

MIDTERM: Chapters 1 –3, 5-7, Metrics 1 – 4

MIDTERM 2: Chapters 8,10-14, Metrics 5-8

FINAL EXAM: 1-3, 5-7, 8, 10-14, 16-19

Chapter 1

What is marketing?

- Understanding customer needs in today's world
- Changing needs for the people so we can value marketing
- Providing what customers want
 - In restaurants (like changing menus)
 - Technology
- Getting long term goals by satisfying customers needs and wants
- Engage customers by using social media will give more attention to your brand
 - Do giveaways to engage
 - Tags
 - Posts
 - Collaborating with other brand names to spread awareness

Definition of Needs?

- Something we desire that we don't have yet.

Target market

- A group of people or organization for which an organization designs, implements, and maintains a marketing mix intended to meet the needs of that group, resulting in satisfying exchanges

The Evolution of Marketing:

- Production Orientation
- Sales Orientation
- Marketing Company Orientation
- Societal Marketing Orientation
- Relationship Marketing Orientation

Product orientation:

- Focuses on manufacturing and production quality.
- Focuses on the product only and not the customers
- The orientation assumes that consumers will favour those products that are the most *readily available and at the most affordable prices.*

- Burger King or McDonald's, which focus on producing high quantities of fast food at the lowest price possible

Sales orientation:

- These companies view marketing as a selling function where companies try to sell as many of their products as possible rather than focus on making products consumers really want (sell them fast)
- this approach uses aggressive, *outbound sales tactics and marketing promotions to drive revenue*, basically they just use sales tactics to get customers
- Highlighted by the increased power of customer choices
- Hard selling things to customers, who has greater choice thanks to more competition in the marketplace.
- BUY ONE AND GET ONE FOR FREE

Market company orientation/ market orientation:

- Understanding the customer, entertaining them and such etc.
- In this orientation, customers are grouped into market segments, with marketing professionals tasked with understanding the consumers.

Societal marketing orientation:

- Focuses on society's long term interests
- New movements, such as recycling and waste reduction, sought out companies' solutions to deal with greater consumerism, health issues relating to product use are at the fore- front of this orientation.
- Basically all they are saying about societal marketing orientation is to include the environment factors and stuff
- GO ABOVE AND BEYOND CUSTOMERS, INCLUDE ENVIRONMENT STUFF
- What is Societal Marketing example? The Body Shop: The body shop is a natural cosmetic, skincare, perfume Company. The company uses plant-based ingredients to make its products and it does not test its products on animals. So this product is a perfect example of societal marketing.

Value orientation:

- Non monetary and monetary

Customer satisfaction:

- Customers evaluation of a good or service

Relationship marketing:

- A strategy that focuses on keeping and improving relationships with current customers
- Trusting them
- Listening to them
- Sharing stories

Market segment

- Refers to a group of consumers who respond similarly to a firm's marketing efforts

- is the practice of dividing your target market into approachable groups

Customer value:

- Relationship between benefits and the sacrifice necessary to obtain those benefits
 - Of the quality that they expect
 - Sold at prices they are willing to pay

Exchange:

- Giving up one thing to receive another thing they would rather have

The marketing mix:

Product

- Relates to tangible and intangible aspects of a company's offering (for example a can of soup or a virtuoso ballet performance).
- How to best package the products to satisfy the customer
- Companies need to look at what needs are being satisfied in order to make that product

Price

- Discount
- Offering price
- Relates to quantifying of a value in exchange for a company's offering.
- Setting the right price is all about taking those factors into consideration

Place

- Where to distribute, can be online or in real life
- Basically, this is the world of channels and logistics, where decisions were made to get a company's product to market

Promotion

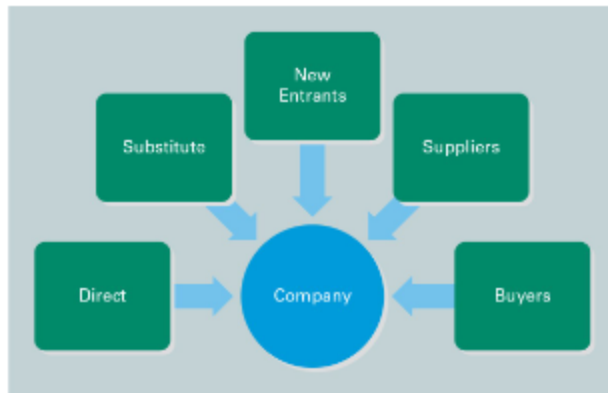
- Most people think that promotion is all about marketing, they are wrong
- Most visible activities of marketing
- Advertising
- Gets on news
- Persuading the audience

Distribution

- Distribution strategies make products available when and where customers want them

Chapter 2

Forces of Competition (**PORTERS 5 FORCES!**)



- Direct competitors
 - Competitors such as businesses that most closely match a firm's product offering.
- Substitutes
 - Competitors whose products can satisfy the same need but in different ways
- New entrants
 - Competitors who might emerge due to entry barriers present in the industry
- Suppliers
 - Business partners such as materials producers competing for profit margins
 - the supplier has more power and can drive up input costs and push for other advantages in trade.
- Buyers
 - Business partners such as retailers competing for profit margins from the firm.

- 5 C's is important in this course

TOO <https://www.volusion.com/blog/situation-analysis-the-5-cs/>

- Company
- Customer
- Competitors
- Collaborators
- Climate (PEST) - PEST IS TO UNDERSTAND THE BUSINESS MARKET
GROWTH or DECLINE
 - Political
 - Economic
 - Sociocultural
 - Technology

- The external marketing environment
 - Changes in the external environment cause new consumers to come and current to go
 - The external marketing environment includes all factors that do not fall within your organization's control, including technological advancements, regulatory changes, social, economic, and competitive forces.



- The CREST model (same concept as 5 C'S)

Chapter 2: The Marketing Environment, Social Responsibility, and Ethics

- Crest Model



- Competitive → Regulatory → Economic → Social → Technological

-

Regulatory factors (political)

- Government regulations
- Cybersecurity regulations
- Legislations such as privacy act, competition act
- These affect the business environment

Economic factors

- Inflation - Inflation is an economic term that refers to an environment of generally rising prices of goods and services within a particular economy
- income
- Recession
 - ALL OF THESE CAN IMPACT CONSUMER BEHAVIOR DECISIONS
- Debt is a part of life

Social factors

- Influence or integrate into marketing plans
- Understand the details of consumers, what they like or not like.

- Analyze your consumers
- What makes them excited? What makes them think? What makes them scared? What makes them happy?
- These could include wealth, religion, buying habits, education level, family size and structure and population density.

Technological factors

- Technology is everything, and will be growing in the future

Corporate social responsibility

- A business concern for society's welfare
- Caring about people and the environment
- Be more green
- GLOBUS CSR is similar
- is a management concept whereby companies integrate social and environmental concerns in their business operations and interactions with their stakeholders.

Ethics

- Standard of behaviour

Code of ethics

- Guideline to help marketing managers

Competition bureau

- The deferral department charged with administering most marketplace laws

Self regulation

- Programs voluntarily adopted by business groups to regulate the activities of their members.

Purchasing power

- Measured by comparing income to relative cost of a set standard of goods and services.
- Purchasing power is the value of a currency expressed in terms of the number of goods or services that one unit of money can buy.
- A higher real income means a higher purchasing power

Rescission

- A period of economic activity characterized by negative growth, which reduces demand for goods and services

Discretionary income:

- The amount of money people have to spend on nonessential items

Demography

- Study of peoples vital statics such as their age, race, and location

Generation Z: people born in 1995 to 2009

- Also known as tweens

Generation Y: people born in 1979 to 2000

- Plentiful enough to put their own footprints on society

Generation X: people born in 1966 to 1978

- They are less likely to believe in advertising claims or what salespeople tell them.

Baby boomers: born in 1947 to 1965 (50+)

- self-reliant and individualistic. While making decisions about purchasing products, he lays more emphasis on quality than price.

Pyramid of corporate social responsibility

- A model that suggests corporate social responsibility is composed of economic, legal, ethical, and philanthropic responsibilities

Multiculturalism

- Refers to the peaceful and equitable coexistence of different cultures, rather than one national culture, in a country

Triple bottom line

- A business philosophy seen as the pursuit of profit while also benefiting society and the environment
- Desire for profit and benefiting society and the environment

Social acceleration

- The concept of exponentially rapid growth starting with human desire for improved products, spurring competitive pursuit of market share, driving innovation and technology, resulting in higher standard of living, but with new socio-environmental problems

Chapter 3 (swot analysis)

Leadership and managerial process - know your strengths and weakness

Evolving market opportunities - know what technology is evolving, what can we provide for them.

Marketing strategy:

- The activities of selecting and describing one or more targets and developing and maintaining a marketing mix.

Planning:

- Process of anticipating future events and determining strategies to achieve organizational objectives in the future

Strategic planning:

- Managerial process of creating and maintaining a fit between organizations objectives and resources and evolving market opportunities.
- a process in which organizational leaders determine their vision for the future as well as identify their goals and objectives for the organization.
- Top-management participation strategic planning should be encouraged

Control:

- control is the process of monitoring the proposed plans as they proceed and adjusting where necessary

Market environment:

- The entire set of situation conditions, both internal strengths and weaknesses and external opportunities and threats.

Strategic business unit:

- A subgroup of a single business OR a collection of related business within a larger organization.

Implementation:

- The process that turns a marketing plan into a action assignments and ensures that these assignments are executed in a way that it accomplishes the objectives

Mission statement

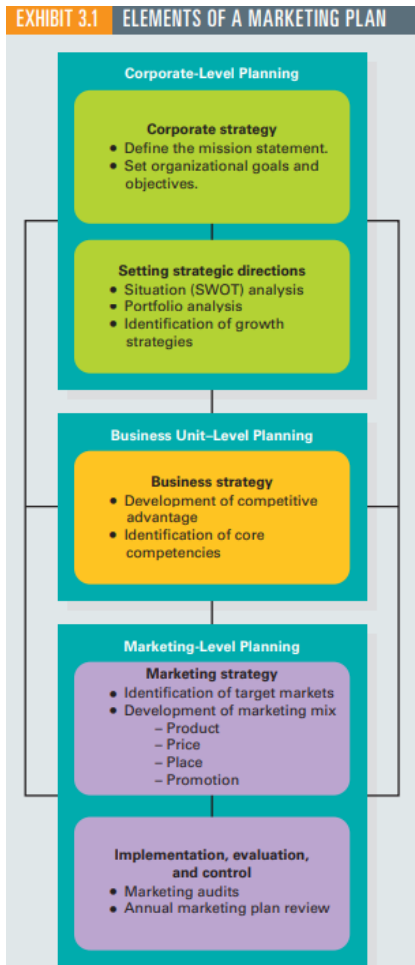
- A statements of the firm's value based on careful analysis

Position statement

- To know how the business will compete in a given market segment

Elements of a marketing plan / corporate strategy to do list:

1. Define mission statement and set organizational goals and objectives
 - It is formulated in the planning phase of developing a marketing plan (mission statement)
2. Do a SWOT analysis
3. Portfolio analysis identification of growth strategies
4. Develop a competitive advantage
5. DO THE MARKETING MIX (4 P'S)
6. Marketing audits
7. Marketing plan review



What is the SWOT analysis?

