

Marketing Foundations

24108 ('A' grade)

From a 91 student who scored 39.26/40 in the final exam. One of the best notes I've made so far: concise, up-to-date and all you need to know for the exam. REFER to my tips on the next page. (From Spring 2020).

Contents:

EXAM INFORMATION:	2
Golden tips from me for the exam:	2
Group report:	2
1 Introduction: (CH1+2)	7
Discuss the importance of ethics and corporate social responsibility in marketing:	8
DISCUSS HOW MARKETING IMPROVES BUSINESS PERFORMANCE, QUALITY OF LIFE AND BENEFITS SOCIETY:	8
DESCRIBE THE MARKETING ENVIRONMENT AND THE PURPOSE OF ENVIRONMENTAL ANALYSIS:	8
EXPLAIN THE FACTORS AT WORK IN THE INTERNAL ENVIRONMENT:	9
UNDERSTAND THE IMPORTANCE OF THE DIFFERENT MICRO-ENVIRONMENTAL FACTORS:	10
OUTLINE THE DIFFERENT TYPES OF MACRO-ENVIRONMENTAL FORCES	10
CONDUCT A PRELIMINARY SITUATIONAL ANALYSIS	10
2 Market Research: (CH3)	11
3.2 Clearly define a research problem to guide a market research project, and prepare a research brief	12
3.3 Outline the issues in research design, including the role of primary and secondary data, and the uses of quantitative and qualitative research	12
3.4 Understand the key principles of data collection and analysis, and the subsequent reporting of market research findings to inform marketing decisions.	15
3 Consumer Behaviour (CH4)	17
4.1 explain why marketers require a thorough understanding of consumer behaviour and its major influences	17
4.4 explain the general steps in the consumer decision-making process.	17
4.2 understand the major group factors that influence consumer behaviour	18
4.3 analyse the major individual factors that influence consumer behaviour	21
Psychological characteristics:	21
4 Markets: STP Segmentation, targeting and positioning CH6	24
The target marketing process (STP)	27
6.3 identify market segmentation variables for consumer and business markets, and develop market segment profiles	27
6.4 select specific target markets based on evaluation of potential market segments	29
6.5 understand how to effectively position an offering to a target market in relation to competitors, and develop an appropriate marketing mix.	30

5 Product: CH7	31
7.1 define ‘product’ and understand different ways to view and analyse products and product attributes	31
7.2 describe the product life cycle, new product development and the product adoption process	34
7.3 outline how an organisation can differentiate its products to obtain a competitive advantage	37
7.4 explain the value of branding and the major issues involved in brand management	37
7.5 describe the functional and marketing roles of packaging	39
7.6 Explain key aspects of product management and positioning through the product life cycle.	39
6 Price CH 8	40
8.1 understand the objectives that guide pricing strategies	41
8.3 describe the principles of pricing based on cost and revenue analysis	43
8.2 analyse demand to inform the development of an appropriate pricing strategy	44
8.4 explain the role of competitive analysis in determining pricing	45
8.5 appreciate the issues involved in pricing for business markets	47
8.6 understand how to manage prices as part of the marketing mix.	48
7 Promotion CH 9:	49
9.1 explain promotion (marketing communication) and its role in the marketing mix	49
9.2 understand the integrated marketing communications approach to marketing promotion and the major elements of the promotion mix	50
9.3 describe different types of advertising and the steps in creating an advertising campaign	51
9.4 outline the role of public relations in promotion	52
9.5 explain how sales promotion activities can be used	53
9.6 understand the nature of personal selling	54
9.7 discuss a range of marketing communication options additional to the traditional promotion mix.	55
8 Distribution CH10:	56
10.1 understand the concept of place and how distribution channels connect producers and consumers/ organisational buyers	56
10.2 describe the major activities involved in the distribution of goods	59
10.3 describe the major activities involved in the distribution of services	60
10.4 understand the major aspects of retailing	60

