

# Lesson 7. Marketing

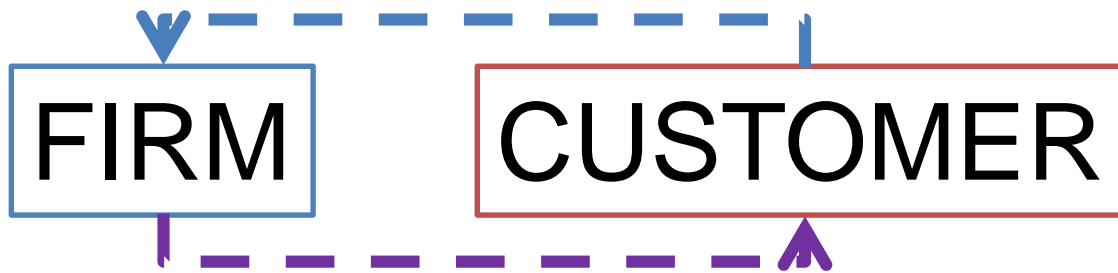
## 7.1. Market research

## 7.2. Marketing-mix



# At a glance

understanding customers' needs



# At a glance

## Marketing?

### Role within the firm

- Understanding customer needs and satisfying them at a profit
- Managing the relationships with customers

### Strategic marketing

- Analyze customer needs and develop marketing strategies through:
  - Market segmentation: identify different groups of customers and divide the market accordingly to develop an appropriate marketing-mix

### Operational marketing

- Marketing-mix variables: Product, Price, Place and Promotion (the 4 Ps)

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7.1. Market research

7.2. Marketing-mix

# Marketing Research: So What Do They REALLY Think?

***Marketing research*** involves gathering, interpreting, and applying information about consumers and competition to uncover opportunities and challenges

- ✓ Identify external opportunities
- ✓ Monitor and predict customer behavior
- ✓ Evaluate and improve marketing mix

# Research Data Comparison

## Secondary Data: Existing Data

- Accounting and sales internal records
- Statistics
- Articles, books, reports...

## Primary Data: New Data that is Compiled

- Observation
- Surveys

***Lower Cost***

***More Expensive***

***May not be Specific***

***Customized***

***Frequently Outdated***

***Fresh, New***

***Available to Competitors***

***Proprietary***

# Market segmentation

- ✓ Who are the people who will buy the products?
- ✓ Divide the market into groups of people and segments to target with a specific marketing mix
  - ❖ Distinct from other segments
  - ❖ Homogeneous within the segment
  - ❖ Responds similarly to a market stimulus
  - ❖ Can be reached by a market intervention

# Markets

- **Market**

- A group of individuals or organizations, or both, that need products in a given category and that have the ability, willingness, and authority to purchase such products



# Common Bases of Market Segmentation

Demographic	Psychographic	Geographic	Behavioristic
Age	Personality attributes	Region	Volume usage
Gender	Motives	Urban, suburban, rural	End use
Race	Lifestyles	Market density	Benefit expectations
Ethnicity		Climate	Brand loyalty
Income		Terrain	Price sensitivity
Education		City size	
Occupation		County size	
Family size		State size	
Family life cycle			
Religion			
Social class			

Source: William M. Pride and O. C. Ferrell, *Marketing: Concepts and Strategies*, 16th ed. (Mason, OH: South-Western/Cengage Learning, 2012). Adapted with permission.



