



# MKTG101

Marketing Fundamentals

# MKTG101- Marketing Fundamentals

## Table of Contents

Brief Overview: Learning Outcome .....	1
Learning Objective.....	1
Lecture 1 – Introduction.....	2
Lecture 2 – The Marketing Environment.....	8
Lecture 3 – Marketing and Society .....	15
Lecture 4 – Market Research.....	19
Lecture 5 – Consumer Behaviour .....	23
Lecture 6 – Segmentation, Targeting & Positioning.....	29
Lecture 7 – Product (Branding) .....	34
Lecture 8 – Price .....	38
Lecture 9 – Promotion.....	43
Lecture 10 – Place (Distribution).....	46
Lecture 11 – Services .....	50
Lecture 12 – Marketing Planning .....	54
Lecture 13 – Exam Briefing .....	57

## Brief Overview: Learning Outcome

- Develop an informed understanding of marketing theory and practice.
- Review the external factors influencing an organisation's marketing strategies.
- Explain and analyse key marketing objectives and strategies.
- Identify the role of marketing as an organisation-wide philosophy.
- Recognise marketing's role in business and in society

## Learning Objective

- Provide a marketing overview
- Recognise marketing involves a mutually beneficial exchange
- Discuss the importance of ethics and corporate social responsibility
- Explain the elements of the marketing mix
- Discuss how marketing improves business performance, quality of life and benefits society

## Lecture 1 – Introduction

### Definition of Marketing

“... the activity, set of institutions, and processes for creating [what are we creating?], communicating [what is another name for communication?], delivering [through what means do we deliver?] and exchanging offerings [what is the usual medium of exchange?] that have value for customers, clients, partners and society at large.”- (*American Marketing Association*)



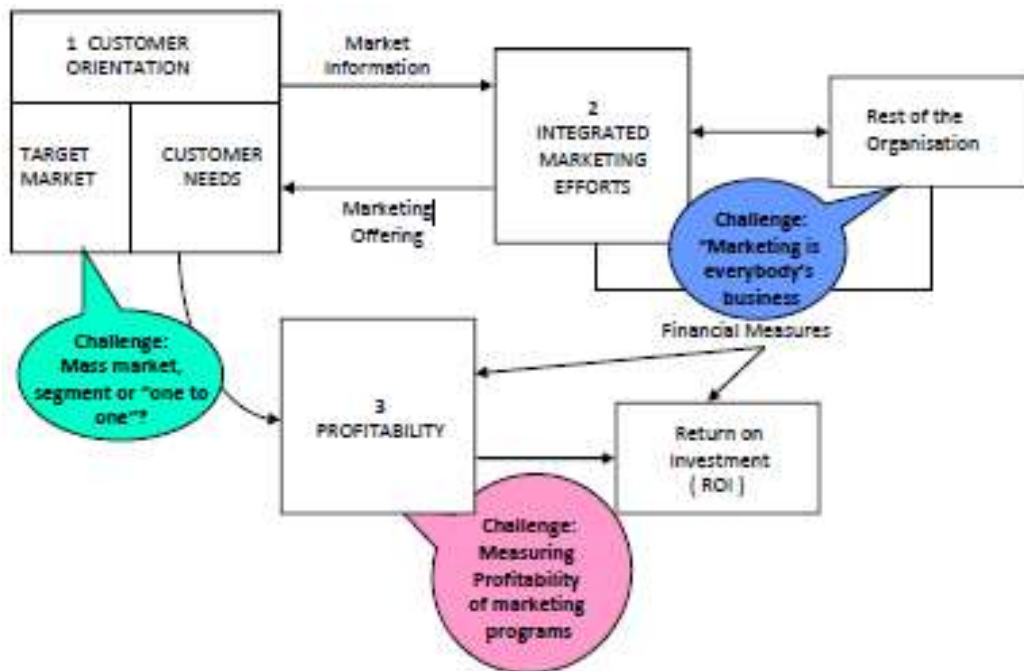
### The Marketing Elements - 4 Ps

- 1) Product
- 2) Place
- 3) Price
- 4) Promotion

### The Marketing Concept:

A Customer orientation, backed up by integrated marketing activities aimed at generating customer satisfaction as the key to satisfying organisational goals.

