



Students' version

International Marketing

4th of November, 2019

LIUC
Università

**Have a sear with your
teammates**



VIKINGS 6-2 16 CHIEFS 5-3 16 3rd 6:13 25

**What are the latest news on mergers
and acquisitions these days?**

Recent news

[\[link here\]](#)

IAG Takes Air Europa for \$1.11 Billion In Bid To Build Up Madrid



Marisa Garcia Senior Contributor

Aerospace & Defense

I offer an insider's view of the business of flight.

British Airways and Iberia parent IAG has signed an agreement to acquire rival Air Europa for \$1.11 billion (€1 billion), in a bid to boost the prominence of Madrid Barajas Airport as a gateway to Latin America.



AIRPORT BARAJAS, MADRID, SPAIN - 2018/04/17: Air Europa Airbus 330-200 on the

A Fiat-PSA Merger Looks Like a Go—and It Appears the Italians Got the Better End of the Deal

Recents news

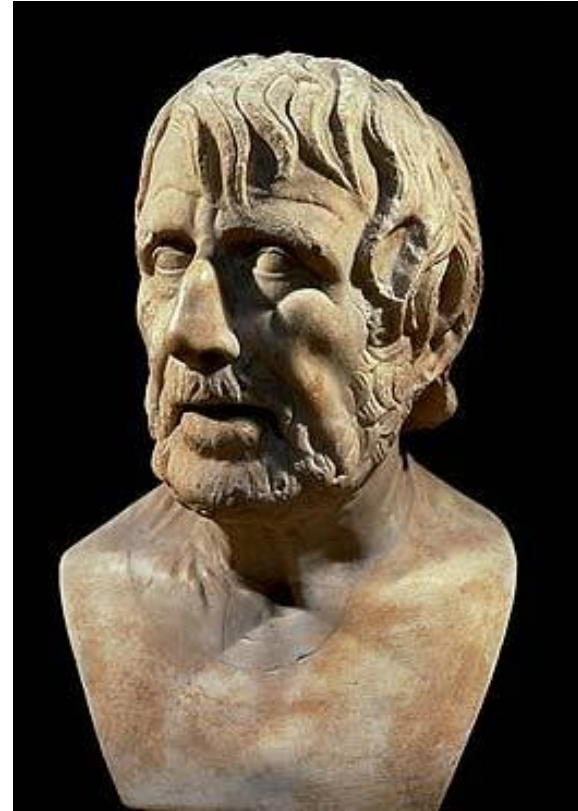
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Cui prodest?

- Seneca

Who benefits from these
mergers?

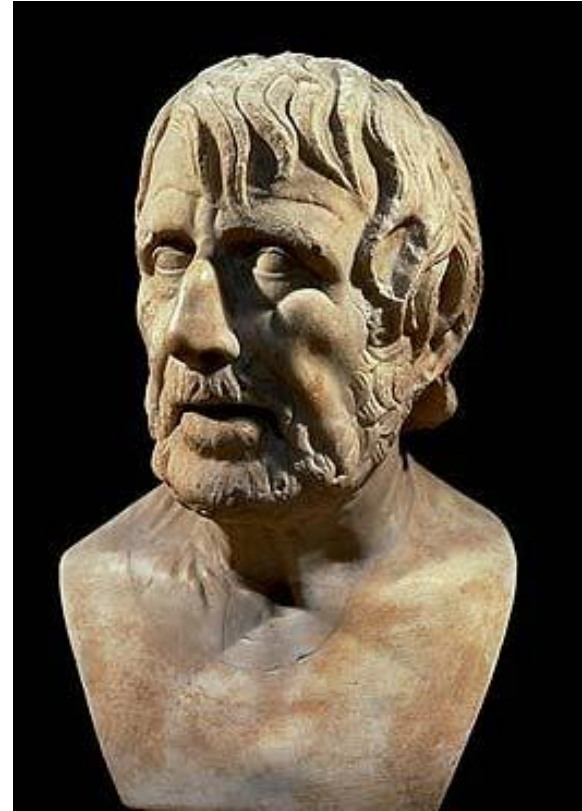
What are the pros and cons
for customers?



