

MARKETING AND RESEARCH

Lecture II: Marketing Principles and Theories

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**Undergraduate Diploma in
Digital Marketing**

Lecture summary

- Understand marketing principles.
- Different marketing tools and models to evaluate the market.
 - Marketing Mix
 - MOST analyses
 - The Black Box model
 - SWOT analyses
 - PESTEL
 - Porter's 5 Forces
 - Ansoff Matrix
 - STP Marketing



Marketing Principles

The principles of marketing are agreed-upon marketing ideas that businesses use for an effective marketing strategy. They are the principles upon which we build product promotion strategies. We can use the marketing principles for the effective promotion of either goods or services.

For an effective strategy there are various marketing models and tools available.



Evolving Marketing Mix



7 Ps of the Marketing Mix

| Products/Service | Promotion | Price | Place | People | Process | Physical Evidence |
|--|--|---|---|--|---|--|
| what you offer your audience/customers including products, service, assets, processes and performance. | the strategy, tools and tactics that you use to inform, engage, motivate and drive to act. | what your audience/customers pay for a product or service | where you are seen and engage with audience/customers | those who engage with your audience on your behalf, those who deliver the service, use the service | how you deliver your product/service with low cost and time quality quality through the customer experience | evidence of brand and mix, physical (and intangible) signs of a reliable brand and a quality customer experience |

McCarthy's 4Ps
1960

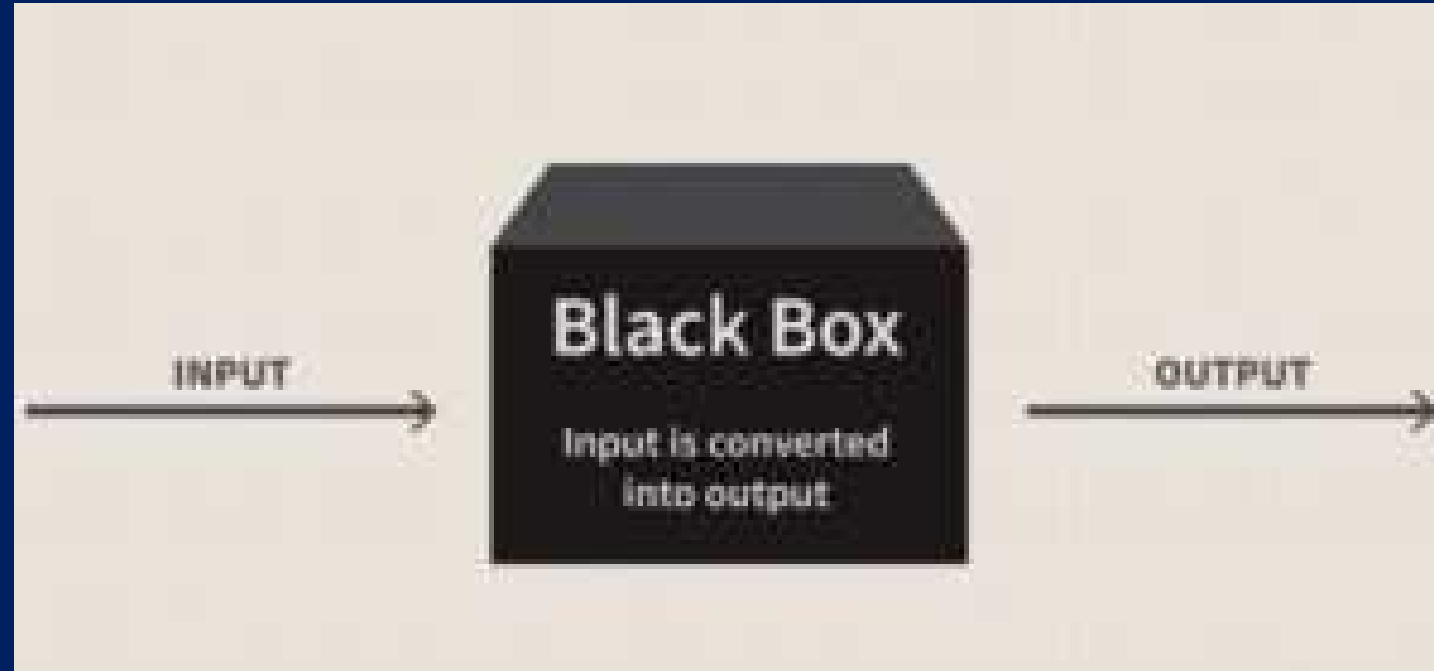
Booms & Bitner's 7Ps
1981

MOST Analysis



The Black Box model

➤ The black box model shows the interaction of stimuli, consumer characteristics, decision process and consumer responses. It can be distinguished between interpersonal stimuli (between people) or intrapersonal stimuli (within people).



