

MARKETING AND RESEARCH

Lecture Title: Introduction to Marketing



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Business Administration**

Lecture Summary

- **General overview about Marketing today**
- **Main characteristics of Marketing and its processes**
- **To compare different marketing management orientations.**
- **Marketing Research methods**



What is marketing?



What is marketing?

Marketing is the process of planning and executing the conception, pricing, promotion, and distribution of ideas, goods, and services to create exchanges that satisfy individual and organizational objectives.

It is the process of identifying, anticipating, and satisfying customer needs and wants.



Marketing definition

- Marketing is the management process responsible for identifying, anticipating, and satisfying customer requirements profitably (*CIM, 2010*)
- Marketing is to establish, maintain and enhance relationships with customers and other partners, at a profit, so that the objectives of the parties involved are met. This is achieved by mutual exchange and fulfilment of promises (*Grönroos 1997*).
- Marketing is the process of planning and executing the conception, pricing, promotion and distribution of ideas, goods and services to create exchange and satisfy individual and organisational objectives (*AMA, 1985*).
- Marketing is a human activity, directed at satisfying needs and wants through exchange processes (*Kotler*).



What is Marketing?



Main facets of marketing



PRODUCT



PROMOTION



CUSTOMER



COMMUNICATION



DISTRIBUTION



PRICING



RESEARCH



BRANDING

Main facets of marketing

PRODUCT

the process of creating new products or improving existing ones and its characteristics to meet the market needs

PROMOTION

advertising, sales promotions, public relations, and other tactics to promote a product or service

CUSTOMER

target groups, purchasers of ideas, goods and services that crucial factor in any business.

COMMUNICATION

it helps to increase brand awareness and ensuring that information reaches the right audience



Main facets of marketing

DISTRIBUTION

a process of making goods and services available and accessible to end users or customers through different channels

PRICING

the method of determining the value a producer will get in the exchange of goods and services

RESEARCH

gathering data from different sources to identify market trends and consumer behavior

BRANDING

The technique that involves working on the values you stand for, the experiences you deliver, the feelings you evoke, and more

Goods & Services



What are Goods?

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Goods are material, natural or manmade, which are used to satisfy human needs and wants.

Goods maybe *bought and sold by consumers or by organisations.*

Goods can be classified according to the expected length of their lives and to whether they are intended for the consumer market or the industrial market, which are :

- ***Fast-moving consumer goods***—“low involvement” purchases, e.g., milk, tea
- ***Consumer durables***—“high involvement” purchases, e.g., domestic appliances, cars
- ***Industrial goods*** – purchased for the use in the production of other goods and services and divided into two:
 - ***Consumables*** (e.g. stationery, fuel) and
 - ***capital goods*** (e.g. equipment, ships, entire factories)



Marketing characteristics of goods

GOODS are different from services for the following reasons:

- They are tangible, physical and can be touched
- They are perishable, consumable or durable
- They conform to recognisable and consistent specification
- They do not rely on personal interaction
- They rely on inherent qualities
- They require a physical distribution channel
- Their value can be assessed at the time they are bought



What are services?

A pure service is any activity or benefit that one party offers to another that is intangible.

Services can be divided into three:

- **Private Services** - which are purely provided by the private sector only
- **Public services** - which are provided only by the state
- **Merit services** - which can be provided by the state and by private enterprise



Marketing characteristics of services

SERVICES:

- Are **intangible**
- Are almost always **temporary**
- Do **not necessarily conform to a recognisable and consistent specification**, e.g. haircut
- Are subject to official **government regulation**
- Are often reliant on **personal interaction**
- Rely less on their inherent qualities and more on the **qualities of the people who supply them**
- Require **no physical distribution channel**
- Can be **valued** upon their completion and therefore there must be a high **degree of trust**



