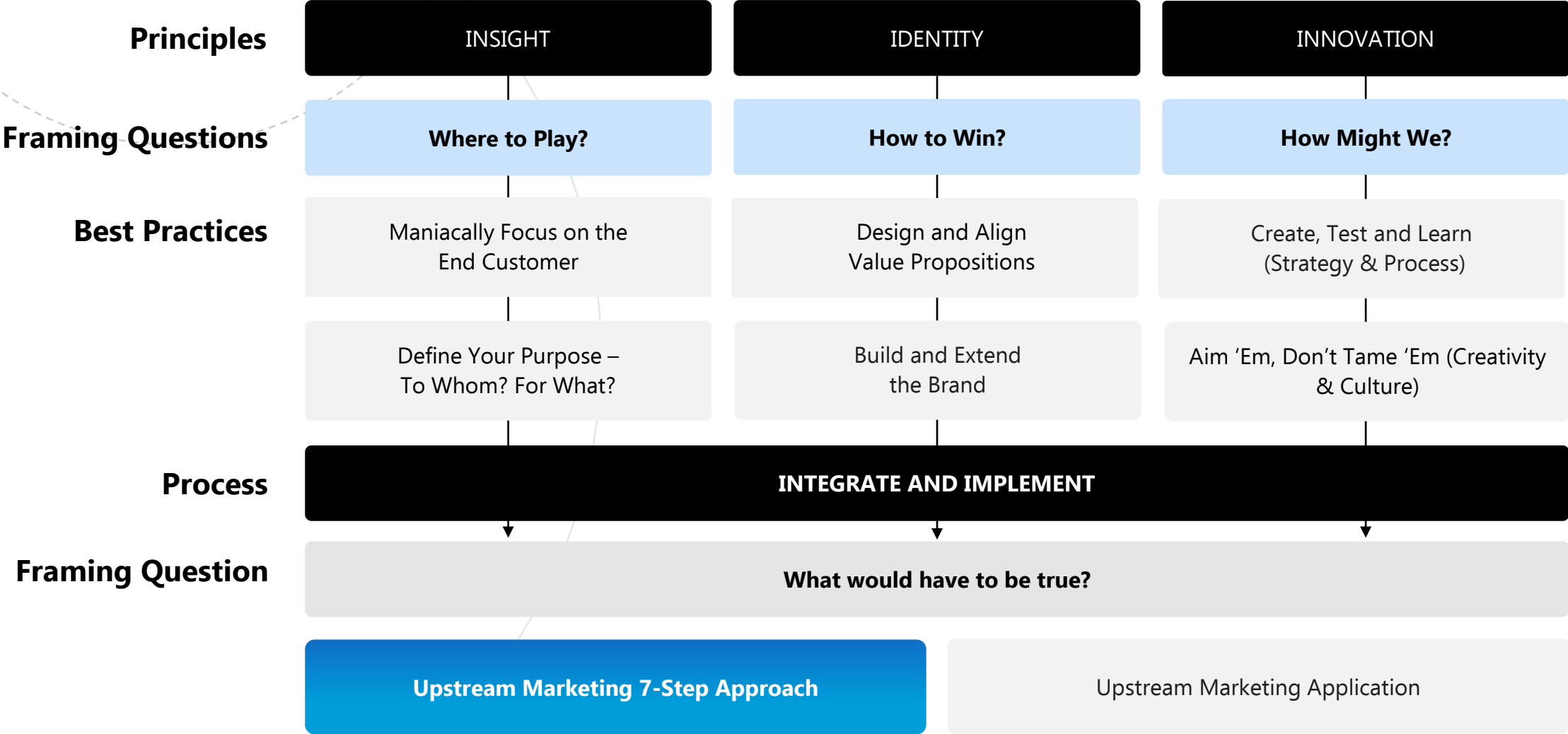
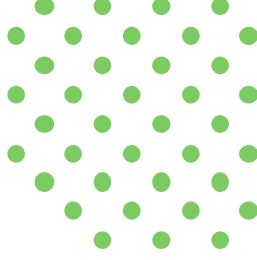




Upstream  
Marketing  
7-Step Approach

# Upstream Marketing 7-Step Approach





# 7-Step Upstream Marketing Process Overview

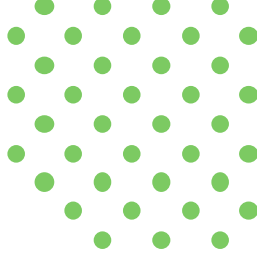
In this module, we integrate the principles and practices into 7 steps