Recommendation:

Read these 2 articles and check what marketing concepts from the first half of the course are reflected (strategies, goals, ...) and why

[You can take the option to submit by email your conclusions]



Contents of the session



Learning Objectives

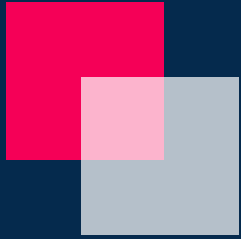
Hands-on entry strategy development through case method (Alpen bank)

Fundamental economics of entry strategy

Define marketing plans for B2C products and services

Contents

1. Reviewing midterm exam
2. Teamwork for Alpen bank case
3. Case discussion and takeaways for *going to market*



1. Midterm exam review

1. Midterm exam review - Q1

Question 1: a certain country in the southeast of Asia was the world's sixth car manufacturer and exported 1.000.000 cars annually by 2014. However, car imports were so highly restricted in this country and only 24.010 units of imported cars were allowed to be sold. In addition, foreign carmakers had to face 5.7% taxes as a markup on the price list and an extra 12.3% for luxury cars.

What is the purpose of these policies? What type of entry-barrier were foreign carmakers facing in this country? Why? Moreover, what is the most suitable strategy to enter this market for foreign carmakers? **Why? Justify your answer**

1. Midterm exam review - Q1 (from session 3)

#protectionism and its definition → purpose

#Entry barriers (protectionism instruments):

Tariffs → ad valorem because they will charge % over car price

Quota → only 24.010 cars are allowed

#Most suitable strategy to enter (yes, you have to propose one and justify why):

1. Contract Manufacturing
2. JV (...)
3. Licensing (...)

1. Midterm exam review - Q2 (from session 4)

What would be your strategy for each SBU and why? Justify your answer

Question 2: the Italian food group Floriano is managing its business through the approach of different Strategic Business Units (SBU's) for each category of the product portfolio. Cesare, the CEO of Floriano Food Group, is assessing the strategy for the next 3 years considering the economic slow-down of the world economy in the last quarter of 2019.

The SBU A is managing the milk business, both fresh and packaged milk. This business is the core activity since Mr. Floriano founded the company after World War II and it is accountable for 28% of total revenues in 2013 and 36% in 2014. The operative expenses of this SBU are high because milk is a fresh product that expires quickly.

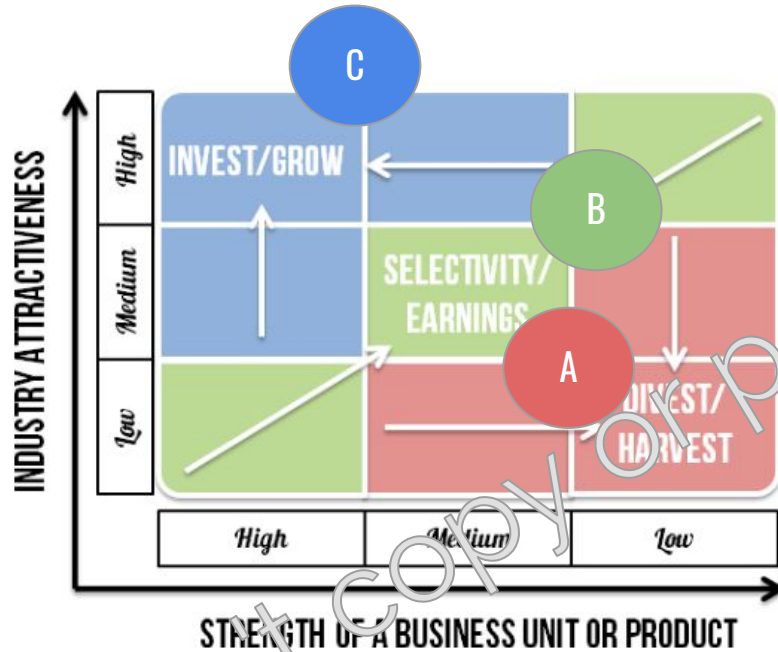
The SBU B is in charge of cheese business (ie *parmigiano-reggiano*) and it is accountable for the 35% of the revenues in the last 10 years. The growth of this SBU is moderate, 2% on average. However, the SBU B is accountable for 40% of the company's EBITDA. It exports to South West Europe (France, Spain and Portugal) and worldwide through wholesalers that supply Italian restaurants all over the world.

