WEEK 1

<u>Marketing</u>

Marketing: the activity set of institutions and process for creating, communicating, delivering and exchanging offers of value to customers, clients, partners and society at large

Evolution of marketing

1) <u>Trade:</u> exchange what they have for what they wanted (mutually beneficial exchange)
2) <u>Production orientation</u> (late 1800s/ early 1900s): limited products = marketer's offerings were largely determined by what could be made, people only bought things that are available
3) <u>Sales orientation</u> (1930s): increased competition = increasing profits through advertising and one-to-one selling
4) <u>Market orientation</u> (mid to late 1900s): too many ranges of products = determine what potential customers wanted and made products to suit → responded to market's needs and wants
5) <u>Societal market orientation</u> (2000s): consideration of issues such as the sustainability of their products and the benefits their products might being to society generally
    a. Ex: supermarkets offering reusable bags
6) <u>The future:</u>
    a. Service dominant logic: focus on the intangible elements that provide value beyond exchange
        i. Move away from a goods-dominant mentality and move to service-dominant logic
    b. Customer co-creation: working with customers as partners in creating value

Marketing is used by:

1) Small business and large multinational corporations
2) Businesses selling goods and businesses selling services
3) For profit and non-profit organizations
4) Private and public organizations, including governments

<u>Marketing process:</u> <u>understanding</u> the market to <u>create,</u> <u>communicate</u> and <u>deliver</u> offers of value for exchange

Marketing exchange:

Exchange: mutually beneficial transfer of offerings of value between buyer and seller

- Successful exchange involves:
    a. 2 or more parties, each with something of value desired by other party
    b. All parties benefit from transaction
    c. Exchange meets both party's expectations (quality, price)

Value: customer's assessment of the utility of an offering based on perceptions of what is received and what s given

- Value= Quality/ Price → economic view
- Benefits expected/ benefits received → benefits customer receive from a product/service in relation to its price
- "Total offering" → not viewed in one transaction but as a whole (reputation of organization, features of product, services, quality and price)
- Value evolves continually and is unique for each individual

Market: group of customers with different needs and wants

- Geographic markets (ex. Indonesian market)
- Product markets (ex. Smartphone market)
- Demographic markets (ex. Senior market)

Customers: purchase goods and services for their own or other people's use
Consumers: use the goods or service
Clients: 'customers' of the product of non-profit organizations (ex. Customers of Medicare)

Partners: all organizations or individuals who are involved in the activities of the exchange process (ex. Supplier of raw material, retailer in distribution channel)
Society: body of individuals living as members of a community
Stakeholders: individuals/ organizations and other groups that have a rightful interest in the activities of a business (owners, employees, customers, partners, government)

