

Marketing:

- => *A set of business practices designed to plan for and present an organization's products or services in ways that build effective customer relationship.*

Core Aspects of Marketing

- Create value
- Satisfying customer needs and wants
 - Needs: physiological deprived of basic necessities e.g. food
 - Wants: way to satisfy need which is shaped by a person's knowledge, culture
- Entails value exchange
 - Exchange: trade of things of value between buyer and seller so that each is better off as a result
- Requires product, price, place, and promotion decision
- Performed by individuals and organizations
 - B2B, B2C, C2C
- Occurs in many settings

Marketing Plan

- A written document composed of analysis of the current marketing situation, opportunities and threats for the firm. marketing objectives and strategy specified in terms of the four P's (Product, price, place, promotion).

Marketing Mix (4 P's)

- Product:
 - *Brand, size, quality, features, packaging, warranty (creating value)*
- Price:
 - *list price, discounts allowances, costs (transacting value)*
- Place:
 - *marketing channels, distribution intensity, location, supply chain (delivering value)*
- Promotion:
 - *advertising, sales promotion, personal selling, public relation (communication value)*

- => *marketing has been divided into these four decisions. every product comes up with an marketing mix, which is a controllable set of activities.*

Marketing is shaped by forces and players within a firm

- internal: work effectively with their partners
- partners: suppliers, distributors, financial institutions, advertising agencies and research firms
- suppliers or even natural disasters can exert substantial influence on a companies marketing activities.
- e.g. earthquake Japan

Marketing is shaped by forces and players external a firm

- external: cultural, demographic, social, technological, economic, political

Marketing can be performed by **INDIVIDUALS and **ORGANIZATIONS****

- B2B
- B2C
- C2C

Social Media

- The use of internet tools to easily and quickly create content to foster dialogue, social relationship and personal identities

Marketing helps create value

Product orientation

- developing and distributing innovative products
- companies start out by thinking about a product they want to build it - try to selling the product after it is developed
- consumer needs is the second mind - the product the first

Sales orientation

- marketing as a selling function

- heavy doses of personal selling and advertising to attract new customers
- they are looking for making a sale or transaction - long term CRM is not in the mind
- they believe if customer try the product, they will like it

Market orientation

- they start up with the wants and needs from the customer
- customers have a choice and make purchase decisions based on several factors including quality, convenience and price

Value based orientation

- want to give their customers greater value than the competitor
- value is the relationship between **benefits** and **costs** - what you get for what you give.
- to find out what consumers are looking for, but still make profit
- implement the strategy according to what its customer value
- benefits could include speed, convenience, size, accuracy, price, cost savings, user-friendliness

What is value based Marketing

- => *focuses on providing customers with benefits that far exceed the cost(money, time, effort) of acquiring and using a product or service while providing a reasonable return to the firm*
- firms attempt to find the most desirable balance between providing benefits to customers and keeping their cost down
- what customers view as the key benefit of a given product or service and how to improve on them
- either a better product at the same costs or convenience product for a lower cost.

How firms become value - driven?

- share information
- balance benefit and costs
- build relationship with customers

Sharing information

- use collected information through CRM
- sharing information about new collections is indispensable

Balancing benefit with cost

- measure the benefit the customer perceive against the cost of the offering
- satisfy customer needs

Building Relationship with customers

- transactional orientation:
 - series of individual transactions - what happened before and after is unimportant
- relational orientation:
 - develop a long-term relationship
- customer relationship management:
 - a business strategy, a set of programs that focus on identifying and building loyalty among the firms most valued customer

Marketing is pervasive across the supply chain

supply chain:

- => *The group of firms and set of techniques and approach firms use to make and deliver a given set of goods and services.*

Raw materials => manufacturer => distributor => customer

Marketing provides career opportunities

- creative side:
 - artists, graphic designer, voice talent, animators, music composer
- analytical side:
 - database analysts, market researcher, inventory manager,

Marketing Plan:

- written document

Marketing planning process

- a set of a marketer goes through to develop a marketing plan

Strategic Planning in Corporations

- Corporate Level
 - done by top management
 - focus on overall directions of the entire company
 - long term direction of the company
 - annual plan or 3-4 year plans
- Functional Level
 - product portfolio
 - short term to medium term
 - develop marketing plans fo specific product, brands or markets

SBU

- a division of the company that can be managed somewhat independently from other divisions since it markets a specific set of products to a clearly defined grop of customer

The marketing Plan

=> a written document composed of:

