DESIGN MANAGEMENT

Lesson 4 - Part 1
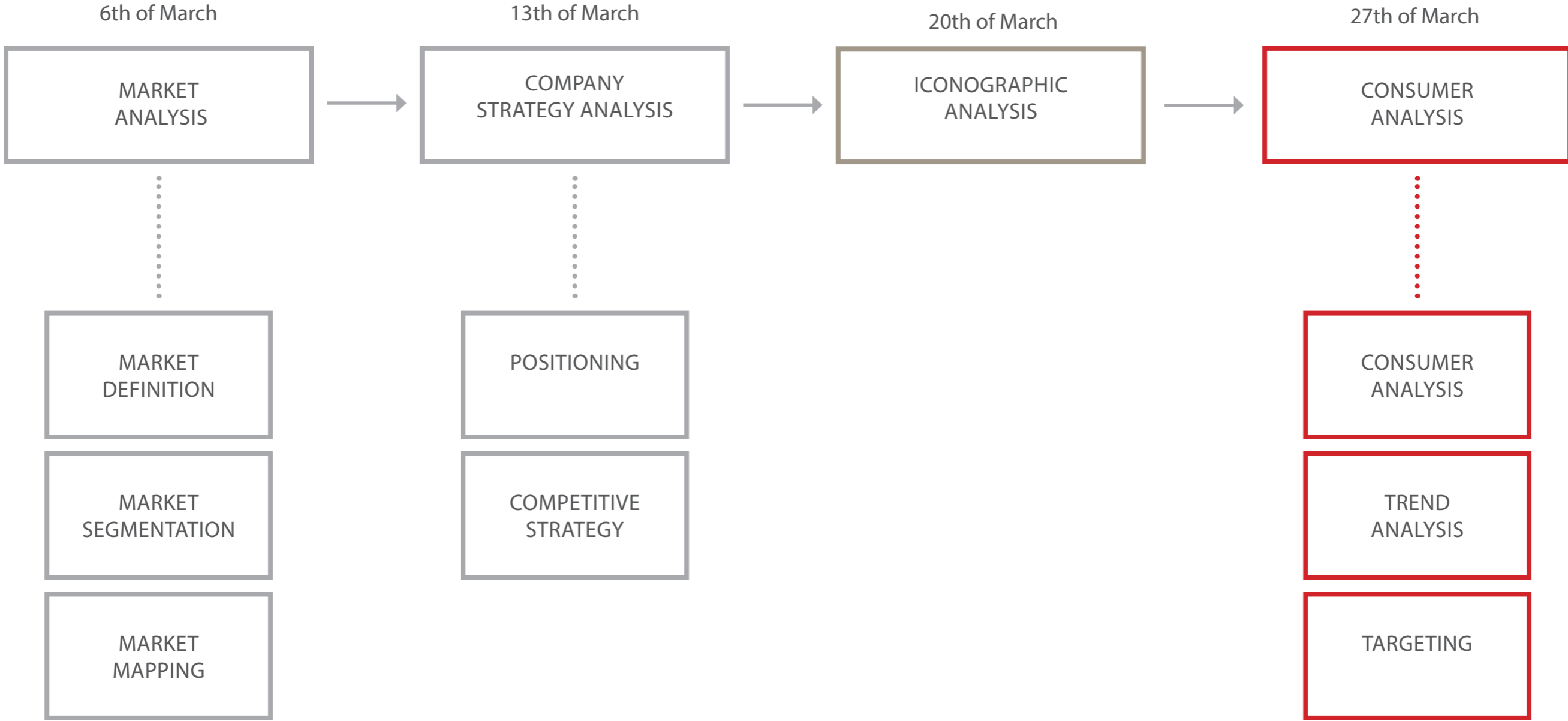
KOTLER
PRINCIPLES OF MARKETING

CHAPTER 5
p. 155-180
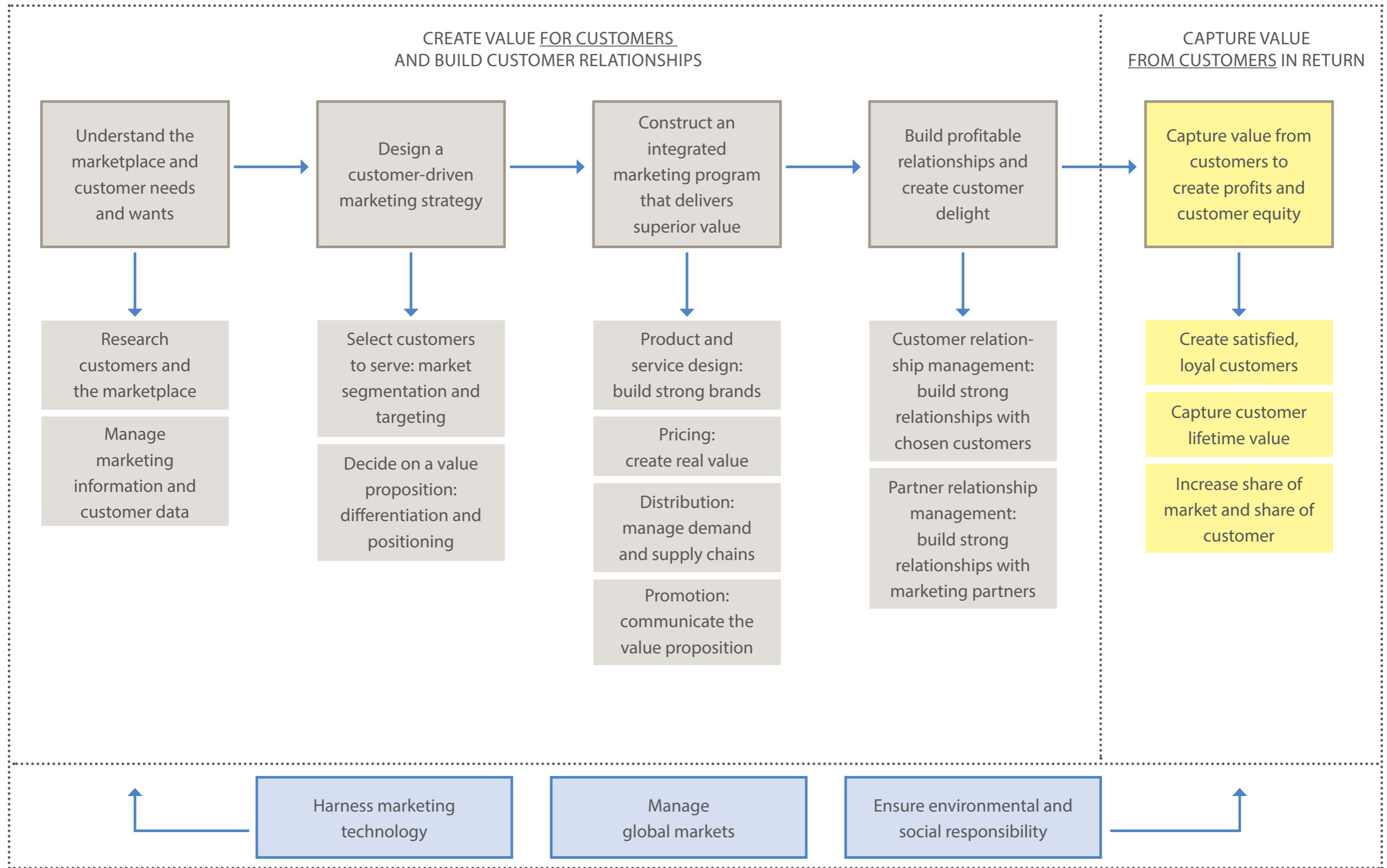
CHAPTER 6
p. 189-201

CHAPTER 7
p. 213-227

1. YOU DO NOT DESIGN PRODUCTS IN A VACUUM.

2. MAKE SURE YOU UNDERSTAND COMPANY POSITIONING AND STRATEGY

3. YOU DESIGN AROUND PEOPLE'S NEEDS.

CONSUMER ANALYSIS

CREATE VALUE FOR CUSTOMERS AND BUILD CUSTOMER RELATIONSHIPS

CAPTURE VALUE FROM CUSTOMERS IN RETURN

Understand the marketplace and customer needs and wants → Design a customer-driven marketing strategy → Construct an integrated marketing program that delivers superior value → Build profitable relationships and create customer delight → Capture value from customers to create profits and customer equity

Research customers and the marketplace

Manage marketing information and customer data

Select customers to serve: market segmentation and targeting

Decide on a value proposition: differentiation and positioning

Product and service design: build strong brands

Pricing: create real value

Distribution: manage demand and supply chains

Promotion: communicate the value proposition

Customer relationship management: build strong relationships with chosen customers

Partner relationship management: build strong relationships with marketing partners

Create satisfied, loyal customers

Capture customer lifetime value

Increase share of market and share of customer

Harness marketing technology

Manage global markets

Ensure environmental and social responsibility

Source: PRINCIPLES OF MARKETING (15th edition) by Philip Kotler & Gary Armstrong, p. 50, Fig. 1.6 An Expanded Model of the Marketing Process

CREATE VALUE <u>FOR CUSTOMERS</u>
AND BUILD CUSTOMER RELATIONSHIPS

Understand the marketplace and customer needs and wants

Research customers and the marketplace

Manage marketing information and customer data

- Customer Needs (physical, social, individual)

- Customer Wants (shaped by culture and personality)