The SBU C is in charge of selling new products based on milk for categories like vegetarians and lactose free products. SBU C is brand new on Floriano group, only 3 years old. Federica, the managing director, is asking for additional investments in order to reach further distribution channels and place a digital strategy to engage young consumers. Cesare is hesitant on this business line because it doesn't reach break-even point yet, even it is the fast growing business line with 300% sales growth yearly.

1. Midterm exam review - Q2

	Main facts	GE-McKinsey	BCG Matrix	Alonso	RECOMMENDATION S for Strategy
SBU-A	Core business Declining (2%) since 2014 High operative expenses	Industry attractiveness? L or M, not High Business Strength? Harvest or divest	From cash cow to dog	Market development, explore new channel to bring additional sales, export? new packaging?	Harvest
SBU-B	Moderate growth 2% (exports) 40% Floriano FG EBITDA 35% revenues since 2009	Attractiveness M/H Business strength M/H Maintain, selective, hold...	Cash cow	New market development	Hold/Select
SBU-C	new products Tremendous growth 300% Not breakeven point yet	Attractiveness H Growth, pricing ... Image, technology, positioning	question mark nowadays, future star?	New product development? No! Diversification strategy (related diversification)	Invest

1. Midterm exam review - Q2



1. Midterm exam review - Q3

Question 3: Allyson Nesta has been appointed as the new Marketing Manager in September 2019 for the Italian fast food chain company Mancuso S.p.A. In her new position she has been asked by the Sales VP -Maria Pitiot- to check different locations for new restaurants in order to support the business growth plan for 2020.

The 4th of November she must deliver an executive summary for Vercelli. This town belongs to the Piedmont region, accountable for 7,7% of Italian GDP. The GDP of the region shows a regular growth since 2008 and Vercelli is the second richest city in Italy with a GDP of 36.249 US\$ per capita.

Vercelli also has a positive balance of nature (birth-death rate) and the migration balance is positive as well. 39% of the population is single and 4% of the population is divorced. People from 12 to 35 years old are the 21,6% of the total population of Vercelli.

Allyson has crafted different groups of customers for Mancuso: 12-17, 18-24 and 25-34 years old with an average ticket expense on restaurants of 9,78€/customer.

If you were Allyson, what would you recommend to Maria Pitiot? **Would you suggest to open a new Mancuso Restaurant in Vercelli or not? Why? Justify your answer.**

1. Midterm exam review - Q3

Reasons to OPEN :)

- ★ ...
- ★ ...
- ★ ...

Reasons for NO :(

- ★ ...
- ★ ...
- ★ ...

1. Midterm exam review - Q3

Takeaway:

In business, as marketers, we have to make decisions with limited information

There's ***no place for “maybes”***

1. Midterm exam review - Q3

If we don't open in rich areas where affluent customers are located, where do we open?



1. Midterm exam review - Q4 (from session 7)

Question 4: Carla Carreira is working as CMO (Chief Marketing Officer) for a Portuguese FMCG (Fast Moving Consumer Goods) called Silva Inc. and its star product is a toothpaste labelled "Airone".

Airone is a best seller (higher Market Share according to Nielsen panels) in its product category for the markets of Portugal, Brazil and Angola for singles between 18 to 32 years old and for families with children thanks to: its exclusive formula based on ginger and mandioca that provides a fresh sensation in the mouth and a nice breath and the additional quantity of 15 gr of product by unit (tube of toothpaste).

Now Carla **has decided to sell Airone in Spain** and she is thinking on its positioning. If you were Carla, how would you position Airone for singles and families in Spain?

