

SESSIONS 24 AND 25 - The marketing concept

Marketing

Individual and organizational activities that facilitate and expedite satisfying exchange relationships in a dynamic environment through the creation, distribution, promotion and pricing of goods, services and ideas

Marketing Orientation

A marketing-oriented organization devotes resources to understanding the needs and buying behaviour of customers, competitors' activities and strategies, and of market trends and external forces – now and as they may shape up in the future; inter- functional coordination ensures that the organization's activities and capabilities are aligned to this marketing intelligence.

PRODUCTION, SALES, MARKETING

Marketing Environment

External changing forces within the trading environment: laws, regulations, political activities, societal pressures, economic conditions and technological advances

Basic priorities of marketing:

- satisfying customers
- identifying/maximizing marketing opportunities
- targeting the 'right' customers
- facilitating exchange relationships
- staying ahead in dynamic environments
- endeavouring to beat and pre-empt competitors
- utilizing resources/assets effectively
- increasing market share
- enhancing profitability or income
- satisfying the organization's stakeholders

The Marketing mix "The 4 Ps"

1. Product
2. Promotion (marketing communications)
3. Price
4. Place/distribution

"The 7 Ps" - the extended marketing mix

Same as above but in addition:

5. Process
6. Physical evidence (ambience)
7. People

SESSIONS 26 & 27 - Marketing strategy and the marketing environment 1 and 2

Strategic business unit (SBU)

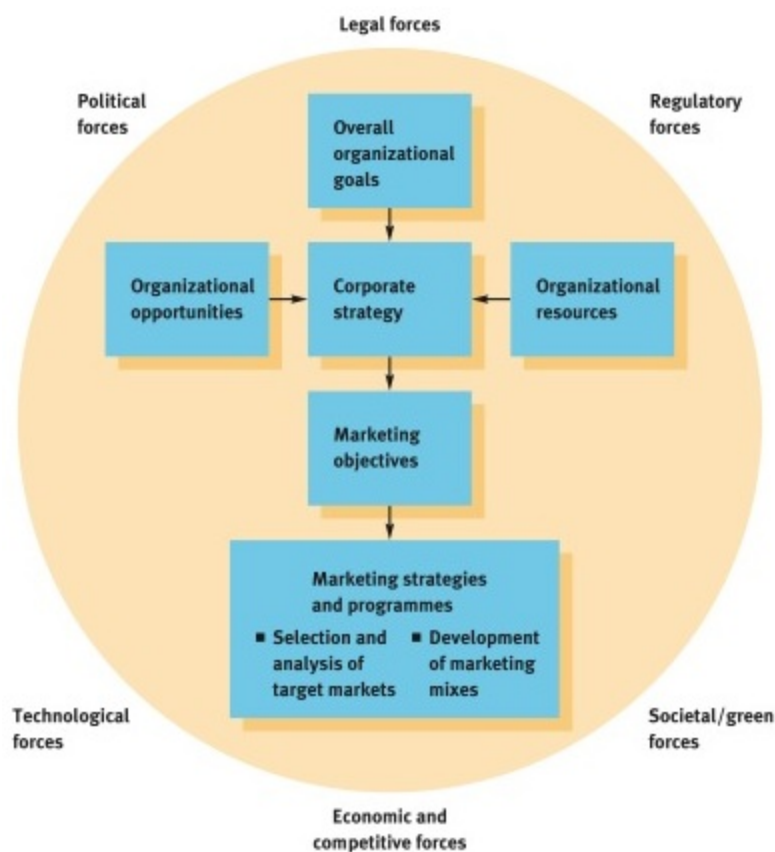
A division, product line or other profit centre within a parent company

Marketing plan

The written document or blueprint for specifying, implementing and controlling an organization's marketing activities and marketing mixes

The components of strategic market planning

[DIAGRAM - p 48, Marketing Essentials, credit: Dibb & Simkin]



The process is based on the establishment of an organization's overall goals, and it must stay within the bounds of the organisation's opportunities and resources.

Strategic window

A temporary period of optimum fit between the key requirements of a market and the particular capabilities of a company competing in that market

Market requirements

Requirements that relate to customers' needs or desired benefits

Environmental scanning

The process of collecting information about the marketing environment to help marketers identify opportunities and threats, and assist in planning

Capabilities

A company's distinctive competencies to do something well and efficiently

Marketing assets

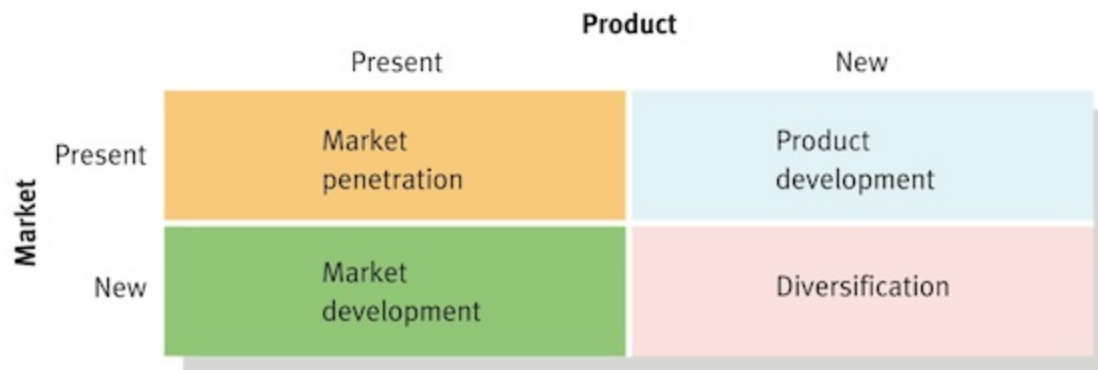
Customer, distribution and internal capabilities that managers and the marketplace view as beneficially strong

Strategic objectives

Includes intense growth, diversified growth or integrated growth

Ansoff's matrix

[DIAGRAM - p 55, Marketing Essentials, Dibb & Simkin - credit: H.I. Ansoff]



Ansoff's product–market matrix for determining competitive strategies: market penetration, market development, product development or diversification

Product development A strategy of increasing sales by improving present products or developing new products for current markets

Diversified growth Growth that occurs when new products are developed to be sold in new markets

Horizontal diversification A process that occurs when new products not technologically related to current products are introduced into current markets

Concentric diversification A process that occurs when new products related to current products are introduced into new markets

Conglomerate diversification A process that occurs when new products unrelated to current technology, products or markets are introduced into new markets

Integrated growth Growth that occurs in three possible directions: forwards, backwards or horizontally

Brand positioning The creation of a desirable, distinctive and plausible image for a brand in the minds of targeted customers

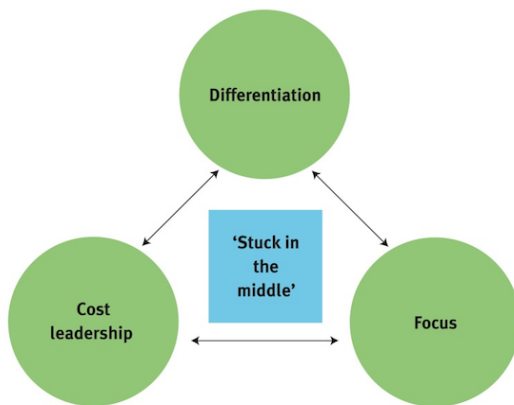
Target market strategy The choice for which market segment(s) an organization decides to develop marketing programmes

Competitive advantage The achievement of superior performance vis-à-vis rivals, through differentiation to create distinctive product appeal or brand identity; through providing customer value and achieving the lowest delivered cost; or by focusing on narrowly scoped product categories or market niches so as to be viewed as a leading specialist

Generic routes to competitive advantage Cost leadership, differentiation and focus; not mutually exclusive

Porter's generic routes to competitive advantage

[DIAGRAM - p 61, Marketing Essentials, Dibb & Simkin - credit: Michael Porter]



Failure to achieve any of these strategies can result in companies becoming 'stuck in the middle', with no real competitive advantage. It is not usually possible to simultaneously follow all three generic strategies for competitive advantage, but it is common for businesses to gain cost leadership while also differentiating their proposition, and also for organizations to seek both a focused and a differentiated approach.

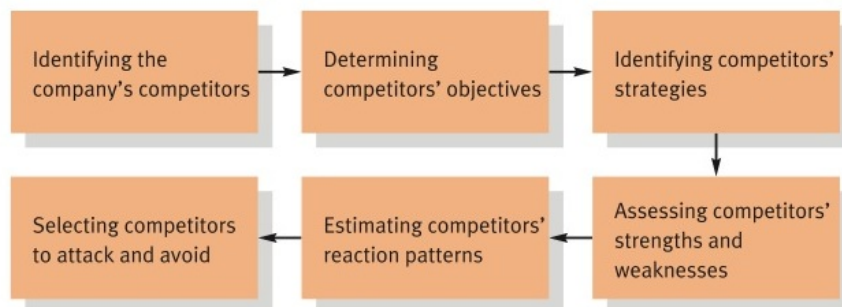
Competitive set All competing organizations and brands, irrespective of size and history, including substitutable solutions to customers' needs, as defined by the target market customers

Steps in analysing competitors

[DIAGRAM - p 62, Marketing Essentials, Dibb & Simkin - credit: Veronica Wong]

FIGURE 2.6
Steps in analyzing competitors

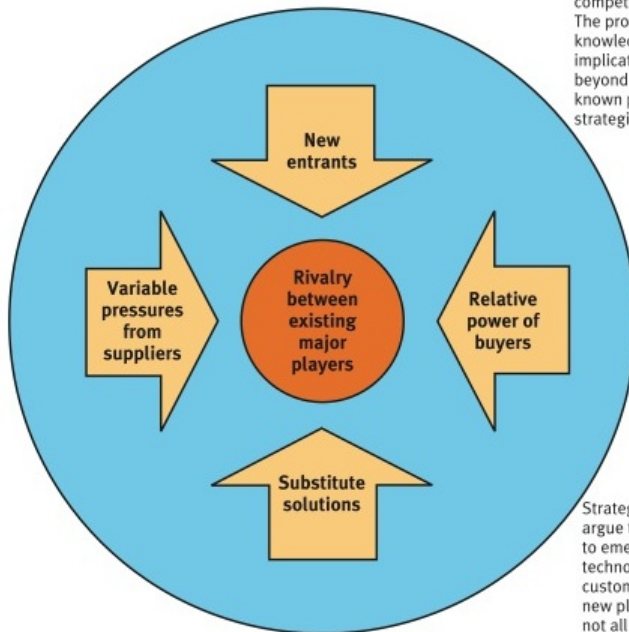
Source: Veronica Wong, 'FT MBA course notes', Warwick Business School, 1996, copyright © Professor Veronica Wong



Veronica Wong (after Kotler) suggests that competitor-aware marketers should be able to answer six key questions, as described in Figure 2.6. Marketers require these insights into competitors.

Porter's five competitive forces

[DIAGRAM - p 63, Marketing Essentials, Dibb & Simkin - credit: Michael Porter]



Research reveals that most companies merely monitor like-for-like major competitors, often less than effectively. The problems associated with poor knowledge of competitors and the implications of their activities reach beyond failing to adequately assess known players and their likely strategies and activities.

Together these determine competition in an industry or market: rivalry amongst existing like- for-like players; the threat of new entrants; the threat of substitute solutions; the bargaining power of buyers; and the bargaining power of suppliers

Strategists such as Michael Porter argue that organizations should look to emerging threats from substitute technologies and solutions to a customer's need, the appearance of new players, as well as recognize that not all suppliers or customers will be impacted in the same way by market conditions and the activities of an individual competitor or market issue.

