

Part A: The marketing environment**LO1: Provide an overview of marketing and the marketing process.**

Marketing is 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.” (Elliot, 2018)

- Late 1800s/Early 1900s: **‘product orientation’** - marketers’ offerings were largely based around what could be made.
- 1930s: **‘Sales orientation’** focused on profits through advertising and one-to-one selling.
- Mid- to late-1900s: **‘market approach’** - encouraged businesses to work to determine what potential customers wanted and then design products to meet their needs and wants.
- 2000s: **‘societal market orientation’** - marketers’ consideration of issues of sustainability + ethical benefits when designing G&S.
- Now/future: **service-dominant logic** - represents a move away from a goods-dominant mentality.

The **marketing process** involves “understanding the market to create, communicate and deliver an offering for exchange.” (Elliot, 2018)

LO2: Recognise that marketing involves a mutually beneficial exchange of value.

To be considered a successful **marketing exchange**, the transaction must satisfy the following conditions:

- Two or more parties must participate, each with something of value desired by the other party; All parties must benefit from the transaction; The exchange must meet both parties’ expectations (e.g. quality, price).

Value is “a customer’s overall assessment of the utility of an offering based on perceptions of what is received and what is given.” (Elliot, 2018). May be interpreted economically (quality ÷ price), or as unique and determined by the beneficiary → the ‘total offering’.

A **market** is “a group of customers with different needs and wants.” (Elliot, 2018)

- **Customers** are “those people who purchase products for their own or someone else’s use”, while consumers are “people who use the good or service” (Elliot, 2018)
- **Clients** refers to “customers’ of not-for-profit organisations or social marketers (i.e. those seeking to encourage social changes), thus serving as a differentiator for customers of businesses.” (Elliot, 2018)
- **Partners** are “organisations or individuals who are involved in the activities and processes for creating, communicating and delivering offerings for exchange e.g. advertising consultants.” (Elliot, 2018)
- A **society** is a “highly structured organisation for large-scale community living that normally furnishes protection, continuity, security and an identity for its members.” (Elliot, 2018)

LO3: Discuss the importance of ethics, corporate social responsibility and sustainable marketing in marketing.

Ethics refers to “a set of moral principles that guide attitudes and behaviour.” (Elliot, 2018)

- Subjective and dependent on social, cultural and individual factors; Competing priorities are the source of many ethical dilemmas in businesses; Responsible businesses implement a code of ethics/conduct to govern their action.
- May also be governed by the law, e.g. Competition and Consumer Act, and the Privacy Act. Governed by the bodies including the Australian Competition and Consumer Commission (ACCC).

Corporate social responsibility (CSR) refers to the concept that “businesses have an obligation to act in the interests of the societies that sustain them” (Elliot, 2018). Overarching rhetoric impacting all of an organisation’s stakeholders.

- At the heart of CSR is a business’ obligation to act ethically, lawfully and in the best interests of all of its stakeholders, including society at large in which it operates → **“good corporate citizenship”**.

Sustainable development (SD) is defined by the Brundtland Report as “development that meets the needs of the present without compromising the ability of future generations to meet their own needs.” (Brundtland Commission, 1987).

- Achieving SD includes strategies to reach economic (profit), social (people), and environmental (planet) goals.]

Sustainable marketing (SM): “obligation to change marketing processes in which the exploitation of resources, direction of investments, orientation of technological development + institutional change are made consistent with future as well as present needs.” (Elliot, 2018).

- Marketers often accused by consumer rights groups of **greenwashing**, “the dissemination of questionable or potentially misleading information by an organisation in relation to its products,” to be perceived as ‘green’.
- International standards are in place, e.g. ISO14012 specifies requirements for self-declared environmental claims.

LO4: Explain the elements of the marketing mix.

Marketing mix: “the set of variables that a marketer can exercise control over in creating an offering for exchange.” (Elliot, 2018)

→ All discussed in detail in later modules, including:

The 4 P’s of the Marketing Mix

1. Product → Module 5
2. Price → Module 6
3. Promotion → Module 7
4. Distribution (Place) → Module 8

The 3 P’s of the Service Marketing Mix

5. People → Module 9
6. Physical Evidence → Module 9
7. Process → Module 9

Part B: Market Analysis

LO1: Describe the marketing environment and the purpose of environmental analysis.