No market segmentation



Fully segmented market



Market segmentation  
by gender: M,F

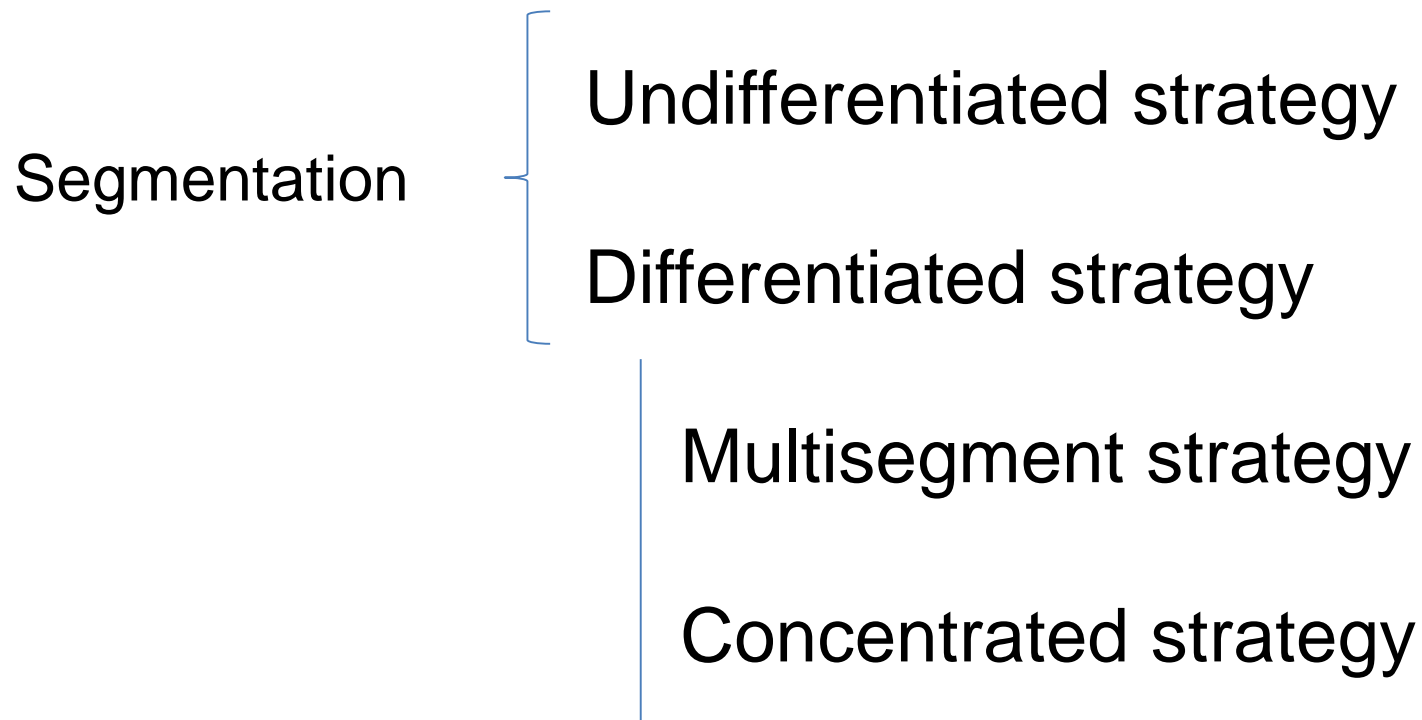


Market segmentation  
by age group: 1,2,3

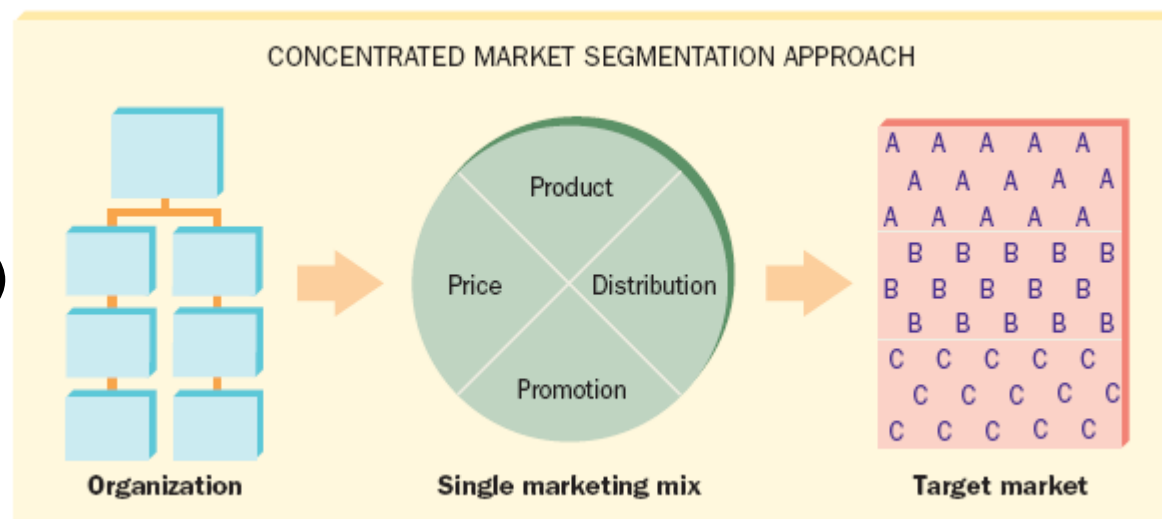


Market segmentation  
by gender and age group

# Market segmentation



The undifferentiated approach assumes that individual customers have similar needs and that most customers can be satisfied with a single marketing mix. When customers' needs vary, the market segmentation approach—either concentrated or differentiated—should be used.



**Concentrated  
strategy  
(differentiated)**

## DIFFERENTIATED MARKET SEGMENTATION APPROACH

### Multisegment strategy (differentiated)



NOTE: The letters in each target market represent potential customers. Customers that have the same letters have similar characteristics and similar product needs.

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# Product

