

MKC1200 Semester 2, 2019 notes

Contents

Introduction To Marketing	2
The Marketing Environment And Market Analysis	4
International Marketing.....	8
Market Research.....	9
Data And Analytics	12
Consumer Behaviour.....	12
Business Buying Behaviour	19
Segmentation, Target Markets And Positioning.....	22
Product.....	27
Price.....	38
Promotion	46
Distribution (Place)	53
Service Marketing	61
Digital Marketing	67
Social Marketing And Not-For-Profit Marketing	72
Marketing Planning, Implementation And Evaluation.....	74
Marketing Plan.....	81

MKC1200 Week 1

Introduction To Marketing

- Marketing – the activity, set of institutions and processes for creating, communicating, delivering and exchanging offerings that have value for customers, clients, partners and society at large
- Marketing must involve an exchange that provides mutual benefit.
- Marketing is used by:
 - Small businesses and large multinational corporations
 - Businesses selling goods and/or services
 - For profit and not-for-profit orgs
 - Private and public orgs, including govts

The marketing process

- Involves understanding the market to create, communicate and deliver an offering for exchange. This is an ongoing cycle.
- Marketers start by understanding the consumers, the market and how they are currently situated. This may involve undertaking some market research to gain insights into a problem the marketer currently faces, or reviewing sales data to understand how the company is currently performing.
- Marketers also need to ensure the offering satisfies the customer. Many companies track quality to ensure they are delivering a product that is consistent, and which meets consumers' expectations.
- Marketers that are able to consistently satisfy their customers can build loyalty, and in turn this can lead to word-of-mouth. It is commonly accepted in marketing that keeping customers loyal is cheaper than gaining new customers, and that brands with a loyal base of customers have a value that is an asset for a company.

The Exchange Of Value

- To be considered a successful marketing exchange, the trans must satisfy the following conditions:
 - Two or more parties must participate, each with something of value desired by the other party
 - All parties must benefit from the trans
- The exchange must meet both parties' expectations
- Value – a customer's overall assessment of the utility of an offering based on perceptions of what is received and what is given
 - Functional value – the extent to which a product has desired characteristics, is useful or performs a desired function

- Hedonic value – the extent to which a product creates appropriate experiences, feelings and emotions for the customer
- Symbolic/expressive value – the extent to which customers attach or associate psych meaning to a product
- Cost/sacrifice value – concerned with transaction costs involved in the purchase, ownership and use of a product

The market

- A group of customers with different needs and wants
- Customers/clients – those who purchase products for their own or someone else's use
 - Consumers – people who use the good or service
- Partners – orgs or individuals who are involved in the activities and processes for creating, communicating and delivering offerings for exchange
- Society – a body of individuals living as members of a community

Ethics, Corporate Social Responsibility And Sustainable Marketing

Ethics

- A set of moral principles that guide attitudes and behaviour

Corporate social responsibility

- Businesses have an oblig to act in the interests of the societies that sustain them
- CSR – a commitment to behave in an ethical and responsible manner, to minimise the negative impacts and maximise the positive impacts
- The triple bottom line comprises social, enviro and economic considerations.

Sustainability

- Sustainable dev – meets the needs of the present without compromising the ability of future generations to meet their own needs
- The ability of consumers to choose resp produced or enviro friendly products is a promising means to help persuade companies to change their prod methods to be more enviro friendly.
- Sustainable marketing – the oblig to change marketing processes in which the exploitation of resources, direction of investments, orientation of tech dev and institutional change are made consistent with future as well as present needs

The Marketing Mix

- A set of variables that a marketer can exercise control over in creating an offering for exchange

MKC1200 Week 2

The Marketing Environment And Market Analysis

The Marketing Environment

- All of the internal and external forces that affect a marketer's ability to create, communicate, deliver and exchange offerings of value
- Enviro analysis – breaking the marketing enviro into smaller parts to better understand it

Internal Environment

- The parts of the org, people and processes used to create, communicate, deliver and exchange offerings that have value. It is directly controllable by the org.
- A thorough understanding of the internal enviro ensures that marketers understand the org's strengths and weaknesses.
- The structure of any org can be summarised in an org chart. This illustrates the relationships between different parts of the org and the management hierarchy.

Internal marketing

- A collection of activities, processes, policies and procedures that treat employees as members of an internal market who need to be informed, educated, developed and motivated in order to serve clients more effectively
- Internal marketing is practiced in 3 main ways:
 - Manage internal comms to ensure that employees' actions are aligned with company goals
 - Use market research to understand employees' needs and demands
 - Provide the training needed by employees to reach the company's goals.
- External enviro – concerned with things that are outside of the org. This encompasses the people and processes that the org cannot directly control.
- Marketers can only seek to influence the external enviro. A thorough understanding ensures that marketers understand the ops and threats that may arise.

