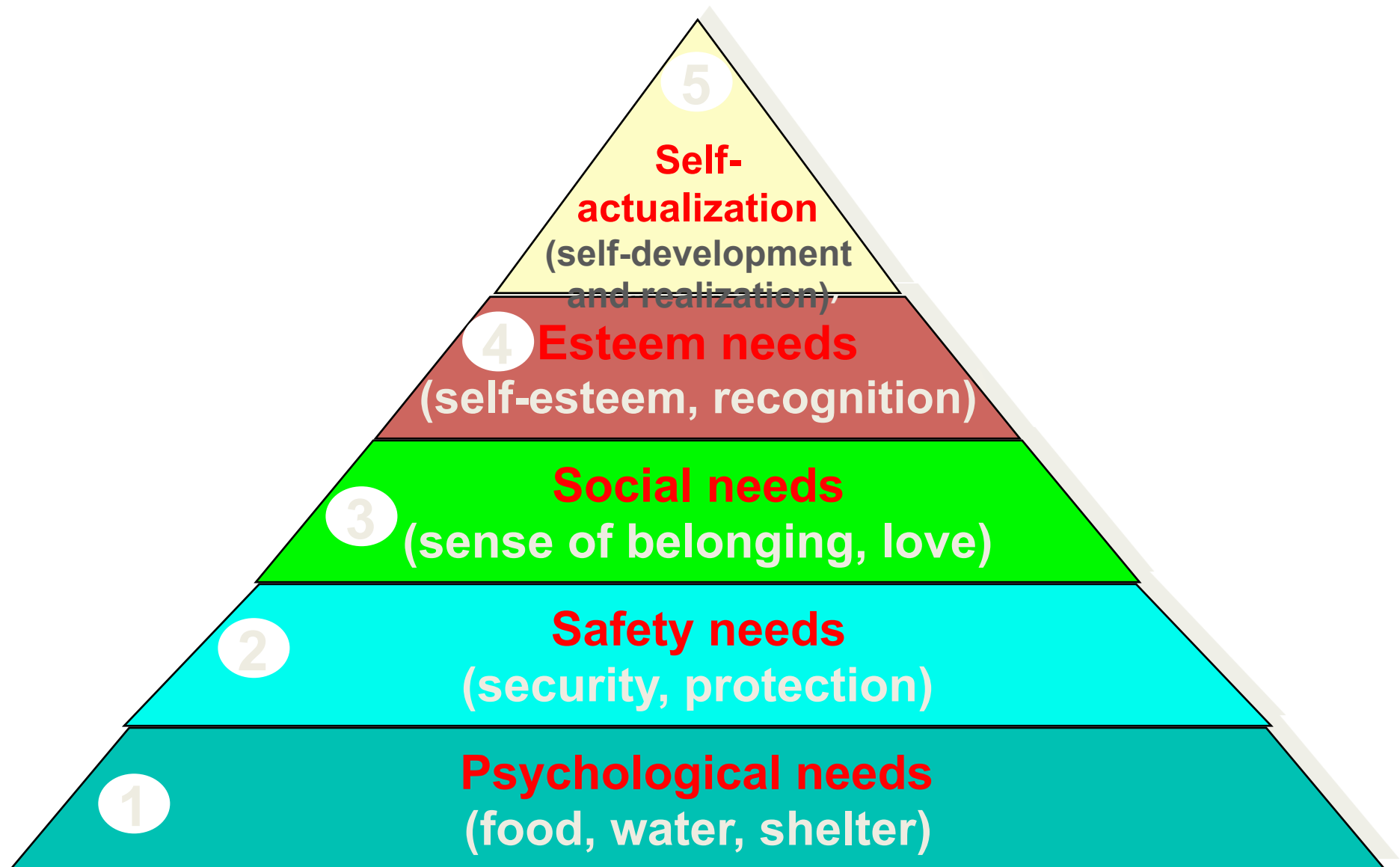
# Marketing Defined

- A social and managerial process by which individuals and groups obtain what they need and want through creating and exchanging products and value with others.

OLD View  
of Marketing:  
*Making a Sale –  
“Telling & Selling”*

NEW View  
of Marketing:  
*Satisfying  
Customer Needs*

# Maslow's Hierarchy of Needs



## Marketing Orientation

- Trying to carry out the marketing concept
- Maintaining a customer orientation
  - All departments work together guided by customer needs
  - Focus on profit objective (or other overall objective)
  - NOT just trying to "unload" what the firm has produced

# Customer Value

- Customers seek to maximize value by
  - estimating which offer (product/firm) delivers the most value (CPV)
  - forming an expectation of value and acting upon it (purchase)
  - evaluating their usage experience against the expectations

# Customer Perceived Value

- Perception of delivered value\* is a function of:
  - Total customer costs
  - Total customer value
- Firms at a disadvantage must:
  - Reduce perceptions of costs or enhance perceptions of value