FIGURE 2.7
Forecasting market potential and sales

<p>Competitive positions Competitors' roles in the marketplace, which influence their marketing strategies and programmes</p>	<p>Market leader The single player enjoying the largest individual share in the market</p>	<p>Market challengers Non-market leaders that aggressively try to capture market share from their rivals</p>	<p>Fast movers Smaller rival companies not yet destined to be major challengers, but growing rapidly on a smaller scale</p>
<p>Market followers Low-share competitors without the resources, market position, research and development, or the commitment to challenge for extra sales and market share</p>	<p>Market nichers Companies that specialize by focusing on only a very narrow range of products or on a select band of consumers</p>	<p>Defensive warfare A policy of striking a balance between waiting for market developments or competitor activity and proactively parrying competitors' actions</p>	<p>Offensive warfare A policy whereby challengers aggressively seek market share by identifying any weaknesses in the leader's and other challengers' marketing mixes and developing a genuine corresponding strength</p>
<p>Competitor scanning The monitoring of competitive positions and competitors' strategies</p>	<p>Competitive positions proforma A tool for scoping the competitive set, helping a company to understand the competitive positions in its target markets and diagnosing the effectiveness of a marketing strategy</p>	<p>Differential advantage An attribute of a brand, product, service or marketing mix that is desired by the targeted customer and provided by only one supplier</p>	<p>Basis for competing A company's combined strengths as identified in a SWOT analysis and any differential advantage, which should form the leading edge of the company's marketing strategy</p>

Session 27

Marketing environment The external forces that directly or indirectly influence an organization's acquisition of inputs and generation of outputs, comprising six categories of forces: political, legal, regulatory, societal, technological and economic/ competitive

Environmental scanning The process of collecting information about the forces in the marketing environment

Environmental analysis The process of assessing and interpreting the information gathered through environmental scanning

Political forces Legislation and regulations (or the lack of them) reflect the current political outlook. Consequently, the political force of the marketing environment has the potential to influence marketing decisions and strategies.

Legal forces

Procompetitive legislation Laws enacted to preserve competition and to end various practices deemed unacceptable by society

Office of Fair Trading (OFT) UK government office set up to oversee the trading practices of organizations and individuals in the UK

Competition Commission An independent body in the UK that investigates monopolies to determine whether they operate against the public interest

Consumer protection legislation

Consumers' Association A private organization, funded by members' subscriptions, that works to further consumer interests

Regulatory forces

Government departments:

Department for Environment, Food and Rural Affairs (DEFRA), Department for Employment and Learning controls the Employment Service, Office for National Statistics (ONS), The Department for Business, Innovation and Skills (BIS), Department of Transport

Societal forces

Individuals and groups, and the issues engaging them, that pressure marketers to provide high living standards and enjoyable lifestyles through socially responsible decisions and activities

Green movement The trend arising from society's concern about pollution, waste disposal, manufacturing processes and the greenhouse effect

Consumer movement

A diverse collection of independent individuals, groups and organizations seeking to protect the rights of consumers

Technological forces

Technology

The application of knowledge and tools to solve problems and perform tasks more efficiently

Technology assessment A procedure by which managers try to foresee the effects of new products and processes on their company's operation, on other commercial organizations and on society in general

CRM (customer relationship management)

Data capture about customers and their buying habits, analysis and profiling of such behaviours, so that tailored propositions and communications may be created in order to maintain an ongoing relationship and continue to interest customers in the company's brand, products and activities

Digital marketing Digital marketing tools and techniques are used by marketers to improve their proposition to customers and overall competitiveness, with a value adding website and interrelated digital marketing techniques to drive traffic, conversion, positive experience and referrals.

Mobile marketing A set of practices that enables organizations to communicate and engage with their audience in an interactive and relevant manner through any mobile device or network.

Social media Social media incorporate the online technology and methods through which people can share content, personal opinions, different perspectives and insights, using text, images, audio and video, via social networks, video and photo sharing, micro- blogs, wikis and news aggregators.

Economic and competitive forces Factors in the marketing environment – such as the effects of general economic conditions; buying power; willingness to spend; spending patterns; types of competitive structure, competitive tools and competitive behaviour – that influence both marketers' and consumers' decisions and activities

Business cycle Fluctuations in the economy that follow the general pattern of prosperity, recession, depression and recovery

Prosperity A period during which unemployment is low and total income is relatively high

Recession A period during which unemployment rises and total buying power declines

Depression A period during which unemployment is extremely high, wages are very low, total disposable income is at a minimum and consumers lack confidence in the economy

Recovery The stage of the business cycle in which the economy moves from depression or recession to prosperity

Assessment of competitive forces

Competition

Those companies marketing products that are similar to, or can be substituted for, a given business's products in the same geographic area or marketing channel

Monopoly

A market structure that exists when a company turns out a product that has no close substitutes or rivals

Oligopoly

A market structure that exists when a few sellers control the supply of a large proportion of a product

Monopolistic competition

A market structure that exists when a business with many potential competitors attempts to develop a differential marketing strategy to establish its own market share

Perfect competition

A market structure that entails a large number of sellers, not one of which could significantly influence price or supply

Competitor monitoring The process by which a company studies the actions of its major competitors in order to determine what specific strategies they are following and how those strategies affect its own; also used by marketers as they try to develop competitive advantages, adjust current marketing strategies and plan new ones

The micro marketing environment

Macro marketing environment The broader forces affecting all organizations in a market: political, legal, regulatory, societal/ green, technological and economic/competitive

Micro marketing environment The more company- specific forces reflecting the nature of the business, its suppliers, marketing intermediaries, buyers, all types of competitors – direct, substitute and new entrant – and its publics

Marketing environment forces

[DIAGRAM - p 111, Marketing Essentials, Dibb & Simkin - credit: Dibb & Simkin]

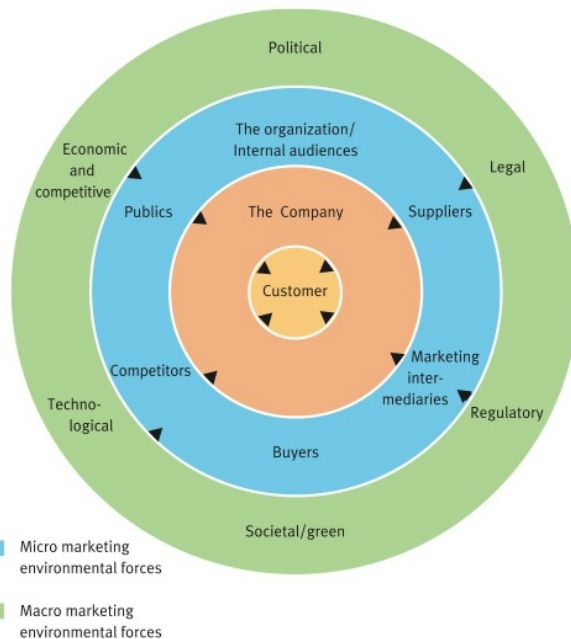


FIGURE 3.3
The forces of the marketing environment: macro and micro, impacting on the company and its customers

The forces of the marketing environment: macro and micro, impacting on the company and its customers.

SESSIONS 28 & 29 - Buying behaviour (consumer and business)

This term describes the processes that consumers and business customers go through when making purchases and the myriad factors which influence them as they do so

Consumer buying behaviour The buying behaviour of ultimate consumers – those who purchase products for personal or household use

Dibb and Simkin cover four different types of buyer behaviour:

- **routine response behaviour** - Behaviour that occurs when buying frequently purchased, low-cost, low-risk items that need little search and decision effort
- **limited decision making** - Behaviour that occurs when buying products purchased only occasionally, for which a moderate amount of information gathering and deliberation is needed
- **extensive decision making** - Behaviour that occurs when a purchase involves unfamiliar, expensive, high-risk or infrequently bought products for which the buyer spends much time seeking information and comparing brands before deciding on the purchase
- **impulse buying** - Behaviour that involves no conscious planning but results from a powerful, persistent urge to buy something immediately

Consumer buying decision process

[DIAGRAM - p 126, Marketing Essentials, Dibb & Simkin - credit: Dibb & Simkin]

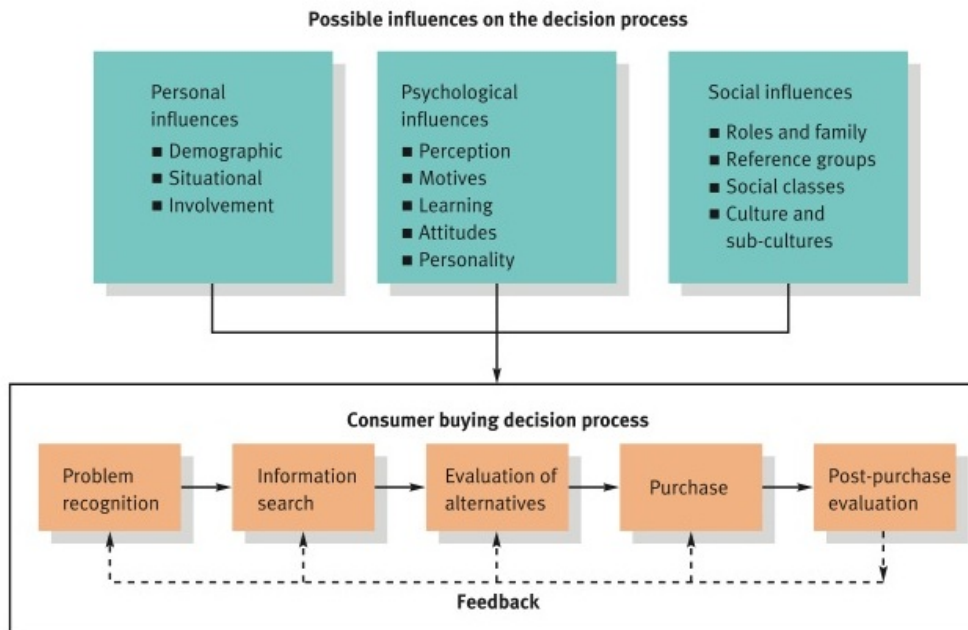


FIGURE 4.1

The consumer buying decision process and possible influences on the process

A five-stage process that includes problem recognition, information search, evaluation of alternatives, purchase and post-purchase evaluation

Internal search One in which the buyer searches his or her memory for information about product

External search One that focuses on information not available from the consumer's memory

Evoked set The group of products that a buyer views as possible alternatives after conducting an information search

Salience The level of importance a buyer assigns to each criterion for comparing products

Cognitive dissonance Doubts that occur as the buyer questions whether s/he made the right decision in purchasing the product or service

Factors influencing the buying decision process

Personal influencing factors Demographic, situational and level of involvement factors unique to a particular individual

Demographic factors Individual characteristics such as age, sex, race, ethnic origin, income, family life cycle and occupation

Situational factors External circumstances or conditions that exist when a consumer is making a purchase decision

Level of involvement The level of interest, emotional commitment and time spent searching for a product in

Psychological factors Factors that influence consumer behaviour, including perception, motives, learning, attitudes and personality

Perception The process of selecting, organising and interpreting information inputs to produce meaning

Information inputs The sensations received through sight, taste, hearing, smell and touch

Selective exposure The selection of inputs that people expose to their awareness

Selective distortion The changing or twisting of currently received information

Selective retention The process of remembering information inputs that support personal feelings and beliefs, and of forgetting those that do not

In-depth interview The collection of data from an individual by interview

Focus group A semi-structured discussion involving six to twelve people, led by a moderator

Projective techniques Tests in which subjects are asked to perform specific tasks for particular reasons, while actually being evaluated for other purposes

Attitude scale A series of adjectives, phrases or sentences about an object used by a subject to indicate his or her feelings towards that object

Social factors The forces other people exert on buying behaviour

Reference group A group with which an individual identifies so much that he or she takes on many of the values, attitudes or behaviour of group members

Opinion leader The member of a reference group who provides information about a specific sphere of interest to reference group participants seeking information

Social class An open group of individuals who have similar social rank

Culture All the things around us that are made by human beings: tangible items, such as food, furniture, buildings, clothing and tools; and intangible concepts, such as education, the legal system, healthcare and religion; plus values and behaviours

Sub-cultures Sub-divisions of culture according to geographic regions or human characteristics, such as age or ethnic background

Socio-economic classification

[DIAGRAM - p 142, *Marketing Essentials*, Dibb & Simkin - credit: Dibb & Simkin]

TABLE 4.1 Socio-economic classification

Social grade	Social status	Head of household's occupation
A	Upper middle class	Higher managerial, professional or administrative positions; often living in expensive accommodation in the best residential areas
B	Middle class	Middle managerial, professional or administrative jobs; good living standards, usually in good accommodation in reasonable areas
C ₁	Lower middle class	Junior managerial, professional or administrative, supervisory or clerical jobs; sometimes referred to as 'white collar' workers
C ₂	Skilled working class	Skilled manual workers, perhaps who have served some kind of apprenticeship to train
D	Manual workers	Semi-skilled and unskilled manual workers
E	Those at lowest levels of subsistence	Old age pensioners, widows, casual workers, the unemployed or those who are dependent on social security or have little in the way of independent means

See www.medialive.ie for more details of socio-economic groups.

