

## Marketing in the New Times

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### Abstract

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A business environment is constantly evolving and business and marketing must be properly prepared to meet these different demands and challenges. The company should clearly identify what the customer's issue is that they want to solve. Generation behavior should be properly monitored, as well as macro environmental factors such as technology, in order to adapt the company's strategies to them. We used qualitative depth research for the development of this article, because the objective is an open discussion on which topics that most influence, in a general way, the strategic marketing decisions of a company. To contextualize the discussion, we selected Nespresso as the case study. It is a company that offers a portfolio of solutions to its customers, rather than simple physical products. Through strategic planning and consistent actions, the company has been conquering and positioning itself as a market leader.

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**Keywords:** Generation behavior, Internet of Things, Nespresso.

### 1. Introduction

If, in the past, marketing was considered a simple department of the company, sometimes only under an operational point of view and focused primarily on the objective of short term selling and on the increasing competition. The progressive evolution of knowledge and experiences resulted in another reality when considering marketing, with its importance directly related to the survival and growth of the company's business and social welfare. Understanding the new realities becomes a dominant factor for the business sustainability of a company.

### 2. Methodology

Through discussions with professionals from the field of business, education and reference bibliographical analysis, we sought to identify the main convergent application points of marketing in contemporary and future scenarios. This article will seek to discuss what there can be of more relevancy in relation to marketing, its developments and trends within the tendencies. The research called for the theoretical contents of this article, including the theme of generation behavior. Denzin (2006) reasons as being extremely important and justifies the use of qualitative research in this type of research. With a no probability sample due to geographic access in the city of São Paulo, we used open-ended questions as well as a focus group made up of 10 consultants who, individually, drew up the Canvas of the company, and later there was a debate in order to filter the content and information. Within this investigation, to consolidate the practical part, Nespresso was recommended as a case study.

### 3. Resolving customer issues with the objective of creating business opportunities.

As a central point of every business, we have the consumer. Kotler, Kartajaya and Setian (2010, p. 4), state that, "more and more consumers are searching for solutions to satisfy their yearning to turn the globalized world into a better world". The consumer cannot always clearly see what he/she needs and so the company is responsible for identifying and satisfying the business opportunities. This situation is directly related to the awareness of a consumer in relation to the environment in which he/she is inserted and his/her view of the world. The company must have the sensitivity to understand their consumers. Any kind of relationship with the client is closely linked to the problem solving quality level the company is offering its consumer. Water, for example, is an essential product. However, for its characteristics it is offered at a relatively low price.

The marketing challenge is to insert elements that make it become more valued, transforming the essential commodity as if it were more sophisticated, such being the case of Perrier mineral water and, the most extreme case, Aurum 79, considered the world's most expensive mineral water, according to Luxury Launches (2012). The company's efforts consist in identifying attributes not yet identified by competitors and increasing the time of exposure.

#### 4. Generation behavior.

One way of understanding the influence of generations, is related to their behaviour factors (Baby Boomers, X, Y and Z), in accordance to their birth period. We decided to deepen the discussions in generations Y and Z due to their growing participation in society.

**Table 1 - Expectations of companies and of generation Y**

<b>What companies expect</b>	<b>Expectations of generation Y</b>
Experience, which is the exchange between the collaborator and the company. The length of stay in the enterprise should be long.	Willingness to grow quickly, where the exchange is academic training and experience in other countries. Shorter time in companies than that of previous generations.
Systematic thinking. Linear guidance and subject to management and planning tools.	Fragmented thinking with polychromatic guidance.
Hierarchy. There is an organization chart to be followed and a hierarchy of responsibilities.	There is no hierarchy. Even with a definite chart, there is the perception for the need to address the hierarchy in a rigid manner.
Focus. There is the posture of focus on actions and activities.	Multifocal. Several activities at the same time, but without a necessary focus.
Eclectic. Regardless of the focus, the training can be varied, with greater eclecticism.	Technical. The collaborators divulge the technical level they have.

Source: Drawn up by the author from the research.

In short, they are demanding, informed and immediate gratification consumers, who change jobs frequently because they do not have a lot of patience. It is the internet generation, so, it is believed that marketing strategies should be focused on social networks and events that unite music with technology. Seeing that they exchange a lot of information with one other, the opinion of friends and group, has significant weight on their buying decisions. On the other hand, generation Z was born during the period from 1990 to 2010, in a fully computerized environment, where their perception of the world differs a lot from generation X, in the sense of having a more systemic medium and long term way of thinking. Due to their intimacy with the technological environment, they access social networks a lot, and according to Castro (2015), they read and write a lot on these networks, to the detriment of reading printed media.