# Question

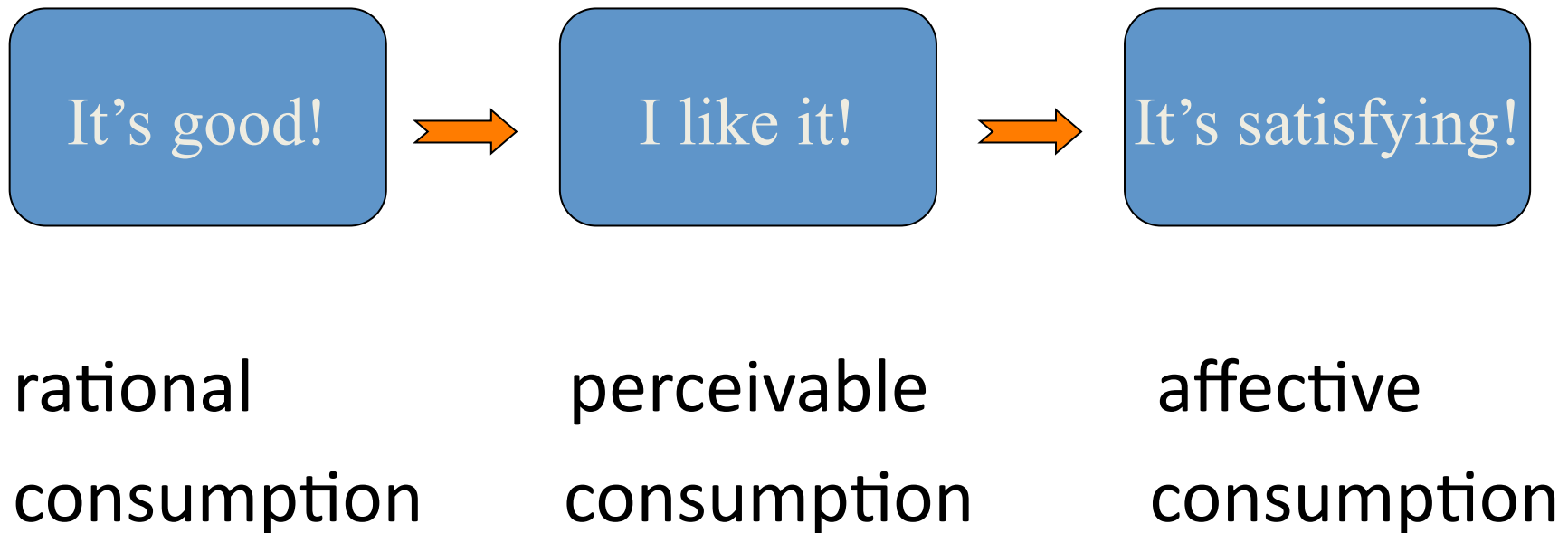
- How to enhance customer value?



# Enhancing Value

- Marketers can enhance the value of an offering to the customer by:
  - Raising benefits.
  - Reducing costs.
  - Raising benefits while lowering costs.
  - Raising benefits by more than the increase in costs.
  - Lowering benefits by less than the reduction in costs.

# Evolution of consumption concept



# iMDE: international Market-Driven Engineering

## Lecture 8

### The marketing mix

Carl-Henric Nilsson & Weiqing XU



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# The Marketing Mix

## ■ Product:

- Variety, quality, design, features, brand name, packaging and services.

## ■ Promotion:

- Advertising, sales promotion, public relations and personal selling.

## ■ Place:

- Channels, coverage, logistics, locations, transportation, assortments and inventory.

## ■ Price:

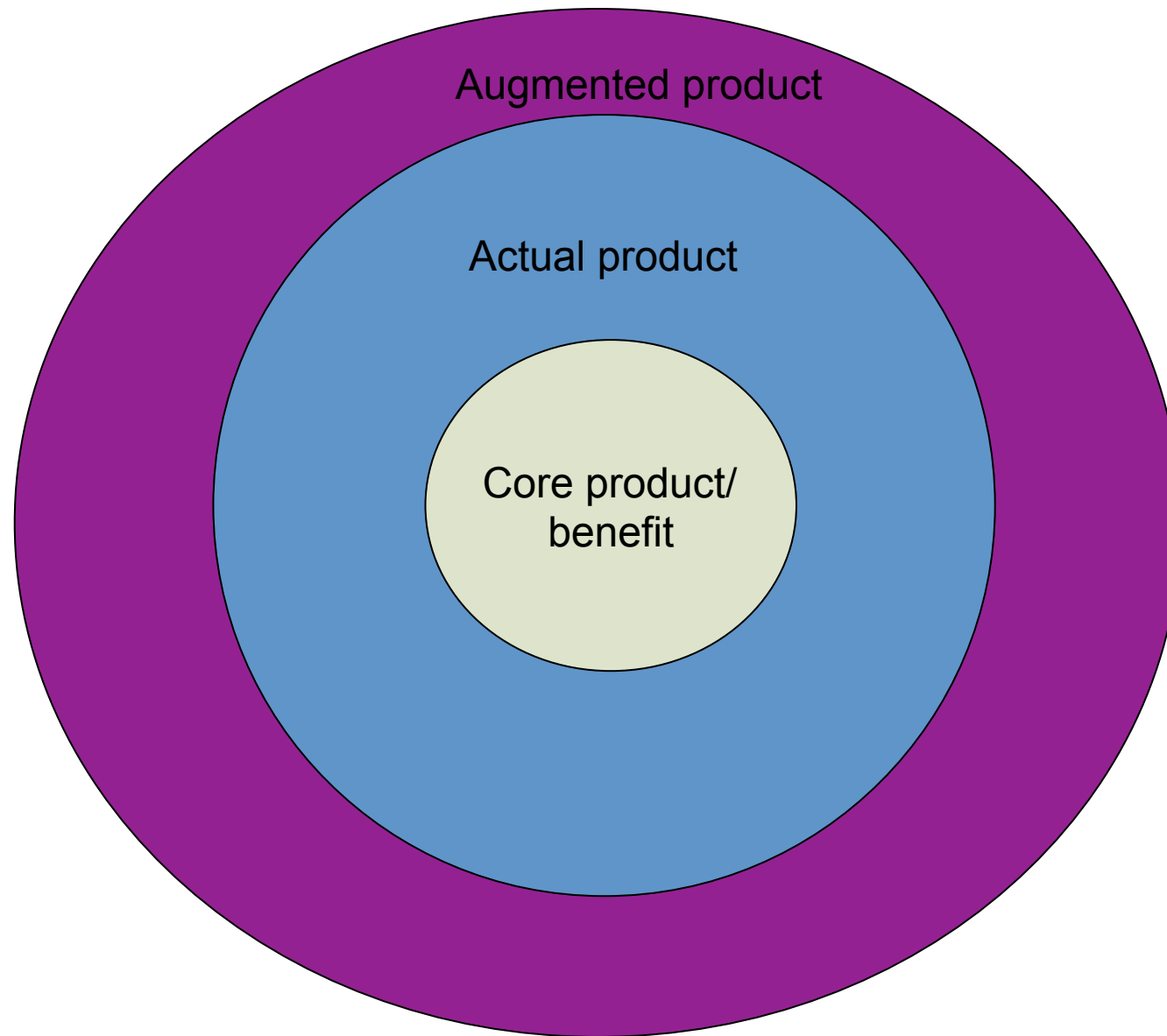
- List price, discounts, allowances, payment period and credit terms.