1. Midterm exam review - Q4

Elements of Positioning Statement	Segment 1	Segment 2
Target Audience	Singles	Families
Frame of reference (category, competition, need base ...)	Chose according context	Chose according context
Reason for choice, differentiator from competition	Best seller in Portugal (not Brazil nor Angola), exclusive formula based on ginger and mandioca, fresh mouth and nice breath, additional amount of toothpaste	

1. Midterm exam review - Q4

1

For (target customers, group of users/need) who seek (key benefit), (offering) is an excellent (product category) because (justification of the benefit)

2

For (target customers, group of users/need) who seek (key benefit), (offering) is a better (product category) than (competitive offering) because (justification of the benefit)

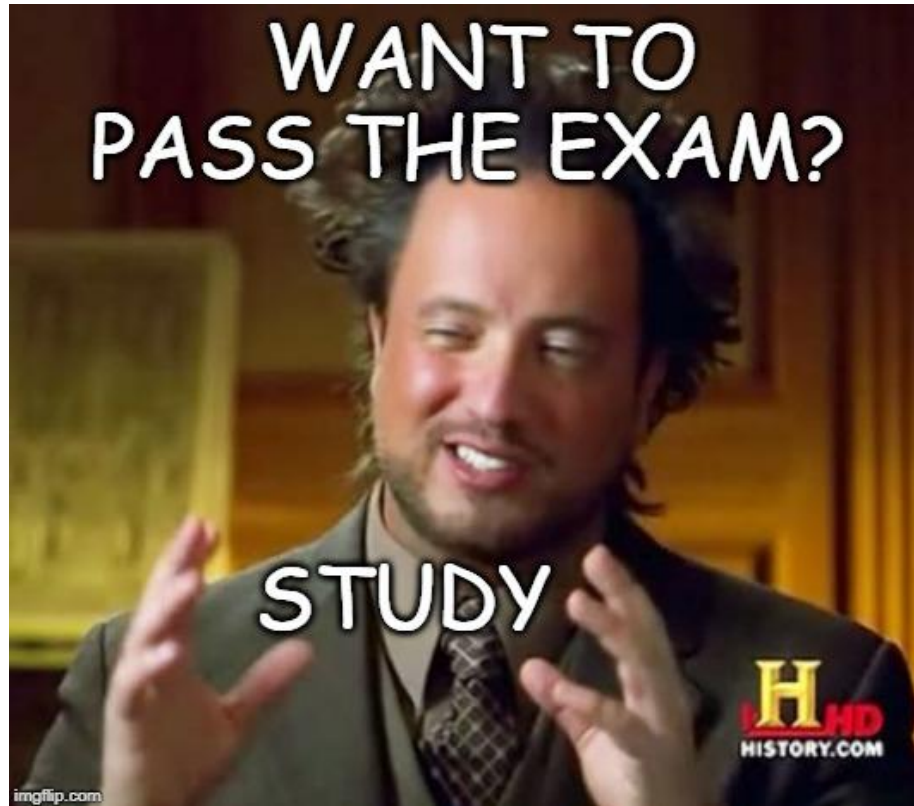
1. Midterm exam review - Q4

3

To (target customers, group of users/need) (brand name) is the brand of (frame of reference: product category or competitive offering) that (justification of the benefit) because (reason why)

4

(Offering) is a better choice for (target customers, group of users/need) than (competitive offering) because (justification of the primary reason to choose the offer)





2. Alpen bank case: Takeaways for going to market

2. Alpen bank case and STP



Alpen Bank *business goal*:
€5M in additional revenue from credit cards in Romania

2. Alpen bank case: teamwork

Goals of the case discussion:

1. To understand implications of target segment selection and positioning
2. To evaluate economics of customer acquisition
3. Hands-on B2C marketing launching plan (product/services)



Relevant topics when landing from theory to marketing practise on *Going-to-Market*

2. Alpen bank case: segmenting

1. **Segmentation:** what are the available customer segments for credit card business for Alpen bank? Why?