[DIAGRAM - p 143, *Marketing Essentials*, Dibb & Simkin - credit: adapted from Angela Donkin, Yuan Huang Lee and Barbara Toson]

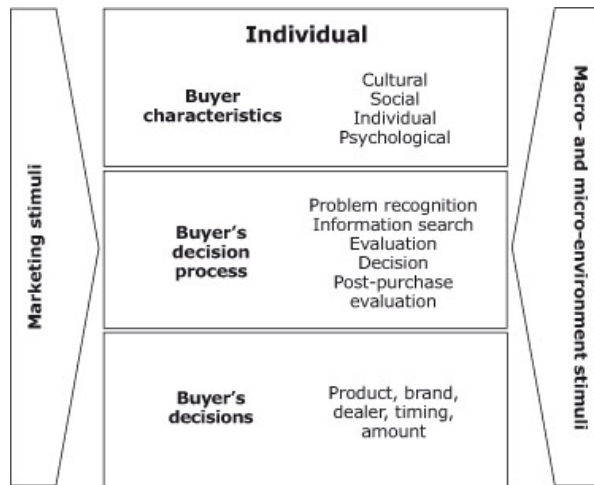
TABLE 4.2 NS SEC eight-class socio-economic classification

Class	Occupation groups
1	Higher managerial and professional occupations (ABs): e.g. business executives, doctors, vets, teachers
2	Lower managerial and professional occupations (C1s): e.g. nurses, police sergeants and constables, market researchers, junior managers
3	Intermediate occupations (C2s): e.g. secretaries, clerical staff, technicians and telephone engineers
4	Small employers and own-account workers: e.g. the self-employed and those employing fewer than 25 people
5	Lower supervisory and technical occupations: e.g. supervisors in factories
6	Semi-routine occupations: e.g. drivers, assembly-line workers, shop staff
7	Routine occupations: e.g. porters, labourers, domestic staff
8	Never worked or long-term unemployed

Source: adapted from Angela Donkin, Yuan Huang Lee and Barbara Toson, 'Implications of change in the UK social and occupational classifications in 2001 for vital statistics', *Population Trends*, 107, *National Statistics*, Spring 2002, pp. 23–9.

Consumer- to-consumer communication (C2C) refers to communication taking place between consumers through face- to-face, online or other electronic media

Individual purchase decision making and the factors that influence it:



[DIAGRAM - Figure 28.1 Credit: OU B203 online, marketing Block 3]

SESSION 29 - Defining business markets and understanding the dimensions of business buying and business buying behaviour

Business market The customers are not consumers, private individuals or households: instead the target customers are other businesses and organizations that purchase a specific type of product or service for resale, for use in making other products or for use in their daily operations

Producer markets Buyers of raw materials and semi-finished and finished items used to produce other products or in their own operations

Reseller markets Intermediaries, such as wholesalers and retailers, who buy finished goods and resell them to make a profit

Wholesalers Intermediaries who purchase products for resale to retailers, other wholesalers and producers, governments and institutions

Retailers Intermediaries that purchase products and resell them to final consumers

Government markets Departments that buy goods and services to support their internal operations, and to provide the public with education, water, energy, national defence, road systems and healthcare

Public sector markets Government and institutional not-for-profit customers and stakeholder groups

Institutional markets Organizations with charitable, educational, community or other non- business goals

Third sector Includes charities, the voluntary sector, not- for-profit organizations and NGOs.

Reciprocity An arrangement unique to business-to-business marketing in which two organizations agree to buy from each other

New task purchase

An organization's initial purchase of an item to be used to perform a new job or to solve a new problem

Modified re-buy purchase A new task purchase that is changed when it is reordered or when the requirements associated with a straight re-buy purchase are modified

Straight re-buy purchase A routine repurchase of the same products under approximately the same terms of sale

Derived demand Demand for business products that arises from the demand for consumer products

Inelastic demand Demand that is not significantly affected by a price increase or decrease

Joint demand

Demand that occurs when two or more products are used in combination to produce another product

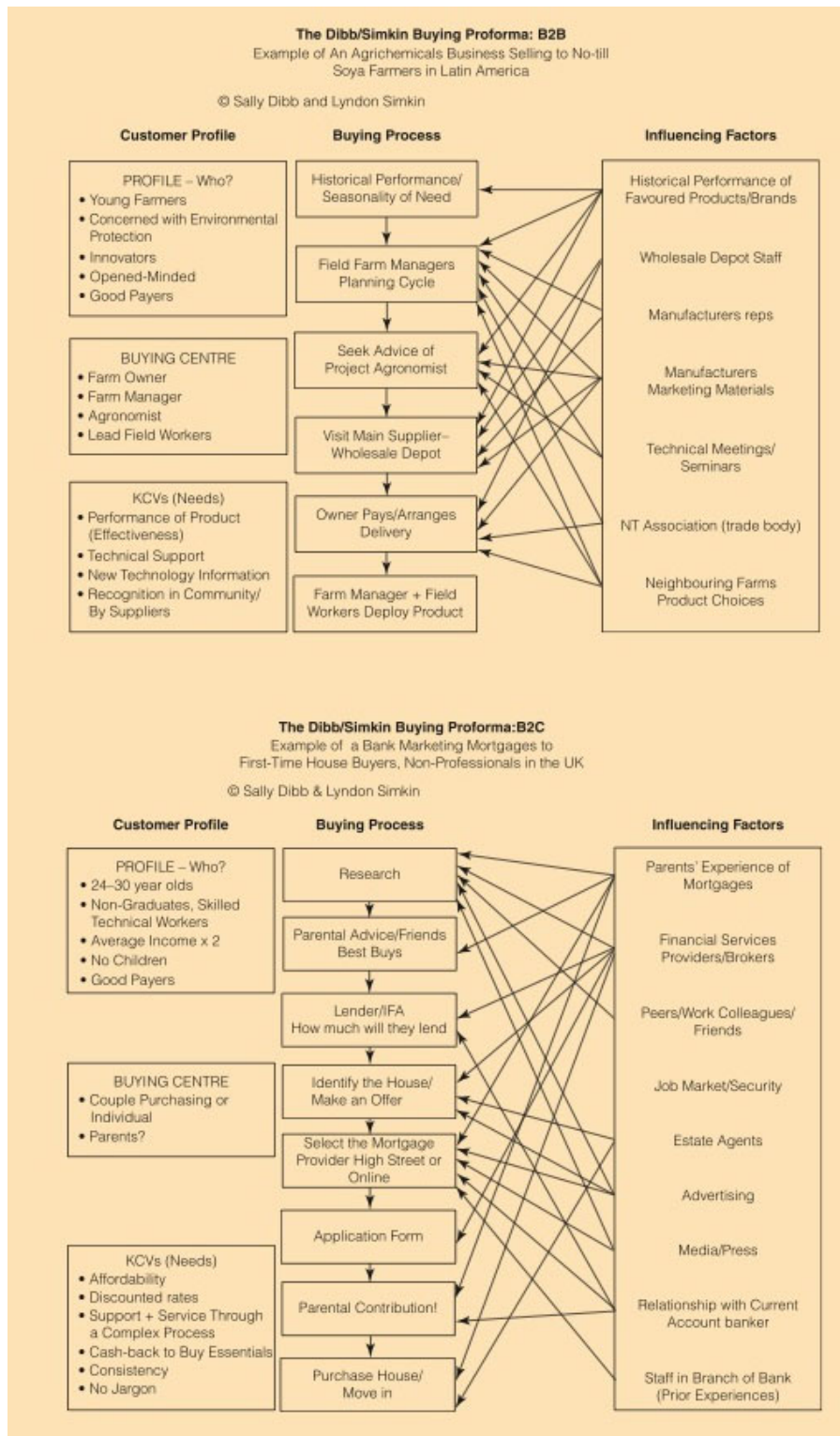
Business buying decisions

Business (or business- to-business) buying behaviour The purchase behaviour of producers, resellers, the public sector, government units and institutions

Buying centre The group of people within an organization who are involved in making business- to-business purchase decisions

Dibb/Simkin Buying proforma

[DIAGRAM - p.166 Marketing Essentials. Credit Dibb & Simkin]



The exchange process in business buying

[DIAGRAM - p.166 Marketing Essentials. Credit Dibb & Simkin]

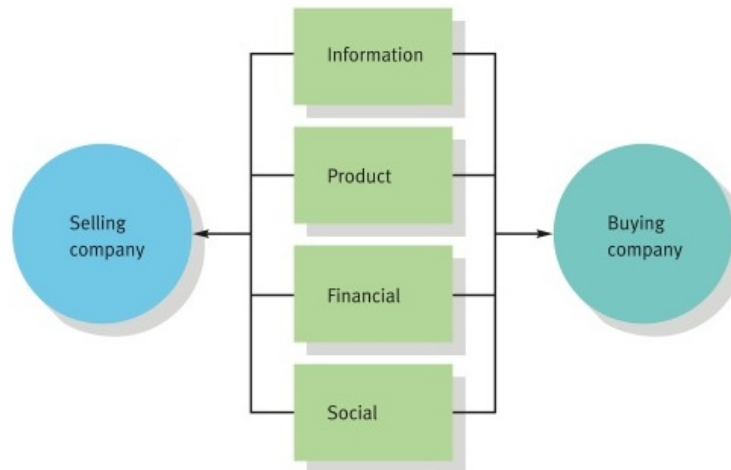


FIGURE 5.3
The exchange
process in
business buying

Relationship marketing All of the activities an organization uses to build, maintain and develop customer relations

Relationship management The process of encouraging a match between the seller's competitive advantage and the buyer's requirements over an item's life cycle

Key account management Dedicated and close support for individual business customers whose volume of business is significant and warrants one-to-one handling

The business buying decision process and factors that may influence it
 [DIAGRAM - p.169 Marketing Essentials. Credit: Wind, Y., Webster, F.E. Jr,]

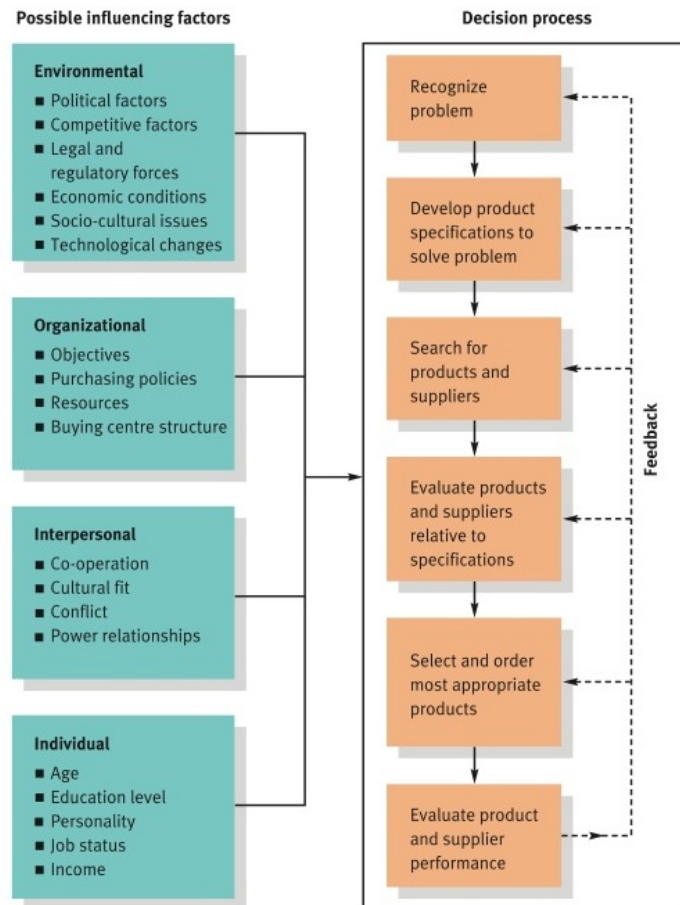


FIGURE 5.4
 The business buying decision process and factors that may influence it
 Source: Wind, Y., Webster, F.E. Jr, Organisational Buying Behaviour, 1st edition copyright © 1972, pp. 33-37. Adapted by permission of Pearson Education, Inc. Upper Saddle River, NJ.