Product

## Understanding the offer - levels of a Product

- Core benefit
  - What the consumer is really buying.
- Actual product
  - Includes the brand name, features, design, packaging, quality level.
- Augmented product
  - Additional services and benefits such as delivery and credit, instructions, installation, warranty, service.







Augmented Product

We put more into it.  
So you can get more out of it.



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## Lecture 8

### Industrial marketing

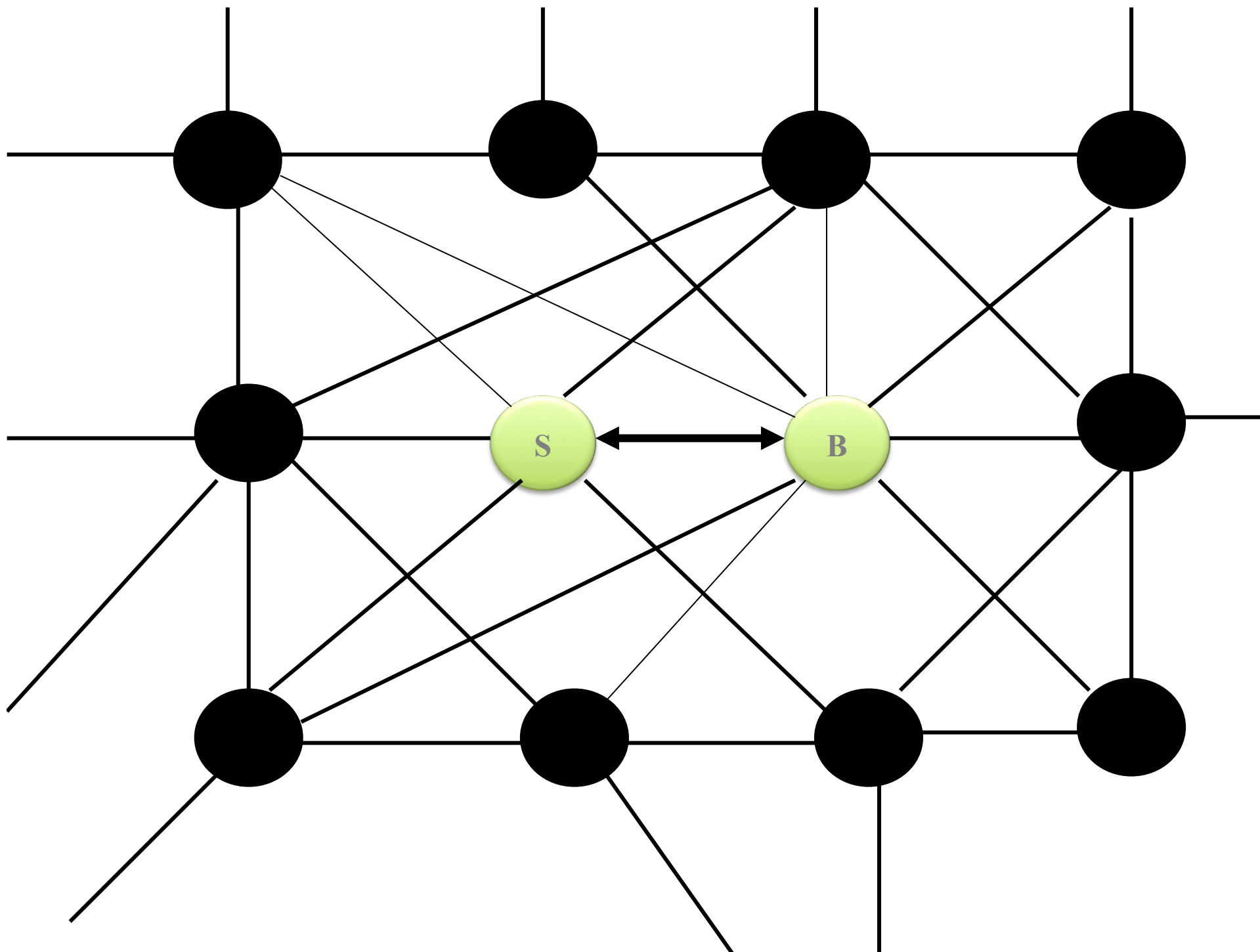
Carl-Henric Nilsson & Weiqing XU



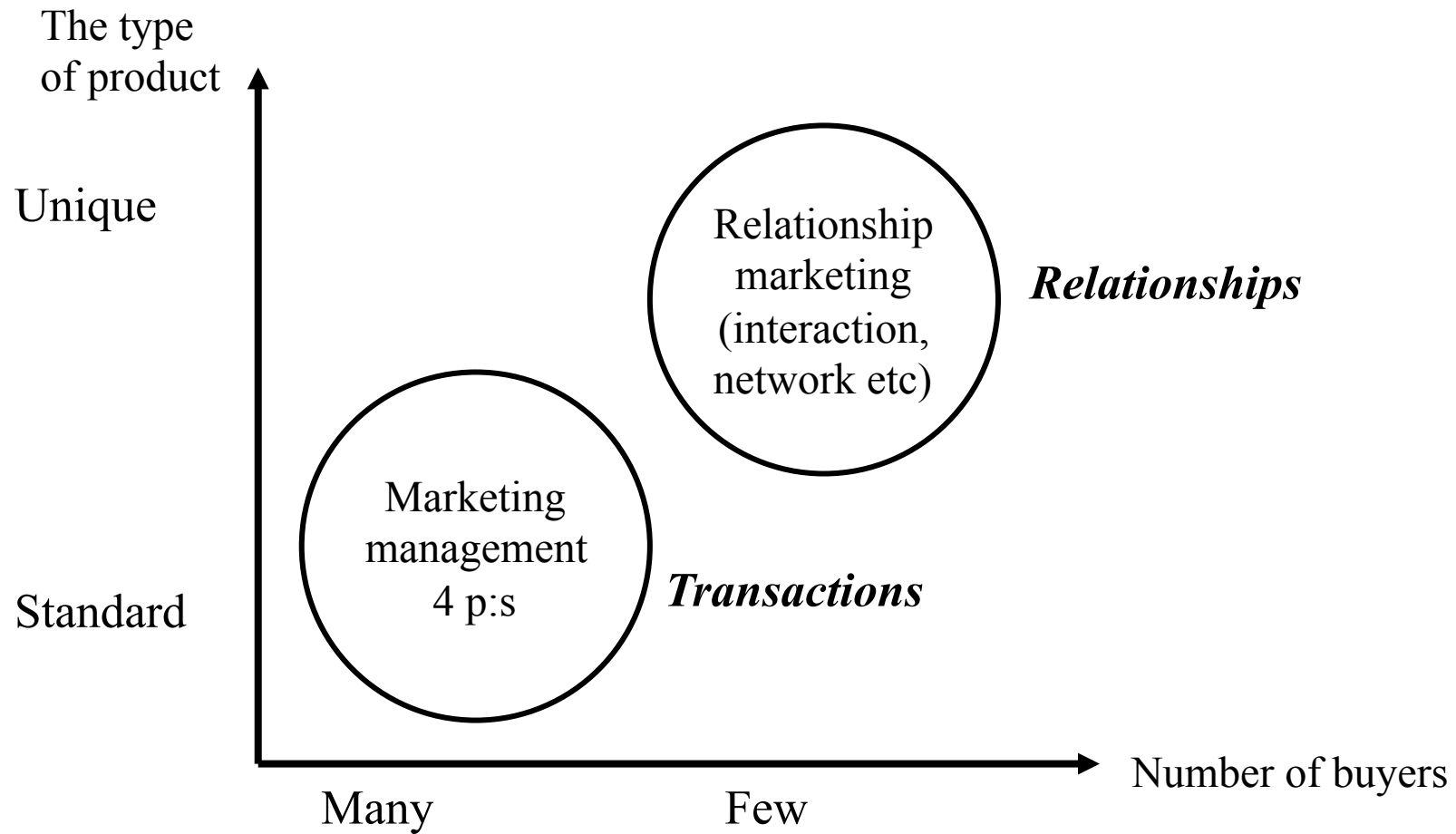
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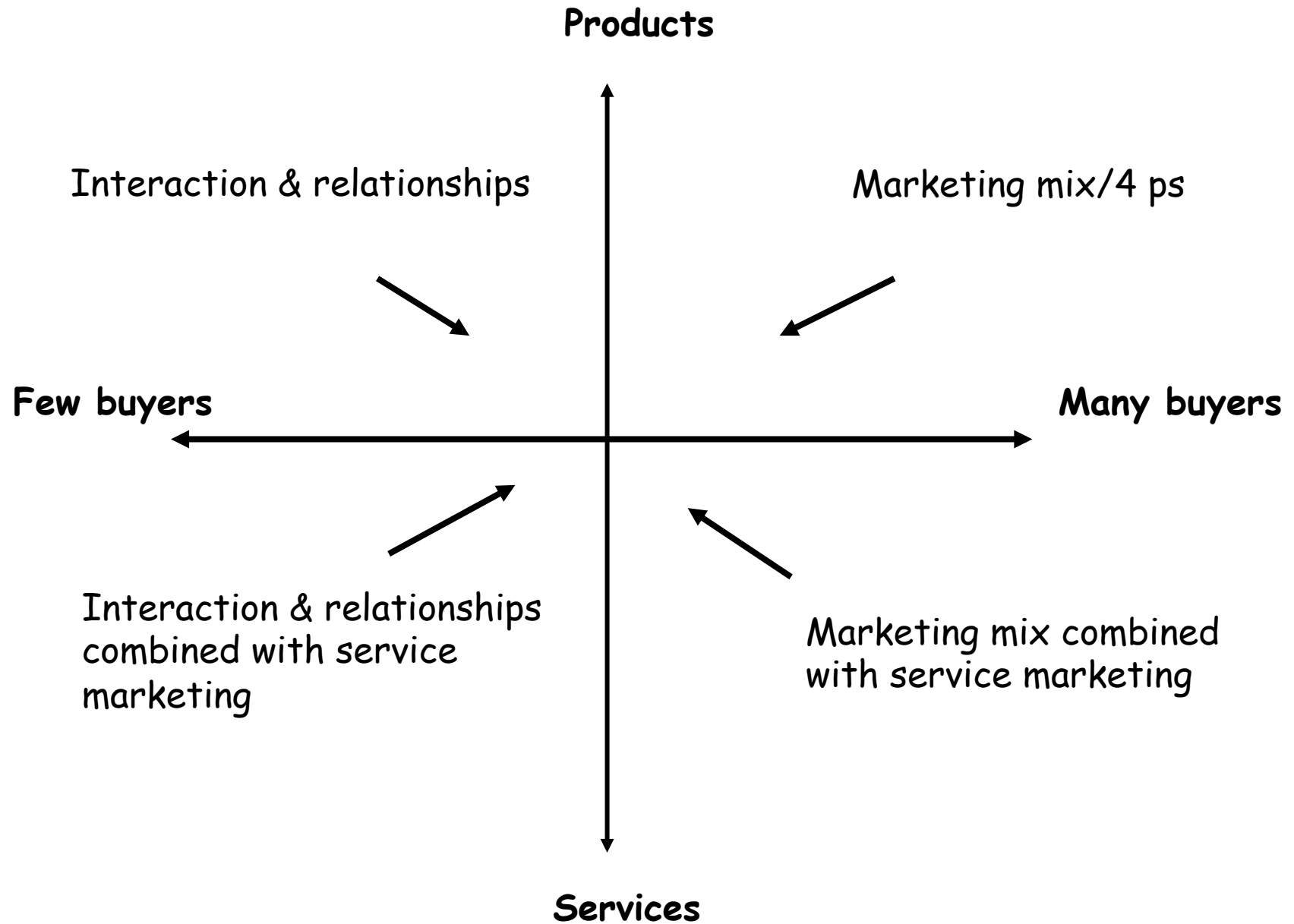