10.5 explain the role of agents and brokers in the distribution channel	62
10.6 explain the role of wholesalers in marketing distribution.	62
9 Services, Social and Not-for-profit marketing	63
11.1 Why is it important to know about services?	63
Difference between services products and service as the delivery of products	63
11.2 describe how to develop and manage an effective marketing mix based on the unique characteristics of services	64
11.3 appreciate the major challenges in the marketing of services.	66
14.1 discuss how social marketing aims to change behaviour for social good	67
14.2 understand the social marketing benchmark criteria	67
14.3 understand the three streams of social marketing	68
14.4 distinguish between social marketing, social advertising and other forms of marketing	68
SM is general, this specialises in providing information to improve population health	69
14.5 understand the nature of not-for-profit marketing.	69
10 Digital and International Marketing	70
12.1 identify digital marketing activities	70
12.2 explain the unique characteristics of digital marketing / e-marketing	71
12.3 explain specific digital marketing methods	72
12.4 appreciate ethical and legal issues relating to digital marketing	73
12.5 discuss the role of digital marketing in an overall marketing strategy.	74
13.1 understand the concept of 'globalisation' and its consequences for organisations seeking to engage in international marketing	75
13.2 discuss the political, economic, sociocultural, technological and legal forces at play in international markets	75
13.3 understand why and how organisations internationalise	75
13.4 explain how marketers create, communicate and deliver a product of value in an international market.	76
11 Data and analytics & Business Buying Behaviour	77
16.1 understand the concept of data-driven marketing	77
16.2 understand the value of big data	78
16.3 understand the data analytic techniques used in marketing	79
16.4 discuss some of the issues facing data analytics in marketing	80
5.1 explain the characteristics of different types of business markets	81
5.2 Understand the major issues involved in marketing to business customers.	82
Big Data in health care video:	82

1 Introduction: (CH1+2)

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

- Not described as the art of selling things to customers
- Marketing is philosophy that puts the society and customers at the heart of business decisions by thinking about what they want.

Over the past 100 years, marketing has evolved through the following stages:

- Trade - lack of product quantity and supply
- Production orientation - industrial revolution, marketing focused on mass production
- Sales orientation - where a lot of budget spent on advertising - Coke
- Market orientation - saturated market, important to explore/pioneer new markets by focusing on unmet needs and wants of consumers - Apple
- Societal market orientation - customers expect businesses to be more responsible to the society - Unilever

Evolution of the market and trends is ongoing even today.

But some things don't change, people throughout time have fundamental needs and wants.

- Important for a marketer to understand these for companies to adapt to.

Marketing process:

- Is an ongoing cycle that involves understanding the market to create, communicate and deliver an offering for exchange of value

Marketing involves the concept of exchange which is:

- The mutually beneficial transfer of offering of value between the buyer and seller
- Successful exchange has the following conditions:
 1. 2 or more parties must **participate**, each with something of value desired by the other party
 2. All parties must **benefit** from the transaction
 3. The exchange must meet both parties' **expectations** (e.g. quality or price)

Value: a customer's overall assessment of the utility of an offering based on **perceptions** of what is received and what is given (benefits vs price)

- Refers to the 'total offering' of a product: reputation, quality, features, price, ideals
- Value evolves continually and unique to each individual.

- testing promotional campaigns

- Videos, interview transcripts, lengthy narrative responses

Two major techniques of qualitative interview:

- Depth Interviews - one-on-one dialogue between 2 parties
 - Talking with consumers is a good way for marketers to gain insight about what they don't know. But need to ask the right questions
 - Easy to steer on *and off* the right track
 - BUT - expensive, time-consuming
- Focus group interviews:
 - Goal: more natural setting by asking them to have conversations on their own
 - Can elicit rich, deep, detailed information
 - Might get unprecedented answers (unexpectedly find something new through discussion - multiple perspectives)
 - BUT: Can be chaotic, needs good moderator

3.4 Understand the key principles of data collection and analysis, and the subsequent reporting of market research findings to inform marketing decisions.

Once a research project has been designed, it must be implemented in compliance with the design. This requires careful project management.

Population: all of the things of interest to the researcher in the particular MR project

Sampling: process of choosing members of the total population

Sample: the group chosen for study

- The aim is to achieve a sample that will give results that closely match those that would be obtained were the entire population studied.

Probability sampling: ensures that every member of the population has a known chance of being selected in the sample that will be studied

- I.e. One from each age group in a population

Non-probability sampling: provides no way of knowing the chance of a particular member of the population being chosen as part of the sample

- I.e. selecting whoever you meet, or a specific quota
- Less likely to be representative of the population
- Allow quicker data-collection and hence lower costs

Dissociative reference groups - are groups with which an individual does not wish to be associated or which the individual may wish to leave

- I.e. teenagers want to distinguish themselves from their parents

Opinion leader

- A group member who provides influential advice about a specific topic of interest to group members
- Plays a role of adoption of innovations and also diffusion
- individuals will be consulted, formally or informally, as being reliable sources of information about the values, attitudes and behaviours of the group
- Kylie Jenner expresses opinion, causing Snapchat stock to drop (6%)

Theory of diffusion of innovations:

- suggests that the influence of social groups on the decisions made by individuals determines the way and the rate at which new products and ideas are adopted and spread. Innovations are introduced and used by 'innovators'
- *two-step flow of communication* in which information can be directed to and focused on the opinion leader who, after adopting the innovation, will communicate the information to the broader population