Micro Environment

- Consists of customers, clients, partners and competitors
- Unlike the internal enviro, the micro enviro is not directly controllable by the org. The org can however, exert some influence on the customers, clients, partners, competitors and other parties that make up its industry.

Customers and clients

- Marketers must understand the current and future needs and wants of their target market. They must:
 - Understand what their customers value now
 - Be able to identify any changes in customer preferences
 - Be willing and able to respond to changes
 - Anticipate how needs and wants might change in the future
 - Be able to influence customer preferences

Partners

- Marketers need to understand their partners, how each partner's processes work and how their partnerships benefit each party. Partners include:
 - Logistics firms: logistics – all the processes involved in distributing products, including storage and transport
 - Financiers – provide financial services such as banking, loans and insurance, and facilitate electronic payment transactions with partners and customers
 - Ad agencies – attract the attention of potential customers and encourage them to actually engage in a marketing exchange with the org
 - Retailers – the businesses from which customers purchase goods and services
 - Wholesalers – act between the producer and retailers to provide storage and distribution efficiencies
 - Suppliers – provide the resources the org needs to make its products
- Marketers need to know the missions and strategies of their partners. Ideally these should be aligned and complementary. Marketers also need to understand their partners' cost structure to enable them to price their offerings appropriately.

Competitors

Types of competition

- Pure comp – numerous competitors offer undifferentiated products. No buyer or seller can exercise market power.
- Monopolistic comp – numerous competitors offer similar products, prompting competitors to strive to differentiate their product offering from others
- Oligopoly – a small number of competitors offer similar, but somewhat differentiated products. There are signif barriers to entry.
- Monopoly – there is only one supplier and there are substantial, potentially insurmountable, barriers to new entrants
- Monopsony – there is only one buyer

Levels of competition

- Total budget comp: consumers have limited financial resources and must make choices about which products to consume
- Generic comp: the same want or need can be satisfied by quite different products (substitutability)
- Product comp: some products are broadly similar, but have different benefits, features and prices that distinguish them from competing products
- Brand (direct) comp: some products are very similar, offering the same benefits, features and price to the same target market

The Macro Environment

- The factors outside of the industry that influence the survival of the org
- In some cases, it is possible for marketers to influence macro-enviro factors. However, these factors will always remain beyond a marketer's control.
 - Political – the influence of politics on marketing decisions
 - The stability of the political enviro
 - The influence of gov policy, laws and regulation
 - Gov trade agreements
 - Taxation and gov rebate policies
 - Lobbying
 - Economic – factors that affect how much money people and orgs can spend and how they choose to spend it
 - Interest rates, economic growth and consumer confidence
 - Income levels, savings, credit and spending levels
 - The level of inflation, employment and unemployment
 - Sociocultural – the social and cultural factors that affect people's attitudes, beliefs, behaviours, preferences, customs and lifestyles
 - Religion, culture, subcultures, values, attitudes and belief
 - Pop trends e.g. birth rate
 - Demographics
 - Tech:
 - Whether offerings can be made more cheaply and to a better standard of quality using new techs
 - Whether tech can be used to innovate
 - Whether distribution or communication can be improved using tech
 - Enviro – factors that affect individuals, companies and societies:
 - Weather
 - Climate
 - Climate change

- o Legal

Situation Analysis And Marketing Planning

- Situation analysis – assessing the current situation in order to clearly state where the company is now
- Marketing plan – communicates how marketers plan to get from the current situation to where top management thinks their company should be

Company analysis

- | | |
|--|--|
| <ul style="list-style-type: none"> • Goals and objectives • Market share • Service quality • Positioning | <ul style="list-style-type: none"> • Operations and resources • Marketing mix strategies • HR policies and procedures • Financial status |
|--|--|

Market analysis

- | | | |
|--|---|--|
| <ul style="list-style-type: none"> • Size • Growth | <ul style="list-style-type: none"> • Customer segments • Customer needs | <ul style="list-style-type: none"> • Buyer behaviour • Intermediates |
|--|---|--|

Environmental analysis: PESTEL

Competition analysis

- | | |
|--|--|
| <ul style="list-style-type: none"> • Major competitors • Their goals and objectives • Marketplace behaviour • Market share • Growth | <ul style="list-style-type: none"> • Service quality • Positioning • Operations and resources • Marketing mix and strategies • Indirect competitors |
|--|--|

SWOT analysis

- Strengths – attributes of the org that help it achieve its objectives (internal, directly controllable)
- Weaknesses – attributes of the org that hinder it in trying to achieve its objectives (internal, directly controllable)
- Ops – factors that are potentially helpful to achieving the org's objectives if the org responds effectively to them (beyond the org's direct control, although they may be able to have some influence)
- Threats – factors that are potentially harmful to the org's efforts to achieve its objectives (beyond the org's direct control, although they may be able to have some influence)
- Ideally, marketers will seek to match their strengths against market ops that result from competitors' weaknesses.