Main criteria for customer segmentation: “annual incomes” expressed in € currency

Secondary criteria will be:

- Average expense or “ticket” by purchase
- Customer default risk (% of non-paying on due date)

TAKEAWAY: the case helps to find segmentation criterias (demographics, behavioral, perceived benefits, observable characteristics, customer convenience ...) for a given company in certain context (ie annual incomes in financial industry)

2. Alpen bank case: targeting

2. **Targeting:** what is the segment(s) where Alpen bank is more able to add value? How many customers does Alpen bank need to reach breakeven? And for achieving its goal of €5M? (yes, you have to do some numbers)
 - The case presents all the information you need to calculate

2. Alpen bank case: targeting

Profit = incomes (earnings or sales) - total costs

Earnings per customer: is the total amount of incomes generated by target customers, normally expressed as
Unitary price x units sold (=sales)

Fixed cost= is an invariable amount of expense for a given infrastructure (factory, shops, sales team...)

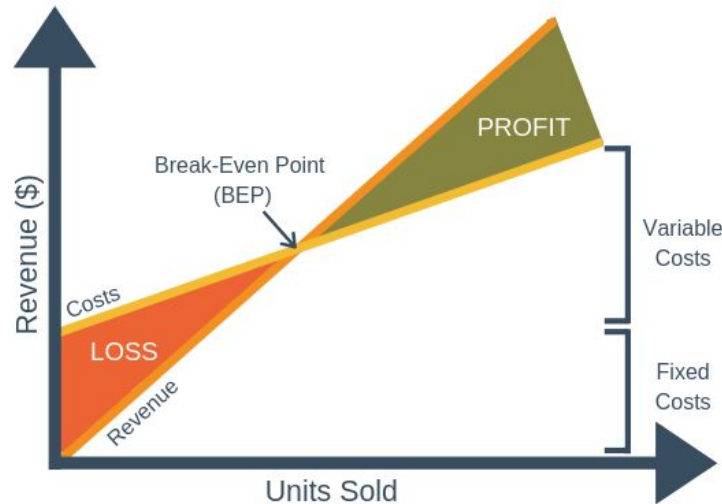
Variable cost= is the direct cost created when the company produces an output (product, service), ie: cars, clothes, yogurts ...

Total costs= fixed cost + (variable cost x unit sold)

2. Alpen bank case: targeting

Break even point (BEP): is the amount of units (cars, perfumes, cookies, computers, number of credit cards customers ...) that a company needs to sell in order to cover the total costs (Fixed costs + variable cost x units) are equal to sales (incomes=price x units).

At BEP there is no profit and no lose because revenues (sales)= total costs



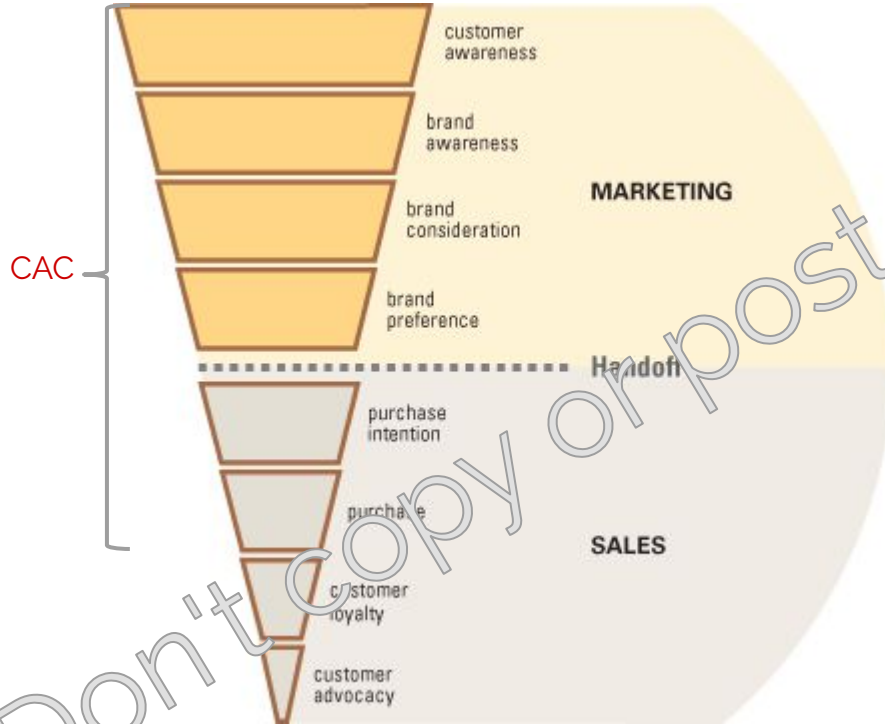
2. Alpen bank case: targeting

Customer Acquisition Cost (CAC): comprises all the costs of marketing and sales efforts involved from creating a lead, qualifying a prospect and converting into a customer for our company portfolio along the marketing and sales funnel stages

CAC is a fundamental KPI when launching a marketing program because it will drive the attractiveness of a segment for our company.

