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MARKETING

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1. What is Marketing?

Marketing is an organisational function and a set of processes for creating, communicating and delivering value to customers, and for managing customer relationships in ways that benefit the organisation and its stakeholders.*

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2. Marketing's role in society

Marketing plays a very important role in society in allowing products to be moved to be in the hands of the final consumer. The decisions made in the marketing process help increase the efficiency of bringing the product to market and providing customers with choice in what is offered to consumers. Marketing can add value to a product as it makes its way the final consumer. Without marketing, the world would be a very different place, as there would not be the different styles, varieties or brands. Marketing provides efficiency and choice to the marketplace.

3. Types of Markets

Marketing involves satisfying the needs and wants in the market place. But it should be remembered that there are more than one type of marketplace. There are four main types of markets:

1. The resources market
2. The industrial market
3. The intermediate market
4. The consumer market

The resources market: is a large and high cost market usually with few companies participating. This includes companies in the coal, steel, gas and oil industries. Producers need raw materials to help them make their product, which they can obtain from these companies, or from those in the industrial market.

The industrial market: is also sometimes called the “business-to-business” or B2B market. Here the raw materials are transformed into products or materials that can be used for future products. This market can include producers, and resellers.

The intermediate market: focuses on the organizations, or “intermediaries” that can assist in getting the product to the final consumer. This can include distributors, agents or brokers, and retailers.

The consumer market: is the last type of market, in which the product eventually comes to the person who will finally use or consume the product. When you go to the shopping centre, you are seeing the consumer market in action. The consumer market can also be divided into the (1) Mass market – aiming the marketing activities broadly to the market at large, or (2) Niche market – which is a smaller, well segmented part of the market.

4. Market research

When trying to market a product, to better understand these markets and the customers in them, it is important to undertake some kind of market research. Market Research is basically obtaining information to aid decision making. Marketers must make decisions all the time, so it is vital to have good information to make sure that the right decision is made for the particular situation. Having a better idea of what is happening with the company, the customers or the competitors

will give the marketer a valuable insight into the market situation, which will help in making decisions for the future.

The main stages in the market research process are:

*Information needs: determining what is the research problem to be analysed and solved,

*Research design: working out the best way to get the information to solve the problem,

*Data collection: using the methodology chosen, gathering the data, whether it be primary data or secondary data. Primary data is data that comes from the researcher for the specific purpose of answering the research problem, such as surveys; while secondary data is data collected for some purpose but can be used to help answer the research problem, like using data from the Australian Bureau of Statistics,

*Data analysis: once you have gathered the data, it is important to properly analysis it to discover what the data or respondents are saying, and how it answers the research problem, and finally

*Interpretation & reporting: finally, after the data has been analysed the findings should be determined and written up as a report, so that others can see what you have done and how you have answered the problem.

There are two main types of market research: Qualitative and Quantitative.

*Qualitative research is research that explores what people do or say. This type of research can provide a great deal of data, but it cannot be analysed statistically. Examples of this are:

Observation, Depth interviews, and Focus groups.

*Quantitative research is based on structured questions where the response options have been predetermined which can be analysed statistically Examples include Survey research and Experiments. Methods to gather information for quantitative research are: Personal interview, Telephone, Mail, and the Internet.

5. Marketing Management Process

To understand marketing from a management perspective we look at the marketing management process. For a marketing campaign, there are five main steps:

- (A) Marketing environment
- (B) Objectives
- (C) Target market
- (D) Marketing mix
- (E) Implement, evaluate & control

Basically the:

*Marketing environment relates to what is happening in the marketplace and those things that cannot readily change;

*Objectives, there should be clear, achievable objectives for the campaign, which can be used as a benchmark to determine the success of the campaign,

*Target market, rather than trying to market to everyone, it is better to focus on a particular market segment, or target market,

*Marketing mix, or the “4 Ps” – Product, Price, Place and Promotion – which are the things that a marketing manager can readily change and aim at a target market as part of a “marketing strategy”, and

*Implement, evaluate & control, once the strategy has been implemented and it can be found in the marketplace, it is important to evaluate what is happening to determine if the objectives are being achieved, and if not, take some type of corrective action for this campaign or the next.

(A) The marketing environment

Marketing is not done in a vacuum. There are always things happening in the marketplace that are out of the control of the marketer. Therefore, it is important to constantly monitor the marketing environment to ensure that there are no changes that could significantly effect how you market the product. The main environmental forces to monitor are:

*The Economic Environment

*The Natural Environment

*The Technological Environment

*The Competitive Environment

*Social/Cultural Environment

*The Legal/Political Environment

Changes in these areas could have a major influence on how a product is marketed, and are out of the control of the marketer. Therefore, a marketer must look at the marketing environment to determine the current “situation” in the marketplace. This can be done by undertaking a “situational analysis”. As well as looking at each of the environmental forces, a manager should also include a SWOT analysis. SWOT stands for STRENGTHS, WEAKNESSES, OPPORTUNITIES and THREATS. A manager must continually keep an eye on what is happening in the market, and identify the company’s strengths and weakness and take advantage of opportunities while being aware of threats from competitors. This will involve constant reviewing of the company’s situation, improving operations and increasing efficiencies, which will ultimately benefit the consumer.