- Something offered in the market to satisfy consumer needs
- It involves decisions regarding design, size, packaging, brand and additional services
- The product can be understood as a bundle of (tangible and intangible) attributes





# Product

*Most services embody  
these qualities:*

**Intangibility**  
**Inseparability**  
**Variability**  
**Perishability**

## Goods versus services

**Pure  
Goods**

**Bottle of Shampoo**  
**Can of Cola**

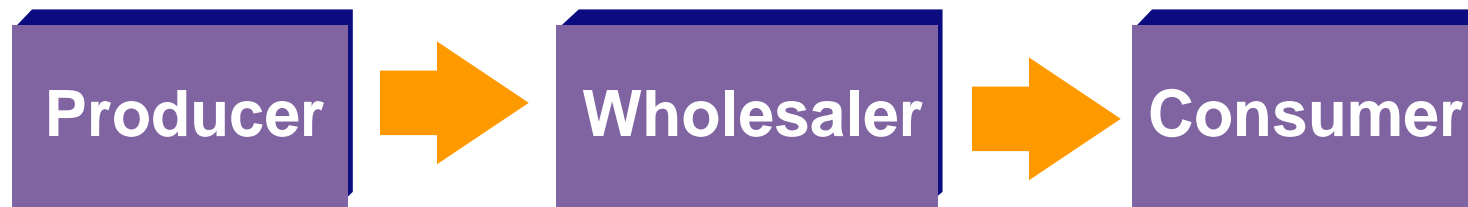
**Financial Consulting**  
**Math Tutoring**

**Pure  
Services**

Many products fall somewhere between the poles

## Place

- Distribution or delivery of the product
  - Distribution channel: A sequence of marketing organizations that directs a product from the producer to the ultimate user
    - Direct channel
    - Indirect channel: wholesaler > distributor > retailer
- Middleman (marketing intermediary)**



