

FUNCTIONAL AREAS. MARKETING

Topic 4. The Marketing Activity





The Marketing Activity

- The role of marketing in the company
- Market segmentation and positioning of the product
- Marketing mix decisions: product, promotion, price and place.





1. The role of marketing in the company

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

The concept of exchange is crucial in marketing. **Exchange** is the process by which two or more persons give and receive something of value





The role of marketing in the company

- Traditionally, **marketing = sales**
- **MKT: To search and know what the market demands, and try to persuade the enterprise to produce and offer those goods and services that satisfy the needs and wants of the current demand**
- **COMMERCIAL BEHAVIOUR: sales vs Marketing**





Commercial behaviour

	SALES	MARKETING
Orientation	Internal (What I know to do)	To the customer (customers' wants or needs)
Purpose	To persuade customers to buy my products	To persuade the business to satisfy consumers' needs or wants
Term	ST. Immediate reaction at demand changes.	LT. Analysis of threats and opportunities. Strategic marketing





The role of marketing in the company

Exchange processes in the market

Sales orientation

Marketing orientation

- The sale is a one-way process:

COMPANY Goods and services available → **CUSTOMER**

- Marketing is a two-way process:

COMPANY Information about what is desired ← **CUSTOMER**
Goods and services available →





MKT it is not only focused on business activities, but also it is applied to activities with no profit motive in mind and those associated to beneficial ideas and behaviours for the society

Social marketing





Marketing management process or marketing functions

**Strategic marketing
(Analysis system)**



Market research

Identifying the customers' needs

Analysis of the potential demand

Marketing objectives and strategies

**Operative marketing
(Action system)**

- Creating and maintaining a marketing mix to satisfy the target market
- Combination of the 4 controllable variables: The 4 Ps
 - Product
 - Price
 - Place
 - Promotion





Marketing types

Strategic marketing

- Analyzing the current situation of the company's products and understanding the customers' needs and wants
- Selecting and analyzing a target market
- Identifying the THREATS and OPPORTUNITIES, which, combined with the RESOURCES and CAPABILITIES of the company, may create a COMPETITIVE ADVANTAGE

Phases:

1. Analysis of the situation

- Market analysis
- Competitors' analysis
- Environment analysis
- Internal analysis

2. Diagnosis of the situation: SWOT Analysis

3. Definition of the marketing objective

4. Formulation of the strategies

- MARKET SEGMENTATION
- POSITIONING OF THE PRODUCT





Marketing types

Operative marketing

- Creating and maintaining a marketing mix to satisfy the target market
- Product, place, promotion and price strategies must be developed and coordinated in such a way that the target market is satisfied and the firm makes a profit

Phases:

1. Define the action plan for developing a marketing-mix

- Identify the commercial objectives
- Define the activities to achieve them (the 4 Ps)
- Establish the marketing budget

2. Execution of the marketing-mix strategies

3. Control and assessment





Mkt claims to know..

- Current and potential market or demand
 - Agents and competitors
 - Prescriptor or consumer motivator
- Buyer and Buying process

Needs → Notoriety → Interested → Success → Fidelity

- How to design an adjusted Marketing-mix to the market structure

<http://www.eleconomista.es/empresas-finanzas/noticias/1123917/03/09/El-Corte-Ingles-y-CocaCola-lideran-el-ranking-de-notoriedad-publicitaria-en-Espana.html>



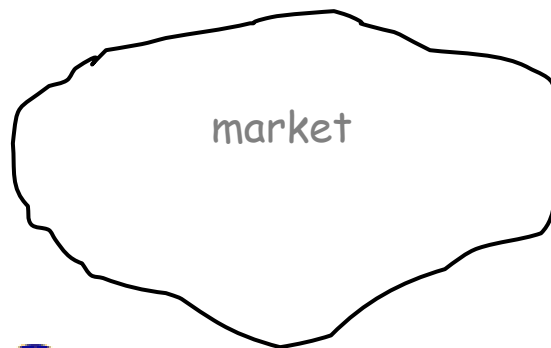


2. Market segmentation and positioning of the product

Market segmentation is the process of identifying smaller markets that exist within a larger market:
Market segments with homogenous behaviour

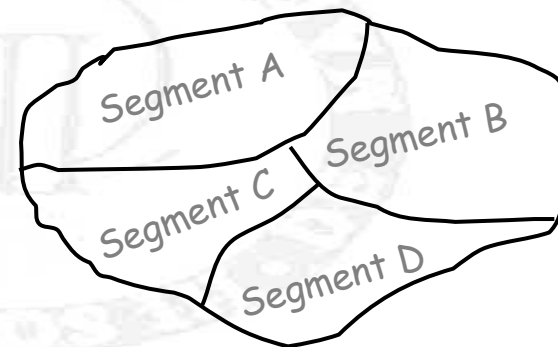
It helps marketers tailor marketing mixes for the people in the target segment. It also requires knowledge of potential customer wants and behaviour, or changes in the makeup of the market, and of what rivals are doing

No market segmentation



→ Segmentation →

Market segmentation





Market segmentation criteria

Mass consumption market

- **GEOGRAPHICAL**

National, international, regional. Different areas (coast, no coast)

- **DEMOGRAPHIC**

Age, sex, family size, level of income, profession.