- Customer Demands (wants backed by buying power)
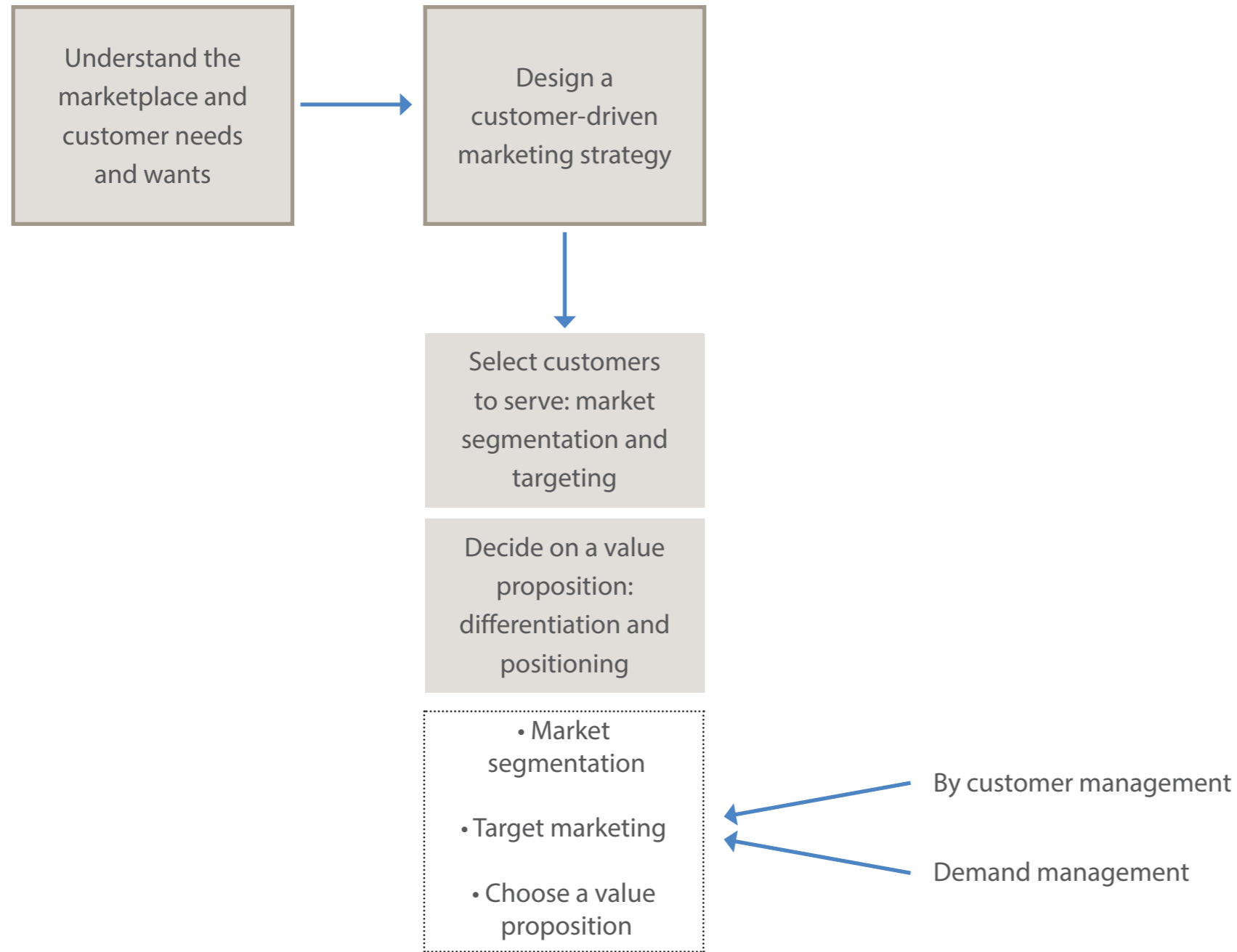
Based on exchanges and relationship

Selected on the basis of customer value and satisfaction

Satisfied by market offerings: Product services, expenses

Risk: Market myopia

Source: PRINCIPLES OF MARKETING (15th edition) by Philip Kotler & Gary Armstrong, p. 50, Fig. 1.6 An Expanded Model of the Marketing Process

CREATE VALUE <u>FOR CUSTOMERS</u>
AND BUILD CUSTOMER RELATIONSHIPS

Understand the marketplace and customer needs and wants

→

Design a customer-driven marketing strategy

↓

Select customers to serve: market segmentation and targeting

Decide on a value proposition: differentiation and positioning

- Market segmentation
- Target marketing
- Choose a value proposition

By customer management

Demand management

Source: PRINCIPLES OF MARKETING (15th edition) by Philip Kotler & Gary Armstrong, p. 50, Fig. 1.6 An Expanded Model of the Marketing Process

CREATE VALUE <u>FOR CUSTOMERS</u>
AND BUILD CUSTOMER RELATIONSHIPS

Understand the marketplace and customer needs and wants → Design a customer-driven marketing strategy → Construct an integrated marketing program that delivers superior value

Product and service design: build strong brands

Pricing: create real value

Distribution: manage demand and supply chains

Promotion: communicate the value proposition

Based on

• Production Concept:
Favor to products available and affordable

• Product Concept: Favor to most performing in quality and innovation

• Selling Concept:
Favor to large scale selling and promotion (profits through sales volume)

• Marketing Concept:
Favor to customer focus and customer value (profits through customer satisfaction)

• Societal Marketing Concept:
Favor to consumer and company well-being

By an integrated marketing plan and program

Source: PRINCIPLES OF MARKETING (15th edition) by Philip Kotler & Gary Armstrong, p. 50, Fig. 1.6 An Expanded Model of the Marketing Process

CREATE VALUE FOR CUSTOMERS
AND BUILD CUSTOMER RELATIONSHIPS

| Understand the marketplace and customer needs and wants | → | Design a customer-driven marketing strategy | → | Construct an integrated marketing program that delivers superior value | → | Build profitable relationships and create customer delight |

Customer relation-ship management: build strong relationships with chosen customers

Partner relationship management: build strong relationships with marketing partners

• By creating a superior customer perceived value and customer relations

By customer relations, more carefully, more deeply, more interactively

Creating a partnership

CREATE VALUE <u>FOR CUSTOMERS</u>
AND BUILD CUSTOMER RELATIONSHIPS

CAPTURE VALUE
<u>FROM CUSTOMERS</u> IN RETURN

```
Understand the          Design a              Construct an           Build profitable       Capture value from
marketplace and   →     customer-driven   →   integrated         →   relationships and  →   customers to
customer needs          marketing strategy    marketing program      create customer        create profits and
and wants                                     that delivers          delight                customer equity
                                              superior value
```

Create satisfied,
loyal customers

Capture customer
lifetime value

Increase share of
market and share of
customer

Butterflies | True Friends

Strangers | Barnacles

low

Potential profitability

Short-term | Long-term

Projected loyality

• To favor customer loyality and retention

• To capture customer lifetime value

• To capture share of customer

By building customer equity

MARKETING STRATEGY

SELECT CUSTOMERS TO SERVE

SEGMENTATION
Divide the total market into smaller segments

TARGETING
Select the segment or segments to enter

CREATE VALUE FOR TARGETED CUSTOMERS

DECIDE ON A VALUE PROPOSITION

DIFFERENTIATION
Differentiate the market offering to create superior customer value

POSITIONING
Position the market offering in the minds of target customers

Source: STRATEGIC MANAGEMENT: COMPETITIVENESS AND GLOBALIZATION by Volberda, Henk W. and others, p. 215, Fig. 7.1 Designing a Customer-Driven Marketing Strategy

| Undifferentiated (mass) marketing | → | Differentiated (segmented) marketing | → | Concentrated (niched) marketing | → | Micromarketing (local or individual marketing) |

TARGETING BROADLY

TARGETING NARROWLY

POSITIONING MAP

PRICE

LUXURY
IMAGE
DESIGN
.
.
.

PERFORMANCE
FUNCTION
.
.
.

PRICE

These are winning
value propositions

BENEFITS

MORE

THE SAME

LESS

	MORE FOR MORE	MORE FOR THE SAME	MORE FOR LESS
		THE SAME FOR LESS
			LESS FOR MUCH LESS

These are losing
value propositions

WHO: DETERMINE THE CUSTOMER TO SERVE

CONSUMER MARKET SEGMENTATION: Cluster people with similar needs into individual and identifyable groups.

DEMOGRAPHIC SEGMENT	• Age • Income • Sex • Ethnic Mix
SOCIO-ECONOMIC SEGMENT	• Social Class • Family Cycle • Income
CULTURAL FACTORS	• Education • Values
PSYCHOLOGICAL FACTORS	• Lifestyle • Personality Traits
CONSUMPTION FACTORS	• Heavy/Moderate/Light vs. Fidelity/Locality
PERCEPTUAL FACTORS	• Benefit Segmentation • Perceptual Maping
GEOGRAPHIC FACTORS	• Countries • Regions • Area
BEHAVIOUR FACTORS	• Occasions • Benefits Sought • User Status • Usage Rate •Loyalty Status

WHO: DETERMINE THE CUSTOMER TO SERVE

INDUSTRIAL MARKET SEGMENTATION: Cluster people with similar needs into individual and identifyable groups.

END-USE SEGMENT	• Industrial Classification
PRODUCT SEGMENT	• Technology or Production Classification
GEOGRAPHIC SEGMENT	• Area Classification
BUYING FACTOR SEGMENT	• Order Classification

WHO: DETERMINE THE LINK AND CONNECTION TO CUSTOMER

INDUSTRIAL MARKET SEGMENTATION: Cluster people with similar needs into individual and identifyable groups.

REACH	• Depth of the information
RICHNESS	• Detail of the two-way flow of information Company + Customers
AFFILIATION	• Level of Interaction Company + Customers

WHAT: DETERMINE THE PRODUCT'S BENEFITS AND FEATURES

MODEL OF BUYER BEHAVIOUR

THE ENVIRONMENT	BUYER'S BLACK BOX	BUYER RESPONSES

| MARKETING STIMULI   OTHER
PRODUCT   ECONOMIC
PRICE   TECHNOLOGICAL
PLACE   SOCIAL
PROMOTION   CULTURAL | BUYER'S CHARACTERISTICS
BUYER'S DECISION PROCESS | BUYING ATTITUDES AND PREFERENCES;
PURCHASE BEHAVIOUR:
WHAT THE BUYER BUYS, WHEN, WHERE,
AND HOW MUCH;
BRAND AND COMPANY RELATIONSHIP BE-
HAVIOUR |

Source: PRINCIPLES OF MARKETING by Kotler, Philip, p. 159, Fig. 5.1 The model of buyer behaviour

THE FOUR PS OF THE MARKETING MIX

PRODUCT
Variety
Quality
Design
Features
Brand name
Packeging
Services

PRICE
List price
Discounts
Allowances
Payment period
Credit terms

TARGET
CUSTOMERS

INTENDED
POSITIONING

PROMOTIN
Advertising
Personal selling
Sales promotion
Public relations

PLACE
Channels
Coverage
Locations
Inventory
Transportation
Logistics

Source: PRINCIPLES OF MARKETING by KOTLER, p. 76, Part 1, Defining Marketing and the Marketing Process

