



## **Unit 2:**

### **Entrepreneurial Practice – Modelling a CCI enterprise**

#### **Theme 2.3.**

### **Market, Competition, Consumption and Branding in CCIs**

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This material is a part of the training content for the syllabus “Management and Entrepreneurship in Cultural and Creative Industries” for BA and MA students in business and economics (B&E) containing 10 themes in total. It has been developed within the Erasmus+ Strategic Partnership “*FENICE - Fostering Entrepreneurship and Innovation in Cultural and Creative Industries through Interdisciplinary Education*”.

The training contents at a glance:

## **FENICE Program**

### **Unit 1: Management and Entrepreneurship in CCI**

Theme 1.1. Understanding CCI. Cross-Sectoral Collaborations.

Theme 1.2. Creativity and Innovation. Accountability and Ethical Behavior

Theme 1.3. Cultural Policies and Institutions. Intellectual Property

Theme 1.4. Entrepreneurial Mindset and Process.

### **Unit 2: Entrepreneurial Practice – Modelling a CCI Enterprise**

Theme 2.1. Designing a business for the CCI: preparing a business plan and pitching business

Theme 2.2. Towards value: Economic, Market and Cultural valuation of products and services in the CCI.

#### **Theme 2.3. Market, Competition, Consumption and Branding in CCI**

Theme 2.4. Business models, systems, partnerships

Theme 2.5. Management: team and change management in the CCI

Theme 2.6. Financing. Opportunities and Risks

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## About the Module

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### Training description

Within this theme, the relevance of developing effective competitive strategies in the CCI's business context are discussed. Pertinent topics such as the definition of target markets, customer acquisition, and the communication of the business proposition as a means to set out a business' competitive advantage in relation to competitors, are addressed. Students are also encouraged to discuss and reflect upon building a customer base and competition in the CCIs, along with its strengths and weaknesses, hence being able to outline specific and impactful marketing and sales strategies. An overview on brand management, based on tangible and intangible brand values, and on the application of branding strategies to the CCIs, boosted by emerging technologies and communication strategies such as storytelling, is offered. Special emphasis is placed on the potential of Digital Marketing in reaching a global marketplace in a more cost-effective and measurable way, in building two-way communication with the CCIs audiences, and in increasing brand awareness.

### Objectives of this training module

At the end of this module, the student will be able to:

- To make students aware of the specifics of the CCIs and their business potential;
- To equip students with specific managerial skills that are relevant to the CCIs,
- To make B&E students aware and capable to cooperate with Arts&Humanities students as in real-life situations within the CCIs i.e. work in interdisciplinary CCI teams

### Target groups

This module is designed for:

- BA and MA students in business and economic studies who want to improve their knowledge, skills, and competences for pursuing careers in the field of the cultural and creative industries (CCIs).
- Students of interdisciplinary areas.

### Gained knowledge and skills after finishing this module

After having become familiar with this training module, you will:

- Develop business models for creative business ventures, including strategic planning for entrepreneurship initiatives, innovative methods for generating funds, stakeholder

management and development of partnerships, governance structures of creative enterprises, etc.

- Discuss the innovation process in CCI as an open, interactive, collaborative and interdisciplinary process as opposed to the traditional models of innovation in science
- Identify new opportunities within social and business problems and develop business solutions, while at the same time, securing revenue sources that achieving financial sustainability
- Justify the need for business to demonstrate accountability by regularly measuring performance and impact

## Training method

The course is based on the experiential learning model (ETL)<sup>1</sup> and the delivery of the training contents will follow the main stages, defined below. The instructors shall adapt the sequence and combination of the activities according to the specifics of the groups of learners:

### Stage 1. Motivation (Why?)

- Motivational video stories from real practice
- Group or paired discussions
- Subjective quizzes followed by self- or peer-assessment
- Virtual field trips (observing activities)
- Simple group projects (feedback from instructor and peers)

### Stage 2. Expertise (What?)

- (Video) lecture – models, factual information, theoretical background
- Reading (textbooks, magazines, articles, websites)
- Video demonstrations
- Independent research and application of theoretical models (simple quantitative or qualitative research questions)
- Objective tests (quizzes)

### Stage 3. Coaching (How?)

- Case studies
- Problems for self-study
- Individual (written or oral) reports

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<sup>1</sup> Kolb, David. (1984). *Experiential Learning: Experience as the Source of Learning and Development*.