Value analysis An evaluation of each component of a potential purchase

Supplier analysis A formal and systematic evaluation of current and potential suppliers

Sole/multiple sourcing A business's decision to use one/several suppliers

Organizational factors Include the buyer's objectives, purchasing policies and resources, as well as the size and composition of its buying centre

Individual factors The personal characteristics of individuals in the buying centre, such as age, education, personality, position in the organization and income level

[DIAGRAM - p.174 Marketing Essentials. Credit: Dibb & Simkin]

TABLE 5.1 The Standard Industrial Classification (SIC) system for categorizing industrial consumers

0	Agriculture, forestry and fishing
1	Energy and water supply industries
2	Extraction of minerals and ores other than fuels; manufacture of metals, mineral products and chemicals
3	Metal goods, engineering and vehicles
4	Other manufacturing industries
5	Construction
6	Distribution, hotels and catering; repairs
7	Transport and communication
8	Banking, finance, insurance, business services and leasing
9	Other services

SESSIONS 30 & 31 - Segmenting markets, targeting and positioning

1. *segmenting* grouping similar customers into market segments
2. *targeting*: identifying the segments on which marketing effort will be focused
3. *positioning*: creating an appropriate image for the product.

Defining market segmentation

Market segment A group of individuals, groups or organizations sharing one or more similar characteristics that cause them to have relatively similar product needs and buying characteristics

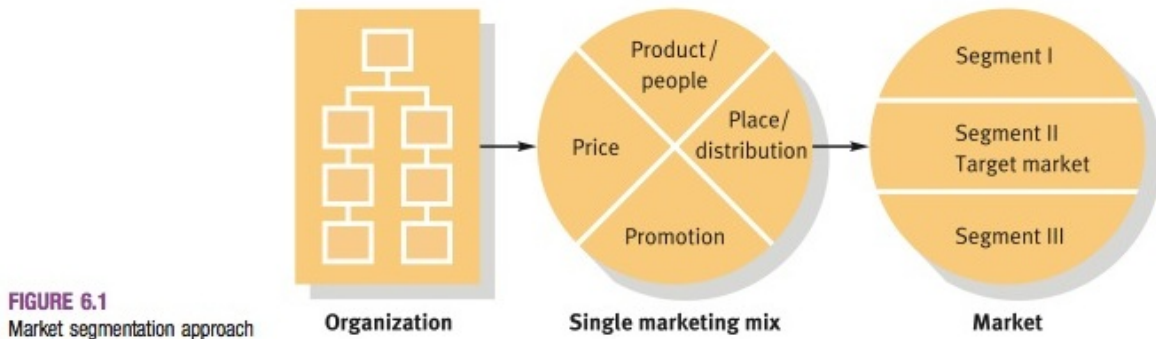
Undifferentiated (or total market) approach An approach which assumes that all customers have similar needs and wants, and can be served with a single marketing mix

Heterogeneous markets Markets in which all customers have different requirements

Market segmentation The process of grouping customers in markets with some heterogeneity into smaller, more similar or homogeneous segments. The identification of target customer groups in which customers are aggregated into groups with similar requirements and buying characteristics

market segment approach

[DIAGRAM - p.187 Marketing Essentials. Credit: Dibb & Simkin]



Customer analysis Segmenting markets facilitates a better understanding of customers' needs, wants and other characteristics.

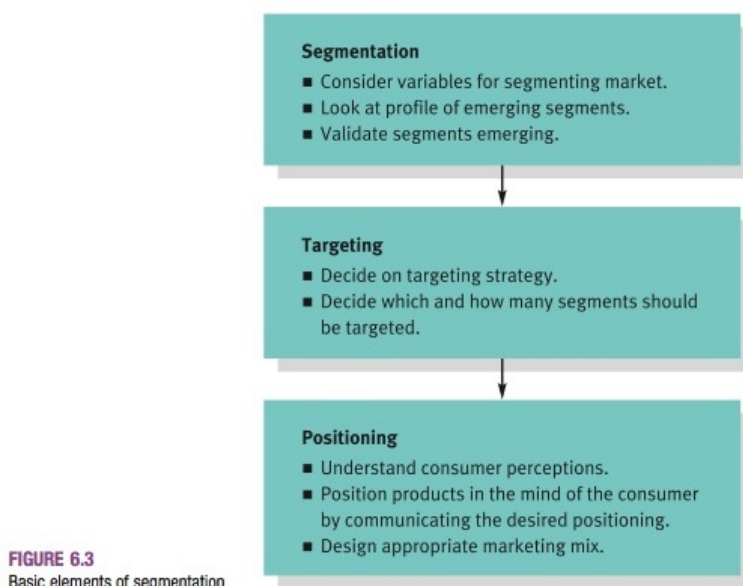
Competitor analysis Most markets are characterized by intense competition. Within this environment, companies need to understand the nature of the competition they face. Who are their main competitors? At which segments are they targeting their products?

Effective resource allocation All companies have limited resources. To target the whole of the market is usually unrealistic. The effectiveness of personnel and material resources can be greatly improved when they are more narrowly focused on a particular segment of customers.

Strategic marketing planning Companies operating in a number of segments are unlikely to follow the same strategic plans in them all. Dividing up markets allows marketers to develop plans that give special consideration to the particular needs and requirements of customers in different segments.

Segmenting, targeting and positioning

[DIAGRAM - p.189 Marketing Essentials. Credit: Dibb & Simkin]



[DIAGRAM - p.191 Marketing Essentials. Credit: Dibb & Simkin]

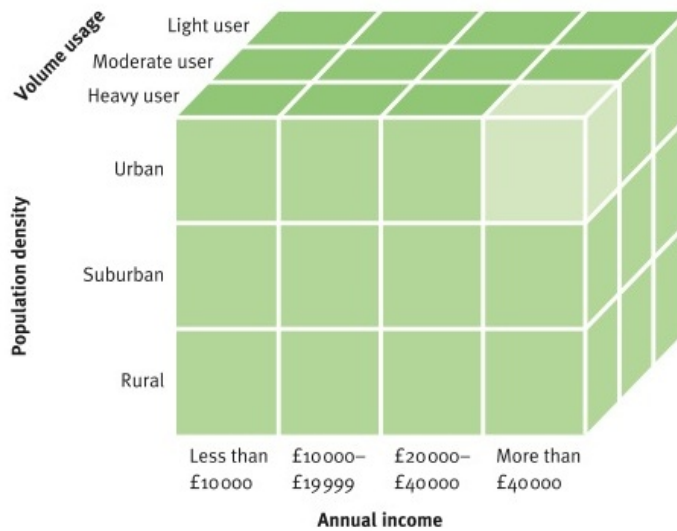


FIGURE 6.4
Multivariable segmentation

Single variable segmentation Segmentation achieved by using only one variable, the simplest type of segmentation to perform

Multivariable segmentation Segmentation using more than one characteristic to divide a total market

The different bases for segmenting markets enable marketers to group together existing and potential customers in terms of different criteria. The four major categories of base variables are:

- **demographic** - Age, gender, education, social class, occupation, income etc
- **geographic** - Population, region, market density, climate
- **psychographic** - Personality, motives, lifestyle
- **behaviouristic** - volume usage, end use, benefit expectations, price sensitivity, brand loyalty

[DIAGRAM - p.194 Marketing Essentials. Credit: Wells & Gubar]

TABLE 6.1 The Wells and Gubar life cycle stages

Bachelor stage (young single people not living with parents)
Newly married couples without children
Full nest I (youngest child under six)
Full nest II (youngest child six or over)
Full nest III (older married couple with dependent children)
Empty nest I (no children living at home, family head working)
Empty nest II (family head retired)
Solitary survivor (working)
Solitary survivor (retired)

Source: Copyright © ESOMAR® 2000. Permission for using this material has been granted by ESOMAR®, Amsterdam, the Netherlands <http://www.esomar.org/>

Geodemographic segmentation Clustering people according to postcode areas and census data

Benefit segmentation The division of a market according to the benefits consumers want from the product

Profiling The task of building up a fuller picture of the target segments

Descriptors Variables used to profile or build a fuller picture of target segments brand's desired stature

SESSION 31 - Understanding more about how segmentation, targeting and positioning work

Stages in segmentation analysis

Objectives

Marketers must know the purpose of the exercise and have clear objectives.

Data

Required information must be specified and collected. This may encompass a qualitative phase to develop a robust view of consumer or customer attitudes, motives, behaviour and perceptions, and a quantitative phase involving larger samples and statistical analysis of questionnaire responses

Analysis

Various statistical packages, such as SPSS, can be used. Factor analysis, conjoint analysis and cluster analysis are commonly used techniques for analyzing the collected data. Multidimensional scaling (MDS) is widely used in product positioning studies. Such techniques should not be applied by those without the necessary statistical skills, if inappropriate solutions are to be avoided

Interpretation

Marketers must interpret the proposed solutions to ensure any adopted segmentation scheme is statistically valid (complies with the relevant statistical significance tests) and managerially or intuitively valid, and that it presents market segments that are effective. Ultimately, the analysis should comply with statistical validity tests. Any recommendations must also be sensible in the view of managers

Recommendation

The final proposed solution must first be presented internally to senior and line managers expected to approve the segments, and then actioned for the external audience of distributors and customer

Customer relationship management (CRM) The identification of the most worthwhile and valuable customers within targeted segments and the development of ongoing relationships to foster loyalty and repeat purchasing.