<u>Ethics, corporate social responsibility and sustainable marketing:</u>

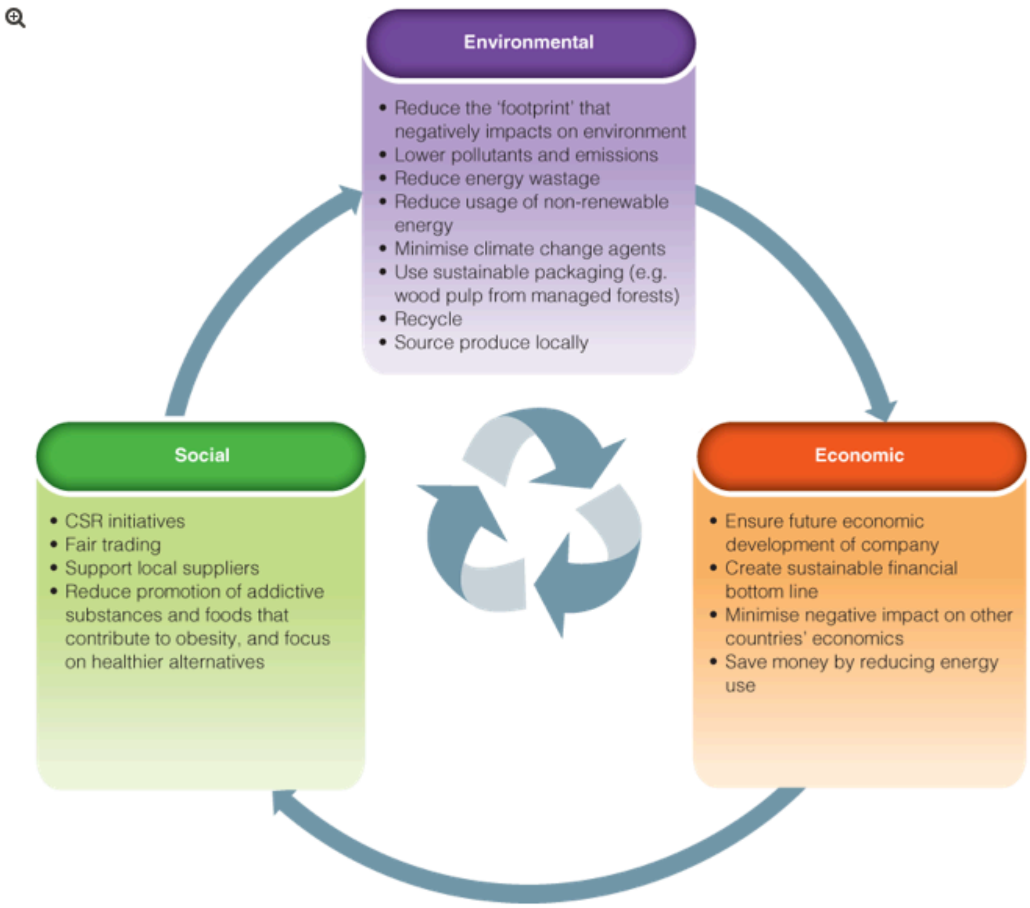
Ethics: set of moral principles that guide attitudes and behavior

- Can be subjective and depends on social, cultural and individual factors
- Responsible companies implement their own codes of conduct
- Laws and regulatory bodies govern the conduct of individual/organizational behavior → ensure actions are acceptable to society

Corporate social responsibility: businesses have an obligation to act in the interest of the societies that sustain them

- Businesses have an obligation towards its stakeholders:
  - Owners: business must generate long-term wealth by acting profitably and sustainably
  - Employees: must ensure wealth is shared among members of society and provide employees with reasonable working conditions
  - Customers and clients: must attract and retain customers by offering products of value
  - Partners: businesses must help partners in achieving their own business aim and CSR
  - Government: must follow laws and regulations
- Involvement in CSR attracts high quality employees and consumers

Triple bottom line: social, environmental and economic consideration (people, planet, profit)



Sustainability

- Human population is growing, along with growth comes an increase in global material consumption → increase in industrial and social metabolism = increase in raw material to support consumer demand
- Sustainable development: meeting the needs of today without compromising tomorrow
  - Reduction in consumption (purchasing less)
  - Changing purchasing (moving from finite to renewable energy resources),
  - Downsizing of products consumed (purchasing smaller homes and cars)
  - Reusing materials (recycling)
  - Marketing of green products
- Sustainable marketing: combining economic and ecological elements in business practices

The marketing mix

Marketing mix: set of variables that a marketer can exercise control over in creating an offering for exchange

4 Ps (deals with physical products)

1) **Product:** good, service or idea offered for exchange
   a. Is a bundle of attributes (features & functions of a product) that when exchanged have value for customers
   b. <u>Brand:</u> collection of symbols creating a differentiated image in customer's mind
   c. <u>Need:</u> day to day survival requirements
   d. <u>Wants:</u> desires, not necessary for day to day survival → people have unlimited wants and not enough resources to satisfy them all, so they must choose between alternatives
   e. <u>Demand:</u> a want (non-necessary desire) that a consumer has the ability to satisfy
   f. <u>Good:</u> a physical (tangible) offering capable of being delivered to a customer
   g. <u>Service:</u> an intangible offering that does not involve ownership
   h. For exchange to occur marketers must:
      i. Develop new or modify existing products so it still has value to customer
      ii. Know which product are not mutually beneficial → be prepared to discontinue product if no longer has value
      iii. Understand value through customers eye

