

Marketing and the International Consumer

Topic List

- **The Market-Oriented Organisation**
- **Marketing Strategy and Market Planning**
- **Collecting Information and Conducting Market Research**
- **Creating Long-term Relationships and Analysing Consumer Markets**
- **Business Buyer Behaviour**
- **Segmentation, Targeting and Positioning**
- **Marketing Mix Strategy and Branding**
- **Product and Service Strategy**
- **Pricing Strategy**
- **The Distribution Strategy**
- **Communication Strategy**
- **Competitive Advantage and Marketing Strategy**

The Market-Oriented Organisation

What is Marketing?

Marketing is the activity and a set of processes for creating, communicating, delivering and exchanging offerings that have differentiated value to customers.

Marketing Management refers to acquiring, retaining and growing customers through creating, communicating and delivering superior customer value.

- For an exchange to occur:
 - There are at least two parties
 - Each party has something that is of value to the other party
 - Each party is capable of communication and delivery
 - Each party is free to reject the exchange offer
 - Each party believes it is appropriate or desirable to deal with the other party

What can be Marketed?

- | | |
|------------------|---------------------|
| – Goods/Services | – Places/Properties |
| – Events | – Organisations |
| – Experiences | – Information |
| – Persons | – Ideas |

Who Markets?

The 8 Demand States – Marketers influence the level, timing and composition of demand

- Negative demand
 - Consumers dislike the product and may even pay to avoid it
- Non-existent demand
 - Consumers may be unaware/uninterested in the product
- Latent demand
 - Consumers may share a strong need that cannot be satisfied by an existing product
- Declining demand
 - Consumers begin to buy the product less frequently over time
- Irregular demand
 - Consumer purchases vary on a seasonal, monthly basis etc.
- Unwholesome demand
 - Consumers may be attracted to products that have undesirable social consequences
- Full demand
 - Consumers are buying all products put into the marketplace e.g. chocolate

Core Concepts of Marketing

Needs, Wants and Demands

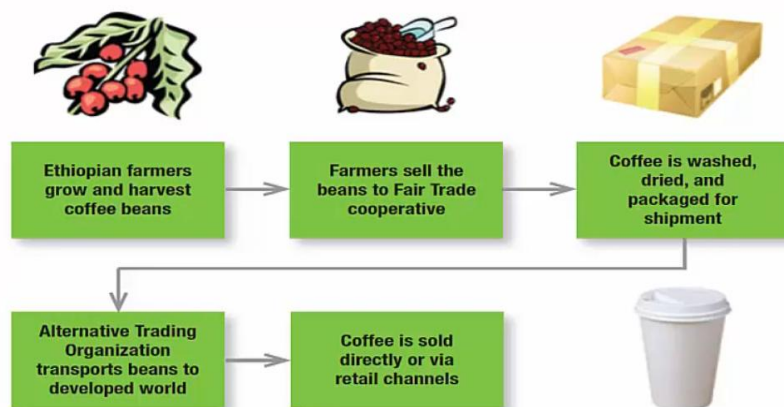
- **Needs:** Basic human requirements e.g. air, food, education
- **Wants:** Needs directed to specific objects that might satisfy the need
- **Demands:** Wants for specific products backed by ability to pay

Value and Offerings

- **Value Proposition:** A set of benefits that satisfy those needs
- **Offering:** A combination of products, services, information and experiences

Supply Chain

A **Supply Chain** is a channel stretching from raw materials to components to finished products, carried to final buyers.