- Each phase takes roughly 90 days with phase 2 a repeating cycle

## 7-Step Upstream Marketing Approach

Phase 1: Where to Play			Phase 2: How to Win			
Set Strategic Direction	Create the Customer Framework	Select Opportunity Areas	Do the Deep Dive	Conduct Focused Ideation	Optimize Concepts	Finalize, Launch, and Learn

- The tight timing is intentional – test and learn and strive to be “roughly right”



# Upstream Marketing Principles, Practices, and Process

The full details . . .

Upstream Marketing Principles and Practices		Upstream Marketing Process						
		Where to Play?			How to Win?			
		Set Strategic Direction	Create the Customer Framework	Select Opportunity Areas	Do the Deep Dive	Conduct Focused Ideation	Optimize Concepts	Finalize, Launch, and Learn
Insight	Maniacally Focus on the End Consumer	✓	✓	✓	✓	✓	✓	✓
	Define Your Purpose – To Whom? For What?	✓	✓	✓				
Identity	Design and Align Value Propositions			✓	✓	✓	✓	✓
	Build and Extend the Brand			✓	✓	✓	✓	✓
Innovation	Create, Test & Learn (Strategy & Process)					✓	✓	✓
	Aim 'Em, Don't Tame 'Em (Culture & Organization)	←-----→						
		How Might We?			What Would Have to Be True?			



# Developing a new luxury automotive brand through upstream marketing

## Challenge

- Automaker with strong product and brand (outside US), though weak U.S. brand image
- Decision to “carve-out” existing model and launch new U.S. luxury brand
- New brand to be sold through existing dealer network, due to several factors
- Develop strategy within constraints (e.g., 1/3 of all luxury buyers prefer to avoid dealer)

## Action

- Exploratory and trend research
- Profile best practices in luxury marketing (within and outside automotive)
- Segmentation of US luxury auto consumers
- Strategy and planning sessions to build brand line-up, positioning, value proposition
- Quantitative validation and strategy sessions to develop plan and gain alignment

## Results

- New brand strategy and action plan
- Award winning product and brand strategy, exceeding business goals

# Step 1: Set the Strategic Direction

<b>Goal</b>	<ul style="list-style-type: none"><li>• Set the project up for success</li><li>• Establish strategic direction</li></ul>
<b>Activities</b>	<ul style="list-style-type: none"><li>• Confirm team roles and clear project calendars</li><li>• Document related activities</li><li>• Hold project kickoff</li><li>• Conduct Three C's analysis</li><li>• Conduct internal interviews</li></ul>
<b>Deliverables</b>	<ul style="list-style-type: none"><li>• Three C's analysis: Company, Customer, Competitive analysis</li><li>• Initial hypotheses on high-potential opportunity areas</li></ul>

# Step 1: Sample Internal Interview Guide

Objective: To gain perspective on issues, hypotheses, challenges, and opportunities in driving growth.

1. Describe your **role, responsibilities**, and background (as relevant).
2. What are the leading **challenges and opportunities** facing the organization today?
3. Consider the current state versus future state (i.e., **SWOT** analysis)
4. Who are your **customers**, what's important to them, and how do they buy? How do they **naturally segment** based on attitudes, needs, and behaviors?
5. Describe the **current value proposition**. What benefits do you offer today? What benefits might you provide **in the future**?
6. In growing the business and brand, what are potential **strategic opportunity areas**? Probe: new markets, channels, segments, products, etc.
7. How would you **define "success"** for this project? What barriers need to be overcome, internally or externally, to succeed?
8. Is there anything we didn't ask you that you think is crucial as we **move forward** with this project?

Note: The interview should last 30 – 45 minutes, and only aggregate responses will be reported (to ensure confidentiality).

## Step 2: Create the Customer Framework

<b>Goal</b>	<ul style="list-style-type: none"><li>• Get out of the office, talk to customers and create a proprietary to-whom, for-what framework</li></ul>
<b>Activities</b>	<ul style="list-style-type: none"><li>• Conduct exploratory work and immerse yourself in the category</li><li>• Hypothesize customer segments</li><li>• Validate the framework quantitatively</li><li>• Select targets to direct subsequent efforts</li></ul>
<b>Deliverables</b>	<ul style="list-style-type: none"><li>• Deep consumer insight</li><li>• Confirmed consumer targets</li></ul>



# Luxury Automotive Customer Framework



Attitudes

"I own a luxury vehicle, but really don't consider myself a luxury buyer outside of automotive"

"Luxury is a lifestyle that extends into other areas of my life - what I wear, where I travel, and where I live."