Family:

- One of the most influential factors of many people's social groups
- Family life cycle: a series of characteristic stages through which most families pass
 - Young singles, marrieds, parenthood, post-parenthood, dissolution
 - Consider the product choices for these groups using the textbook (i.e. parenthood consider household products and baby products)

4 types of family consumption decisions:

Autonomic decisions: (subconscious) i.e. household products

Wife-dominant decisions: women still make the majority of household purchasing decisions

Husband-dominant decisions: A small range of products are traditionally purchased by men, including hard-ware and garage products

Syncratic decisions: purchasing decisions made by both husband and wife: superannuation

Pester power: children's influence on parent's purchasing decisions

- Snack choices, gaming consoles, holiday destinations

Roles and status:

- Each individual in society plays a number of roles.

- Restaurants will choose to offer a narrow menu, often based on a national cuisine, to a local market from a single location

Specialisation approaches **usually only succeed** if the following five conditions are met.

1. The market is characterised by a wide range of needs and product preferences.
2. Clear segments can be made
3. Market can be divided into those segments
4. Individual market segments, or product categories, are sufficiently large to be profitable
5. Organisation can reach those marketing segments

The target marketing process (STP)

1. Segment the market
2. Target specific areas in segment
3. Positioning your product within that segment

6.3 identify market segmentation variables for consumer and business markets, and develop market segment profiles

Market segmentation variables should be:

- Easy to measure and readily available
- linked closely to the purchase of the product in question (skis in snowy climate)

To ensure that segmentation is effective, segments should be checked against the following criteria: measurability, accessibility, substantiality and practicability

Market segmentation:

- Segmenting market based on criteria called segmentation variables

Two steps:

1. Identify market segmentation variables
2. Develop market segment profiles (so they can be assessed in next phase)

STEP ONE:

Segmentation variables: characteristics that buyers have in common that might be related to their purchasing behaviour

- Should be easy to measure and closely related to product
- 4 of them

Geographic segmentation: market segmentation based on variables related to geography

- Climate: heaters, coolers

- **Cannot take market share from the for-profit sector because they can't market!**

Overhead aversion NPO:

Researchers documented donors display “overhead aversion”:

- Donors want their money to be spent on actual problem solving (e.g. food items or medical equipment), rather than supporting operations (e.g. compensation for NPO people, logistics, advertising)
- It's important for NPOs to assure donors that initial funds have already covered overhead costs and that the additional donations will be used for actual problem solving

10 Digital and International Marketing

12.1 identify digital marketing activities

NPOs tend to have an influx of funds when there is some major event or advertising, so the challenge is to maintain promotion without being too reliant on external environmental events.

Digital marketing - the activities involved in planning and implementing marketing in the digital environment.

Examples:

- Behaviourally targeted ads
- Emails, texts about offers and surveys, website offers

Digital marketing - consumers:

Advantages	Disadvantages
<ul style="list-style-type: none"> • Convenience 	Inability to physically examine the product before purchase <ul style="list-style-type: none"> - colour of clothes <ul style="list-style-type: none"> - Augmented Reality (AR) trying to remedy this ('try on' the clothes)
<ul style="list-style-type: none"> • Efficiency 	Risk of privacy and lack of personal service.

Digital marketing - organisations:

Advantages	Disadvantages
<ul style="list-style-type: none"> ● Access to larger, entire global market 	<ul style="list-style-type: none"> ● Increased competition
<ul style="list-style-type: none"> ● Easier to collect and store info ● Reduced costs 	<ul style="list-style-type: none"> ● Growing consumer awareness of privacy concerns

12.2 explain the unique characteristics of digital marketing / e-marketing

Three main characteristics:

Profiling:

Learning more about existing and potential customers **prior** to purchase.

- Made easier through the rise of digital marketing
- Google Now knows better than you know yourself

Gain information about consumers through:

- Requiring registration to access a web site
- The use of 'cookies' on web sites: how often visit sites, which, when etc
- Competitions to win a product

Then, lots of information is usually stored in a database or data warehouse

	Advantages	Disadvantages
Customers	<ul style="list-style-type: none"> ● Convenient- reduced searches ● Higher satisfaction ● Interaction between salesperson and customer- customer service 	<ul style="list-style-type: none"> ● Become over-reliant ● Privacy concerns ofc
Firms	<ul style="list-style-type: none"> ● Reduced costs (more accurate) ● Ease in identifying target market ● Higher customer retention as they are more likely to the satisfied 	<ul style="list-style-type: none"> ● Potential for lawsuits and backlash

Control is the ability of the customer to determine how they interact with the marketing message and to influence the presentation and content of the marketing message. Through:

- **push advertising** refers to advertising sent from the marketer to the customer (it is pushed to them). **Pull advertising** refers to advertising that the customer actively seeks out (they pull it from the marketing organisation).

