Marketing; 28.10.2022

* Most important P = want/need of target market

**2nd side of the marketing coin:**

* Interrelated to first side of the coin (4P etc)
* The philosophy of marketing: how does a company see/approach marketing

Different focuses:

* At least two of them are followed, but there is a major focus

Production orientation:

* Assumption: customers will automatically buy cheapest/best product
* Internal focus 🡪 produce sth. With the optimum of quality/cheapest/etc
* Not focusing on customers’ needs
* “building better mouse-traps”
* Often companies which focus on perfection/quality (e.g. McDonalds)

|  |  |
| --- | --- |
| Advantages | Disadvantages |
| * Economies of scale (cheaper) | * Needs and customers wants are not necessarily being taken care of   + Customers may not want a product * High set up costs 🡪 need to get as good as soon as possible |

Product orientation:

* Focuses on quality / performance of the product
* Focus on internal resources (know-how, resources)
* How do we best position our product?
* Example: apple 🡪 focus on their know-how and on high quality of the products

= what can we do best at the lowest cost disregarding the interest of consumers

|  |  |
| --- | --- |
| Advantages | Disadvantages |
| * High consumer satisfaction (focus on maximum quality) 🡪 trust company because of quality * Better reputation * More innovation (inward focus) | * Customers may not be interested * Need an established “brand” to be able to do it |

Sales Orientation:

* Focuses on selling the product [no matter what]
  + To potential customers and target markets
* Selling as much as possible (using sales techniques [calls, emails, flyers, etc])
* e.g. Chinese copycats; in South Africa: Telecommunication Companies, Insurances; amazon

|  |  |
| --- | --- |
| Advantages | Disadvantages |
| * a lot of people know about the product * might sell to someone who otherwise wouldn’t have bought it | * people may dislike your company and therefore refrain from buying |

Market orientation:

* ideas come from the target market (the customers)
* customers needs are prioritized
* e.g. google; amazon prime 🡪 customers did not want to pay shipping fees 🡪 prime was founded

|  |  |
| --- | --- |
| Advantages | Disadvantages |
| * brand loyalty (because customer needs are met) * less cost (only what market wants is produced) | * no/less innovation (when customers know what they want it usually already exists) * quickly changing market requirements * high investments in market research needed |

Societal Marketing Approach :

* companies look at 1) customers need 2) company profits 3) societal interests (and long-term goals)
* human welfare is often put before profits
* for long term success : improve societal well-being more than competitors
* e.g. the body shop (vows to keep up ethical norms)

|  |  |
| --- | --- |
| Advantages | Disadvantages |
| * enhanced company image (Company X is a good guy) * appealing to upcoming markets * (seemlingly) ethical * Fosters good long-term relations | * Marketing message gets distorted (window dressing; “Greenwashing”) * Only limited budget |

* Marketing philosophy will decide the 4P

Segmentation, Targeting, Positioning (STP):

* Market = Group of people (persons, institutions) with desires and needs for product + ability (enough money, age) + willingness (they want to) + authority (legally able, etc)
* If a group does neither need nor want something it is not a market
* Willingness = want to sacrifice sth. (money, time) to get sth. Else

Segmentation :

* Cannot sell a product to the whole possible market
* Each segment must have its own marketing mix
  + If a different mix is not required for a different segment, this is not a different segment
* Segment = Group of similar consumers
* They are divided by having really important differences (bases with variables (unterpunkten)):
  + Geography (region; market size; market density; climate)
  + Demographics (age; gender; income; race/ethnicity; family life cyle)
  + Psychographics (personality; motives; lifestyle; geodemographics (aka geography and demographics together)
  + Benefits (benefits sought)
  + Usage rate (former; potential; 1st time; light or irregular; medium; heavy (e.g. smokers))
* Targeted markets will change the 4P
* Good segments : must be different in at least 1 P
* Criterias for good segmentation:
  + Homogeneous: important characteristics must be as similar as possible [within a segment]
  + Heterogeneous: important characteristics must be as different as possible [between the segments]
  + Substantial: must be large enough to warrant an own marketing mix 🡪 big enough to make a profit out of segment
  + Measurable: should be able to measure the size/income/characteristics of the segment
  + Accessible: product must be able to reach this market (e.g. market without internet is hardly a market for a software company); they need to be able to use the product
  + Responsive: responses from the segment must differ from responses from another segment; singular segments must respond differently to your marketing (otherwise you do not need segmentation: e.g. poor and rich)

