

# Midterm Review

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ADM2320

## Chapter 1 - Introduction

- Marketing is a set of business practices designed to plan for and present an organization's products or services in ways that **creates value for customers** and **builds effective customer relationships**.
- A value proposition is the **set of benefits or values** a company promises to deliver to customers to **satisfy their needs**.
- Marketers must often **understand consumers needs even better than the consumers do**, themselves.
- Core Aspects of Marketing:
  - Marketing **helps create value**.
  - Marketing is about **satisfying customer needs** (basic necessity) **and wants** (how to fulfil the need).
  - Marketing entails an **exchange**.
  - Marketing requires **product, price, place, and promotion** decisions.
    - Product decisions are about **creating value** through goods, services, and/or ideas. This can be achieved through product/service, brand, size, quality, features, packaging, and warranty.
    - Price decisions are about **transacting value**. In other words, price is everything the buyer gives up (money, time, energy) in exchange for the product. This can be achieved through list price, discounts, allowances, costs, payment period, and credit terms.
    - Place decisions are about **delivering value**. In other words, getting the product to the right customer when and where that customer wants it. This can be achieved through marketing channels, distribution intensity, locations (retailers, online), supply chain, and logistics.

- Promotion decisions are about **communicating value**. In other words, informing, persuading, and reminding potential buyers and influencing their opinions and/or eliciting a response. This can be achieved through advertising, sales promotion, personal selling, public relations, direct marketing, and electronic media.
- Marketing can be performed by both individuals and organizations. Examples include **B2B, B2C, and C2C**.
- **Marketing occurs in many settings**. It can include both profit and non-profit entities, developed and developing economies, and entire industries.
- The Four Orientations of Marketing are:
  - **Product Orientation** (1900-1920)
  - **Sales Orientation** (1920-1950)
  - **Market Orientation** (1950-1990)
  - **Value-based Orientation** (1990-pres.)
    - Firms must constantly **monitor the marketplace** in order to create value.
    - Firms must offer customers something in **excess of that being offered** by the competitors.
    - Firms must understand how **each aspect of their product/service creates value** for customers.
- Firms become more value driven by:
  - **Sharing information.**
  - **Balance customer's benefits and costs.**
    - Understand and focus on key benefits.
    - Eliminate cost of less strategic benefits.
  - **Build relationships with customers.**
    - Take a long term view of customer relationships.
    - Use data to assist in maintaining the relationship (CRM).
  - **Use technology to connect with customers.**

- Embrace social media to connect better with customers.
- Users are driving the way brands and stores are interacting with social media.
- The Importance of Marketing:
  - **Marketing expands firms' global presence.** Goods are available to consumers from many countries. However, this requires firms to understand customer needs and wants segment-by-segment, region-by-region.
  - **Marketing is pervasive across channel members.** Each step in the supply chain involves marketing. All members in the chain must ultimately focus on creating value for their customers and the end user consumer.
  - **Marketing makes life easier and provides employment opportunities.** This can be achieved through choices of products and services as well as information. Marketing can provide employment in diverse fields such as research, sales, promotions, global marketing.
  - **Marketing enriches society.**
  - **Marketing can be entrepreneurial.** Though important to large firms, marketing is equally important to the success of small ventures-especially new ventures.

## Chapter 2 - Market Strategy and Plan

- What is a marketing strategy?
  - It identifies a firm's **target market(s)**, a related **marketing mix (Four P's)**, and the bases upon which the firm plans to build a **sustainable competitive advantage**.
  - A sustainable competitive advantage is something the **firm can persistently do better than its competitors** that is **not easily copied** and thus can be maintained over a long period of time.
- Strategies for developing customer value and sustainable competitive advantage:
  - **Customer Excellence:** Retain loyal customers and provide excellent customer service.
  - **Operational Excellence:** Efficient operations, excellent supply chain management, and strong supplier relationships.
  - **Product Excellence:** High perceived value and effective branding/positioning.