CONSUMERS

AWARENESS	→	KNOWLEDGE	→	LIKING	→	PREFERENCE	→	CONVINCTION

PURCHASE

NEED RECOGNITION	→	INFORMATION SEARCH	→	EVALUATION OF ALTERNATIVES	→	PURCHASE DECISION	→	POSTPURCHASE BEHAVIOR

CONSUMER ANALYSIS

TIME OF ADOPTION OF INNOVATION
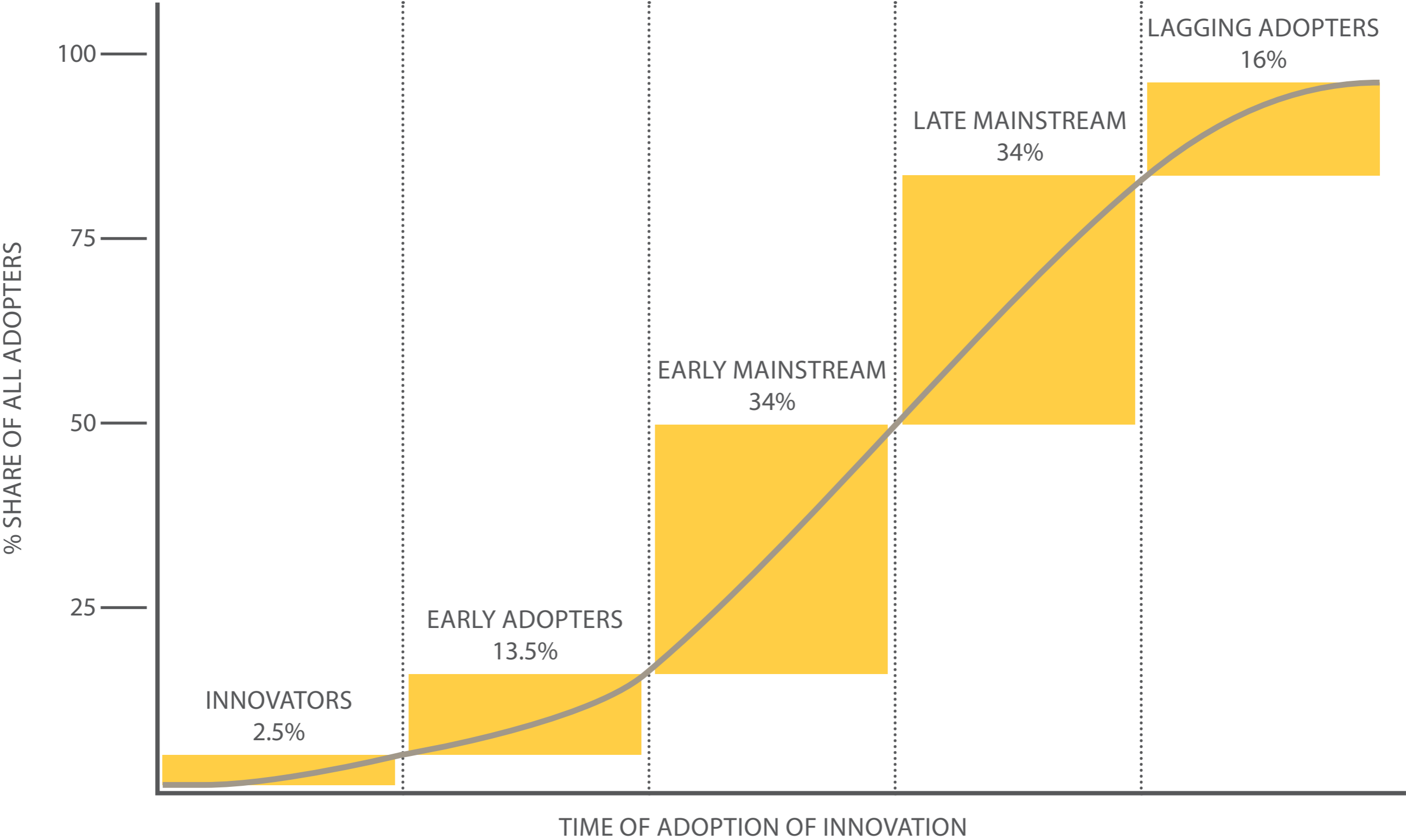
% SHARE OF ALL ADOPTERS

100

75

50

25

LAGGING ADOPTERS
16%

LATE MAINSTREAM
34%

EARLY MAINSTREAM
34%

EARLY ADOPTERS
13.5%

INNOVATORS
2.5%

TIME OF ADOPTION OF INNOVATION

Office Consumer at Work

CONTRACT HAS MULTIPLE DEFINITIONS

- Traditionally referring to furniture designed and manufactured ad-hoc for the B2B industry
  (e.g. Hotels, Restaurants etc.)

- Targets also the residential segment, usually requiring lower level of customization

- Transversal business, involving all types of products
  (e.g. Living & Bedroom, Lighting, Kitchen etc.)

- Several destination markets:
  - Hospitality (e.g. hotels, residences, tourist villages, restaurants and bars etc.)
  - Retail
  - Office Spaces (e.g. offices and public bodies, public administration, official residences etc.)
  - Residential (e.g.residential development / building trade, large private clients etc.)
  - Educational (e.g schools / universities etc.)
  - Art and museums, entertainment (e.g. theater etc.)
  - Healthcare (e.g. hospitals/clinics etc.)
  - Airports (e.g. lounge), marine (e.g. furniture for cruise ships, naval furnishings etc.)

- Usually direct supply to end-users; however it may go through other distribution channels
  (e.g. both mono-brands, multi-brands etc.)

CONTRACT CORE DESIGN MARKET BY CATEGORY
(2014 / €B)
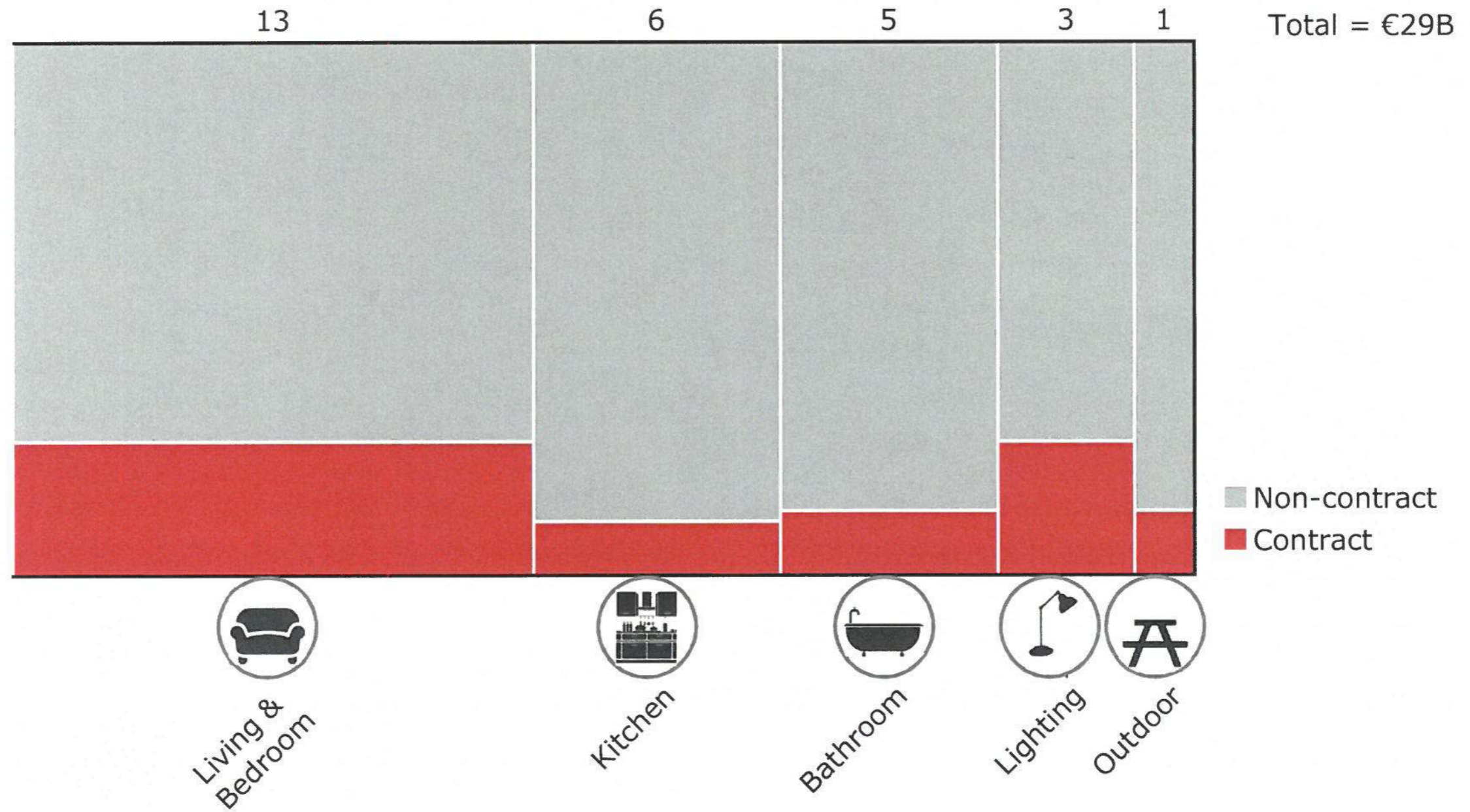
LIVING & BEDROOM AND LIGHTING HAVE THE WIDEST APPLICATIONS WITHIN THE CONTRACT BUSINESS.