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## Different emphasis in marketing





## Important, different and harder with services

To be able to '**show**' what the service means  
(can not be demonstrated, does often not 'exist')

To make sure that **customers expectations** are on the right level

How **distribute** it? Closeness to market is essential

To control **quality** - services should be able to be repeated often in  
interaction with customers, failures can not be thrown away

To control capacity and demand is more important -  
as services **can not be stored**

**Pricing** is different -  
difficult to see the relationship between price and value

Role of **personnel** great as they have direct contact with the customer

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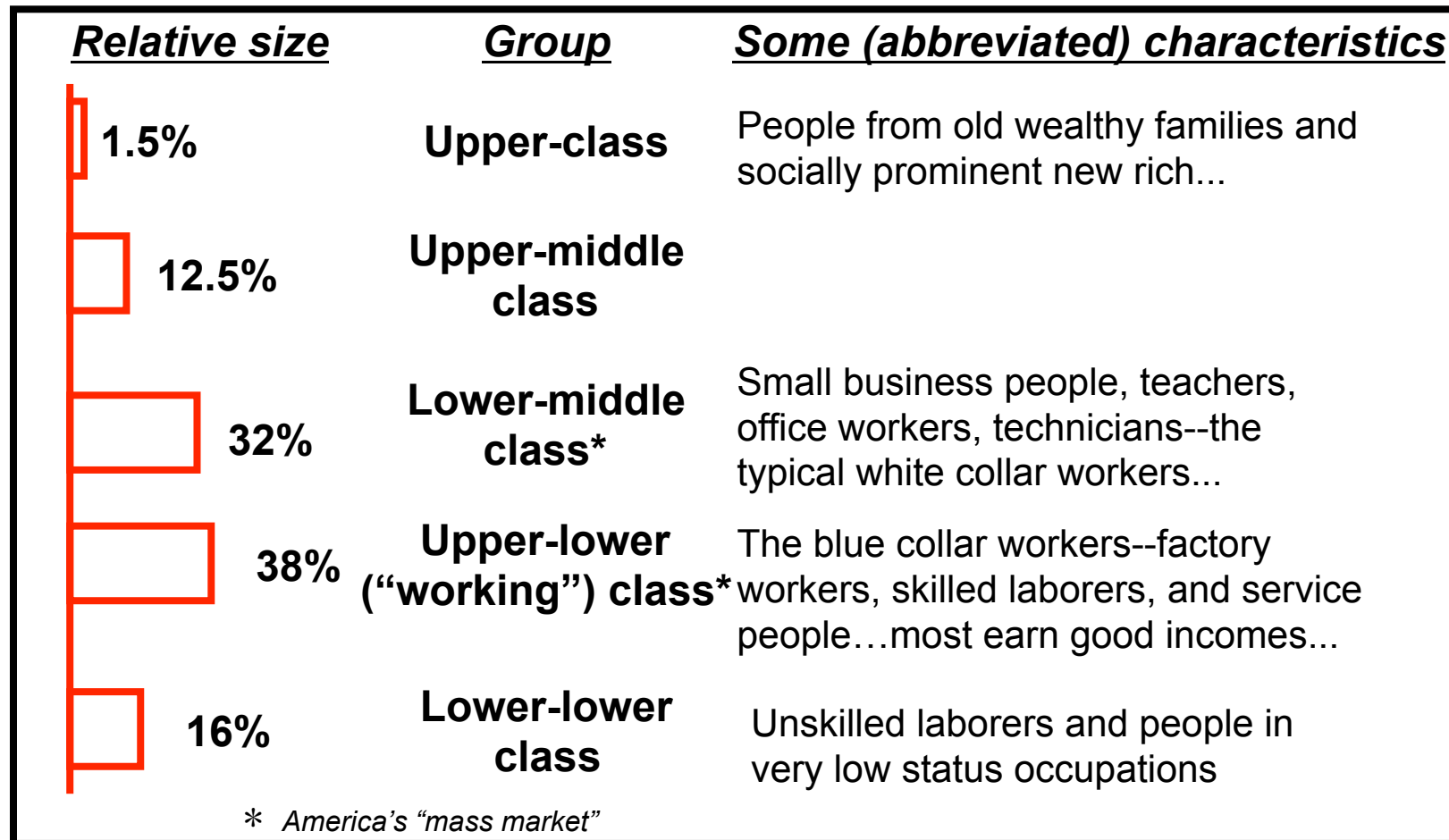


# Discussion

- What are the major characteristics of consumption of your people?
- People buy something that they can afford?