- Situational analysis is performed using SWOT analysis
- Identifying the internal environment of strengths (s) and weakness (w) as well as opportunities (o) and threats (t)
- For strengths, focus on the FINANCIAL, MANAGEMENT AND MARKETING
- Financial - cash on hand access to funding
- Management - product cost- HR processes, supply chain management
- Marketing - value of offering, number of customers, brand reputation
- For weakness, focus on the COMPETITIVE, REGULATORY, ECONOMIC, SOCIAL, AND TECHNOLOGICAL. (crest)

Environment	Evaluation	
	Positive	Negative
Internal	Strengths <ul style="list-style-type: none"> • Superior resources and capabilities • Superior management, marketing, technical talent • Strong brand • Superior product offerings • Extensive marketing reach • Wide distribution networks (national/global) • Strong financial resources • Excellent geographic location • Proprietary technologies/Intellectual property • Strong base of loyal customers 	Weaknesses <ul style="list-style-type: none"> • Little or no brand recognition • Lack of financial resources • Lack of other resources and capabilities • Lack of marketing, management, and technical talent • Limited market reach or distribution network • No propriety technology • Poor location • Limited customer base or loyalty • Lack of credibility
External	Opportunities <ul style="list-style-type: none"> • CDSTEP changes that offer opportunities for the firm to serve new markets with existing products and/or pursue completely new market opportunities • Existing firms exit the market because of financial or other difficulties (i.e., reduced competition) • Acquiring another firm and gaining market access, new customers, new technology and expertise, and financial resources 	Threats <ul style="list-style-type: none"> • Political or regulatory changes (e.g., new laws affecting business or products) • New entrants into the industry or market • New technology that could render existing technology or business practices obsolete • Natural or human-made disasters • Recession or economic downturn that affects consumers' purchasing power and confidence • Changes in sociocultural or demographic trends

Environmental scanning:

- The collection and interpretation of information about forces, events, and relationships in the external environment that MAY AFFECT the future of the organization or the implementation of the marketing plan

Cash cow: a business, investment, or product that provides a steady income or profit.

S STRENGTHS	W WEAKNESSES	O OPPORTUNITIES	T THREATS
<ul style="list-style-type: none"> • Things your company does well • Qualities that separate you from your competitors • Internal resources such as skilled, knowledgeable staff • Tangible assets such as intellectual property, capital, proprietary technologies etc. 	<ul style="list-style-type: none"> • Things your company lacks • Things your competitors do better than you • Resource limitations • Unclear unique selling proposition 	<ul style="list-style-type: none"> • Underserved markets for specific products • Few competitors in your area • Emerging need for your products or services • Press/media coverage of your company 	<ul style="list-style-type: none"> • Emerging competitors • Changing regulatory environment • Negative press/media coverage • Changing customer attitudes toward your company

WordStream

ANSOFF'S strategic opportunity matrix :

- Market penetration

- Increase market share among EXISTING customers by selling more of its current product (example is tim hortons annual roll up the rim).
- Market development
 - Involving new customers to existing products, so basically they use old products but introduce it to new customers.
- Product development
 - Creating a new product for current customers
- Diversification
 - New products into new markets

4 box framework - ANSOFF matrix - review

- Market penetration - use existing products in existing markets
- Market development - use existing products in new markets
- Product development - use new products in existing markets
- Diversification - new product in new markets - GENIUS IDEAS
 - Leverage the brand
 - Partner with brands (example is virgin mobile, virgin airlines)
- A market opportunity analysis is the description and estimation of the size and sales potential of market segments that are of interest to the firm
- Market opportunity analysis is the process of researching where and how you can reach more potential clients or grow your revenue share.

Sampling

- means getting opinions from a number of people, chosen from a specific group

EXHIBIT 3.3 ANSOFF'S STRATEGIC OPPORTUNITY MATRIX		
	Current Product	New Product
Current Market	Market Penetration	Product Development
New Market	Market Development	Diversification

Use the porter's 5 forces after

Check if there are any threat of new entrants

If there is threat of substitute products

Bargaining [power of buyers

Bargaining power of suppliers

Check for competitors



Step 2:

DEVELOP MARKETING STRATEGY (basically ask yourself where do you want to place your company)

Segmentation

- Identifying meaningful different groups of customer

Targeting

- Choosing segments of market focus

Positioning

- Implementing a unique selling proposition, image or appeal for each targeted segment.
- Product position is the potential customer's overall perception of a brand, product line, or organization in general, and refers to the place a store occupies in consumers' minds relative to competing offerings.

Product/service differentiation competitive advantage

- The provision of a unique benefit that is valuable to buyers beyond

Niche competitive advantage

- The advantage achieved when a firm seeks to target and effectively serve a single segment of the market

Sustainable competitive advantage

- An advantage that cannot be copied by the competition

Core competencies

- Key unique strengths that are hard to imitate and underlie the functioning of an organization
- Examples:
 - Collaboration.
 - Communication.
 - Flexibility and adaptability.
 - Initiative.
 - interpersonal skills.

Competitive advantage

- competitive advantage is the attribute that allows an organization to outperform its competitors due to its unique set

Cost competitive advantage

- Being the low cost competitor while maintaining satisfactory profit margins

Core competencies

- Key unique strengths that are hard to imitate and underlie the functioning organization
- Core competencies are sets of intellectual, personal, and social and emotional proficiencies that all students need to develop in order to engage in deep learning and life-long learning.

Marketing strategies / marketing strategy

- The activities of selecting and describing one or more target markets and developing and maintaining a marketing mix that will produce mutually satisfying exchanges

Marketing objectives

- A statement of what is to be accomplished through marketing activities

Marketing audit

- A thorough systematic, periodic evaluation of the objectives, strategies, structure, and performance of the organization

Evaluation

- Determining and computing the extent to which the marketing objectives have been achieved during the specified period.

Marketing opportunity analysis (MOA)

- The description and estimation of the size and sales potential of market segments that are of interest to the firm and the assessment of key competitors in these market segments

Re-engineering

- re-engineering entails fundamental rethinking and redesign of business processes to achieve dramatic improvements in critical measures of performance

We are skipping chapter 4

Chapter 5

Marketing research:

The process of planning, collecting, and analyzing data relevant to a marketing decision

5 C's → SWOT analysis

- Review 5 C's because it is important when collecting information
- Then put it into SWOT analysis
- Marketing research is used to better understand the consumers.
 - Provides data for consumers needs and wants
- Three functional roles
 - Descriptive research
 - Presenting factual statements, what are the sales trends
 - Diagnostic research
 - What is the impact on sales if.. We have a lockdown, for an example
 - Explaining relationships within data
 - Predictive research
 - Predicting the results of a marketing decision

Design a research

The marketing research process

1. Identify the problem
 - Most important stage, without a defined problem statement, marketing research will be a problem
 - Determine where or not there is enough information
2. Design the research
 - How to go about answering the questions and achieving the objectives
 - How are you going to make the best decision? What do you need to understand? What are the impacts to the environment, traffic on highways, etc.
 - Two types of research, exploratory and conclusive.
3. Collect the data
4. Analyze data
5. Present the report
6. Provide follow-up

Why do we do marketing research

- Understand the consumers wants, needs and etc.
- Exploratory research
- When making right research, ask yourself
 - What did we do right, wrong,
 - Did we do disaster checks
- The types of research
 - Exploratory research
 - An informal discovery process that attempts to gain insights and a better understanding of the management and research problems
 - Looking for the customers mindset
 - Conclusive research
 - A more specific type of research that attempts to provide clarity to a decision maker by identifying specific courses of action
 - About the numbers and statistics
 - More academic and research
 - What causes people to behave like this (causal) (caw-sul)

Casual research

- Research that focuses on the cause and effect of two variables and attempts to find some correlation between them

Conclusive research

- A more specific type of research that attempts to provide clarity to a decision maker by identifying specific courses of action
- Developing conclusions and courses of actions

Descriptive research

- A type of conclusive research that attempts to describe marketing phenomena and characteristics.

Marketing research objective

- Specific statement about the information needed to solve research research question

Research design

- By laying out the research tools and techniques necessary to collect and analyze data

Exploratory research

- A process that attempts to gain insights and a better understanding of the management and research

Basic research

- Pure research that aims to confirm an existing theory or to learn more about a concept

Applied research

- An attempt by marketers to use research to develop new or improved products

Secondary data

- Data previously collected for any purpose other than the one at hand
- Sources of secondary data include reports from shareholders, stakeholders, books, personal sources, journals, newspapers, websites, government records etc
 - Advantages
 - Fast to collect
 - Clarifies problems
 - Inexpensive (CHEAP)
 - Disadvantages
 - Quickly outdated
 - Questionable sources

Primary data

- Information that is collected for the first time and is used for solving a particular problem (question) under investigation
- Primary data is a type of data that is collected by researchers directly from main sources through interviews, surveys, experiments
 - Advantages
 - Focuses on solving a specific problem
 - Sources are known
 - Results are more accurate
 - Disadvantages
 - Expensive
 - Time-consuming
 - Requires specific skills sets
- Two types, qualitative and quantitative.
- Quality research focuses on groups and in depth discussions
 - Dept interviews
 - Time consuming and expensive
 - Focus groups
 - smALL GROUPS OF PEOPLE WITH DIFFERENT CHARACTERISTICS
- Quantitative research is more about surveys, observations, causal, it's all about statistics
 - Mail surveys
 - Survey research
 - Telephone interviews

- Observational methods, for example people watching people in supermarkets and seeing what they are purchasing more of
- Tracking studies (everything is stored in a database)
 - Google knows what you are searched up, which means they will give you advertise what you are looking for.
 - Credit cards are also tracking your purchases, so they advertise your needs.
 - They will give you more rewards based on what you are searching up more, or purchasing more.
 - Loyalty cards are important within the company, they see what they are buying.
 - THAT'S HOW COMPANIES ARE MAKING MONEY
 - Types of tracking: social media, google, gps, loyalty card, talk to text, facial recognition.

Big data

- Large amounts of data collected from interactions with customers that reveal trends and patterns

Survey research

- The most popular technique for gathering primary data
- Ethnographic research
 - Ethnographic research is the study of human behaviour in its natural context
 - Watching people in a natural setting to gain insights of what they like
- Experiments
 - A method a researcher uses to gather primary data to determine cause and effect
 - Sample a larger population, what do they like

Focus groups

- A small group of recruited participants engaged in an unstructured discussion in a casual environment

Depth interview

- An interview that involves a discussion between well-trained researcher and a respondent who is asked about attitudes and perspectives on a topic

Computer-assisted personal interviewing

- A technique in which interviewers reads the question from a computer screen and enters the respondents data directly into a computer

Computer-assisted self interviewing

- A technique in which respondent reads question on a computer screen and directly keys his or her answers into a computer

Central-location telephone facility

- A specially designed phone room used for interviewing

Opened-ended question

- An interview question that encourages an answer phrased in respondents' own words.

Closed-ended question

- An interview question that asks the respondent to make a selection from a limited list of responses.

Scaled-response question

- A close-ended question designed to measure the intensity of a respondents answer

3. How satisfied or dissatisfied are you with the following

	Very satisfied	Satisfied	Neither satisfied nor dissatisfied	Dissatisfied	Very dissatisfied
The interaction with the sales staff	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Your experience at the register	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The organization of the store	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The wait for the fitting room	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The products offered in the store	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The price of the products	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The sizes available at the store	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Observation research

- Watching people or phenomena in a controlled manner, through either human or machine methods.
- Systemic process of recording the behavior patterns of people, objects, occurrences with or without questioning,

Mall intercept interview

- interviewing people in the common areas of shopping malls

Mystery shoppers:

- Researchers posing as customers who gather observational data about a store

Sample

- A subset from a larger population

Probability sample

- A probability sample is a sample in which every element in the population has a known statistical LIKELIHOOD of being selected
- Its most desirable feature is that the scientific rules can be used to ensure that the sample represents the population

Random sample

- A sample arranged in a way that the population has an EQUAL chance of being selected

Simple random sample

- Every member of the population has a known and equal chance of selection

Stratified sample

- The population is divided into mutually exclusive groups (by gender or age, for example) then random samples are drawn from each group

Cluster sample

- The population is divided into mutually exclusive groups (by geographic, for example); then a random sample of clusters is selected

Systematic sample

- A list of the population is obtained and a skip interval is obtained by dividing the sample size by the population size

Nonprobability sample

- Any sample in which little or no attempt is made to have a representative cross-section of the population

Convenience sample

- A form of non-probability sample using respondents readily accessible to the researcher, for example employees, friends, or relatives

Judgment sample

- The researcher's selection criteria are based on personal judgment that the elements (persons) chosen will likely give accurate information.