WE HAVE MANY DEVICES
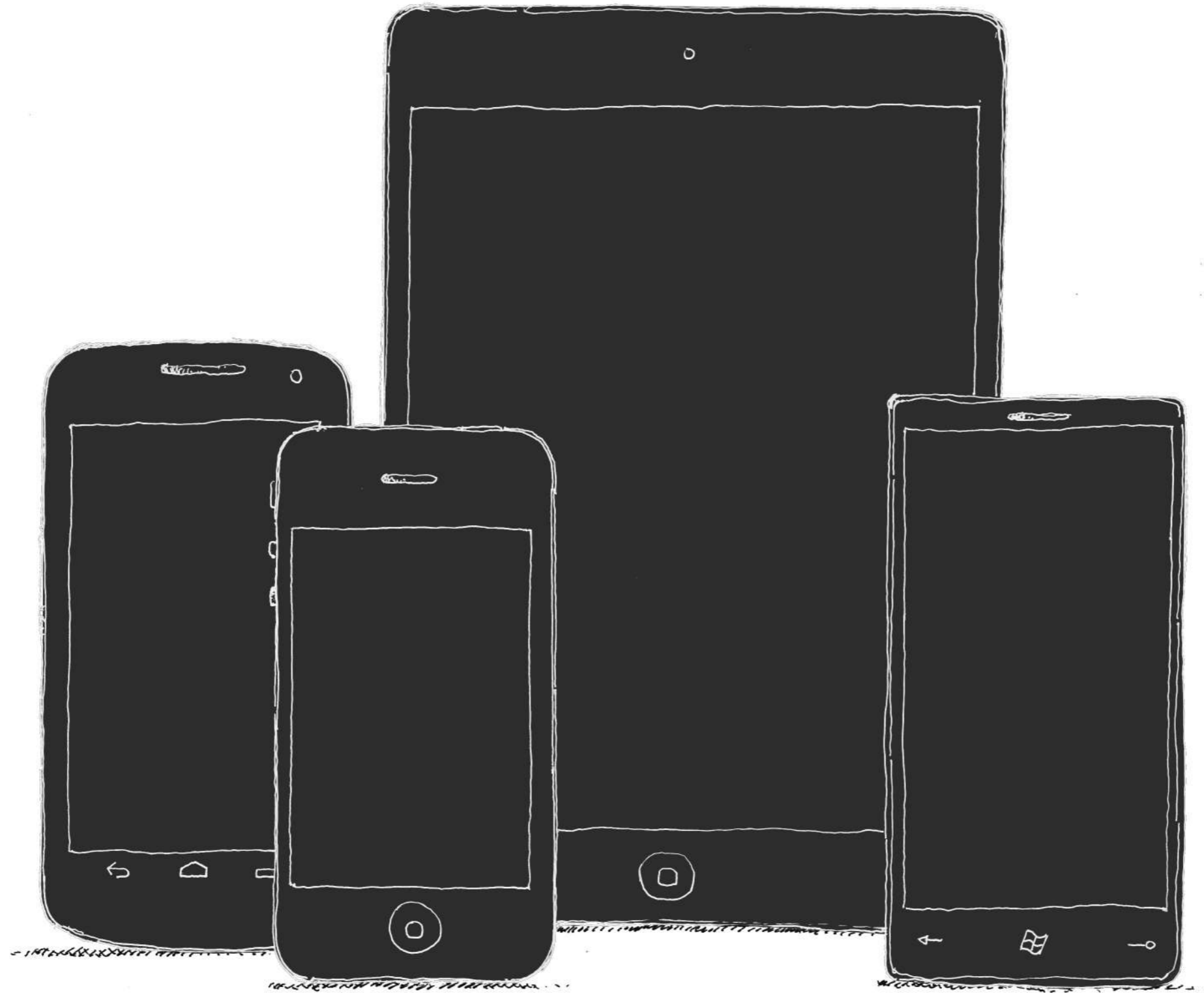
I CAN WORK ANYWHERE
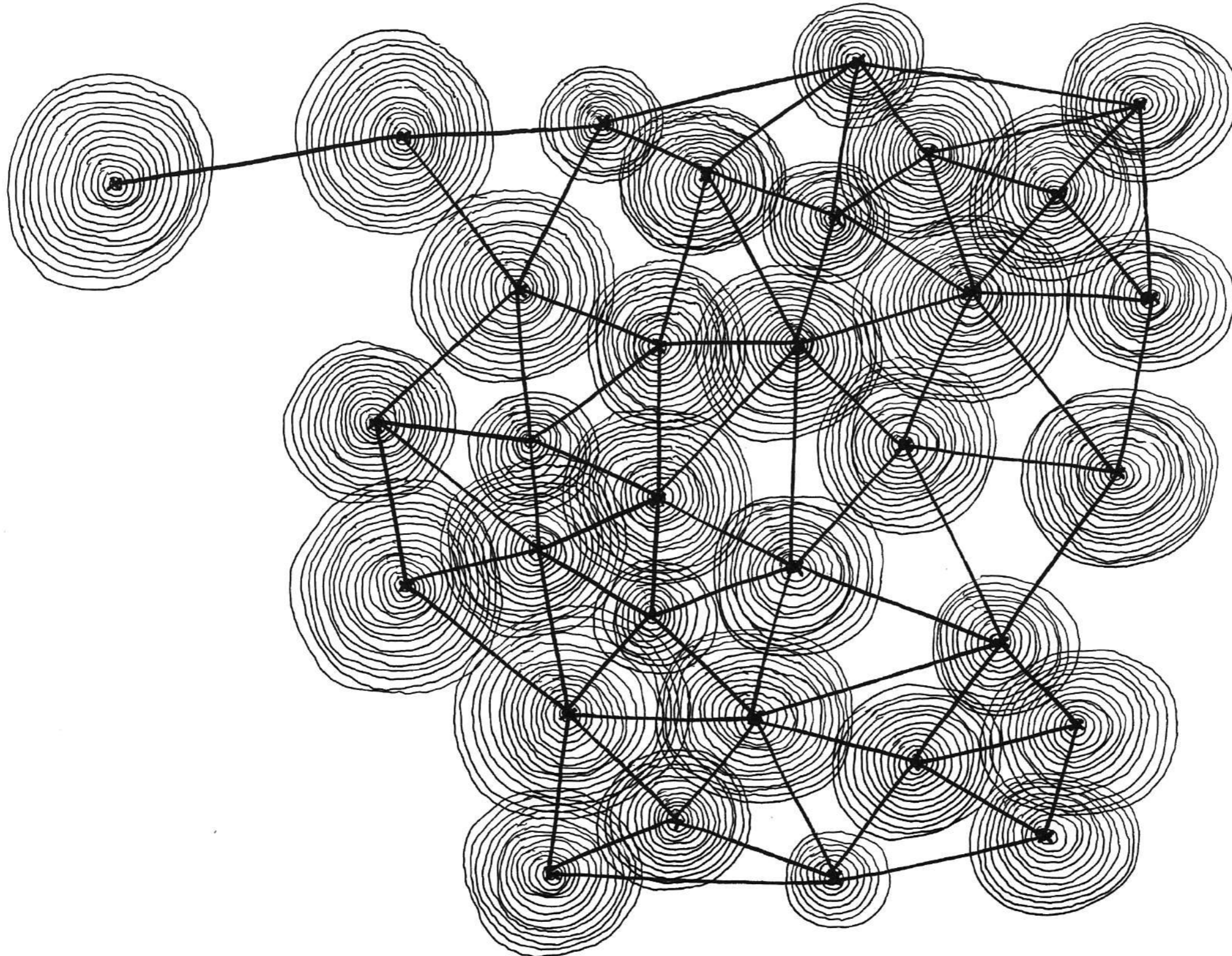
I CAN CONNECT MY OWN PEERS