(B) Marketing Objectives

When undertaking marketing activities, managers need to know where they are going and whether they are achieving whatever they are intending to do. To help this, it is important to set objectives for your campaign. Objectives provide a general aim for staff which can help direct what is being done in the organisation. While many may think that “sales” is the only objective for marketing, this can depend on many things, such as the type of company, the type of product, where the product is in the product lifecycle, and the degree of competition in the market. Often for a business there are financial objectives to achieve, such as market share, sales and profit. However, while sales can be extremely important, for companies that dominate the market, sales objectives, on its own, may not be a strong motivator for staff, while for non-profit organisations, sales can be irrelevant. Therefore, many companies will also have non-financial, or communication, objectives, such as brand awareness, brand attitude, or purchase intention.

When setting objectives, it is important that they be **SMART**. That is:

Specific:

Measurable:

Achievable:

Realistic:

Time limited:

(C) Target markets:

If you are marketing a product, it is vital for managers to always remember who you are marketing to. It is very hard to be “everything to everyone” and provide a broad, mass market appeal. Besides, with most products, there are particular people who are more likely to be interested in looking at, purchasing or using it. Therefore, marketers should be aware of their target market, and make sure that the marketing activities are aimed at the target market, or target markets. The general process for target marketing is:

*Market segmentation

*Targeting

*Positioning

Markets can be quite big, and for many companies too big to market to successfully. It can be beneficial for marketers to look at the whole market and then break it into more manageable market segments. Segmentation can be done based on demographic (gender/age), geographic location, product usage or psychographic variables, like values and lifestyles.

Once the main market segments are identified, the marketer can choose the segment that they want to target. Marketers can then focus their efforts on satisfying the needs of that market segment. Target marketing is another way marketers can become more efficient in how they do business.

Positioning refers to the way that consumers "see" or "perceive" a product. It is the position that a product holds in the mind of the consumer, particularly in relation to the competitors. Positioning relies on some differentiation between products or brands, so that it is positioned differently in the minds of potential customers.

(D) The Marketing Mix:

The next step is to develop a marketing mix appropriate to the target markets. This involves making decisions regarding the factors that a marketing manager can readily change – the 4Ps (Product, Price, Place and Promotion). This is a vital step, as this is when the marketer can vary, differentiate or change the offering to the marketplace. It is up to the marketer to develop the right marketing mix to present to the target market as part of the marketing strategy. There are so many decision that can be made, but hopefully with some good market research to discover what is happening in the marketplace and clear objectives, the strategy will be more easily developed.

1. Product

A “product” is what is offered by the marketer to satisfy its customer’s particular need. So far we have been talking about “product” in a general sense, but for a business a “product” can be a good or a service. A good is tangible like toothpaste, a football or a drink; while a service is intangible, like a hairdresser, an airline, or an agent. Further, as these “products” are seen as “need satisfiers”, marketers should have a good knowledge of their product and have a clear idea of the different levels of a product:

- *The core product- the basic need that is being satisfied
- *The tangible product- what the customer physically gets
- *The augmented product- the add-on or extras that your customers can receive
- *The future product- whatever future products are planned

To assist marketers in understanding the product and where it is in the market, there is a concept of the product life cycle. Marketing strategies will vary according to the type of product and its stage in the life cycle. There are four basic stages in the product life cycle:

*Introduction

*Growth

*Maturity

*Decline

And if a product, that is not a seasonal or fad product starts to enter the maturity or decline stage, a marketer may need to change something in the marketing mix to boost sales and move it into a new introduction or growth stage.

Other important issues that related to “product” is

*product differentiation and positioning

* branding, and

* packaging. Packaging and labeling has become an important issue in the marketing of a product as businesses try to attract consumers to their products at the retail outlet.

2. Price

“Price” is the value that exchanged for products. Price can be called by many names, including fee, rent, fare, commission, interest, premium, toll, and so on. The price charged for a product can vary, and there may be competition between companies based on price. Whatever the price, for the marketer it is important that the price not be too low that it does not cover costs to make a profit, or be too high that there are no customers, which also leads to no profits.

Most businesses would use a "cost plus" method for setting the prices of their products, which means determining unit production costs and then adding in a profit margin. However, there are other types of pricing. "Perceived price" is what you think consumers will be prepared to pay for

a product; “competitors' pricing” is where a company undercuts the competitors prices. A factor can also be the degree of demand elasticity, that is, the effect of a price increase on the demand of the product - is it elastic [small increase in price = big decrease in demand] or inelastic [big increase in price = small decrease in demand].

