

Marketing Notes

(MKTG10001)

Examinable Topics:

The Market orientated firm

- Creating customer value
- Characteristics of the market-orientated firm

Relationship Marketing and customer Loyalty

- Relationship marketing logic-
- Customer retention and profitability
- Attitudinal and behavioural loyalty
- Customer satisfaction zones

Consumer Behaviour

- Buyer decision-making process
- Contextual influences on consumer behaviour

Segmentation and positioning

- Why we do it
- How we do it
- Implications for the marketing toolkit
- Considerations in target market selection

Product Management

- Consumer behavioural view of products
- The augmented product
- Product life-cycle
- Product development and co-creation

Marketing Communications

- Logic of IMC
- Media and vehicle selection
- Message and content decisions
- Measuring results and budget determination

Pricing

- Understanding how consumers see price
- Approaches to price setting
- Pricing objectives
- Pricing strategies

Channel Management

- Role of distribution channels
- Determinants of channel structure
- Managing channel conflict
- Contextual influences on channel design

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Lecture 5a- Product Development

What is a product?

A good, service or idea received in an exchange. A means by which value is delivered to customers

- **Good**-A tangible physical entity
- **Service**- A mostly intangible result of the application of human and mechanical efforts to people or objects

The Augmented Product

Elements:

- **The core**- Meeting minimal customer requirements (the right to compete)-**phone-makes calls and texts**
- **The expected layer**- Basic differentiation-**user interface, design of the phone**
- **The Augmented layer**-Complex forms of differentiation-**3d, siri,**

The Augmented Product

1. Focus on generic category benefits first- Customers care about their fundamental needs being met (before “unique” and “different” elements)
2. Only then look for opportunities
3. Augmented product features can be copied

Product Life cycle

Introduction

- **Initial stage- Sales start at 0 and profits are negative**
- Product -New/innovative
- Pricing- Premium
- Place- Specialist outlets, full service
- Promotion -Inform consumers, encourage trial, focus on innovators & early adopters

Growth

- **Sales rise rapidly and profits reach a peak, then start to decline.** This stage is critical to a products survival because competitive retractions to the products success during this period will affect the products life expectancy
- Product -Improve quality, styling, features; add new/ flanker products
- Pricing - Pricing stability, possibly lower to increase market share
- Place -Increase number of outlets & routes to market
- Promotion -Shift from awareness advertising to comparative messages

Maturity

- **The stage where the sales curve peaks and starts to decline as profits continue to fall**-characterized by intense competition because many brands in the market. Weaker competitors squeezed out
- Product -Modify product usage, race to find market niches and remaining segments (e.g., laggards)
- Pricing- Lower prices, markdowns, value bundles

Lecture 6a&b- Advertising and Communications

Key knowledge

- *Provide a background to the notion of Integrated Marketing Communications (IMC)*
- *Introduce some key marketing communication decision areas*
- *Understand the factors determining the optimal selection of media*

Communication-A transmission of information that shares meaning

Promotion-Communication which builds and maintains favourable relationships by informing and persuading one or more audiences to view an organisation more positively and to accept its products

Qantas Example

- *QANTAS Social Media Campaign*
- *#QantasLuxury social media campaign launch (Nov 2011) where customers were asked to tweet what Qantas luxury meant to them*
- *At the same time the Qantas CEO, Alan Joyce was in the process of making 5,000 staff redundant and threatening to ground the entire fleet*
- *Social media campaign backfired*
- *Negative response*

Integrated Marketing Communications (IMC)

- *Refers to the coordination of promotional efforts to ensure maximum informational and persuasive impact on customers*
- A major goal of integrated marketing communications is to send a consistent message to customers and to avoid confusing them and other stakeholders who receive the message
- In the past each department in an organisation planned and implemented their own promotional efforts, which lead to a lack of consistency.
- Confusing messages can erode the value of a brand and lower the perception of quality, waste of resources and efforts
- IMC fosters long term customer relationships and efficient use of promotional resources
- *Until recently, suppliers of marketing communications were specialists- Advertising agencies, sales promotion, public relations*
- *Today, several promotions-related companies provide one-stop shopping to clients seeking all these things, reducing coordination problems*

Key elements of the process:

1. Affecting purchase behaviour
2. Using all forms of contacts
3. Beginning with the customer or prospect
4. Achieving synergy

Lecture 10b- Service Failure & Recovery

Costs and opportunities of service failure

- Things Will Go Wrong
- The key is how the firm responds
- What's the point of winning the argument if you're going to lose the customer?
- Failure is Emotional

Service Failure: The Bad News

- The average business does not hear from 96% of its unhappy customers
- Over 65% of those who do not complain, will not go back to that business again
- On average, customers with a complaint tell 8 or 9 other people, 13% tell 20+ other people

The Upside of Service Recovery

- 70% of complaining customers will be retained, if the complaint is resolved
- 95% of complaining customers will be retained, if the complaint is resolved quickly (consistent with the customer's definition of quickly)
- Customers who have their complaint satisfactorily resolved, tell, on average, 5 other people

Service recovery paradox

- Customers with a failure and successful recovery more satisfied than those with none.