- **PSYCHOLOGICAL AND PURCHASE BEHAVIOUR**

Personality, life style

Way of purchase (regular, temporary)

Type of usage of the product (low, medium, high)





Market segmentation utility

Market segmentation utilities:

Identify the market needs not being satisfied

Better adjustment between offer and demand

Identification of the competitors





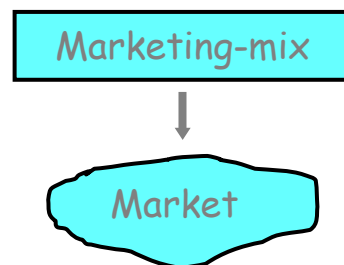
Market segmentation strategies

Undifferentiated /Mass Marketing Strategy: The company attempts to appeal to the whole market with a single product or service and marketing strategy. A single marketing mix is offered to the total market.

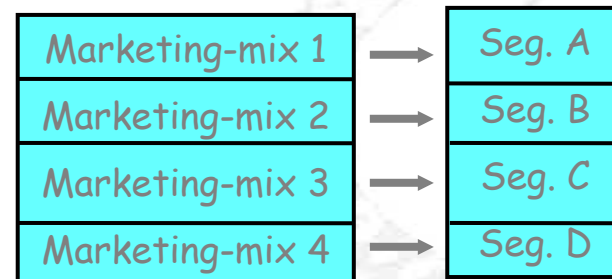
Wide Differentiated Marketing Strategy (Multisegment): The product is aimed at two or more specific segments in the market. The firm decides to target several segments and develops distinct product/services with separate marketing mix strategies.

Differentiated Concentrated Marketing Strategy (Niche marketing): The product and marketing message is aimed at single well-defined segment of the consumer population in a market.

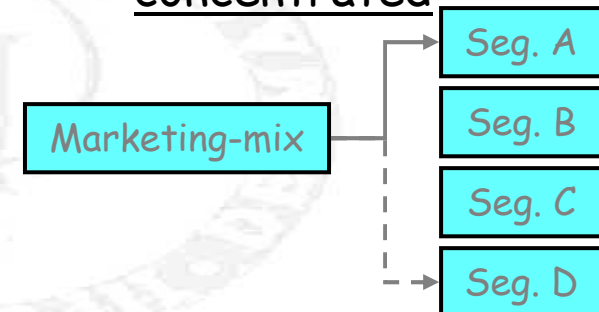
Undifferentiated



Wide differentiated



Differentiated concentrated





What is positioning?

Technique in which marketers try to create an image or identity for a product, brand or company in the perception of the target market

Phase 1

Marketing Manager:

Marketing-mix strategy to position the product in the mind of the customer



Phase 2

Customer:

Creation of a perception of the product, how buyers see the product





Successful positioning strategy

A successful positioning strategy is usually based on a sustainable competitive advantage of a company.

Positioning can be based on several things:

- Product characteristics
- Benefits of the product
- User characteristics
- Placing and comparing it relative to another product
- In terms of price-quality relationship





Market's demand analysis and forecast

Measuring and quantifying the real demand,
identifying the variables affecting it and forecasting
the demand in the future

Ways to do it:

Brand's **Market Share** =
Brand Sales / Total Market of reference Sales

Techniques: Pilot markets, Delphi technique,
Purchasing intention surveys, ...





Market's demand analysis and forecast

Demand is the volume of sales of a certain product for an specific group of customers, at a set time and place, given some environment conditions and a marketing programme

The demand may be quantified from different dimensions:

PRODUCT

GROUP OF
CUSTOMERS

TIME

Differentiation between REAL
demand and POTENTIAL market
demand





Market's demand analysis and forecast

One of the main objectives of the demand analysis is forecasting and measuring the variations in the demand due to changes in other factors related to it, mainly the marketing-mix variables

$$\text{Elasticity of D.} = \frac{\text{\% variation in the Demand}}{\text{\% variation in the factor considered}} = \frac{\Delta D/D}{\Delta F/F} = \frac{(D_2 - D_1) / D_1}{(F_2 - F_1) / F_1}$$

$|\text{Elasticity}| > 1 \Rightarrow$ Demand is Elastic (Demand is sensitive to factor changes)

$|\text{Elasticity}| = 1 \Rightarrow$ Demand is Unit Elastic

$|\text{Elasticity}| < 1 \Rightarrow$ Demand is Inelastic (Demand is not sensitive to factor changes)

