

**INTRODUCTORY
MARKETING SUMMARY
2011**



BUSINESSKOOL.COM

BUSINESSKOOL PTY LTD

TABLE OF CONTENTS

TOPIC 1: INTRODUCTION TO MARKETING.....	5
1.1 Definitions of marketing.....	5
1.2 Customer satisfaction, Product and Transactions.....	6
1.3 Markets.....	7
TOPIC 2: MARKETING PLANS.....	9
2.1 Marketing Management and Planning.....	9
2.2 Marketing plan.....	10
2.3 Implementing the marketing plan.....	12
2.4 Controlling and Evaluating Performance.....	14
TOPIC 3: CONSUMER BEHAVIOUR.....	14
3.1 A model of consumer behavior.....	14
3.2 Characteristics Influencing Consumer Behaviour.....	15
3.2.1 Psychological Factors.....	15
3.2.2 Personal Factors.....	18
3.2.3 Cultural Factors.....	18
3.2.4 Social Factors.....	19
3.3 Types of Buying Decisions.....	20
TOPIC 4: MARKET ANALYSIS AND APPLICATIONS.....	22
4.1 Micro and Macro Environments.....	22
4.2 Defining and measuring market demand.....	26
TOPIC 5: SEGMENTATION, TARGETING AND POSITIONING.....	29
5.1 The Markets.....	29
5.2 Market segmentation, Targeting and Positioning.....	30
TOPIC 6: PRODUCT AND SERVICE.....	36
6.1 Defining Product.....	36
6.2 Consumer Product Classifications.....	37
6.3 Defining Services.....	38
6.4 Product and Service Decision.....	39
6.4.1 Product Attributes.....	39
6.4.2 Branding.....	39
6.4.3 Packaging.....	40
6.4.4 Labeling.....	40
6.5 Product Life Cycle.....	40
6.6 New Product.....	41

TOPIC 7: PRICING.....	43
7.1 Factors Affecting Price Decisions Internal Factors.....	43
7.2 Consumer Perceptions of Price and Value.....	44
7.3 General Pricing Approaches.....	45
7.4 Pricing Strategies.....	47
TOPIC 8: PLACEMENT.....	49
8.1 Marketing Logistics Decisions.....	49
8.2 Market Channel Functions.....	50
8.3 Vertical Marketing Networks.....	51
8.4 Retailing.....	53
8.5 Wholesaling.....	54
TOPIC 9: PROMOTION.....	55
9.1 Communication Process.....	55
9.2 Steps in Developing IMC.....	55
TOPIC 10: STRATEGIC PLANNING.....	60
10.1 Types of Strategy.....	60
10.2 Developing Marketing Strategy.....	61

SAMPLE ONLY

Sources used

- PHILIP KOTLER, L. B., STEWARD ADAM, SUZAN BURTON, GARY ARMSTRONG 2007. *MARKETING*, Pearson Education Australia.
- *Motivation and Personality*, 3rd edn, by Abraham H. Maslow. Copyright © 1987 by Abraham H. Maslow. Reprinted by permission of Pearson Education Inc., Upper Saddle River, NJ.

Glossary

Attitude.....	3.2.1
Brand.....	6.4.2
Competitive Advantage.....	10.2
Culture.....	3.3.3
Customer satisfaction.....	1.2
Learning.....	3.2.1
Marketing.....	1.1
Motive.....	3.2.1
Perception.....	3.2.1
Personality.....	3.2.1
Placement.....	8.1
Price.....	7.1
Product.....	6.1
Strategic Planning.....	10.1
TQM.....	1.2

TOPIC 1: INTRODUCTION TO MARKETING

1.1 Definitions of Marketing

Many people feel of marketing only as selling and advertising. And no wonder-every day we are surrounded by television commercials, newspaper advertisements, direct mail and sales calls by telephone, fax and email.

Definition: Marketing is a social and managerial process by which individuals and groups obtain what they **need** and **want** through creating and **exchanging** products and value with others.

Definition: 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.

-Needs: states of felt deprivation.

Example: Physical (food, safety, clothing, shelter); Social (belonging and affection); Individual (knowledge and self-expression)

-Wants: the form taken by human needs as they are shaped by culture and individual personality.

Example: A hungry person in Australia might want a hamburger, chips and a cola but a hungry person in Japan may want something completely different.

-Demands: Human wants that are backed by buying power.

Example: A person who wants their social and physical needs to be met may want a mobile phone with video and picture messaging.