- **Locational Excellence:** Location, location, location.
- Developing a marketing plan:
  - **Step 1: Business Mission and Objectives**
    - **Mission statement.** It is a broad description of a firm's objectives and the scope of activities. It can be product-oriented (objective), or market-oriented (subjective/imaginative).
  - **Step 2: Situation Analysis**
    - **SWOT.** Strengths (internal), Weaknesses (internal), Opportunities (external), and Threats (external). Internal factors include all things related to the Four P's. External factors include all things related to CDSTEP (Cultural, Demographics, Social, Technological, Economic, and/or Politics/Legal) and its competitors.
  - **Step 3: Identify Opportunities**
    - **STP.** Segmentation, Targeting, and Positioning.
  - **Step 4: Implement Marketing Mix**
    - **Four P's.** Product, price, place, and promotion.
  - **Step 5: Evaluate Performance by Using Marketing Metrics**
    - Asses financial performance (revenue, sales, profits) compared to goals, over time, and contenting firms.
    - Asses social responsibility performance (impact on environment, etc.)
- Portfolio Analysis:
  - **Stars** (High Growth, High Market Share), **Cash Cows** (Low Growth, High Market Share), **Question Marks** (High Growth, Low Market Share), **Dogs** (Low Growth, Low Market Share).
- Growth Strategies:
  - **Market Penetration** (Current Markets with Current Products)
  - **Product Development** (Current Markets with New Products)
  - **Market Development** (New Markets with Current Products)

- **Diversification** (New Markets with New Products). Can be either related (strategic fit with existing ventures) diversification or unrelated diversification.

## Chapter 3 - Analyzing the Marketing Environment

- A marketing environmental analysis framework consists of **consumers** (circle), surrounded by **company, competition, and corporate partners** (triangle), surrounded by **CDSTEP** (hexagon).
- Microenvironment:
  - **Company**: Company capabilities, starts with **core competency** (ability to satisfy consumer needs). Then **people, knowledge, facilities, patents, technology**, etc. These are then applied to target markets, products, etc.
  - **Competition**: Identifying and analyzing **direct and indirect competitors**. Knowing strength and weaknesses. Competitive intelligence (CI) used to collect and synthesize info.
  - **Corporate partners**: The **firms alliances** from manufacture to retailer.
- Macroenvironment:
  - **Culture**: Broadly defined as the **shared meanings, beliefs, morals, values, and customs** of a group of people.
  - **Demographics**: Characteristics of human populations and segments used to identify consumer markets such as **gender, age (generational cohort) , education (related to income, spending power), ethnicity, and/or income (purchasing power)**.
  - **Social**: **Green consumers, privacy concerns, time-poor society, health and wellness**, etc.
  - **Technological**: New products, forms of communication, retail channels, etc.
  - **Economic Situation**: Factors that affect consumer purchasing power and spending patterns.
  - **Political/Legal Environment**: Competition Act, Food and Drugs Acts, etc.

## Chapter 4 - Consumer Behaviour

- The customer decision process:
  - **Need recognition.** These can be **function needs** (pertain to the performance of a product or service) or **psychological needs** (pertain to the personal gratification consumers associate with a product or service).
  - **Information search.** This consists of both an internal search for information and external search for information. Length and intensity of the search are based on perceived **benefits** v. perceived **costs**, **locus of control** (internal=control, external=fate), and the degree of **perceived risk** (e.g. performance, financial, physiological, psychological, and/or social).
  - **Alternative evaluation.** This involves setting evaluation criteria and determinant attributes (price, brand, product presentation). Attributes can be compensatory (trade offs) or non compensatory (no trade offs).
  - **Purchase Decision.**
  - **Postpurchase.** Includes customer satisfaction and loyalty or post purchase dissonance.
- Factors influencing consumer buying decisions:
  - **Psychological Factors**
    - **Motives:** A need that is sufficiently pressing to direct the person to seek satisfaction. Follows Maslow's Hierarchy of Needs (Physiological->Safety->Social->Esteem->Self-actualization)
    - **Attitudes:** A person's enduring evaluation and tendencies toward and object or idea. Consists of cognitive (beliefs), affective (feelings), and behavioural (actions).
    - **Perceptions:** The process by which people select, organize, and interpret information to form a meaningful picture of the world. Consists of selective exposure, selective attention, selective comprehension, and selective retention.
    - **Learning:** The change in an individuals though process or behaviour. Arises from experience and takes place through the consumer decision process. Affects both attitudes and perceptions.