- analysis of the current situation
- opportunities and threats for the fim
- marketing objectives and strategy specified in terms of the four P`s
- financial statements
- everyone who is involves should know the objectives of the firm and what t
- e.g.: stakeholder, investor, potential investors also want to know what the firm is planning to do

3 Main Phases

- Planning Phase
 - marketing executives and other top manager define the mission and **objectives** of the business, and evaluate the

situation by assessing how various players, both inside and outside the organisation affect the firm's potential for success

- Implementation Phase
 - marketing managers identify and evaluate different opportunities by engaging in a process known as segmentation, targeting, and positioning. They then develop and implement the marketing mix (4 P's)
- Control Phase
 - strategic marketing planning process when managers evaluate the performance of the marketing strategy and take any necessary corrective actions

Developing a Marketing Plan (P. 29)

- Step 1 | Mission and Objectives
 - broad description of a firms objectives
 - scope of activities the firm plan to take
 - What kind of business are we?
 - What do we need to do to accomplish our goals and objectives?
 - Objectives
 - increasin stock value, paying dividends
 - specific level of income
 - avoiding risks
 - improving the health of canadians (nonprofit)
 - super quality products, quality leader (Tim Hortons)
 - Mision vs. Vision

A mission statement should:

1. Not be myopic in product terms
2. Meaningful and specific
3. Motivating
4. Emphasize the company's strengths
5. Contain specific workable guidelines
6. Not be stated as making sales or profit

e.g. google, Disney, Nike

- Step 2 | Situation Analysis
 - using SWOT (strengths, weaknesses, opportunities, threats)
 - assess the opportunities and uncertainties
 - CDSTEP (Opportunities from SWOT)
 - demographic
 - social
 - technological
 - economic
 - political forces

- Step 3 | Identify Opportunities
 - STP => The process of segmentation, targeting, and positioning that firms use to identify and evaluate opportunities for increasing sales and profits.

 - **S**egmentation
 - segment the market in different kinds of consumers
 - based on the needs and wants
 - segments should be different
 - **T**argeting
 - evaluate each segment attractiveness
 - **P**ositioning
 - how to position within those segments
 - what consumers think and feel about a brand or product
 - not about product itself, it is about perception about the product

- Step 4 | Implement Marketing Mix
 - **P**roduct and value creation
 - customer perceives as valuable to buy
 - e.g. starbuck
 - **P**rice and value for money
 - exchange process
 - firms charged a price that customers believe as giving them good value for the products

- firms should base the price as the value the customer perceives
 - **P**lace and value delivery
 - in which channel customer can buy the product
 - ecommerce
 - catalogue
 - **P**romotion and value communication
 - communicate the value of the product through media (TV, radio, magazines, e-newsletter...)
 - Which are the most efficient and effective way to communicate with their customers
- Step 5 | Evaluate Performance (Marketing Metrics)
 - => Evaluating the results of the strategy
 - Who is accountable for performance
 - each unit only for the expenses that they control with consideration on the circumstances
 - Performance objectives and metrics
 - Financial performance metrics
 - Social Responsibility performance metrics

strategic business unit (SBU)

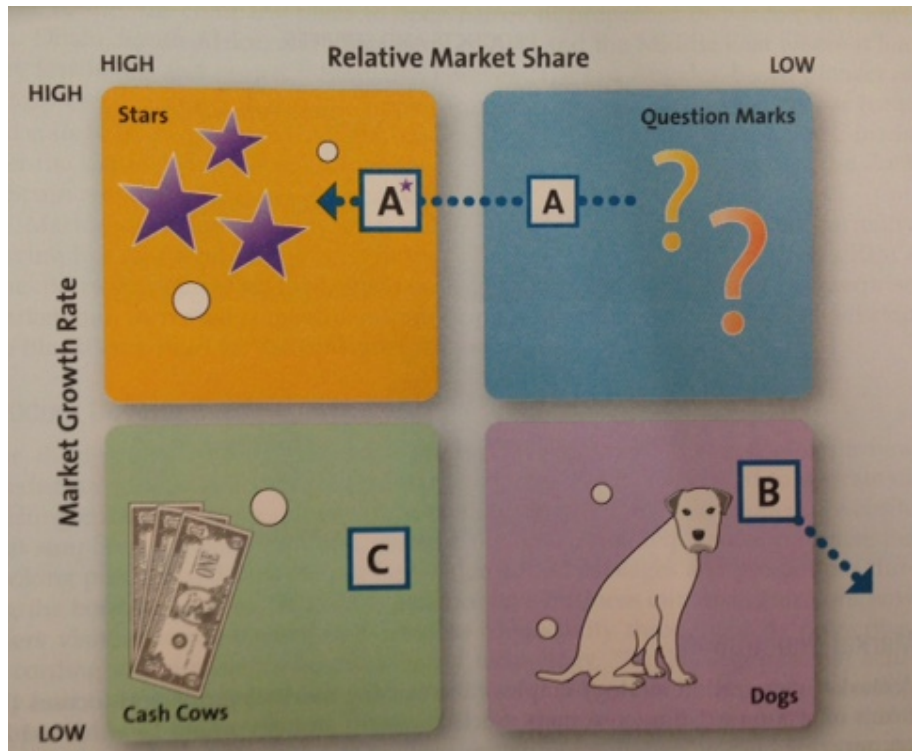
- A division of the company that can be managed somewhat independently from other divisions since it markets a specific set of products to a clearly defined group of customers