Search engine marketing/ranking: paid advertising that appears similarly to a search result on a search engine page.

Others:

- Email and SMS Marketing
- Apps
- VR - the new technological frontier for marketers
 - VR department store (eBay and Myer)
- E-commerce - allowing purchasing to occur online

12.4 appreciate ethical and legal issues relating to digital marketing

Privacy	<p>Private information can easily be obtained by smartphones accessing the internet/Fb. This can result in identity theft and fraud issues.</p> <p>Facebook scandal case: A developer from Facebook had access to data on 50 million users, sold that information to Cambridge Analytica which was later hired by the Trump campaign.</p> <ul style="list-style-type: none"> - Enables political campaigns to send customised political information to them - Helpful for criminal activity and stalking - Companies or other entities can target customers and nudge them in specific directions <p>Privacy in the Digital Age Ted Talk: your information is being broadcasted.</p> <ul style="list-style-type: none"> - Mobile phones are broadcasting information - Connecting to a ‘free Wifi’ unencrypted will intercept all your searches and information (easy to access) - Is privacy important to you? Discrepancy in stated preference and behaviour
M&D conduct	<p>Competition and Consumer Act prohibits such conduct.</p> <ul style="list-style-type: none"> - Online scams such as ‘phishing’ pretending to be someone else to elicit personal details (often through email)
Spam	<p>Unsolicited commercial email regulated by Spam Act.</p> <ul style="list-style-type: none"> - Waste of time, annoyance, invades privacy etc
Other types	<p>Intellectual property theft - pirating movies Consumer protection - hacking into credit card data, online accounts</p>

Internet of Things (IoT) - A term used to describe the fact that almost all products and services collect data as part of their everyday operation.

- IoT data can be gathered from everyday things such as toasters and refrigerators (Amazon Alexa - speaker)
- Can be connected to scanner data, web data, mobile data, social media data etc
scanner data Detailed data on sales of consumer goods. Obtained from barcodes
- **Issue is voice recognition is still not perfect**

Uber case study:

- Uber makes LOTS of data and uses it for research. Firms these days are hiring economists with phds to use the big data generated. There are thousands of incremental data tests going on to see what the Uber service could really benefit from.
- I.e. People's interfaces are continually changing in comparison to other people's, testing to see what leads to better outcomes.
- While this has increased profitability for Uber, it could mean exploitation on the driver's part. The use of forces of supply and demand to enable flexible pricing.

Issues with data analysis:

- **spurious correlation** Variables that have nothing to do with each other but which appear to be related.
- Possibility of dirty data - incomplete, inconsistent data

16.3 understand the data analytic techniques used in marketing

data analytics The art and science of turning large quantities of data into meaningful and commercially valuable information.

Three types of data analytics insight:

- Descriptive - describes how something works
 - Women earn less in Uber driving because they drive slower
- Predictive - predicts
 - Gender pay gap **might** lessen as a result of setting speed limits
- Prescriptive - suggests ways to take advantage of a predicted outcome
 - Setting speed limits for Uber drivers could reduce the female pay gap

Machine learning:

- Involves the **study of algorithms** that can extract the information **automatically**
 - I.e. linear regression, decision trees
 - Programmers teach the machine how to learn

- Difference from statistical analysis (traditional method):
 - Developing algorithms that can access and use data rather than just finding certain characteristics of data

data mining Looking for patterns in data when those patterns may not have been known in advance. Aka ‘exploratory data analysis’

- Deep learning on Facebook which recognises who the face belongs to

Mario MAR.I.O machine learning case study:

- Neural network is a simplification of the human brain function.
- Goal is set for the fitness score to maximise, telling the machine to iteratively learn in order to develop new neurons in order to increase fitness score.
- Method to evolve is set: selecting the optimal choice from each set, breeding additional mutations.

Machine Learning:

Advantages	Disadvantages
- Cost effective	The machine can’t explain how it came to a conclusion
- Potential to be better than humans Robots better at diagnosing some cancers	Without the right technique/programmer, lots of potential to go wrong (machine can’t judge right and wrong)
	Looking at model that is overly complex leads to spurious results or great difficulties to program

Other methods:

- Customer churn analysis, customer satisfaction
- Recommender and market basket analysis (Amazon)
- A/B testing - slight difference between the two are tested to see which has higher click-through rates or conversion rates
- Data visualisation (Tableau)
- **sentiment analysis** **The computational study of opinions, sentiments and emotions expressed in text.** Grammarly being able to classify text as friendly or analytical

16.4 discuss some of the issues facing data analytics in marketing