**Table 2- Differences between generation behaviors**

	<b>Traditionals</b>	<b>Baby Boomers</b>	<b>Generation X</b>	<b>Generation Y</b>	<b>Generation Z</b>
Perspective	Practical	Optimist	Skeptical	Hopeful	Dissatisfied
Work ethics	Dedicated	Focused	Balanced	Decided	Indifferent
Leadership through	Hierarchy	Consensus	Competence	Collectivism	Less rigid structures
Spirit of	Sacrifice	Self motivation	Anti -commitment	nclusion	Individualism

#### 5. Technology working for companies and mainly for the consumer.

The internet has gone through three distinct generations, where at the first moment there was the possibility of transmitting data for storage on large computer networks that had low quality connectivity. As they became more popular, interesting developments began to appear, including amplified global communication, bringing people closer together. With globalization, following world integration, it became the individual integrating with his/her environment. In this way, the big change is in the fact that the internet can be a means of communication and interactivity with equipment, objects and systems that make up part of the consumer's routine in any business transaction.

The Internet of Things (IoT) is a trend and the future of the internet, where technology interacts with systems by using sensors, adding to the consumer's convenience. It can be an automatic toll payment, a key to the lock of their apartment from a smart phone warning if the door is unlocked; connect the refrigerator, content and expiry dates to the suppliers, and an intelligent mask that monitors and interacts with facial and eye movements while a person sleeps.

This will require embedding a large number components and accessories in products making this interconnection with the virtual environment possible, bringing the physical part of the product and the need to discover new commodities up to a new level. Advancements and developments in technology have influenced both strategies and consumer behavior. Big Data is a large set of data, customer information, and posts on social networks, cellular connections and business data, among others. From the interpretation and analysis, new business opportunities can arise with the reformulation of strategies and management. Within this scenario, the Data Scientist appears as a professional who proposes new solutions for businesses and consumers. With the growing participation of younger behavior generations, companies should adapt to the virtual environment, because these new consumers are more influenced by images and movement. In this way, social networks and in particular YouTube take part in business dynamics. Increasingly, more companies and YouTubers produce and put videos on the platform, generating larger interest. Being present on social networks increases the expansion power of communication, especially if what goes viral is well managed. Nielsen (2013) presented the results of their research through a Global Online Consumer Survey, with data and important information on consumer perceptions and social networks. In a way, it certifies to greater credibility and confidence in relation to company posts and inserts on social networks. Dan Tapscott (2007) argues for the importance of digital collaboration as a differentiated way of doing business. This concept is related to Wikinomics and one of the best-known examples is Wikipedia. Shared economy went through different businesses, mainly related to cultural property, as is the case of crowd funding on television and cinematographic goods production, as well as in smaller cases, in books and the like. Another interesting concept is the Blue Ocean, defended by Kim and Mauborgne (2005), who argue that there are markets that can be categorized as "red ocean", where companies are already installed and in full competition and another one called "Blue Ocean", represented by still unexplored markets with growth potential. In this way, the company decreases the efforts arising from competition, focusing more on its consumers and its own professional skills. Another one is the Long

Tail theory, advocated by Anderson (2006), where products are offered from the availability for marketing opportunities and commercial spaces. In this situation, many products considered niche products, cannot find spaces available for exhibition and sales. It is justified that many retail companies, for example, should perform management through categories, offering products in accordance with the results of sales and inventory costs. With the advent of virtual marketing, companies can choose to increase the depth of their product line, thus obtaining more sales opportunities and financial gain.

### **5.1 Case study – Nespresso: What else?**

The evolution of society unfolded according to the progress of food that people ate. Carneiro (2003) explains that economy and agronomy studied food consumption in the world, highlighting the economic and social aspects in the population. More than a physiological need, food contributed to the economic development and consequently to the habits and customs of a country. With the advent of the great sea voyages, coffee became internationalized, mainly originating in the Americas and going to Europe, with a cultural participation, for example, according to Carneiro (2003, pg. 93), "wakefulness and attention promoter and its reputation for sobering made coffee a rationalist culture symbol of the era". With its discovered properties, coffee became a popular. Starting with breakfast, a natural stimulant throughout the day, and raw material for other products, as an element for social conviviality, meetings, and events or simply as a drink for dessert. According to the International Coffee Organization (2016), consumption of in natura coffee in the world surpasses the mark of 150 million 60 kilos sacks, with a growth of 2.5% per year. The United States of America is the biggest consumer, at 24 million sacks, followed by 20.5 million sacks of the Brazilian market. According to EMBRAPA (2015), coffee in 2014 was present in 98.2 percent of Brazilian households, with an average consumption of 10.3 kilos per year, with a purchase frequency of every 21 days. The market for ground and soluble coffee in Brazil is divided into ground (86.4%), soluble (9.3%), cappuccino (2.3%), latte (0.4%) and capsules (1.7%). Although it does not seem very expressive, the capsule market has grown well above the market average, at 55.5% compared to 2013. Home consumption represents 67% versus 33% outside of home.