product line

- a group of products that consumers may use together or perceive as similar in some way.

Boston Consulting Group Product Portfolio

- relative market share:
- market growth rate: how much a product grow



Stars

- high growth markets
- high market share
- high investment in promotion to fuel their rapid growth

Cash Cows

- low growth markets
- high market share products

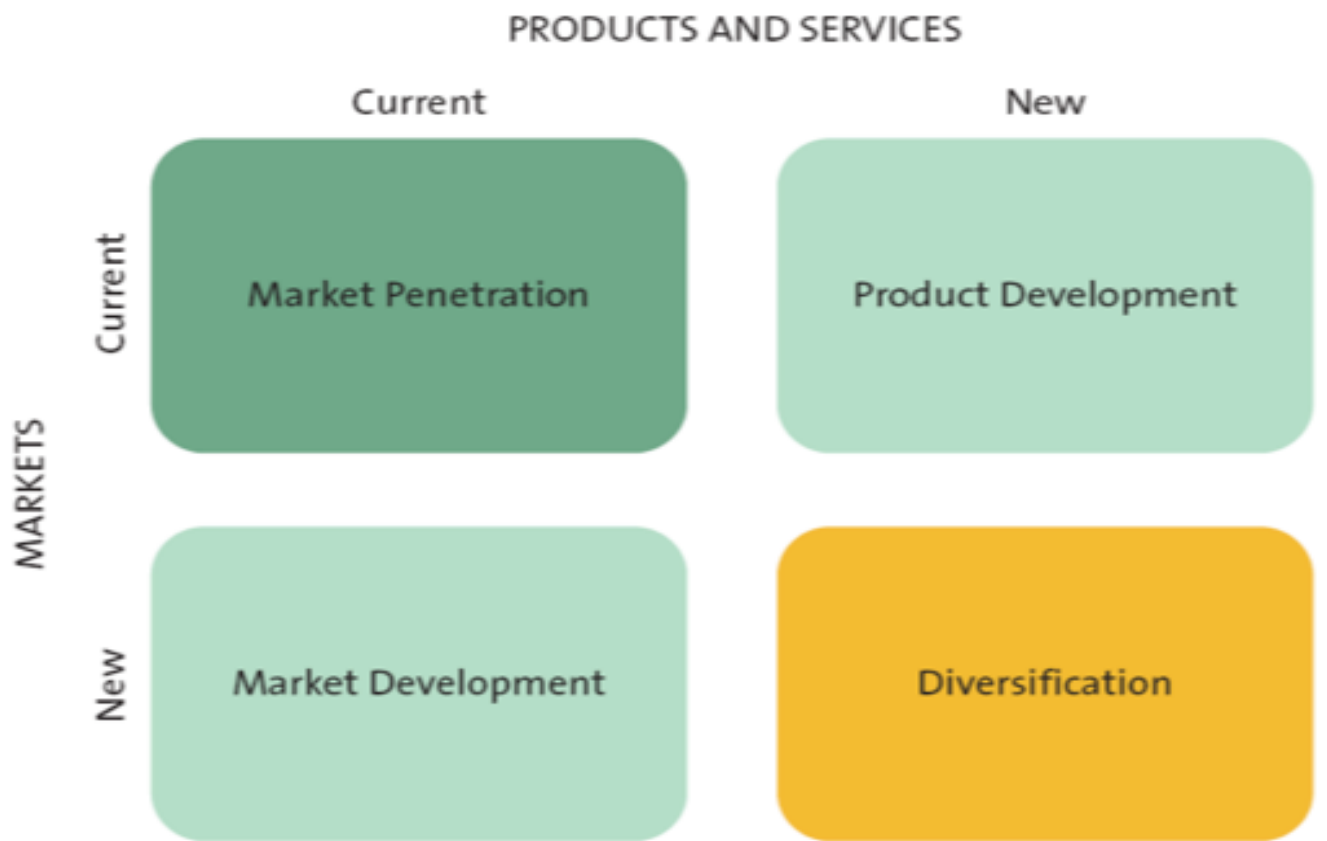
Question marks

- high growth markets
- relatively low market share

Dogs

- low growth markets
- relative low market share

Growth Strategies



-
-
- Market Penetration
 - encouraging current customers to patronize the firm more often
 - going to serve existing market, going to stick existing markets
 - buy more merchandise
 - requires greater marketing offers
 - *Sergio Zyman on Market penetration*
<http://www.youtube.com/watch?v=hqhTLx5vyVU&list=PLA828C2054A53C80C>
- Market Development
 - reach new market segments
 - existing marketing offering to reach new market segments
 - international expansion is riskier than domestic expansion
- Product Development
 - a strategy that offers a new product or service to a firm's current target market
 - e.g. website that simplifies the booking steps
- Diversification

- a firm introduces a new product or service to a market segment that it does not currently serve
- related / unrelated diversification
- downsizing (e.g. iPhone 5C)

Marketing Strategy and Sustainable Competitive Advantage

Marketing Strategy

- a firm's strategy market
- a related marketing mix (4 P's)
- the bases upon which the firm plans a sustainable competitive advantage

Sustainable competitive advantage

- advantage that is not copied
- maintained over a long period of time
- s.th. a firm can do better than its competitors

4 strategies that focus on aspects of the marketing mix

- customer excellence
- operational excellence
 - strong relationship with suppliers
 - excellent human resource management
- product excellence
 - products with high perceived value
 - affective branding and positioning
- locational excellence
 - important for retailers and service providers
 - location is for Starbucks and co VERY important