- Reflective essays
- Problem solving virtual discussion boards

#### Stage 4. Evaluation (What if?)

- Subjective exams
- Short individual (or group) research projects
- Group or individual competition simulations (students run virtual business enterprise - analyzing particular market, and strategies for promotion, setting prices, identifying competitive advantages...)
- Student presentations of solutions to more challenging questions (providing an opportunity for learners to demonstrate own personal strengths and talents – incorporating music, arts, technical skills or expert knowledge...)
- Brainstorming, role-play, competitions, games

# Training content



# 1 What is consumer behavior?

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Kotler (2000) states that the area that studies how individuals, groups and organizations select, purchase, use and dispose of goods, services, ideas, or experiences to satisfy their needs and desires.

Consumer behavior is generally considered a step-by-step process that that can be affected by influences that act in his/hers surroundings (environment). Consumer interaction caused by organizational strategy and government actions (politics, economics, etc.). For Mestre (2004), the starting point of the process is to recognize the need for something, that is, to be instigated to become a potential consumer. From there, the other stages begin:

- a) Recognition: search for information (time and effort);
- b) Identification of substitutes: beyond the brand in the consumer's mind;
- c) Evaluation of alternatives: comparison by attributes;
- d) Decision: the act of buying / acquiring;
- e) Post-purchase behavior: evaluate your experience, feelings and satisfaction Products and / or services; and adjust your knowledge or evaluation identical

In this context, and to understand consumer needs, organizations should (Kotler, 2000):

- Identify segments where consumers have the same needs;
- Insert new products and/or services or reposition them;
- Develop marketing communication strategies and fulfill the benefits of products and/or services;
- Evaluate the strategies with respect to their effectiveness; and
- Ensure that such strategies do not mislead consumers or cause harm to society.

## 1.1 What about today's and tomorrow's consumers?

Gretzel, Fesenmaier and O'Leary (2006) identified three important moments that help to understand the present and future consumer behaviour. The first moment is Visualise consumers as users of the new ICTs (Information and Communication Technologies). This enables them to get all kinds of information and access to products and services, providing transparency while control over travel service providers is strengthened. To do this, it's important understand the five questions of ICTs:

1. Who uses the new ICTs?
2. What are the types of content and information used by new ICTs?
3. When are they used?

4. Where does the use of the new ICT take place?
5. Why have the new ICTs been used?

The second moment is when consumers act as co-producers of important experiences, because values and emotions are responses to consumption situations. Finally, in the third moment, the consumer is the storyteller. Telling stories about experiences to other people is important to transform various scattered sensory and cognitive information into a coherent unit, making the experience as memorable as possible. Understanding consumer behaviour with the help of these three stages, and the impact of the new ICTs, will help formulate strategies to gain a competitive advantage. One of those advantages could be obtained through the use of digital marketing.

*Please do exercise 1: Importance of ICTs in consumer behavior*

*Tags for Unit 1: Consumer behavior*

*Consumer, behavior, ICTs*

## 2 What is Digital Marketing? How it affects consumer behavior?

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Digital marketing represents the application of the philosophy and concepts of marketing in the digital environment (Marketing 4.0). In this sense, digital marketing has not only the function of creating and articulating the best offer for your target audience, but also the selection of the most appropriate investments, whether in software or hardware, or even in other types of resources that allow better results to your digital channels (Ryan & Jones, 2013).

Digital marketing is equipped with several channels and marketing strategies that are naturally optimized for the digital version, i.e., there are specific tools to act online, but everything starts from the previously existing ideals, but in an "offline version". In this context, the Internet and technological devices provide a variety of tools capable of leveraging the growth process of a company, based on techniques entirely linked to digital marketing.

At the same time, digital marketing can also be understood as the art of exploring, creating and delivering value to people through the digital, satisfying their needs or desires, and ensuring a high ROI (Return Of Investment) for brands (Ryan & Jones, 2013). This allows the directions of the adopted strategy to be corrected/optimized easily, with little time and limited resources.

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### Keep in mind!

Digital marketing can lead to advantages such as (Ryan & Jones, 2013):

1. Measurable results - you can know all the metrics you need to improve your strategy. You can also track all the stages of the customer journey, being able to optimize them online and achieve better results.
2. Low investment - requires a very low initial investment compared to other Marketing methods. Advertising on Google or Social Media can cost businesses just pennies per impression, click or view.
3. Reach the right audience - facilitates the conversion process compared to offline, as it allows filtering and segmenting campaigns with greater precision, in order to reach the right audience for each company. It also allows directing and personalizing communication to the maximum, so that the right information reaches the right person, at the right time. And,

4. Fast results - due to the various measurement mechanisms (e.g. Google Analytics), the low investment required and the possibility of segmenting, the results of Digital Marketing usually appear relatively quickly.

