

MKF3151 Final Revision

Week 1 Intro	
Purpose of marketing	Marketing concept
The purpose of marketing is to contribute to maximising shareholder value and marketing strategies must be evaluated in terms of how much value they create for investors	That within increasingly dynamic and competitive markets, the company that is most likely to succeed is the one that takes notice of customer expectations, wants and needs and gears themselves to satisfying them better than their competitors. (read the definitions)
Marketing Strategies	Market reality, marketing in real life involves:
<ul style="list-style-type: none"> <li>- Radical strategies: Results in spectacular growth in sales and profits. But such strategies are acquisition based or marketing dept. based (high levels of advertising, lots of product lines) or they are PR based (media hype to attract customers)</li> <li>- Rational strategies: Achieve high, short term performance through product innovation (superior, cheaper). But offer no defensible, sustainable competitive advantage. Do not build long-term relationships with customers, fail to produce long-term shareholder value.</li> <li>- Robust strategies: Achieve steady performance over the long term by creating superior customer value and building long-term all stakeholders in the organisation.</li> </ul>	<ul style="list-style-type: none"> <li>- Organisational culture: values/beliefs – commitment to serve customer needs as a path to sustained profitability.</li> <li>- Strategy: marketing develops effective responses to changing market environments by defining segments then developing and positioning products for such markets</li> <li>- Tactics: day to day activities of product management (4 Ps).</li> </ul>
The fabric of marketing concept	The resource based view of marketing
<ul style="list-style-type: none"> <li>- Create customer focus throughout the business</li> <li>- Listen to the customer</li> <li>- Define and nurture the company's distinct competencies</li> <li>- Define marketing as market intelligence</li> <li>- Target customers precisely</li> <li>- Manage profitability not sales volume</li> <li>- Make customer value the guiding star</li> <li>- Let the customer define loyalty</li> <li>- Measure and manage customer expectations</li> <li>- Build customer relationships and loyalty</li> <li>- Define the business as a service business</li> <li>- Commit to continuous improvement and innovation</li> <li>- Manage culture along with strategy and structure</li> <li>- Grow with partners and alliances</li> <li>- Destroy marketing bureaucracy</li> </ul>	<ul style="list-style-type: none"> <li>- The dominant view of strategy tended to focus on industry dynamics and characteristics (external forces). E.g. Porters Five Forces model.</li> <li>- More recent emphasis has been on the firm itself – performance is based on resource profile of the firm (its resources and capabilities) known as the resource-based view of the firm.</li> <li>- 3 main alternatives of strategic marketing: <ol style="list-style-type: none"> <li>1) Product-push marketing: Pushing existing product out to market – actively encouraging/persuading customers to buy. Grow industry, be product leaders, be more efficient, sustain profitability. Customer is not a focus.</li> <li>2) Customer-led marketing: Chasing customers - find what they want and give it to them no matter what it costs. (More choice, lower price deals, heavy promotion, aggressive sales targets). Short term orientation – lose position in industry thru listening too closely to customers.</li> <li>3) Resource-based marketing: Marketing strategy is based on equal consideration of needs of market and ability to serve it. Long term view recognises centrality of customer, but also need to be selective of markets to serve to maximise resource utilisation.</li> </ol> </li> </ul>
Fundamental marketing principles	The role of marketing in strategy
<ul style="list-style-type: none"> <li>- Focus on the customer: Long term objectives must do this but not a blind focus. Know what they want and whether the company achieve it.</li> <li>- Only compete in markets where you can establish competitive advantage: Market selection and choosing where to compete and commit resources. Don't be seduced into markets that look attractive but drain resources.</li> </ul>	<ol style="list-style-type: none"> <li>1. Identify and communicate customer wants and needs throughout the organisation</li> <li>2. Determine the competitive positioning to match the needs of the customers with company capabilities</li> <li>3. Engage all relevant organisational resources to deliver customer satisfaction.</li> </ol>