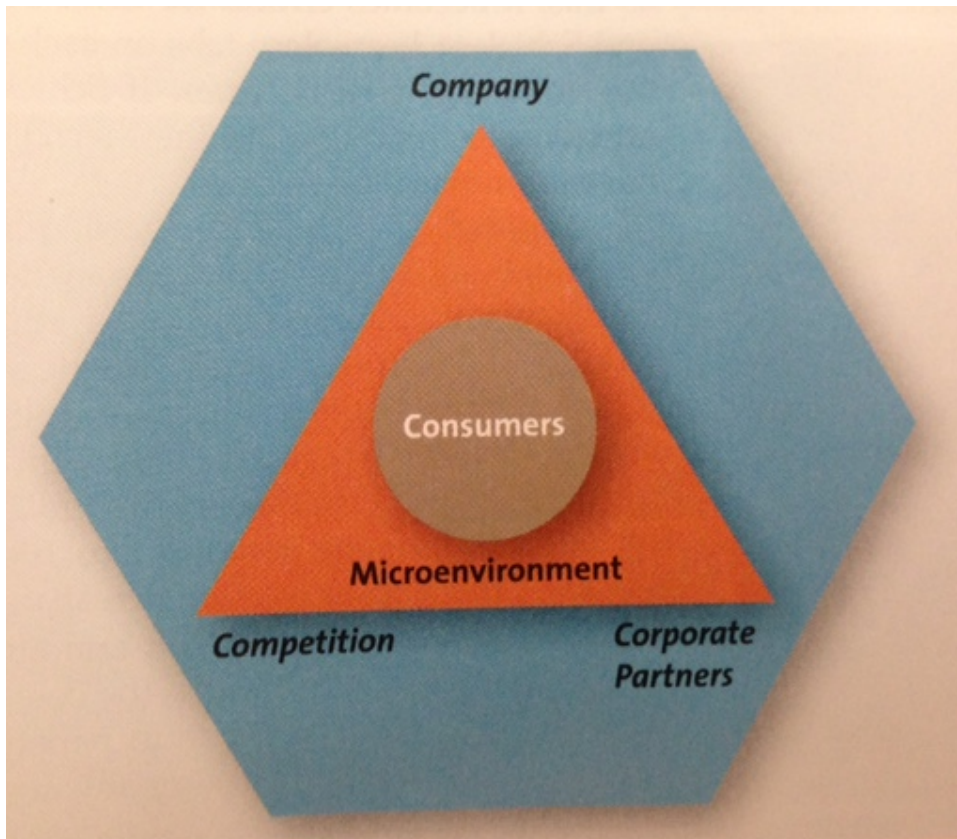


! => **WRITING A MARKETING PLAN (P. 67)**

Marketing Environment

- monitoring and studying the marketing environment
- helps marketer asses their continued strengths and the value of their product
- and any weaknesses
- look at the consumer sight of view to create a greater value than the competitors
- monitor the macroenvironment
- e.g. pharmaceutical companies have done an excellent job of monitoring market trends

Microenvironment Factors



Company Capabilities

- consumer affect the firm itself
- satisfying customer needs by matching their core competencies
- SWOT

Competition

- greater competition can mean more choices for the customer which influence the buying decision

- understand competitors by strengths, weaknesses, and marketing activities
- competitive intelligence
 - used by firms to collect and synthesize information about their position with respect to their rivals; enables companies to anticipate changes in the marketplace rather than merely react to them.
 - e.g. sending an employee in the store from a competitor
 - *Reviewing public materials*
 - *Interviewing customers*
 - *Analyzing a rival's marketing tactics*

Corporate Partners

- firms operate isolated
 - automobile manufacturers collaborate with suppliers of sheet metal, tire manufacturers....
 - dell -> samsung
 - they do that to complete the product

Macroenvironment Factors

Culture

- => *the shared meanings, beliefs, morals, values and customs of a group of people*
- e.g.: company culture, family culture, country culture
- **Culture of a country**
 - artifacts, behaviour, dress, symbols, physical settings, ceremonies, language
 - producing advertising across cultural borders
- **Regional subculture**
 - Quebec / Ontario different spicy food
 - words like "soda, pop, coke" for any softdrink

Demographics (Exhibit 3.4. P.96)

- different demographics means different ways for marketing to the different groups. everyone must understand the marketing campaigns. either he or she is from a different group.

GENERATION

- same generation have similar purchase behaviours because they shared experience and are in the same stage of life.
- generation Y