Quota sample

- The researcher finds a prescribed number of people in several categories

- For example, Researcher selects a specific number of business students, art students, science students and etc

Snowball sample

- Additional respondents are selected on the basis of referrals from the initial respondents

Measurement error

- An error that occurs when the information desired by the researcher differs from the information provided by the measurement process

Sampling error

- An error that occurs when a sample does not represent the target population

Nonresponse error

- error is created when the sample actually interviewed differs from the sample drawn because people refuse to cooperate or are inaccessible.

Frame error

- A sample drawn from a population that differs from the target population

Random error

- A type of sampling error in which the selected sample is an imperfect representation of the overlapping population.

Cross-tabulation

- A method of analyzing data that shows the analyst the response to one question in relation to the responses to one or more other questions
- A CONNECTION WITH OTHER RESPONSES
- Compare and relate two questions

One-way frequency counts

- refers to a tabulation of the data which only examines one categorical variable at a time.
- Noting how many respondents answered a question a certain way

Analyze the data

- Use graphs, and seeing whos doing what, whos buying what the most

Present the report

- Clear, concise statement of research, provide brief description of methodology (what methods did you use), what were your major finding, conclusions, and recommendations.

Competitive intelligence

- An intelligence system that helps managers assess their competition and vendors in order to become more efficient and effective competitors

Chapter 6

Consumer behaviour is chapter 6

Consumer behaviour

- How consumers make purchase decisions and how they use and dispose of purchased goods or services
- Also includes the factors that influence purchase decisions and product use

Interdisciplinary perspective

- Economics
- Psychological
- Sociology
- Anthropology
- Selling one product like potato nachos, its very risky
- Effective communication is KEY when selling products
- Don't encourage people to sell products, FIRST DO RESEARCH, 5 C'S analysis before putting money into your business.

The consumer decision-making process

Definition: a five-step process used by consumers when buying goods or services

- The product needs recognition (i need this, i need that)
- Information search (do research, what products are available)
- Evaluation of alternative
- Purchase
- Post behavior

Step 1: - need recognition

Definition: the result of an imbalance between actual and desired states

- Advertise what you are trying to sell, like the lifestyle.

- Trends
- New products
- Hunger or thirst
- Sales promotion
- Product performance

Step 2: - information search

- Non marketing controlled
 - Personal sources
 - Personal experiences
- Marketing controlled
 - Social media
 - Product labelling
- Perception
 - For example, when a retail clothing store has displayed clothes in crowded racks using low quality plastic hangers, customers get a perception that it is a low-quality brand.

Selective exposure

- The process whereby consumers decide which STIMULI to notice and which to ignore

Selective distortion

- A process whereby consumers change or distort information that conflicts with their feelings or beliefs

Selective retention

- A process whereby consumers remember only information that supports their personal beliefs
- Selective retention means that consumers generally do not remember all the information they see, read, or hear, even minutes after exposure to it.

External information search

- The process of seeking information in the outside environment

Internal information search

- The process of recalling information stored in one's memory

Decision conformation

- The reaffirmation of the wisdom of the decision a consumer has made

Cognitive dissonance

- The inner tension that a consumer experiences after recognizing an inconsistency between behaviour and values or opinions
- the mental discomfort that results from holding two conflicting beliefs, values, or attitudes

Nonmarketing-controlled information source

- A product information source not associated with advertising or promotion

Marketing-controlled information source

- A product information source that originates with marketers promoting the product

Stimulus

- Any unit of input affecting one or more of the 5 senses: sight, smell, taste, touch, hearing

Engineered demand

- Where firms, led by marketers discover a marketable need not yet known by the consumer

Evoked set (consideration set)

- A group of the most alternatives resulting from an information search, which a buyer can further evaluate to make a final choice

Involvement

- The amount of time and effort a buyer invests in the search, evaluation, and decision processes of consumer behaviour

High-involvement product

- A product that involves the consumer in taking time and trouble before deciding on a purchase

Low-involvement product

- products which are bought frequently and with a minimum of thought and effort because they are not of vital concern nor have any great impact on the consumer's lifestyle.
- Low potential risk for the consumer, it is easier to influence the consumer at the point of purchase, easy to sell off basically.

Routine response behaviour (low-involvement product)

- The type of decision making exhibited by consumers buying frequently purchased, low-cost goods and services; **REQUIRES LITTLE SEARCH AND DECISION TIME**

Limited decision making

- The type of decision making that requires a moderate amount of time for gathering information and deliberating about an unfamiliar brand in a familiar product category

Extensive decision making

- The most complex type of consumer decision making, used when considering the purchase of an unfamiliar, expensive product or an infrequently purchased item; requires the use of several criteria for evaluating options and much time seeking information (opposite to limited decision making).

Culture

- The set of values, norms, attitudes, and other meaningful symbols that shape human behaviour and artifacts or products

Value

- The enduring belief shared by society that a specific mode of conduct is personally or socially preferable to another mode of conduct

Subculture

- A homogenous group of people who share elements of the overall culture and also have their own unique cultural elements

Social class

- A group of people who are considered nearly equal in status or community esteem, who regularly socialize among themselves

Reference group

- A group in society that influences an individual's purchasing behaviour
- Reference group serve as information sources and influence perceptions

Primary membership groups

- Groups with which individuals interact regularly in an informal, face-to-face manner

Secondary membership groups

- Groups with which individuals interact less consistently and more formally than with primary membership groups

Aspirational reference groups

- Groups that an individual would like to join

Norms

- The values and attitudes deemed acceptable by a group

Nonaspirational reference groups (dissociative groups)

- Groups that influence our behaviour because we try to maintain distance from them

Opinion leader

- An individual who influences the opinions of others

- Opinion leaders are often the first to try new products and services

Sociometric leader

- A low-profile, well respected, collaborative professional who is socially and professionally well connected

Personality

- A way of organizing and grouping the consistently of an individual's reactions to situations

Self-concept

- How consumers perceive themselves in terms of attitudes, perceptions, beliefs, and self-evaluations

Maslow's hierarchy of needs

- A method of classifying human needs and motivations into five categories in ascending order of importance.
- Physiological, safety, social, esteem, and self actualization

Chapter 7

- Core of GDP in the world

What is business-to-business marketing (b2b)

- The process of matching capabilities between two non consumer entities to create value for both organizations and the "customer's customer"; ALSO REFERRED TO BUSINESS MARKETING
- Active connection between businesses to ensure needs are met
- Business-to-business is a situation where one business makes a commercial transaction with another.

Consumer marketing

- Active seller
- Passive buyer

Business marketing

- Active seller
- Active buyer
- B2b is basically saying the buying and selling of goods to other businesses
 - Farmer company selling apples to grocery stores
- Business to consumer means selling and buying from consumers
- The difference between b2b and b2c is who is the ultimate purchase and user of the product or service

B2b markets include

- Resellers
- Institution
- Government
- Manufactures

C2C

- Consumer to consumer reviews of products on the vendors sites where the products were purchased
- People trading products with other people online

Network

- Develop a relationship with other companies, so they can help you - this is good
- Business networkers can supply new equipments supplies and etc
- Don't ruin your reputation by not following rules
- Have personal networks to get jobs in the future

Relationship commitment

- A firm's belief that an ongoing relationship with another firm is so important that the relationship warrants maximum efforts at maintaining it indefinitely

Types of demand:

Derived demand

- Monitor consumer preference

Inelastic demand

- In regards to price
- The rise of technology can change the price, use textbooks for an example, there's not enough textbooks that are being sold in store because people can find them online

Joint demand

- Demand for parts tied to each other

Fluctuating demand

- Less stable than demand for consumers

Business customers can be governments

Buying centre - REVIEW FOR MIDTERM

BUYING CENTER PARTICIPANTS	WHAT THEY DO
Initiators	Recognize that a company problem can be solved or avoided by acquiring a product or service.
Gatekeepers	Control information and vendor access to corporate decision makers; determine which vendors get the chance to sell.
Influencers	Have a say in whether a purchase is made and what is bought.
Deciders	Say yes or no to the contemplated purchase.
Purchasers	Obtain the purchased product or service.
Users	Consume the purchased product or service.

Initiators:

- The person who first suggest making a purchase

Influencers/evaluators

- People who influence the buying decision
- They often help define specifications and provide information for evaluating options.
Technical personnel are especially important as influencer

Gatekeepers

- Group members who regulate the flow of information
- Controls information

Decider

- the person who has the formal or informal power to choose or approve the selection of the supplier or brand

Purchaser

- the person who actually negotiates the purchase

Users

- Consumes the product

B2b buying process - REVIEW ALL FOR MIDTERM EXAM,

1. Need recognition
2. Product specification
3. RFP process
4. Proposal analysis and supply selection
5. Order specification (contract deal, purchase)
6. Vendor performance assessment using metrics

Business marketing online

- E-commerce
- Everyone is using the internet

Why is e-commerce so slow to adopt

- Security
- Cost of creating online presence

Personality

- A way of organizing and grouping the consistency of an individuals reactions to situations

Self-concept

- How consumers perceive themselves in terms of attitudes, perceptions, beliefs, and self evaluation

Ideal-self image

- The way an individual would like to be

Real-self image

- The way and individual actually perceives himself or herself to be

Chapter 8

- Cannot make decisions until you do SWOT analysis
- Then do segmentation, targeting and positioning (STP)

Segmentation

- is the process of identifying and profiling distinct groups of buyers who differ in their needs and preferences.

Target is when you select one or more.

Market

- People or organizations with needs or wants and the ability and willingness to buy

Market segment

- A subgroup of people organizations sharing one or more characteristics that cause them to have similar product needs

Market segmentation

- The process of dividing a market into meaningful, relatively similar, and identifiable segments or groups

Segmentation bases

- Characteristics of individuals, groups or organizations

Geographic segmentation

- Region
- City size
- culture

Demographic segmentation

- Age
- Sex
- Income
- Education
- Religion
- Social class
- Ethnicity

Psychographic

- Activities
- Personality
- Motives
- Interests
- Opinions

Geodemographic segmentation

- Segmenting potential customers into neighbourhood lifestyle categories.

Benefit segmentation

- Process of grouping customers into market segments according to the benefits they seek from the product.

Usage-rate segmentation

- Dividing a market by the amount of product bought or consumed
- Segmenting users by amount purchased or consumers is usage-rate segmentation
- Usage rate segmentation divides consumers according to how much they use a product

Aggregate segmentation

- involves treating all consumers as if they are the same.
- With an aggregation approach, a company might create a single type of product, for example, and then use mass-market advertising to deliver a single sales message to the entire market

Gender segmentation

- Women are powerful consumers. They have a huge influence on consumer purchasing. Women buy on behalf of the people living in their home.

Income segmentation

- Income is a popular demographic variable for segmenting markets because income level influences consumers' wants and determines their buying power.
- Many markets are segmented by income, including the markets for housing, clothing, automobile, and food.

Ethnic segmentation

- Segmenting cultures, ethnicities, etc.

lifestyle segmentation

- Lifestyle segmentation divides people into groups according to the way they spend their time, the importance of the things around them, their beliefs, and socio economic characteristics such as income and education.

