

MARKETING OF EXPERIENCES: HOW TO SELL TO THE NEW GLOBAL CONVERGING MIDDLE CLASS IN THE XXI CENTURY

COURSE OUTLINE

1. Introduction

Ecommerce is the most fundamental shift in the business model of consumer goods for at least a generation. Although it has affected differentiated markets like ecommerce in electronics or luxury goods, it is in the area of staples companies where this shift is mostly in place.

With only 2% of all commerce being online, ecommerce is very much in its infancy. However, eventually it is going to become most of the growth in consumer markets, as well as the channels through which consumer staples companies will change their way of going to market in the future.

Ecommerce retailers will offer access to products to a broader population that has fewer outlets. This will allow ecommerce to offer a much wider range of products than store-based competitors do. In markets like the UK, South Korea and China, we are starting to see this effect.

As a result, consumer staples companies are likely to need to invest more into product placement than ever before, which they will do through concessions in other stores (showroom stores). This fragmentation of staples categories is likely to result in market share losses for established brands, suggesting that ecommerce will drive further market fragmentation across all consumer categories (staples, differentiated and luxury).

Ecommerce permits consumers much more visibility over pricing and in general, it should result in better pricing for consumers. Data from the UK suggest that 52% of ecommerce sales are in promotion versus 38% in stores.

In addition to all this, the omnichannel revolution through ecommerce growth is offering the upside Direct To Consumer (DTC) on a narrow range of products, allowing manufacturers to go direct to consumers. We could highlight the case of L'Oréal as a major beneficiary of such sales with near 2bn sales in 2016.

In this course, we will consider the main institutions to go to market in retail. Without the aim of being exhaustive, we could think of traditional retailers such as mom and pop stores; modern retail such as hypermarket, supermarket, convenient stores and discounting; and ecommerce through an aggregator or direct to consumer as well as other means such as department stores and HORECA (hotels, bars and restaurants) to deliver products and services to consumers.

We believe that understanding the main sales channel is important, as each channel has different characteristics and offers very different operating environments for consumer companies. The aim of this course is supplying an understanding in the different institutions, the central operating manager duties

and roles and the global evolution that is taking place as these channels mature in the XXI century.

We will review in detail the impact of these channels together with "direct to consumer" in improving relevant higher price-lower volume products, such as luxury goods.

In this course we will:

Share what is going on from a technology and user perspective, what we think are the implications for retail and will showcase what omnichannel really means.

Review the economics of an omnichannel strategy for different business models, identify the internal and organizational barriers for change

Provide a set of frameworks and tools to assess and address these challenges based on real case discussions.

Cover the basics of some future trends, like Internet of Things and the Big data opportunities

2. Objectives

Set the context of the course, understand customer and technology trends and key implications and opportunity for retailers. Introduce the main issues and key questions retailers need to address when adopting digital and moving to omnichannel experiences.

Review economic implications of going omnichannel and how it impacts different retailers based on their business model (Pure Player/Brick and mortar, Food/Non Food, Stock owner, Owned Brand/Supplier products)

Review main internal and organizational challenges faced by retailers when going omnichannel and provide a framework and a set of tools to identify, analyse and address them.

3. Content and methodology

Sessions will be based on case studies and readings following the content previously mentioned.

4. Evaluation

The main source of evaluation is the continuous participation in class, although depending on the needs there may be some quiz. There is no final exam, nor final projects / work.