 - 13-32
 - use internet at work for personal reasons
 - healthy opinion to fast food
 - love digital electronics
- generation X
 - 36-47
 - travel the world
 - both parents worked - grew up in a recession.
 - less interested in shopping
 - word of mouth advertising
 - less interested in status products
 - companies developed the product to them eg. Harley Davidson
- baby boomers
 - 48-66 - after world war II
 - careless about the way they spend the money
 - maintaining their youth
 - e.g. anti aging, cosmetic, pharmaceuticals
- seniors
 - >65
 - conservative with their savings
 - e.g. travel, second homes, luxury cars, electronic, investments, home furnishing,
 - use the internet for emailing and travel arrangements
 -
- tweens
 - not teenagers not children
 - e.g. cellphone market, food, drinks, electronic
 - learn about products from TV shows, internet and friends

INCOME

- is related to income, which determines spending power
- classified in groups based on income, backgrounds, education and occupation
- upper class
- middle class
- working class

- under class

EDUCATION

- high education => higher incomes

GENDER

- different gender different customer group
- different marketing campaign
-

ETHNICITY

- asians, europeans, americans are all different

Social Trends

- Greener consumes
 - environment friendly merchandis
 - each person can make a difference in the environment
 - e.g. recycling bottles
 - green oriented products is a boom
- Marketing to children
 - guidelines for food marketing to children
 -
- Privacy concerns
 - cloud
 - online banking,
 - PRISM
- Time poor society
 - both parents work
 - less time
 - PDA, smartphome etc.
 -

Technological Advances

- using the internet
- how bring media into our homes
- new products
- new forms of communication
- new retail channels
- Economic Situation
 - foreign currency fluctuation
 - inflation ana interest rates

Political / Legal environment

- laws that promote or inhibit trade and marketing activities
 - required to remove false advertising, mislead consumers, harmful materials
 - regulations requires manufacturers to abstain from false or misleading advertising
 - fair and reasonable business practices