Pareto Principle

- A principle holding that 20% of all customers generate 80% of the demand
- The Pareto principle states that for many outcomes, roughly 80% of consequences come from 20% of causes

Usage

- Rate
- Awareness status
- Brand loyalty
- Time
- Situation
 - Time
 - Objective
 - Location
 - Person

Benefits sought

- Attributes
- Hedonic (pleasure)
- Utilitarian

Benefit sought

- Segmenting according to the benefits that the consumers are seeking from a product or service

Market

- Needs and wants

Family life cycle

- A series of stages determined by a combination of age, material, and the presence or absence of children

Satisficers

- Business customers who place their order with the first familiar supplier to satisfy their product

Optimizers

- Business customers who consider numerous suppliers, both familiar and unfamiliar solicit bids
- Business process optimization is the practice of increasing organizational efficiency by improving processes.

Target marketing

- A group of people or organizations for which an organization designs, implements, and maintains a marketing mix intended to meet the needs of that group, which results in mutually satisfying exchanges.

Undifferentiated targeting strategy

- A firm using an undifferentiated targeting strategy essentially adopts a mass-market philosophy
- A marketing approach that views the market as one big market with no individual segments, and thus uses a single marketing mix
- Advantages:
 - Potential savings on production/marketing costs
- Disadvantages:
 - unimaginative product offerings
 - Company more susceptible to competition

Concentrated targeting strategy

- A strategy used to select one segment of a market
- A concentrated marketing strategy is targeted to one specific market segment or audience
- Advantages:
 - Concentrates resources
 - Can better meet the needs of a narrowly defined segment
 - Allows some small firms to better compete with larger firms
 - Provides strong positioning
- Disadvantages

- Segments too small or change
- Large competitors may more effectively market to niche segments

Niche

- One segment of a market

Multisegment targeting strategy

- A strategy that chooses two or more well-defined market segments and develops a distinct marketing mix for each
- Different promotional appeals rather than completely different marketing mixes may be used as the basis for a multisegment strategy
- Advantages:
 - Greater financial success
 - Economics of scale in producing/marketing
- Disadvantages
 - High costs
 - cannibalization

Cannibalization

- Market cannibalization is a loss in sales caused by a company's introduction of a new product that displaces one of its own older products

One-to-one marketing

- An individualized marketing method that uses customer information to build long term-personalized, and profitable relations with each customer
- To generate customer loyalty
- Advantages
 - Delivers highly customized service
 - High customer engagement/retention
 - Increasing revenue through loyalty
- Disadvantages
 - High costs

Perceptual mapping

- A means of displaying or graphing, in two or more dimensions, the location of products, brands, or groups of products in customers minds
- attempts to visually display the perceptions of customers or potential customers.

repositioning

- Changing a consumers perception of a brand in relation to competing brands

Positioning

- A process that influences potential customers overall perception of a brand, a product line, or an organization in general.

Position

- The place a product, brand, or group of product occupies in consumers minds relative to competing offerings.

Product differentiation

- A positioning strategy that some firms use to distinguish their products from those of competitors

Chapter 10

Product

- Anything both favourable and unfavorable, received by a person in an exchange or possession, consumption, attention, or short term use

Business product

- Business products are products and services that companies purchase to produce their own products or to operate their business.
- Examples include:
 - Business products include raw materials, equipment, component parts, supplies, and business services.

Consumer products:

- A product to satisfy an individual's personal wants.

Types of consumer products

- Convenience goods
- Shopping goods
- Speciality goods
- Unsought goods

Convenience product:

- Inexpensive item that merits little shopping effort

Shopping product

- More expensive than a convenience product and is found in fewer stores.

Speciality product

- A particular unique item with unique characteristics for which consumers search extensively
- They are very reluctant to accept substitutes.

Unsought product

- Unsought Goods are goods that the consumer does not know about or does not normally think of buying
- Examples: funeral services, encyclopedias, fire extinguishers, insurance and reference books.

Product modification

- Changing one or more of a products characteristics

Product item

- A specific version of a product that can be designated as a distinct offering among an organization's products

Product mix

- All products that an organization sells

Product mix width

- The number of products lines an organization offers
- For example, if you have a company that specializes in oral hygiene and they sell three different products, floss, mouthwash and toothpaste, then that company has a product mix width of three.

Product line

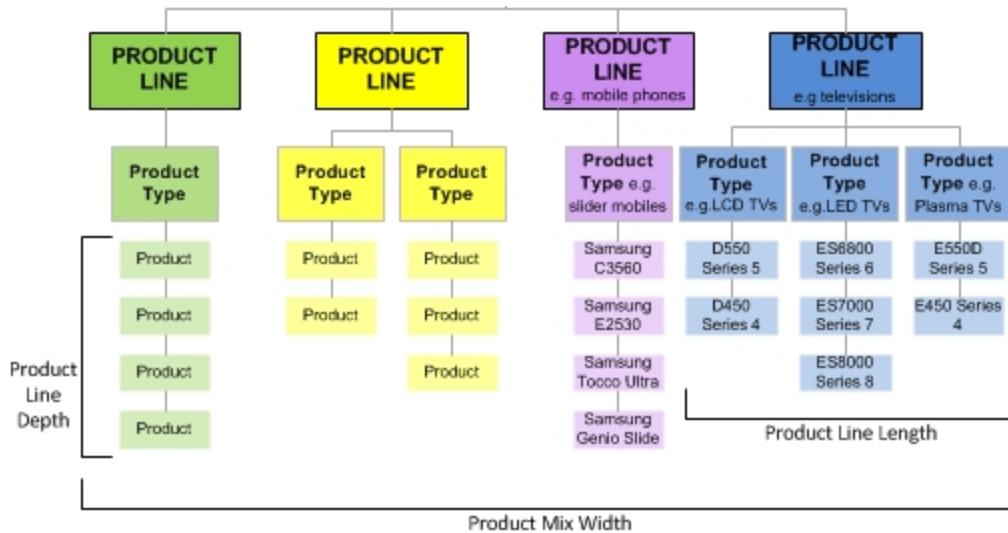
- product lining is offering several related products for sale individually
- A group of closely related product items

Product line length

- the number of product items in a product line

Product line depth

- The different versions of a product item in a product line
- Product line depth is the number of product items in a product line
 - Example: P&G makes dawn dishwashing liquid, by expanding it by adding dawn direct foam dishwashing liquid, it will be line depth because you are adding more to the product line.



Adjustments

- Repositioning, changing consumers perceptions of the brand

Product line extensions

- Adding products to an extension product
- A group of closely related product items

Planned obsolescence (obsolete means no longer produced or used; out of date)

- The practice of modifying products so those that have already been sold become obsolete before they actually need replacement

Brand

- A name, term, symbol, design, or combination thereof that identifies a sellers products and differentiates them from competitors products

Brand name

- The elements of a brand that cannot be spoken

Brand equity

- The value of company and brand names

Global brand

- A brand with at least 20% of the product sold outside its home country or region

Brand loyalty

- A consistent preference for one brand over all others

Generic product

- A no-frills, no-brand name, low-cost product that is simply identified by its product category

Manufacturer brand

- The brand name of a manufacturer
- Advantages: heavy advertising to the consumer by well-known manufacturers, such as procter gamble, HELPS DEVELOP STRONG CONSUMERS
- Well-known manufacturer brands attract new customers and enhance dealers prestige
- Many manufacturer offer rapid delivery, enabling the dealer to carry less inventory
- If a dealer happens happens to sell a manufacturer's brand of poor quality, the customer many switch brands and remain loyal to the dealer

Private brand

- A brand name owned by a wholesaler or a retailer
- Advantages: A wholesaler or retailer can usually earn higher profits on its own brands. In additions, because the private brand is exclusive, the retailer is under less pressure to mark down the price of its competition
-

EXHIBIT 10.2 COMPARING MANUFACTURERS' AND PRIVATE BRANDS FROM THE RESELLER'S PERSPECTIVE	
Key Advantages of Carrying Manufacturers' Brands	Key Advantages of Carrying Private Brands
<ul style="list-style-type: none"> • Heavy advertising to the consumer by well-known manufacturers, such as Procter & Gamble, helps develop strong consumer loyalties. 	<ul style="list-style-type: none"> • A wholesaler or retailer can usually earn higher profits on its own brands. In addition, because the private brand is exclusive, the retailer is under less pressure to mark the price down to meet competition.
<ul style="list-style-type: none"> • Well-known manufacturers' brands, such as Kodak and Fisher-Price, can attract new customers and enhance the dealer's (wholesaler's or retailer's) prestige. 	<ul style="list-style-type: none"> • A manufacturer can decide to drop a brand or a reseller at any time or even to become a direct competitor to its dealers.
<ul style="list-style-type: none"> • Many manufacturers offer rapid delivery, enabling the dealer to carry less inventory. 	<ul style="list-style-type: none"> • A private brand ties the customer to the wholesaler or retailer. A person who wants MotoMaster batteries must go to Canadian Tire.
<ul style="list-style-type: none"> • If a dealer happens to sell a manufacturer's brand of poor quality, the customer may simply switch brands and remain loyal to the dealer. 	<ul style="list-style-type: none"> • Wholesalers and retailers have no control over the intensity of distribution of manufacturers' brands. Canadian Tire store managers don't have to worry about competing with other sellers of MotoMaster automotive products. They know that these brands are sold only at Canadian Tire.

<u>Key advantages of carrying manufacturer's brand</u>	<u>Key advantages of carrying private brands</u>
- Heavy advertising to the consumer by	- A wholesaler or retailer can usually

well-known manufacturers helps develop strong consumer loyalties	earn higher profits on its own brands. In addition, because the private brand is exclusive, the retailer is under less pressure to mark the price down to meet competition.
- Can attract new customers and enhance the dealer's (wholesalers or retailers) prestige	- A manufacturer can decide to drop a brand or a reseller at any time or even to become a direct competitor
- Many manufacturers offer rapid delivery,, enabling the dealer to carry less inventory	- A private brand ties the customer to the wholesaler or retailer.
- If a dealer happens to sell a manufacturer's brand of poor quality, the customer may simply switch brands and remain LOYAL TO THE DEALER	- Wholesalers and retailers have no control over the intensity of distribution of manufacturers' brands. Canadian tire store managers don't have to worry about competing with other sellers.

Individual branding

- The use of a different brand names for different products

Family brand

- The marketing of a several different products under the same brand name

Co-branding

- Placing two or more brand names on a product or its package
- Co-branding is a marketing strategy that utilizes multiple brand names on a good or service as part of a strategic alliance.

Trademark

- The exclusive right to use a brand or part of a brand

Service mark

- A trademark for a service

Generic product name

- A term that identifies a product by class or type and cannot be trademarked

Persuasive labeling

- Packaging labeling that focuses on a promotional theme or logo, consumer information is secondary

Informational labeling

- a label which carries information including use instructions, precautions and warnings, etc

Universal product codes (UPCs)

- A series of thick and thin vertical lines (BAR CODES)
- Can only be readable by the computer to match the code to brand names, package sizes, and prices

Warranty

- A confirmation of the quality or performance of a good
- Promising to repair or replace it if necessary within a specified period of time.

Express warranty

- A written guarantee
- an agreement by a seller to provide repairs or a replacement for a faulty product, component, or service within a specified time period after it was purchased.

Implied warranty

- An unwritten guarantee that the good or service is fit for the purpose for which it was sold
- For example, when you buy a new car from a car dealer, the implied warranty is that the car works. When you order a hamburger at a restaurant, it comes with the implied warranty that it is edible

Homogeneous

- Look for the lowest-priced brand that has desired features
- of the same kind; alike.

Heterogeneous

- Heterogeneous products are products with attributes that are significantly different from each other, which makes it difficult to substitute one product for another

Chapter 11

New product

- A product new to the world, new to the market, new to the producer or seller

New-to-the-world products

- These products create an entirely new market

- Smallest category of new products since few products are seen as completely new by everyone

New-product lines

- These products which the firm has not previously offered, allow the firm to enter an established market.
- These products are not new to the marketplace but are usually new to the company.

