

# Marketing Lecture 1: Introduction to Marketing

Marketing: Activity, set of instructions, & processes for creating, communicating, delivering & exchanging offerings (value 4 customers, clients, partners, society, etc – American Marketing Association)

- Marketing → ↑biz performance, drives economic growth, ↑change in social behaviour
- Marketers: Observe consumer/social trends (continually evolving), be creative.
- Marketing exchange: mutually beneficial transaction. Success = 2≥ parties benefiting
  - Marketing process: Involves understanding market to create, communicate and deliver/exchange an offering
  - Value: Customers perception of offering. = Quality/Price = Benefits expected/received. Refers to the 'total offering'. Evolves continually & is unique for each individual
    - Bundle of attributes: Features and functions of a product that benefit the customer.
  - The Market: Group of customer's with heterogeneous (different) needs/wants, e.g. geographic markets, product markets, demographic markets)
    - Customers: Purchase g/s for their own/others use.
    - Consumers: Consume g/s
    - Clients: customers of the products of not-for-profit organisations
    - Partners: Organisations/individuals involved in the activities of the exchange process
    - Society: body of individuals living as members of a community
    - Product: g/s/ idea offered to the market for exchange
    - Brand: collection of symbols creating a differentiated image in the customers mind
      - Need: Necessary for day to day survival: food, shelter and clothing
      - Want: a desire, but not necessary for day to day survival
      - Demand: A want that a consumer has the ability to satisfy
- Ethics, Law & Corporate Social responsibility (CSR)
  - Ethics: Moral principles that guide attitudes and behaviour.
  - Laws and regulatory bodies: govern the code of individual/organisational behaviour; ensuring actions are beneficial/accepted by society.
  - CSR: Biz obligated to act in interest of society that sustain them
  - Stakeholders: Anyone with a vested interest with the activities of a biz. Both external (Gov't, law enforcement, customers) and internal (owners, employees, partners)
    - Triple bottom line:
      - Environmentally (↓ environmental footprint, pollution, emissions, usage of non-renewable energy, climate change agents & ↑ sustainable packaging, recycling)
      - Socially (CSR initiatives, fair trading, support local suppliers, ↓ promotion of things seen negatively by society)
      - Economically going beyond legal standards (ensure future economic development, create a sustainable financial bottom line, ↓ impact on countries' economies)
- The Marketing Mix:
  - Product, price, promotion and place/distribution/ People/process/physical evidence
    - Product: good (tangible), service (intangible/ doesn't involve ownership)
    - Price: Amount of \$ biz demands. Willingness to pay = amount customers are prepared. Influenced by production, communication, distribution costs, required profitability, competition
    - Promotion: activities to make potential customers/ raise awareness
    - Place (Distribution): Logistics (concerned with supply/transport. Supply chain (parties involved in providing materials/services)
    - People: anyone in contact with business (employees, customers)
    - Process: Systems used to create/communicate/deliver/exchange an offering

- Physical evidence: Tangible prompts that can be used as means to evaluate services
- The Marketing environment & Market analysis
  - The internal environment
    - Parts, people & processes in an organisation to create/communicate/deliver/exchange offerings that have value
    - Directly controlled by the organisation
    - Strengths and weaknesses are internal factors that + or – affect orgs ability to compete.
  - **External environment:** Factors that org & cannot be directly controlled, only seek to influence them. Opportunities and threats are both external factors that can + or – affect orgs ability to compete
    - Micro Environment: Forces within orgs industry that affect ability to serve customers, target market, partners (logistics firms, financiers, advertisement, retailers, wholesalers, suppliers & competitors [pure competition (numerous competitors, same products, no market control) , monopolistic (numerous competitors, similar product, slightly differentiated), oligopoly (small number of competitors, somewhat similar product, barriers for new competitors to enter market) and monopoly( one supplier, overwhelming for any competition to enter) ]. Not directly controllable by org. Understand customers current and trending needs and respond to these changes.
    - Macro Environment
- Situation Analysis and market planning
  - Situational analysis identifying key factors in development of marketing strategy
    - Company analysis

Goals/objectives	Market share	Service quality	Positioning
Operations & resources	Marketing mix strategies	HR policies/procedures	Financial status

- Market analysis

Size	Growth	Customer segments	Customer needs
Buyer behaviour	Intermediates		

- Environmental analysis

Political	Economic	Social	Technological
Legal	Regulatory		

- Competitive analysis

Major competitors	Goals/objectives	Marketplace behaviour	Market share
Growth	Service quality	Positioning	Operations/resources

- **Marketing metrics:** Measures to assess marketing performance. AMI (Aus Mkt Institute) suggests sound metrics include a minimum of 4 key elements:
  1. Return on marketing investment:
    - Sales (volume, no: value, % to plan)
    - Marketing investment (costs, share of voice)
    - Bottom line (profit, share of industry)
  2. Customer satisfaction
    - Customer turnover - % of retained customers
    - # of complaints resolved
    - % delivered on time/ waiting times
  3. Market share in targeted segments
    - % market share, growth/decline, performance relative to competitors

#### 4. Brand equity

- Awareness/Preference/loyalty: % of target market
- **SWOT:** SW = internal directly controllable, TS = external (Micro and Macro) beyond control

### Market Research

- **Market research:** A business activity that discovers information of use in making marketing decisions.
- **Research Problem:** The question that the market research project is intended to answer.
- **Marker Research Brief:** A set of instructions and requirements that generally states the research problem and the information required, and specifies the timeframe, budget and other conditions of the project.
- **Research Design:** The detailed methodology created to guide the research project and answer the research question.
- **Exploratory Research:** Research intended to gather more information about a loosely defined problem.
- **Descriptive Research:** Research used to solve a particular and well-defined problem by clarifying the characteristics of certain phenomena.
- **Casual Research:** Research that assumes that a particular variable causes a specific outcome and then, by holding everything else constant, tests whether the variable does indeed effect that outcome.
- **Secondary Data:** Data originally gathered or recorded for some purpose other than to address the current market research problem.
- **Primary Data:** Data collected specifically for the current market research project.
- **Quantitative Research:** Research that collects information that can be represented numerically.
- **Qualitative Research:** Research intended to obtain rich, deep and detailed information about the attitudes and emotions that underlie the behaviours that quantitative research identifies.
- **Probability sampling:** A sampling approach in which every member of the population has a known chance of being selected in the sample that will be studied.
- **Non-probability sampling:** A sampling approach that provides no way of knowing the chance of a particular member of the population being chosen as part of the sample that will be studied.
- **Sampling error:** A measure of the extent to which the results from the sample differ from the results that would be obtained from the entire population.