Corporate Partners

Competitive Intelligence

- product testing
- monitoring competitors
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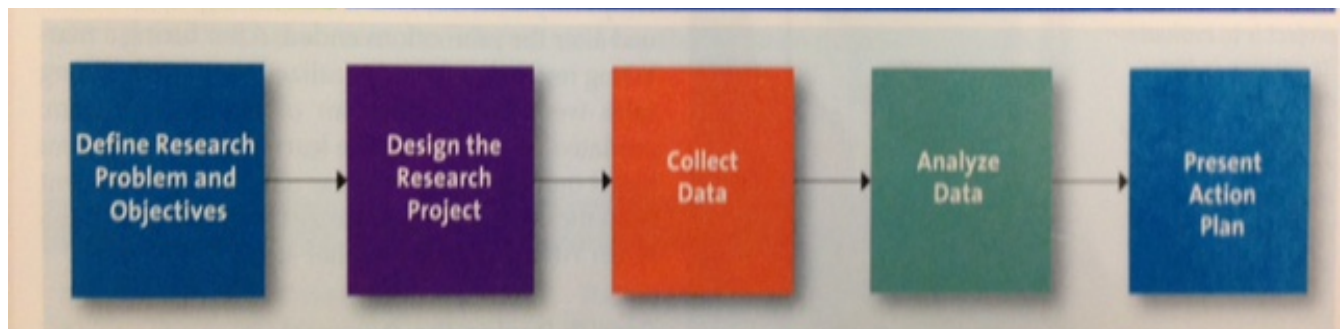
Macroenvironment

- Culture
 - Country culture vs. Regional culture
- Education
 - is related to income, which determines spending power
- Gender
- Social Trends
 - green consumers
 - privacy concerns
 - cloud
 -
 - time-poor society

Marketing Research

- => **MIS**
- *set of techniques and principles for systematically collecting, recording, analyzing, and interpreting data that can aid decision makers involved in marketing goods, services or ideas*
- valuable information for segmentation and the 4 P's
- understand consumer and buyer behaviour, cultural differences
- enables firms to be customer oriented
- monitoring competitors to respond quickly to their moves
- identify emerging opportunities and new ways to satisfy consumer needs

Marketing Research Process



=> Will it be useful?

- research can be expensive and time-consuming
- Decide which research provide the information you need
 - interviews
 - questionnaires

Step 1 | Define Research Problem and Objectives

- You have to define the problem correctly
- after you define the problem you have specify objectives or questions to be answered in the research

Step 2 | Design the Resarch Project

- What kind of data you need? What kind of research?
- recall that the objectives fit to the data you need
- begins with a review of the relevant internal and external secondary data
- **Secondary Data** *(is already collected)*
 - information that have been collected prior the start of the focal research project

- include external and internal data sources
- safe time and cost
- maybe it is not relevant to your research
- e.g. statistic Canada, Newspaper, Trade source, Newspapers, Online Sources, Databases
- **Syndicated Data**
 - external secondary data
 - available for a fee from research companies
 - pay attention how the data were collected
 -
- **Primary Data** (p. 126)
 - => data collected to address the specific research needs
 - most of the information researchers need is only through primary data available
 - collected to address the specific research needs / question currently under investigation
 - takes cost and long time to collect
 - you get behavioural insights
 - it can be tailored to fit the research question
 - e.g. customer behaviour, experiments, surveys, focus group
- **reliability**
 - extent to which the same result is achieved when a study is repeated under identical situations
- **validity**
 - the extent to which the same result is achieved when a study is repeated under identical situations
- **sample**
 - segment of subset of the population that adequately represents the entire population of interest
 - **who** - should be surveyed?
 - **how** - big should the sample be?
 - **what** - types of sampling

Step 3 | Collect Data

exploratory research (=qualitative)

- *attempts to begin to understand the phenomenon of interest: also provides initial information when the problem lacks any clear information*

- Observation
 - => *exploratory research method that entails examining purchase and consumption behaviours through personal or video camera scrutiny*
 - ethnography
 - studies people in their daily lives and activities in their homes, work, and communities

- In-Depth Interviews
 - => *research technique in which trained researcher ask questions, listen to and record the answer, and then pose additional questions to clarify or expand on a particular issue*
 - marketers can use the results to develop surveys
 - expensive and time-costing

- Focus Groups
 - => *a research technique in which a small group of person(8-10) comes together for an in-depth discussion about a particular topic.*

- Projective Technique
 - *type of qualitative research in which subjects are provided a scenario and asked to express their thoughts and feelings about it.*
 - <https://www.youtube.com/watch?v=JK4EDuaBisU>

- Social Media
 - can provide valuable information, that could aid them in their marketing research and strategy.
 - learning about likes and dislikes
 - can you it in crative ways

