

The architecture of strategic marketing

Contents

Market Equity introduction	1
Strategic marketing summary	3
The critical areas – a brief review	4
Market definition	4
Market mapping	4
Market segmentation	5
Prioritising opportunities	6
Objective and strategy setting	7
Monitoring performance and market changes	7
Supporting software	8
Contact details	9

Market Equity introduction

Market Equity works alongside senior management teams identifying improvements in value that have resided untapped in their markets and then embedded them in their companies. We utilize a unique suite of tools and techniques developed by the company's principals and provide our clients with:

- Real insights into what they need to do in order to attract and retain the customers they wish to serve.
- The means to set achievable marketing and financial objectives and the strategies required to deliver them.
- The structure and content of a powerful strategic document.

Our tried and tested approach ensures companies achieve:

- Long-term sustainable improvements in value for their shareholders.

- The essential market understanding and evaluation demanded by potential investors.

In addition, our method of working means that the skills we bring to our assignments are transferred to the team we partner in the business.

The services we provide to businesses fall under three headings:

- Consultancy in strategic marketing.
- Consultancy in raising capital from VCs/investors.
- Training programs in strategic marketing.

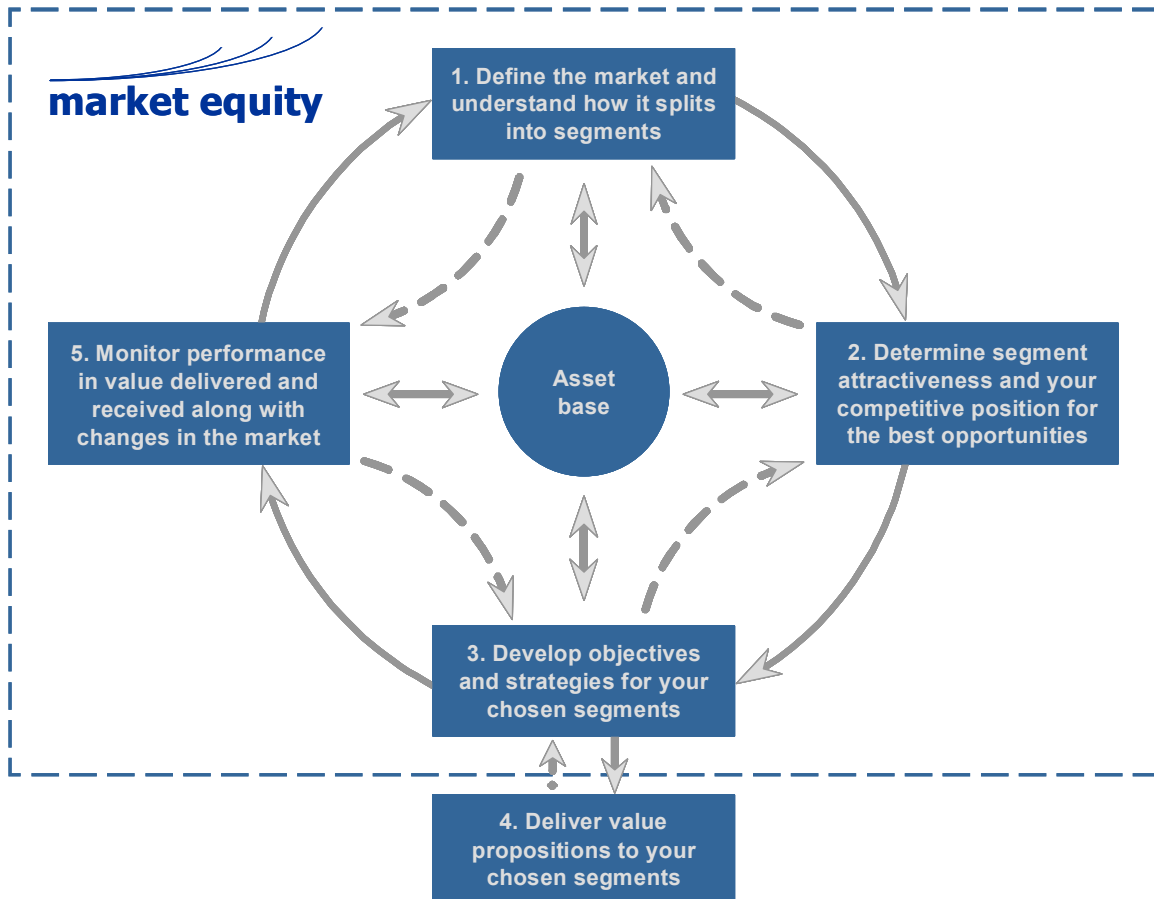
For VCs/investors we provide consultancy in determining the realizable value of a business using our tools and techniques to provide the commercial analysis required for the due diligence process.

