

24108- Marketing Foundations

Lecture 1

Marketing- 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.



The Marketing Evolution

- Over the past 100 years marketing has evolved through the following stages:
 - Trade**- People exchanging what they have for what they wanted
 - Product orientation**- Focus on producing greater volume
 - Sales orientation**- Focus on advertising and one-to-one selling
 - Marketing orientation**- Businesses working to determine the wants and needs of customers and making products to suit
 - Societal market orientation**- Satisfying customer wants as well as ensuring they are socially responsible corporate citizens.

Marketing- A Science and an Art

- Marketers need to learn what customers, clients, partners and society want
- This is ongoing as customer preferences continually evolve
- Marketers use information to maintain their understanding
- The best marketers offer something that is unique or special to consumers

Marketing Exchange

- **Exchange:** the mutually beneficial transfer of offerings of value between the buyer and seller.
- A successful marketing exchange involves:
 - Two or more parties, each desiring something of value
 - All parties benefiting from the transaction
 - Exchange meeting all parties' expectations (e.g.: quality, price)

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- the 'total offering'
- Value evolves continually and is unique for each individual

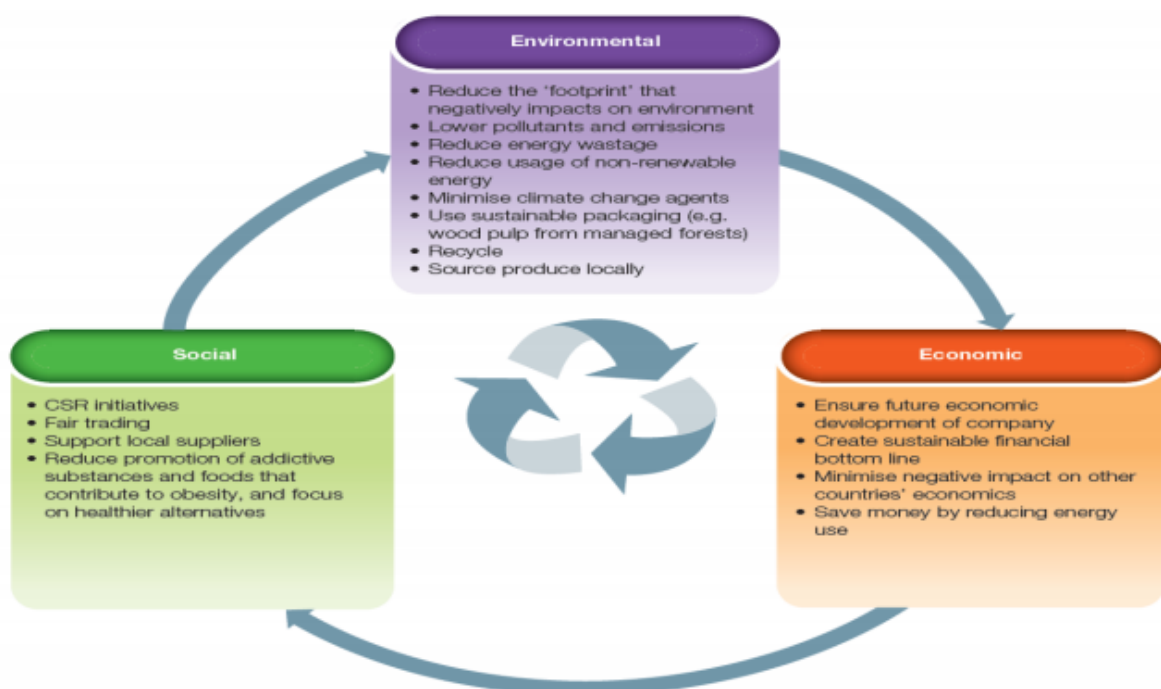
The Market

- A group of customers with heterogeneous (different) needs and wants
- The market consists of:
 - Customers- Purchase G + S for their own or other people's use
 - Consumers- Use the good or service
 - Clients- Customers of products for not for profit organisations
 - Partners- Organisations or individuals involved in the activities of the exchange process
 - Society- Individuals that make up the community

Stakeholders

- Individuals, organisations and other groups that have a rightful interest in the activities of a business, including: owners, employers, customers, partners, government

The Triple Bottom Line



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 Ps:
 - **Product**- Good, service or idea offered to the market for exchange
 - **Price**- Amount of money a business demands in exchange for its offerings
 - **Promotion**- Marketing activities that make potential customers aware of and attracted to the business' offerings
 - **Place**- Means of making the offering available to the customer at the right time and place
- People, processes and physical evidence covered in services lecture

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.
- Marketing drives economic growth; marketers play a role in stimulating consumer demand.