## Exhibit 6-6

# Characteristics and Relative Size of Different Social Class Groups in the United States



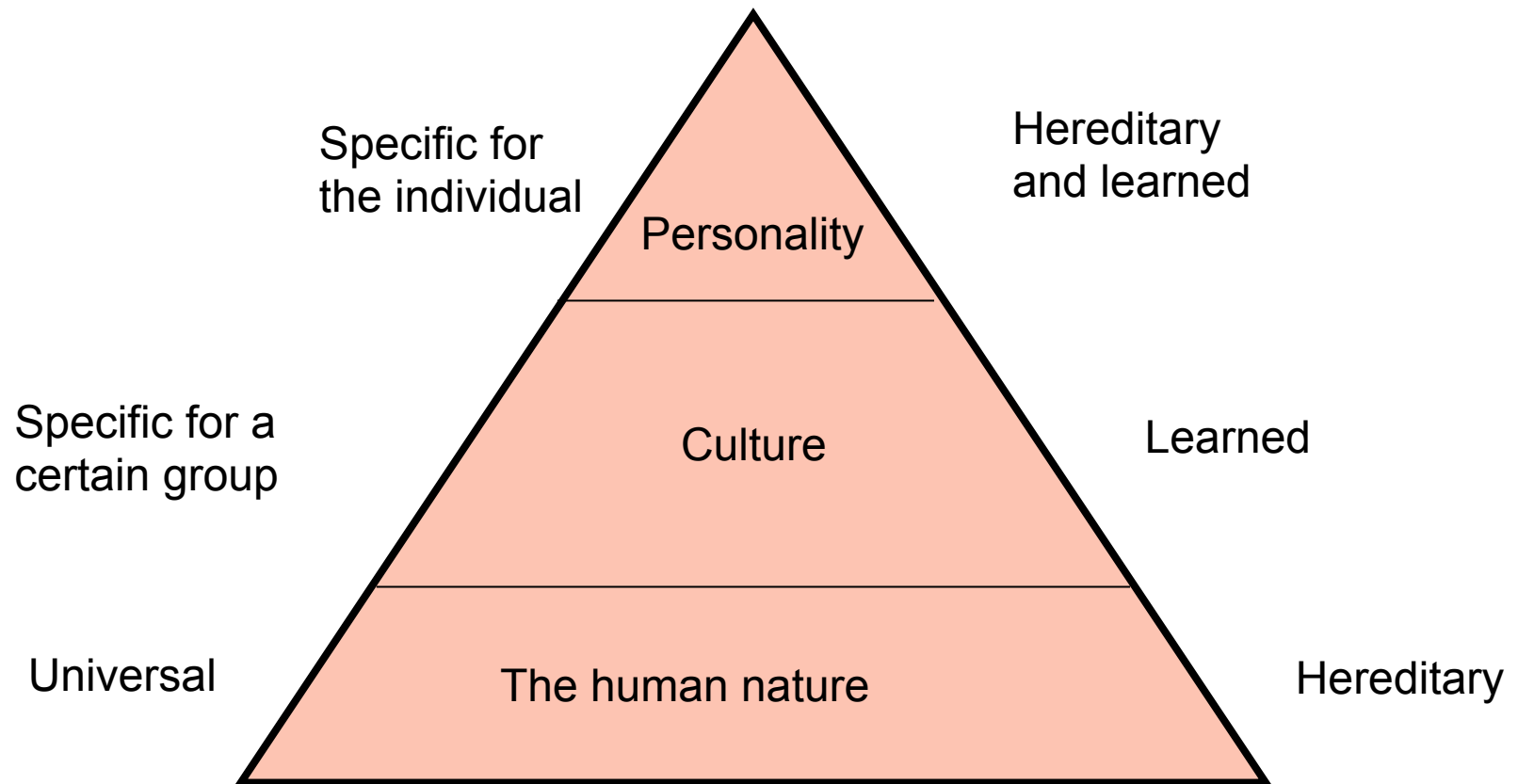
## Characteristics and Attitudes of Middle and Lower Classes

- Middle classes
  - Plan and save for the future
  - Analyze alternatives
  - Understand how the world works
  - Feel they have opportunities
  - Willing to take risks
  - Confident about decision making
  - Want long-run quality or value
- Lower classes
  - Live for the present
  - "Feel" what is "best"
  - Have simplistic ideas about how things work
  - Feel controlled by the world
  - "Play it safe"
  - Want help with decision making
  - Want short-run satisfaction

# Pursuing Luxury Products







**Three levels of human mental programming**

## Definitions of culture

- Particular solutions to universal problems
- Culture is a set of beliefs or standards, shared by a group of people, which help the individual decide what is, what can be, how to feel, what to do and how to go about doing it.
- Cultures may be defined as patterns of thought and manners which are widely shared