THE CLOUD

Peer A: The Office

Peer B: Home

Peer C: The Beach House

Peer D: The Pub
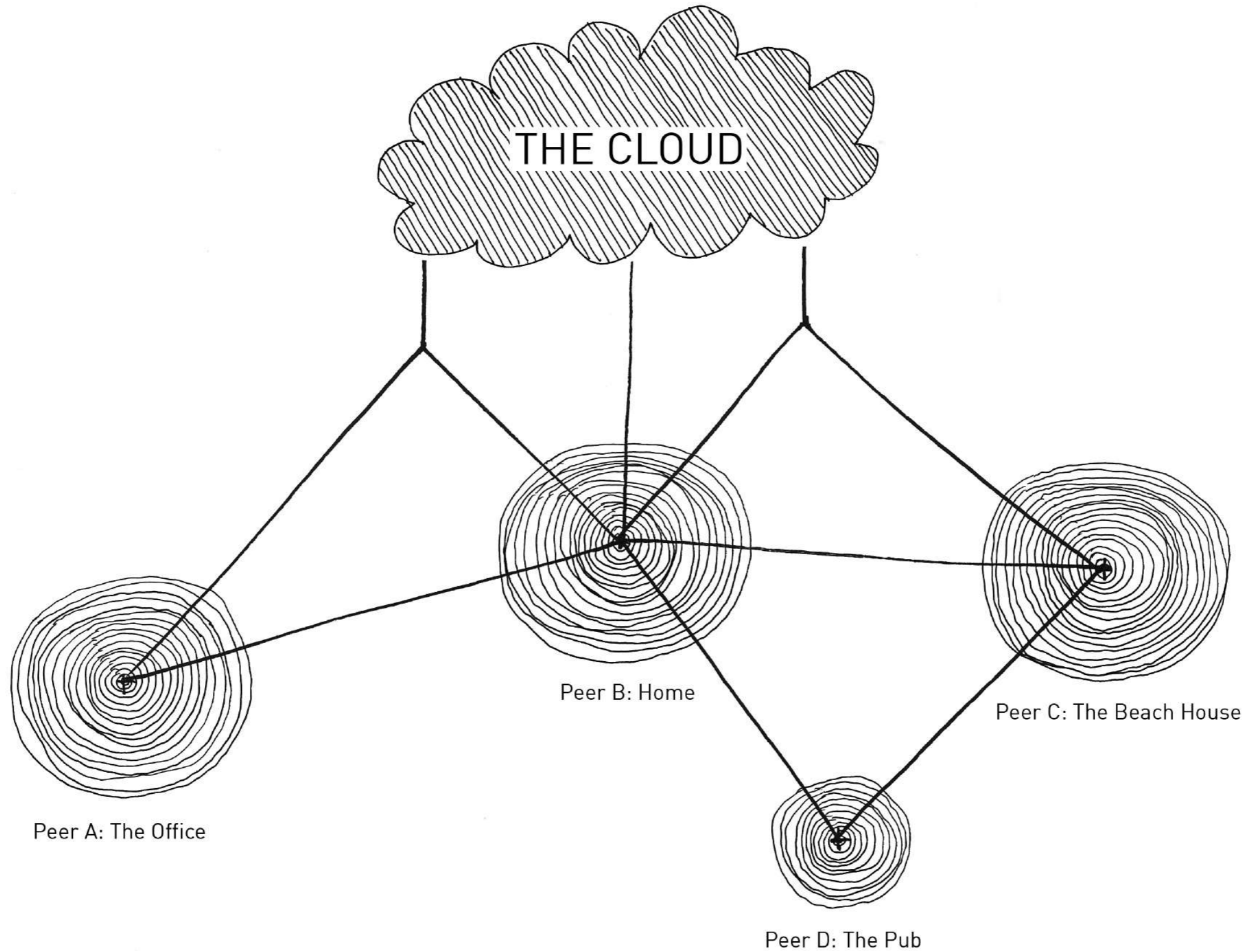
GLOBAL POSTURE STUDY

The Draw
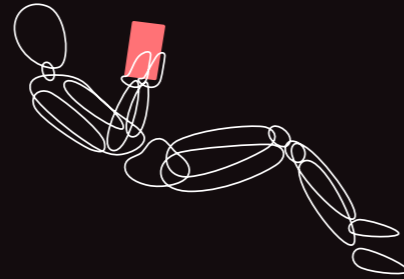
The Strunch

The Text
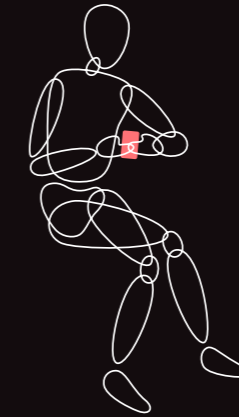
The Trance
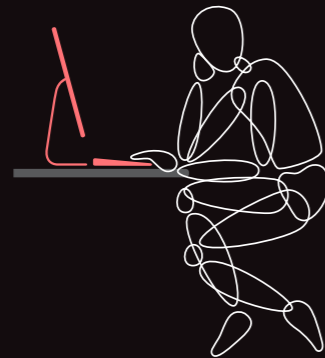
The Multi-Device

The Cocoon

The Take it in

The Smart Lean

The Swipe

Source: 360º: THE NEW IQ, ISSUE 66 by Steelcase, p. 64, Fig. Global Posture Study
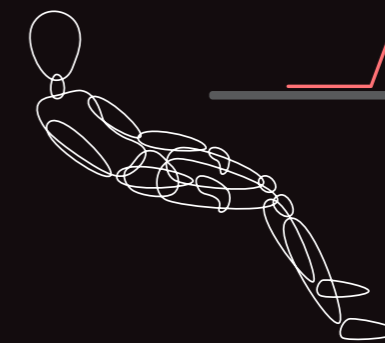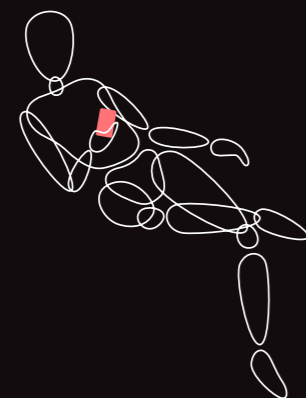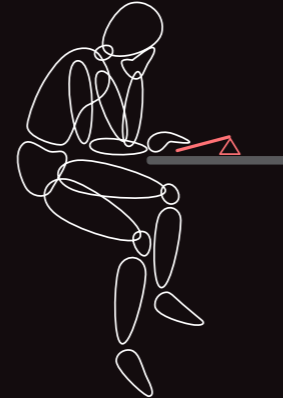
MODES OF WORK TOGETHER

CHAT

Chat is an incidental and impromptu interaction with a colleague. It offers a chance to catch up, ask a quick question, or seek out an opinion. Chat often begins with a social focus that then sparks an idea or touches on an issue.
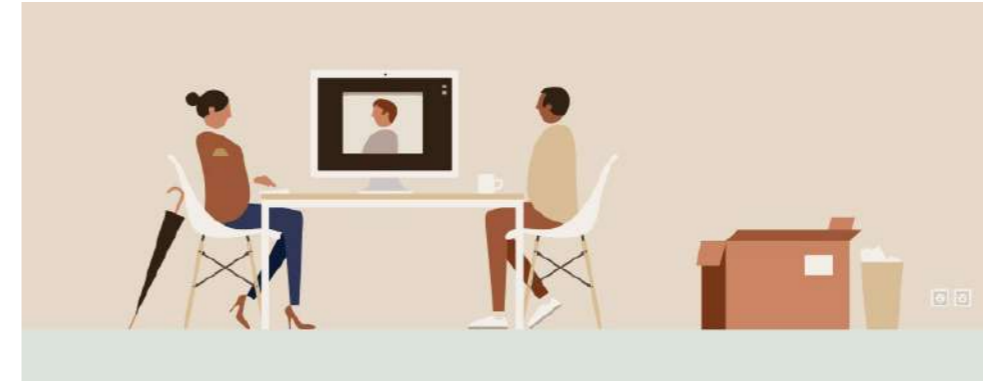
CONVERSE

Converse is a purposeful interaction between two to three colleagues who address a defined topic. The activity varies in formality and privacy in accordance with the subject matter being addressed and the familiarity of the participants. One or more of the parties may participate through a digital device.

CO-CREATE

Co-Create is the generation of new ideas and content among groups. The activity may range in scale and formality from a quick problem-solving exercise at a white board, to a multi-day retreat with an elaborate agenda. A variety of digital and physical tools assist people in sharing and generating ideas. Active engagement, conversation, content sharing, and creation are the key behaviors.
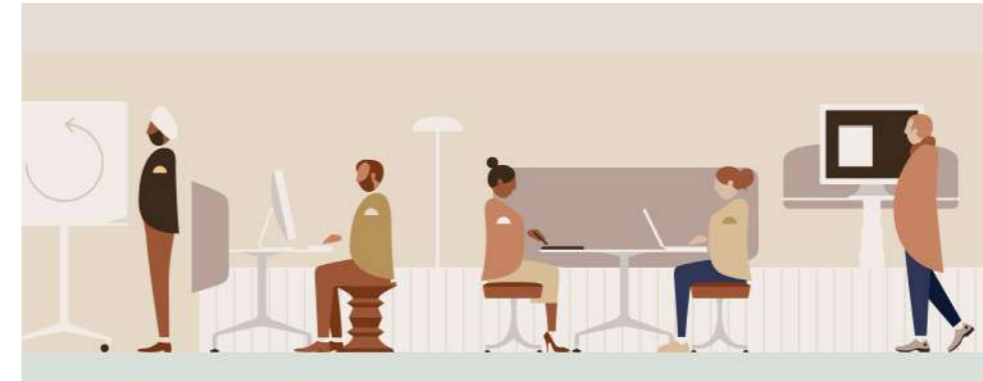
DIVIDE & CONQUER

Divide & Conquer happens when a team with a common goal finds it valuable to work on individual components of a project while maintaining close proximity to one another. Working in parallel helps to resolve issues quickly and enables spontaneous collaboration as the need arises. Developments and content are shared among the group as the goal is reached.

Source: LIVING OFFICE by Herman Miller, p. 10-13 Fig. Modes of work

MODES OF WORK TOGETHER

HUDDLE

Huddle occurs when a team needs to address an urgent issue, or discuss and receive instructions for a plan of action. The goal is shared resolution and accountability, with only a brief disruption to the flow of work.
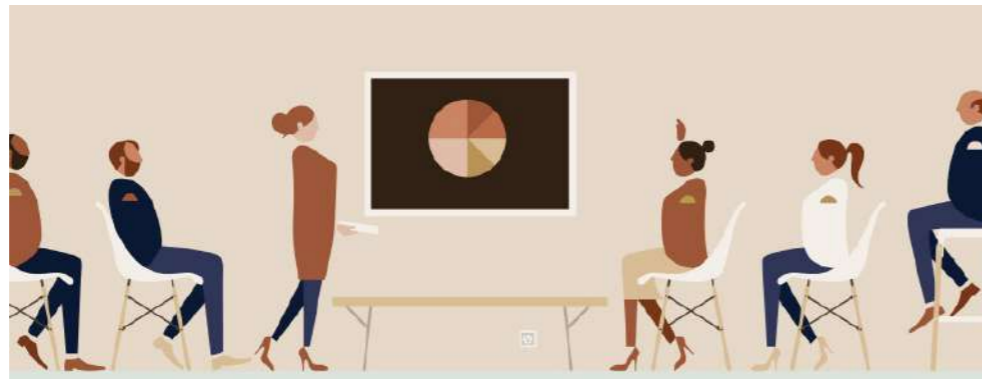
SHOW & TELL

Show & Tell is a planned gathering at which information is shared among teams, with clients and colleagues, or more broadly to the organization. The key focus is always the presenter or information being presented. These gatherings range from informal status updates and project reviews, to regimented and rehearsed speeches. The level of audience participation varies accordingly.

WARM UP, COOL DOWN

Warm Up, Cool Down occurs in the time leading up to and immediately following more formally scheduled engagements. The "warm up" may consist of last-minute adjustments to a presentation, or productive conversation with colleagues. The "cool down" offers an opportunity to discuss the content of the meeting, set next steps, and ensure alignment.

Source: LIVING OFFICE by Herman Miller, p. 10-13 Fig. Modes of work
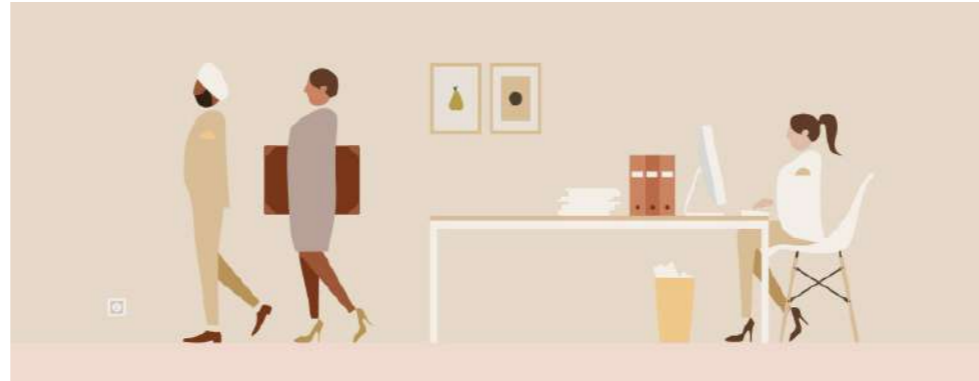
PROCESS & RESPOND

Process & Respond is the work generated by work. It occurs in response to (and generates) the feedback loop of emails, phone calls, texts, and messages that drive work forward. An individual may choose to set aside a specified time to do this work, or fill in the gaps of their day with it. It generally does not require extreme attention or deep thinking.