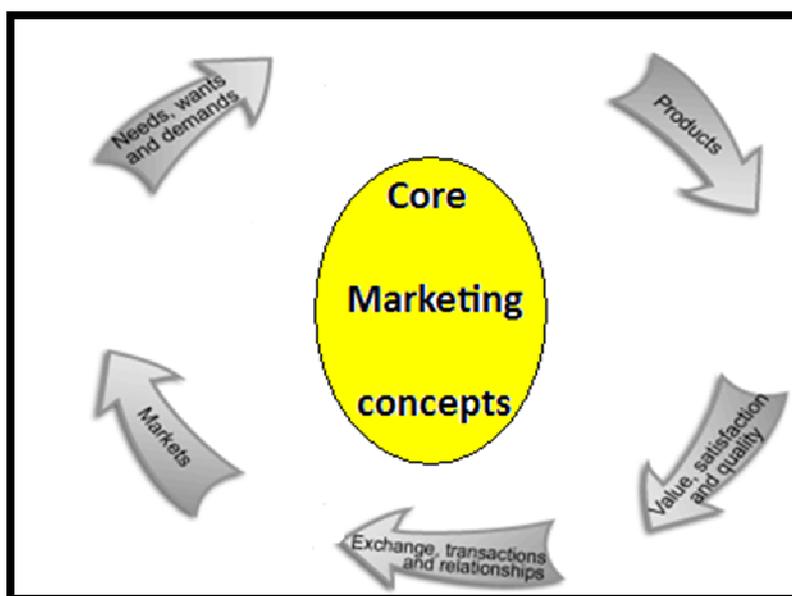


Figure1.1 Core marketing concepts

1.2 Customer satisfaction, Product and Transactions

Definition: customer satisfaction: The extent to which a product's perceived performance matches a buyer's expectations. If the product's performance falls short of expectations the buyer is dissatisfied. If performance matches or exceeds expectations the buyer is satisfied or delighted.

Customer satisfaction is closely linked to quality.

Definition: Total quality management (TQM) : A recognised system (set in place by the management of a firm) that empowers employees to accept or reject their own output to agreed standards, based on the premise that each work group is a customer of the preceding group, and that continual advancement should be made towards zero defects. Under such a system, statistical process controls allow observation of deviation from agreed standards, and immediate rectification of the process or the product.

Definition: Product: Anything that can be offered to a market for attention, acquisition, use or consumption that might satisfy a want or need. It includes physical objects, services, persons, places, organisations and ideas.

Exchange and Transactions

Exchange is the underlying theory of marketing, and explains why we need to work in order to get the things we want.

Exchange: The act of obtaining a preferred object from someone by offering something in return.

Example: A hungry person might offer money for food.

Transaction : A trade between two parties that involves at least two things of value, agreed-upon conditions, a time of agreement and place of agreement.

Example: If you buy a computer from Harvey Norman for \$1000, you are entering into a transaction. If you buy a car for \$10000 from a car dealer on credit, this is a transaction.

The difference between a transaction and an exchange is that a transaction involves a unit of value. An exchange may not necessarily do so.

1.3 Markets

- A market is the set of all actual and potential buyers of a product. They share a particular need or want that can be fulfilled through exchange.
- Modern economies have many markets.
- Markets interconnect with each other through the exchange process. This can occur on a local, national or global scale.
- The following figure explains this process.

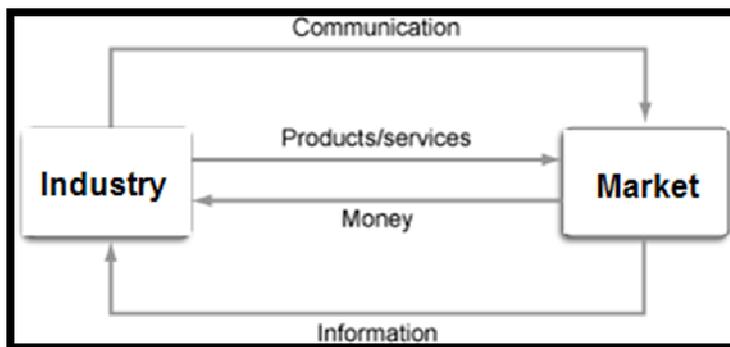


Figure 1.2 A simple marketing system

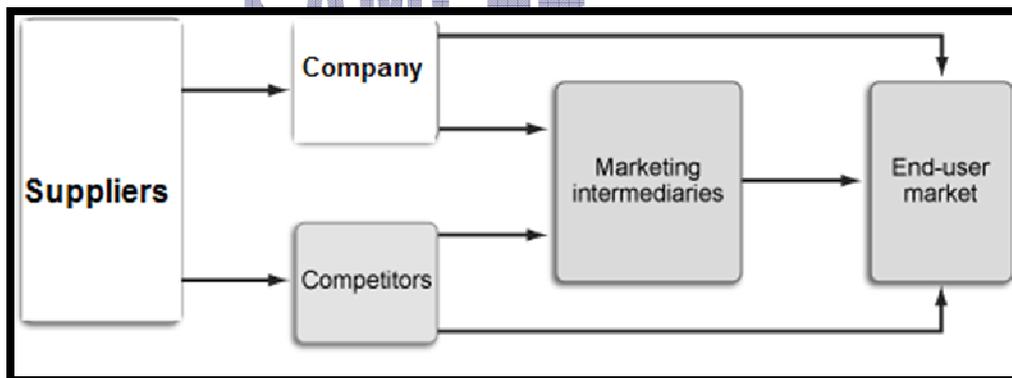


Figure 1.3 Main actors and forces in a modern marketing system

The marketing mix

Marketing management involves the commencement and development of the **4Ps** of marketing.