2) **Price:** amount of money a business demands in exchange for its offerings
   a. Pricing decisions must consider:
      i. Production, communication and distribution costs
      ii. Required profitability
      iii. Partner's requirements
      iv. Competitor's prices
      v. Customer's willingness to pay: what customers are prepared to give in return for what they get

3) **Promotion:** marketing activities that make potential customers, partners and society aware of and attracted to the business' offering
   a. Product might be:
      i. Already established (already well-known, so aim of promotion is to remind)
      ii. Modified (aim to inform of improvements or new variety to existing customers and attract potential new customers)
      iii. New (aim to make customers aware of product for the first time)
      iv. Information or education (ex. Ads designed to persuade people not to smoke)
   b. Examples of promotion
      i. Advertising
      ii. Loyalty schemes
      iii. Sales promotion
      iv. Product trials
      v. Public relations campaigns
      vi. Personal selling efforts

4) **Place (distribution):** means of making the offering available to the customer at the right time and place
    a. Logistics: part of marketing process concerned with supply and transport
    b. Supply chain: parties involved in providing all of the raw materials and services that go into getting a product to the market

3 Ps (deals with services)

1) **People**: anyone coming into contact with customers who can affect value for customers, including employees and other customers
    a. Ex. For services, highly motivated staff are important because in the customer's eyes they are inseparable from the total service
2) **Process**: systems used to create, communicate, deliver and exchange the offering
    a. Take into account almost everything the marketing organization does, from market research to innovation to mailing out catalogues
3) **Physical evidence**: tangible cues that can be used as a means to evaluate service quality prior to purchase
    a. Can be used by marketers to inspire confidence to customers in the service product
    b. Includes:
        i. Architectural design, décor, shop fittings, background music, brochures, delivery vehicles, furniture

Target market: group of customers with similar needs and wants

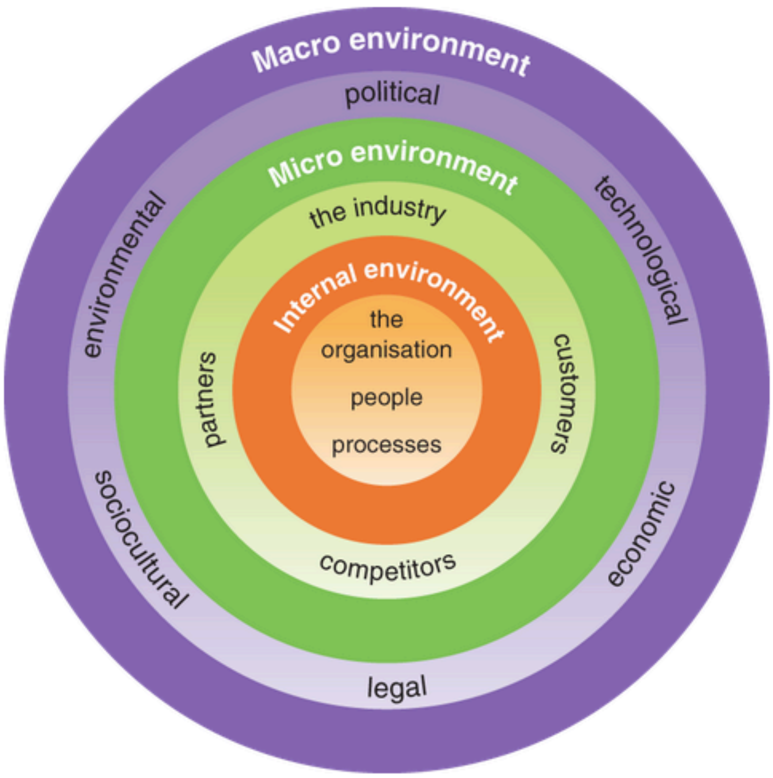
How marketing improves business performance:
1) Firms with a market orientation perform better than firms without a market orientation
2) Thy have better profits, sales volume, market share, return on investment when compared to their competitors
3) Every employee is stakeholder in the success of their organization

