**Marketing Revision**

**Marketing Environment**



**The Marketing Mix= 5 P’s**-

Product- Researching consumer’s product wants and designing a product to fit them needs.

Price- Determining at what price to charge for a product. Can often become very competitive through pricing wars.

Place- Making the products available to as many customers as possible in the place they want it.

Promotion- This relates to communicating the products to consumers through advertising etc.

People- Level of customer service and after sales provided. Also includes training and retention of staff.

These can be manipulated to achieve business objectives. These need to be considered when Marketing a product. A SWOT Analysis will also help with decisions.

**The Macro Marketing Environment- PESTL**

**Political**- These forces are the political forces that are enforced by government like regulations and legislations surrounding the amount of carbon footprint a business is able to produce.

**Economic**- These are factors that include consumer buying power, willingness to spend, spending patterns and general economic conditions.

**Societal**-This entails making socially responsible decisions deemed acceptable. Pressure markets that demand a higher quality of life and green movements are two of the groups that affect society.

**Technological**- When new technology comes into place and performs tasks more efficiently, businesses need to invest in the technology to stay competitive.

**Legal**- The laws that are passed, that need to be abided by when making decisions. The organisations associated with this include, Office of fair trading and competition commission.

**These are the external forces not under control from a business that affect their marketing decisions.**

**The Micro Marketing Environment**

These are more company specific forces that the business itself can manipulate and change if needed:

Suppliers- Most organisations need a supply of raw materials to create the final product.

Marketing Intermediaries- These are retailers, wholesalers and agents that are sometimes used by businesses to sell their goods.

Buyers- The consumers of the product

**Marketing Strategy**

**Marketing Programmes**

In order to make a devised marketing strategy, marketers must specify the set of marketing mix ingredients forming the marketing programme for implementing the agreed marketing strategy. The marketing mix is decided from the 5 P’s.

**Ansoff Matrix**

The Ansoff matrix was developed to help determine competitive strategies. If they decide to go for market penetration, thay are focusing on a present product in present markets. New products in a present markets is called product development, new market with a present product is market development and diversification would mean going into a new market with a completely new product. The below table shows this.

|  |  |  |
| --- | --- | --- |
|  |  | **Product** |
|  |  | Present | New |
| **Market** | Present | Market Penetration | Product Development |
|
| New | Market Development | Diversification |
|

**Competitive advantage**

The achievement of superior performance over competitors (selling higher numbers of product).

Michael Porter identified a so called ‘Generic routes to competitive advantage’.



Cost Leadership- This competitive advantage is established through economies of scale. A business tries to be cost leaders by being the cheapest in its market.

Differentiation- This is where a business would offer products and services, different to those of its competitors through innovation or creativeness.

Focus- Competitive advantage is achieved by focusing on a particular group of consumers, meeting their personal needs and achieving a personalised reputation.

**Five competitive forces**

Porter defined five competitive forces that together determine competition in an industry or market:

1. Rivalry among like for like players

2. Threat of new entrants

3. Threat from substitute products

4. Bargaining power of buyers

5. Bargaining power of suppliers.

**Consumer buying behaviour**

**Consumer buying decision process**

There is a 5 stage consumer buying decision process that consumers go through when deciding to buy a product/service:

1. **Problem recognition**- This is when a consumer realises that a new product is needed to fulfil their needs.

2. **Information Search**- After recognises the problem they search for the products that will resolve the problem.

3. **Evaluation of alternatives**- This stage is where the consumer considers an alternative from an alternate supplier or a substitute product.

4. **Purchase**- The actual purchase of the product once confirmed what product is wanted/needed.

5. **Post purchase evaluation**- Where a consumer evaluates the product bought to see if it actually meets criteria initially sought after.

**Personal Factors influencing buying decisions**

**Demographic Factors**- Such as age, sex, race, ethnic origin, income. These determine things like what car to buy, depending on age, family size, tastes etc.

**Situational Factors**- If a situation like a natural disaster happened and consumers stock piles canned food this is an example of situational.

**Levels of involvement**- The level of commitment, interest and time spent searching and wanting the product.

**Psychological Factors influencing buying decisions**

Perception, Motives, Learning, attitudes and personality.

**Social Factors influencing buying decisions**

**Roles and family**- buying decisions may be influenced by the consumers family, preferences.

**Reference groups**- Making decisions from the advice of a close friend, football team.

**Social classes**- depending on what social class you are in may affect what products you buy.

**Culture and sub-cultures-** Certain cultures like or have preference to certain products, brands etc.

**Business Buying Behaviour**

**Types of business market**

**Producer Markets-** Buyers of raw materials and semi-finished goods used to produce other products in their own operations.

