



**MARK101 : MARKETING PRINCIPLES**  
**FINAL EXAM NOTES**



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## Introduction to marketing

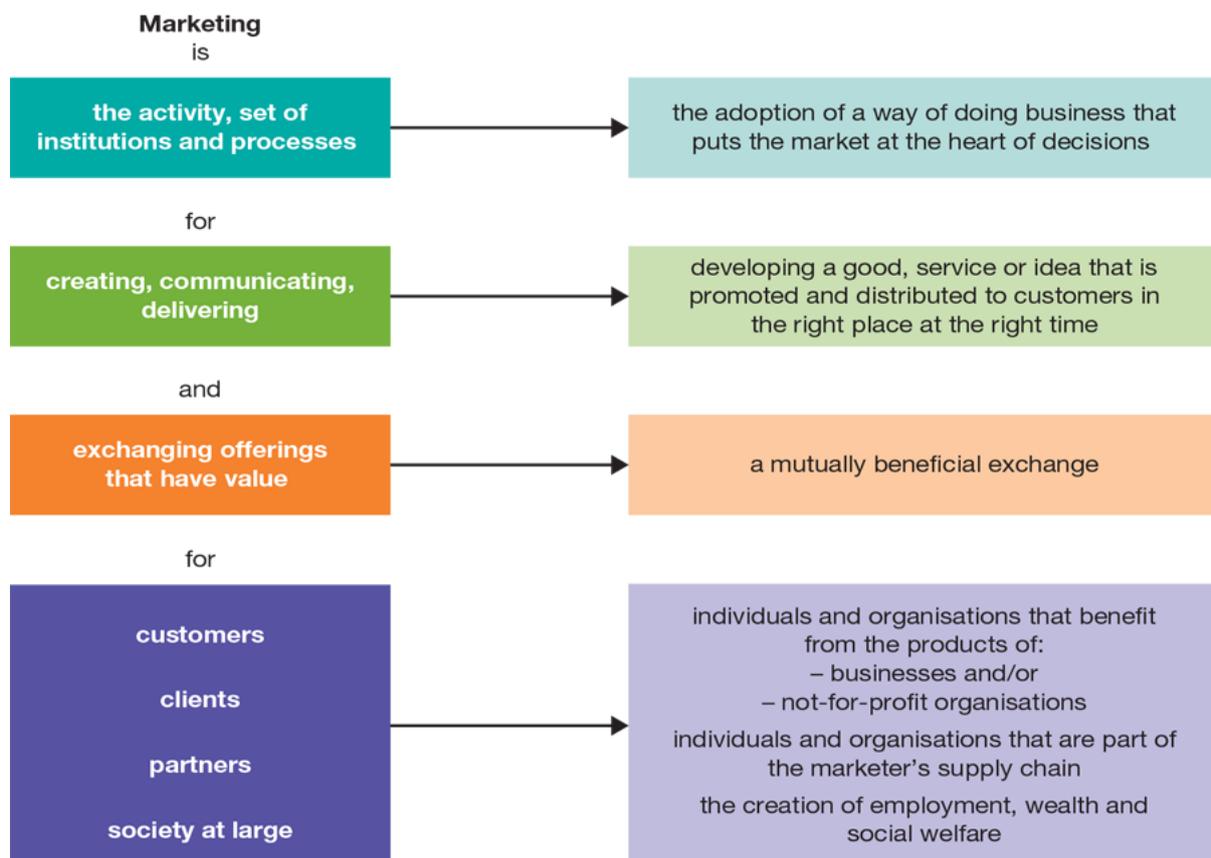
### 1.1 provide an overview of marketing and the marketing process

#### What is marketing?

Marketing is everywhere and affects much of what we do daily. Marketing is an evolving discipline and each marketer will have a different interpretation on exactly what it is. Some believe it is selling; some believe it is advertising; some believe it's being a top google search.

The most recent formal definition of marketing is: "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".

Fig. 1.1 Marketing defined



#### The marketing approach to business

Marketing is an approach to business that base the business's decisions around the customer, client, partner and society needs and wants. Rather than asking which products to offer, the best-practice marketing perspective questions, which products would the customer be interested in and be most valuable.

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

Marketing is not just about selling products to customers. Marketing is a science, a learning process and an art. Marketers need to know the needs and wants of their market, and what the customers, clients, partners and society would want. This is a continuous learning process as customer preferences are continually changing and evolving. With the advancement in communication technology marketing has now expanded into the digital universe, where all the attention is going to Facebook, twitter etc. Marketers can use these social media sites to do surveys, and study customer personality and behaviours.

### The marketing process

The marketing process involves understanding the market to create, communicate and deliver an offering for exchange. The marketing process is a continuous cycle that involves marketers undertaking multiple tasks simultaneously.

The understanding phase of the marketing process involves an analysis and assessment of the marketing environment and markets (local, international), as well as consumer and business buying behaviour. Through market research marketers can determine their target market, and what motivates their buying behaviours. For example, a Nielsen report revealed that buyers of New Zealand wine are:

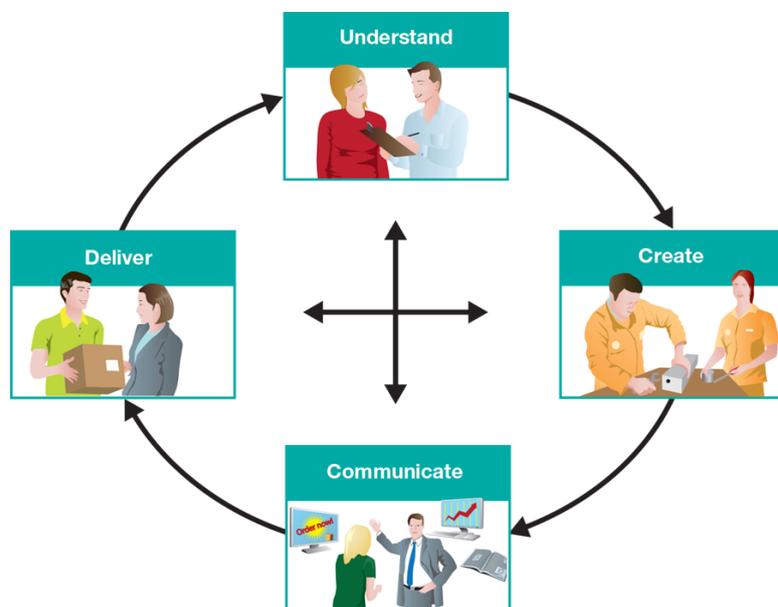
- likely to be in their thirties
- likely to live in metropolitan areas
- likely to have a household income of over \$100K p.a.
- likely to experiment within the wine category
- less likely to be brand loyal

Armed w/ this knowledge, marketers would understand that placing several varieties under one umbrella brand might be the best way to generate brand loyalty for NZ wines among Australians, and they could take steps to create, communicate and deliver such an offering to the market.

Another example would be a food marketer, based on research and an understanding of current trends, determines that his company needs to create a new flavour of yoghurt to maintain a linear growth in sales in the dairy aisles in comparison to competitors. Once R&D of the new flavour variant is complete, the product then needs to be communicated, this can be achieved via mass media marketing and point-of-sale campaign to create an image of the good in the customers minds. The food marketer must ensure that the production process, distribution chain is capable of supplying all the consumers with the new yoghurt at a time and place that is convenient for the customer. This process needs constant monitoring and improving as this cycle is ongoing.

Fig. 1.3 The marketing process

This will reoccur very often.



It is also important to note that delivery is also concerned with quality and satisfaction. Marketers need to ensure the offering (product, service or idea) satisfies the customer, as they want reliability and services that fulfil promises. Businesses that are capable of satisfying consumers consistently will create a loyal consumer base in the long-term. Brands with a loyal base of customers have a value that is an asset for a company.

## 1.2 recognise that marketing involves mutually beneficial exchange of value

### The exchange of value

The aim of marketing is to develop mutually beneficial exchanges, meaning both parties have received a benefit and both parties had to give something up to receive something in return.

A successful marketing **exchange**:

- two or more parties must participate, 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)

Exchange can occur for all different types of organisations: large and small, for-profit and not-for-profit, private and public. Exchange is a value-creating process because it leaves both parties better off.

Similar to exchange, value is a fundamental concept of marketing. **Value** is a customer's overall assessment of the utility of an offering based on perceptions of what is received and what is given. This can be viewed as the ratio between quality and price, which is an economic view of value. According to this view, value is a comparison between what a customer gets and what a customer gives; in other words, the *benefits* a customer receives from a product in relation to its price. Another perspective of value is that its unique and determined by the beneficiary. According to this view, value is idiosyncratic, experiential, contextual and meaning laden.

Marketers know that the idea of value is more complicated, value refers to the 'total offering'. This includes every aspect, from reputation of the organisation to how employees act, features of products, after sale-service, quality and price.

### The market

A **market** is a group of customers with needs and wants. Markets cover varying groups of customers from geographic markets (e.g. the Malaysian market), product markets (e.g. the smartphone market) and demographic markets (e.g. seniors) etc. The group that the marketer must market to is the focus of all marketing activities.

### Markets

A market is a set of actual and potential buyers of a product. Marketing means managing markets to bring about profitable customer relationships.

### Customers

**Customers** are individuals who purchase products for their own or someone else's use, while **consumers** are people who use the good or service.

## Clients

Generally, 'client' is often used as a synonym for 'customer, especially w/ regards to professional services such as those provided by, architect, lawyers, accountants etc. The formal definition of **client** refers specifically to 'customers' of not-for-profit organisations or social marketers (i.e. those seeking to encourage social changes), thus serving as a differentiator from customers of businesses. E.g. 'Customers' of Medicare, Centrelink, public hospitals etc.

## Partners

**Partners** are organisations or individuals who are involved in the activities and processes of creating, communicating and delivering offerings for exchange. E.g. A partner may be an advertising consultant who is hired to develop marketing communications to raise awareness for a sports club that is recruiting new players. A partner might be a supplier of raw materials or a retailer in the distribution channel. Marketers need to know how their partnership will benefit the partner, e.g. a wine marketer wants retailers to stock their new wine. Before agreeing to stock the new range of wine, the retailer needs to be convinced by the wine marketer that including this wine in their product range will benefit their business.

## Society

Society is a body of individuals living as members of a community. A society is a highly structured system of human organisations for large - scale community living that normally furnishes protection, continuity, security and an identity for its members. Marketers must understand the needs of the societies in which they operate, e.g. the development of hybrid vehicles due to the growing concerns of carbon emission and pollution. Demonstrating an awareness of community concern about the natural environment, engaging in responsible and sustainable practices and social equity makes for a successful marketer. Socially responsible companies have higher profits and market capitalisation in the long-term.

### 1.3 Discuss the importance of ethics and corporate social responsibility in marketing

#### Ethics, corporate social responsibility and sustainable marketing

Today's managers face volatile economic forces, differences in organisational and cultural values, cultural diversity among customers, rapidly changing technology, environmental issues and finite resources. Humanity is facing a variety of global sustainability challenges, including climate change, rising sea level, peak oil, ocean acidification, loss of biodiversity and forests, fisheries, soil and freshwater, and extreme poverty and inequity.

The main objective of a business is to generate profits and long-term wealth for the owners, however businesses also have other purposes, including providing products and creating employment, and have many secondary stakeholders, including employees, customers and the community at large. This aspect of business has long been debated, just where the balance should be between profit-motivated activities and secondary purposes, and if it is even appropriate to consider them 'secondary'.

#### Ethics

**Ethics** refers to a set of moral principles that guide attitudes and behaviour. Basically, ethical behaviour involves doing what is 'right', which is subjective and depends on social, cultural and individual factors. Many marketing decisions involve ethical issues, in which a choice must be made between multiple possible courses of action, each involving different ethical, legal, social, economic and environmental considerations. Competing priorities are the source of ethical dilemmas, e.g. revealing negatives about the product may reduce purchases etc. Responsible businesses often implement a code of ethics or code of conduct to aid in governing their actions and decisions.