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.



Figure 2

Environmental Analysis

- A process that involves breaking the marketing environment into smaller parts in order to gain a better understanding of it.

Internal Environment

- The parts of the organisation, the people and the processes used to create, communicate, deliver and exchange offerings that have value.
- Strengths and weaknesses are internal factors that positively and negatively affect the organisation's ability to compete in the marketplace.

External Environment

- The people and processes that are outside the organisation and cannot be directly controlled. Marketers can only seek to influence external environment.
- Opportunities and threats: External factors that positively and negatively affect the organisation's ability to serve the market.

Micro-Environment

- The forces within an organisation's industry that affect its ability to serve its customers and clients — target markets, partners and competitors.
- The micro-environment is not directly controllable by the organisation and consists of clients, customers, partners and competitors

Customers and Clients

- Marketers must understand the current and future needs and wants of their target market:
 - Understand what customers value now
 - Identify changes in customer preferences
 - Be willing and able to respond to changes
 - Anticipate how needs and wants may change
 - Be able to influence customer preferences

Partners

- Logistics firms- storage and transport
- Financiers- Banking, loans, insurance and electronic payment infrastructure
- Advertising agencies
- Retailers, suppliers, wholesalers

Competitors

- Marketers must ensure their offerings provide their target market with greater value than their competitors' offerings.
- Marketers seek to understand their competitors' marketing mix, sales volumes, sales trends, market share, staffing, sales per employee and employment trends.

The Macro Environment

- The macro-environmental framework has been called the PESTEL framework.
- Macro-environmental factors include political, economic, sociocultural, technological, environmental and legal forces

Political Forces

- Influence of politics on marketing decisions. It includes:
 - lobbying for favourable treatment at the hands of the government
 - lobbying for favourable regulation
 - the very large market that the government and its bureaucracy comprise

Economic Forces

- Factors that affect how much people and organisations can spend and how they choose to spend it.
- Economic forces include income, prices, the level of savings, the level of debt and the availability of credit.

Sociocultural Forces

- The social and cultural factors that affect people's attitudes, beliefs, behaviours, preferences, customs and lifestyles.
- This also encompasses demographics- Statistics about a population: age, gender, race, ethnicity, educational attainment, marital status, parental status and so on.

Technological Forces

- Technology changes the expectations and behaviours of customers and clients and can have huge effects on how suppliers work.

Environmental Forces

- Natural disasters, weather and climate change.
- Growing ecological awareness and social changes influence how firms will operate