■ **Your culture is like your nose:**

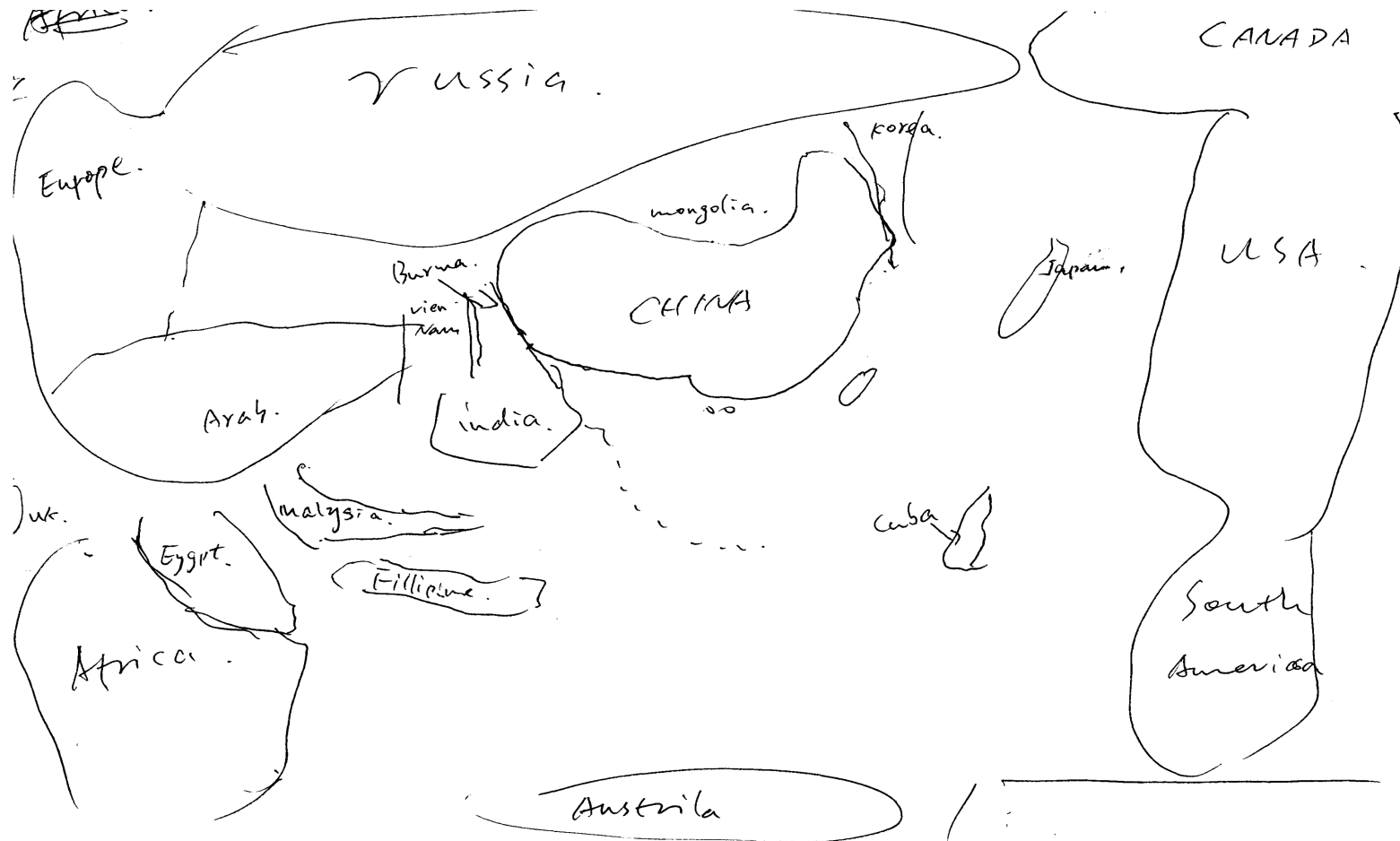
- you do not see it properly yourself,
- However everybody else does and thinks it is peculiar if it differs from theirs.

■ **In addition,**

- you always go where it leads you, and
  - it is always in the way.

**Culture exercise – draw a world map**

# Mental Maps



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# Mental Maps



# Mental Maps



## Hofstede's cultural dimensions

- **Relation to authority**
  - hierarchical relations (power distance)
- **Relation to self**
  - self-concept and personality (individualism)
- **Relation to risk**
  - tolerance for unknown and deviations (uncertainty avoidance, tightness)
- **Propensity to change**
  - receptivity of changes (Long term orientation)
- **Relation to personal achievement and soft values**
  - Masculinity vs. femininity



# Collectivism vs. Individualism

- Collectivism
  - emphasis ingroup needs & goals
  - beliefs shared with in-group
  - homogeneous ingroups heterogeneous outgroups
  - norms predict behaviour better than attitudes
- Individualism
  - emphasis self needs & goals
  - beliefs distinguish from others
  - homogeneous outgroups heterogeneous ingroups
  - attitudes predict behaviour better than norms

High individualism/low Collectivism

(>70)

Australia/New Zealand

Belgium

Canada

France

UK/Ireland

Holland

Italy

Sweden (71)

USA

Low individualism/

high collectivism

(<30)

Chile

China (20)

Colombia

Costa Rica

Ecuador

Guatemala

Hong Kong

Indonesia

Korea

Taiwan

Pakistan

Portugal

Venezuela

Africa



**Application:** (Nakata and Sivakumar 1996)  
Individualism – increases self-reliance

- Individualism promotes new product development during the initial or conceptualization phase - nonconformity
- Collectivism promotes new product development during the implementation phase - interdependence