**Reseller Markets-** Intermediaries such as wholesalers or retailers who resell finished and unfinished goods.

**Government and public sector markets-** Departments buy goods to support things like hospitals, schools and national defence.

**Institutional Markets-** Charitable and educational organisations that are usually not for profit organisations.

**Stages of business buying decision process**

**1 Recognise problem**

**2 Develop product specification to solve problem**

**3 Search for products and suppliers**

**4 Evaluate products and suppliers relative to specification**

**5 Select and order most appropriate products**

**6 Evaluate product and supplier performance**

**Market Segmentation**

The process of grouping customers in markets with some heterogeneity into smaller, more similar or homogenous groups. The identification of target markets in which customers are agretted into groups with similar requirements.

There are 3 stages to carrying out market segmentation:



It is important to know what parts of the market you are segmenting because then you can come up with a marketing mix to suit or that is aimed at the segment of the market.

**Segmentation variables**

**Demographic-** Age, gender, race , ethnicity, occupation, family size, social class, education, income.

**Geographic-** Population, Region, City size, Market density, Climate, region.

**Psychographic-** Personality attributes, motives, lifestyles.

**Behaviouristic-** Volume usage, end use, brand loyalty, price sensitivity**.**

**Marketing Research**

To maintain the control needed for obtaining accurate information, marketers approach marketing research in logical steps. These steps are known as the 5 Steps of Marketing research.

**The 5 Steps of marketing research**



**Product Decisions**

Products fall into 1 of 2 general categories, consumer products and business products. Consumer products are items purchased to satisfy individuals or families. Business products are bought for use in a company’s operations.

**The 3 levels of product**

**Core-**The level of the product that provides the perceived or real core benefit or service.

**Actual-** A composite of the features and capabilities offered in a product.

**Augmented**- Support aspects of a product.



**The Product life cycle**

The product life cycle is the four major stages through which products move.

1. Introduction

2. Growth

3. Maturity

4. Decline



Throughout the product life cycle, the strategies for the product need to be altered to suit the marketing mix. Marketers are able to maintain profitable products by understanding the product life cycle, and drop unprofitable ones when they reach the decline stage.

**New product development**

This is the process a new product goes through before it’s introduced. This has 7 stages:

1. **Idea generation**- seek out product ideas to help achieve objectives.

2. **Screening ideas**- Asses whether product ideas match organisational objectives.

3. **Concept testing**- Seeking potential buyers’ responses to a product idea.

4. **Business analysis**- Evaluation of the product idea to contribute to the business.

5. **Product development**- Business decides if its financially feasible to produce product.

6. **Test marketing**- Limited introduction of product in certain areas to analyse sales.

7. **Commercialisation**- Process of refining for full scale manufacture.

**Product deletion process**

**Managing Product Portfolio’s**

Product portfolio analysis is a planning tool that takes a products market growth rate and market share into consideration when determining a marketing strategy.

One of those tools is the Boston Matrix. The matrix enables marketing managers to break their products into four categories:

**Stars**- Dominant market share and good growth prospects.

**Cash Cows-**Dominant market share but low growth prospects.

**Dogs**- Low market share and low growth prospects.

**Problem Children**- Small share of a growing market, generally require a large amount of cash to build share.

Below is a Boston Matrix with characteristics of each category:



**Marketing Channels**

Marketing channels are channels in which products take from production through to market. There are many different types and because not all marketing channels are appropriate for each product, different distribution paths have been developed.



Channel A- eCommerce, direct products from production to consumer.

Channel B- Products that are marketed through retailers and sold to consumers.

Channel C- Businesses like Coca Cola sell through wholesalers and retailers.

Channel D- Products like biscuits sold through every channel.

**Pricing**

**Factors affecting pricing decisions**



**Marketing Communications**

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

**Product Adoption process**

To promote acceptance of a new product, there comes a product adoption process that consists of 5 stages:



**The Promotional Mix**

A specific combination of ingredients an organisation uses to promote a product:



**Developing an advertising campaign**

General steps for developing and implementing an advertising campaign



**Branding**

Branding is extremely important to the marketing mix. It not only benefits the sellers of the product, but also benefits the buyers who can build a relationship with the product, by knowing what brand they prefer.

The objectives that a good brand will achieve include:

* Delivers the message clearly
* Confirms your credibility
* Connects your target prospects emotionally
* Motivates the buyer
* Concretes User Loyalty

**Brand Equity**

The marketing and financial value associated with a brand’s strength in a market, which is a function of goodwill and positive brand recognition built up over time, underpinning the brand’s sales volumes and financial returns. A well managed brand is an equity to an organisation.