CAC implies direct cost of marketing-mix actions (ads, promotions, discounts, sales force, call center, emailing, ...) and ad-hoc structures created to support the project

2. Alpen bank case: targeting



Source: Harvard Business Review

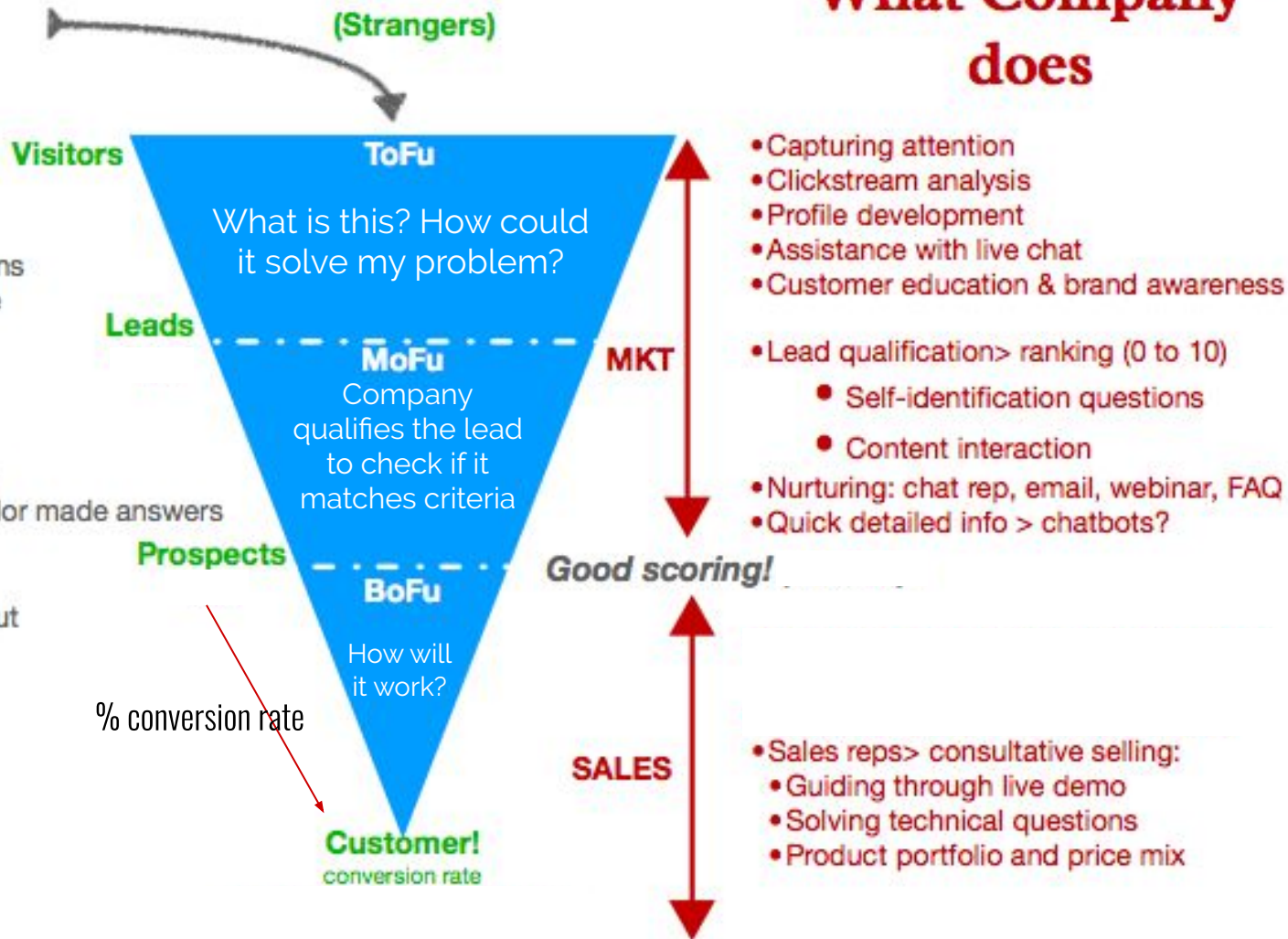
CAC are split along the **marketing-sales funnel stages**