## Components of the Marketing Concept



## The Marketing Evolution

Over the past 100 years Marketing has evolved through the following stages:

- Trade (Product Orientation)
- Production Orientation
- Sales Orientation
- Marketing Orientation
- Societal Marketing Orientation – change people behaviour
- Marketing and Society – Ethics, Critical marketing, Social Marketing

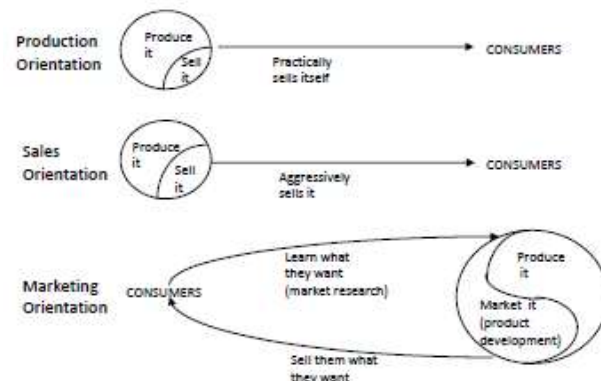
Customer needs and wants are needed to be satisfied so the selling occurs hence making profit.

**A Production Orientation** holds that: - the major task of an organisation is to pursue efficiency in production and distribution.

**A Sales Orientation** holds that: - the main task of the organisation is to stimulate the interests of potential clients in the organisation's existing offerings.

**A Marketing Orientation** holds that: - the main task of the organisation is to determine the needs and wants of target markets and to satisfy them through the design, communication, pricing and delivery of appropriate and competitively viable offerings.

## Contrasting Management Philosophies



## The Societal Marketing Concept

The societal marketing concept holds that the organisation's task is to determine the needs, wants and interests of target markets and to deliver the desired satisfactions more effectively and efficiently than competitors in a way that preserves or enhances the consumer's and the society's well-being.

	Marketing Concept	Societal Marketing Concept
Customer Focus	Individual Wants	Societal Benefits
Corporate Focus	Corporate Opportunities	Corporate Responsibility
Time Horizon	Short-term	Long-term
Market Focus	Customers	Stakeholders

## Stakeholders

Individuals, organisations and other groups that have a rightful interest in the activities of a business, including:

- **Owners** (business must be profitable and sustainable)
- **Employees** (wealth is shared among members of society with creation of jobs, reasonable working conditions)
- **Customers** (and clients) (business must attract and retain customers by offering products of value)
- **Partners** (all objectives met through CSR)
- **Government** (business must abide by laws and regulations)

What comes next?

- Service Dominant Logic – a focus on the intangible elements that provide value beyond the exchange
- Customer co-creation – working with customers as partners in creating value

**Marketing** – a way of doing business

Marketing is used by:

- Small businesses and large multinational corporations
- Businesses selling goods and businesses selling services
- For-profit and not-for-profit organisations
- Private and public organisations, including governments.

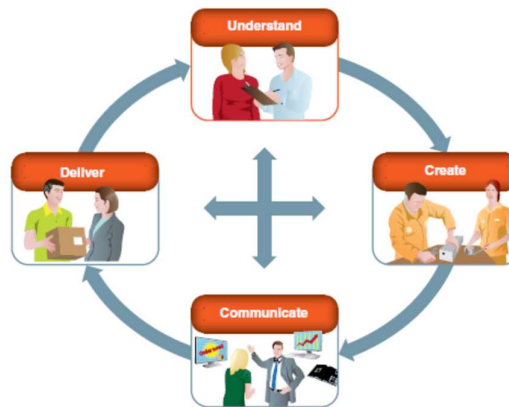
Marketing is a philosophy or way of doing business that puts the customer, client, partner and society at the heart of all business decisions.

## A Science and an Art

- Marketers need to learn what customers, clients, partners and society want
- This is ongoing - customer preferences continually evolve [influenced by product experience, promotional messages – magazines, t.v., WOM]
- Marketers use information to maintain their understanding
- Marketers are creative to develop new ideas
- The best marketers offer something that is unique or special to consumers [markets are cluttered]

## The Marketing Process

- Understand
- Create
- Communicate
- Deliver



## Marketing Exchange

**Exchange:** the mutually beneficial transfer of offerings of value between the buyer and seller. [this can occur for all different types of organisations]

A successful marketing exchange involves:

- ❖ two or more parties, each with something of value desired by the other party
- ❖ all parties must benefit from the transaction
- ❖ the exchange must meet both parties' expectations (e.g. quality, price)

## Value – A Perception

A customer's assessment of the utility of an offering based on perceptions of what is received and what is given. Value means different things to different people.

