

*Spring 2018*

# 24108 Marketing Foundations

University of Technology Sydney

**Topics:**

- The role of marketing
- Strategic marketing and planning
- Market research
- Customer behaviour
- Market segmentation, targeting and positioning
- Products and pricing
- Distribution channels and placement
- Integrated marketing communications and electronic marketing International marketing, compliance and ethics

## WEEK ONE

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- **L1: Introduction to Marketing; The Marketing Environment and Market Analysis**
- **Readings: Elliott, Ch. 1 & 2**

### **What is marketing:**

- Marketing is not just the advertising of a product or service.
- It is a process where the market is put at the centre of all decision making.
- It encompasses the creation, communication exchange and delivery of things which are valued by customers, as well as by partners, clients and society.
- Marketing has evolved over time through:
  - Trade
  - Product orientation - this is where the product was produced by firms and so consumers bought them. The desires of customers were not taken into consideration.
  - Sales orientation - this is where products would be created and then advertised as a way to sell to consumers. In a sense this would encompass more the creation of needs upon customers rather than creating what a customer actually wants.
  - Societal market orientation - this is where the market is considered during all aspects of the product design.
- Marketing is a continuous process, as consumer wants and needs are constantly changing.
- Marketing exchanges - these occur when both / multiple parties are able to trade something of value to one another, while meeting each other's quality and pricing expectations.

### **The market:**

- Markets refer to a group of people, and businesses often break the entire market of consumers down into smaller groups to be able to tailor specific marketing tactics to them.
- Geographical markets refer to the specification of a market all within the same geographical location or region. This type of market is important to look at when looking at product design, as some consumers, for example rural based customers, may not have the same needs as city based customers.
- Product markets refer to markets of specific groups of products.
- Demographic markets refer to markets based on age, gender, religion, race, and other factors that may influence a purchase.

### **Corporate social responsibility:**

- CSR is a good marketing technique to appeal to society and show consumers how ethical or environmentally sustainable they are as a business.
- This can make customers more likely to purchase a product, as they believe the business cares and by purchasing from them they are also making a difference.

### **Stakeholders:**

- Businesses need to consider the members of society affected by their business when designing a business model / product or service, as support from stakeholders is critical to the success of a business.
- Stakeholders include, but are not limited to:
  - Owners - the people investing money into and running the business. Owners need to be satisfied by the business in terms of sufficient revenue and good work ethic.
  - Employees - people employed by the business to work full time or part time. Employees need to feel as though the business treats them well, as well as provides them with meaningful work.

- Customers and clients - consumers need to feel as though the business cares about them, and is providing a satisfactory good / service that is of value and worth the cost.
- Partners - business partners need to see that the business is successful in order to continue investing time, effort and money into partnering with the business
- Government - the business must abide by government laws and regulations in order to stay in business.

**The triple bottom line:**

- The triple bottom line sees the business incorporate social, environmental and economic initiative into their business direction so to ensure the success of the business both financially, as well as sustainably within society.
- It is important for a business to engage in social work and initiatives, such as supporting local suppliers and fair trading so to gain the support of stakeholders and subsequently retain a spot in the market.
- Environmental sustainability is important for businesses to engage in so to show the general public that they care about creating a minimal impact and reducing carbon footprint. Businesses could also engage in environmental work by reducing energy wastage and non renewable energy, minimise climate change agents, use sustainable packaging, recycle and source produce locally.
- Economic focus is also essential so to ensure a business's future development, and engaging in the other two factors of the triple bottom line can actually assist in this, such as the saving money by reducing energy use.

**The marketing mix (4 P's):**

- Product:
  - The product needs to be tailored to the needs of the consumer
  - Branding needs to correctly portray the businesses message and direction
  - Packaging can be used as a marketing tool of the product to convince customers to purchase something. E.g a finer packaging can convince customers that a product is one of luxury.
- Price:
  - The pricing of a product has a strong influence over whether customers will buy it or not, and businesses need to be careful to place their pricing at a point that is not too high to drive away potential sales, but not too low to miss out on making a higher amount of revenue.
  - Strategies including cost, market and competition based pricing methods can be used as marketing tactics in regards to price, as well as price skimming, penetration, loss leaders and price points.
  - The price of a good or service should also accurately match its quality.
- Promotion
  - The advertising of products should be done in a way that boosts sales and convinces consumers to buy.
  - Tactics used here include personal and relationship selling, sales promotions, publicity and PR, as well as the use of opinion leaders.
- Place:
  - Distribution channels need to be considered in the marketing of products.
  - Storage and transportation as well as inventory should also be considered by the marketing team.

