

Sample MKTG1001 Notes (From Lecture 1)

Dear Amy

I am writing to congratulate you on your academic achievement in Semester 1, 2015. I am pleased to advise that you placed among the top three students in one of your units of study:

- In MKTG1001: Marketing Principles, you placed equal 3rd out of 424 students with a grade of 86.

The Business School is committed to providing a university education that is at the cutting edge of knowledge, is intellectually rigorous, and has contemporary and professional relevance. Our undergraduate student body comprises of high-achieving local and international students.

Your achievements are particularly outstanding given the high calibre of your peers.

Sincerely,



Market-ing

- **Market:** The set of all actual & potential buyers of a product. They share a particular need or want that can be satisfied through exchange relationships → collection of consumers
- A market= Actual buyers + potential buyers
- Modern economies have many markets e.g. labour market- everyone seeking work/are employed, housing market- everyone looking for a house
- *Marketing* means managing markets to bring about exchanges for the purpose of satisfying human needs & wants
- Things a market require: a buyer, a seller, an exchange, information & knowledge, something which is exchanged, potential for mutual benefit

Elements of a Marketing System:

- For marketing to be operationalized you need:
 - Consumers
 - Marketing intermediaries e.g. retailers, woollies & Coles are example of major ones (they're duopolies) → they help you push product closer to consumer, more accessible
 - Competition/Competitors
 - Suppliers

Core marketing concepts:

- Make up the marketing body
- Needs, wants & demands → market offerings → value, satisfaction & quality → exchange, transactions & relationships → markets

Market offerings: Goods, services & experiences

- Market offering: a product that is some combination of goods, services & experiences that can be offered to a market to satisfy a need or want → product that you offer & market
- Product in marketing is anything you can offer to market place for attention/consumption/acquisition purposes → doesn't have to be a physical thing
- Market offerings include: goods, services/experiences, persons, places, organisations, information, ideas → v expansive

Market offerings: Products, services & other market offerings

- Services: hairdressers, schools, banks etc
- Products & brands: bananas, Heinz, shampoo
- Social causes: Quitline offers smokers with options about how to quit smoking

Product:

- Anything that can be offered to a market for attention, acquisition, use or consumption that might satisfy a want or need. It includes physical objects, services, persons, places, organisations & ideas
- Customer needs & wants are fulfilled through market offerings (i.e. product)
- Example when product meets a need: Tired & stressed → several products may meet the same need e.g. sleep, exercise, coffee, coke, energy drink, dinner out
- All humans have needs → Marketers can't influence needs but they can influence what you choose to satisfy those needs/wants
- Whole logic of needs is based on utilitarianism → we get hungry, tired etc. → we need to satisfy those needs

Key Concepts:

- Marketers need to understand customer needs, wants & demands and the marketplace within which they operate
- Human needs are the most basic concept underlying marketing
 - When a need isn't satisfied → a person will either try to reduce the need or look for an object/way that will satisfy it
 - Marketers *stimulate* rather than create these needs, they are part of human make up. → marketing can't really make you want to eat more/ can't create the needs but definitely can influence your wants, like I want maccas when hungry
- Wants are the form taken by human needs & are shaped by culture and individual personality
 - How they satisfy the need= the want e.g. need to eat → burgers or noodles
 - Marketers can influence the wants but not so much the needs
 - Marketers try to provide more want-satisfying goods & services
 - A hungry person in HK may want something else than a hungry person in Aus bc each person will think of diff objects to satisfy this need
- Demands are human wants that are backed up by buying power.
 - E.g what does consumer demand from that want? What do they expect from the burger or noodles?
 - Customers view products as *bundles of benefits* and choose the products that give them the best value for money
- The want-satisfying power of a good/service is what economists call utility

Designing a customer-driven marketing strategy:

- To design a winning marketing strategy, the marketing manager must answer 2 important questions

- What customers will we serve? (i.e. who is our target market?) → who are our customers? Who and what are they like, young/old/middle aged, where are they located, what are their shopping patterns like, what media do they engage most in
- How can we serve these customers best? (i.e. what is our value proposition?) → how will we serve our customers?