Place

**Warehousing**

**Information**

**Promotion**

**Assortment**

**Credit**

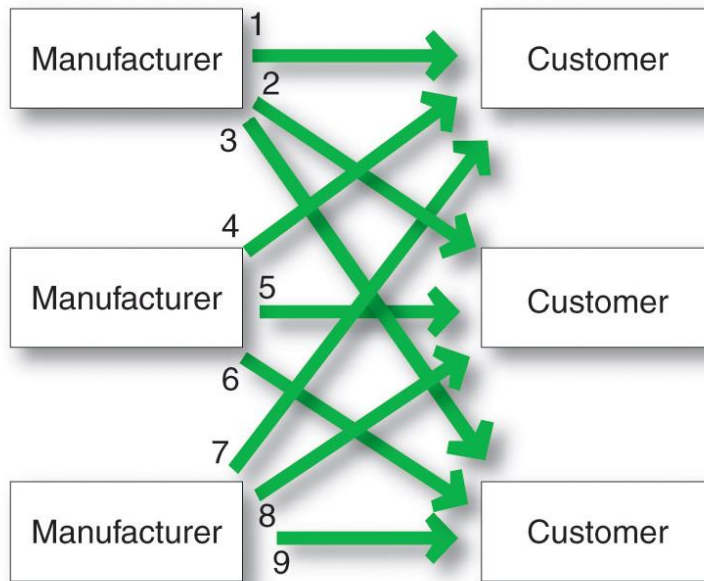
**Displays**

***Retailers*** – the distributors that sell products directly to the ultimate users

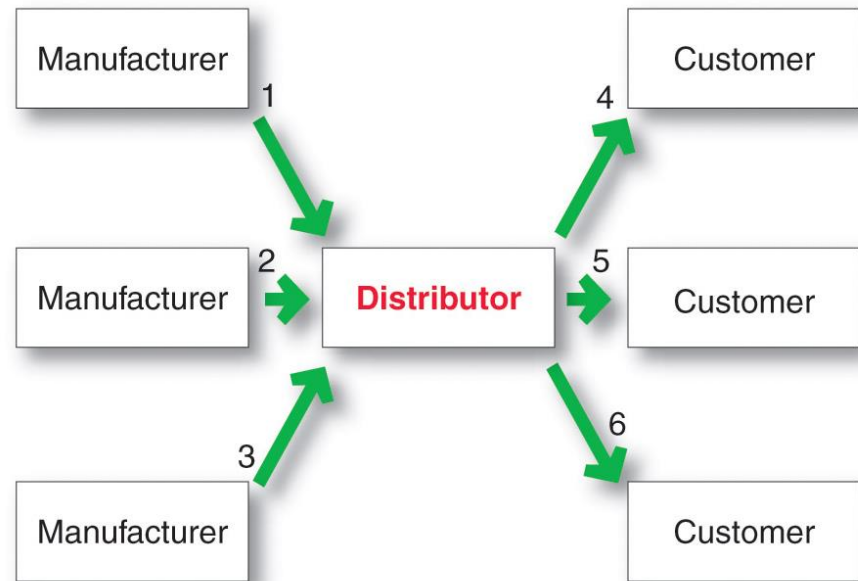
***Wholesalers*** – distributors that buy products from producers and sell them to other businesses or nonfinal users

