



**UNIVERSITY OF CAPE COAST**

# **SBU 101** **FUNDAMENTALS OF BUSINESS**

CHAPTER EIGHT

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# **TOPIC** *marketing*

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# Marketing

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 Marketing is defined as the process of:


- planning and executing,
- the conception,
- Pricing
- promotion
- distribution of ideas, goods and services to create exchanges that will satisfy individual and organisational objectives Carlton (2007).

 Marketing is the identification; anticipation satisfaction of consumers' needs profitably to achieve a firm's goals (CIM).

 Marketing is the process of identifying the consumers' wants and needs and making the product to satisfy these



# Market-Focused or Customer-Focused Organisation

 A market-focused, or customer-focused, organisation first determines what its potential customer's desire, and then builds the product or service.

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 Marketing theory and practice is justified in the belief that customers use a product or service because they have a need, or because it provides a perceived benefit.

I. Two major factors of marketing are:

- The recruitment of new customers (acquisition) and
- The retention and expansion of relationships with existing customers (base management).



# Market-Focused or Customer-Focused Organisation


 Once a marketer has converted the prospective buyer, base management marketing takes over.

 The process for base management shifts the marketer to

- Building a relationship,
- Nurturing the links,
- Enhancing the benefits that sold the buyer in the first place,
- And improving the product continuously to protect the business from competitive encroachments.

# MARKET

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 The simplest way to define a market is to think of it as consisting of all the people or organisations that may have an interest in purchasing a company's goods or services.

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 In other words, a market comprises all customers who have needs that may be fulfilled by an organisation's offerings.

 Yet just having a need is not enough to define a market. Other factors come into play when defining a market.



# Market Segmentation, Targeting and Positioning

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 The work by Kotler et al (1996) suggested the target marketing concept made up of

- market segmentation,
- market targeting
- market positioning.

 **Market segmentation** is a process of dividing a heterogeneous mass market into several sub-markets.

 It is a way to identify the differences in consumer characteristics and needs.

 **A market segment** is a relatively homogeneous group of customers who will similarly respond to the marketing mix











# MARKET SEGMENTATIONS

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-  It is widely thought in marketing that segmentation is an art, not a science.
-  The key task is to find the variable, or variables that split the market into actionable segments.
-  There are two types of **segmentation variables**
  - **Needs**
  - **Profilers**
-  The basic criteria for segmenting a market are **customer needs**.
-  To find the needs of customers in a market, it is necessary to undertake **market research**.
-  Profilers are the descriptive, measurable customer characteristics (such as location, age, nationality, gender, income) that can be used to inform a segmentation exercise.





# MARKET SEGMENTATION

 The most common profilers used in customer segmentation include the following:

- **Demographic Segmentation**

It consists of dividing the market into groups based on variables such as:

- Age
- gender family size
- income
- occupation
- education
- religion
- race
- nationality

# MARKET SEGMENTATION



## Geographic Segmentation

- Geographic segmentation tries to divide markets into different geographical units.
- These units include:
  - Regions
  - Metropolitan
  - Cities
  - Town size
  - urban
  - suburban
  - rural
  - and semi-rural
- Many such companies have regional and national marketing programmes that alter their products, advertising and promotion to meet the individual needs of geographic units.