International Marketing

- Globalisation – the process through which individuals, orgs and govs become increasingly interconnected, with consequences for national identity, national sovereignty, economic activities, laws and cultures

Standardisation	Customisation
Applying a uniform marketing mix across international markets, with only minor modifications to meet local conditions	Tailoring the marketing mix to the specific characteristics and wants of each market
<ul style="list-style-type: none">• Similarities between different countries• Economies in research and dev• Economies of scale in prod• Economies in marketing• Uniformity and ease of control of marketing approach	<ul style="list-style-type: none">• Social, cultural, economic, political and legal differences between countries• Creation of comp adv• Comp from local marketers• Facilitation of innovation in foreign market

The International Marketing Environment

- Tariffs – a duty charged on imports that increases the price of imported goods relative to domestic goods
- Quotas – limits on the amount of particular types of goods allowed to be imported per year
- Embargoes (sanctions) – a ban or other restriction on the import of a particular product(s) from a particular country, often due to political motivations

Why And How Do Organisations Go International?

- With an org's expansion, risks such as economic downfall and market changes are more evenly distributed.

Selecting overseas markets

- Marketers should screen markets using secondary data to generate a short list of countries to consider. A range of factors can be used, e.g. pop, income, gov stability etc
- Then, more detailed primary research should be conducted to permit a thorough examination of short-listed markets prior to selecting the preferred country or countries to enter. This must consider the ops and risks in each market.

Methods of market entry

Exporting

- The sale of product into foreign markets while remaining based in the home market
- Direct exporting – where the marketing org deals directly with the international market
- Indirect exporting – allows marketing orgs to access the international market without having to develop the expertise and contacts required to successfully place products into an unfamiliar market

Contractual arrangements

- Licensing – where a business in a foreign country undertakes to manu and sell the products of the home country company and pays a commission on the sales it makes
- Franchising – where a business pays the franchisor a fee in return for the right to market the franchisor's product using the franchisor's overall marketing and business plan
- Contract manu – where a domestic business pays a foreign business to manu and market a product in that foreign country under the domestic company's name

Strategic alliances and joint ventures

- A business may choose to form an international strategic alliance with a business based in that country. This requires both businesses to be confident in the abilities and products of the other.
- Strategic alliances can only succeed when each partner brings value and each partner stands to benefit.
- International joint venture – when two businesses form a new business in the target market and a new identity for it, distinct from the parent businesses

Direct investment

- Foreign direct investment – outright ownership of a foreign operation
- Direct ownership involves a long-term commitment, considerable investment and acceptance of risk, and would usually only be pursued by an international marketer who was highly confident of success.

Born global

- A business that views the whole world as its market from day one
- It will source materials from the most efficient country to source them, locate manu operations in the country that provides the optimum conditions, manage itself from wherever it pleases and sell to anyone who wants its products anywhere in the world.

MKC1200 Week 3

Market Research

- Links the consumer, customer, clients, partners and public to the marketer

Marketing information systems

- Manages info gathered during the usual operations of the org
- Marketing intelligence – info that is readily avail in the marketplace
- Internal data e.g. accounting reports

Overview of the market research process

- Market research involves 5 major components:
 - Defining the research problem
 - Designing the research methodology
 - Collecting data in accordance with the research design
 - Analysing data and drawing conclusions
 - Presenting the results and making recommendations
- Market research is an ongoing process and is constantly evolving. At any point, new ideas or insights can occur that require a change in the project.
- In practice, a market research project does not always occur in a strict sequence.

When market research is appropriate

- Relevance: market research must be able to address the problem at hand
- Timing: market research is only useful if the info it generates can be analysed ahead of the time at which the decision needs to be made
- Availability of resources: reliable and valid results can occur only if adequate resources are devoted to the process
- Need for new info
- Cost-benefit analysis

Defining A Market Research Problem

- Research problem – what the market research is intended to address
- Market research brief – outlines the research problem and describes the specific info required from the market research project

Key Research Design Issues

- The method used depends on the info required and that already contained within the org. The degree of knowledge about the research problem also affects the type and amount of research that is required.

Types of research

Exploratory research