Conclusive (quantitative) Research Methods

- *provides the information needed to confirm preliminary insights, which managers can use to pursue appropriate courses of action*

- *Descriptive (Survey Research)*

- most popular - cost effective (e.g. phone interviews)
 - used to study consumers attitude, preferences, behaviours, and knowledge about products and brands
 - survey
 - *systematic means of collecting information from people that generally uses a questionnaire.*
 - closed -end questions (include all possible answers)
 - open -end questions (answer in own words)
 - questionnaire
 - *form that features a set of questions designed to gather information from respondents and thereby accomplish the researchers objectives, questions can be either unstructured or structured*
- *Experimental Research*
 - => *type of quantitative research that systematically manipulates one or more variables to determine which variable has a causal effect on another variable*
 - is best for gathering causal information - cause and effect relationship.
 - *Scanner Research*
 - => *type of quantitative research, that uses data obtained from scanner readings of UPC codes at checkout counters*
 - *Panel Research*
 - => *type of quantitative research that involves collecting information from a group of consumers (the panel) over time; data collected may be from a survey or a record of purchase*

Step 4 | Analyze Data

- data: raw numbers
- information
 - data has been organized, analyzed, interpreted and converted into a useful form for decision makers

Step 5 | Present Action Plan

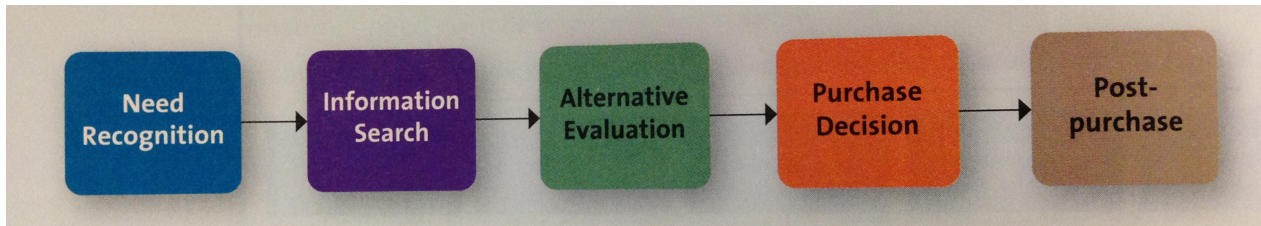
- preparing the results

- presenting the results to appropriate decision makers, who undertake appropriate marketing actions and strategies
- Marketing Research presentation include:
 - *executive summary*
 - *body of the report*
 - *the conclusion*
 - *the limitations*
 - *appropriate supplemental tables, figures and appendices*

The Ethics of using customer information

- security for the database
- privacy act - (from the Canadian government)
- **Three guidelines for conduction marketing research**
 - *1) prohibtits selling or fundrasing under the guise of conduction research*
 - *2) supports maintaining research integrity by avoiding misrepresentation or the omission of pertinent research data*
 - *3) encourage the fair treatment of clients and suppliers*

Consumer Decision Process



Step 1 | Need Recognition

- unsatisfied need
- e.g. stomach tells you are hungry

Functional Needs

- buy s.th. for a reason
- e.g. Gore-Tex

Psychological Needs

- personal gratification

Step 2 | Information search

- internal search
 - experience,
 - knowledge
- external search
 - salesperson, bb
 - n7uhz bg

Factors affecting consumers Search Process

perceived benefits of search = perceived costs of search

Internal locus of Control

- control more search activities

External Locus of Control

-

actual vs. perceived Risk

- *performance risk*
- *financial risk*
- *social risk*
- *physiological risk*

convenience goods

- *not willing to spend any effort to evaluate prior to purchase.*

specialty products

- *e.g. medical services, designer clothes, Rolex*

Step 3 | Alternative Evaluation

- Evaluative Criteria
 - consist of a set of salient or important attributes about a particular product that are used to compare alternative products
- Determinate Attributes
 - important to the buyer and on which competing brands or stores are perceived to differ
- Consumer Decision rules
 - compensatory decision rule
 - noncompensatory decision rule

Compensatory vs. noncompensatory choice for buying a car

	Mileage	Style	Price	Accessories	Overall Score
Importance Weight	0.4	0.1	0.3	0.2	
Toyota	10	8	6	8	8.2
Honda	8	9	8	3	7.1
Nissan	6	8	10	5	7.2