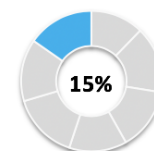
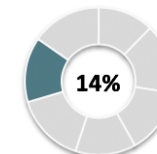
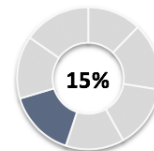
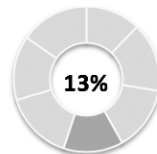
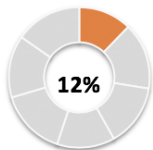
"I'm just a jeans and T-shirt kind of person. But I do love a great car"

Behaviors

An optional, though recommended, step is to quantify the to validate hypotheses, confirm unmet needs, fill in data gaps, size, and seize strategic opportunities via target selection.

Demos

Size



# Step 3: Confirm Strategic Opportunity Areas

<b>Goal</b>	<ul style="list-style-type: none"><li>• Identify and prioritize strategic opportunity areas to pursue</li><li>• Use strategy sessions to confirm where to play and how to win</li></ul>
<b>Activities</b>	<ul style="list-style-type: none"><li>• Confirm the current state – Where are we now? Bring the segments to life</li><li>• Strategically identify the desired future state and ways to get there</li><li>• Fill out high potential SOAs one per page</li><li>• Screen and prioritize the winners</li></ul>
<b>Deliverables</b>	<ul style="list-style-type: none"><li>• Where to play insights (from steps 1 - 3)</li><li>• Full set of strategic opportunity areas (written up, screened &amp; prioritized)</li></ul>