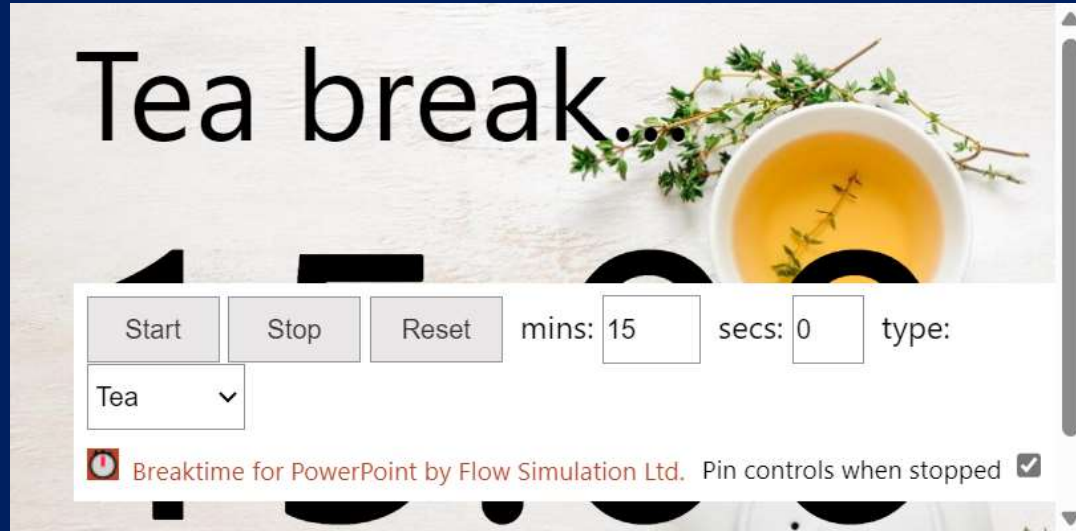
Why do differences matter between goods and services?

As goods are tangible they have a certain advantage over intangible soft services, e.g. owning a car.

As services are intangible, the getting and keeping of customers is challenging.

Prospective consumers who never experienced the service are buying on promises, e.g., insurance.





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Production Process

- **Mass Production** – In mass production, employees continuously produce the same items. Team members are typically split up into different workstations for everyone to use at once. Each workstation typically represents one material or addition to a product. Once the product gets to the end of the line, it's fully complete and ready to deliver to the customer. As one part of the product is being worked on, another is operating as well, which makes the process more efficient and productive.
- **Craft Production** – This is a non-automated process that's usually used on products that need personal care and attention in order to deliver a quality product to the consumer. Many companies use this type of production when customers order customized products that include certain unique colors, shapes, patterns or words on the design.



Production Process

- **Batch production** – Organizations typically use batch productions when they need to produce several groups of items. When this occurs, employees work in subsections of each group to complete different sections of certain batches.
- **Job production** – When creating lower-demand products, most organizations follow a job production process. This involves building a single item all at once, rather than splitting into groups that work on different parts of the product.



Production Process

➤ **Service production** – This process entails automating a certain service to customers. You can provide personalized services offered on machines that allow customers to press buttons to request and receive assistance.

Another service production method is technical support. If customers experience issues with one of the company's technical products and need additional guidance on how to use them, they can quickly access resources and materials to answer their questions if the support team is currently unavailable.



Production Process

- **Mass customization** – This type of process is a mass production line that creates products unique and customized according to consumers' needs. The customer may have the option to select certain customization options from a list of colors, shapes or patterns. When they select certain options, the mass customization process completes a unique and automated process for each individual item.



Promotion

A framework for promotion activity.

Promotional marketing can take several forms:

- **Personal selling:** one-to-one communication with a potential customer
- **Advertising:** paid promotion of a brand and its products
- **Direct marketing:** direct communication or distribution to customers



Promotion

- **Sales promotions:** discounts, cash back, free shipping, or other incentives to stimulate purchases
- **Public relations:** improving a brand's image based on consumers' positive and negative associations with it



New Promotional Strategies

- Prior to the web, organisations had two significant choices to attract attention: buy expensive advertising or get third party ink from the media.
- Internet provides organisations with the ability to develop relationships directly with the consumer.



Customer

In a rapidly changing business landscape, the customer is more important than ever before. Businesses that can understand and anticipate the needs of their customers will be the ones that succeed in the long run. This means that businesses need to focus on creating an excellent customer experience, developing strong relationships with customers, and using customer data to guide strategic decisions. By doing so, businesses can create a loyal customer base that will continue to support them for years to come.