Value = Quality / Price = Benefits expected / Benefits received

✚ Value = Benefits over Price Or  $V=B/P$

✚ Increase the V by either increase of B or decrease the P

Value refers to the 'total offering'. [Includes reputation of the organisation, how employees act, product features, after sales service in addition to the quality and price]

## The Market

A Market is a group of customers with heterogeneous (Different) needs and wants. Examples Include

- ❖ Geographic Markets
- ❖ Product Market
- ❖ Demographic Markets

Customers purchase goods and services for their own or other people's use. Clients are 'customers' of the product of not-for-profit organisation.

## Corporate Social Responsibility

Businesses have an obligation to act in the interests of the societies that sustain them. For example, the use of the earth's resources, in particular the natural environment, has emerged as a major consideration for businesses trying to meet corporate social responsibility requirements. Economical, Law (legal), Ethical (Code of Conduct), Philanthropy – welfare, Charity or donation)

### Ethics

A set of Moral Principles that guide attitudes and behaviour. Responsible companies implement their own code of conducts. Laws and regulatory bodies govern the conduct of individuals and organisational behaviour, ensuring actions are beneficial.

### Sustainability

Sustainability Development – meeting the needs of today without compromising tomorrow (sustainable forestry, etc)

Sustainable Marketing – combining economic and ecological elements in business practices (recycling, paper instead of plastic etc.)

### The Triple Bottom Line



### The Marketing Mix

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

Traditionally known as the 4 Ps:

- 1) Product
- 2) Price
- 3) Promotion
- 4) Place (distribution)

Also: People, Process, Physical evidence (services marketing – 7 Ps)

### Product

- **Product** – A good, service or idea offered for exchange. (Bundle of attributes)
- **Brand** – A collection of symbols creating a differentiated image in the customer's mind (ipad).
- **Good** – a physical (tangible) offering capable of being delivered to a customer.
- **Service** – an intangible offering that does not involve ownership.

## **Price**

- **Price** – the amount of money a business demands in exchange for its offerings.
- **Willingness to Pay** – what customers are prepared to give in return for what they get.
- **Pricing decisions** must also consider:
  - Production, communication and distribution costs
  - Required profitability
  - Partners' requirements
  - Competitors' prices.

Marketers need to understand what customers would like to get and what they are prepared to give in return.

## **Promotion**

The marketing activities that make potential customers, partners and society aware of and attracted to the business's offering.

Products may be already established, modified, new, or a form of information or education (social marketing – drink drive, slip slop, smoking, etc.).

Examples of promotion include: advertising, loyalty schemes, sales promotions, product trials, public relations campaigns, and personal selling efforts.

## **Place – Distribution**

The means of making the offering available to the customer at the right time and place (while managing the costs of making the products available – inventory, storage and transport).

**Logistics** - That part of the marketing process concerned with supply and transport. (Right place and right quantity)

**Supply chain** - The parties involved in providing all of the raw materials and services that go into getting a product to the market.

## **People**

Anyone meeting customers who can affect value for customers. This includes employees and other customers. (Highly motivated staff important as they are inseparable from the total service)

- Airline staff; hotel staff; utility companies; banks; credit card companies; internet service providers; education

## **Physical Evidence**

Tangible cues that can be used to evaluate service quality prior to purchase. Example Five Star Hotel

## **Process**

The systems used to create, communicate, deliver and exchange the offering.

Everything from the way a product is conceived and designed to the way it is delivered including post-sales services.



## Lecture 2 – The Marketing Environment

### The Marketing Environment & Market Analysis

**The Essence of Strategy** – is the process of developing match of the organisation's resources and capabilities (Strengths and Weaknesses) to the demands of the changing environment (Opportunities and Threats). It has the aim of achieving of a sustainable differential advantage in the changed environment.

The Central importance of Marketing in Organisational Strategy. As the principal boundary-spanning function within the organisation, marketing should play a leading role in the strategy process as marketing has responsibility for the choices of *products, markets and competitors*.