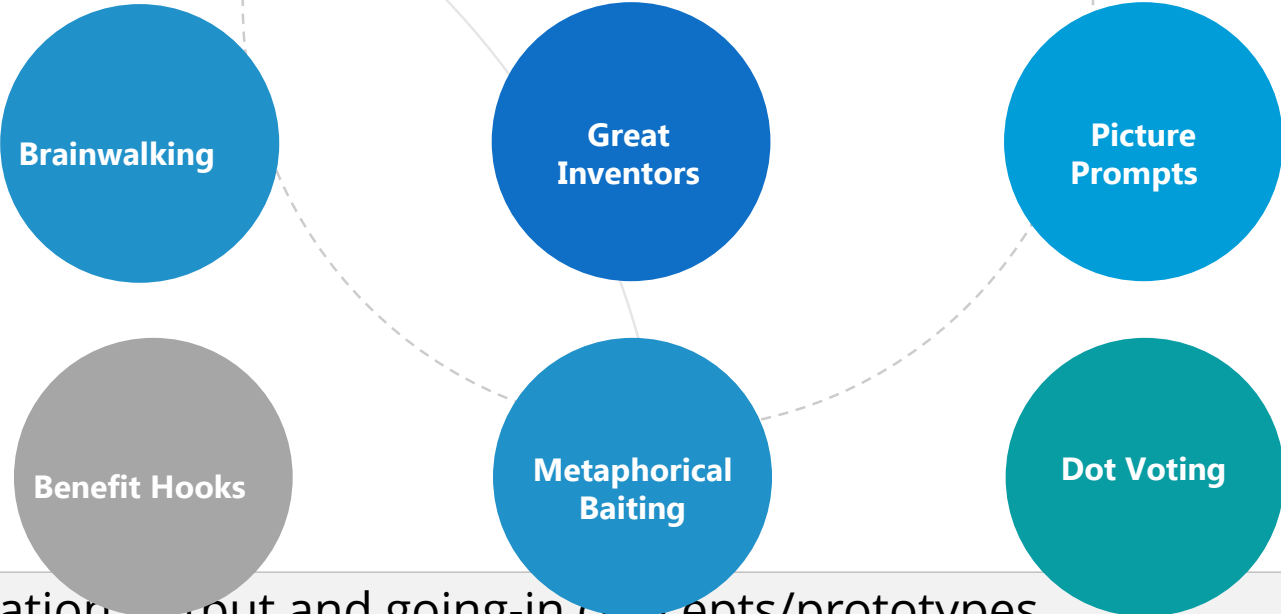
## Step 4: Do the Deep Dive

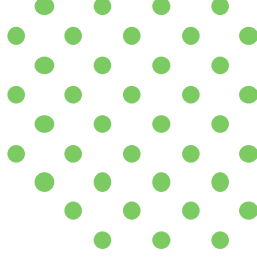
<b>Goal</b>	<ul style="list-style-type: none"><li>• Obtain in-depth insight into the target consumer, marketplace and potential solutions</li></ul>
<b>Activities</b>	<ul style="list-style-type: none"><li>• Consumer research and market forces &amp; factor analysis, including retail format alternatives</li><li>• The challenge: How to meet sales &amp; service needs in non-traditional ways<ul style="list-style-type: none"><li>✓ How might we create a showroom-within-a-showroom concept— two linked brands—through signage, amenities, and other markers?</li><li>✓ How might consumers skip the dealer showroom experience entirely, using digital technology to create an Uber-like experience?</li></ul></li></ul>
<b>Deliverables</b>	<ul style="list-style-type: none"><li>• In depth consumer, marketplace and technical insights</li></ul>

## Step 4: Do the Deep Dive: Alternative Channel Strategies Probed

Concept	Separate Channel	Showroom within a showroom	Showcase Store	Online Only
<b>Description</b>	Totally separate locations	Separate brands, with a single entrance and unique signage, flooring, lighting	Smaller showcase store, limited selection	Fits with consumer needs (1/3 <sup>rd</sup> prefer to avoid dealer entirely)
<b>Example</b>	<ul style="list-style-type: none"> <li>Gap vs. Banana Republic</li> <li>Toyota vs. Lexus</li> </ul>	<ul style="list-style-type: none"> <li>Polo Shop within Macy's</li> <li>Best Buy/Magnolia</li> </ul>	<ul style="list-style-type: none"> <li>Tesla</li> <li>Nike</li> </ul>	<ul style="list-style-type: none"> <li>Amazon</li> <li>Tesla</li> </ul>
<b>Pros</b>	<ul style="list-style-type: none"> <li>Shows commitment</li> <li>Avoids parent brand stigma</li> </ul>	<ul style="list-style-type: none"> <li>Cross-shop and compare</li> <li>Creates some perceptual distance</li> </ul>	<ul style="list-style-type: none"> <li>Address dealer considerations</li> <li>Invest in fewer, more strategic locations</li> </ul>	<ul style="list-style-type: none"> <li>Fits with consumer desire</li> </ul>
<b>Cons</b>	<ul style="list-style-type: none"> <li>Cost to build, volume</li> <li>Brand image expectation and investment</li> </ul>	<ul style="list-style-type: none"> <li>Links with parent brand and image associations</li> <li>Superficial separation?</li> </ul>	<ul style="list-style-type: none"> <li>Limited selection</li> <li>Location must be accessible</li> </ul>	<ul style="list-style-type: none"> <li>Cost to build</li> <li>Brand image expectation and investment</li> </ul>

# Step 5: Run a Focused Ideation Session

<b>Goal</b>	<ul style="list-style-type: none"><li>• Generate new business models, products, services, and other concepts to address specified opportunity (i.e., creatively solve customer problems)</li><li>• Skillsets to include? Expansive thinkers, knowledgeable thinkers, creative thinkers</li></ul>
<b>Activities</b>	 <p>The diagram illustrates six ideation activities arranged in a circle, connected by a dashed line. The activities are: Brainwalking, Great Inventors, Picture Prompts, Dot Voting, Metaphorical Baiting, and Benefit Hooks. The 'Benefit Hooks' circle is grey, while the others are various shades of blue and teal.</p>
<b>Deliverables</b>	<ul style="list-style-type: none"><li>• Raw ideation output and going-in concepts/prototypes</li></ul>