THE 13 CUSTOMER TYPES

How To Segment Your Audience By Customer Type

PROSPECTS

Prospects

Suspects

Leads

CUSTOMERS

The Good

New

Novice

Active

Repeat

The Bad

At Risk

Lapsed

Unhappy

The Awesome

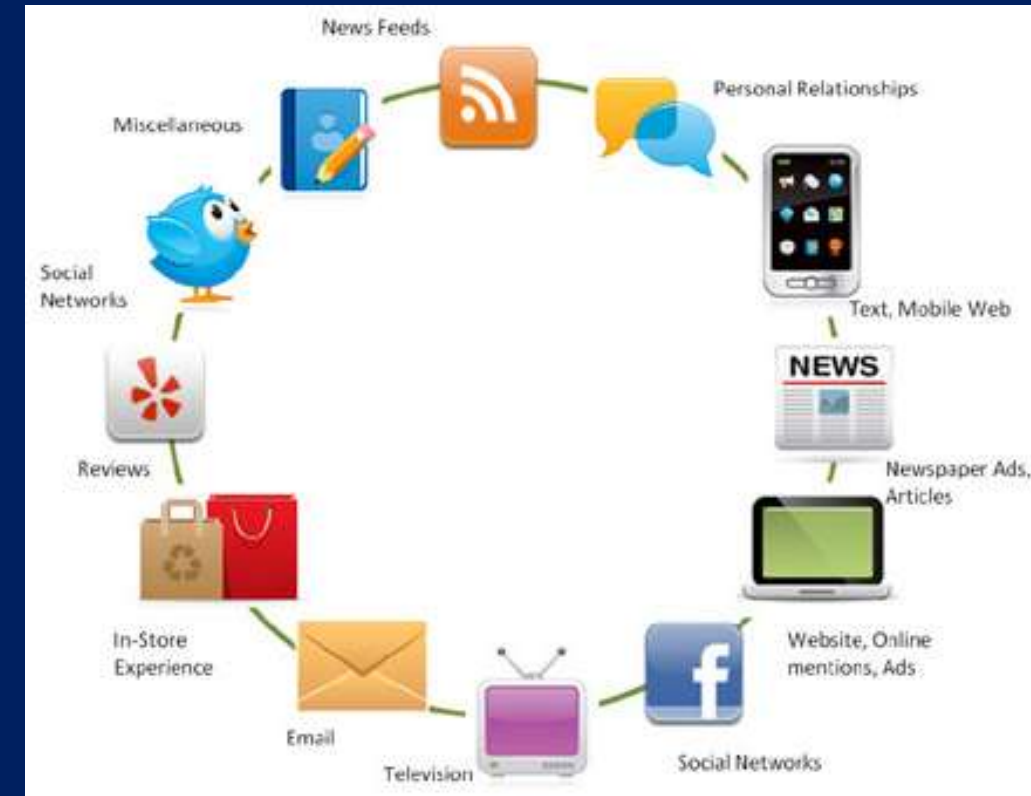
Loyal

Referring

Advocate

Communication

- Inform and make potential customers aware of an organisation's offering.
- Communication may attempt to persuade current and potential customers of the desirability of entering an exchange relationship
- Communication can also be used to reinforce experiences. Reminding people of a need or the benefits of a past transaction.
- Marketing communication can act as a differentiator. This is especially when there is little to separate competing products eg Mineral Water, Fruit.



Distribution



Packaging

- **Packaging** is the science, art and technology of enclosing or protecting products for distribution, storage, sale, and use.
- Packaging also refers to the *process* of design, evaluation, and production of packages.
- Packaging can be described as a *coordinated system* of preparing goods for transport, warehousing, logistics, sale, and end use.
- Packaging contains, protects, preserves, transports, informs, and sells.
- In many countries it is fully integrated into government, business, institutional, industrial, and personal use.



Pricing

Demographic Considerations

1. Number of potential buyers; their age, gender and education
2. Location of potential buyers
3. Position of potential buyers
4. Expected consumption of potential buyers
5. Economic strength of potential buyers



Pricing

Psychological Considerations

1. Will potential buyers use price as an indicator of quality?
2. Will potential buyers be favorably attracted by odd pricing?
3. Would potential buyers perceive price as too high relative to the service product gives?
4. Are potential buyers' prestige oriented and willing to pay a premium to fill this need?
5. How much will potential buyers be willing to pay for the product?



Pricing

Competitive Considerations

1. Number of competitors
2. Size of competitors
3. Location of competitors
4. Conditions of entry into the industry
5. Number of products sold by competitors
6. Cost structure of competitors
7. Historical reaction of competitors to price changes



Pricing Strategies

- The 5 most common pricing strategies:
- **Cost-plus pricing.** Calculate your costs and add a mark-up.
- **Competitive pricing.** Set a price based on what the competition charges.
- **Price skimming.** Set a high price and lower it as the market evolves.
- **Penetration pricing.** Set a low price to enter a competitive market and raise it later.
- **Value-based pricing.** Base your product or service's price on what the customer believes it's worth.





