BM1103: Fundamentals of Marketing

Coursework: (40% of the final grade)

Individual assessment: (30% of the the coursework grade)

- Starts in week 3
- 6 Quizzes/5% of the final grade for each quiz
- About basic conceptual understanding (Read the book)

Group-work: (70% of the coursework grade)

- Groups must be established and registered in Moodle by the end of week 3
- 50/50 gender split, at least 3 passport per group
- Film a 2 minute commercial
- Write a 5 page marketing report justifying the scrip choice
- Submission: end of week 11

Final exam: (60% of the final grade)

- 50 MCQ + 2 0f 3 Essay question (25+25 marks) = 100 Marks in total

Book: Marketing; real people, real choices; Ninth edition.

(Micheal R. Solomon, Greg W. Marshall, Elnora W. Stuart)

Chapter 1

Marketing; What is it?

Marketing is first and foremost to satisfying consumer needs. However, it is important to not forget, the sellers has needs too - to make a profit, to remain in business, and even to take pride in selling the highest quality products possible.
Products are sold to satisfy both consumers' and marketer's needs. This is a two way street.

The exchange relationship: occurs when a person gives something and gets something else in return. The buyer receives an object, service, or idea that satisfies a need and the recipes he or she feels is equivalent value. In most cases, Monetary transactions.
For an exchange to occur, at least two people or organisations must be willing to make a trade, and each must have something the other wants.

Business-to-business marketing: about the exchange of goods and service from one organisation to another. In reality, businesses and organisations buy a lot more stuff than consumers. They purchase these as industrial goods for further processing or to use in their manufacturing process. For example, automakers buy tons of steel

Not-for-profit marketing: Many NGOs, including museums, zoos, and even churches, practice the marketing concept to survive. Local governments adopt marketing strategies to attract new businesses and industries.

Marketing is about satisfying everyone involved in the marketing process - it meets the needs of diverse stakeholders.

It is possible to contribute in a positive way to society and the earth and still contribute to your pay-checks.

For example. Target, with half go the chain's clothing line labelled "machines wash cold", means customers reduce energy when they was clothes. (Thereby is not only sustainable to the earth, but also lowers the electric bills for customers.)

The evolution of the marketing concept

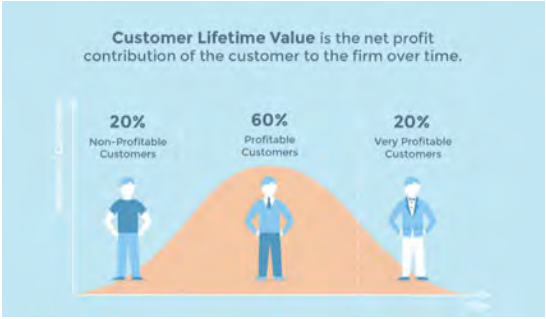
Era	Description
Production era - 1900s to 1920s	- production orientation - When demand is greater then supply - Focuses on economies of scale; pushes unit price down through efficiency - Not much marketing needed due to the lack of choices
Sale era - 1920s to 1950s	- Selling orientation - When product availability exceeds demand - Businesses engage in 'hard sell', in which salespeople aggressively push their wares. (this gave marketing a bad image)
Relationship era - 1950s to 1980s	- Customer orientation that satisfies customers needs and wants - Not just the product but an immersive, holistic experience - Introduction to total quality management (TQM): empowering employees to be an active part continuous quality improvement
The Triple Bottom Line - 1980s to present	- Business orientation that looks at financial profits, the community in which the organisation operated in, and creating sustainable business practices - The three bottom lines: Financial, Social and Environmental

Societal marketing concept:
Marketers must satisfy customer's needs in ways that also benefit society while they still deliver profits to the firm.

Sustainability:
Meeting present needs without compromising the ability of future generations to meet their needs

User-generated content (also referred to as consumer- generated content):
Any type of content that has been created and put out there by unpaid contributors or, using a better term, fans. It can refer to pictures, videos, testimonials, tweets, blog posts, and everything in between and is the act of users promoting a brand rather than the brand itself.
Branded content:
Marketing communication developed bu the brand to provide educational or entertainment value rather than to sell the brand in order to develop a relationship with consumers.
"User-generated content will grow to overtake the importance of branded content"
This means branding will increasingly become a two-way conversation allowing consumers to have greater voice. Firms need to stop thinking of buyers as a passive audience and start thinking of them as a community that is motivated to participate in both the production and the consumption of what the companies sells. Therefore, it is predicted that, firms that do well by doing good will become more important than ever. Customers will continue the current trend of rewarding brands that do good and punishing those that do not. A good corporate citizenship, aka CSR, will become a major marketing function.

Value proposition:
A statement that answers the 'why' someone should do business with you. It should convince a potential customer why your service or product will be of more value to them than similar offerings from your competition.
A value proposition keeps customers in their shop for their whole life
If firms look at the lifetime value of a customer, looking at how much profit they expect to make from a particular buyer, including each and every purchase he or she will make from them now and in the future, we can say “It is more expansive to attract new customers than it is to retain current ones”.



Providing values through competitive advantage
Competitive advantage: an edge over its competitors that allows it to have higher sales, higher profits, more customers - in short yo enjoy greater success years after years.
A competitive advantage comes from, either:
1. **Cost advantage:** when a firm can produce a good or service at a lower cost than competitors and thus charge customers at a lower price.
2. **Differential advantage:** when a firm produces a product that differ significantly from competitor’s product and customers sees the product as superior.