**The marketing environment:**

- The marketing environment refers to both internal and external influences over the marketing of a good or service.
- Environmental analysis' can break down the marketing environment to better understand subsections of the environment, rather than just looking at the environment as a whole.
- Internal environment:

- The internal environment refers to the parts of the business that work to develop marketing tactics for products and services, and is very much in control of the business.
- Everything happening within the organisation is considered the internal environment, as changes can be made at any time by the business itself.
- A business should evaluate its strengths and weaknesses in a SWOT analysis when working to improve the internal environment, as the strengths and weaknesses look at what a business does well and what they could improve on without the influence of the external environment.
- External environment:
  - The external environment refers to the influences that a business cannot control, however influences which are important to identify and adjust with so to ensure the success of the business.
  - A business should evaluate its opportunities and threats in a SWOT analysis when working to effectively work with the external environment, as the opportunities and threats look at what a business could gain from the external environment, and what they should be cautious of.
- The micro-environment:
  - This refers to influences that occur within just a business' industry, and while it is still not the internal environment due to one individual business not have full control over it, it is not as drastic as the external environment, and business can still work to influence the micro-environment.
  - It is important for marketing teams to analyse the micro-environment so to understand present and future desires of the market.
  - The micro-environment includes:
    - Customers and clients
    - Partners (firms, retailers, suppliers, etc.)
    - Competitors
- The macro-environment:
  - This refers to the bigger and less controllable factors of the market, such as:
    - Political forces
    - Economic forces
    - Sociocultural forces
    - Technological forces
    - Environmental forces
    - Legal forces

**Situational analysis:**

- It is important to analyse the market to develop adequate marketing tactics.
- Businesses need to plan in advance to create a clear path from their current placement in the market to their desired placement in the market.
- SWOT analysis' are used to identify positives in the business as well as negatives to ensure the business has a good view on their position in the market.

## WEEK TWO

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- **L2: Market Research**
- **Readings: Elliott, Ch. 3**
- **T1: Introduction to Marketing and the Marketing Environment**

### **Market Research:**

- Helpful in understanding the customers
- Good market research can help improve the business
- Cost of market research needs to be compared to the benefits of market research, as it is expensive
- Need to assess how consumers think about your company - what is the company / brand image
- Important to understand the needs and wants of customers
  - Understand: Exploratory research, interview and focus groups are all helpful in understanding what consumers are thinking
  - Create: Market research finds what product modifications are necessary, which are then created and developed in the creation of the product
  - Communicate: Advertising is one aspect of communication, Finding out what means of communication is best for the consumers - e.g. social media is a helpful communication tool for a younger audience. If you have advertised for a long time, advertising is not necessarily a marketing tool - maybe a warranty or promotion is better (some kind of sales promotion)
  - Deliver: Deciding where to advertise e.g. Selling online or in a physical store. The product must be available to different customers
- Market segmentation - breaking down the market into smaller groups
- Sales performance - understanding why sales did not perform as expected
- Product
- Distribution
- Promotion - sales promotions
- Pricing
- Attitudes and behaviours - market research helps understand what consumers think about a service

### **Five major components:**

- The research problem first needs to be outlined and defined
- Research methodology needs to be designed in a way that will most effectively provide the business with necessary information
- Collecting data
  - An online link, face to face paper survey - whatever the means needs to be articulated.
- Data then needs to be analysed, and conclusions drawn
- Data should be recommended and presented
  - Information is only useful in the way that you are able to do something with it.

### **Prior to market research:**

- The relevance, timing and need for new information and research needs to be considered - a business should ask itself if it is the right time for market research, and what they are hoping to gain from conducting effective market research. Businesses should ensure research is conducted in a timely manner.
- Businesses should also be looking at the availability of resources prior to conducting market research - will it be worthwhile?
- A cost-benefit analysis should be conducted prior to market research is undertaken to weigh up whether the projected gains of conducting the research will outweigh the expenses associated with the research.
- Businesses should also ensure the implementation of market research is ethical so to ensure the prevention of backlash from society. Research should not be conducted in a way that will get into the

consumers head. It should be conducted with sensitivity. It would also be unethical to try and sell a product to the people in the survey - it should not be used to make money.

**Market research brief:**

- The research brief needs to be clear and outline all appropriate features, inclusive of budget and conditions.
- The specificity of the issue will determine how specific the solution is.
- Briefs should look at timing and budgetary restrictions, and include a reporting schedule to ensure planning is stuck to.
- Briefs are generally inclusive of:
  - Executive summary which provides an overview of the issue at hand, as well as the business background
  - Introduction which outlines the issue further as well as what research will be put forth
  - Background will delve into the specifics of the issue, covering all aspects of the problem
  - Problem definition will look at what questions are to be looked at.

**Types of research:**

- Exploratory research:
  - This research is broader, and looks at the bigger issue as a whole. It aims to research a bigger and more loosely defined market in order to gain a general idea about the issue
- Descriptive research:
  - This research looks at a very specific issue, and is able to solve well defined and clearly outlines problems.
- Casual research:
  - Tests a hypothesis to see if it is true
- Research can be designed in a way that looks at the population (the entire group of people involved), a or sample of the population.
  - Sampling is inclusive of probability sampling, non-probability sampling, and identification of the sampling error.

**Data types:**

- Primary data - refers to data that has been collected from the source - this is used to look at the current market, and is useful for businesses to understand the ever changing nature of the market
- Secondary data - Looking at data collected by others - good for businesses to understand past market trends in order to predict the current and future trends of the market. This information is already available, and therefore easier to attain.
- Data mining - This is where large sets of data are analysed and looked at to identify and potential trends or patterns.

**Quantitative vs qualitative research:**

- Quantitative research refers to research that can be collected numerically, as well as ordered. It is easy to analyse and identify.
- Qualitative research looks at deeper and richer information provided by consumers, and is good when looking at specific ideas and ways to innovate products to become more suited to the consumer.

**Reporting:**

- Once data is collected and analysed, it should be written and recorded in a way that allows marketers to use the research for process design.