# Masculinity

## **Masculinity:**

- Ambitious & need to excel
- Tendency to polarize
- Live in order to work
- Big & fast are beautiful
- Admiration for the achiever
- Decisiveness

## **Femininity:**

- Quality of life - serving others
- Striving for consensus
- Work in order to live
- Small and slow are beautiful
- Sympathy for the unfortunate
- Intuition

High masculinity

(>60)

Australia

Austria

China (66)

Ecuador

Germany

UK/Ireland

Italy

Japan

Mexico

Portugal

Switzerland

USA

Low masculinity

(<30)

Denmark

Finland

Norway

Holland

Sweden (5)

## Application: (Nakata and Sivakumar 1996)

Masculinity - increases self-reliance

- Femininity positively affects the conceptualization stage of new product development - supportive climate
- Masculinity promotes the implementation stage - goal directedness and formalization

# Power Distance

## Large

- High dependence needs
- Inequality accepted
- Hierarchy needed
- Superiors often inaccessible
- Power-holders have privileges
- Change by revolution

## Small

- Low dependence needs
- Inequality minimized
- Hierarchy for convenience
- Superiors accessible
- All have equal rights
- Change by evolution

High power distance (>65)

Belgium  
Brazil  
China (80)  
France  
Greece  
Hong Kong  
Indonesia  
India  
Mexico  
Philippines  
Portugal  
Turkey  
Arab countries  
Africa

Low power distance (>40)

Austria  
Denmark  
Germany  
UK/Ireland  
Israel  
Holland  
Norway  
Australia/New Zealand  
Sweden (31)  
Switzerland  
USA

## Application: (Nakata and Sivakumar 1996)

Power Distance - promotes dependence

- Low power distance facilitates new product development during the conceptualization stage - diverse ideas
- High power distance facilitates new product development at the implementation stage - centralized command

# Uncertainty Avoidance

## Strong

- Anxiety, higher stress
- Inner urge to work hard
- Emotions accepted
- Conflict is threatening
- Need of consensus
- Need to avoid failure
- Need for laws & rules

## Weak

- Relaxed, lower stress
- Hard work not a virtue per se
- Emotions not shown
- Conflict & competition ok
- Acceptance of dissent
- Willingness to take risks
- Few rules



Low uncertainty avoidance

(> 40)

China (30)

Denmark

UK/Ireland

Hong Kong

India

Malaysia

Singapore

Sweden (29)

High uncertainty avoidance (>65)

Argentina

Austria

Belgium

Chile

France

Germany

Israel

Italy

Japan o Korea

Portugal

Spain

Turkey

Arab countries

# Application:

(Nakata and Sivakumar 1996) Uncertainty Avoidance — promotes dependence?

- Low uncertainty avoidance facilitates the initiation phase - risk taking and minimal controls
- High uncertainty avoidance facilitates implementation stage - tight planning and controls

## Long-term orientation or Confucian Dynamic

### High

- Many truths
  - (time, context)
- Pragmatic
- Long-term orientation
- Acceptance of change
- Perseverance
- Thrift for investment

### Low

- Absolute truth
- Short term orientation
- Concern for stability
- Quick results expected
- Spending for today

- Long term orientation
  - China (118)
  - Hong Kong
  - Taiwan
  - Japan
  - South Korea
  - Brazil
- Short term orientation
  - West Africa
  - Canada/US
  - Europe
  - Pakistan
  - Sweden (20)

## Application: (Nakata and Sivakumar 1996)

- Long term orientation promotes new product development
- Short term orientation impedes new product development

## What correlates with Hofstede's dimensions? (see Hofstede 2001)

- Individualism
  - + purchase insurance, have dogs, own a motor home for leisure, read more books, have an answering machine
- Masculinity
  - + status purchases (watches, jewellery), importance of car engine power, business class travel, confidence in advertising
  - Partner involvement in car choice, women as main shoppers
- Power Distance
  - + confidence in the press, lack of confidence in police, child obedience
- Uncertainty Avoidance
  - + buying new (vs used) cars, buying precious metals and gems, use of mineral water
  - buying stocks, use of internet and other media, eating ice-cream, frozen food, confectionary and snacks

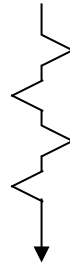
## Application of Hofstede's five dimensions on leadership

<b>Power distance</b>	→	<b>High (China)</b> Tells people what to do Formal
<b>Uncertainty avoidance</b>	→	<b>Low (Sweden)</b> Informal Coaching Self governance Decentralised
<b>Individualism/collectivism</b>	→	<b>Collective (China)</b> Same for all No individual differences
<b>Masculinity/femininity</b>	→	<b>Individual (Sweden)</b> Adjustment for individuals
<b>Long or short time orientation</b>	→	<b>Short (Sweden)</b> Changing Aim for results <b>Long (China)</b> Process 'The journey is the goal'

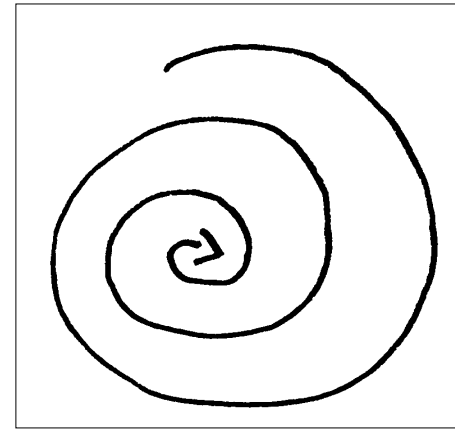
## Communication Styles and cultures



Anglo-Saxons  
Northern  
Europeans



Latins



Asians  
Black  
Africans



# Selling orientations