# Place

## How Channel Members Add Value



**A. Number of contacts without a distributor**  
 $M \times C = 3 \times 3 = 9$

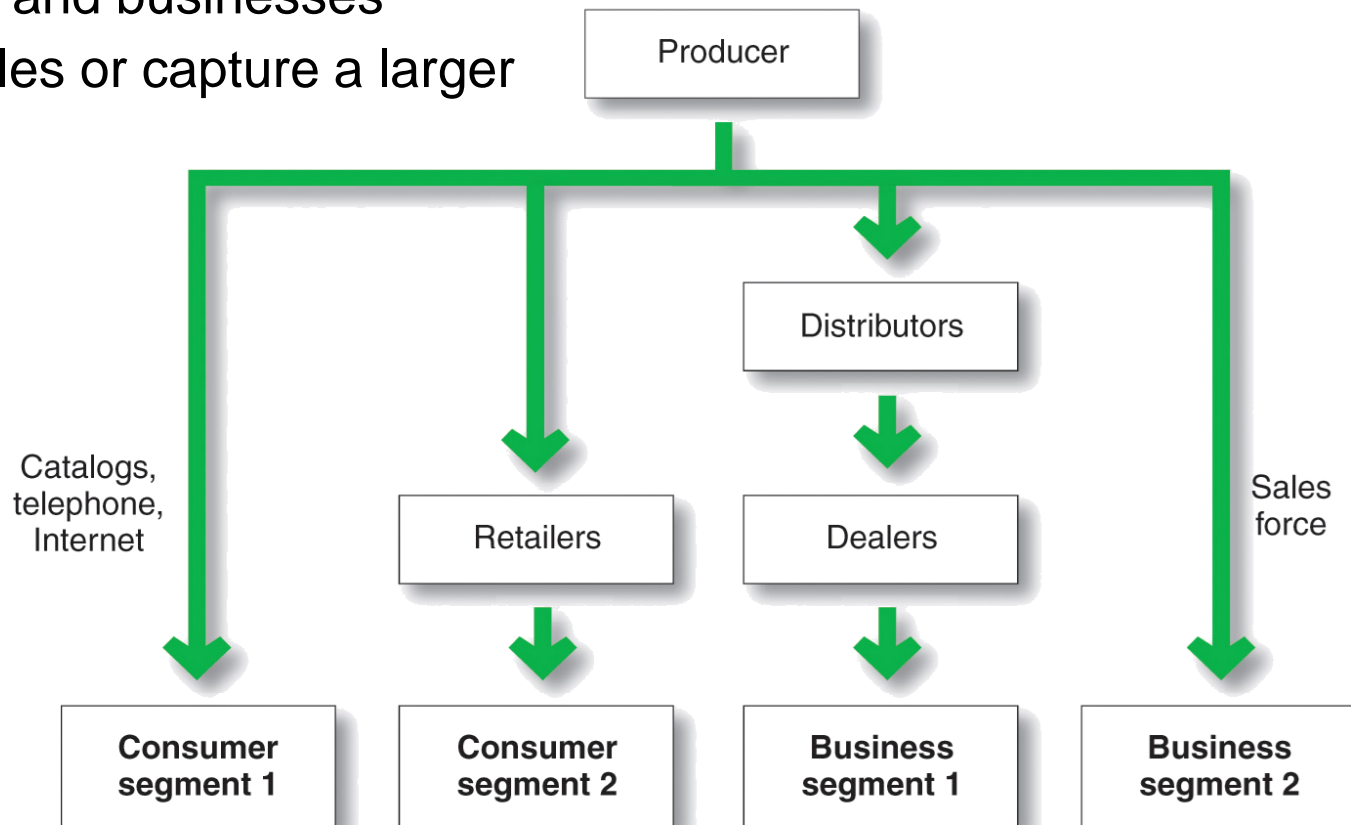


**B. Number of contacts with a distributor**  
 $M + C = 3 + 3 = 6$

# Place

- **A manufacturer may use multiple channels**

- To reach different market segments
  - When the same product is sold to consumers and businesses
- To increase sales or capture a larger market share



# Place

## ■ Omnichannel distribution

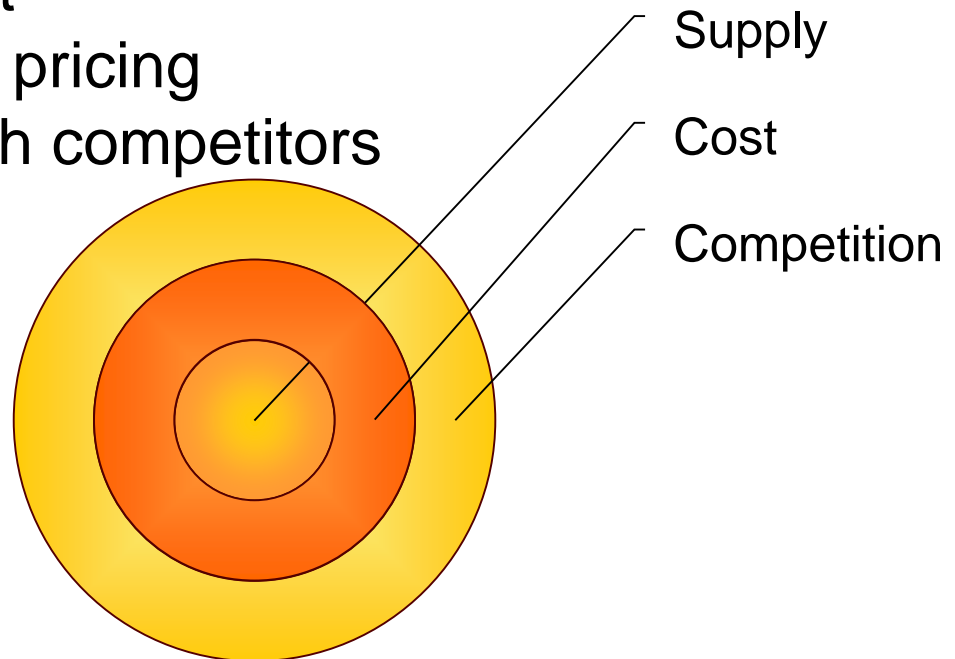
- Integration of online and offline channels. Omni-channel marketing is still a multi-channel marketing strategy but it provides customers with the ability to interact with the brand on multiple platforms thus helping them progress to a resolution in an easy and natural way, so that a customer who initiated a communication through one interaction channel can continue it through another.
- 67% of people who initiate a purchase on one device finish it on another. 40% of users use more than three devices. Therefore, every online business must be prepared to operate on any device. The customer experience should be as seamless as possible across channels. The ecommerce business must be integrated with offline sales. They are completely different businesses, but the customer behind them is often the same.
- Examples: Buy online and pick-up in store, buy online and return in store, in store purchase and home delivery, etc