Additions to existing product lines

- This category includes new products that supplement a firm's established line
- Capitalize brand equity

Improvements or revisions of existing products:

- New and improved
- Significantly or slightly changed
- Could be a package improvement

Repositioned products

- Existing products targeted at new markets or new segments

Lower Priced Products

- Products that provide performance similar to competing brands at a lower price

Product Characteristics and the Rate of Adoption

- 1. Complexity
- 2. Compatibility
- 3. Relative Advantage
- 4. Observability
- 5. Trialability

Why new products Fail

- incongruity between product and chosen target market
- development process too long-delayed entry
- company resources ill- equipped to handle growth
- poor initial product reviews, combined with few changes made based on customer feedback
- poor execution of marketing mix activities necessary to execute strategy

New product development process

1. New product strategy
 - A plan that links the new-product development process with objectives of the marketing development

2. Idea generation
 - Surveys, focus groups, observation, brainstorming, research and development
3. Idea screening
 - Elimination of ideas that are inconsistent with the organizations new product strategy
4. Business analysis
 - Where demand, cost, sales, and profitability are calculated
5. Development
 - Developing prototypes, brand name, labelling, packaging
 - Laboratory tests
6. Test marketing
 - The limited introduction of a product and a marketing program to see the reaction of potential customers in a market situation
7. Commercialization
 - Advertise and market the product

Concept testing

- a research method that involves asking customers questions about your concepts and ideas for a product or service before actually launching it
- evaluate new-product ideas usually before any prototype has been created

Adopter

- A consumer who was satisfied enough with his or her trial experience with a product to use it again

Innovation

- A product perceived as new by a potential adopter
- A new method, idea, product or service

Diffusion

- The process by which the adoption of an innovation spreads
- the manner in which an innovative technology spreads across a market group by group according to the readiness of each group to adopt it.

Innovators

- The first 2.5 percent of all those who adopt the product
- Are eager to try new ideas and products, almost to the point of obsession
- Venturesome

Early adopters

- The next 13.5 percent to adopt the product
- They do adopt early in the products life cycle

- The term "early adopter" refers to an individual or business who uses a new product, innovation, or technology before others. An early adopter is likely to pay more for the product than later adopters
- Rely much more on group norms and values. They are also more oriented to the local community in contrast to the innovators worldly outlook.

Early majority adopters

- The next 34 percent to adopt. The early majority weighs the pros and cons before adopting a new product
- Likely to collect more information and evaluate more brands than early adopters
- less technologically educated than innovators but are willing to take a chance on new products.

Late majority adopters

- The next 34 percent to adopt.
- The late majority adopts a new product because most of their friends have already adopted it
- They rely on group norms
- They depend on mass media and communication (news)

Laggard adopters

- The last 16 percent
- Does not rely on group norms
- The past heavily influences their decisions
- At the end of the cycle, where people buy products that have been around for a while
- Old people basically (people with less experience with technical stuff)

New-product strategy

- A plan that links the new product development process with the objectives of the marketing department, the business unit, and the corporation.

Product life cycle (PLC)

- A concept that traces the stages of a product acceptance, from its introduction (birth) to its decline (death).
- The PLC is especially useful as a predicting tool

Product category

- All brands that satisfy a particular type of need

Adopter

- A customer who was satisfied enough with his or her trial experience with a product to use it again

Introductory stage

- The full-scale launch of a new product into the marketplace
- Educate the public

Growth stage

- The second stage of the product life cycle when sales typically grow at an increasing rate, many competitors enter the market, large companies may start to acquire small pioneering firms
- Profits are healthy

Maturity stage

- A period during which sales increase at a decreasing rate
- Has been established in the market
- Longest stage in the product life cycle
- Promotion to the dealer is often intensified

Decline stage

- A long-run drop in sales

Chapter 12

Benefit complexity

- Nonprofit organizations often market complex and emotional behaviors or ideas

Benefit strength

- The benefit strength of many nonprofit offerings is not immediate or indirect

Generating new-product

- The two techniques considered most useful for generating new-product ideas are brainstorming and focus groups.

Service

- The result of applying human or mechanical efforts to people or objects

Intangibility

- The inability of services to be touched, seen, tasted, heard, or felt.
- Marketers should rely on tangible cues to communicate a service's nature and quality. This includes creation of the right environment and atmosphere at facilities that customers visit
- Nothing u can't take home (groupons)
- Once the service has has been done, you can't take it home
- Experience that you can't share

- An airline provides travel services. Although there are some aspects that are tangible (such as the plane, the staff, and the food), the service benefit of fast travel is intangible.
-

Search quality

- A characteristic that can be easily addressed before purchased
- help buyers make up their mind about what to buy

Experience quality

- A characteristic that can be assessed only after use

Credence quality

- Credence quality is quality that is difficult for customers to evaluate even after they have consumed a product or service.

Inseparability

- The inability (unable) of a production and consumption of a service to be separated
- Cannot separate them
- CONSUMERS MUST BE PRESENT DURING THE PRODUCTION OF THE SERVICE (FOR EXAMPLE, HAIRCUTS, SURGERIES, SALONS ETC.).
- This characteristic explains that it is impossible to distinguish between the service and the server
- Let's say u want to get ur nails done, you cant get ur nails done and not be there
- Services are often sold and then produced and consumed at about the same time. For airline service, first the ticket is sold. At some later time, the service is produced and consumed simultaneously as the airplane flies to the destination point.

Inconsistency

- The inability of a service quality to be consistent
- Consistency and quality control are often difficult to achieve in a service because services are dependent on their labour force, and services are produced and consumed at the same time. In airline travel, a passenger cannot get exactly the same service experience from flight to flight. The length of the flight, flight comfort, flight attendants' service, food, neighbouring passengers, and many other factors will vary

Inventory

- The inability of services to be stored for future use
- a complete list of items such as property, goods in stock, or the contents of a building.
- <https://tweakyourbiz.com/marketing/how-to-give-your-services-the-product-factor>
- Services cannot be stored, warehoused, or inventoried. An empty airline seat produces no revenue and cannot be saved for the next flight. However, by overbooking flights, passengers can be saved up and used to fill later flights.

Reliability

- The ability to perform a service dependably, accurately, and consistently

Responsiveness

- The ability to provide services quickly.

Assurance

- The knowledge and courtesy of employees and their ability to convey TRUST

Empathy

- Caring and paying attention to customers

Tangibles

- The physical evidence of a service, including physical facilities, tools and etc

Gap model

- A model identifying five gaps that can cause problems in a service delivery and influence customer evaluation

5 different types of gaps

1. Knowledge gap
 - What customers want and what management thinks customers want
2. Standards gap
 - What management thinks customers want and the specifications that management develop to provide the service
3. Delivery gap
 - What the service specifications are and the service that is actually delivered
4. Communication gap

- What the company provides and what the customer is told it provides
5. Expectation gap
- What the customers expect they should receive and the perceived service that has been provided.

LOOK BELOW TO SEE THE DEFINITIONS OF EACH GAPS

Knowledge Gap	Standards Gap	Delivery Gap
<ul style="list-style-type: none"> What customers want and what management thinks customers want 	<ul style="list-style-type: none"> What management thinks customers want and the specifications that management develop to provide the service 	<ul style="list-style-type: none"> What the service specifications are and the service that is actually delivered



Close the Gaps

Communication Gap	Expectation Gap
<ul style="list-style-type: none"> What the company provides and what the customer is told it provides 	<ul style="list-style-type: none"> What the customers expect they should receive and the perceived service that has been provided

Core service

- The most basic benefit the consumer is buying

Supplementary services

- A group of services that support or enhance the core service

Mass customization

- A production method whereby products are not made until an order is placed by the customer
- Basically it means that when a consumer makes an order, then they will start to produce that item

People strategy

- Improve service by giving incentives, training and etc

Place strategy

- Issues such as convenience, number of outlets, direct vs indirect, location etc

Physical evidence

- Physical surroundings, quality of the equipment

Promotion strategy

1. Stress cue
 - A concrete symbol that communicates a message
2. Use a personal information source
 - Use social media to create conversations
3. Create a strong organizational image
 - Manage the evidence
4. Engage in postpurchase communication
 - Follow up after the purchase/consumption

Internal marketing

- Treating employees as customers and developing systems and benefits that satisfy their needs

Nonprofit organization

- An organization trying to achieve a goal rather than profits

Public service advertisement

- An announcement that promotes a program of a nonprofit organization

Indirect payment

- Indirect payment through taxes is common to marketers of free services such as libraries, fire protection, police protection and etc.

Nonfinancial prices

- In many nonprofit situations, consumers are not charged a monetary price but instead must absorb non monetary costs

Below cost pricing

- a price for a product or service that is less than the cost of producing it

Chapter 13 (price)

Price

- That which is given up in exchange to acquire a good or service

Revenue

- The price per unit charged to customer multiplied by the number of units sold
- $\text{Revenue} = \text{price per unit} * \text{units sold}$

Costs

- The combined financial value of all inputs that go into the production of a company's product

Profit

- $\text{Revenue} - \text{costs (fixed + variable)}$

Profit maximization

- Profit maximization means setting prices so that the total revenue is as large as possible relative to total costs

Satisfactory profits

- Satisfactory profits are a reasonable level of profits.

Return on investment (ROI)

- $\text{Net profits} / \text{investment}$

Market share

- A company's product sales as a percentage of total sales for that industry

Status quo pricing

- A pricing objective that maintains existing prices or meets the competitions prices

Price sensitivity

- Consumers varying levels of desire to buy a given product at different price levels

Price elasticity of demand

- A measurement of change in CONSUMER demand for a product relative to the changes in prices

EXHIBIT 13.4 ELASTICITY OF DEMAND		
	Characteristics	Product Examples
Elastic	<ul style="list-style-type: none"> • Non-essential • Many alternatives • Maslow's Social, Esteem Needs 	<ul style="list-style-type: none"> • Smartphones • Fashion • Automobiles
Inelastic	<ul style="list-style-type: none"> • Essential • Few alternatives • Maslow's Physiological Needs 	<ul style="list-style-type: none"> • Home heating and electricity • Basic food staples • Winter boots

$$\text{BEP} = \text{Fixed costs} / (\text{Variable price per unit} - \text{Variable cost per unit})$$

The denominator in this equation represents the margin earned on each sale of each unit.

Break-even analysis

- The calculation of number of units sold, or total revenue required, a firm must meet to COVER ITS COST
- The point of intersection between Total Revenue and Total Costs

Profit maximization

- Setting prices so that total revenue is as large as possible relative to total costs
-

Price strategy

- A pricing strategy is a model or method used to establish the best price for a product or service

Price skimming

- A high introductory price, often coupled with heavy promotion
- Introduce with a high price
- the firm charges the highest initial price that customers will pay and then lowers it over time.
- Price skimming is a price setting strategy that a firm can employ when launching a product or service for the first time.

Experience curve

- Curves that show costs DECLINING at a predictable rate as experience with a product INCREASES

Base price

- The GENERAL price level at which the company expects to sell the good or service

Quantity discount

- A unit price reduction offered to buyers buying either multiple units or at more than a specific dollar amount
- To encourage large orders

Cumulative quantity discount

- A deduction from list price that applies to the buyer's total purchases made during a specific period.
- Cumulative Quantity Discount (CQD) is a program designed to reward repeat customers after reaching a certain order quantity

Non Cumulative quantity discount

- A noncumulative quantity discount applies to each purchase and is intended to encourage buyers to make larger purchases

Cash discount

- A price reduction offered to a consumer, and industrial user, or a marketing intermediary in return for prompt of a bill

Functional discount (trade discount)

- A discount to wholesalers and retailers for performing channel functions

Seasonal discount

- A price reduction for buying merchandise OUT OF SEASON

Value-based pricing

- Setting the price at a level that seems to the consumer to be good price

FOB (free on board) origin pricing

- FOB-origin pricing simply refers to the pricing method where the purchaser or buyer pays the cost of shipping.