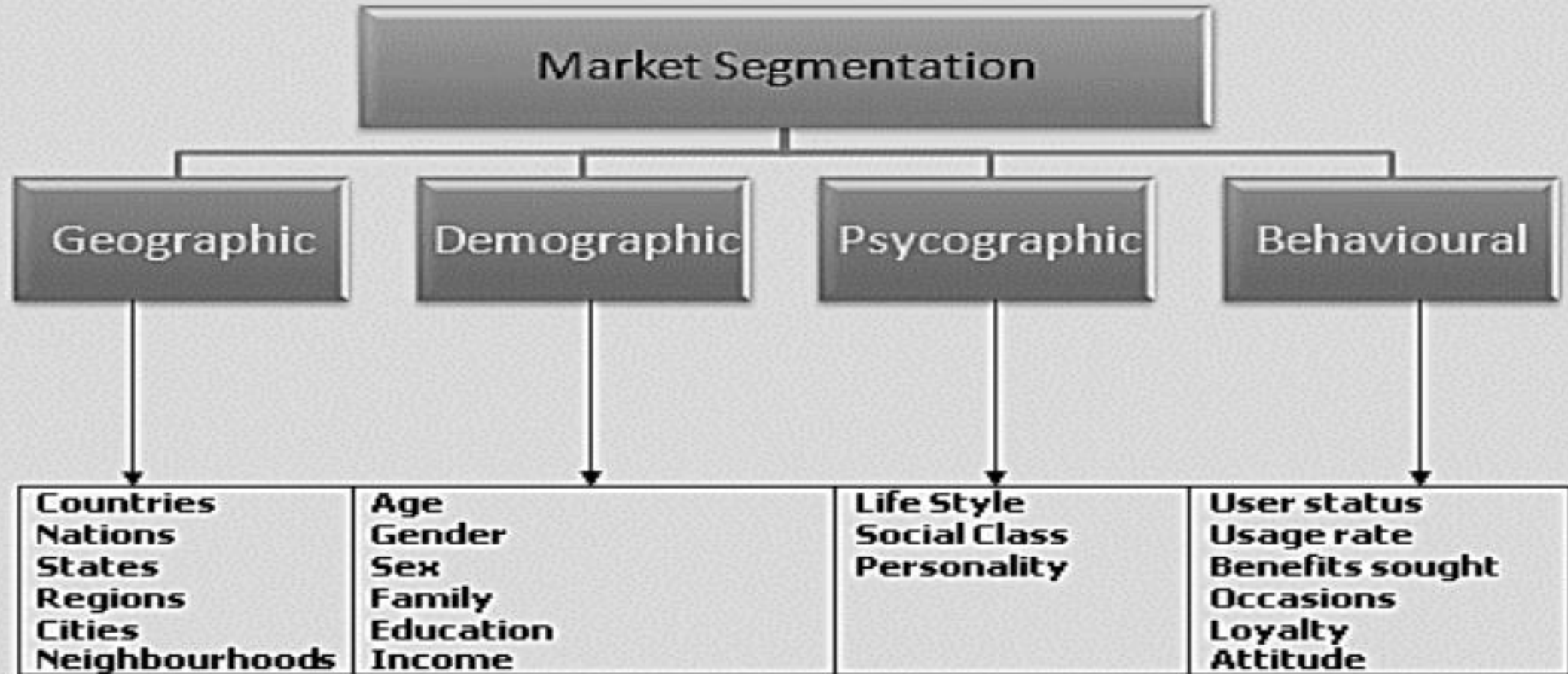


# MARKET SEGMENTATION

## **Behavioural Segmentation**

- Behavioural segmentation divides customers into groups based on the way they respond to, use or know of a product. Behavioural segments can group consumers in terms of:
  - **Occasions**
    - ❖ When a product is consumed or purchased. For example, cereals have traditionally been marketed as breakfast-related products.
  - **Usage**
    - ❖ Some markets can be segmented into light, medium and heavy user groups.
  - **Loyalty**
    - ❖ those who buy one brand all or most of the time - are valuable customers.
  - **Benefits Sought**
    - ❖ You may note that this is a different and important form of behavioural segmentation.
  - **Lifestyle**
    - ❖ Marketers are increasingly interested in the effect of consumer lifestyles on demand.

# Diagrammatic representation of the Market Segmentation



# Limitations of Segmentation



Segmentation can be misused if:

- Segments are too small
- Consumers are misinterpreted.
- There are cost inefficiencies.
- There are too many brands.
- Firms become short-run, rather than long-run, oriented.
- Media cannot be used
- Segments are too disparate
- Consumers are confused
- The firm is locked into a declining segment.
- New product opportunities are sought out too slowly






# Market Targeting

- 🏰 Market targeting is the process by which a business evaluates and selects specific segments of a market to focus its marketing efforts and resources
- 🏰 targeting helps a company determine which groups are most attractive and likely to respond positively to its products or services
- 🏰 Market segments are selected for the targeting strategy based on predetermined parameters such as behaviour, psychographics, demographics, or location.

# Benefit of Market Targeting




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-  effective resource allocation. Focusing on specific market niches allows resources such as capital, manpower, and time to be utilized more efficiently, leading to an improved return on investment.
-  customisation of marketing efforts. Targeted marketing enables the creation of campaigns that more effectively resonate with the target audience, boosting both engagement and conversion rates.
-  enhanced customer satisfaction. By understanding the specific needs and preferences of their target market, businesses can deliver goods and services that better meet those demands, thereby increasing customer satisfaction and loyalty








# Limitations of Market Targeting

-  neglecting prospective segments. Concentrating solely on specific segments may cause you to overlook lucrative opportunities in other segments that could generate significant revenue for your company.
-  enhanced competition. Overly focusing on a specific segment may attract rival companies, leading to intensified competition and more aggressive marketing strategies, which could ultimately reduce profitability.
-  market dynamics. Over time, market segments may change from one another. If there is a substantial shift in the preferences or characteristics of the chosen segment, a targeted strategy may become less successful




# Marketing Positioning

 Marketing positioning is the process of establishing a distinct and desirable perception of a brand, product, or service in the minds of a target audience, relative to competitors. It involves defining how the offering is uniquely valuable and aligning that perception with the needs, desires, and expectations of the target market


# *The benefit of Marketing Positioning*

-  competitive advantage. A well-positioned brand stands out from the competition, attracts more customers, and gains a competitive advantage.
-  brand recognition. A clear and consistent positioning strategy enhances consumer brand loyalty and strengthens brand recognition.
-  targeted communication. Positioning guides all marketing communication initiatives ensuring that messaging resonates with the target market and reinforces the brand's unique value proposition.