Creating customer value:

- Marketing is all about creating value for customers. So the organisation must fully understand consumers & the marketplace in which it operates
- Value doesn't always refer to cheap things in marketing → consumers aren't always looking for the cheapest things
- Process: understand the marketplace & customer needs/wants → design a customer-driven marketing strategy → construct an integrated marketing program that delivers superior value → build profitable relationships & create customer delight

Customer value:

- The difference between the values the customer gains from owning & using a product and the costs of obtaining the product → This value is perceived by the customer
- Value isn't about value for money but perceived value → how the consumer constructs value, what value means to them (diff for each person)

The value proposition:

- The marketing organisation's value proposition:
 - **Is** the set of benefits of values that is promises to deliver to customers to satisfy their needs
 - **Should** differentiate brands and position them in the marketplace
- E.g. Panadol's value proposition is that it's effective on pain, gentle on stomach
- E.g. Herron's value proposition- Australian owned but both have same ingredient of Paracetamol
- E.g. Neurofen's value proposition- strong pain, highly effective on inflammation, targeted pain
- All 3 brands use diff value propositions to differentiate themselves from other competitors operating in the same market of pain killers

Exchange, Transaction & Relationship:

- Exchange is the act of obtaining a desired object from someone by offering something in return
- Transaction is a trade between two parties that involves at least two things of value, agreed-upon conditions and a time & place of agreement
- Relationship marketing- the process of creating, maintaining & enhancing strong, value-laden relationship with customers & stakeholders
- Difference between exchange & transaction is that a transaction involves a unit of value. An exchange may not necessarily do so.
- Example: there's exchange bc we have a market, but in a non-profit organisation/context, what is exchanged? There's no monetary transaction e.g. donating blood to Red Cross, the exchange is out of good will (helps people), not monetary

Managing customer demand: Sources of demand

- A marketing organisation's demand/business comes from 2 groups:
 - New customers (potential customers) → consumers don't currently buy from you/buy from a competitor

- Repeat customers (existing customers)→ already buying from you/your brand
- These 2 groups make up a market includes non-profit organisations, businesses
- E.g. those who donate blood+ we need more people to donate= market
- To increase business/sales you have to get a) existing consumers to buy more frequently and/or b) get new consumers
- Marketing can influence demand
- Marketing (as a function) can influence behaviour e.g. purchase behaviour, voting behaviour→ in order to influence behaviour we must first understand the nature of demand for the product
- For a lot of products/services, the nature of demand is seasonal→ for some reason ppl don't want it all the time, demand can be up & down or cyclical or stable
- E.g. main demand for ice cream in summer/when it's hot→ not eaten much when its cold
- Need to understand the nature of the demand in order to influence it properly
- Marketing decisions:
 - Finding, increasing & retaining demand
 - Changing or reducing demand

Managing customer demand: Different types of Demand: (see textbook)

- Need to understand what kind of demand you're dealing with (is this something ppl always want? Is it something they only want in parts of the year? Is it something ppl don't want at all?)→ will help you strategise what's the most appropriate marketing tool to help you market the particular product
- Negative demand- market is in state of negative demand if a major part of the market dislikes the products & may even pay a price to avoid it e.g. vaccinations, dental work, gall bladder operations
- No demand- target consumers are unaware or uninterested in the product. Marketing task is to find ways to connect the benefits of the product with the person's natural needs & interests.
- Latent demand- many consumers share a strong need that can't be satisfied by any existing product. E.g. safer communities, more fuel efficient cars. Marketing task is to measure the size of the potential market & develop effective products & services that would satisfy the demand
- Declining demand- every organisation sooner or later faces declining demand for one or more of its products. Marketing task is to reverse the declining demand through creative remarketing of the product
- Irregular demand- many orgs face demand that varies on seasonal/daily/hourly basis, causing problems of idle or overworked capacity. E.g. public transport, museums, hospital emergency room, supermarkets less visited early in the week & understocked at the end of week. Marketing task is to find ways to alter the same pattern of demand through flexible pricing (early-bird specials), promotion & other incentives
- Full demand- orgs face full demand when satisfied with their volume of business. Marketing task is to maintain the current level of demand in the face of changing consumer preferences & increasing competition → note this is the ideal state of demand so you can easily plan how many products to make, stock etc, always a lot of demand for product but in reality that's not the state of demand for most products
- Overfull demand- some orgs face a demand level that is higher than they can/want to handle e.g. national park that has more tourists than the facilities permit. Marketing task (called demarketing) is to find ways to reduce the demand temporarily/permanently. Demarketing aims not to destroy demand but to reduce it to an appropriate level
- Unwholesome demand- unwholesome products will attract organised efforts to discourage their consumption. Marketing task is to get people who like something to give

it up, using tools such as fear messages, price hikes & reduced availability e.g. smoking campaigns