Uniform delivered pricing

- The seller pays the actual freight charges and bills every purchaser an identical, flat freight charge
- Definition of freight cost: is the amount paid to a carrier company for the transportation of goods from the point of origin to an agreed location

Zone pricing

- Charges the same freight rate to all customers in a given zone
- A marketing method to equalize costs among buyers within large geographic areas

Freight absorption pricing

- Seller pays all or part of the freight costs

Basing-point pricing

- Charging freight from a given base point regardless of the city which the goods are shipped

Single price tactic / single-price tactic

- Offering all goods and services at the same prices

Flexible pricing

- Different customers pay different prices for essentially merchandise
- negotiations between buyers and sellers, within a certain range.

Penetration pricing / price penetration

- A relatively low price for a product initially as a way to reach the mass market
- elastic demand curve
- Penetration pricing is a marketing strategy used by businesses to attract customers to a new product or service by offering a lower price during its initial offering.
- Make it difficult for the competition to compete
- This is to discourage competitors from entering the market
- Penetration pricing has low profits margins on each unit sold

Professional services pricing

- Used by people with lots of experience that charges something
- Companies charging too high of a price because of their professionalism
- Exploiting inelastic demand

Price lining

- Offering a product line with several items at specific price point
- SETS UP FIXED PRICES for goods

Loss leader pricing

- A product is sold near or even below cost in the hope that shoppers will buy other items once they are in the store
- an aggressive pricing strategy in which a store sells selected goods below cost in order to attract customers

Odd-even pricing

- Odd-even pricing is a pricing strategy involving the last digit of a product or service price. Prices ending in an odd number, such as \$1.99 or \$78.25, use an odd pricing strategy

Price-bundling

- Marketing two or more products in a single package for a SPECIAL price

Unbundling

- Reducing the bundle of services that comes with basic product
- Unbundling is a process by which a company with several different lines of businesses retains core businesses while selling off, spinning off, or carving out assets, product lines, divisions, or subsidiaries.

Two-part pricing

- Charging two separate amounts to consume a single good or service
- To earn more consumer surplus

Bait pricing

- A price tactic that tries to get consumers into a store using false and misleading price advertising and then uses high-pressure selling to persuade consumers to buy more expensive products instead

Deceptive pricing

- Promoting a price or price saving that is NOT ACTUALLY available

Price fixing

- An agreement between two or more firms on the price they will charge for a product

Predatory pricing

- The practice of charging a very low price for a product with the intent of driving competitors out of business or out of the market.

Price discrimination

- Price discrimination is the practice of charging different prices to different buyers for goods of like grade and quality within relatively the same period to reduce competition.

Resale price maintenance

- Attempts by a producer to control a stores retail price for the product

Chapter 14 (logistics)

Allocating

- Able to purchase smaller more manageable quantities

Providing specialization and division of labour

- According to the concept of specialization and division of labour, breaking down a complex task into smaller and simpler and then allocating them to specialists will create both greater efficiency and lower average cost

Contact efficiency

- Reducing the number of stores customers must shop in to complete their purchases.

Channel intermediaries

Transactional functions

- Contacting and promoting (contacting potential customers and promoting products)
- Negotiating: determining how many goods and or services to buy and sell
- Negotiating: type of transportation to use, when to deliver, and method and timing of payment
- Risk taking: assuming the risk of owning inventory

Logistical functions

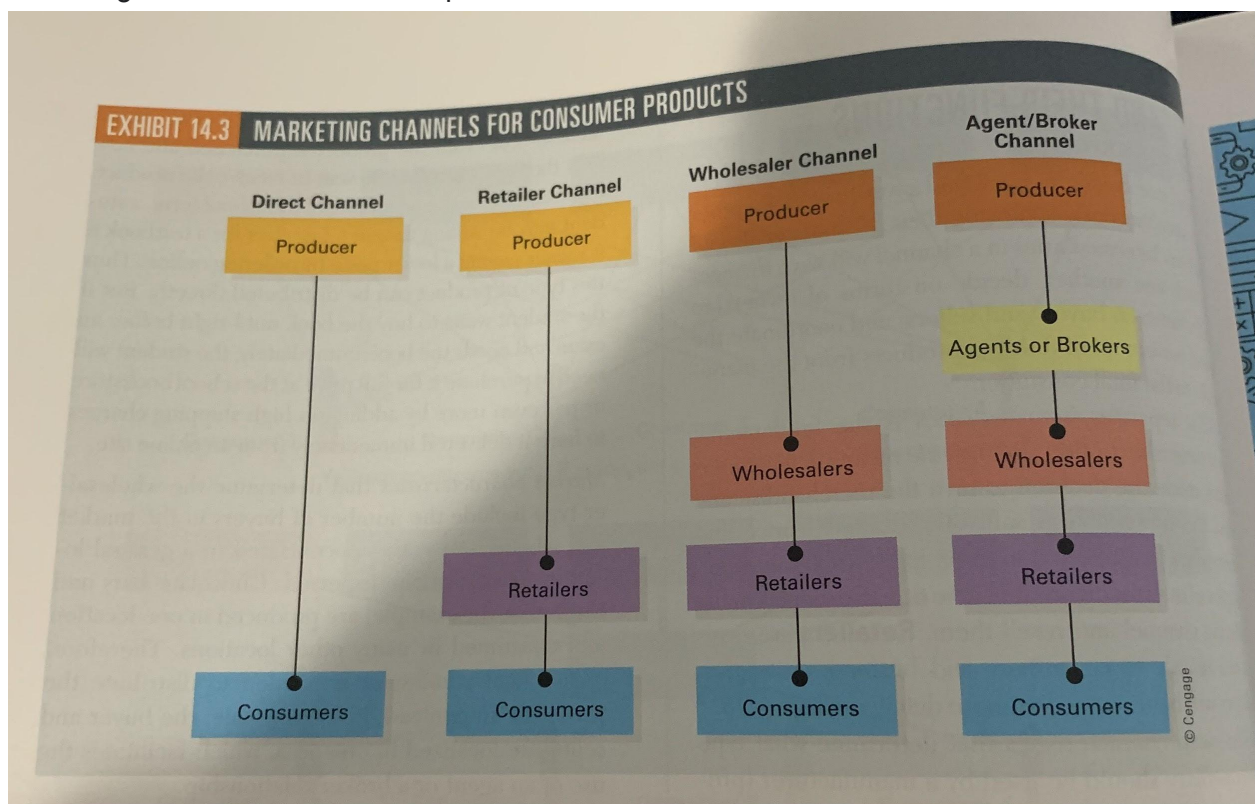
- Physical distributing: transporting and sorting goods to overcome temporal and spatial discrepancies
- Storing: maintaining inventories and protecting goods
- Sorting: overcoming discrepancies of quantity and assortment
- Sorting out: breaking down a heterogeneous supply into separate homogeneous stock
- Accumulating: combining similar stocks into a larger homogeneous
- Allocating: breaking a homogeneous supply into smaller and smaller lots
- Assorting: combining products into collections or assortments that buyers want available at one place

Facilitating functions

- Researching: gathering information about other members and customers

- Financing: extending credit and other financial services to facilitate the flow of goods through the channel to the final consumer

Marketing channels for consumer products



Direct channel

- A distribution channel in which producers sell directly to customers

Retailer channel

- Get a product from the manufacturer and sells them to consumers

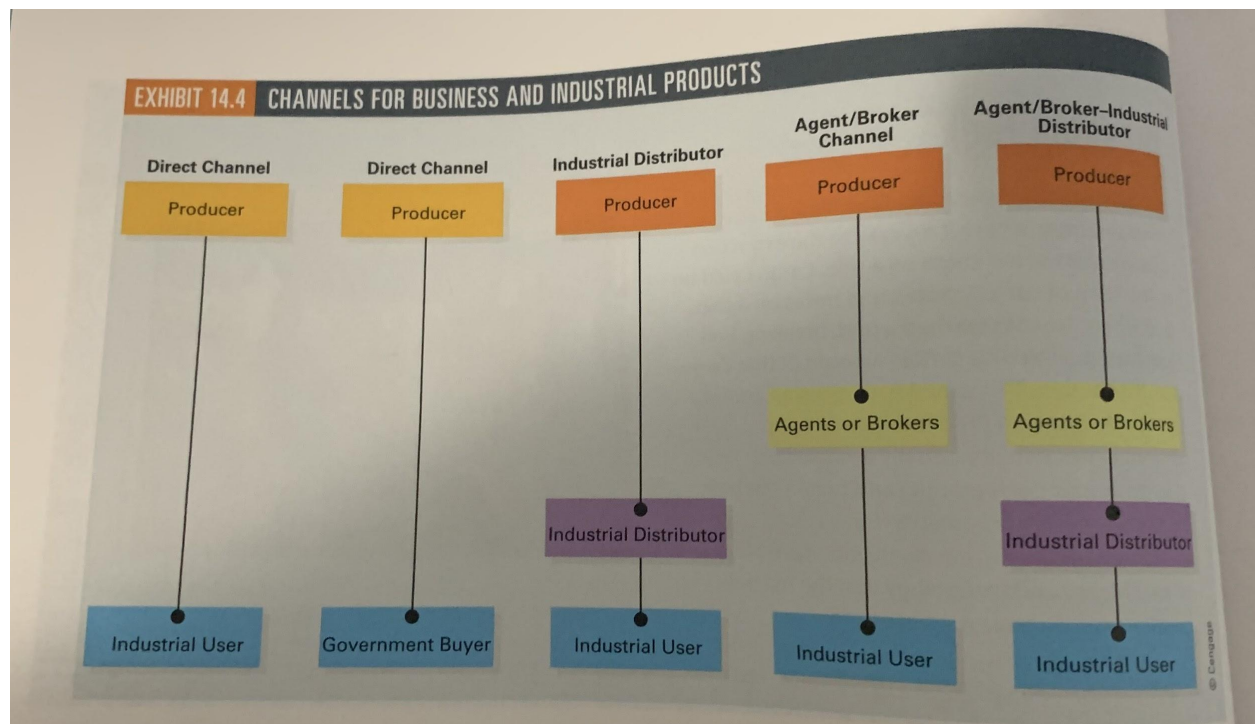
Wholesaler

- Wholesalers are intermediary businesses that purchase bulk quantities of product from a manufacturer and then resell them to retailers

Agents or brokers / agents/brokers

- Sells them to wholesalers or retailers, so that it can reach end customers
- Brings manufactures and wholesalers together for negotiation

Channels for business and industrial products



Merchant wholesaler

- Merchant wholesalers buy and sell merchandise on their own account, that is, they take title to the goods they sell. They generally operate from warehouse or office locations and they may ship from their own inventory or arrange for the shipment of goods directly from the supplier to the client.
- Merchant wholesalers is an institution that buys goods from manufacturers and resells them to other wholesalers and retailers

Marketing channel (channel of distribution)

- A set of interdependent organizations that ease the transfer of ownership as products move from producer to business or consumer

Channel members

- A channel member is one business in a network of businesses that help a producer channel their products to consumers.

Supply chain

- The connected chains of all the business entities both external and internal to the company that perform or support the marketing channel functions
- A supply chain is a network between a company and its suppliers to produce and distribute a specific product or service

Discrepancy of quantity

- the difference between the quantity a manufacturer produces and the quantity end-users want to buy

Discrepancy of assortment

- The lack of all the items a customer needs to receive full satisfaction from a product
- A manufacturer may produce only one product, yet additional products may be required to actually use the first product. This creates a discrepancy of assortment.

Temporal discrepancy

- Temporal discrepancies occur when a product is produced, but a consumer is not ready to purchase the item.