Undifferentiated targeting strategy When a company targets an entire market for a product with a single marketing mix

Concentration strategy A process by which an organization directs its marketing effort towards a single market segment through one marketing mix

[DIAGRAM - p.206 Marketing Essentials. Credit: Dibb & Simkin]

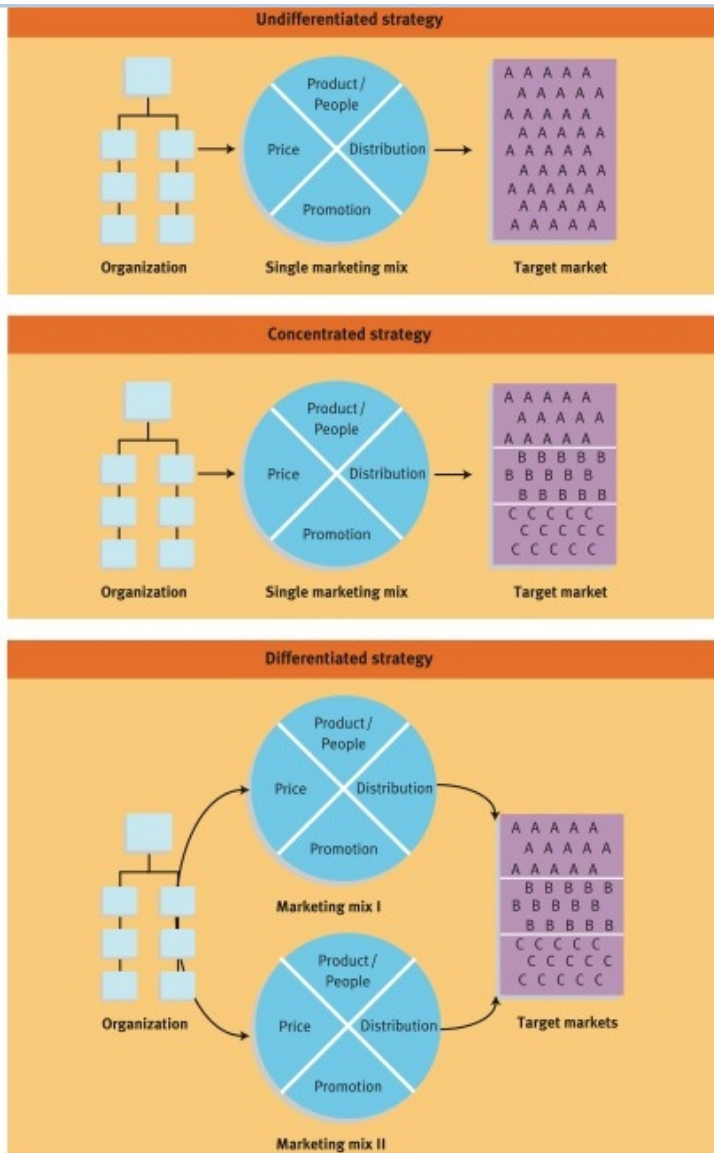


FIGURE 6.7 Targeting Strategies. The letters in each target market represent potential customers. Customers with the same letters have similar characteristics and similar product needs

Differentiated strategy A strategy by which an organization directs its marketing efforts towards two or more market segments by developing a marketing mix for each

[DIAGRAM - p.208 Marketing Essentials. Credit: David W. Cravens]

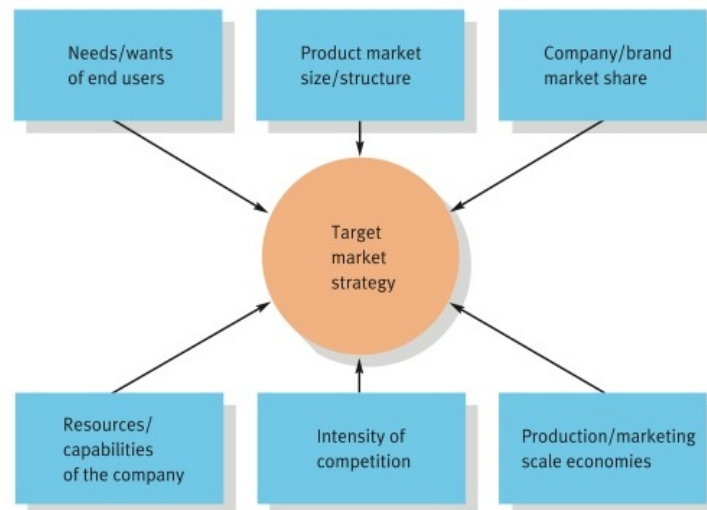


FIGURE 6.9
Factors affecting choice of target market strategy
Source: David W. Cravens, Strategic Marketing, 9th edition, copyright © 2009. The McGraw-Hill Companies, Inc.

Directional policy matrix A market attractiveness and business strength/ capability assessment tool ideal for trade-off analyses for identifying resourcing priorities

Sales potential The amount of sales possible for a particular brand or product in the context of market conditions in a specific period of time

Market share The company's brand or product share of total sales in a particular target market or market segment, versus competing brands

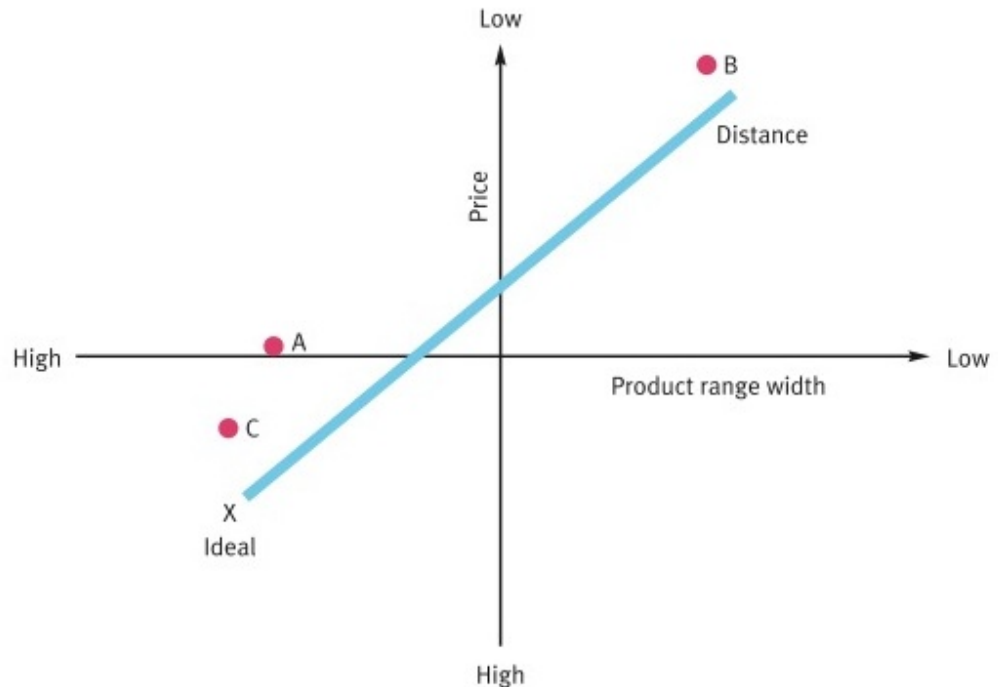
Value share The proportion of total market monetary sales attracted by an individual brand or product within a particular market

Positioning The process of creating an image for a product in the minds of target customers

Perceptual mapping A tool used by marketers and marketing researchers to visually depict consumer perceptions and prioritising of brands and their perceived attributes

[DIAGRAM - p.215 Marketing Essentials. Credit: D. Knee and D. Walters]

FIGURE 6.10
Positioning map of hypothetical consumer preferences
Source: D. Knee and D. Walters, *Strategy in Retailing* (Herts, UK: Philip Allan, 1985), p. 27. Reproduced by permission of Philip Allan, a division of Hodder Education



SESSIONS 32, 33 and 34 - Marketing research and products & services

SESSIONS 32 - Marketing research

Marketing research The process of gathering, interpreting and reporting information to help marketers solve specific marketing problems or take advantage of marketing opportunities

Marketing intelligence The composite of all data and ideas available within an organization, which assists in decision-making

Quantitative research Research aimed at producing data that can be statistically analyzed and whose results can be expressed numerically

Qualitative research Research that deals with information too difficult or expensive to quantify, such as subjective opinions and value judgements, typically unearthed during interviews or discussion groups

The marketing research process

To maintain the control needed for obtaining accurate information, marketers approach marketing research in logical steps, as follows:

[DIAGRAM - p.229 Marketing Essentials. Credit: Dibb & Simkin]



FIGURE 7.2

The five steps of the marketing research process

Research design

An overall plan for obtaining the information needed to address a research problem or issue

Research objective The desired outcome from the marketing research project being undertaken

Hypothesis An informed guess or assumption about a certain problem or set of circumstances

Exploratory research Deliberately flexible data gathering used to discover the general nature of a problem and the factors that relate to it

Descriptive research Data collection that focuses on providing an accurate description of the variables in a situation

Causal research Data collection that assumes that a particular variable X causes a variable Y

Collecting data:

Primary data Information gathered by observing phenomena or surveying respondents	Secondary data Information compiled inside or outside the organization for some purpose other than the current investigation
--	---

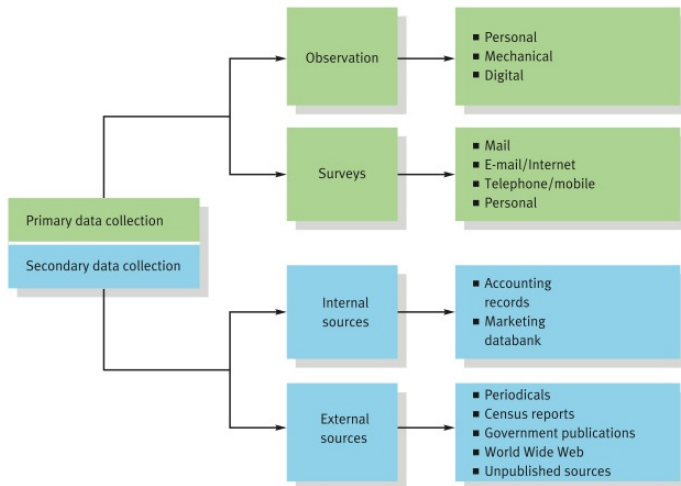


FIGURE 7.4
Approaches to collecting data

Syndicated data services Organizations that collect general information and sell it to clients

Sampling:

Sample A limited number of units chosen to represent the characteristics of a total population

<p>sampling The selection of representative units from a total population</p>	<p>probability sampling Every element in the population has a known chance of being selected for study</p>	<p>random sampling A sampling method in which all the units in a population have an equal chance of appearing in the sample</p>
<p>stratified sampling A sampling method in which the population of interest is divided according to a common characteristic or attribute; a probability sampling is then conducted within each group</p>	<p>area sampling A sampling method that involves selecting a probability sample of geographic areas and selecting units or individuals within the selected areas for the sample</p>	<p>quota sampling A sampling method in which the final choice of respondents is left to the interviewers, who base their choices on two or three variables (such as age, sex and education)</p>

Experimentation Data collection that involves maintaining certain variables as constant so that the effects of the experimental variables can be measured

Independent variable A variable not influenced by or dependent on other variables in experiments

Dependent variable A variable that is contingent on, or restricted to, one value or a set of values assumed by the independent variable

Laboratory settings Central locations at which participants or respondents are invited to react or respond to experimental stimuli

Field settings

'Real world' environments in which experiments take place

Analysing and interpreting research findings:

Statistical interpretation An analysis of data that focuses on what is typical or what deviates from the average

Marketing information system (MIS) The framework for the day-to-day management and structuring of information gathered from sources both inside and outside an organization

Single-source data Information provided by a single marketing research company

SESSION 33 - Products and services 1

Product Everything, both favourable and unfavourable, tangible and intangible, received in an exchange of an idea, service or good

Component parts Parts that become a part of the physical product and are either finished items ready for assembly or products that need little processing before assembly

Process materials Materials used directly in the production of other products, but not readily identifiable

Consumable supplies Supplies that facilitate production and operations but do not become part of the finished product

MRO items Consumable supplies in the subcategories of maintenance, repair and operating (or overhaul) supplies

[DIAGRAM - p.266 Marketing Essentials. Credit: Dibb & Simkin]