And for all our clients, the services we deliver are tailored to fit their particular needs.

To find out how we can help you realize the full value of your business either e-mail your enquiry to us at info@market-equity.com or complete the enquiry form on the website <http://www.market-equity.com/contact.htm>.

Strategic marketing summary

In order to secure sustainable improvements in value, the forward thinking companies of today have adopted the strategic marketing process summarised in the following flow chart.



Each stage builds on the previous stage and with the continuously evolving nature of many markets it is essential that the process is seen as being cyclical as this will ensure that the business continues to deliver an industry-leading performance. In essence, the series of logical steps we have built into our strategic marketing process will help you determine what value your business can realize and how you can optimally get there.

The critical areas that need to be modelled and understood in detail are as follows:

- 1 Market definition
- 2 Market mapping
- 3 Market segmentation

- 4 Prioritisation of opportunities
- 5 Objective and strategy setting
- 6 Monitoring performance and market changes

A brief review of each of these critical areas follows.

The critical areas – a brief review

Market definition

All strategic marketing projects require clear parameters and a key component of this is clarity over how you define your market. Unless this is clearly understood, issues such as market share, the identification of target customers and even the recognition of competitors will continuously cause difficulty. These issues are resolved by defining the market from the perspective of the customer and takes into account the specific purpose or intended use customers have for the product or service they are looking to purchase. Market Equity has an approach which does exactly this.

Too often companies will define the market based on what they sell rather than based on what the customer is in the market for. If your company's marketing strategy is to be truly market led, then it must start by considering the market as it is seen by its customers.

A simple example illustrates the point: the button manufacturer who believed its market was the button market lost valuable business to the button manufacturer who recognised that its customers were really in the market for garment fastenings and, as a result, added zips and velcro to its product portfolio.

Market mapping

A 'market map' when drawn up with Market Equity defines the distribution and value added chain between final users and suppliers, and takes into account the various buying mechanisms found in a market, including the role of influencers. This enables us to fully understand the role of different 'players' in the market and, critically, where decisions are made about which of the competing products or services will be

purchased. A properly constructed market map will therefore identify the target group(s) for your segmentation project and, in turn, the target customers for your CRM programs.

Market Equity has a fully documented approach to market mapping and because of the way we approach it, our market maps are also an important tool for:

- tracking changes in the channels to market;
- providing a useful check when evaluating your sales and marketing strategies;
- comparing your company with key competitors on where resources are committed.

'Market mapping' as we have defined and developed it has made it an important part of the strategic marketing tool kit.

Market segmentation

Little of what is best in marketing theory and practice works without correct market segmentation. It is one of the most fundamental concepts in marketing and has a profound impact on the success of your business. For your company to attract and retain the customers it wishes to serve it has to deliver propositions that outperform the competition in meeting the needs of these customers.

Market Equity has a fully documented approach to market segmentation and a powerful desktop software tool for generating market segments. At the heart of our approach is a detailed understanding of customer needs, thus ensuring that the insights provided by our approach will enable you to clearly determine the propositions you need to offer if you are to outperform the competition.

While the focus of our approach is on understanding customer needs we do not overlook the importance of also understanding how to reach your target segments. The process we follow carefully tracks this important component of a successful market segmentation project.

Correct market segmentation provides vital input into the strategic marketing process and has a major influence on the financial performance of your business. The following are just some of the gains reported by clients:

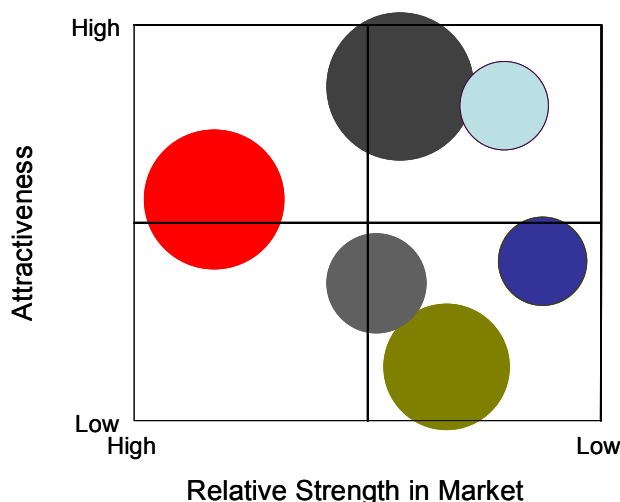
- GB£28 million in 10 months – UK based company.
- A forecast gain of AU\$180 million over 12 months – Australian based company.
- Margins up by 8% - UK based company.
- A substantial increase in market share – mainland European company.