Spatial discrepancy

- The difference between the location of a producer and the location of widely scattered markets

Retailers

- A channel intermediary that sells mainly to consumers and business customers

Direct channel

- A distribution channel in which producers sell directly to consumers

Dual distribution (multiple)

- The use of two or more channels to distribute the same product to target markets

Strategic channel alliance

- Cooperative agreements between firms to use one of the manufacturer's already established distribution channels
- A strategic alliance is an arrangement between two companies that have decided to share resources to undertake a specific, mutually beneficial project

Intensive distribution

- A form of distribution aimed at having a product available in every outlet where target customers might want to buy
- Intensive distribution is a form of marketing strategy under which a company tries to sell its product from a small vendor to a big store. Virtually, a customer will be able to find the product everywhere he goes.

Selective distribution

- Selective distribution is a strategy where a producer sells its products or services in a few exclusively chosen retail outlets in a specific geographical area.

exclusive distribution

- A form of distribution that involves only one or a few dealers within a given area

Multiple distribution (dual distribution)

- occurs when a producer selects two or more different channels to distribute the same products to target markets.

Channel power

- One marketing channel member intentionally affects another members behaviour
- A channel member is one business in a network of businesses that help a producer channel their products to consumers

Channel leader (channel captain)

- Oversees the activities of other channel members

Channel gatekeepers

- Gatekeepers determine both which units get into the channel and which pass from section

Channel conflict

- A clash of goals and methods among distribution channel members

Horizontal conflict

- a disagreement among two or more channel members at the same level.

Vertical conflict

- vertical conflict is conflict that occurs between organizations that work together to provide the same product to the consumer (retailer, wholesaler, and manufacturer)

Channel partnering

- The joint effort of all channel members to create a supply chain that serves customers and create a competitive advantage

Supply chain management

- A management system that coordinates and integrates all the activities performed by supply chain members

Logistics

- The process of strategically managing the efficient flow and storage of raw materials, in-process inventory, and finished goods.

Logistics information system

- The link that connects all the logistics function of the supply chain

Procurement

- The process of buying goods and services for use in the operations of an organization

Mass customization

- A production method whereby products are not made until an order is placed by the customer
- Basically it means that when a consumer makes an order, then they will start to produce that item

Just in time production

- Reducing inventory levels and delivering raw materials

Order processing system

- A system whereby orders are entered into the supply chain

Compatibility

- Compatibility is the degree to which an innovation fits the values and experiences of potential consumers.

Complexity

- Product complexity can be e.g. the number of products, the number of components they consist of or raw materials used.
- Generally hard for the consumers to use because of numerous amounts of features

Trialability

- The notion of trialability refers to the ability to trial an idea, process or system before making the eventual decision to implement or not to implement the idea, process or system

Relative advantage

- The degree to which a new product is superior to an existing one

Market factors

- Who are the potential customers?
- What do they buy?
- Where do they buy?
- When do they buy?
- How do they buy?

Product factors

- Products that are more complex, customized, and expensive tend to benefit from shorter and more direct marketing channels

Producer factors

- Several factors pertaining to the producer itself are important to the selection of a marketing channel.
- In general, producers with large financial, managerial, and marketing resources are better able to use more direct channels

Chapter 16 (promotion)

Promotion

- Communication by marketers that informs, persuades, reminds, and connects potential buyers to a product for the purpose of influencing an opinion
- the publicization of a product, organization, or venture so as to increase sales or public awareness

Promotional strategy

- A plan for the use of the elements of promotion, advertising, public relations, personal selling, sales promotions and more.

Promotional mix

- advertising
- Direct marketing
- Sales promotion
- Online marketing
- Personal selling

Competitive advantage

- The set of unique features of a company and its products that are perceived by the target market as significant and superior to the competition
- A competitive advantage is anything that gives a company an edge over its competitors

Communication

- The process by which we exchange or share meanings through a common set of symbols

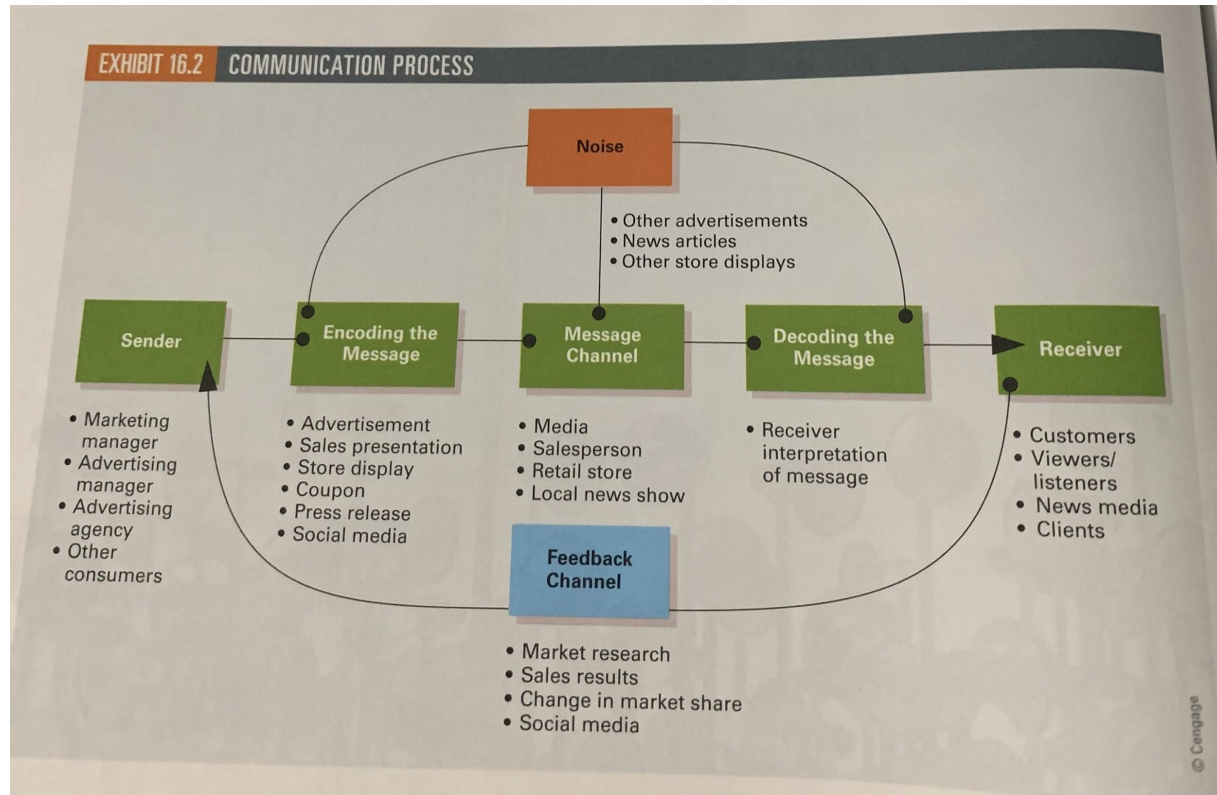
interpersonal communication

- Direct, fact to face communication between two or more people

Mass communication

- The communication of a concept or message to large audiences, usually through a medium such as television or a newspaper

Communication process



Sender

- The originator of the message in the communication process
- Attempt to inform, persuade, remind and connect with the target market to adopt a particular course of action

Encoding

- The conversion of the senders ideas and thoughts into a message, usually in the form of words or signs

Receiver

- The people who decode a message

- Marketers listen to the target market so they can develop the appropriate message, adapt existing messages, spot new communication opportunities and connect with larger audiences.

Decoding

- Interpretation of the language and symbols sent by the source through a channel

Message transmission

- Requires a channel
 - voice , radio, newspaper, and etc
 - Facial expression or gesture can also serve as a channel

Noise

- Anything that interferes with distorts, or slow down the transmission of information

Feedback

- The receiver's response to a message

Goals of promotion

- Inform
- Connect
 - The increase acceptance and use of social media are beneficial in helping companies develop relationship with their customers
 - Can result in in increased customer loyalty which is highly desired in the later stages of the product life cycle
- Persuade
 - Normally the main promotional goal when the product enters the growth stage of its cycle
 - Persuading its customers to buy their product by giving them information
- Remind
 - Reminder promotion is used to keep the product and brand name in the public's mind
 - This type of promotion prevails during the maturity stage

Promotional mix

- The combination of promotional tools
- Includes: advertising, publicity, sales promotion, personal selling, direct-response, communication, social media, billboards, and etc.
- Used to reach the organization's overall goals

Advertising

- Impersonal, one-way mass communication about a product or an organization that is paid by a marketer

Public relations

- The marketing function that evaluates public attitudes, identifies areas within the organization the public may be interested in, and executes a program of action to earn public understanding and acceptance.
- the process of maintaining a favorable image and building beneficial relationships between an organization and the public communities, groups, and people it serves

Publicity

- Public information about a company, a product, a service, or an issue appearing in mass media as a news item

Sales promotion

- Marketing activities
- Examples
 - Buy one get one free
 - Competition and giveaways
 - Free trial or demo

Persuasive promotion

- To stimulate a purchase or other action

Personal selling

- A purchase situation involving a personal, paid-for communication between two people in an attempt to influence each other

Direct-response communication

- Communication of a message directly from a marketing company and directly to an intended individual target audience

Online marketing

- Two-way communication of a message delivered through the internet to the consumer

Social media

- A collection of online communication tools that facilitate conversations online

Consumer-generated content / user-generated content

- Any form of publicly available online content created BY CONSUMERS

Paid media

- A category of promotional tactics based on the traditional advertising model whereby a BRAND PAYS FOR ADVERTISING SPACE

Earned media

- A promotional tactic based on public relations model that GETS CUSTOMERS TALKING ABOUT THE PRODUCT OR SERVICE

Owned media

- A promotional tactic based on brands becoming PUBLISHERS OF THEIR OWN CONTENT TO MAXIMIZE THE BRANDS VALUE TO CUSTOMER

Branded content

- Creation of engaging bespoke content as a way to promote a particular brand that attracts and builds relationships with consumers

AIDA concept

- Stands for attention, interest, desire, and action.
- A model that outlines the process for achieving promotional goals in terms of stages of consumer involvement with the message
- It is a model used in marketing that describes the steps a customer goes through in the process of purchasing a product. (use this).

Attention

- The consumer becomes aware of the product, brand, or category
- The advertiser must first gain the attention of the target market
- A firm cannot sell its product if the market does not know about the good or service that exists.

Interest

- The consumer becomes interested by learning about the brand benefits and how the brand fit with their lifestyle
- Simple awareness of a brand seldom leads to sell, heightening the understanding
- Web content, news letter, email campaigns, social media blogs.

Desire

- Develops a favourable disposition towards the brand, desire to choose your brand

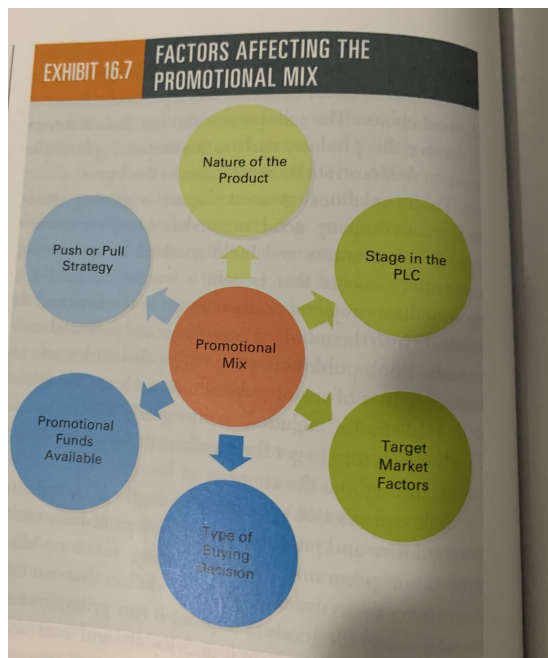
Action

- Buys the product and is committed

Integrated marketing communications

- The careful coordination of all promotional messages for a product or service to ensure consistency of messages at every contact point where a company meets the consumer

Factors affecting the promotional mix



Nature of the product

- Characteristics of the product itself can influence the promotional mix.
- Products can be categorized in terms of branded products, non-branded products, necessity products, luxury products, new products, etc. All these types of products need different promotional tools.