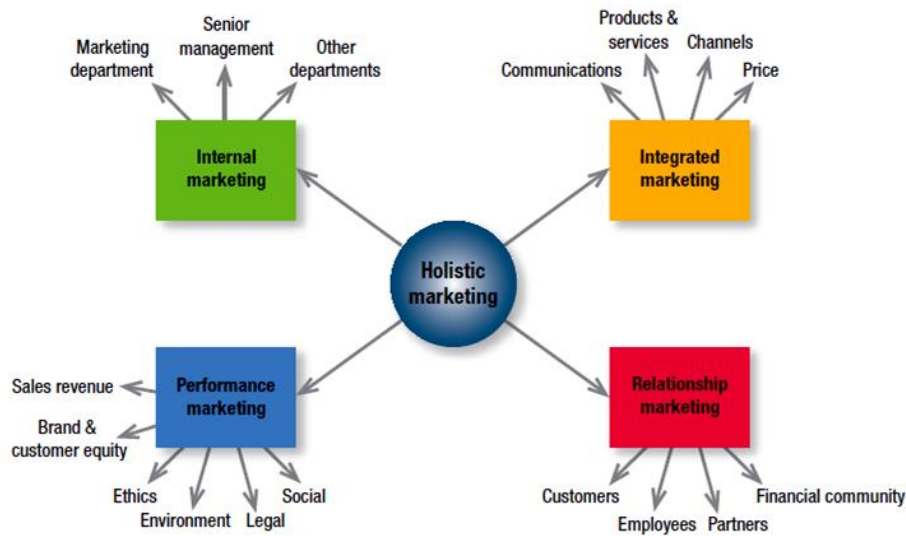
Marketing Environment

- **Task Environment:** Includes the stakeholders engaged in producing, distributing and promoting the offering e.g. company, suppliers, distributors, customers
- **Broad Environment:** Consists of the demographic, political, economic, social, technological and natural environments

Marketing Philosophies

- Production concept
 - Aiming for high production efficiency, low costs and mass distribution
- Product concept
 - Developing products that are high in quality, have strong performance and innovative features
- Selling concept
 - Having an aggressive push in selling, especially with unsought goods
- Marketing concept
 - Finding the right products for the right customers

The Holistic Marketing Approach



- Internal marketing
 - Hiring, training and motivating employees to serve customers well
- Integrated marketing
 - Devising marketing activities and programs that complement each other in which the whole is greater than the sum of its parts
- Performance marketing
 - Understanding the financial, environmental and social impact from marketing activities and programs
- Relationship marketing
 - Building mutually satisfying long-term relationships with key stakeholders

Marketing Strategy and Market Planning

The Value Exchange

The Value Delivery Process

1. Segmentation, Targeting and Positioning (STP)
 - Segmenting the market
 - Selecting the appropriate target
 - Developing the offering's value positioning
2. Providing the value
 - Identifying specific product features, prices and distribution
3. Communicating the value
 - Using the internet, advertising, sales force and other communication tools to announce and promote the product

The **Value Chain** is a tool for identifying ways to create more customer value whereby every firm consists of activities performed to design, produce, market, deliver and support its product.

Value Chain Model



- Primary activities
 - Inbound logistics – Bringing materials into the business
 - Operations – Converting the materials into final products
 - Outbound logistics – Shipping out final products
- Support activities
 - Firm infrastructure – Covers the costs of general management, planning, finance, accounting, legal and government affairs

Supply Chain vs. Value Chain

Supply Chain Model	Value Chain Model
Business pushes product to consumers	Product is pulled in the chain by consumers
Weak relationships because the business pushes the product irrespective of what the next link wants	Strong relationships because links are pulled by consumers (high trust)
Lower chances of long-term survival	Higher chances of long-term survival

Core Competencies

Three Characteristics of a Core Competency

1. A source of competitive advantage that makes a significant contribution to perceived customer benefits
2. Has application in a wide variety of markets
3. Difficult for competitors to imitate

Co-ordination of Core Business Processes – Company’s core competencies

- **Market-Sensing Process:** Gathering and acting upon market information
- **Customer Acquisition Process:** Acquiring new customers and new target markets
- **Customer Relationship Management:** Building deeper understanding, relationships and offerings to individual customers
- **Fulfilment Management Process:** Receiving and approving orders, shipping goods on time and collecting payment
- Innovation and new development processes