Distinctive competency:A superior capability of a firm in comparison to its direct competitors.
Differential benefits: Properties of products that set them apart from competitors’ products by providing unique customer benefits

Value Chain:
A series of activities involved in designing, producing, marketing, delivering and supporting any product. Each link in the chain has the potential to either add or remove value from the product the customers eventually buys.
The successful firm is the one that can perform one or more of these activities better than the other firms. This is their distinctive competency
<u>A value chain include:</u>
- Inbound logistics: Bringing in of materials necessary for production
- Operations: Conversion of materials into final products
- Outbound logistics: Shipping out the final product
- Marketing: Promoting and selling the final product
- Service: Meeting customer’s needs by providing any additional support required

Chapter 2
The competitive environment
Marketers need to understand their competitive position among product features, new pricing schedules, or new advertising to maintain or gain market shares. To do this, an increasing number of firms around the globe engage in competitive intelligence (CI) activities where they gather and analyse publicly available information about rivals from such sources as the internet, the news media, and publicly available government documents, such as building permits and patents. These firms uses CI to develop superior marketing strategies.

Competition in a micro-environment

This refers to the product alternatives from which members of a target market may choose. This can be viewed from three different perspectives.

1. **Discretionary income:** Competition for consumer's portion of income, in which they have left over after paying for necessities such as housing, utilities, food and clothings.
2. **Product competition:**

When firms offering different products compete to satisfy the same consumers needs and wants

3. **Brand competition:**

When firms offering similar goods and services compete on the basis of their brand's reputation or perceived benefits

Competition in a macro-environment

Marketers need to understand the big picture - the overall structure of the industry.

Monopoly: A market situation in which one firm, the only supplier of a particular product, is able to control the price, quality, and supply of that product.

Oligopoly: A market structure in which a relatively small number of sellers, each holding a substantial share of the market, compete in a market with many buyers.

Monopolistic competition:

A market structure in which many firms compete for buyers in a market. Each firm, however offers a slightly different product, and each has only a small share of the market.

Perfect competition:

When there are many small sellers, each offering basically the same good or service. In such industries, no single firm has significant impact on quality, price or supply.

Consumer ethnocentrism:

Consumer's feeling that products from their own country are superior or that it is wrong to buy products from another country.

Company-Level Decisions: the Market Entry Strategy

Four globalisation strategies representing increased levels of involvement:

1. **Exporting:**

Whether a company will attempt to sell its product on its own or rely on intermediaries to represent them in a target country, these export merchants understand the local market and can find buyers and negotiate them. This method allow company to sell its product to a global market and cushions it against downturns in the domestic market.

2. **Contractual agreement**

Two most common forms:

Licensing agreement: when a firm gives another firm the right to produce and market its product in a specific country or region, in return for royalties on goods sold. (Licensee, avoid many barrier to entry that a licensor would have, but the licensor, would lose control over how the product is marketed and produced)

Franchising: gives franchisee the right to adopt an entire way of doing business in the host country. Firms need to monitor closely, to ensure these operations are maintaining a good brand image

3. **Strategic alliance:**

Relationship developed between a firm seeking a deeper commitment to a foreign market and a domestic firm in the target market.

(**Joint venture:** a strategic alliance in which a new entity owned by two or more firms allows partners to pool their resources for common goal.)

4. **Direct Investment:**

When a firm expands internationally through ownership. The firms can take advantage of a domestic company's political savvy and market position in the host country.

Standardisation: argues that the basic needs and wants are the same everywhere. The force on the similarities among cultures, means a firm doesn't want to make any changes to its marketing strategies. This method saves cost on product development and promotional materials, and is not all negative. For example, widespread, consistent exposure also helps create global brand like coca cola because of its strong, unified image around the world.

Localisation: argues that each culture is unique, with a distinctive set of behavioural and personality characteristics. For example, we can look at the coke selection they sell around the world.

Product decisions/product strategies:

1. **Straight extension strategy:** firms offers the same product in both domestic and foreign markets
2. **Product adaptation strategy:** firms offers a similar but modified product in foreign markets
3. **Product invention strategy:** firms develop a new product for foreign markets. In some ways, this is a form of backwards invention, which a firm develops a less advanced product to serve the needs of people living in countries.

Ethics is job one in marketing

Different types of ethical approach:

Utilitarian approach:

Decisions that provides the most good and least harm

Rights approach:

Decisions that does the best job of protecting moral rights for all

Fairness or justice approach:

Decisions that treats all human being equally. For example, employee compensation is to pay everyone the same or to be able yo justify why salary is higher than another.

Common good approach:

Decisions that contributes to the good of all in the community

Virtue approach:

Decisions that is in agreement with certain ideal value

Ethical relativism:

Suggest that what is ethical in one culture is not necessarily the same in another culture

Business ethics:

Basic values that guide the behaviour of individuals within business organisation.

This governs all sorts of marketing planning decisions, including what goes into their product, where they source raw materials, how they advertise, and what type of pricing they establish. Developing sound business ethics is a major step towards creating a strong relationship with customers and the marketplace.

Developing a sustainable marketing mix: