

MARK 1012

Marketing Fundamentals

Course Notes

2018 Semester 2

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C1 – Marketing Overview

§ Defining Marketing

Formal definition – “Marketing is the activity, set of institutions and processes for creating, capturing, communicating and exchanging offerings that have value for customers, clients, partners and society at large”

- Marketing helps facilitate the smooth flow of goods through the supply chain. Collaboration with partners and an understanding of their competitors helps to add value.



Marketing plan – Written document composed of an analysis of the current marketing situation, opportunities and threats for the firm. Marketing objectives and strategy specified in terms of the four P’s action programs and projected or pro forma income (and other financial) statements. Marketing is about exchange – the trade of things of value between the seller and buyer so that each is better off as a result. Impacts various stakeholders – due to the many firms and people involved in marketing.

Figure 1.1 Core aspects of marketing

Marketing Mix

Product – creating value for the good or services which are to be traded.

- Goods – tangible; objects
- Service – intangible; deeds, performance or efforts
- Knowledge – ideas, concepts, opinions, philosophies etc

Price – Capturing value for the good which customers are willing to trade for that good/ service.

- Price includes money, time and energy. Hence not necessarily monetary.

Place – Delivering value

- Making the product available to the right customers
- Deals with marketing channel management and retailing.

Promotion – Communicating value for the good/service

- Marketers informs, persuades and reminds potential buyers about a product to influence their opinions and elicit response.
- Enhances the product’s perceived value

Marketing Performed by individuals and organisations

B2C – Business to consumer

B2B – Business to Business, selling of equipment, manufacturer to retailer.

C2C – Consumer to consumer, i.e. Second handed good and merchandising (eBay, amazon etc).

Helping in creating value – marketing has changed a lot over the last century:

- Production-oriented era** (Pre1920) – it was believed that ‘a good product will sell itself’, manufacturers were not concerned with consumer needs and wants.

- **Sales-oriented era** (1920 – 1950) - due to the Great Depression and WWII, customers change to consume less or produce items themselves, thus firms had excess stock, so they depended on aggressive sales to stay afloat.
- **Market-oriented era** – after the war effort, manufacturer began to refocus on consumer produces and developed economies entered a buyer’s market, where the consumer was at the centre – the beginning of marketing.
- **Value-based marketing era** – firms recognised that good marketing is about understanding consumer needs and wants, and about creating value – the benefits to consumer for the price they pay.

§ Value driven Marketing firms

Firms become value driven in four ways

- **Sharing information** – Information needs to be shared between various departments of a firm (and possibly with other firms, e.g. transportation and supply companies), so others know what is happening
- **Balancing benefits with costs** – utilising available customer data to find opportunities to better satisfy individuals’ needs and wants, so consumers feel the benefits of an offering balances its cost
- **Building benefits with costs** – recently, firms have developed *rational orientation* (philosophy that buyers and sellers should develop a long-term relationships) using customer relationship management (CRM) to collect information on customers, e.g. Apple ensures backwards-compatibility on products to create long-term relationship.
- **Connecting with customers using social media and technology** – embracing technology allows a company to connect with its customers and can be adopted into marketing strategy. Statistics show users of social media remain loyal to a certain firm and can help spread the word about its products

§ Importance of Marketing

Marketing has shifted from an after-thought of production to a major business function. Marketing is important for the following reasons:

- Expands firms’ global presence – the best trends disseminate rapidly around the world, this increasing the presence of a brand globally.
- Pervasive across marketing channel members – a group of firms that produces and sells goods is called a marketing channel or supply chain, and management within the supply chain often has a marked increase in the firm’s ability to satisfy customers
- Enriches society – many top companies engage in good corporate citizenry, as strong social orientation is a sound strategy that is in both consumers’ and firm’s best interest
- Can be entrepreneurial – it is at the centre of new ventures, and many entrepreneurs launch ventures to satisfy unfilled needs in the marketplace

End Chapter 1

§ Digital Strategy

Several kinds of applications have been developed to better market goods to mobile customers.

The ways these websites and apps work is based on the 4E Framework:

- Price check apps – products can compare prices online to see if better deals are available
- Fashion apps
- Location-based apps

It is important to engage customers through the following methods:

- Listening and responding – reviews of goods and services
 - Involving – encouraging customers to post reviews (which involves them into the marketing campaign)
 - Empowering – the company lets the consumer create a level of customer service or product co-creation
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§ Customer Data Management

Social CRM is a strategic approach to marketing involving managing, analysing, knowing and interacting. Virtual worlds play an important role in modern marketing, as they create an experience beyond the 2D world, turning it into a 3D interactive flow effect experience. Digital marketing continues to advance rapidly, and will continue to be the largest field in marketing

End Chapter 2

C3 – Marketing Ethics, Sustainability and CSR

§ Ethics

Business ethics – Refers to a branch of ethical study that examines ethical rules and principles within a commercial context, the various moral or ethical problems that might arise in a business setting, and any special duties or obligations that apply to persons engaged in commerce.

Marketing ethics – Refers to those ethical problems that are specific to the domain of marketing.

The Australian Marketing Association (AMA) indicates that basic ethical values marketers should aspire to include the following: honesty, responsibility, fairness, respect, openness and citizenship.

§ Ethical issues associated with marketing decisions

Marketing is a profession that is generally ranked as being unethical, however many firms work hard to ensure their brands are seen as fair and ethical in the eyes of consumers. Creating a strong ethical climate in the workplace includes having a set of values that guides decision making in marketing.

Ethical climate – Set of values within a marketing firm or in the marketing division of a firm, that guide decision making and behaviour.

§ Framework for ethical decision

People often act unethically in extenuating circumstances, where they want to better themselves in the short run. The reasons behind this can be complicated. Corporate social responsibility (CSR) is about the voluntary actions a business takes to address social, ethical and environmental impacts of its operations. There is a difference between this and ethical business practice – CSR means going above and beyond the corporate ethical behaviour.

A simple ethical framework for decisions is as follows:

1. Identify issues
 2. Gather information and identify stakeholders
 3. Brainstorm alternatives
 4. Choose a course of action
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§ Integrating Ethics into marketing strategy

Integrating ethics is not straightforward. Ethics need to be considered at different stages of a marketing planning process:

- **Planning phase** – ethics is introduced at the beginning of the planning process by using ethical statements in the firm's mission
- **Implementation phase** – done when firms are identifying markets and ways to deliver the 4Ps
- **Control phase** – evaluation on the actions of employees or the firm in general to check whether the ethical considerations raised in the planning process were actually addressed

§ Corporate Social Responsibility

For companies that embrace CSR, they appeal to shareholders but also important stakeholders:

- **Employees** – firms focus on outreach for employees and their families, providing them with benefits (e.g. insurance) while also treating them fairly, earning a good reputation for the firm and encouraging greater business
- **Customers** – showing respect for customers (e.g. protecting online privacy, promoting community initiatives) is able to raise awareness of local issues and are seen as developing high levels of social responsibility
- **Marketplace** – when a single firm leads the way in CSR, other firms must follow in order to sustain a reputable image and to encourage customers that the business is still ethical. Thus, companies are advantaged for being on the cutting edge of CSR effort
- **Society** – firms cannot ignore society in what they do (BP oil spill severely tarnished their brand image and future profits) and thus companies should take on public responsibilities as most of society expects them to do so

End Chapter 3