CONTEMPLATE

Contemplate is an opportunity for an individual to pause and consider the best way forward in their work, or ignore it momentarily and provide respite. The activity consists of whatever calms, inspires, and recharges the individual:
enjoying a view of nature, reading a book or magazine, or sketching in a notepad. It also provides an opportunity to digest complex information with the necessary degree of focus.
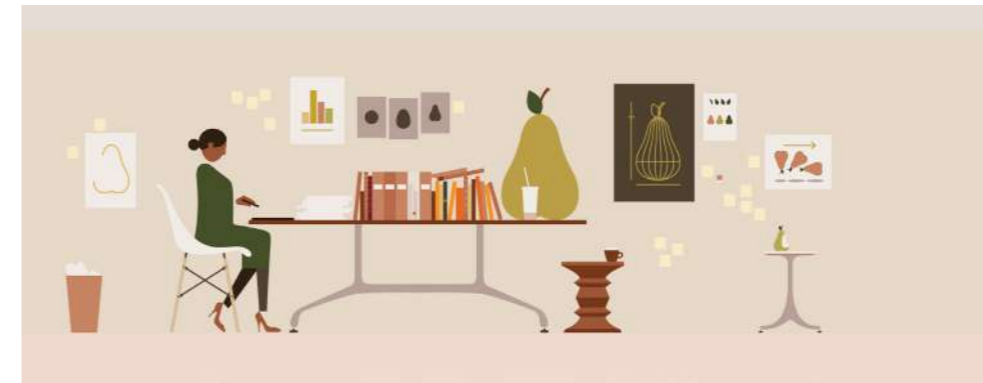
CREATE

Create occurs when a person engages with the specific content associated with their role, solves problems, and develops deliverables.
This activity is not limited to traditionally creative fields, but rather reflects the mix of concentrative, individual tasks that help move all work forward.

Source: LIVING OFFICE by Herman Miller, p. 10-13 Fig. Modes of work

OFFICE / CROSS WORLD: CONSUMER MODES OF WORK

enclosed a selection of different office settings

- Analyze the different settings and imagine the different modes of work - in detail:

    • Which modes of work are performed in every single settings?

HAVEN

A Haven is a small shelter where focused work can be done without distraction—or alternatively, a place to unwind.
It can be an enclosed room, such as a private office, or a semi-sheltered or screened-in space out in the open.

HIVE

A Hive is a space where numerous people can do a diverse range of work harmoniously. The Setting offers a grouping of individual work points and ergonomic seating.

Source: LIVING OFFICE by Herman Miller, p. 20-23 Fig. Spaces

JUMP SPACE

A Jump Space consists of highly usable work points that facilitate temporary work between other activities.
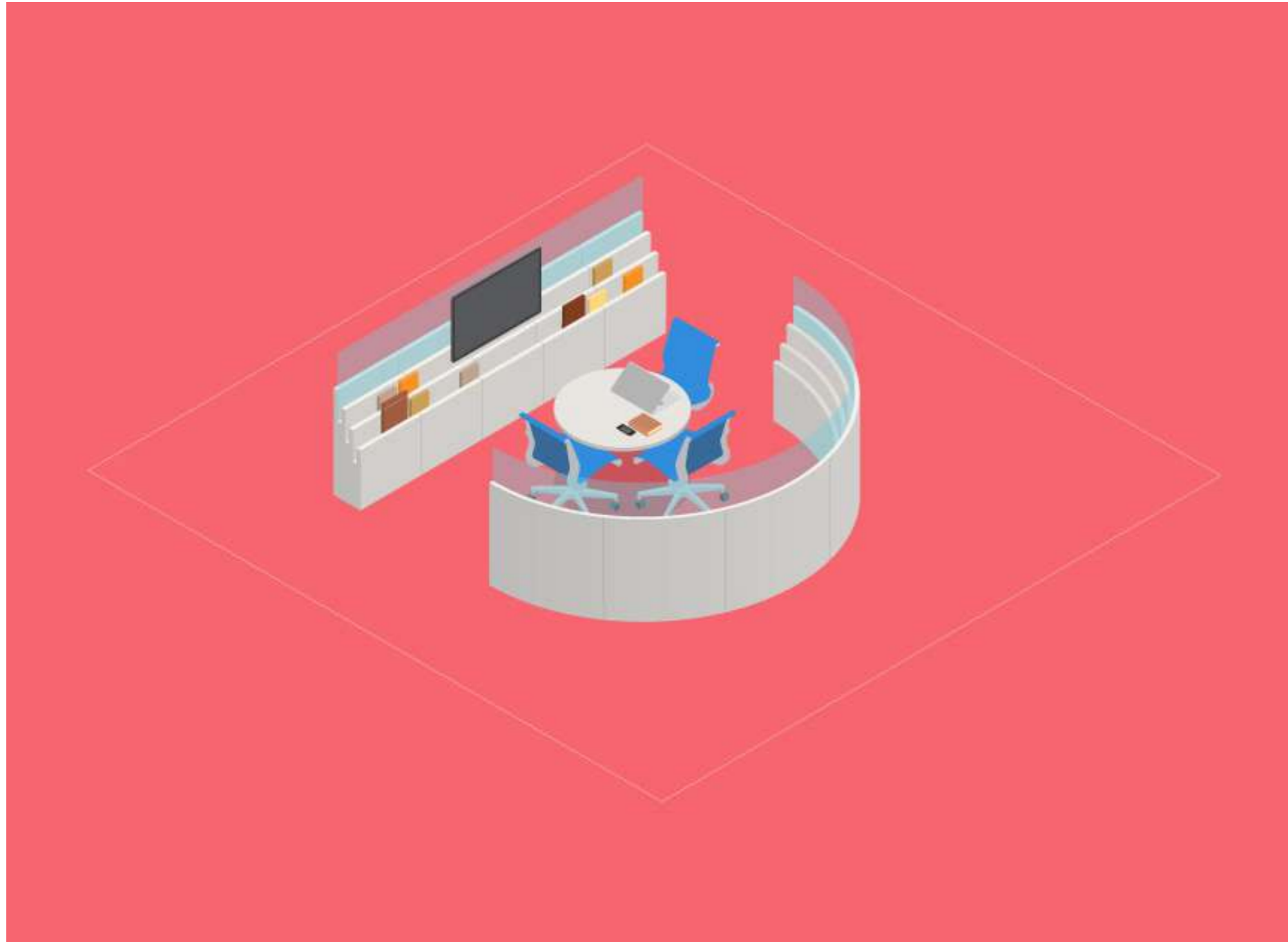
COVE

A Cove is a compact space within proximity to individual work points or common areas that enables people to assemble and engage with each other for a short period of time.
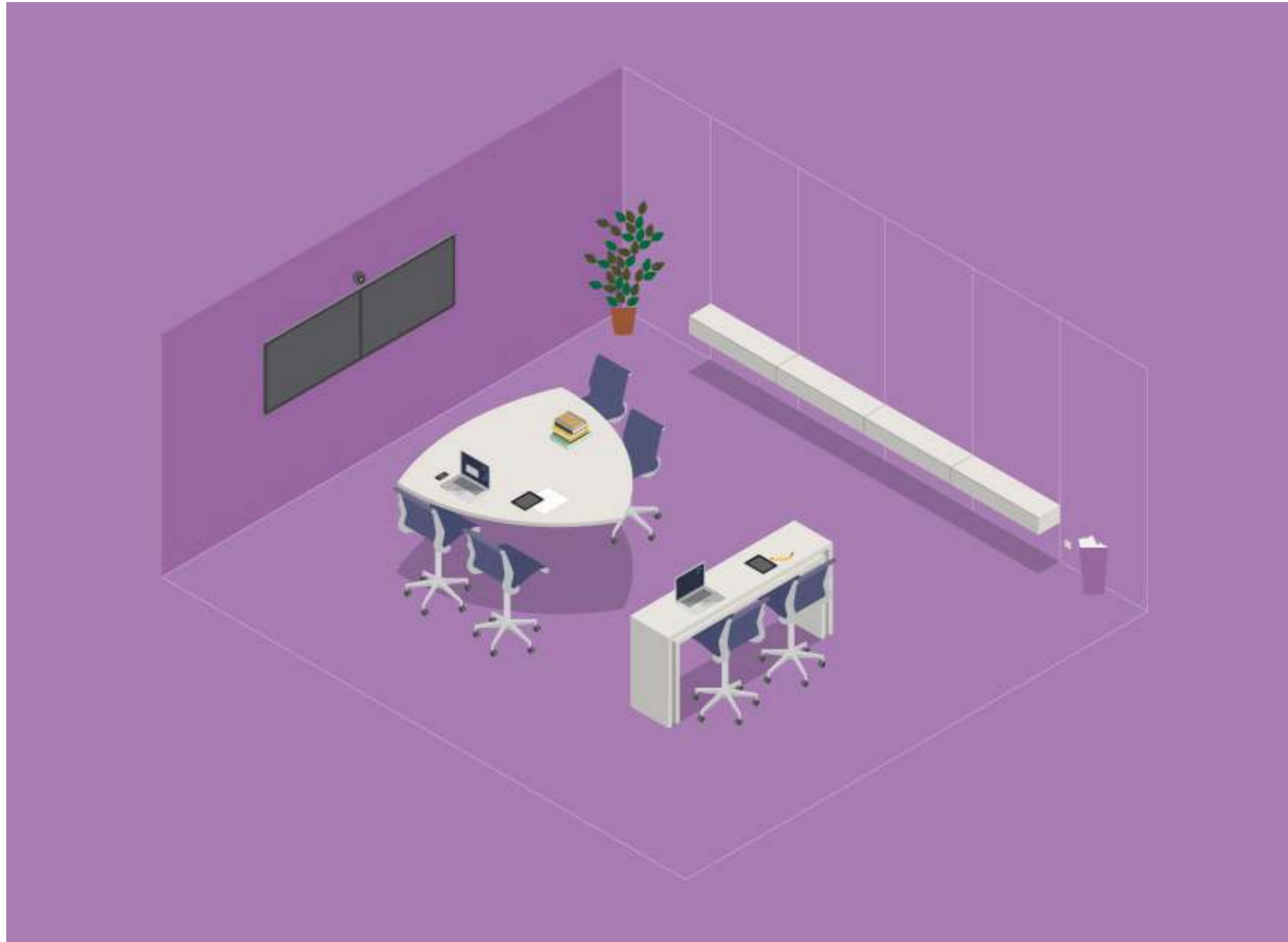
MEETING SPACE