# Limitation of Marketing Positioning

-  shifting customer perceptions. Maintaining a consistent market position can be challenging due to the ever-changing preferences and perceptions of consumers.
-  competitive reaction. The positioning strategy of a brand may be copied or countered by rivals, reducing its efficacy and requiring continuous adaptation.
-  market saturation. In crowded markets, it can be challenging to establish a distinctive stance that appeals to customers, particularly if rivals have already solidified their stance

# Marketing Mix

 The *marketing mix* refers to a set of tactical tools and strategies that businesses use to effectively promote and deliver their products or services to the target market effectively.

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 It is often referred to as the 4Ps (Product, Price, Place, and Promotion), though it has expanded to the 7Ps (Product, Price, Place, Promotion, People, Process, and Physical Evidence) in the context of service industries.



# The Four “Traditional Ps”

 **The traditional four includes the product, pricing, promotion and place. These are explained below:**

- **Product**

- The product aspects of marketing deal with the specifications of the actual goods or services, and how it relates to the end-user's needs and wants.

- **Pricing**

- This refers to the process of setting a price for a product, including discounts. The price need not be monetary -

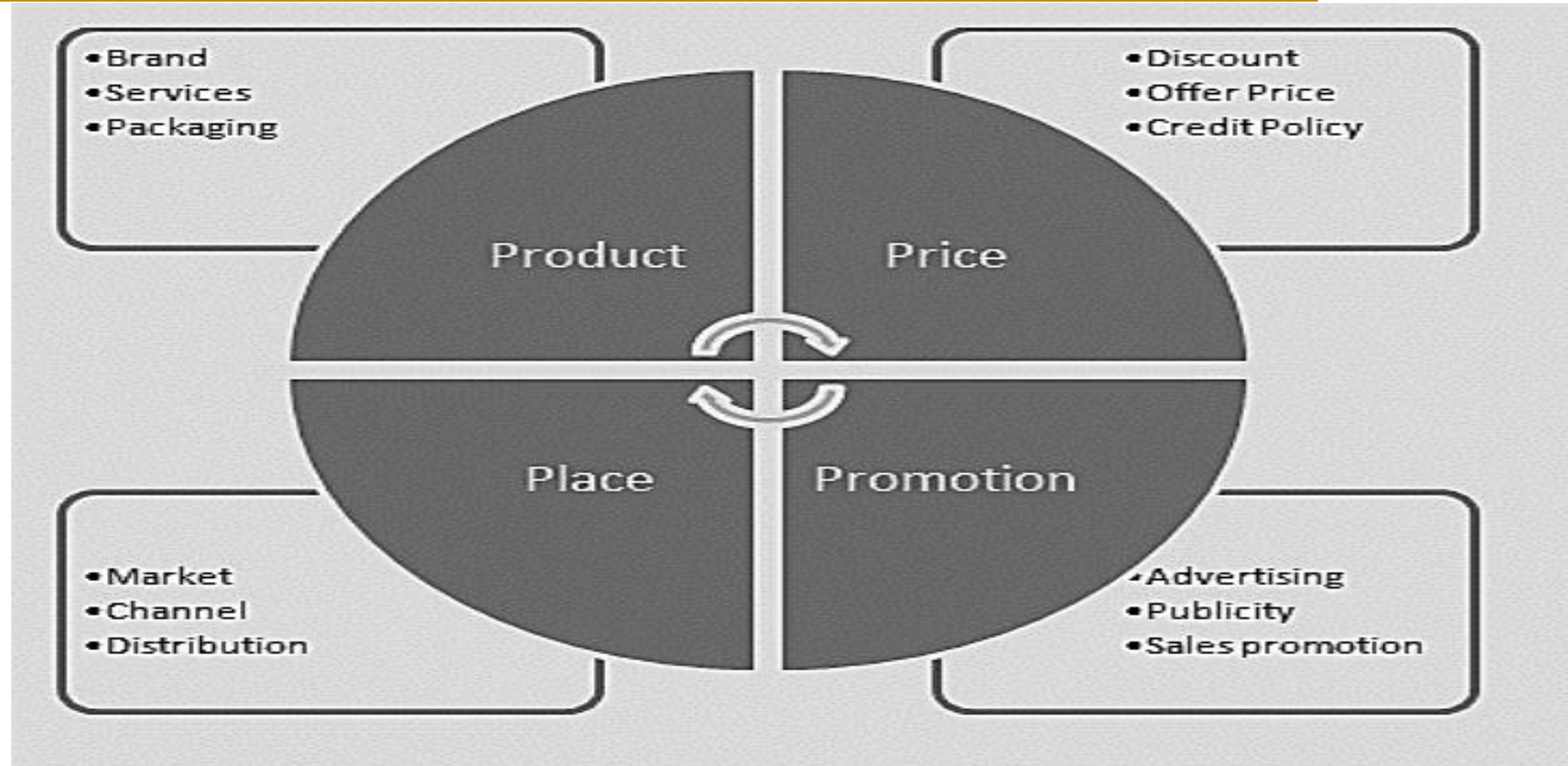
- **Promotion**

- This includes advertising, sales promotion, publicity, and personal selling, and refers to the various methods of promoting the product, brand, or company.

- **Place**


- **Place** or distribution refers to how the product gets to the customer; for example, point of sale placement or retailing.

# Diagrammatic Representation of the 4P's





# The Extended 7Ps of Marketing Mix (for Service Marketing)

 As well as the standard four Ps (Product, Pricing, Promotion and Place), services marketing calls upon an extra three, totalling seven and known together as the extended marketing mix. These are:

## ▪ **People**

- Any person coming into contact with customers can have an impact on overall satisfaction

## ▪ **Process**

- This is the process(es) involved in providing a service and the behaviour of people, which can be crucial to customer satisfaction.

## ▪ **Physical evidence**


- Unlike a product, a service cannot be experienced before it is delivered, which makes it intangible.

# Diagrammatic Representation of the 7P's



# Marketing research

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 Marketing research is the process of systematically gathering, analyzing, and interpreting data and information to better understand markets, customers, and competitors.

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 This information is then used to make informed business decisions, develop marketing strategies, and assess the effectiveness of marketing efforts.

 Marketing research is a crucial component of any successful marketing plan and can be conducted using various methods and techniques.