Highlighting that the consumption outside the home is divided into men, 16 to 29 years (28%) and 30 to 39 years (32%), without individual consumption data for consumption at home. However, of the 474,000 households, with an average of 3 to 4 people, couples living alone or single, consuming capsules, 91% are located in classes A and B, they frequently buy on the internet, lead the trends and appreciate innovation. Due to vast worldwide consumption, it is considered a commodity, always produced on a large scale, marketed for processing into a drink, and differing at times by origin (Arabic, Conilon, special, blended or gourmet) or eccentricities such as Kopi Luwak from Indonesia. As a drink, it comes with multiple distribution and commercialization channels, where they all seek to differentiate themselves from their competitors, through either product quality, quality categories, and/or services provided. An example being the American Starbucks network, or even Copenhagen and Fran's Café in Brazil. Truthfully, although there are products and aggregated services, the main concern always resides on the product itself, that is, the coffee. It is in this aspect that Nespresso stands out for its differentiation in this business segment. As a subsidiary of Nestlé, it has repositioned coffee machines from the BtoB market to the BtoC market. Before, coffee machines were almost exclusively found in retail establishments, such as bars and restaurants, which sold the drink.

From research, they identified a substantial premium luxury market and opened up places such as coffee boutiques in France and Switzerland, with the famous Grand Cru cafés exclusive to those boutiques, with strong e-commerce support and luxury market codes. The market trend for pods favored the growth of the market segment, usually also associated the "espresso" coffee market. Using the Canvas model (2011) and from a brainstorming request of 10 marketers, we highlight the following main points: The customer segment is formed by people who like to drink coffee at home or at the office, with an enjoyable perspective of sensory pleasure, where making it comes under the control and dominion of the consumer. The value proposition is related to the fact that people can enjoy this convenience, practicality, sophistication, indulgence and pleasure at home, rather than having to be in a coffee shop, although the business concept is also supported by selling points, such as the Nespresso stores. This attraction can be individual pleasure and an important opportunity for socialization. The relationship with customers is carried out in various ways, such as the Nespresso Club, with hundreds of thousands of members worldwide, call centers and the website Nespresso.com, for example, and a network of diverse retail shops for the machines can represent the channels. The activities and key partnerships are related to the manufacturing of machines and capsules and with coffee, by products and exclusive suppliers. The key features are related to factories and distribution channels, patents and, of course, the raw material - coffee. The technology for manufacturing capsules allows them to be hermetically sealed, preserving the quality, aroma and flavor characteristic of a strong beverage and completely recyclable. The cost structure is based on manufacturing, distribution channels and BtoC marketing.

Finally, the sources of revenue are directly related to the sale of the machine, with a low profitability margin, and the capsules and accessories with high profitability margins. The design of the machines strengthens the brand, where there is a clear and direct luxury association, elegance, precision and functionality, through the technological attributes perceived by the consumers. The marketing and communication campaign involved the exploitation of differentiation from unique experience, where most of the messages are broadcast by opinion formers, such as George Clooney, poster boy of the brand and his famous "what else?", associating with a sophisticated lifestyle and unique positioning. The value proposition is rationally accentuated with the treatment of clients, post-sales, technical assistance, service, and warranty and payment terms. One considers that Nespresso is more than just a coffee. With a structured, integrated, managed, and well defined Value Chain and Value System, which allows them to offer a perfect espresso machine to use at home or the office. Business strategy derives from distinct external factors, the evolution of economy itself, as to how it dealt with the agriculture segment, causing it to grow into what today is agribusiness. The changes and needs of the consumer markets, which increasingly require breaking paradigms and finding new uses for products and finally, the need to establish, undertake and innovate, in finding new solutions to the old problems of their consumers.

## 6. Conclusions

In a microenvironment context, companies should direct their efforts by adapting their marketing compound to generation Y, especially product, product distribution and promotion. The strategies should be adapted to this new reality, as, for example, with multifunctional products and services and with large added benefits at a competitive price, more direct and creative communication, in addition to diversified distribution, highlighting the electronic media.

These same companies must have employees belonging to the three segments, including generation X, analyzed – however, in the years to come, there will be the gradual replacement of the first two generations by generation Y. Thus, the great challenge will be how companies will identify, select and retain this public.

An important word of council is for generation Y not to take their short-term profile to the company's stock, but that they enjoy the opportunity to merge their qualities with those of previous generations. The company must have the ability and skills needed to understand the market and engage in a dialogue with it, in order to solve a significant problem of the consumer. The fact is that the company must have a structure where each component collaborates towards the company's business and not necessarily are mere control and support instruments. Periods of uncertainty can bring important contributions to business and society. As Thimer (apud Oliveira, 2015, p.xxi), "at times of uncertainty, individuals create innovative instincts. Under routine, they create repeatable patterns ". Thinking in this way, this article sought to discuss the importance of the company leaving the common place, and talking to the market and practicing research and management. With no miraculous formulas.

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