

24108 Marketing Foundations

Lecture 1: The Marketing Environment and Market Analysis

- Marketing – 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
- Marketing improves business performance:
 - Better profits, sales volumes, market share and return on investment
 - Marketing drives economic growth; marketers play a role in stimulating consumer demand
- Evolution of marketing over past 100 years:
 - Trade → production orientation → sales orientation → market orientation → societal market orientation
- Marketing is an ongoing process- customer preferences are continually evolving
 - Best marketers are able to offer something that is unique or special to consumers
- Marketing Exchange: the mutually beneficial transfer of offerings of value between the buyer and seller
 - Two or more parties, each with something of value desired by the other party
 - All parties must benefit from the transaction
 - The exchange must meet both parties' expectations (eg quality, price)
- Value: a customer's overall assessment of the utility of an offering based on perceptions of what is received and what is given
 - $\text{Value} = \text{Quality} / \text{Price}$
 $= \text{Benefits expected} / \text{benefits received}$
 - Value refers to the total offering. It evolves continually and is unique to each individual
- The Market: a group of customers with heterogeneous (different) needs and wants:
 - Geographic, product, demographic markets etc
 - Customers – purchase G&S for their own or other people's use
 - Consumers - use the GorS
 - Clients – 'customers' of the products of not-for-profit organisations
 - Partners – all organisations or individuals who are involved in the activities of the exchange process
 - Society – a body of individuals living as members of a community

Ethics and Corporate Social Responsibility

- Ethics – a set of moral principles that guide attitudes and behaviour
 - Responsible companies implement their own codes of conduct
- Laws & Regulatory bodies govern the conduct of individuals and organisation behaviour, ensuring actions are beneficial or at least acceptable to society
 - Eg Trade Practices Act, the ACCC, NZ's Commerce Commission
- CSR: businesses have an obligation to act in the interests of the societies that sustain them
- Stakeholders – individuals, organisations and other groups that have a rightful interest in the activities of a business
 - Owners, employees, customers, clients, partners, government

The Marketing Mix

- Marketing mix – a set of variables that a marketer can exercise control over in creating an offering for exchange
- 4 P's: Product, Price, Promotion and Place (distribution)
 - Additional P's: people, process, physical evidence
- Product – a good, service or idea offered to the market for exchange
 - Brand – a collection of symbols creating a differentiated image in the customer's mind
 - Demand – a want (non-necessary desire) that a consumer has the ability to satisfy
 - Good – a physical (tangible) offering capable of being delivered to a customer
 - Service – an intangible offering that does not involve ownership
- Price – the amount of money a business demands in exchange for its offerings
 - Willingness to pay – what customers are prepared to give in return for what they get
 - Pricing decisions must consider: production, communication, distribution costs, required profitability, partners' requirements, competitors' prices
- Distribution (place) – the means of making the offering available to the customers at the right time and place
 - Logistics – that part of the marketing process concerned with supply and transport
 - Supply chain – the parties involved in providing all of the raw materials and services that go into getting a product to the market
- Promotion – marketing activities that make potential customers, partners and society aware of and attracted to the business's offering
 - Products may be already established, modified, new or a form of information or education
 - Eg advertising, loyalty schemes, sales promotions, product trials, PR campaigns, personal selling efforts

The Marketing Environment:

- All of the internal and external forces that affect a market's ability to create, communicate, deliver and exchange offerings of value
- Environmental analysis – a process that involves breaking the marketing environment into smaller parts in order to gain a better understanding of it
- Internal environment – the parts of the organisation, the people and the processes used to create, communicate, deliver and exchange offerings that have value
 - The organisation can directly control its internal environment
 - Strengths and Weaknesses = Internal factors that affect the organisations' ability to compete in the market
- External environment – people and processes that are outside the organisation and cannot be directly controlled

