

MBA in a nutshell

Marketing concepts & theory

Marketing is a social and managerial process in which people obtain what they need and want through creating, offering, and exchanging products or services of value with others.

Marketing facilitates exchange

Marketing concept

- Practice goal is to:
 - determine target markets needs & wants
 - deliver satisfaction more effectively and efficiently than competitors
 - meet practice's own business objectives.

Basis of marketing concept

- target market
- focus on client needs and wants
- co-ordinate marketing activities
- execute for profitability

Services marketing

- intangibility
- inseparability
- variability
- perishability

SERVQUAL model

Five service gaps

- client expectations/management perception
- management perceptions/service quality specification
- service quality specification/service delivery
- service delivery/external communication
- service delivery/expected service

Five determinants of service quality

- Reliability
- Responsiveness
- Assurance
- Empathy
- Tangibles.

Planning marketing programmes

- Marketing mix
- Product
- Price
- Place
- Promotion

or

- Client needs
- Costs to clients
- Convenience
- Communication.

Market segmentation, targeting, differentiation, and positioning

Segmentation: identify and profile distinct groups who might require separate services and/or marketing mixes

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Reasons for segmentation

- Heterogeneity of demand
- Better understanding of market needs
- Firms limited resources: match strengths to market needs
- Better understanding of competition
- Identify opportunities
- Better targeting

Segmentation process

- Surveys
- Analysis
- Profiling

Segmentation bases

- Geographic
- Demographic
- Psychographic
- Behavioural

Segmentation of business markets

- Demographic
- Operating style
- Purchasing policies
- Situational factors
- Personal characteristics

Effective segmentation requires

- Homogeneity within segment; heterogeneity between segments
- Measurable
- Sustainable
- Identifiable and accessible
- Differentiable
- Actionable

Market targeting

- Select one or more segments to enter
- Design marketing programme according to needs of target market

Market positioning

- Establish and communicate firm's offer and image so it occupies a distinct and valued place in the target customer's mind relative to competitors

Market differentiation

- Design a set of meaningful differences to distinguish the practice's offer from that of competitors.

Steps in developing a positioning strategy

- Analyse client requirements
- Locate ideal point (perceptual map)
- Identify competitors
- Locate competitors according to client evaluations
- Identify opportunities
- Select positioning strategy
- Monitor performance

Segmentation, targeting, positioning

- Three interrelated steps
- Segmentation is what marketers do to the offer
- Positioning is what marketers do to clients' minds
- These processes must be on-going

Market research & marketing information systems

Marketing information system

- Consist of people, knowledge and procedures to gather, sort, analyse, evaluate and distribute requisite, timely and accurate information to marketing decisionmakers

Components of marketing information systems

- Marketing is a social and managerial process in which people obtain what they need and want through creating, offering, and exchanging products of value with others.

Market research

Systematic design, collection, analysis and reporting of data and findings relevant to a specific marketing situation

Types of research

- Buyer behaviour
- Buyer attitudes
- Pricing
- Distribution
- Product
- Promotion
- Industry analysis
- Others.

Marketing research process

- Define problem
- Set research objectives
- Plan research
- Collect information
- Analyse data
- Present findings

Developing the research plan

- Data sources
- Research approaches
- Research instruments
- Sampling plan
- Contact methods

Primary data collection

- Observation
- Focus Groups
- Surveys
- Experiments

Contact methods

- Mail surveys
- Telephone interviews
- Fax surveys
- E-mail surveys
- Website surveys
- Personal interviews

Criteria for good research

- Scientific method
- Multiple contact methods
- Relevant
- Value of information
- Cost of information
- Timely
- Ethical

New product development & product life cycle

Five levels of service attributes

- Core benefits
- Generic (basic forms, structure)
- Expected (attributes client normally expect)
- Augmented (service, warranty, payment terms)
- Potential

Development stages

- Idea generation

- Screening
- Concept development
- Concept testing
- Business analysis
- Product development
- Product testing
- Commercialisation

Branding: name intended to identify service

Meanings conveyed by branding

- Attributes
- Benefits
- Values
- Cultures
- Personality
- User

Reasons for branding

- Legal protection
- Long-run prosperity
- Differentiation
- Quality guarantee
- Preservation of equity in increasingly competitive environment

Branding issues

- Individual or other
- Brand equity (market value)
- Competitive advantages of established brands
 - bargaining power
 - easy launch of extension
 - higher price
 - power over competitors
 - licensing/franchising potential
 - reduce marketing costs.

Taglines

- Modern associations

Product lifecycle

Distinct stages in sale history of product

- Implications:
 - products/services have limited life
 - different challenges at different stages
 - different marketing strategies at different stages

Four main stages

- Introduction/innovation
- Growth
- Maturity
- Decline

Product lifecycle impacts

- Sales
- Costs
- Profitability
- Clients
- Competitors

Innovation

- Low sales
- High costs
- Negative profits
- Innovative clients
- Few competitors

Growth

- Rising sales
- Average costs
- Rising profits
- Early adopters
- Growing number of competitors

Maturity

- Peak sales
- Low costs
- High profits
- Middle majority clients
- Stable competitors

Decline

- Declining sales
- Low costs
- Declining profits
- Hazard clients
- Declining competition

Adopter categories

- Innovators 2.5% - risk takers
- Early adopters 13.5% - opinion leaders
- Early majority 34% - deliberative
- Late majority 34% - sceptical
- Laggards 16% - change resistant

Buyer behaviour

Major influences

- Cultural
- Social
- Personal
- Psychological
- Regulatory

Types of buying behaviour

- Complex
- Dissonance-reducing
- Habitual
- Variety-seeking

Buying roles

- Initiator
- Influencer
- Decider
- Buyer
- User

Influences on business budget

- Environment
- Organisational
- Interpersonal
- Individual factors

Pricing

Procedure

- Set objective
- Determine demand
- Estimate costs
- Analyse competition
- Select method
- Set price

Pricing objectives

- Survival
- Cost recovery
- Profitability
- Growth
- Differentiation
- Novelty
- Risk reduction
- Others.

Estimate costs

- Type of costs
- Costs at different levels of production
- Cost behaviour as function of accumulated production
- Target cost

Competitive analysis

- Costs
- Prices
- Offers

Pricing methods

- Mark-up
- Target ROI
- Perceived value
- Going rate

Pricing strategies

- Profit
- Sales
- Competitive
- Price discrimination
- Product bundling
- Psychological
- Loss leader

Marketing communication

Identify target audience

Determine communication objectives:

- Cognitive - awareness, knowledge
- Affective - interests, likes, desires, preferences, intentions, conviction
- Behaviour - trial, purchase, adapt
- Design the message
- Allocate budget

Determine promotional mix:

- Sales
- Advertising
- Personal billing
- PR
- Direct marketing & telemarketing
- Select channel/media
- Measure results

Planning advertising

- Identify audience
- Set objectives
- Set budget
- Determine message
- Select media
- Plan execution
- Evaluation