Pricing strategies/tactics include:

- *skimming: charging a higher price, particularly to cover new product development costs
- *penetration: charging a lower price to penetrate into an established market
- *market: charging what is expected in the marketplace

There is also a price / quality interaction, whereby the lower the price of a product, the lower the quality of the product; and the higher the price, the higher the quality of the product. Further, if the price is low and the quality is high – consumers will think that they have a bargain, while if it is high price and low quality – they will feel that they have been ripped off.

3. Place

For many companies, one of the most important parts of the marketing mix is place, or distribution. When marketing a product it is vital for it to be available at a particular “place” for the customer to purchase it.

This can involve various channels of distribution where there are a number of marketing intermediaries that help products flow from the producer to the final consumer. The intermediaries can include distributors, wholesalers, agents, and retailers. Each can play an

important role in the channel of distribution which can result in a more efficient distribution of the product compared to if the producer did the activities themselves.

The physical distribution of the product can also involve logistical issues like choosing the right transport, warehousing, and inventory storage,

When distributing a product, the marketer will have to decide what type of distribution is suitable for their product:

*intensive: distributed through as many retail outlets as possible

*selective: available only through certain outlets

*exclusive: the product is available at very few outlets.

While 'place' generally refers to the physical locations of retailers, but more recently companies are using non-retail methods like mail, vending machines and the internet for distribution purposes.

4. **Promotion**

Promotion is basically about communication, or sending a message. This area is also called 'Marketing Communications', as a marketer communicates information about their product to the marketplace. This is one of the most obvious, and in-your-face activities relating to marketing, as everyone can see advertising around them, but advertising is just one way to send a message.

The promotion mix includes: advertising, direct marketing, sales promotions, public relations/publicity and personal selling,

- advertising: is the paid use of electronic and print media to send a message about a particular good, service or idea. The message can vary, depending on the objective of the

campaign. It is important that the advertisement's message is suitable to that target message so that they will notice and understand it.

- Direct marketing and e-commerce are where the marketer communicates directly with the potential customer. This can also be by various media, like mail, telephone, and the internet.
- Sales promotion: provides the potential customer with some extra value or incentive to encourage a purchase. This can include samples, coupons, and competitions.
- Public relations, or PR, are the activities done by a company to the public in general, and includes, press releases, interviews, exclusive stories, and product launches. An outcome from PR is publicity, in the form of reviews, "advertorials" or newsworthy stories in local papers or television shows.
- personal selling: is the face-to-face interaction with a sales representative. You may find that some companies or industries are more likely to have a sales team than others, such as real estate, insurance and expensive industrial products.

A marketer must look at the promotional activities available and decide on the best mix to develop an 'integrated marketing communications' or IMC campaign. This will result in a better, clearer and more consistent communication campaign to the target audience.

(E) Marketing implementation, evaluation and control

Once all these activities in the marketing mix are planned, the final stage of the marketing management process is to implement the company's marketing strategy. However, it is not enough to just implement the plans, as there can always be changes in the marketing environment, so it is vital to monitor the campaign, check the results with the planned objectives,

whether it is in terms of sales, brand awareness, brand attitude, or whatever were the objectives. Importantly, if the actual results are less than the planned, then there may need to be some corrective action made. This can be done during the current campaign or when planning for the next campaign. At this stage plans can also be made to revise the marketing strategy for next time. This again is a time where marketing research can be used to assess consumer attitudes after the campaign has been launched.

11. Marketing Plan

To place all the parts of the marketing management process in one simple report, marketers write a marketing plan. The marketing plan is a written report which sets out the activities for the given campaign. Generally, the marketing plan should be seen as a component of the firm's overall business plan, fitting in-line with the business objectives and strategies. It should also be used as a blueprint of what should be done in relation to all the business's marketing activities. The basic structure of a marketing plan, therefore, logically follows the structure of the marketing planning process that we have looked at. The suggested format for a marketing plan is:

- Executive summary
- Marketing mission statement
- Situation analysis
- Goals and objectives
- The target markets
- The marketing mix
- Budget
- Marketing control systems

There is a saying that “those who fail to plan; plan to fail”, therefore, it is strongly recommended than businesses have a marketing plan for their products.

12. Marketing ethics

Finally, it should be remembered that a marketer can not do or say whatever they want in the marketplace. Marketers have a number of ethical and legal responsibilities. Marketing ethics relates to the keeping to the standards and principles of what is acceptable in society. While ethics looks at what is right and what is wrong, marketing ethics observes aspects that are involved in the acceptable selling of a product. This can include not being deceptive or misleading, and being honest when dealing with customers and competitors.

To insure that marketers are honest there are a number of regulations, as part of the Trade Practices Act and other laws, which will legally force good business by marketers. Self regulation by the company and various industry bodies also encourage ethical behaviour.

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As we have seen, ‘marketing’ is more than advertising but a wide range of activities, planning, implementation, and evaluation from “the farm to the final consumer”. It is an exciting industry with lots of challenges and rewards that is regularly seen, and judged, by society. Like it or hate it, marketing is a major force in the world of business.