<ul style="list-style-type: none"> <li>- Customers do not buy products, they buy solutions. Product features are irrelevant if customer does not see them as benefits.</li> <li>- Marketing is too important to leave to the marketing department</li> <li>- Markets are heterogeneous (i.e. segmented, sub-segmented)</li> <li>- Markets and customers are constantly changing, markets are dynamic, consumer needs change, product lifecycles shorter, leapfrogging, importance of innovation and improvement as an integral part of business life. Take into account impact of technology, recessions and global warming/climate change products</li> </ul>	
Week 2 (1) Consumer analysis	
Stakeholders of the firms	Roles of consumers
<ul style="list-style-type: none"> <li>- Employees</li> <li>- Customers</li> <li>- Governments</li> <li>- Unions/local community</li> <li>- Competitors</li> <li>- Suppliers</li> </ul>	<ul style="list-style-type: none"> <li>- Initiators</li> <li>- Influencers</li> <li>- Decider</li> <li>- Purchaser</li> <li>- Users</li> </ul>
Consumer insights	Key questions to understand customers
<ul style="list-style-type: none"> <li>- Prime markets targets</li> <li>- Value creation</li> <li>- Customers' evolving needs and wants</li> <li>- Potential consumer segments</li> </ul>	<ul style="list-style-type: none"> <li>- Who is involved in buying and consuming?</li> <li>- What are their choice criteria?</li> <li>- When do they buy/use the product?</li> <li>- Why do they buy/use the product?</li> <li>- Where do they buy?</li> <li>- How do they use the products?</li> </ul>
Uses of Qualitative Research	Uses of Surveys (Quantitative Research)
<ul style="list-style-type: none"> <li>- Hearing customer descriptions of things</li> <li>- Getting reactions to new ideas</li> <li>- Understanding the finding of large scale projects</li> <li>- Help structure later research</li> <li>- Generating new ideas</li> <li>- Providing insights into problems</li> </ul>	<ul style="list-style-type: none"> <li>- To provide quantitative data on markets and customers</li> <li>- To determine customer requirements and expectations</li> <li>- To provide data for segmentation of markets</li> <li>- To determine customer opinions and perceptions</li> <li>- To determine customer behaviour</li> </ul>
	Summary of consumer research
<u>Advantages</u> <ul style="list-style-type: none"> <li>- Can give insights that other forms of research can't.</li> <li>- Fantastic for easy to interpret analysis such as semantic scales, etc.</li> </ul> <u>Disadvantages</u> <ul style="list-style-type: none"> <li>- Look at source of surveys –are there any biases?</li> <li>- Look at the numbers- is it representative of the targeted segment.</li> <li>- If survey is long, all answers may not have been answered, which may give inconsistent information. Check policy of research company.</li> </ul>	<ul style="list-style-type: none"> <li>- The who, what, where and when of customer analysis is imperative to brand success.</li> <li>- When using research, understand it's source, any biases, how it could have been manipulated, what's missing in the story, how to interpret the opportunities it reveals.</li> <li>- Think Laterally. Look at different types of research available, look to different markets, think ahead.</li> <li>- Examine company failures. The majority will include overlooking aspects of research that should have been examined.</li> </ul>

Week 2 (2) Selecting target market	
Market factors	Economic and technological factors
<ul style="list-style-type: none"> <li>- Size of segment: useful for forecasting volume of sales as well as economies of scale in production and marketing.</li> <li>- Segment growth rate: sales growth is more easily achieved when market is growing. Declining markets affect sales volume.</li> <li>- Stage of industry evolution: target markets are more attractive at different stages in the industry's evolution (future potential, profitability etc)</li> <li>- Predictability of market – more turbulent = less easy to predict the potential value of a segment.</li> <li>- Price elasticity and sensitivity: markets with less price sensitivity and where price elasticity of demand is low = more attractive.</li> <li>- Bargaining power of customers: (recall Porters 5 Forces)</li> <li>- Seasonality and cyclicalities of demand – the extent to which demand fluctuates affects attractiveness of potential segment. Is it attractive or an issue?</li> </ul>	<ul style="list-style-type: none"> <li>- Reflects broader economic characteristics of the market and the technology used and includes:</li> <li>- Barriers to entry (e.g. protected technology, high customer switching costs). Okay for those in the industry – problem for those new entrants.</li> <li>- Barriers to exit – being locked in as it is too costly to get out (substantial investment, powerful customers making demands). Should always consider exit strategies before entering.</li> <li>- Bargaining power of suppliers</li> <li>- Level of technology utilisation</li> </ul>
Competitive factors	The general business environment
<ul style="list-style-type: none"> <li>- Competitive intensity: number of serious competitors in a market are important. Relevant terms: monopoly, duopoly, oligopoly or perfect competition. All affect the competitiveness of the market segments.</li> <li>- Quality of competition: good competitors – desire to serve market – but need to “keep on your toes” to maintain competitive advantage.</li> <li>- Less predictable, volatile competitors – more difficult to operate in market.</li> <li>- Threats of substitution</li> <li>- Degree of product differentiation</li> </ul>	<ul style="list-style-type: none"> <li>- Exposure to economic fluctuations: Some markets more vulnerable than others. Commodity markets can be problematic.</li> <li>- Exposure to political and legal factors: Markets that are vulnerable – less attractive. But in some cases can be useful (change of Govt, updates in legal requirements)</li> <li>- Degree of regulation / deregulation: e.g. deregulation of milk industry or banking industry.</li> <li>- Social acceptability and physical environment impact. (impact of environmental groups, emergence of “green politics”, corporate social responsibility) – broader social implications of segments</li> </ul>
Week 3 competitor analysis	
<b>Discuss benchmarking against firms in an industry</b>	
Step 1: who to benchmark against	Step 2: What aspects of business to benchmark?
<u>Industry leaders:</u> <ul style="list-style-type: none"> <li>- what are their keys to success.</li> <li>- what are they doing that is different from others</li> <li>- what makes the differences to their operations</li> </ul> <u>Lesser players:</u> <ul style="list-style-type: none"> <li>- new or smaller entrants into the market</li> <li>- more focused firms with particular strengths (leader in customer service, best at cost control)</li> </ul> <u>Benchmark against particular business activities:</u> <ul style="list-style-type: none"> <li>- Procurement and purchasing</li> </ul>	<ul style="list-style-type: none"> <li>- All aspects of the “value chain” in a business are options for benchmarking.</li> <li>- Usually focus on “key factors for success” (KFS's) due to resource and time restraints, for example: <ul style="list-style-type: none"> <li>o Processes that account for significant costs</li> <li>o Processes that make a significant impact on customer satisfaction</li> <li>o That show greatest room for improvement.</li> </ul> </li> <li>- Then broaden your analysis to create fresh competitive advantages in new areas of operations in the market environment.</li> </ul>