# How might we deliver a luxury experience to target consumer that meets or exceeds that of competitors?

	Before (Sales)	During (@ Dealership)	After (Service & Ownership)
Opportunity	Align purchase process with how consumers want to buy, leveraging digital technology, unique store formats, etc.	Develop optimal in-store/in-person experience, across various dealer formats /scenarios	Develop ownership sub-brand with tiered service levels aligning with unique aspects of luxury ownership
Insight	Growth of vehicle buying services; interest in "no haggle pricing"; Tesla channel acceptance, etc.	"Dealers missed the boat – thinking customers want to hang out at the dealer. Most would rather not be there"	"The best service experience is no service experience"
Implications Potential Ideas	<ul style="list-style-type: none"><li>• On-line Pre-Sale</li><li>• Satellite Boutique Showroom</li><li>• Pricing Program<ul style="list-style-type: none"><li>- Transparent Pricing</li><li>- Guaranteed Pricing</li></ul></li><li>• Lease Penetration Program</li></ul>	<ul style="list-style-type: none"><li>• Store-in-Store</li><li>• Dedicated Luxury Advisor</li><li>• Self-Guided Test Drive</li><li>• Premium Kit</li></ul>	<ul style="list-style-type: none"><li>• Online Car Scheduling</li><li>• Valet Service, demo vehicles</li><li>• Free Maintenance</li><li>• Lifetime Warranty</li><li>• Referral Program</li><li>• Certified Pre-Owned Vehicle Management</li></ul>

Resulted in over 100 ideas, further narrowed to 12 -15 core ideas for CORE insight, described next.

# Step 6: Perform Concept Optimization

## Goal

- Optimize concepts iteratively with target consumers using prototypes

## Sample Brand Positioning Concept

### **ABC BRAND. AN EVOLUTION TOWARD SMARTER LUXURY.**

Most luxury automotive brands were born in the 20th century, so it's no surprise that they share a more traditional view of what luxury entails. And for many owners, it's all about status—an excessive price tag just to claim exclusivity.

ABC Brand was designed to provide an evolved luxury ownership experience for a new century, born from the belief that the fast pace of life today and technological advances have changed what a luxury vehicle can—and should—be.

ABC Brand prioritizes a smarter, progressive approach to luxury—from the way the vehicles look, to the way they drive, to the way they fit into your life.

The ownership experience has been completely redesigned to maximize your investment, respect your time, and ensure you enjoy all that your vehicle offers. Every ABC vehicle comes with the industry-leading warranty, including free routine maintenance for two years. When it's time for maintenance, a valet will bring a loaner to your door, take your car in for service, and return it to you when it's done.

ABC. An Evolution Toward Smarter Luxury.

## Sample Value Proposition Ideas

### **AT-HOME VEHICLE DEMONSTRATION**

A sales representative will bring your vehicle of choice to you for a test drive at the time and location of your choosing, so there's no need to visit a dealership to experience it before buying.

### **VALET SERVICE**

When it's time for service, contact your dealer, and a representative will come to you, pick up your vehicle, deliver a courtesy loaner vehicle, and return yours when it's ready.

# Step 7: Finalize, Launch, and Learn: Ready, Aim, Fire!

## ONE-PAGE UPSTREAM MARKETING PLAN

### Objectives

- Confirm marketing objectives and goals
- Best to have only 1-2 objectives
  - Objectives should be SMART (e.g., Specific, Measurable, Aggressive, Realistic and Time-Specific)

### Strategic Opportunity Areas

Identify strategic opportunity areas (SOAs) to drive growth

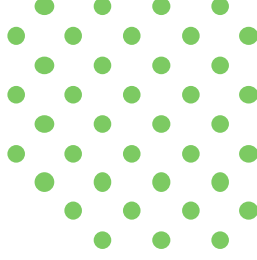
Put SOA initiatives in market-based terms

It's best to have 3 – 4 SOAs to focus on

### Marketing Tactics

- List the tactics supporting each SOA (5 – 7 bullet points)
- Include supporting detail – cost, timing and responsibilities
- Each SOA should have tactics and each tactic should link to an SOA





# 7-Step Upstream Marketing Process Recap

## 7-Step Upstream Marketing Approach

Phase 1: Where to Play			Phase 2: How to Win			
<b>Set Strategic Direction</b>	<b>Create the Customer Framework</b>	<b>Select Opportunity Areas</b>	<b>Do the Deep Dive</b>	<b>Conduct Focused Ideation</b>	<b>Optimize Concepts</b>	<b>Finalize, Launch, and Learn</b>



Now Apply It:  
**Upstream  
Marketing  
7-Step Approach**

**Questions to consider**

1. Does your organization have a structured, integrated approach to upstream marketing?
2. Does the approach recognize and answer the framing questions— where to play, how to win, how might we, and what would have to be true?
3. Is the approach informed by insight, identity, and innovation principles and corresponding best practices?