A Meeting Space is designed to support information sharing — whether it's a single speaker at the head of the room, or a group of peers conversing among themselves.
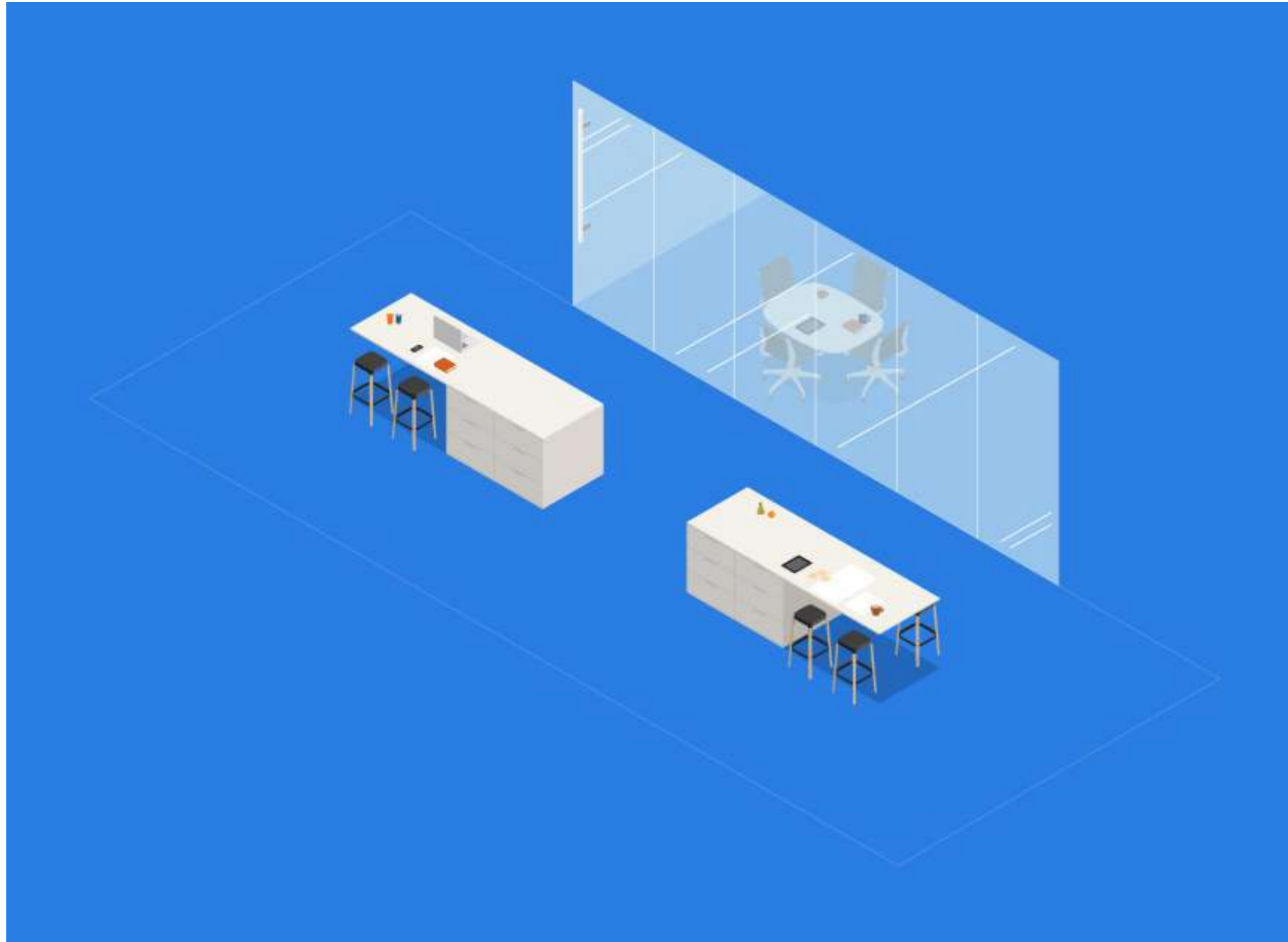
LANDING

A Landing is an open perching spot adjacent to Meeting Spaces or Forums.
Prior to a meeting it provides a gathering space for attendees.
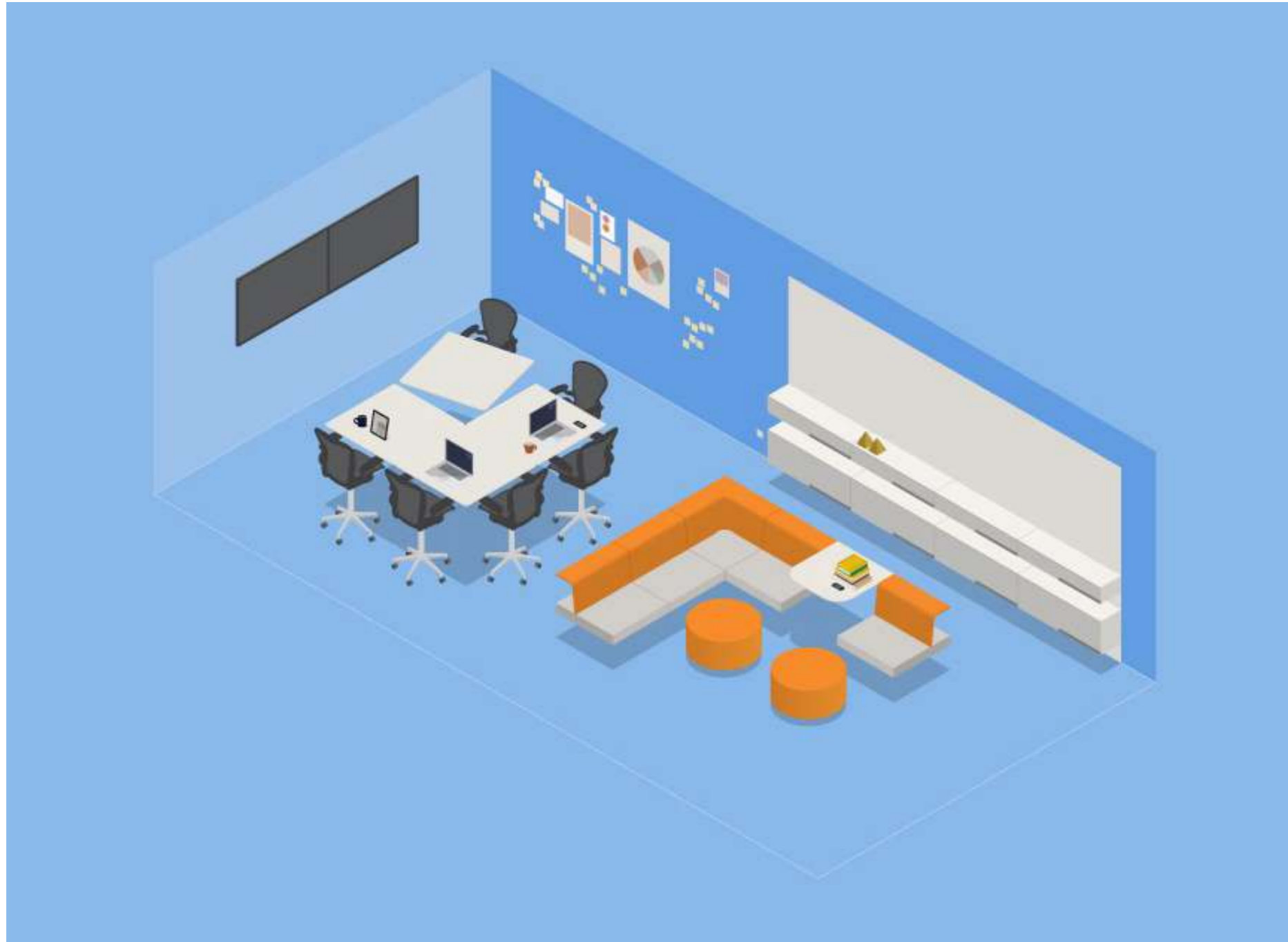
WORKSHOP

A Workshop is the ideal Setting for people to work together to generate new ideas and drive their work forward. It offers easy access to analog and digital tools and surfaces to display and create work.
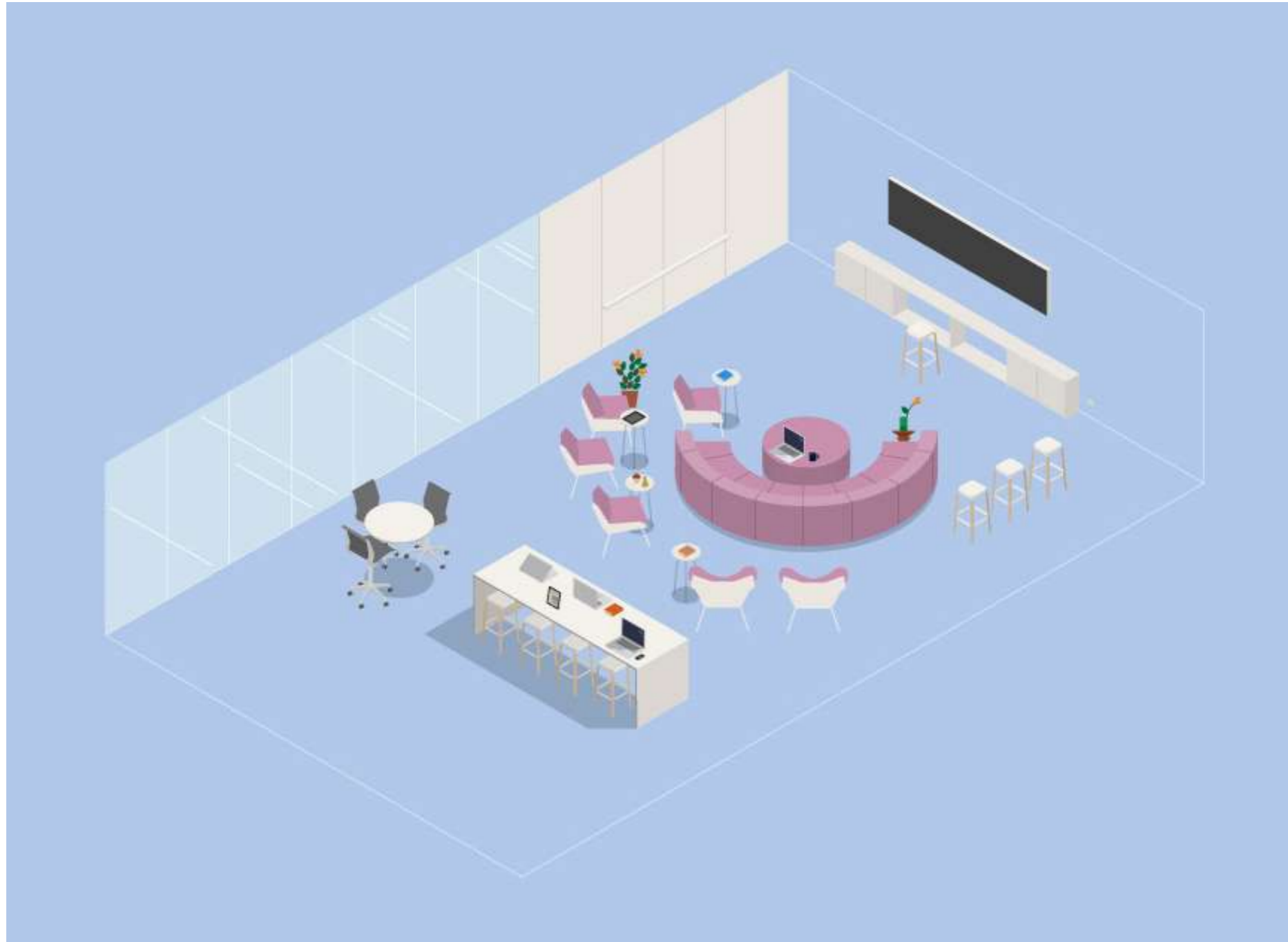
FORUM