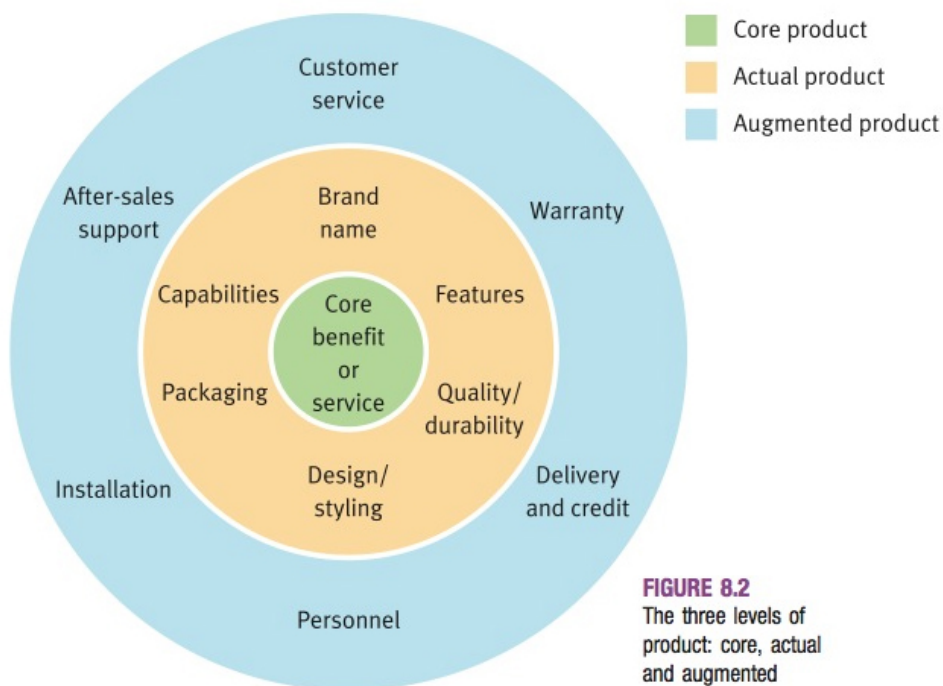


FIGURE 8.2
The three levels of product: core, actual and augmented

<p>Core product The level of a product that provides the perceived or real core benefit or service</p>	<p>Actual product A composite of the features and capabilities offered in a product, quality and durability, design and product styling, packaging and brand name</p>	<p>Augmented product Support aspects of a product, including customer service, warranty, delivery and credit, personnel, installation and after- sales support</p>
---	--	---

<p>product mix The composite group of products that a company makes available to customers</p>	<p>depth (of product mix) The number of different products offered in each product line</p>	<p>width (of product mix) The number of product lines a company offers</p>
---	--	---

Product life cycle

- 1 introduction
- 2 growth
- 3 maturity
- 4 decline

[DIAGRAM - p.269 Marketing Essentials. Credit: Dibb & Simkin]

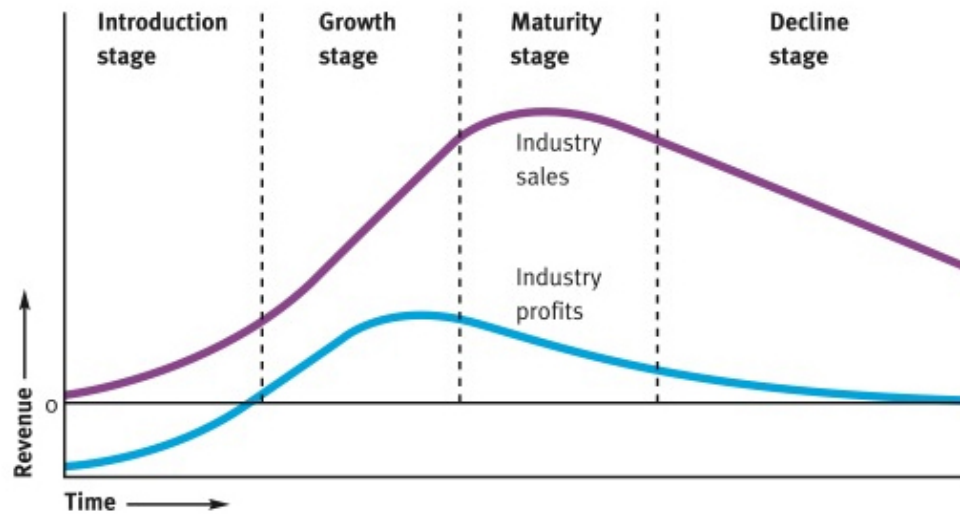


FIGURE 8.5
The four stages of the product life cycle

introduction stage	growth stage	Maturity stage	Decline stage
A product's first appearance in the marketplace, before any sales or profits have been made	The stage at which a product's sales rise rapidly and profits reach a peak, before levelling off into maturity	The stage during which a product's sales curve peaks and starts to decline, and profits continue to decline	The last stage of a product's life cycle, during which sales fall rapidly

SESSION 34 - Products and services 2

product manager The person responsible for a product, a product line or several distinct products that make up an interrelated group within a multi-product organization

Venture or project team The group that creates entirely new products, perhaps aimed at new markets, and is responsible for all aspects of the product

New product development The process a product goes through before introduction, involving seven phases:

1. idea generation
2. screening ideas
3. concept testing

4. business analysis
5. product development
6. test marketing
7. commercialisation

Idea generation The process by which companies and other organizations seek product ideas that will help them achieve their objectives

Screening ideas The process by which a company assesses whether product ideas match its organizational objectives and resources

Concept testing Seeking potential buyers' responses to a product idea

Business analysis A company's evaluation of a product idea to determine its potential contribution to the company's sales, costs and profits

Product development The phase in which the organization determines if it is technically and financially feasible to produce a new product

Test marketing The limited introduction of a product in geographic areas or a channel chosen to represent the intended market

Product adoption process The stages buyers go through in accepting a product: awareness, interest, evaluation, trial and adoption

1. Awareness the buyer becomes aware of the product.
2. Interest the buyer seeks information and is generally receptive to learning about the product.
3. Evaluation the buyer considers the product's benefits and determines whether to try it.
4. Trial the buyer examines, tests or tries the product to determine its usefulness relative to his or her needs.
5. Adoption the buyer purchases the product and can be expected to use it when the need for this general type of product arises again

Exclusive distribution Market coverage in which only one outlet is used in a geographic area

Selective distribution Market coverage in which only some available outlets in an area are chosen to distribute a product

Intensive distribution Market coverage in which all available outlets are used for distributing a product

Product deletion

The process of eliminating a product that no longer satisfies a sufficient number of customers

[DIAGRAM - p.294 Marketing Essentials. Credit: Martin L. Bell]

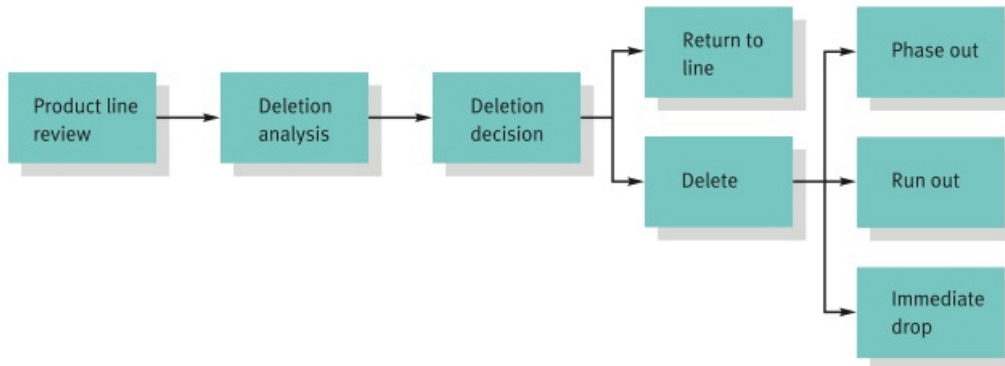


FIGURE 9.4

Product deletion process

Source: Martin L. Bell, *Marketing: Concepts and Strategies*, 3rd edn, p. 267; copyright © 1979, Houghton Mifflin Company.

Product portfolio analysis A strategic planning tool that takes a product's market growth rate and its relative market share into consideration in determining a marketing strategy

1. build share
2. maintain share
3. harvest share
4. divest business

[DIAGRAM - p.296 Marketing Essentials. Credit: The Boston Consulting Group]

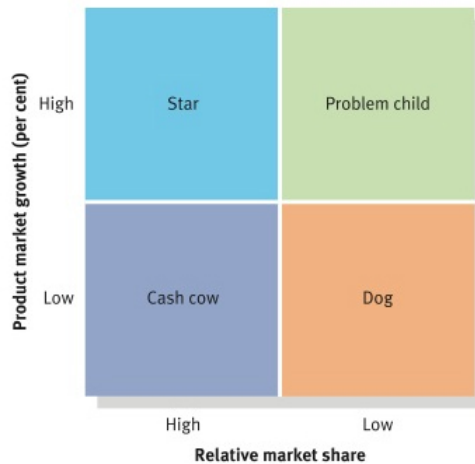


FIGURE 9.5
 Illustrative growth-share matrix developed by the Boston Consulting Group
 Source: The BCG Portfolio Matrix from the Product Portfolio Matrix, © 1970, The Boston Consulting Group

Note: Although a popular tool in the 1980s, the BCG growth-share matrix is not commonly deployed these days. Many marketers believe that market attractiveness equates to more than simply the growth rate of a market and a product's – or – brand's respective market share.

Stars Products with a dominant share of the market and good prospects for growth	problem children Products that have a small share of a growing market, generally requiring a large amount of cash to build share
Cash cows Products with a dominant share of the market but low prospects for growth	dogs Products that have a subordinate share of the market and low prospects for growth

Market attractiveness–business position model

A two-dimensional matrix that helps determine which SBUs have an opportunity to grow and which should be divested

[DIAGRAM - p.298 Marketing Essentials. Credit: Derek F. Abell and John S. Hammond]

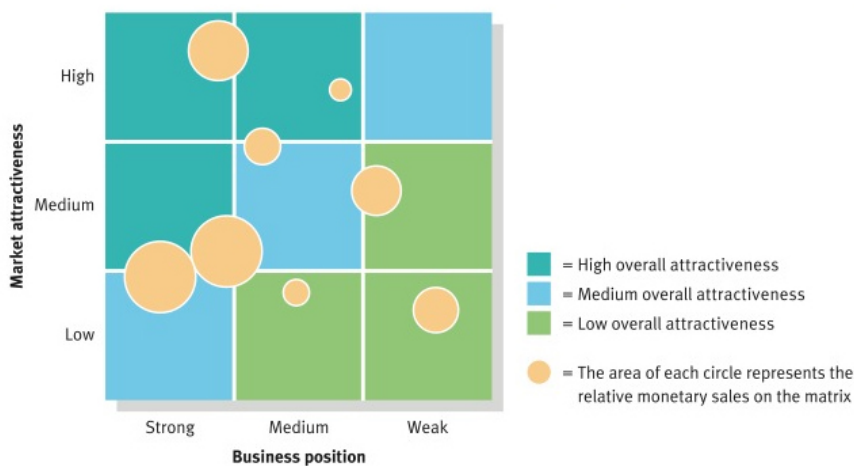


FIGURE 9.7
 Market attractiveness – business position model
 Source: adapted from Derek F. Abell and John S. Hammond, *Strategic Market Planning: Problems and Analytical Approaches* (Englewood Cliffs, NJ: Prentice-Hall, 1979), p. 213. Used by permission

ABC sales: contribution analysis An approach that examines the financial worth to a company of its products, product groups or customers

SESSION 35 - Branding

Brand A name, term, design, symbol or any other feature that identifies one seller's good or service as distinct from those of other sellers

Trademark Legal designation indicating that the owner has exclusive use of a brand

Brand community A group of consumers and observers focused on a particular brand, often based on social media, centred on a set of social relations and interactions amongst admirers of the brand

Blog communities Where spokespersons for a brand share their views in blogs, permitting one- to-one tailored communication with members and between members of the digital brand community

