

# Marketing

## Week 1

### 1. Overview of Marketing

#### 1.1 define the role of marketing in organisations

**Marketing** – the activity, set of institutions and processes for creating, communicating, delivering and exchanging offerings that have value for customers, clients, partners and society

**Marketing plan:** document composed of an analysis of current marketing situation, opportunities and threats for the firm. It also specifies **marketing objectives** and strategies specified in terms of price, place, product and promotion

- i.e. specifies marketing activities for a period
- split into how product is conceived or designed, how much it should cost, where and how it'll be promoted, and how it'll be delivered to the consumer

#### Core Aspects of Marketing

1. Marketing is about satisfying customer needs and wants
2. Marketing entails an exchange
3. Marketing requires product, price, place and promotion decisions (marketing mix, 4P)
  - **Product:** creating value
  - **Price:** capturing value
  - **Place:** delivering value
  - **Promotion:** communicating value
4. Marketing can be performed by both individuals and organisations: **B2B, B2C, C2C**
5. Marketing impacts various stakeholders
  - Not just the facilitation of the sale to customers but also impacts supply chain partners, society as stakeholders
6. Marketing helps create value
  - **Production-oriented era** (1900s): a good product will sell itself, concerned with product innovation, not with satisfying needs of individual consumers
  - **Sales-oriented era** (1920 – 1950): productive and distribution techniques became more sophisticated, history conditioned customers to consume less or make items themselves ← manufacturers had the capacity to produce more than the what consumers wanted or were able to buy thus firms depended on aggressive selling e.g. personal selling and advertising
    - E.g. aggressive selling and TV advertising tactics
  - **Market-oriented era** (post WWII): manufacturers turned war efforts into making consumer products developed economies entered the buyers' market, consumers began to make purchasing decisions based on quality, convenience and price, marketing was discovered here]
    - A growing focus on meeting customer needs and wants
  - **Value-based Marketing era** (now): firms attempt to discover and satisfy their customers' needs and wants
    - Value reflects the relationship of benefits to costs
    - **Value co-creation:** customers act as collaborators in creating the product

#### Marketing Mix (4Ps)

<b>Product</b>	— creating value — fundamental purpose is to create value to elicit exchange between parties — includes: goods (shoes), services (nail salon) and ideas (anti-smoking ads)
<b>Place</b>	— delivering value

	<ul style="list-style-type: none"> <li>— refers to all the activities necessary to make the product available ready for customer's use</li> <li>— commonly deals with deals with retailing and marketing channel management</li> <li>— <i>Marketing Channel Management</i>: supply Chain Management, set of approaches and techniques that firms employ to efficiently and effectively integrate their suppliers, manufacturers, warehouses, stores and other firms involved in the transaction into a seamless value chain in which products is produced and distributed effectively and at a lower cost</li> <li>— without a strong marketing channel management, merchandise is not available when consumers want it which makes profits and sales suffer</li> </ul>
<b>Price</b>	<ul style="list-style-type: none"> <li>— capturing value</li> <li>— everything consumer gives up in exchange for a product (money, time and energy)</li> </ul>
<b>Promotion</b>	<ul style="list-style-type: none"> <li>— communicating value</li> </ul>

## 1.2 explain the concept of value in marketing

### how do marketing firms become more value driven?

firms become **value driven** by focusing on 4 activities:

#### 1. share information

- Marketers share information about customers and competitors and integrate it across the firm's various departments

#### 2. strive to balance their customers' benefits and costs

- Use available data to find opportunities to better satisfy their customers' needs, keep costs down and develop long-term loyalties
- E.g. IKEA's low prices, simple designs → customer's self-assembly

#### 3. concentrate on customer relations

- Marketers have begun to develop a relational orientation (a method of building a relationship with customers based on the philosophy that buyers and sellers should develop long-term relationships)
- **Customer Relationship Management (CRM)**: a business philosophy and set of strategies, programs and systems that focus on identifying and building loyalty among the firm's most valued customers
- Firms that employ CRM systematically collect information about customers' needs and use that to target their best customers w/ products

#### 4. take advantage of new technologies e.g. connect with customers via social media

- Approx. ¾ of US companies now use social media tools for marketing purposes and 46% of internet users worldwide interact with social media on a daily basis