# Price

- Amount of money that is paid for the product
- Methods for establishing prices:

- Mark-up on cost
- Demand-based pricing
- Comparison with competitors



# Promotion

Communication link between the firm and its potential customers for the purpose of influencing, informing or persuading them to buy or to have more positive feelings about the firm.

<b>Advertising</b>	<b>Personal Selling</b>
<b>Sales Promotion</b>	<b>Public Relations</b>

## Warning

Promotion is commonly the object of two misconceptions

Promotional activities make up the entire field of marketing

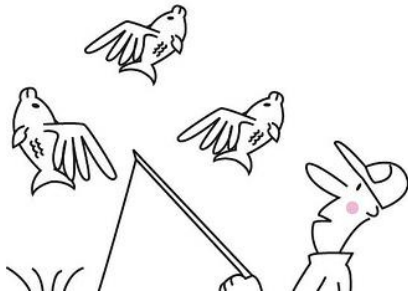
Promotional activities are unnecessary and cause higher prices



# Promotion



Red Bull te da alas



- Promotion contains different elements:

a) Advertising. Direct presentation of the firm or its products by an identified sponsor, normally at a cost -e.g: print ads, radio, television, mail, brochures and catalogs, signs, in-store displays, posters, Web pages, banner ads, emails...

b) Public relations. Indirect stimulation of a firm or its products by planting significant news about them or a favorable presentation of them in the media –e.g: newspaper and magazine articles/reports, TVs and radio presentations, charitable contributions, speeches, sponsoring...

# Promotion

## Public relations

- Create positive relationships with the public
- Sometimes called “publicity”
- The media looks for newsworthy stories
- Smart firms push potential news of their company
- The advantage of PR is that it is usually credible
- The disadvantage is that marketers do not control media perceptions
- Some examples: News release, feature article, captioned photograph, press conference

# Promotion

- Promotion contains different elements:

c) Personal selling. A process of helping and persuading potential customers to purchase a product through the use of personal communication – e.g: sales presentations, sales meetings, telemarketing...

Can be face-to-face, through the phone, on-line...

d) Sales promotion. Limited time incentives for increasing demand – e.g: coupons, product samples, trade shows, exhibitions...

### *Person-to-Person presentation of products*



- Building relationships
- Personal selling is best for:
  - High-ticket items
  - Complex products
  - High-volume customers
- Sales People:
  - Prospect and Qualify
  - Prepare
  - Present
  - Handle Objections
  - Close Sales
  - Follow-up

# Promotion

Promotion Method	Advantages	Disadvantages
Advertising	Reaches a large number of customers.	Can be expensive; is not personalized.
Personal selling	Provides personalized attention.	Difficult to reach a large number of customers.
Sales promotion	Offers various incentives for consumers to purchase products.	May not reach as many consumers as advertising.
Public relations	Inexpensive method of enhancing the image of the firm or its products.	Provides only a limited amount of promotion because news releases and press conferences may not always be covered by the media.

# Key concepts

Marketing

Marketing-mix. 4 Ps: product, place, price and promotion

Market research

Primary and secondary information (market research)

Market segmentation

Positioning

Target market

Consumer and industrial products

Goods and services

Direct and indirect distribution channel

Advertising

Public relations

Personal selling

Sales promotion