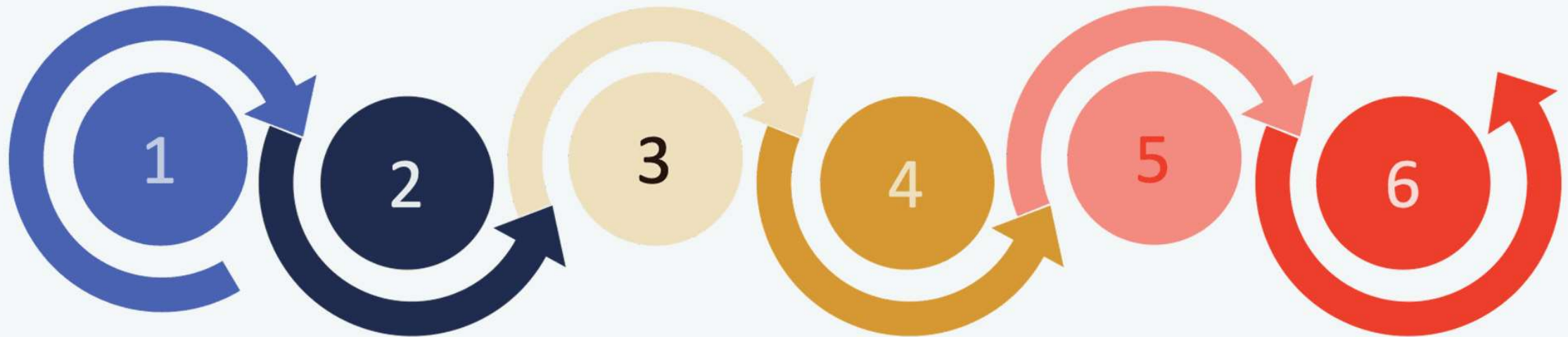
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Research

DEFINE YOUR OBJECTIVE
What decision are your trying to make?

PREPARE RESEARCH INSTRUMENT
Time to craft your questions, set up your experiment, etc.

ANALYZE DATA
This is a sample text. You simply add your own here.



DETERMINE RESEARCH DESIGN
What research method(s) will you employ?

COLLECT DATA
This is a sample text. You simply add your own here.

VISUALIZE & COMMUNICATE FINDINGS
This is a sample text. You simply add your own here.

What is Marketing Research?

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Research Methods

Primary Market Research



Focus groups
Interviews
Observation based research (in-person observation, videos, case studies)
Buyer persona research
Market segmentation research

Secondary Market Research



Company reports
Industry statistics
White papers
Government Agency Data
Market segmentation research

What are you researching?

Recommended research methods

Customer needs, wants, & pain points

- Interviews
- Focus groups
- Surveys
- Observational research
- Market segmentation & demographics

Market trends & opportunities

- Competitive analysis
- Secondary market research data
- Focus groups
- Market segmentation & demographics

Business performance
& marketing efforts

- Competitive analysis
- Interviews
- Focus groups
- Surveys

Branding

The **brand of a product/service** is the corporate logo that helps to identify it, communicate its image and values and differentiate it from other goods/services

It is clearly identified by a name, sign, symbol or a combination of the three.

Branding involves **creating, maintaining, protecting and enhancing** the brands of products/services It is therefore very important and strategic which requires a **strategic plan and tactics**.



Branding

The importance of branding lies in the process of:

- Creating brand awareness
- Developing a brand image
- Securing brand loyalty ensuring repeat purchases of the product



Different Marketing Management concepts

- Production oriented – focuses on effectiveness of the production and distribution
 - Product concept- focuses on the quality and innovation
 - Selling oriented – on sales and promotions
 - Marketing concept – getting to know buyers' expectations and focuses on needs
 - Social Responsibility/Sustainability – customers' needs as well as customers' welfare
 - Service –dominant approach - creating, communicating, delivering, and exchanging value. (offering instead of product)
- Customers' need not considered**
- Customers' social well-being not considered**
- Value driven**



Group Task 1

1. Provide brief information about the given business/organisation
 - what sector does it operate?
 - what product does it sell?
2. What Marketing Management concept does the business follow?
3. Critical analyses – Q&A





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LONDON BUSINESS FORUM

ARCHIVE INSIGHTS

Group Task 2

- 1 - Think of a product and possible characteristics, functionality of this product
- 2- Apply pricing strategy and present planning for each facet of marketing
- 3 - Explain what facets of marketing was priority to focus on in this process ?
- 4 - what could you have done better? – constructive criticism



Any Questions ?



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