Targeting:

* Seldom more than 5 targeted markets
* Target market = market segment a company decides to focus on
* 3 basic options:
  + Undifferentiated targeting : “fits one, fits all”-approach
    - One single marketing mix for the entire market
    - Used for generic products (e.g. salt, electricity)

= assumes that needs for different segments are very similar 🡪 businesses can satisfy most customers with one single mix

* + Concentrated targeting: “for each their own”
    - Opposition to undifferentiated targeting
    - Targets only a single segment with one single mix (often a very specialiced section: military aircraft, software for medical equipment, wheelchair for paralysed athletes)
    - Niche
    - Gives ability to carefully analyse characteristics/needs of customer group
    - Helps smaller orgs to compete against bigger competition (focus on customers)(“hidden champions”)
    - Danger: if customers disappear 🡪 no other segment to catch losses from this segment
  + Differentiated targeting:
    - Targets 2 or more segments by developing different marketing mixes for each segment
    - Advantage : increases sales in total market by aiming at 2 [or more] different groups; company is not in trouble if one target market falls away; excess products can be used in other markets

Positioning :

* Can consumers understand the product how I want them to
* How does the consumer see my product relatively to competitors
* Create and enforce perceptions
  + Attributes that help to position the product in mind relative to competition (done via adjectives
  + Differentiate the product from competitor’s products
  + (reliable, expensive, innovative)
* Perceptual Map (tool to show the perception of brands in costumers minds)
  + Plots how costumers view a product relative to other brands (e.g. automobile brands)
  + Helps identify (possible) gaps in the market
  + Variables (x,y) are things that are important to the customers/targeted market (e.g. price, time)
* Companies have personality and values too 🡪 normally match up with personality/values of targeted market
  + if a market is family oriented then the company will present itself as family oriented as well
  + Personality : e.g. Redbull : lively, adrenaline, full of energy, adventurous, thirst to try things
  + Value : e.g. Patagonia : progressive and modern (founder gave away the company to charity)
* When market changes (competitors enter; behaviour of people changes) : positioning has to change 🡪 reposition
* Repositioning :
  + Altering the perception in the customers mind
  + Changes how market views offering in respect to features (relative to competitors)
  + Typically focuses on :
    - Outer appearance : colors, logos, name tagline etc
    - Personality (similar to human characteristics)
    - Values (similar to human values : family, against climate change, etc)

Products:

* A good : physical, tangible 🡪 can drop on your toe
* Service : intangible, result of human/mechanical action to people or possession
* Idea: intangible, concept/philosophy/image or issue
* Pure goods : only good (e.g. clothes)
* Pure service : only service; you get nothing to take home with you (e.g. flight)
  + No physical product is bought
* Combination : good and service (e.g smartphone with included network provider)
* Business product :
  + a product used to manufacture another product;
  + used to resell
  + B2B – Product : “Business 2 Business”-Products; sold to another company
* Consumer product :
  + Sold to final consumer (e.g. families) to use it 🡪 private consumption
  + Different kinds of consumer products :
    - Convenience : relatively cheap; does not require much effort when buying (e.g. everyday stuff)
    - Shopping: require comparison and more effort; maybe not available in every store and more expensive
    - Speciality: requires a lot of effort; consumers search extensively, may not want to accept substitutes for a certain product (e.g. apple-jünger)

= how target market sees product and thus influences marketing

* + - Unsought product : unknown product or product the customers do not want at that point in time
    - Impulse product : bought spontaneously; without much thinking (e.g. chewing gum you buy at the cashier)
  + Products can be classified differently depending on the costumers situation
* Family life cycle: single 🡪 couple 🡪 family (with kids) 🡪 kids move out (empty nest) 🡪 one partner dies (solitary)