### The Marketing Environment

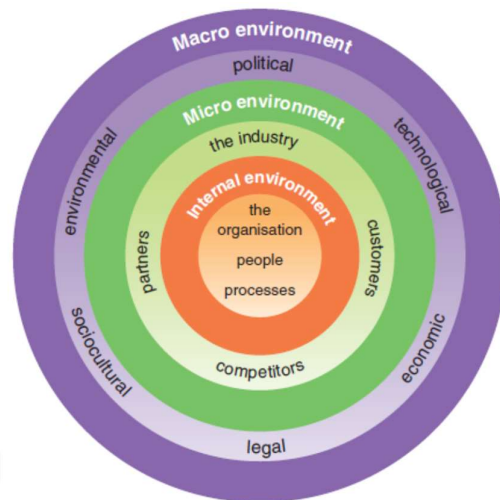
- All the internal and external forces that affect a marketer's ability to create, communicate, deliver and exchange offerings of value.

### Environmental Analysis

- A process that involves breaking the marketing environment into smaller parts in order to gain a better understanding of it.

### External Environment

- 1) Micro
- 2) Macro



### Internal Environment

- The parts of the organisation, the people and the processes used to create, communicate, deliver and exchange offerings that have value. [Marketing definition]
- The organisation can directly control its internal environment.

Strengths and weaknesses are internal factors that positively and negatively affect the organisation's ability to compete in the marketplace. [O & T -external]

## Internal Marketing

- Achieving alignment between marketing strategy and front-line staff.
  - Senior management - overall objectives and strategies
  - Middle management - dept. or geographic region
  - Functional departments - employees – responsible for meeting departmental objectives and strategies
- Informs, educates, develops and motivates staff to serve external clients more effectively. [Offering value for target market]
- Includes internal communications, internal research and training.
- Not isolated from the external environment. [Affected by PESTL factors]

### An Example of an **Organisation Chart**



## External Environment

- The people and processes that are outside the organisation and cannot be directly controlled. Marketers can only seek to influence [not control the] external environment.
- (Outsourcing: Transferring an internal function to an external provider. [e.g. production, customer service, IT, distribution])

*Opportunities and threats:* External factors that positively and negatively affect the organisation's ability to serve the market. The external environment includes the micro-environment and macro-environment.

### The Micro Environment

- ✓ The forces within an organisation's industry that affect its ability to serve its customers and clients — target markets, partners and competitors.
- ✓ The organisation cannot control the microenvironment, but it will seek to negotiate with, or influence, it.
- ✓ The micro-environment consists of customers, clients, partners and competitors.
- ✓ It constitutes the organisation's "task" environment.

## Customers and Clients

Marketers must understand the current and future needs and wants of their target market:

- understand what their customers value now
- identify changes in customer preferences
- be willing and able to respond to changes
- anticipate how needs and wants might change
- can influence customer preferences.
  - [Economic downturns = job insecurity = unwillingness to spend freely.
  - Companies such as the fashion industry need to change from 'wear once and throw away', to subdued, durable clothing.]

## Partners

- Logistics Firms – Storage and Transport
- Financiers – Banking, Loans, Insurance and Electronic Payment Infrastructure
- Advertising/Promotion/Salesforce Agencies
- Retailers
- Wholesalers – Storage and Distribution
- Suppliers

## Competitors

Marketers must ensure their offerings provide their target market with greater value than their competitors' offerings.

Marketers often think in terms of brand marketing, better to think more broadly, e.g.

- New Entrants
- Substitute Technology
- Suppliers and Customers

## Types of Competition

**Pure Competition** – Numerous Competitors offer undifferentiated products. No buyer or seller can exercise market products. (Sugar, Lamb, Share).

**Monopolistic Competition** – Numerous competitors offer products that are similar, prompting the competitors to strive to differentiate their product offering from others. (Bread – Sunblast, Tip Top, Burgen, Bakers Delight, Farmhouse, Organic).

**Oligopoly** – A Small number of competitors offer similar, but somewhat differentiated, products. There are significant barriers to new competitors entering the market. (Mobile telecommunication industry – Telstra, Optus, Vodafone, Virgin – offering quite similar services.

**Monopoly** – there is only one supplier, and there are substantial, potentially insurmountable, barriers to new entrants. (Mainly Government services – provision of roads and rail)

**Monopsony** – the market situation where there is only one buyer. (Federal Government – Fighter Jets)