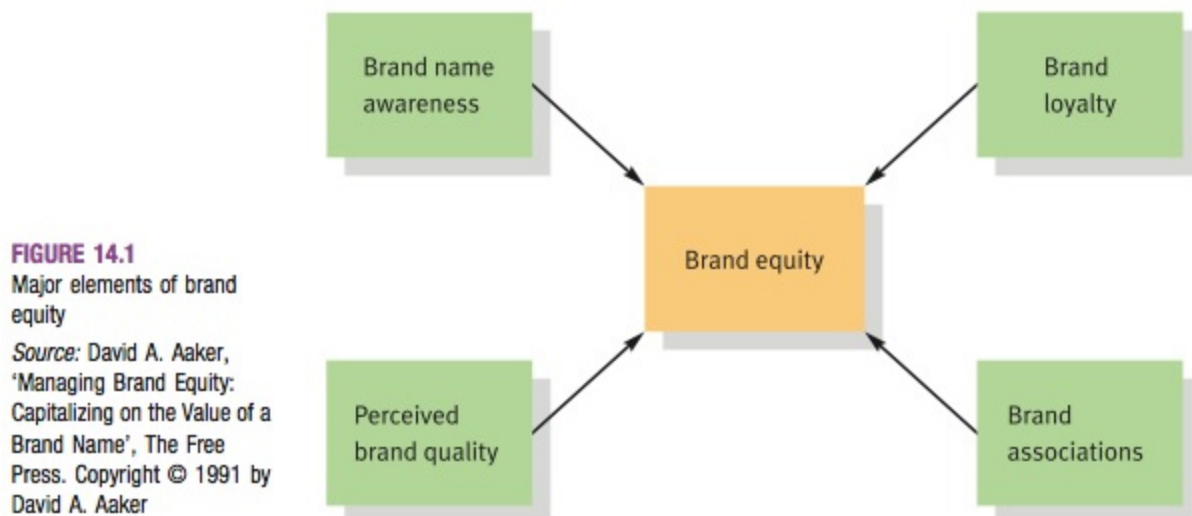
Dynamic branding Digital brand communities and blogging enable dynamic branding, with very rapid communication and sharing of brand information and almost instant take-up by the brand's followers

Brand preference The degree of brand loyalty in which a customer prefers one brand over competitive offerings

Brand insistence The degree of brand loyalty in which a customer strongly prefers a specific brand and will accept no substitute

Brand equity The marketing and financial value associated with a brand's strength in a market, which is a function of the goodwill and positive brand recognition built up over time, underpinning the brand's sales volumes and financial returns. OU says: Brand equity is the marketing and financial value of a brand to an organisation.

[DIAGRAM - p.298 Marketing Essentials. Credit: David A. Aaker]



Types of Brand:

Manufacturer brands Brands initiated by producers to ensure that they are identified with their products at the point of purchase

Own label brands Brands initiated and owned by resellers – wholesalers or retailers

Generic brand

A brand that indicates only the product category and does not include the company name or other identifying terms

Overall family branding A policy of branding all of a company's products with the same name, or at least part of the name

Line family branding A policy of using family branding only for products within a single line

Brand extension branding A company's use of one of its existing brand names as part of an improved or new product, usually in the same product category as the existing brand

SESSION 36 - Marketing channels

Channel of distribution A group of individuals and organizations that direct the flow of products from producers to customers

Marketing intermediary A middleman who links producers to other middlemen or to those who ultimately use the products

Merchants Intermediaries who take title to products and resell them

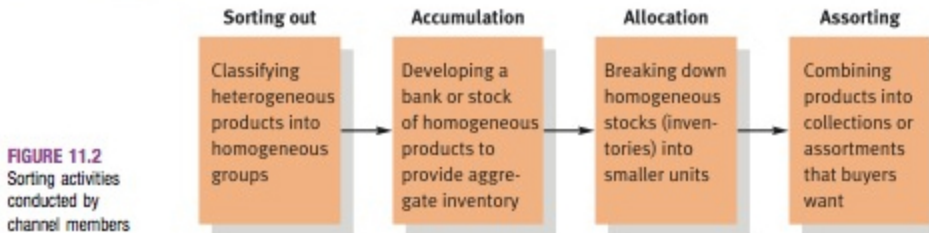
Functional middlemen Intermediaries who do not take title to products

Category of marketing activities	Possible activities required
Marketing information and market insight	Collect and analyze information such as sales data; perform or commission marketing research studies
Marketing management	Establish objectives; plan activities; manage and coordinate financing, personnel and risk taking; evaluate and control channel activities
Facilitating exchange	Choose and stock product assortments that match the needs of buyers
Promotion	Set promotional objectives; coordinate advertising, personal selling, web activity, sales promotion, publicity, sponsorship, direct mail and packaging
Price	Establish pricing policies and terms of sales
Physical distribution	Manage transport, warehousing, materials handling, inventory control and communication

Customer service	Provide channels for advice, technical support, after sales back-up and warranty provision
Relationships	Facilitate communication, products and parts, financial support and credit, inventory levels, after-market needs, on-time delivery and customer service to maintain relationships with other marketing intermediaries and between suppliers and their targeted customers

Supply chain management Long-term partnerships among marketing channel members that reduce inefficiencies, costs and redundancies in the marketing channel and develop innovative approaches to satisfying targeted customers

[DIAGRAM - p.342 Marketing Essentials. Credit: Dibb & Simkin]



Dual distribution A channel practice whereby a producer distributes the same products through two different channels

Strategic channel alliance Arrangement for distributing the products of one organization through the marketing channels of another

Multi-channel marketing The decision to reach target consumers or business customers through more than one channel

Vertical channel integration The combination of two or more stages of the channel under one management

Vertical marketing system (VMS) Marketing channel in which a single channel member coordinates or manages channel activities to achieve efficient, low-cost distribution aimed at satisfying target market customers

Horizontal channel integration The combination of institutions at the same level of channel operation under one management

Intensive distribution The use of all available outlets for distributing a product

Selective distribution The use of only some available outlets in an area to distribute a product

Exclusive distribution The use of only one outlet in a relatively large geographic area to distribute a product

[DIAGRAM - p.349 Marketing Essentials. Credit: D. J. Kollat et al.]

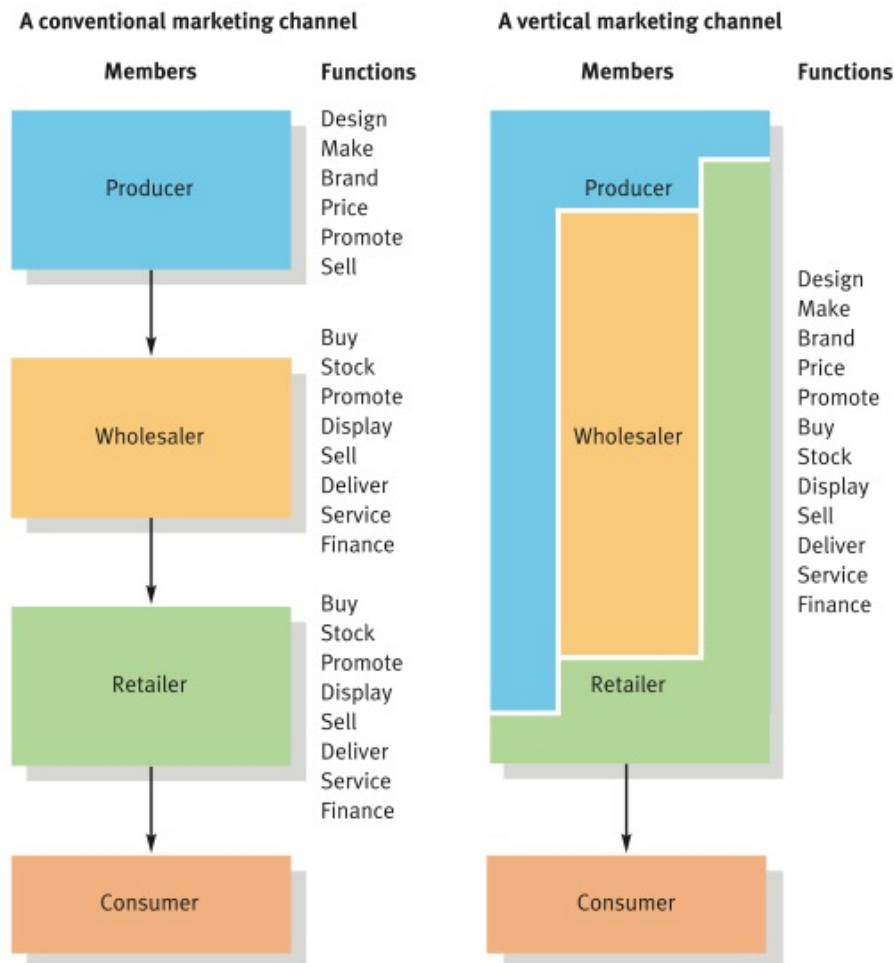


FIGURE 11.5
Comparison of a conventional marketing channel and a vertical marketing system
Source: Adapted from *Strategic Marketing*, by D.J. Kollat et al. Copyright © 1972.

SESSION 37 - Pricing

Price is expressed differently in various exchanges. For instance, insurance companies charge a premium to holidaymakers requiring protection against the cost of illness or injury. A police officer who stops a motorist for speeding writes a ticket that requires a fine to be paid. In London, a congestion charge is levied on motorists travelling in central areas. An accountant charges a fee, and a fare is charged for travelling by plane, railway or taxi. A toll is sometimes charged for the use of motorway bridges. Rent is paid for the use of equipment or for a flat. An estate agent receives a commission on the sale of a property. A deposit is made to reserve merchandise. A tip helps pay waitresses or waiters for their services. Interest is charged for loans, and taxes are paid for government services. The value of many products is called price.

Price is also a key element in the marketing mix because it relates directly to the generation of total revenue. The following equation is an important one for the entire organization:

- Profits = total revenues – total costs
or
- Profits = (price × quantities sold) – total costs

Price competition A policy whereby a marketer emphasizes price as an issue, and matches or beats the prices of competitors

Non-price competition A policy in which a seller elects not to focus on price but to emphasize other factors instead

[DIAGRAM - p.370 Marketing Essentials. Credit: Dibb & Simkin]



FIGURE 12.3
Factors that affect pricing decisions

Pricing objectives Overall goals that describe what a company wants to achieve through its pricing efforts

Different types of pricing objective

Survival

A fundamental pricing objective is survival. Most businesses will tolerate difficulties such as short-run losses and internal upheaval if they are necessary for survival. Because price is a flexible and convenient variable to adjust, it is sometimes used to increase sales volume to levels that match the company's expenses.

Profit

Although businesses often claim they aim to maximize profits, in practice this objective is difficult to measure. As a result, profit objectives tend to be set at satisfactory levels. Specific profit objectives may be stated in terms of actual monetary amounts or in terms of percentage change relative to previous profits.

Return on investment

Pricing to attain a specified rate of return on the company's investment is a profit-related pricing objective. Most pricing objectives based on return on investment (ROI) are achieved by trial and error, because not all cost and revenue data needed to project the return on investment are available when prices are set.

Market share

Many companies establish pricing objectives to maintain or increase a product's market share in relation to total industry sales. For example, car companies such as Volkswagen have been known to cut prices on existing models when introducing new ones, to boost share of the car market. Maintaining or increasing market share need not depend on growth in industry sales. A company can increase its market share even though sales for the total industry are decreasing. On the other hand, if the overall market is growing, a business's sales volume may actually increase as its market share decreases.

Cash flow

Some companies set prices to recover cash as fast as possible, especially when a short product life cycle (PLC) is anticipated or the capital spent to develop products needs to be recovered quickly. However, the use of cash flow and recovery as an objective oversimplifies the value of price in contributing to profits. A disadvantage of this pricing objective could be high prices, which might allow competitors with lower prices to gain a large share of the market.