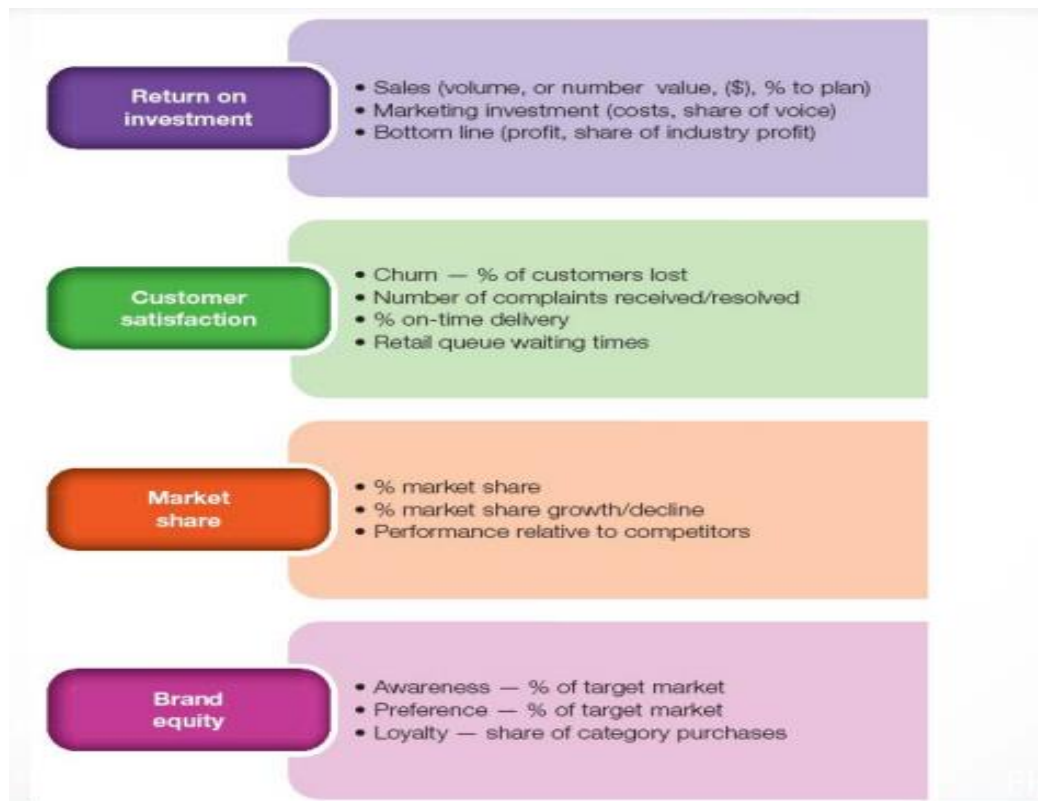
Legal Forces

- Laws and regulations govern what marketing organisations can and cannot legally do.
- Laws and regulations fall into the following categories: privacy, fair trading, consumer safety, prices, contract terms and intellectual property.

Situational Analysis

- Identifying the key factors that will be used as a basis for the development of marketing strategy.
- **Marketing Planning-** An ongoing process that combines organisational objectives and situational analyses to formulate and maintain a marketing plan that moves the organisation from where it currently is to where it wants to be.