Further impacts
1) Contribute to a better world: marketing drives economic growth, marketers play a role in stimulating consumer demand
2) Social marketing: developing social change programs to influence the voluntary behavior of target audience to improve welfare of society
3) Makes you a better consumer: helps you make better decisions about buying products/ services

WEEK 2

The marketing environment: all internal and external forces that affect a marketer's ability to create, communicate, deliver and exchange offerings of value

Environmental analysis: a process that involves breaking the marketing environment into smaller parts to understand it better



Internal environment:

- Consists of the organization, people, processes, capital, culture
- Directly controllable by organization
- Strengths and weaknesses → internal factors that positively/ negatively affect organization

Internal marketing:

- Informs, educates, develops and motivates staff to serve clients effectively
- Practiced in 3 main ways:
  - Internal communication (employee's action align with goals)
  - Internal market research (understand needs and demands of employees)
  - Training
- Internal environment is not isolated from external environment

External environment:

- Things outside the organization that cannot directly be controlled
- Marketers can only seek to influence external environment
- Outsourcing: getting resources from other organizations rather than making it yourself
- Opportunities and threats → external factors that positively/ negatively affect organization

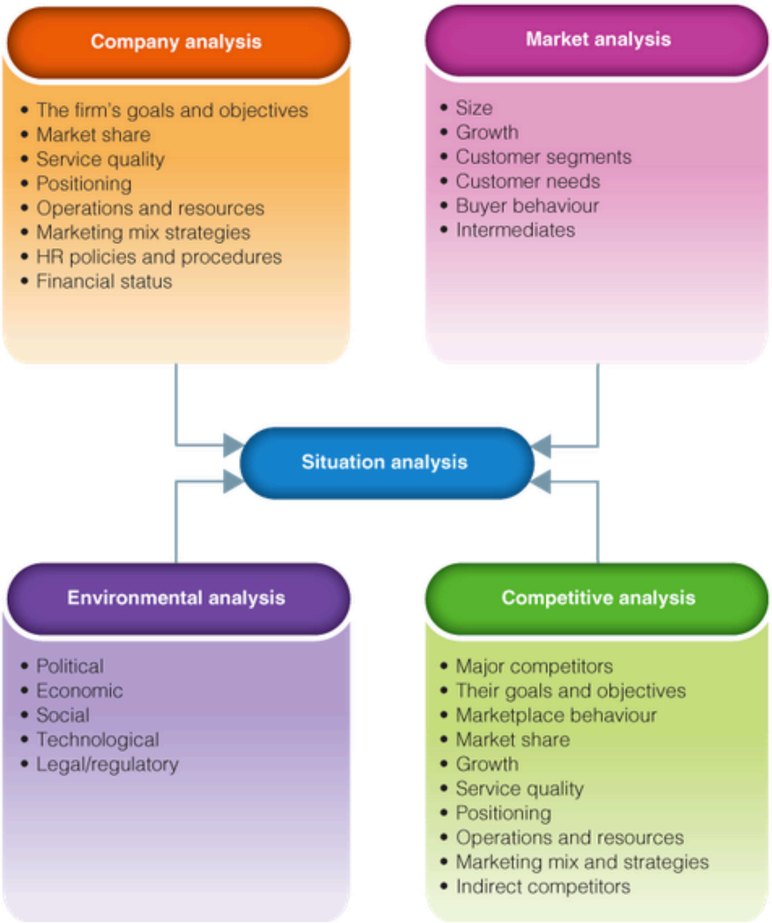
Micro environment: forces within the industry that affect its ability to serve its customers and clients