Step 4 | Purchase Decision

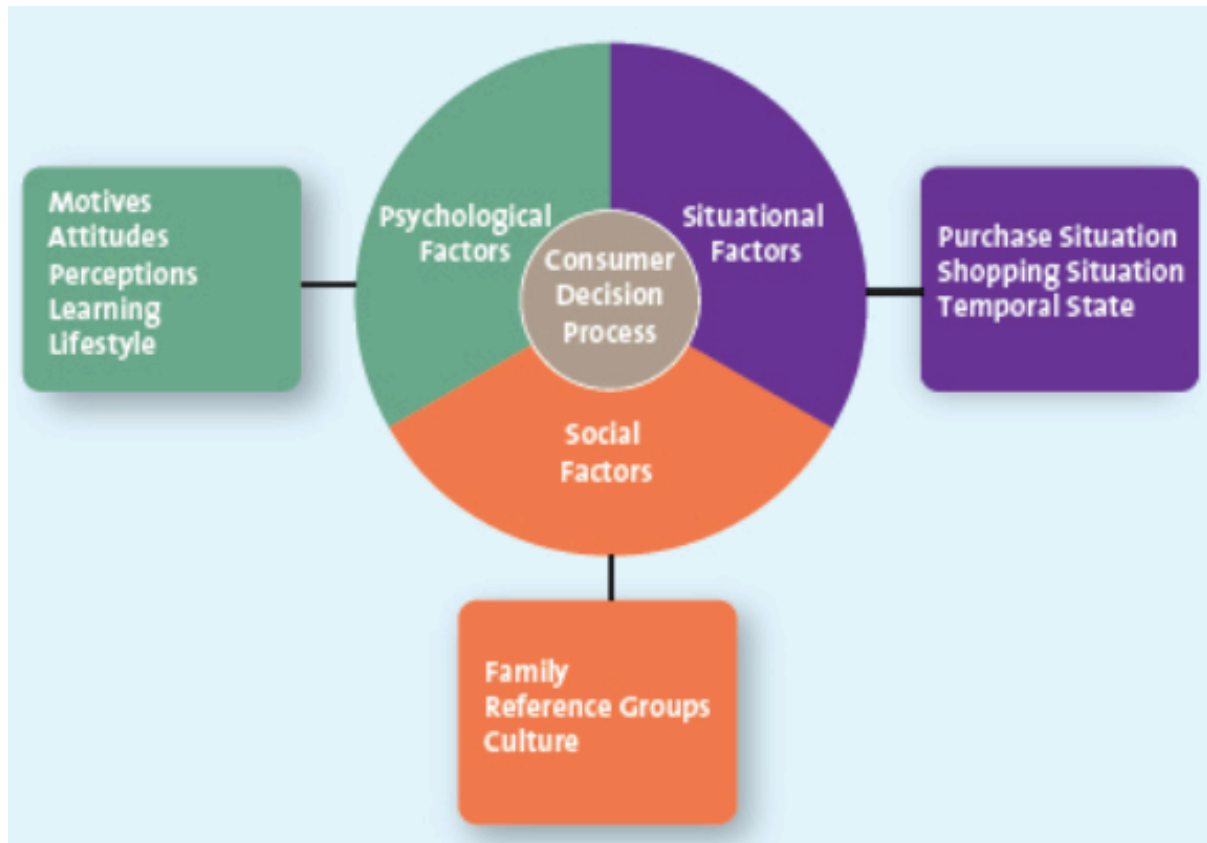
- ritual consumption

Step 5 | Postpurchase

- customer value and satisfaction
- postpurchase cognitive dissonance
 - inconsistency between two beliefs, or between beliefs and behaviour
 - persuaded by salesperson
- customer loyalty
 - develops over time with multiple repeat purchases of the product or brand from the same marketer

- undesirable consumer behaviour
 - when customers expectations are met or even exceeded, they often don't tell anyone about it.

Factors Influencing Consumer Behaviour



Psychological Factors

- Motives
 - e.g Maslows hierarchy of needs (P. 163)
- Attitude
 - cognitive component
 - affective component
 - behavioural component
- Perceptions
 - select, organize, and interpret information
- Learning
 - affects attitudes and perceptions
 - => s.th. that is changing
 - drives
 - stimuli
 - cues

- responses
- Lifestyle
 -

Social Factors

- Membership Groups (Family)
- Reference Groups
 - family, friends, coworkers, famous people
- Aspirational Groups
- Culture
 - beliefs, morals, values and customs of a group of people

Situational Factors

Purchase Situation