➤ The black box model is related to the black box theory of behaviorism, where the focus is not set on the processes inside a consumer, but the relation between the stimuli and the response of the consumer.



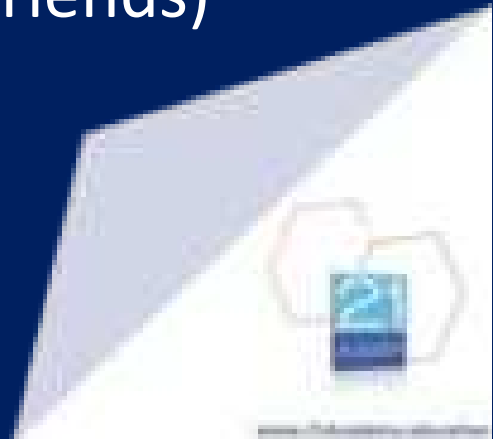
Assumptions

Buying decisions are made by consumers in an environment where there are multiple brands competing for their attention and money.

Consumers have an idea about what they want before they even begin searching for products or services online or offline.

Consumers use both rational and emotional criteria when making purchase choices.

People seek information from both external sources (such as friends) and internal sources (such as feelings).



What is Consumer Behavior?

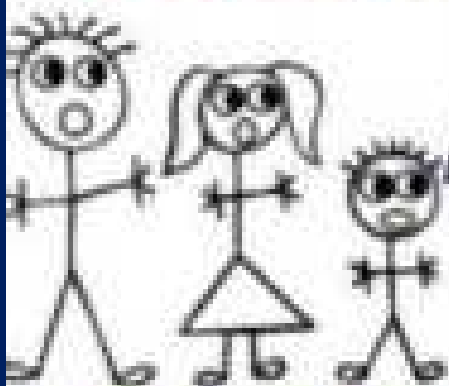
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**Routine
Purchases**



**Costly
Purchases**

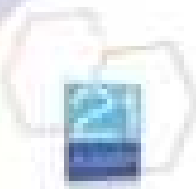


**"Absolutely not!
You will not take
me to school in
that thing!"**



Many children
today tell
their parents
what car to
buy.

**The study of activities related to the purchase,
use, and disposal of goods and services**



STIMULI
EXTERNAL FACTORS

Marketing Mix

Product
Price
Place
Promotion

Environmental

Economic
Technological
Political
Cultural
Demographic
Situational

BLACK BOX
(BUYER'S MIND)
INTERNAL FACTORS

Consumer Characteristics

Beliefs/Attitudes
Values
Knowledge
Motives
Perceptions
Lifestyle

Decision-Making Process

Problem solving
Information search
Alternate evaluation
Purchase
Post purchase
Evaluation

RESPONSES

Purchase

Product
Brand
Source
Amount
Method of Payment

No Purchase

What does affect you while you are taking
decision to purchase any goods?





The purpose of SWOT Analysis

It is an easy-to-use tool for developing an overview of a company's strategic situation

- It forms a basis for matching your company's strategy to its situation



Strengths and Weakness form a basis for INTERNAL analysis

- By examining strengths, you can discover untapped potential or identify distinct competencies that helped you succeed in the past.
- By examining weaknesses, you can identify gaps in performance, vulnerabilities, and erroneous assumptions about existing strategies.



Key Questions for Managers in Internal Analysis

How do we assemble **bundles** of Resources, Capabilities and Core Competencies to create **VALUE** for customers?

And...

Will environmental changes make our core competencies obsolete?

Are substitutes available for our core competencies?

Are our core competencies easily imitated?



SWOT Analysis - Weaknesses

- ★ A Weakness (Competitive Deficiency)
 - ↳ Is something a firm lacks or does poorly (in comparison to others) or a condition that puts it at a competitive disadvantage in the marketplace.
- ★ Types of Weaknesses:
 - ↳ Inferior skills, expertise, or intellectual capital
 - ↳ Deficiencies in physical, organizational, or intangible assets
 - ↳ Missing or competitively inferior capabilities in key areas



SWOT Analysis – Strengths & Examples

- **A loyal customer base for a small business:** small businesses are particularly fragile, especially in volatile markets. That's why having a loyal customer base is a big strength for a small business — they can push through difficult conditions and will always have a group of people willing to support them.
- **Lots of capital for a country:** having lots of finances is always a plus. A healthy financial situation allows countries to take bigger risks and survive tougher conditions, both of which are beneficial in every regard.
- **Premium quality for a handmade product:** if a product is of high quality, it's bound to receive more sales, and do so in a part of the market which offers larger margins.