The **marketing environment** refers to “all of the internal and external forces that affect a marketer's ability to create, communicate, deliver and exchange offerings of value” (Elliot, 2018)

- Marketers use **environmental analysis** to break the marketing environment down into smaller parts in order to understand it.
- The factors within the marketing environment can be classified as the *internal, macro* and *micro-environments*.

LO2: Explain the factors at work in the organisation's internal environment.

Internal environment: The parts of the organisation, the people and the processes used to create, communicate, deliver and exchange offerings that have value. Organisations can directly control internal environments (i.e. strengths, weaknesses).

Internal marketing: Process to achieve strategic alignment between front-line employees and marketing; the promotion of a company's vision, goals, culture, and mission statement within the organisation. Practised in three ways:

1. Manage internal communications to ensure that employees' actions are aligned with company goals (internal communications).
2. Int. marketing managers use market research to understand employees' needs and demands (internal market research).
3. Internal marketing managers provide the training needed by employees to reach the company's goals and objectives.

External environment: The people and processes that are outside the organisation and cannot be directly controlled. Includes the micro- and macro-environments, as well as opportunities and threats.

LO3: Understand the importance of different micro-environmental factors.

Micro-environment: The forces within an organisation's industry that affect its ability to serve its customers and clients - components include customers and clients (target market), partners and competitors.

1. Marketers must understand the current and future needs and wants of their target market, in both B2C and B2B markets.
2. Marketers need to understand their partners, how each partner's processes work and how their partnerships benefit each party. Partners may include logistics firms, financiers, advertising agencies, retailers, wholesalers and suppliers, etc.
3. Marketers must ensure their offerings provide their target market with greater value than their competitors' offerings.

Levels of competition

- **Pure competition:** Numerous competitors offer undifferentiated products; no buyer/seller exercises market power.
- **Monopolistic competition:** Numerous competition offer products that are similar, prompting competitors to strive to differentiate their product offering from others.
- **Oligopoly:** Small number of competitors offer similar, somewhat differentiated, products. Significant barriers to new competitors.
- **Monopoly:** Only one supplier and there are substantial, potentially insurmountable, barriers to new entrants.
- **Monopsony:** The market situation where there is only one buyer.

Types of competition

- **Brand Competitors:** Markets products with similar features to the same customers at similar prices.
- **Product Competitors:** Compete in the same product class, but with products that are different in features, benefits, and price.
- **Generic Competitors:** Market very different products that solve the same problem or satisfy the same basic customer need.
- **Total Budget Competitors:** Compete for the limited financial resources of the same customers.

LO4: Outline the different types of macro-environmental forces.

Macro-environment: The factors outside of the industry that influence the survival of the company; these factors are not directly controllable by the organisation (i.e. PESTEL analysis).

- **Political forces:** The influence of politics on marketing decisions, e.g. *stability of political environment, trade agreements, etc.*
- **Economic forces:** Factors that affect how much people and organisations can spend and how they choose to spend, e.g. *interest rates, inflation, unemployment, economic growth (GDP), exchange rates, etc.*
- **Sociocultural forces:** The social and cultural factors that affect people's attitudes, beliefs, behaviours, preferences, customs and lifestyles, e.g. *religion, culture, subcultures, values, attitudes and beliefs, etc.*
- **Technological forces:** Influences that developments in technology have on consumers, business and society in general, e.g. *cost/quality/efficiency benefits of using technology, innovation opportunities, etc.*
- **Environmental forces:** Environmental factors that affect individuals, companies and societies, e.g. *climate change, etc.*
- **Legal forces:** External factors which refer to how the law affects the way businesses operate and customers behave, e.g. *laws including the Competition and Consumer Act, regulations from industry bodies including the Advertising Standards Bureau.*

LO5: Conduct a preliminary situation analysis.

Situation analysis involves assessing the current situation in order to clearly state where the company is now. Together with organisational objectives, situation analysis is used as the platform for **marketing planning**.

- **Company analysis:** Firm's goals and objectives, market share, service quality, positioning, marketing mix etc.
- **Market analysis:** Size, growth, customer segments, customer needs, buyer behaviour, intermediates.
- **Environmental analysis** (PESTEL) and **Competitive analysis:** Major competitors, their goals/objectives, their marketing mix.

Marketing metrics: measures used to assess marketing performance e.g. *ROI, customer satisfaction, market share, brand equity etc.*

SWOT analysis: summary analysis of the internal (strengths/weaknesses) and external (opportunities/threats) influences impacting the marketing environment of the organisation.