## 2.1 However, what is content marketing? And where does it fit?

Historically, advertising is based on creating content for people. However, the evolution of the digital domain has been forcing brands to adapt their content and strategies to this new reality. Content marketing aims to strengthen the ties between the consumer and the brands that go beyond the merely commercial condition, becoming emotional.

Content Marketing is a marketing process aimed at creating and distributing relevant and valuable content on a consistent basis in order to attract and retain a target segment, and consequently make a profit through their participation (Ryan & Jones, 2013).

Despite the great importance that content marketing has gained in the last decade, especially in the context of digital marketing, the essence of this process goes back to the first printed publication and marketing strategies focused on product communication as tools to serve the sale.

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### **Keep in mind!**

Communication generated with quality at the level of content and carried out through platforms such as social networks is a recent trend in creating greater emotional engagement and for greater profitability.

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Behaviour and consumer relations have been changing. Younger generations are much more interested in how brands participate in their lives and the impact each has on society, rather than the characteristics of the products themselves. Therefore, the digital content developed as part of its process can take many formats, including blogs, articles, videos, infographics, social media posts, eBooks, slideshows, webinars, podcasts, news, whitepapers, microsites and virtual conferences (Lieb, 2012).

This makes us consider that this reality represents the opposite of product marketing, which is developed through communication focused essentially on the benefits of a brand's products and/or services, with the aim of driving purchase.

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## Keep in mind!

Content marketing fits a communication model without a sales component, and the content created and distributed within its process is essentially informative, educational and/or entertainment (Baltes, 2015).

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Simultaneously, Lieb (2012) reinforces the potential of content marketing as an inbound marketing tool by stating that "content is the bait. It is that which attracts attention and generates engagement with consumers. It's part of a contract: companies provide content, and consumers reciprocate with their attention". Therefore, any strategic approach to content marketing will depend on well-structured processes and best practices that support its proper execution.

Ryan & Jones (2013) define three steps that structure any digital marketing and content marketing strategy: (1) know the business and the consumers, (2) know where you want to go and how you are going to get there, and (3) put the processes in place.

When you consider specifically the content marketing process, Rose & Pulizzi (2011) presents four distinct phases, which integrate cyclically and dependently:

1. **Create and manage** - the content production phase, in which the priority is to create and manage the brand's entire available content base;
2. **Optimize, aggregate, curate** - the selection and distribution phase, in which content has to be optimized and distributed is aggregated and filtered;
3. **Converse and listen** - the conversation with the audience phase, which aims to listen to users and recognize how they perceive and interact with distributed content; and,
4. **Measure and learn** - the phase of measuring the results obtained and learning from them, thus allowing rethinking and adapting the content strategy created.

## 2.2 How to achieve success in content marketing?

The success of content marketing is based on the search for personalization. Content marketing producers need to focus on producing content that is highly customisable and relevant to their segments. Thus, the current landscape of content marketing creates a kind of democratization of marketing, as any company, no matter how small, having a differentiating

idea and communicating it consistently with relevant content, can dominate its industry (Ryan & Jones, 2013).

Content production can be internal or external to the company, but the strategy must be thought out and defined internally. Therefore, it must be done by someone qualified, who knows how to work with several channels

Once produced, the distribution of the content must be done using appropriate distribution channels that are exclusive property of the brand, and not in channels external to it (e.g., third party blogs or YouTube channels). Concurrently, content should be distributed at strategic touch points, where the target segment is actively located, in order to attract their attention, and in turn, enhance the creation of a long-lasting relationship.

As for frequency, content marketing cannot be characterized by isolated marketing actions, but rather by a continuous and prolonged performance of actions over time, integrated into a structured strategy (Rose & Pulizzi, 2011)

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### **To summarize...**

... if the content is well done, it is the differentiating element that allows attracting the attention of potential customers at the digital touch points where they are. Consequently, you should consider these five aspects related to content:

- Focus on the customer and the solution rather than the functionality: call to action
- Update with regularity and cadence
- Target by market type
- Be short, affirmative, challenging, humorous, interesting, useful
- Disseminate through various channels: emails, social networks, website, etc. and may be subject to change

*Please do exercise 2: Content marketing process*

*Tags for Unit 2: Digital marketing, content marketing*

*Marketing, digital, content.*

### 3 What is the relationship between Content Marketing and Branding?

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It's relevant to consider that content shares similar objectives to brand values and audience(s) values: address concepts, arouse feelings, motivate actions that match potential consumers' desires, retain consumers' attention with sufficient pertinence so as to ensure their involvement and participation. Thus, a good content marketing strategy has the power to create a positive brand image, and as a consequence, attract, engage and retain the desired audience, thus allowing to develop privileged long-term relationships (Baltes, 2015).