- product (idea, good or service)
- pricing
- placement (distribution)
- promotion

Managing demand: a key challenge for the marketing manager

Marketers are challenged by different types of demand situation affected by environmental events, consumer tendency and perceptions, fashion, business cycles and seasonality. An industry that witnesses many of these different conditions is the travel industry in which airlines, hotels and resort destinations face up to these challenges often over a short term. Marketers must identify these demand conditions and the specific marketing challenges that are to be addressed.

Demand State	Marketing Task	Some Actions
Negative demand	disabuse demand	change attitudes
No demand	create demand	connect attributes & needs
Latent demand	develop demand	develop product
Faltering demand	revitalise demand	'add blue beads ...'
Irregular demand	synchronise	'red spot specials'
Full demand	maintain demand	measure performance
Overfull demand	reduce demand	De-market
Unwholesome demand	destroy demand	'kissing a smoker is like ...'

Marketing Management

- The analysis, planning, implementation and control of programs designed to create, build and maintain beneficial exchanges with target buyers for the purpose of achieving organisational goal.
- By successfully managing demand, an organisation can make sure that it keeps all its customers satisfied and provides them with value as well as meeting their needs and wants. This helps construct profitable customer relationships.
- Demarketing reduces demand temporarily or permanently.

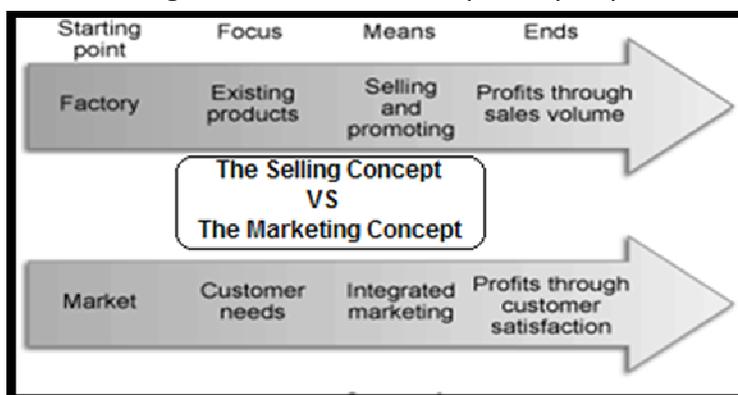


Figure 1.4 The selling and marketing concepts contrasted

TOPIC 2: MARKETING PLANS

2.1 Marketing Management and Planning

- The analysis, planning, implementation and control of programs designed to create, build and maintain beneficial exchanges with target buyers for the purpose of achieving organisational goal.
- By successfully managing demand, an organization can make sure that it keeps all its customers satisfied and provides them with value as well as meeting their needs and wants. This helps build profitable customer relationships.

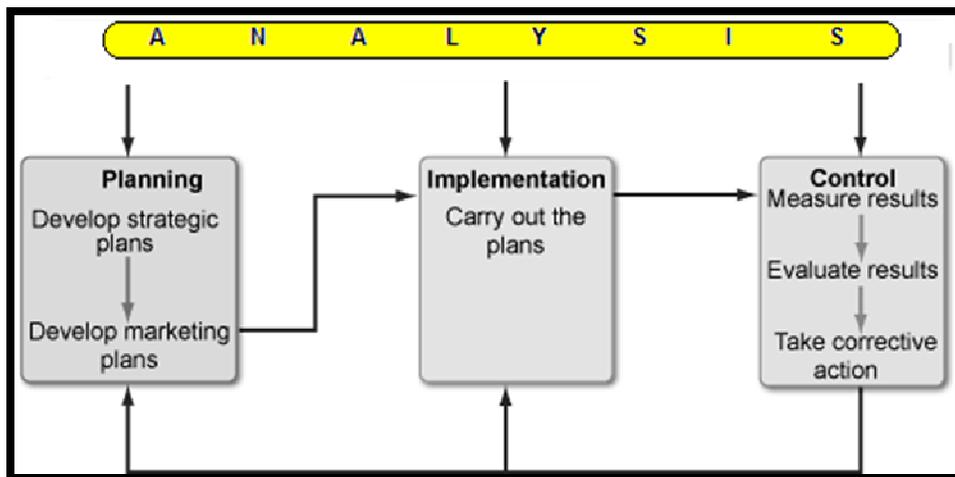


Figure 2.1 The relationship between analysis, planning, implementation and control

- The marketing organisation of a large office is accountable for designing a corporate strategic plan to conduct the whole enterprise into a profitable future.
- It makes decisions on how much resource support to assign to each division, as well as which businesses to continue or abolish.
- Each division of a corporation will usually develop and design its own divisional plan, and also have plans for its strategic business units.



To order the complete version of the Businesskool Introductory Marketing Summary please visit www.businesskool.com