Sales cycle is the time that goes since a visitor to our website is converted into a customer -expressed in days, weeks or months

Let's check the funnel in detail (next slide)

What Customer does

What Company does



2. Alpen bank case: targeting

ROI (Return on investment) is the metric that sizes the net income generated by a project related to the total cost of investment (considering CAC) for our marketing projects. ROI is another key metric to follow-up project success, often expressed as %

$$\text{ROI} = (\text{sales} - \text{investment}) / \text{investment} \times 100$$

Sales - investment = net incomes

Management tip:

companies normally don't accept project with a ROI < x % (ie ROI < 15%)

Return on Investment (ROI)

Return on Investment (ROI) measures the benefit an investor will receive in relation to their investment cost.

ROI =

$$\frac{\text{Net Income}}{\text{Cost of Investment}}$$



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2. Alpen bank case: targeting

Value (affluent) vs. volume (middle class)

Premium customers vs. all customers

“Take the shortest way to your goal” - G. Capasso

2. Alpen bank case: positioning

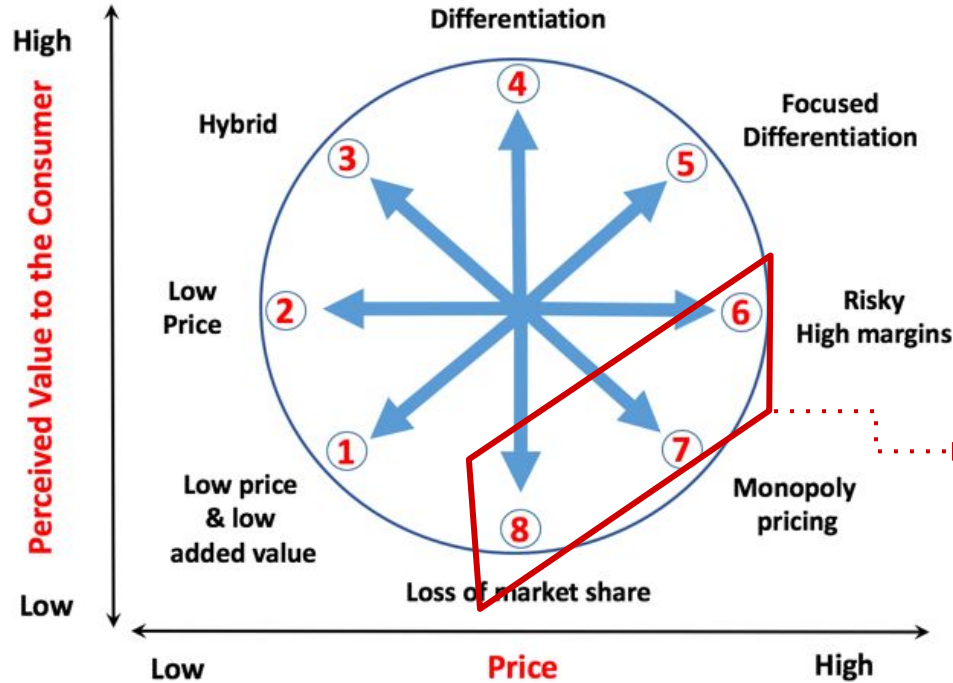
3. Reasons to GO/NO GO

Note that there's no place for “maybes” in business

4. Positioning statement example for your proposed segment(s)

2. Alpen bank case: positioning

Bowman's strategy clock



Source: Bowman, 1998

Remember:
We r selling
24/7!

Thanks for
your attention