Briefly, content marketing is a process that aids the communication of a brand's identity, and when carried out effectively, can position it in its desired context. Companies that exercise content marketing strategies privilege as a result the projection and recognition of their brands with the desired audience. According to Kee & Yazdanifard (2015), 84% of companies that exercise content marketing strategies do so because they want to work on brand awareness, being this one of the main objectives for its execution.

#### 3.1 What is Branding?

Branding is endowing products and services with the power of a brand. A brand represents a name, term, sign, symbol or design, or a combination thereof intended to identify the products or services of a supplier or group of suppliers to differentiate them from those of other competitors. It presents tangible properties (related to the performance of the product) and intangible properties (related to what the brand represents) (Kotler & Keller, 2006).

Therefore, branding promotes the creation of mental structures to help consumers organize their knowledge about products and services in a way that makes their decision making more enlightened, generating value for the company at the same time. Table 1 shows some of the functions performed by brands and what are some of the characteristics of the world's strongest brands.

Table 1. Functions performed by brands and some of the characteristics of the world's strongest brands.

<b>Functions performed by brands</b>	<b>Characteristics of the world's strongest brands</b>
Simplifying the handling or tracking of products;	The brand stands out by offering the benefits that consumers really want;

<p>Inventory organization and accounting records;</p> <p>Offer legal protection as to the unique features or aspects of the product;</p> <p>Name protected by a trademark;</p> <p>Processes protected by patents;</p> <p>Packaging protected by copyright;</p> <p>Signaling a certain level of quality;</p> <p>Consumer loyalty;</p>	<p>The brand stays relevant;</p> <p>Pricing strategy is based on customer perceptions of value;</p> <p>The brand is appropriately positioned;</p> <p>The brand is consistent;</p> <p>The brand portfolio and hierarchy make sense;</p> <p>The brand uses and coordinates a full repertoire of activities to build brand equity;</p> <p>Brand managers understand what the brand means to consumers;</p> <p>The brand receives adequate and frequent support;</p> <p>The company monitors sources of brand equity;</p>
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Source: own elaboration, based on Kotler & Keller (2006)

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### **Don't forget!**

If brands perform their functions correctly, and possess the above characteristics that make them strong, marketing advantages are obtained, such as (Kotler & Keller, 2006):

- Better perception of product performance;
- Increased loyalty;
- Less vulnerability to competitors' marketing actions;
- Less vulnerability to marketing crises;
- Higher margins;
- Less consumer sensitivity to price increases;
- Greater consumer sensitivity to price reductions;
- Greater cooperation and commercial support;
- More effective marketing communications;
- Possible licensing opportunities;



- Additional brand extension opportunities;

These advantages can provide them with equity, and brand equity is the added value attributed to products and services. This value can be reflected in the way consumers think, feel and act in relation to the brand, as well as in prices, market share and profitability that the brand provides to the company.

### 3.2 What about branding in the CCI's?

Social utilization communicates individual character and taste, whereas promoting and branding refine given implications in arrange to develop favoured conceptions for particular bunches of buyers. Brands in social economies and inventive businesses are vital social objects and have critical typical esteem (Chang, 2021).

In this regard, brand improvement acts as the generation of a social viewpoint that decides how customer recognition is saturated with typical messages carried by particular items or administrations (Peterson & Anand, 2004). The social generation writing has recognized showcasing as a middle person action that passes on imaginative and social substance to potential shoppers through extra and refined typical meaning (Schroeder, 2002).

Promoting exercises are necessarily to social commercialization, forming customer recognitions of the social and inventive substance through intercession inside the typical framework. Therefore, promoting and branding exercises empower intangible inventive substance to encourage producer-consumer interaction through openings to impact consumers' sensemaking of novel products.

The consumers' discernment of an inventive item or benefit is formed by their elucidation of meaning inside the inventive substance, which is a result of the complicated interaction between individuals' esteem, intrigued, fondness, involvement, conviction and their social setting. Showcasing and branding exercises make esteem by investing the social items or administrations with meaning. For illustration, modern or novel craftsmanship may fall flat commercially without the entrepreneurial revelation of qualities of intersubjective meaning, such as intriguing provenance, prevalent create- work or a momentous background (Chang, 2021).

*Please do exercise 3: Importance of a strong brand*

*Tags for Unit 3: Branding*

*Branding, content marketing, CCIs.*

*Please do exercise 4: Quick checks!*

*Tags: Self-assessment*

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