- Not directly controllable by organization
- Consists of:
  - The industry
  - Partners:
    - Logistics firms (storage and transport)
    - Financiers (banking, loans, insurance)
    - Advertising agencies
    - Retailers
    - Wholesalers (storage and distribution)
    - Suppliers
  - Customers/ clients: must understand the current and future wants of target market
    - What customer's value now
    - Identify changes in customer preference
    - Able to influence customer preference
    - Anticipate changing needs and wants
    - Respond to changes
  - Competitors
    - Must achieve differentiation from competitors
    - Understand competitors marketing mix, sales volumes, sales trends, market share, staging, employment trends
    - **Types of competition:**
      - Pure competition: numerous competitors offer undifferentiated/standardized products. No buyer or seller can exercise market power
        - Ex: agricultural products is the closest approximation, but in reality pure competition DOES NOT EXIST
      - Monopolistic competition: numerous competitors offer similar products → competitors have to differentiate product from others
        - Ex: most products in the supermarket, like shampoo
      - Oligopoly: a mal number of competitors offer similar, somewhat differentiated, products → significant barriers to new entry to the market
        - Ex: in Australia: banks, telecommunication, airlines
      - Monopoly: only one supplier → new entry is almost impossible
        - Ex: many government services, like establishment of roads and rail
      - Monopsony: only one buyer
        - Ex: warheads and nukes

        - **<u>Levels of competition:</u>**
            - <u>Total budget competition:</u> consumers have limited financial resources and must make choices about what product to buy or not → organizations are competing against all alternative ways consumer can use that money instead
                - Ex: a concert ticket is $120; concert is competing will all other uses of $120 such as food, bills, rent, etc.
            - <u>Generic competition:</u> consumers have alternative ways or products they use to meet their needs (substitutability)
                - Ex: Buses are competing with taxis and trains
            - <u>Product competition:</u> some products are broadly similar but have different benefits, features and prices that distinguish them from competing products
                - Ex: soft dinks, water, coffee are all beverages people purchase to drink
            - <u>Brand competition</u>: some products are very similar, offering same benefits, features and price to the same target market
                - Ex: ANZ, Commonwealth and NAB are all banks that offer very similar products/ services to customers

Macro environment: factors outside of the industry that influence organization
- Not directly controllable by organization
- Consists of (PESTELD):
    - **Political:** government systems organization is based on
        - Must consider:
            - Stability of political environment
            - Influence on government policy, laws and regulation
            - Government trade agreements (like ASEAN)
            - Taxation
    - **Economic:** factors that affect how much people and organizations can spend and how they choose to spend it
        - Must consider
            - Interest rates, economic growth (GDP)
            - Income levels, savings, credit, spending levels
            - Level of inflation, employment and unemployment
            - Exchange rates, balance of trade
    - **Sociocultural:** social and cultural factors that affect people's attitudes, beliefs, behaviors, preferences, customs and lifestyles
    - **Technological:** knowledge, tools & methods used to convert resources into products and services
        - Offers a better way of doing things
        - Changes expectations and behaviors of customers and clients
        - Can largely effect on suppliers work
            - Must consider:
                - How offerings can be made more cheaply and better quality with technology
                - Whether technology can be used to innovate
                - Whether distribution/communication can be improved with technology
    - **Environmental:** natural disasters, weather, climate change
        - Growing ecological awareness and social changes influence how company operate
    - **Legal**: laws and regulations that govern what organizations can do legally
        - Categories:
            - Privacy (like the privacy act, surveillance act)
            - Fair trading
            - Consumer safety
            - Prices
            - Contract terms
            - Intellectual property
    - **Demographic:** statistics about a population → age, gender, race, ethnicity, educational attainment, marital status, parental status