The Central Role of Strategic Planning

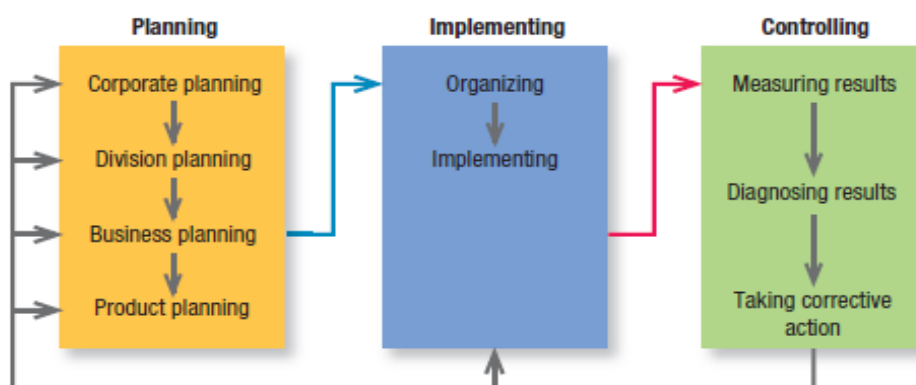
Key Areas of Strategic Planning

- Managing the businesses as an investment portfolio
- Assessing the market’s growth rate and the company’s position in that market
- Establishing a strategy

Four Organisational Levels

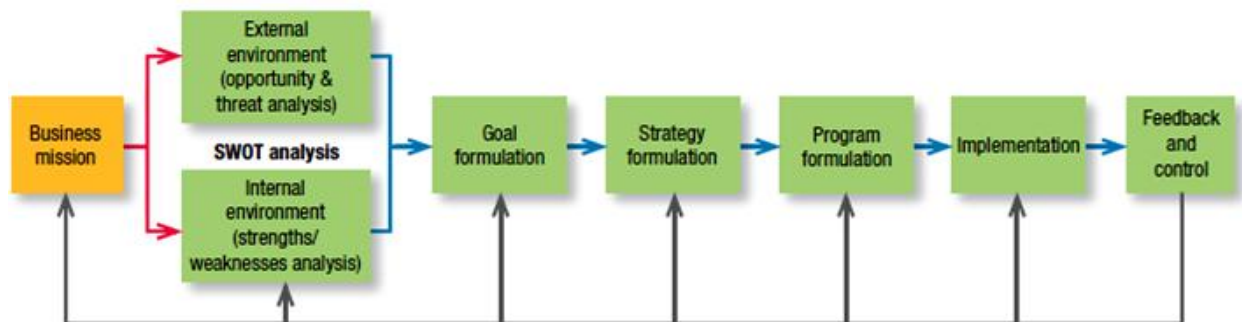
1. Corporate
 - Responsible for designing a corporate strategic plan to guide the whole business
2. Division
 - Establishes a plan covering the allocation of funds to each business unit within the division
3. Business Unit
 - Develops a strategic plan to carry out that business unit into a profitable future
4. Product
 - Develops a marketing plan for achieving its objectives

Strategic Planning, Implementation and Control Processes



Corporate and Division Strategic Planning

- Defining the corporate mission
 - Business definition
 - What is our business?
 - What will our business be?
 - What should our business be?
 - A good mission statement:
 - Focuses on a limited number of goals
 - Highlights the company's key values
 - Defines where the company will operate competitively
 - Long term view
 - Short, memorable and meaningful
- Establishing strategic business units (SBU)
 - Business Unit Strategic Planning Process



- Assigning resources to each unit



- Stars
 - Products' cash resources assure the future
- Question marks
 - Products can be converted into stars over time with more investments
- Cash cows
 - Products require little investments and many cash resources supplied for future growth
- Dogs
 - Products are evidence of failure so losses are cut or products are eliminated