A Forum is designed to support the presentation of content.
This is enabled by a clearly defined point of focus in the space, which tends to be architecturally enclosed.

EUROPEAN OFFICE MARKET : SPACES AND ENVIRONMENT

enclosed a selection of different office furnitures

• Enclosed a selection of different furniture part of 5 segments: Seatings, Tables, Storage systems, Screens/ Dividers, Lounges/sofas. Search on the web information regarding the product listed: Feel free to select different and alternative products

• Design, on a simple rectangular map, an office of 100 mq; identify the comfort, work, meeting areas; select all the needed pieces of furniture consistently with the 3 different areas and performance.

• Feel free to use the references emerging from the previous exercise: setting and modes of work.

• Pay a special attention to the activities performed in the different areas; pay a special attention to the different style codes.
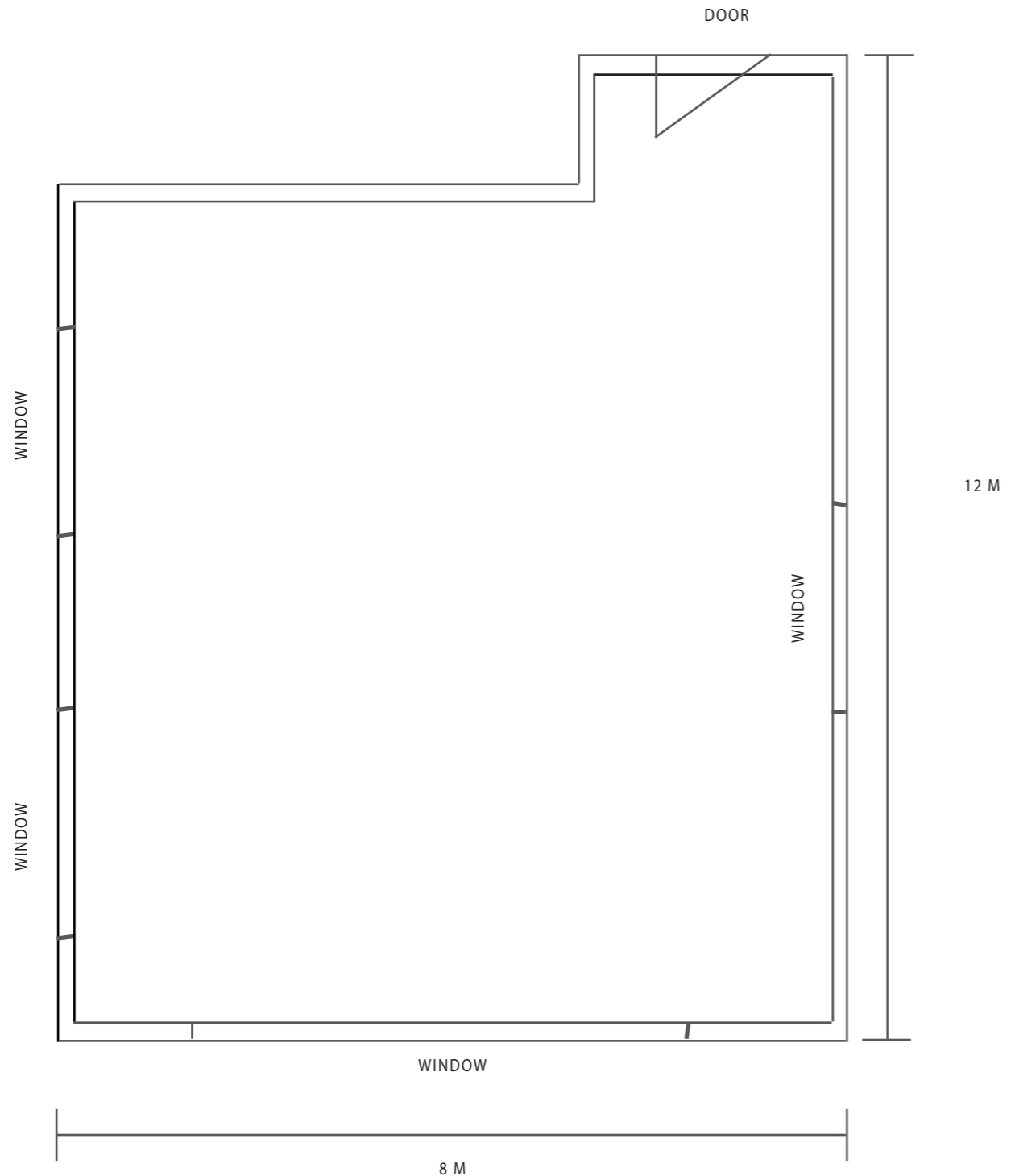
DOOR

WINDOW

WINDOW

WINDOW

WINDOW

WINDOW

12 M

8 M

• Design, on a simple rectangular map, an office of 100 mq; identify the comfort, work, meeting areas; select all the needed pieces of furniture consistently with the 3 different areas and performance.

WORK

COMFORT

MEETING
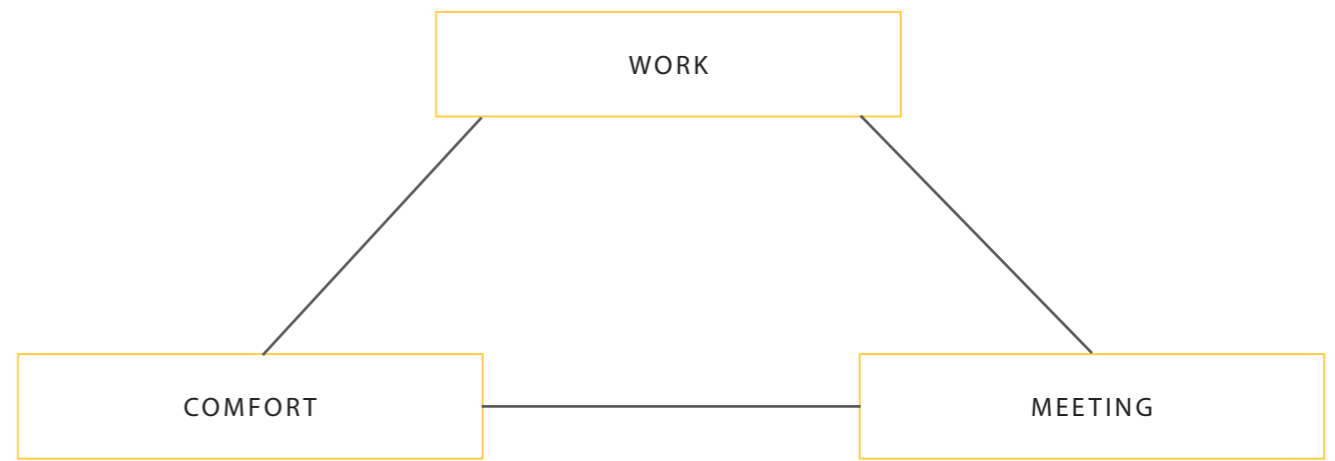
RAY
P. Borgonovo, Citterio

VISION
F. Mirenzi - V. Parigi, Citterio

I-WALLSPACE
Fantoni

ALTOS
Teknion

Irys Pod
Steelcase

AGL
Herman Miller

Woods
Fantoni

Immerse
Haworth

P 2
Bene

Timba
Bene

Catifa Up
Arper

Cinnamon
Fantoni

Zody
Haworth

Aeron
Herman Miller

Keyn Chair
Herman Miller

DOCKLANDS
Bene

BuzziSparks
Haworth

Alcove High Back
Vitra

Brody
Steelcase

Hug
Fantoni

Halo
Halcon

Stockholm
Punt

Anchor
Knoll

Bivi Trunk
Steelcase

Ledger
Teknion

Irys Pod
Steelcase

Immerse
Haworth

Zody
Haworth

Alcove High Back
Vitra

Bivi Trunk
Steelcase

Altos
Teknion

P2
Bene

Aeron
Herman Miller

Docklands
Bene

Bivi Trunk
Steelcase

Ray
Citterio

Timba
Bene

Keyn Chair
Herman Miller

Docklands
Bene

Anchor
Knoll

Vision
Citterio

AGL
Herman Miller

Cinnamon
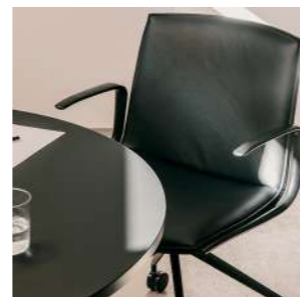Fantoni

Docklands
Bene

stockholm
Punt

I- Wall space
Fantoni

Woods
Fantoni

Catifa Up
Arper

Hug
Fantoni

Halo
Halcon

PRODUCTS TO MAP