## 1.3 understand why marketing is important, both within and outside the firm

- **Marketing Expands Firms' Global Presence**
- **Marketing is Pervasive Across Marketing Channel Members**
  - **Supply chain**: the group of firms that make and deliver a given set of g & s
  - Every time materials or products are brought or sold, they are transported to a different location, which sometimes requires that they be stored in a warehouse operated by yet another organisation
    - Such a group of firms → supply chain (another name for marketing channel)
  - **Marketing channel**: the set of institutions that *transfer the ownership* of, and move goods from, the point of production to the point of consumption → consists of all the institutions and marketing activities in the marketing process
- **Marketing Enriches Society**
  - **Socially responsible firms** recognise that including a strong social orientation in business is a sound strategy that is in both its own and its customers' best interests
  - E.g. Ben & Jerry's ice cream

- **Marketing Can Be Entrepreneurial**

- **Entrepreneur:** a person who organises, operates and assumes the risk of a new business venture
- E.g. Oprah Winfrey

**marketing channel:** The set of institutions that transfer the ownership of, and move goods from, the point of production to the point of consumption; consists of all the institutions and marketing activities in the marketing process

1. impacts the business
2. impacts the customer
3. marketing expands firm's global presence
4. marketing is pervasive across marketing channel members
5. marketing enriches society (corporate social responsibility)

### 3. Marketing Ethics, Sustainability and CSR

#### 3.1 identify the ethical values marketers should embrace

— primary ethical dilemma of managers: balancing **shareholder interests with societal needs**

— **scope of marketing ethics:**

- **business ethics:** moral or ethical dilemmas that arise in business setting
- **marketing ethics:** examining ethical dilemmas related to marketing specifically

— the Marketing Association of Australia and New Zealand (MAANZ) has a code of ethics

— Australian Competition and Consumer Commission (ACCC) key regulatory body

— **Short-term goals of each employee must align with the firm's long-term goals**

#### 3.2 distinguish between ethics and social responsibility

**ethical climate:** set of values within a marketing firm, or in the marketing division of any firm, that guide decision-making and behaviour

**corporate social responsibility (CSR):** voluntary actions by a company to address the ethical, social and environmental impacts of its business operations and the stakeholders' concerns

- Originally CSR was predominately just applied to how the firm made its products but now it has expanded in definition and application
- A firm creates a strong ethical climate in a marketing division by having a set of values that guides decision-making
- being **socially responsible** (donating a lot of profits to charity) is impacting the society positively which is different to **ethical corporate behaviour** (sourcing materials from sustainable sources)
- you can be either or both or neither

#### 3.3 identify the **four steps in ethical decision-making**

1. Identify Issues
2. Gather Information and Identify Stakeholders
3. Brainstorm and Evaluate Alternatives
4. Choose a Course of Action

## Ethical Decision-Making Metric

1. The Publicity Test
  - would I want the public to know?
2. The Moral Mentor Test
  - would I want someone I admire do this?
3. The Admired Observer Test
  - would I want someone I admire see me do this?
4. The Transparency Test
5. – can I clearly explain what I'm doing?
6. The Person in the Mirror Test
  - would I be able to look myself in the mirror?
7. The Golden Rule Test
  - would I want to be on the receiving end of this action and all its potential consequences?

3.4 describe how ethics can be integrated into a firm's marketing strategy

### Integrating Ethics into Marketing:

#### 1. Planning Phase

- Introduce ethics at **beginning** in the mission/vision statement
- In this phase, managers must also react to change such as the emergence of new technologies, which ensures that new ethical issues continually arise
- **SWOT analysis:** a planning exercise in which managers identify organisational strengths, weaknesses, environmental opportunities & threats

#### 2. Implementation Phase

- firms identify potential markets and ways to deliver 4Ps – may lead to changes in unethical behaviour
- in this phase, ethical issues can occur in:
  - targeting
  - segmentation

#### 3. Control Phase

- managers must be **evaluated** on their actions from an ethical perspective
- systems must be in place to check whether each potentially ethical issue raised in the planning process was actually successfully addressed
- in this phase, ethical issues relates to performance evaluation can arise

3.5 describe the ways in which corporate social responsibility programs help various stakeholders

**Corporate Social Responsibility** (examples): Nike → minimise environmental footprint, transform manufacturing and invest in human potential → appeals to both shareholders and stakeholders

- **appeals to both shareholders & stakeholders** when CSR is embraced
  - employees → safe working environment, fairness and equality, happy employees should give outstanding service to their consumers and earn a good reputation for the business
  - customers → respect privacy and security, donate old goods
  - marketplace → partners and competitors try to follow otherwise they'll be in negative light