Prioritising opportunities

Each segment presents an opportunity for someone, but what it is essential to ensure is that your company identifies where its best opportunities are to be found.

Our approach to prioritising and selecting segments will prevent your company from falling into the trap of making this important strategic decision based purely on segment attractiveness. We will balance each segment's attractiveness, which is determined using criteria appropriate to your company, with your company's relative competitive position in each segment, based on the criteria customer's use when deciding which competing product or service to purchase. Only then will we look at developing segment-specific objectives and strategies. This approach ensures that your financial and management resources will be focussed into those segments that provide the greatest opportunities for unlocking the value potential of your business.

Market Equity has a fully documented approach to prioritising and selecting segments and we have included a facility for performing this analysis in our powerful desktop strategic marketing software tool, EXMAR[®]. Our software also produces a visual presentation of this analysis as illustrated in the following example.



Note: Each circle represents a specific market segment and the product or service they purchase.

Objective and strategy setting

Our strategic marketing process provides the ideal structure for setting your marketing objectives and strategies as it enables you to determine their financial impact on the business. So that the distinction is clear, we see a marketing objective as being the quantification of what your business sells (its products and services) and to whom (its selected segments), whereas the marketing strategies are the means by which the company achieves its marketing objectives. Once your objectives and strategies have been agreed, those responsible for your programmes of marketing activity can then proceed to the detailed planning and implementation stage.

Clearly, therefore, unless the setting of marketing objectives and strategies is carried out extremely well, utilising the detailed insights obtained through our approach to market mapping and to market segmentation along with a careful assessment of where the company's best opportunities lie, everything that follows will lack focus and cohesion. This will have a major and visible impact on both your company's financial performance and your company's hard won position with its customers in the market.

Monitoring performance and market changes

Market Equity's approach to strategic marketing identifies all the critical issues that drive success. This means that the monitoring programmes put together with us will track all the performance indicators that really matter to your business. For example:

- your share of the real market you are competing in will be measured correctly;
- the channels that you should be focusing on and developing will have been identified;
- your performance with the customers who are important to you will be clearer rather than lost in averages across the market;
- you will know which elements of a proposition are critical to its success with the segment it is targeted at and require particular scrutiny;
- you will know which competitor and which of their strategies you should react to and those you can ignore;

- you will also gain more control over the contribution that a professionally built marketing strategy can make to the value of your business.

Supporting software

Our powerful desktop software tool EXMAR[®] provides invaluable help in the strategic marketing process. It not only guides you through the process and provides help files for all the key stages but also releases users from any concerns over data management. EXMAR[®] users find that they are able to manage their marketing more effectively and so identify value-creating opportunities more readily. This enables the senior management team to make better investment decisions, be they about money, people or other resources, thus ensuring that the business fully realizes its opportunities for sustainable improvements in value.

A selection of EXMAR[®] endorsements:

- | | |
|------------------|---|
| Cable & Wireless | <p>'By using EXMAR, we have cut back significantly on labour-intensive analysis work, allowing our marketing staff to spend more time doing what they are paid for – increasing sales and profit.'</p> <p>Dave Johnstone, Regional Manager Commercial, Meridian Region.</p> |
| Halifax | <p>'EXMAR adds real value by focusing on what is really important in the business – the customer.'</p> <p>John Foggo, Mortgage Planning and Analysis Manager.</p> |
| Xerox | <p>'It is beginning to change the quality of our thinking about the markets we operate in. The EXMAR process has been very thorough and has produced a solid result.'</p> <p>Malcolm Irwin, Marketing Systems Manager, UK.</p> |
| BT | <p>We have used EXMAR his year in our Innovative Planning Process to deliver a plan from a market and customer perspective. It provided a structured approach and detailed analytical tools for</p> |

our marketing plans. EXMAR's inherent flexibility also enables us to interpret and present complex data easily'.

Paul Bahia, Head of Marketing Planning.

EXMAR® is currently used in 40 countries around the world.

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