# Marketing

## Exam 1 Study Guide

* **Creating Customer Relationships and Value Through Marketing**
  + Definition of Marketing
    - Marketing is an organizational function and a set of processes for creating, communicating, and delivering value to customers and for managing customer relationships in ways that benefit the organization and its stakeholders.
  + For Marketing to Occur you need:
    - Two or more parties (individuals or organizations) must have unsatisfied needs
    - A desire and ability on their part to be satisfied
    - A way for parties to communicate
    - Something to exchange
  + Customer Need vs. Want
    - Need – When a person feels deprived of basic necessities.
    - Want – A need that is shaped by a person’s knowledge, culture, and personality.
  + Target Market
    - A specific group of potential consumers.
  + Marketing Mix Elements
    - Price – Exchanging money, trading/bartering, and time.
    - Product – Commodities, services, or ideas.
    - Place – Retail stores, pop ups (firework stands), vending machines, Internet, etc.
    - Promotion – Advertising, guerilla marketing (individuals marketing their product), public relations, or product placement.
* **Corporate and Marketing Strategy**
  + Mission Statements
    - Statement of the organization’s function in society that identifies customers, markets, products, and technologies. It should be clear, concise, meaningful, inspirational, and long-term.
  + Corporate culture
    - Set of shared values, ideas, and attitudes that is learned and shared amongst members of the organization.
  + Organizational Levels
    - Corporate – Where top management directs overall strategy for the entire organization.
    - Business Unit – Single business or group of related business that can be planned independently from other company businesses.
    - Functional – Specialized functions. Marketing finance, R&D, HR, etc
  + Business Portfolio Analysis: BCG product Portfolio Analysis
    - Studies a firm’s business units as though they were a collection of separate investments.
    - Business Portfolio Analysis Leads to a Strategy…
      * Build
        + Invest in question markets to turn them into stars
        + Invest in stars to ensure continued growth
      * Hold
        + Invest just enough in cash cows to maintain share
      * Harvest
        + Remove cash from cash cows in the short term
      * Divest
        + Sell or delete dogs from the portfolio.
  + Diversification Analysis
    - Helps firms look for growth opportunities.

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|  | * + - * Current Products | * + - * New Products |
| * + - * Current Markets | * + - * Market penetration strategy “Sell more pepsi” | * + - * Product development strategy “Vanilla Pepsi” |
| * + - * New Markets | * + - * Market development strategy “Sell pepsi in overseas markets” | * + - * Diversification strategy. “Pepsi buying Pizza hut” |

* + SWOT Analysis – Taking stock of where the firm or product has been recently, where it is now, where it’s headed in terms of 1) marketing plans and 2) external forces.
    - Strength (Internal) – Build on key competencies
    - Weakness (Internal) – Correct glaring problems
    - Opportunities (External) – Exploit significant opportunities
    - Threats (External) – Avoid disaster
  + **How does a company perform a business portfolio analysis, diversification analysis, and a SWOT analysis?**
* **Scanning the Marketing Environment**
  + The 5 Forces
    - Social - Demographics shifts and cultural changes
    - Economic - Macroeconomic conditions and consumer income
    - Technological - Changing technology and technology's impact on customer value
    - Competitive - Alternative forms of competition and components of competition
    - Regulatory - Laws protecting competition, laws affecting marketing mix actions, and self-regulation
  + Social Factors
    - Demographics
      * Characteristics used to describe a population such as age, gender, ethnicity, income, and occupation.
    - Culture
      * Values, ideas, and attitudes learned and shared among the members of a group. Psychographics are related to the culture.
* **Consumer Behavior**
  + Stages of the Decision Process
    - 1) Problem recognition: Perceiving a need
    - 2) Information Search: Seeking value
    - 3) Alternative Evaluation: Assessing value
    - 4) Purchasing Decision: Buying value
    - 5) Post purchase Behavior: Value in consumption or use
  + Problem Recognition and Marketing Strategy
    - Create a new ideal state (benefits) – If you wear Nike Air Jordan, you can run faster and jump higher
    - Creating dissatisfaction with the actual state – Your download speed on the Internet is too slow
  + Information Search
    - Motivated action of knowledge stored in memory (internal search) or acquisition of information from the environment (external search)
    - If external search provides sufficient information then external search is unnecessary (open book exam)
    - Sources of internal information
      * Memory, important for routine and habituation purchases. We may buy the same brand of toothpaste and we recognize certain brans every time we visit the store. Recall and recognition of brands is important.
  + Multi-Attribute Model

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| * + - Attribute | * + - SMU | * + - UT Austin | * + - Mizzou |
| * + - Cost (35) | * + - 5 | * + - 75 | * + - 20 |
| * + - Top Ranked Major (50) | * + - 40 | * + - 45 | * + - 5 |
| * + - Location (15) | * + - 40 | * + - 40 | * + - 20 |

* + Cognitive Dissonance Theory and Regret
    - Feeling of post purchase tension/anxiety
      * Did I make the right choice?
    - Higher for close alternatives
      * Focus on positives of the alternative given up
    - To resolve dissonance
      * Make claims that faithfully represent product performance
      * Place advertisements showing satisfied brand owners
      * Contact buyers via letter or phone call congratulating on being a new brand owner
    - Post-purchase communications result in fewer product returns.
  + **Internal vs. External variables affecting choice (Consumer behavior part 2)**
* **Marketing Research**
  + Definition of marketing research
    - The process of defining a marketing problem and opportunity, systematically collecting and analyzing information, and recommending actions.
  + Marketing Research Process
    - 1) Problem Definition
    - 2) Developing the research plan
    - 3) Collect information
    - 4) Analyze and present findings
    - 5) Take marketing actions
  + 3 Types of Research
    - Casual – Extent to which one factor changes another. This is the type of research we have to do for our marketing class.
    - Descriptive – Frequency of occurrence of extent of relationship
    - Exploratory – Ideas about vague problems
  + Primary vs. Secondary Data
    - Primary Data
      * Facts and figures newly collected for the project through observational or questionnaire data. More specific to the problem being studied. Far more costly and time consuming to collect.
    - Secondary Data
      * Facts and figures already recorded prior to the project through internal or external data. Save time and money if already collected. May be out of date. Definitions or categories may not be quite right.
  + Sampling Techniques
    - Primary Data
      * Observational Data (Watching People)
        + Mechanical and electronic approaches and personal approaches.
      * Questionnaire Data (Asking People)
        + Idea generation through in-depth interviews and focus groups. Idea evaluation by mail, online, telephone, and person surveys.
    - Secondary Data
      * Internal Data (Inside the firm)
        + Financial statements, research reports, files,
* **Market Segmentation, Targeting, and Positioning**
  + **Market Segmentation**
    - **A group of customers with common needs and who will respond similarly to market actions.**
  + **Perceptual Map**
    - **Mature, Youthful, Budget, Expensive**
  + **Product Positioning**