Status quo

In some cases, a business may be in a favourable position and may simply wish to maintain the status quo. Such objectives can focus on maintaining a certain market share, meeting (but not beating) competitors' prices, achieving price stability or maintaining a favourable public image. Such an approach can reduce a company's risks by helping to stabilize demand for its products. The use of status quo pricing objectives sometimes leads to a climate of non-price competition in an industry.

Product quality

A company might have the objective of product quality leadership in the industry. For example, the construction equipment manufacturer JCB aims to be ranked as one of the leading companies in its industry in terms of product quality and customer satisfaction. This normally dictates a relatively high price to cover the high product quality and/or the high cost of research and development

[DIAGRAM - p.373 Marketing Essentials. Credit: Dibb & Simkin]

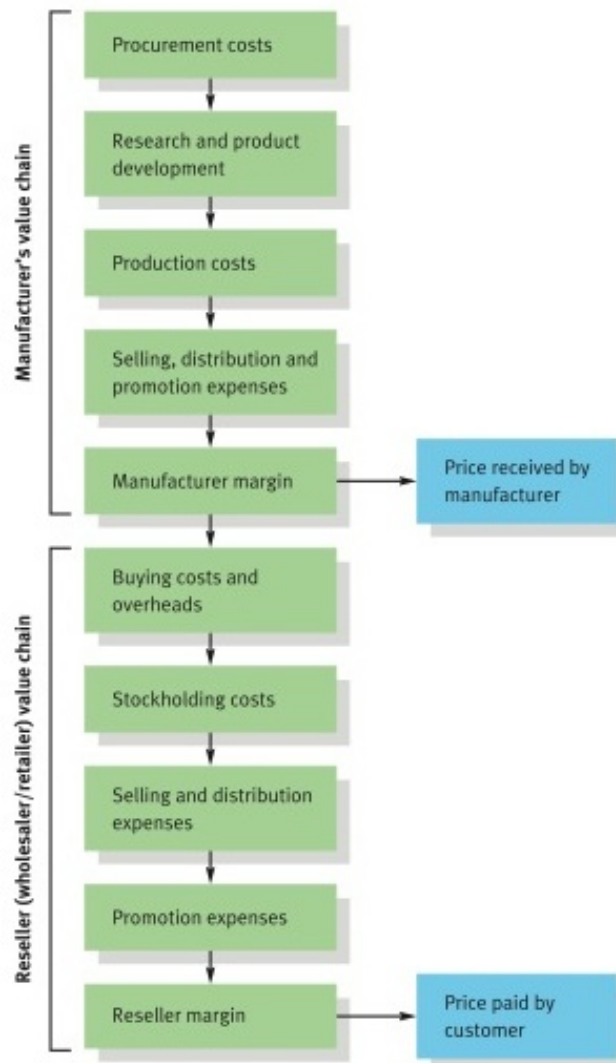


FIGURE 12.4
Wholesaler and retailer considerations when developing price

Internal reference price A price developed in the buyer's mind through experience with the product

External reference price A comparison price provided by others

Value-conscious consumers Those concerned about price and quality of a product

Prestige-sensitive consumers Individuals drawn to products that signify prominence and status

Business pricing

Trade or functional discount A reduction off the list price given by a producer to an intermediary for performing certain functions

Quantity discounts Reductions off the list price that reflect the economies of purchasing in large quantities

Cumulative discounts Quantity discounts aggregated over a stated period of time

Non-cumulative discounts One-off quantity discounts

Cash discount A simple price reduction given to a buyer for prompt payment or payment in cash

Seasonal discount A price reduction given to buyers who purchase goods or services out of season

Allowance A concession in price to achieve a desired goal

Geographic pricing Pricing that involves reductions for transport costs or other costs associated with the physical distance between the buyer and the seller

Note - See pages 377-82 for lots more on business pricing

Economic value to the customer (EVC) The underlying principle that a premium price can be charged while still offering the customer better value than the competition

Marketing objective A statement of what is to be accomplished through marketing activities – the results expected from marketing efforts.

[DIAGRAM - p.380 Marketing Essentials. Credit: Dibb & Simkin]



FIGURE 12.5
Stages for establishing prices

SESSION 38 - Marketing communications 1

Promotion Communication with individuals, groups or organizations in order to facilitate exchanges by informing and persuading audiences to accept a company's products

Cause-related marketing Links the purchase of a product to philanthropic efforts for a particular 'good' cause

Marketing communication The transmission of persuasive information about a product, service or an idea, targeted at key stakeholders and consumers within the target market segment

Coding process The process of converting meaning into a series of signs that represent ideas or concepts; also called encoding

[DIAGRAM - p.392 Marketing Essentials. Credit: Dibb & Simkin]

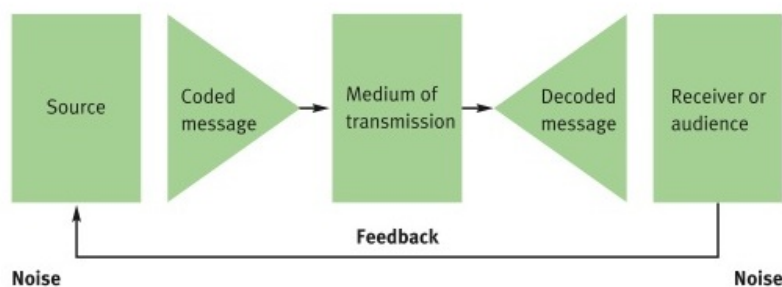


FIGURE 13.1
The communication process

Medium of transmission The tool used to carry the coded message from the source to the receiver or receiving audience

Decoding process The process in which signs are converted into concepts and ideas

Noise A condition that exists when the decoded message is different from that which was encoded

Feedback The receiver's response to a message

Channel capacity The limit on the volume of information that a particular communication channel can handle effectively

product adoption process

1. awareness
2. interest
3. evaluation
4. trial
5. adoption

Interest stage The stage of the product adoption process when customers are motivated to obtain information about the product's features, uses, advantages, disadvantages, price or location

Evaluation stage The stage of the product adoption process when customers decide whether the product will satisfy certain criteria that are crucial for meeting their specific needs

Trial stage The stage of the product adoption process when individuals use or experience the product for the first time

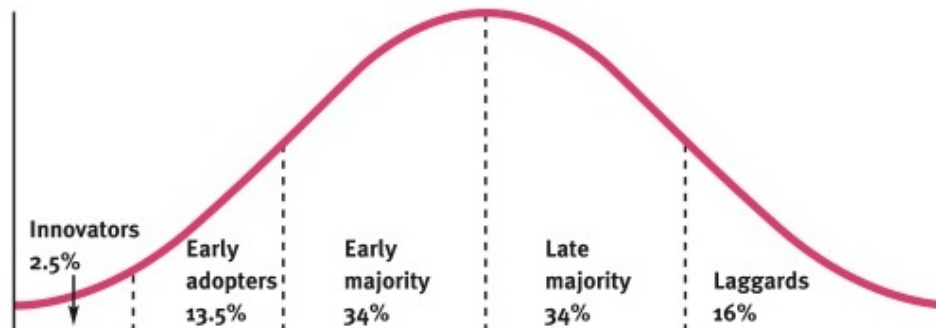
Adoption stage The final stage of product acceptance, when customers choose a specific product

[DIAGRAM - p.397 Marketing Essentials. Credit: Everett M. Rogers]

FIGURE 13.5

Distribution of product adopter categories

Source: reprinted with the permission of The Free Press, a division of Simon & Schuster, Inc., from *Diffusion of Innovations*, 3rd edn, by Everett M. Rogers. Copyright © 1962, 1971, 1983 by The Free Press



Adopter categories

Five groups into which customers can be divided according to the length of time it takes them to adopt a product: innovators, early adopters, early majority, late majority and laggards

Innovators

The first people to adopt a new product

Early adopters

People who choose new products carefully and are often consulted by people from the remaining adopter categories

Early majority

People who adopt products just prior to the average person

Late majority

People who are quite sceptical about new products but eventually adopt them because of economic necessity or social pressure

Laggards

The last people to adopt a new product, suspicious of new products and oriented towards the past

Aim of promotion: Five communication effects

1. Category need
2. Brand awareness
3. Brand attitude
4. Brand purchase intention
5. Purchase facilitation

Promotional mix

The specific combination of ingredients an organization uses to promote a product, traditionally including four ingredients:

1. advertising
2. personal selling
3. publicity
4. public relations and sales promotion

Later additions are:

5. sponsorship
6. direct mail
7. the internet & digital

[DIAGRAM - p.399 Marketing Essentials. Credit: Dibb & Simkin]



FIGURE 13.6
Possible ingredients of an organization's promotional mix

Social media Social media incorporate the online technology and methods through which people can share content, personal opinions, different perspectives and insights, using text, images, audio and video, via social networks, video and photo sharing, micro-blogs, wikis and news aggregators

Mobile marketing A set of practices that enables organizations to communicate and engage with their audience in an interactive and relevant manner through any mobile device or network, fostering 'on the move' marketing

Direct marketing A decision by a company's marketers to select a marketing channel which avoids dependence on marketing channel intermediaries and to focus marketing communications activity on promotional mix ingredients which deal directly with targeted customers

Integrated marketing communications (IMC) The coordination and integration of all marketing communication tools, avenues and sources within a company into a seamless programme that maximizes the impact on consumers and other end users, at minimal cost

SESSION 39 - Marketing communications 2

[DIAGRAM - p.410 Marketing Essentials. Credit: Dibb & Simkin]

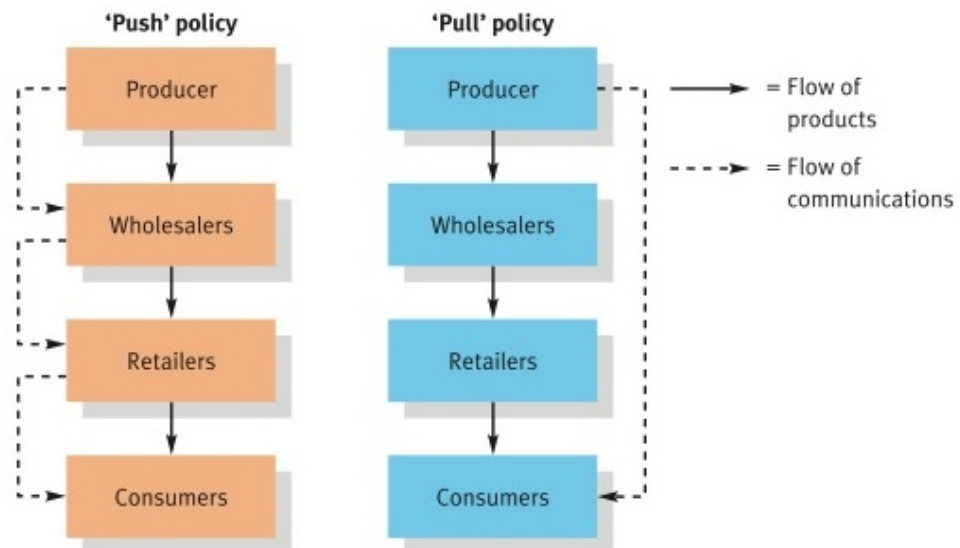


FIGURE 13.8
Comparison of push and pull promotional policies

Push policy A promotional policy in which the producer promotes the product only to the next institution down the marketing channel. It focuses on making sure that the product is *available* for consumers to buy in the distribution channel. This tends to involve using elements of the promotional mix that will influence members of the distribution channel to stock the product.

Pull policy A promotional policy in which an organization promotes directly to consumers in order to develop a strong consumer demand for its products. It focuses on getting consumers to buy a particular product. This may involve advertising or offering consumers incentives in order to make the purchase.

[END]