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1. Introduction to Marketing; The Marketing Environment and Market Analysis

Marketing (definition from textbook):



- Getting the right product to the right customer
- Right customer = the right audience for the product = target market
- Right product = to the needs of the right people = eg. functionality, materials.
- Marketing brings many benefits to societies, including employment and the creation of wealth.

The Marketing Evolution

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

- Trade: no cash, exchanging products
- Production orientation: offering what could be made and people bought what was available
- Sales orientation: increasing profits through 1 to 1 selling
- Market orientation: businesses worked to determine what potential customers wanted and then made products to suit
- Societal market orientation: marketers considering the sustainability of their products and potential benefits their products bring to society

Inherent obsolesce = it's not up to date

Eg. cars slowly have more features to sell – but at the same time, with corporate social responsibility, trying to be more economically friendly

Marketing – a science and an art

Marketers need to learn what customers, clients, partners and society want. This is ongoing – customer preferences continually evolve. Marketers use information to maintain their understanding. Marketers are creative to develop new ideas. The best marketers offer something that is unique or special to customers. Markets are always evolving, always dynamic.

If the price is lowered = more sales.

It is a science in the way that hypotheses can be tested, but it is also an art, where the colours and designs are used.

Marketing exchange

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

A successful marketing exchange involves:

- 2 or more parties, each with something of value desired by the other party
- All parties must benefit from the transaction
- The exchange must meet both parties' expectations (eg. quality, price)
- It has to be worth it for the customer and worth it to the seller

Eg. \$2 milk = Coles benefit, consumer benefits and suppliers benefit

Marketing process: a process that involves understanding the market to create, communicate and deliver an offering for exchange.

Marketers need to undertake a situation assessment to understand how their company is positioned relative to the competition. The understanding of the marketing process involves an analysis and assessment of the marketing environment and markets.

Value – a perception

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

Value = quality / price
= benefits expected / benefits received
= total offering

Eg. When you buy a car → warrantee, free registration, free first-time petrol, etc.

Customers want products and brands that are reliable and services that fulfill promises.

Many companies track quality to ensure they are delivering a product that is consistent, and which meets consumers' expectations. Marketers that are able to consistently satisfy their customers can build loyalty.

The total offering is everything that comes with the product. But this is completely subjective, because everyone has different preferences. This makes marketing much more difficult.

Value evolves continually and is unique for each individual. The lifetime value of the client – what does the firm offer in exchange for loyalty?

Some marketers see value as a ratio between quality and price = economic view on value.

The Market

A market is a group of customers with heterogeneous (different) needs and wants).

Examples include:

- Geographic markets
- Product markets
- Demographic markets

Customers purchase goods and services for their own or other people's use. Consumers use the good or service. Clients are 'customers' of the products of not-for-profit organisations.

Partners are all organisations or individuals who are involved in the activities of the exchange process. Society is a body of individuals living as members of a community.

Different marketers have to market to different groups. The group that the marketer has to market to is the focus of all marketing activities. Successful marketers are those who view their products in terms of meeting customer needs and wants.

Customers buy the product and then consumers use the product.

Corporate Social Responsibility (CSR) – McDonald's Rainforest Alliance

This ad is saying that they are ethical in the way they grow their coffee, that the coffee is cheaper.

Greenwashing = disseminating of questionable/potentially misleading information by an organisation to make their products/image be perceived as environmentally friendly.

Stakeholders

Individuals, organisations and other groups that have a rightful interest in the activities of a business, including:

- Owners: the business must generate long-term wealth by acting profitably and sustainably
- Employees, businesses and NFP organisations provide jobs that ensure wealth is shared among members of society and provide employees with reasonable working conditions
- Customers (and clients): the business must attract and retain customers by offering products of value
- 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
- Partners: are organisations or individuals who are involved in the activities and processes for creating, communicating and delivering offerings for exchange. The businesses must act in such a way towards its partners that those partners can achieve their own business aims and meet their own corporate social responsibilities
- Government: the business must abide by laws and regulations

Many businesses are trying to be 'good corporate citizens' to have good public relations.

The Triple Bottom Line (TBL)

Social:

- CSR initiatives
- Fair trading
- Support local suppliers

- Reduce promotion of addictive substances and foods that contribute to obesity, and focus on healthier alternatives

Environmental:

- Reduce the 'footprint' that negatively impacts on environment
- Lower pollutants and emissions
- Reduce energy wastage
- Reduce usage of non-renewable energy
- Minimise climate change agents
- Use sustainable packaging (eg. wood pulp from managed forests)
- Recycle
- Source produce locally

Economic:

- Ensure future economic development of company
- Create sustainable financial bottom line
- Minimize negative impact on other countries' economics
- Save money by reducing energy use

Sustainable development: development that meets the needs of the present without compromising the ability of future generations to meet their own needs.

Achieving sustainable development includes strategies to reach economic (profit), social (people) and environmental (planet) goals. These include factors such as reduced consumption, changing purchasing, downsizing consumed products, etc.

Sustainable marketing: the 'way and means' for combining ecological and economic elements through innovative products and systems.

Involvement with such activities can help companies to attract high-quality employees – particularly higher-quality younger employees. This is a strategic benefit to the business – the voluntary acts benefit parts of society and benefit the business.

The Marketing Mix

A set of variables that a marketer can exercise control over in creating an offering for exchange. Traditionally known as the 4 P's:

- Product – have to have the right product features
- Price – has to be at a reasonable price
- Promotion – type of advertising, letting people know it exists
- Place (distribution) – where you want your product to be
- Also includes: people, process, physical evidence

Product:

- Product: a good, service or idea offered to the market for exchange
- Brand: a collection of symbols such as a name, logo, slogan for customers to differentiate between products
- Bundle of attributes: refers to the features and functions of a product that benefit the customer

Price:

- Is the amount of money a business demands in exchange for its offerings

- Marketers need to understand the relationship between price and quality to understand value from a customer's point of view

Promotion:

- Describes the marketing activities that make potential customers, partners and society aware of an attracted to the business' offering. The product is:
 - Already established
 - Modified – changed, improved
 - New – such as a new movie
 - Information or education – such as advertisements designed to persuade youth not to take illegal drugs
 - Marketers have to find ways to stand out in a cluttered market to raise awareness

Place (distribution):

- Means of making the offering available to the customer at the right time and place
- Largely a logistics function and marketers need to understand how logistics impact their ability to deliver a product at a time and place that suits customer needs or wants
- Costs include inventory, storage, transport
- Logistics: that part of the marketing process concerned with supply and transport

People:

- Refers to any person coming into contact with customers who can affect value for customers
- Successful organisations that want to create and maintain a competitive advantage must recruit and retain the right staff
- They must have the appropriate interpersonal skills, aptitude and knowledge to deliver offerings that customers value

Process:

- Refers to the systems used to create, communicate, deliver and exchange an offering
- Marketers must understand these process systems

Physical evidence:

- Tangible cues that can be used as a means to evaluate service quality prior to purchase

How Marketing Improves Business Performance

Firms with a market orientation perform better than firms without a market orientation. They have better profits, sales volumes, market share and return on investment when compared to their competitors. Every employee is a stakeholder in the success of their organisation. Marketing drives economic growth; marketers play a role in stimulating consumer demand. Developing social change programs to influence the voluntary behavior of target audiences to improve the welfare of the society.

The Marketing Environment: all of the 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 order to gain a better understanding of it.