Situational analysis: identifying the key factors that will be used as a basis for the development of marketing strategy → assessing current situation in order to state where the company want to be

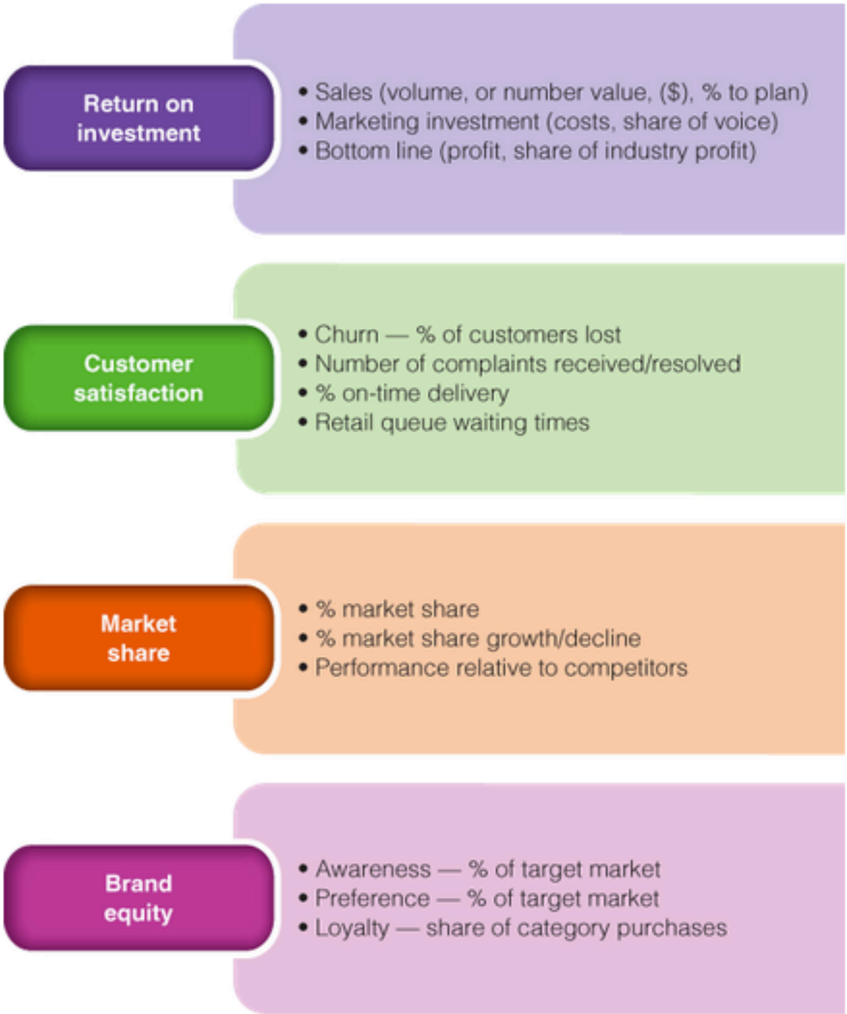


Marketing planning: process that combines organizational objectives and situational analysis to maintain a marketing plan that help company reach its goals

Detailed marketing plan:

1) Executive summary: brief overview of marketing plan → outline main features and key issues
2) Introduction: brief detail on internal environment → history, size, location, number of employee, profitability
3) Situation analysis (SWOT)
4) Objectives (SMART): organizations objective and mission statement → Specific, Measurable, Actionable, Reasonable, Timetabled
5) Target market: target market segments, their characteristics, and how target market and market segments were selected
6) Marketing mix (7ps)
7) Budget
8) Implementation: how marketing plan would be put into practice → steps and control mechanisms
9) Evaluation: outline specific metrics (return on investment, market share) that will be used to evaluate its success
10) Conclusion/ future recommendations

Marketing metrics: measures used to assess marketing performance



SWOT: identifies organizations internal strengths and weaknesses and external opportunities and threats