# Key Elements And Steps In Marketing Research

## **Problem Definition:**

- Identify and define the specific marketing problem or issue that needs to be addressed through research

## **Research Design:**

- Determine the research methodology and approach. This includes decisions about the type of research

## **Data Collection:**

- Collect data from primary and secondary sources

## **Data Analysis:**

- Analyze the data to derive meaningful insights. This may involve statistical analysis, data visualization, and other techniques to interpret the findings

# Key Elements And Steps In Marketing Research

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## **Interpretation and Reporting:**

- Interpret the results of the analysis and prepare a comprehensive report that outlines the research findings, conclusions, and recommendations.

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## **Implementation:**

- Implement marketing strategies and tactics based on the research findings

## **Monitoring and Evaluation:**

- Continuously monitor and evaluate the effectiveness of marketing initiatives and make adjustments as needed



# Types of Marketing Research

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## **Exploratory Research:**

- This type of research is conducted to gain a preliminary understanding of a problem or to identify potential opportunities.



## **Descriptive Research:**

- Descriptive research aims to describe and quantify aspects of the market, such as customer preferences, market size, and demographic information



## **Causal Research:**

- Causal research seeks to establish a cause-and-effect relationship between variables.

# Types of Marketing Research

## **Market Segmentation Research:**

- Market segmentation research divides a larger market into smaller, homogeneous segments based on specific criteria like demographics, psychographics, or behavior.

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## **Competitive Analysis:**

- Competitive analysis research focuses on assessing competitors' strengths, weaknesses, strategies, and market positioning to inform a company's competitive strategy.

## **Product Research:**

- Product research involves studying aspects of a product, including its design, features, quality, and performance, to identify opportunities for improvement.





# Advantages of Marketing Research

## **Improved efficiency:**

- Efficiency draws you closer to your users. You can improve the efficiency of delivering the product to the market and also increase its usability.

## **Cost-effective:**

- Marketing research helps you make the right decisions based on consumer demand, thus saving you costs in creating something that customers do not like or want

## **Competitive edge:**

- Quicker, more robust insights can help you place your services and products strategically, gaining competitive advantage over others.

# Advantages of Marketing Research

## **Build strategies:**

- You can quickly build, alter, or design new approaches to attract your users and consumers.

## **Improved communication:**

- Bridge the communication gap by interacting with consumers and hearing them out. This helps consumers feel wanted and special.