SWOT Analysis - Opportunities

- Characteristics of Market Opportunities:
 - An absolute **“must pursue”** market
 - Represents much potential but is hidden in “fog of the future.”
 - A marginally interesting market
 - Presents high risk and questionable profit potential.
 - An unsuitable\mismatched market
 - Is best avoided as the firm’s strengths are not matched to market factors.



SWOT Analysis - Threats

- Types of Threats:
 - Normal course-of-business threats
 - Sudden-death (survival) threats
- Considering Threats:
 - Identify the threats to the firm's future prospects.
 - Evaluate what strategic actions can be taken to neutralize or lessen their impact



SWOT Analysis

Simply making lists of a company's strengths, weaknesses, opportunities, and threats is not enough; the payoff from SWOT analysis comes from the conclusions about a company's situation and the implications for strategy improvement that flow from the four lists.

Basing a company's strategy on its most competitively valuable strengths gives the company its best chance for market success.



Group Task

- Select an organisation that you are familiar with – 10 mins.
- Carry out a SWOT analysis on the selected organisation – 20 mins.
- Apply the opportunity approach on the selected organisation – 10 mins



PESTEL

A PESTEL analysis is another tool that helps to understand how the market works. By monitoring opportunities and threats to its operations and markets, the company can anticipate the evolution of the environment and thus ensure the sustainability of its operations.

A PESTEL analysis provides a clear overview of the macro-environmental factors that can affect a business's marketing management strategy.



PESTEL

Political



- War,
- Dictatorship,
- Facilities for starting a business
- Waste reduction policy,
- High taxes

Economic



- High GDP,
- Price inflation
- Saturated markets
- High loan rates for companies...

Social



- Purchasing habits
- The budget per household
- Trends and cultural influence in the country

Techno-logical



- The country's technical and logistical resources
- The level of expertise
- The latest developments (tools, research)

Environ-mental



- Law "to preserve animal and plant life",
- Suitable Environment to launch the activity (soils, climate)

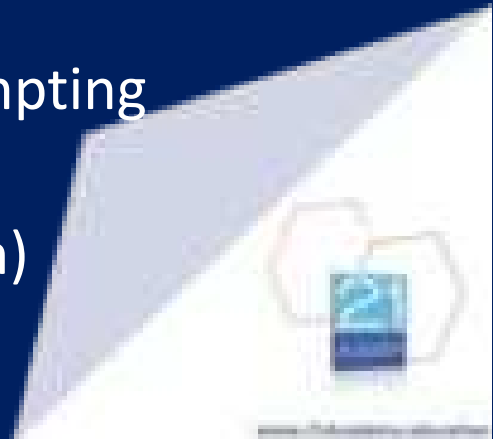
Legal



- Employment laws of the country,
- Laws related to the activity
- Permits, authorizations and other requirements,

Real Examples

- 1. Political:** The U.S. government's decision to impose tariffs on Chinese goods affects international trade and business operations.
- 2. Economic:** The 2008 global financial crisis caused a significant recession, leading to a decline in consumer spending and business investments.
- 3. Social:** The rise in remote working and flexible work schedules during the COVID-19 pandemic changed workplace dynamics and employee expectations.
- 4. Technological:** The rapid adoption of artificial intelligence AI and automation in manufacturing has revolutionized production processes, increasing efficiency and reducing labor costs.
- 5. Environmental:** The Paris Agreement aims to limit global warming, prompting businesses to adopt more sustainable and eco-friendly practices.
- 6. Legal:** The implementation of GDPR (General Data Protection Regulation) in the EU imposes strict rules on how companies handle personal data.



Porter's 5 forces

A model that covers five separate threat factors that can impact business growth.

- The intensity of the competitive landscape;
- Level of supplier power;
- Buyer's entry/exit costs;
- The threat of substitute products;
- Access to the market for new entrants



Porter's 5 forces

The first thing to investigate is how intense the competition is within your niche. The key insights you should gather at this stage are:

- The competition level within the marketplace;
- Key competitors;
- A clear understanding of your competitive strategy.





Ansoff Matrix



STP marketing

Market Segmentation

- Identify basis for segmentation
- Determine important characteristics of each market segment

Market Targeting

- Evaluate potential and commercial attractiveness of each segments
- Select one or more segments

Product Positioning

- Develop detailed product positioning for selected segments
- Develop a marketing mix for each selected segment

MARKET SEGMENTATION

How to use STP marketing?

The needs of each segment are the same, so marketing messages should be designed for each segment to emphasise relevant benefits and features required rather than one size fits all for all customer types. This approach is more efficient, delivering the right mix to the same group of people, rather than a scattergun approach.



Any Questions?



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