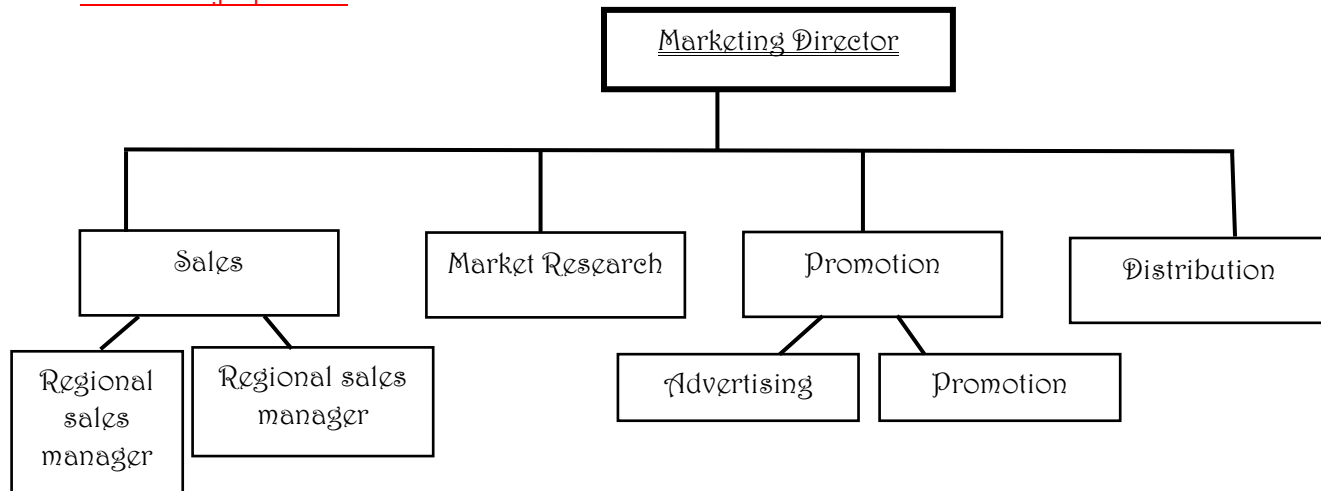


Marketing, Competition and the Customer

The marketing department



- The sales department is responsible for the sale of the product
- The market research department is responsible for finding out customers' needs, market changes and the impact of competitors' actions
- The promotion department deals with organising the advertising for the products
- The distribution department transports the products to the market

The Role of Marketing

Marketing is not just about advertising and selling a good or service, as can be seen by the different marketing activities found in a marketing department. The central role of marketing is:

- Identify customer needs
- Satisfy customer needs
- Maintain customer loyalty
- Gain information about customers
- Anticipate changes in customer needs

If the marketing department is successful in identifying customer requirements and predicting future consumer needs, it should enable the business to meet one or more of the following objectives:

- Raise customer awareness of a product or service of the business
- Increase sales revenue and profitability
- Increase or maintain market share
- Maintain or improve the image of products or the business
- Target a new market or market segment
- Enter new markets abroad
- Develop new products or improve existing products

Understanding Market Changes

Why customer/consumer spending patterns change:

- Consumer tastes and fashion change
- Changes in technology
- Change in incomes
- Ageing population

The power and importance of changing customer needs

If a business fails to respond to customer needs they are likely to fail. Customers are 'king' because as their needs change, it is the businesses which research and know what these changes are, and respond to them, that will be the ones which are successful.

Why have some markets become more competitive?

- Globalisation of markets
- Transportation improvements
- Internet or E-commerce

How can businesses respond to changing spending patterns and increased competition?

- Maintain good customer relationships
- Keep improving the existing product
- Bring out new products to keep customers' interest
- Keep costs low to maintain competitiveness

What is meant by market?

- A market for a particular good is made up of the total number of customers and potential customers as well as seller for that particular good or service.

Mass Marketing

- Mass market is whereby there is a very large number of sales of a product. Products are designed to appeal to the whole market therefore advertising and promotions are intended to appeal to most customers.

Advantages

- i. The sales to these markets are very large
- ii. The firm can benefit from economies of scale
- iii. Risks can be spread, as often the business will sell different variations of products to the mass market, and if one variety of the products fails then the other product may sell well
- iv. Opportunities for growth of the business due to large sale potentials

Disadvantages

- i. High levels of competition between firms
- ii. High costs of advertising
- iii. Standardised products or services are produced and so may not meet the specific needs of all customers or potential customers, therefore leading to lost sales

Niche Marketing

- Niche market is a small, usually specialised, segment of a much larger market. Some products, often specialised products are only sold to a very small number of customers who form a very small segment of a much larger market

Advantages

- i. Avoid competition from larger businesses
- ii. The needs of the consumer are directly focused upon

Disadvantages

- i. Limited number of sales
- ii. Does not spread risk-usually specialises in one product with no alternative

Market Segments

- Market segment is an identifiable sub-group of a whole market in which consumers have similar characteristics or preferences

Segmenting a market can help a business to:

- Make marketing expenditure cost effective
- High sales and profits due to cost effective marketing
- Identify a market segment which is not having its needs fully met, and therefore offer opportunities to increase sales

How markets are segmented:

- i. Socio-economic group i.e. income brackets
- ii. Age
- iii. Region or location
- iv. Gender
- v. Use of product
- vi. Lifestyle

Decide the best place to advertise and increase sales

A marketing manager would take all these factors into account when deciding which segments might buy new products or improved products. Therefore, once the segments have been identified this will influence how the products are packaged and advertised. It will also affect the choice of shops products are sold in, in order to get maximum sales.

Potential benefits of segmentation to business

- Possibility of selling more products
- By segmentation, businesses can identify gaps in the market
- Ability to produce products that satisfy customer needs and increase sales