Marketing Metrics

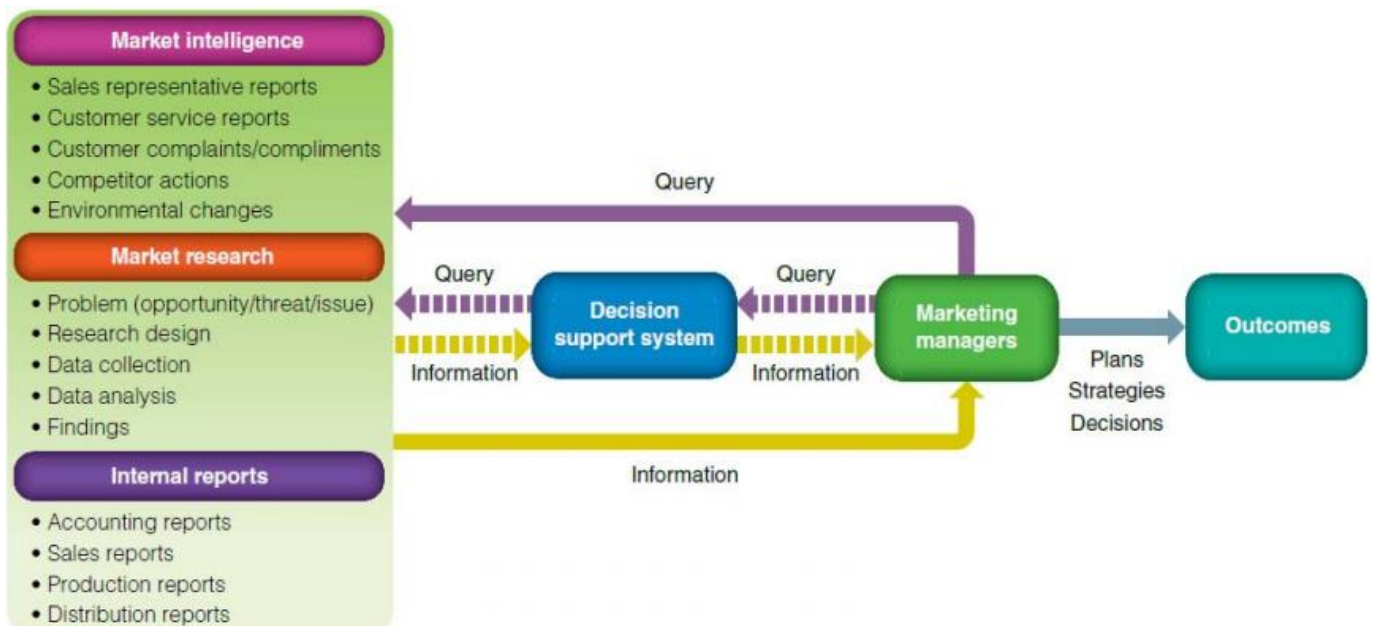


- Also read types of competition and levels of competition tables- Pg 53

Lecture 2- Marketing Research

- A business activity that discovers information of use in making marketing decisions.
- Market research is an essential component of understanding the market.
- Market research is only of value if the information it provides can contribute to improved performance.

Components of A **Marketing Information System**- Used to manage information gathered during the usual operations of the organisation



Market research involves 5 major components:

1. Defining the research problem
2. Designing the research methodology
3. Collecting data
4. Analysing data and drawing conclusions
5. Presenting the results and making recommendations

Before undertaking market research, the following factors should be considered:

- Relevance
- Timing
- Availability of resources
- Need for new information
- Cost benefit analysis

Market researchers also have an **ethical responsibility** to their clients or employers and to those who participate in the research.

The Research Problem

- The question that the market research project is intended to answer.
- A clearly specified research problem will ensure that the research will actually answer the question asked of it.
- A poorly defined research problem will lead to research that does not generate the information required to enable the marketing organisation to make marketing decisions.
- As the research proceeds the original questions asked may be redefined.

Market Research Brief

A set of instructions and requirements that generally states the research problem, the information required, and specifies the timeframe, budget and other conditions of the project. It will not necessarily propose a methodology or approach for the market research.

- A typical market research brief will include:
 - **Executive summary:** Overview
 - **Introduction:** Why the research needs to be conducted and who is proposing the research
 - **Background:** Details the marketing problem, providing all known facts and related projects
 - **Problem Definition:** The question that is to be addressed including set objectives.
- It will also usually include:
 - **Time and Budget:** Amount of money the marketer is able to spend; when the results are needed; various milestones and contingencies
 - **Reporting Schedule:** Includes precise dates on which reports are required and details about report format
 - **Appendices:** Additional detailed background information.

Types of Research

- **Exploratory Research:** Gathers more information about a loosely defined problem.
- **Descriptive Research:** Solves a particular and well-defined problem by clarifying the characteristics of certain phenomena.
- **Causal Research:** Assumes that a particular variable causes a specific outcome and then, by holding everything else constant, tests whether the variable does indeed affect that outcome.
- **Hypothesis:** A tentative explanation that can be tested

Data Types

- **Secondary data:** Data originally gathered or recorded for a purpose other than to address the current market research problem, information that is already available.
- **Primary data:** Data collected specifically for the current market research project.
- **Data mining:** Processing large data sets to identify patterns and trends not obvious or even discernible by observation.

Quantitative Research

- Research that collects information that can be represented numerically
- Quantitative market research approaches include: Experimentation, observation and neuroscience .Surveys are the most common quantitative research tool
- There is a global shift toward more quantitative methods of research

Qualitative Research

- Research intended to obtain rich, deep and detailed information about the attitudes and emotions that underlie the behaviours that quantitative research identifies.
- Qualitative research looks to identify the attitudes and emotions that underlie behaviours. Qualitative research techniques include interviews and focus groups.

Research Design

- **Population:** All of the things (often people) of interest to the researcher in the particular research project
- **Sampling:** The process of choosing members of the total population
- **Sample:** The group chosen for the study

Sampling

- **Probability sampling:** 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.
- **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.

Data Collection, Analysis and Reporting

- Data must be collected according to the methods specified in the research design.