- **Lifestyle:** A persona's pattern of living as expressed in their psychographics. Measures and consumers AIOs (activities, interests, and opinions).
- **Social Factors**
  - **Family:** Depends on who the decision makers and influencers are.
  - **Reference Groups:** One or more persons whom an individual uses as a basis for comparison regarding beliefs, feelings, and behaviours. Affects buying decision by offering information, providing rewards, and enhancing self-image.
  - **Culture:** Shared meanings, beliefs, morals and customs. Greatly influences consumer behaviour.
- **Situational Factors**
  - **Purchase Situation**
  - **Shopping Situation**
  - **Temporal State**
- Types of Buying Decision:
  - **Extended Problem Solving**
  - **Limited Problem Solving (impulse or habitual)**

## Chapter 6 - Segmentation, Targeting, and Positioning

- Segmentation: An exercise in which marketers **divide large, heterogeneous markets into smaller segments** that can be reached more efficiently and effectively with products and services that match their unique needs.
- STP Process
  - Step 1: **Strategy or Objectives.** Must be consistent with and derived from the firm's mission and objectives, as well as its current situation (SWOT).
  - Step 2: **Segmentation Bases.**
    - **Geographic:** Develop appropriate marketing programs for the region.
    - **Demographic:** Most common because it is easy to identify and reach. Includes gender, age, ethnicity, family lifecycle, household type, income, etc.

- **Psychographic:** How consumers describe themselves. Includes **self-values (goals), self-concept (image), and lifestyles (live)**.
  - **VALS Framework:** Thinkers/Believer (Ideal Motivated), Achievers/Strivers (Achievement Motivated), Experiencers/Makers (Self-expression Motivated).
- **Behavioural:** Includes benefits derives, occasion, usage rate, and loyalty.
- **Step 3: Evaluate Segment Attractiveness**
  - **Identifiable:** Measurable and differentiable.
  - **Reachable:** Can be reached through persuasive communications and product distribution.
  - **Responsive:** Ability to be attracted and served similarly and positively to the firms value proposition.
  - **Substantial and Profitable:** Large enough or profitable enough to serve. Growth potential equally important.
- **Step 4: Select Target Market**
  - Assess both the attractiveness of the opportunity and the firm's own competencies to serve the market.
  - Can be **undifferentiated (mass), differentiated (segmented), concentrated (niche), or micro marking (local or individual) marketing**.
- **Step 5: Identify and Develop Positioning Strategy**
  - Position the product/service **in the mind of the prospect**.
  - May use one or more of: **value, attributes, benefits and symbolism, competition, and/or market leadership**.
  - Can use **perceptual map**.

## Chapter 7 - Market Research

- Market research consists of a set of techniques and principles for **systematically collecting, recording, analyzing an interpreting data** that can aid decision makers.
- The **Marketing Research Process:**

- **Define research problem and objective:** This guides the entire process and helps keep the scope of the project.
- **Design the research plan:** Identify the type of **data needed** and determine the **type of research** necessary to collect the data. This spells out the specific **research approaches, contact methods, sampling plans, and instruments** that will need to be used.
- **Collect data:** Consists of **primary** (specific to research needs) and **secondary data** (information collected prior).
  - Primary data can be either:
    - **Qualitative (exploratory).** Includes observation, in-depth interviews, focus groups, and social media.
    - **Quantitative (conclusive).** Includes experiments (best for casual), survey (best for descriptive info), scanner, and panel. Can be descriptive or casual.
  - Secondary data can be either **internal or external (census, books, articles, journals, etc.).**
- **Analyze data and develop insights:** Converts data into information to describe, explain, predict and/or evaluate a particular situation.
- **Present action plan:** Prepare and present the results.