Stage in the product life cycle

- Each cycle has different amounts of promotional mix
- Pre introduction
 - Small amounts of advertising
- Introduction
 - Heavy advertising and public relations to build awareness, sales promotion and more
- Growth
 - Heavy advertising and public relations to build brand loyalty.
- Maturity
 - Advertising slightly decreases
 - More of reminding of the product to the market that its still out there
- Decline
 - Advertising and public relations drastically decreased

Target market characteristics

- A target market that is characterized by widely scattered potential customers, highly informed buyers, and brand-loyal repeat purchases REQUIRE a promotional mix with MORE advertising, social media and sales promotion and LESS personal selling.

Type of buying decision

- The promotional mix also depends on the type of buying

Available funds

- Financial capacity of a company is a vital factor affecting the promotion mix. Advertising through television, radio, and magazines is too costly to bear by financially poor companies while personal selling and sales promotion are comparatively cheaper tools.
- YOU NEED MONEY TO MAKE MONEY

Push strategy

- A marketing strategy that manufacturers uses aggressive personal selling and trade advertising to convince a wholesaler or retailer to carry and sell a particular merchandise.

Pull strategy

- A pull promotional strategy uses advertising to build up customer demand for a product or service.

Chapter 17 advertising/promotion

Advertising response function

- A phenomenon in which spending for advertising and sales promotion increases sales or market share up to a certain level but then produces diminishing return

- Markets need to measure the incremental value sales increase to ensure the greatest return on investment

Public relations

- Is the element in the promotional mix that evaluates public attitudes, identifies issues that may elicit public concerns, and executes programs to gain public understanding and acceptance

Product publicity

- Is instrumental in introducing new products and services

Institutional advertising

- A form of advertising designed to enhance a company's image rather than promote a particular product
- Promote a company then their product
- Firms and schools use these the most

Advocacy advertising

- A form of institutional advertising
- A form of advertising in which an organization expresses its views on a particular issue or cause
- Companies have increased their investment in advocacy advertising, as the benefits of publicly supporting social issues and causes that their target consumers is committed

Product advertising

- A form of advertising that promotes the benefits of a specific good or services

Pioneering advertising

- A form of advertising designed to stimulate primary demand for a new product or product category
- Heavily used in the intro state
- Offers in-depth information about the benefits of the product class
- Pioneering advertising refers to the launch campaign of a new product category

Competitive advertising

- A form of advertising designed to INFLUENCE DEMAND for a specific brand
- Used in the growth stage
- Such advertising is less informational and more emotional
- The emphasis is on brand name, recall, favourable, attitude toward the brand

Comparative advertising

- Comparative advertising directly or indirectly compares two or more competing products on one or more specific attributes

Advertising campaign

- A series of related advertisements focusing on a common theme, slogan, and set of advertising appeals.

Advertising objective

- A specific communication task that a campaign should accomplish for a specified target audience during a specified period.

Advertising appeal

- A reason for a person to buy a product

Unique selling proposition

- A desirable, exclusive, and believable advertising appeal selected as the theme for a campaign.

Programmatic buying / automated media buying

- Using an automated system to make media buying decisions in real time
- Programmatic ad buying is the use of software to buy digital advertising.

Medium

- The channel used to convey a message to a target market.

Media planning

- The series of decisions advertisers make regarding the selection and use of media, allowing the marketer to optimally and cost effectively communicate the message to the target audience.

Advantages and disadvantages of major advertising media

- Types of advertising includes: Newspaper, magazines, radio, television, outdoor media, direct response, and digital and mobile.

EXHIBIT 17.4 ADVANTAGES AND DISADVANTAGES OF MAJOR ADVERTISING MEDIA		
Medium	Advantages	Disadvantages
Newspapers	Geographic selectivity and flexibility; short-term advertiser commitments; news value and immediacy; year-round readership; high individual market coverage; co-op and local tie-in availability; short lead time; highly credible	Little demographic selectivity; limited colour capabilities; low pass-along rate; may be expensive
Magazines	Good reproduction, especially for colour; demographic selectivity; regional selectivity; local market selectivity; relatively long advertising life; high pass-along rate	Long-term advertiser commitments; slow audience buildup; limited demonstration capabilities; lack of urgency; long lead time
Radio	Low cost; immediacy of message; can be scheduled on short notice; relatively no seasonal change in audience; highly portable; short-term advertiser commitments; entertainment carryover	No visual treatment; short advertising life of message; high frequency required to generate comprehension and retention; distractions from background sound; commercial clutter
Television	Ability to reach a wide, diverse audience; low cost per thousand; creative opportunities for demonstration; immediacy of messages; entertainment carryover; demographic selectivity with cable specialty stations; emotional medium	Short life of message; some consumer skepticism about claims; high campaign cost; little demographic selectivity with network stations; long-term advertiser commitments; long lead times required for production; commercial clutter
Outdoor Media	Repetition; moderate cost; flexibility; geographic selectivity; high creativity	Short message; lack of demographic selectivity; high "noise" level distracting audience
Direct Response	Geographic selectivity; one-to-one direct contact with audience; like a personal sales call; can be personalized; can contain multiple messages and offers	Low response rates; high cost per person reached; poor image, especially for direct mail and telemarketing
Digital and Mobile	Fastest-growing medium; ability to reach a narrow target audience; relatively short lead time required for creating Web-based advertising; moderate cost; ability to engage consumers as video content grows	Ad exposure relies on "click-through" from banner ads; measurement for social media needs much improvement; 80% of adults access the Internet; not all consumers use social media

Cooperative advertising

- An arrangement in which the manufacturer and retailer split the costs of advertising the manufacturers brand

Cord cutting

- A discontinuing or never committing to a TV cable or satellite provider

Infomercial

- A 30-minute or longer advertisement that looks more like a TV talk show than a sales pitch

Mobile advertising

- Advertising that displays text, images, and animated ads through mobile phones or other mobile devices

Advergaming

- Placing advertising messages in web-based or video games to advertise or promote a product, service, an organization or an issue
- Putting ads in video games or web-based stuff

Social gaming

- Playing an online game that allows for social interaction between players on a social media platform

Media mix

- The combination of media to be used for a promotional campaign

Cost per contact

- The cost of reaching one member of the target market
- Naturally, as the size of the audience increases, so does the total cost

Cost per click

- The cost associated with a consumer clicking on a display or banner ad

Reach

- The number of target consumers exposed to a commercial at least once during a specific period

Frequency

- The number of times an individual is exposed to a given message during a specific period

Audience selectivity

- The ability of an advertising medium to reach a precisely defined market
- Audience selectivity is an area of research that looks to explain the reason that people make the media use choices that they do

Media schedule

- A designation of the media, the specific publications or programs, and the insertion dates of advertising
- Media Scheduling refers to the pattern of timing of an advertising which is represented as plots on a flowchart on a yearly basis
- From local radio stations and local newspapers
- There are four basic types: continuous media schedule, flighted media schedule, pulsing media schedule, and seasonal media schedule.

Continuous media schedule

- A media scheduling strategy in which advertising is run steadily throughout the advertising period; used for products in the later stages of the product life cycle

Flighted media schedule

- A media scheduling strategy in which ads are run heavy every other month of every two weeks, to achieve a greater impact with an increased frequency and reach
- Every first week of each month or every 2 weeks of each month

Pulsing media schedule

- A media scheduling strategy that uses continuous scheduling through the year coupled with a flighted schedule during the best sales periods
- Pulsing combines flighting and continuous scheduling by using a low advertising level all year round and heavy advertising during peak selling periods.

Seasonal media schedule

- A media scheduling strategy that runs advertising only during times of the year when the product is most likely to be purchased
- For example, advertise candy canes during winter times

Product placement

- A public relation strategy that involves getting a product, service or company name to appear in a movie, television show, radio program, game and more
- Tony Stark in Iron man using a macbook.

Sponsorship

- A public relations strategy in which a company spends money to support an issue, a cause or an event to create brand awareness
- Sponsorship refers to the financial or in-kind support of an event, a sports team, a charity organization, etc, with the objective of attaining certain particular business objectives.
- Another example is sponsoring a sports team. Many major corporations sponsor professional sports teams and/or the buildings they play in. They then have their logos and advertising in front of all the team's fans.
- FOOTBALL PLAYERS HAVING NIKE ON THEIR UNIFORMS

Cause-related marketing

- A type of sponsorship involving the association of a for-profit company with a nonprofit organization; through the sponsorship, the company's product or service is promoted, and money is RAISED FOR NONPROFIT
- Is a mutually beneficial collaboration between a corporation and a nonprofit designed to promote the former's sales.
- A consumer buys a product and a donation is made to a cause.

Ambush marketing

- When an advertiser attempts to position itself with an event but is not sanctioned as an official sponsor.

Experiential marketing

- A form of advertising that focuses on helping consumer experience a brand that a memorable and emotional connection is formed between consumer and the brand
- Making their experience for a brand memorable

Crisis management

- A coordinated effort to handle all the effects of either unfavourable publicity or an unexpected unfavourable event

Direct-response broadcast

- Advertising that uses television or radio and includes a direct call to action asking the consumer to respond immediately.

Direct-response television

- Advertising that appears on television and encourages viewers to respond immediately.

Direct-response print

- Advertising in a print medium (Magazines, newspapers, flyers, newsletters, scholarly journals and other materials) that includes a direct call to action

Do not call list

- A free service whereby Canadians register their telephone number to reduce or eliminate phone calls from telemarketer

Direct mail

- A printed form of direct-response communication that is delivered directly to consumers homes

Chapter 18

What is sales promotion

- Two types of sales promotion
 - Consumer and trade
- Social media and the internet
- Make the product available consumer wants it to be
- Make it convenient
- Immediate purchase is the goal

Targets is consumers

Loyal customer

- People who buy a brand all the time or most

Competitor customers

- Who buy a competitor's product
- Break the loyalty to switch to your product

Brand switchers

- People who buy a variety of products in the category

Price buyers

- People who consistently buy the least expensive brand
- Appeal with low price or supply to make them buy your products

Immediate price reduction

- Product trial
- Repurchase
- Increase the amount purchased

Sales promotion

- consists of those marketing communication activities in which a short-term incentive motivates consumers or members of the distribution channel to purchase a good or service immediately, through either by lowering the price or by adding value.
- The main objective of sales promotion is to increase trial purchases, consumer inventories, and repeat purchases. Sales promotion is also used to encourage brand switching and to build brand loyalty. Sales promotion supports advertising activities

consumer sales promotion:

- sales promotion activities targeting the ultimate consumer
 - Includes short-term incentives to the final customer
 - This includes coupons, contents, free samples, and frequent buyer programs, premium, websites etc.

trade sales promotion:

- sales promotion activities targeting a marketing channel member, such as a wholesaler or retailer
- Consumer forms of sales promotion include coupons and rebates, premiums, loyalty marketing programs, contests and sweepstakes, sampling, and point-of-purchase displays
- Contests and sweepstakes are generally designed to create interest, often to encourage brand switching.

coupon:

- a certificate that entitles consumers to an immediate price reduction when they buy the product

rebates:

- cash refunds given for the purchase of a product during a specific period

premium:

- an extra item offered to the consumer, usually in exchange for some proof of purchase of the promoted product

loyalty marketing program:

- a promotional program designed to build long-term, mutually beneficial relationships between a company and its key customers

frequent-buyer program:

- a loyalty program in which loyal consumers are rewarded for making multiple purchases of a particular good or service

sampling:

- a promotional program that allows the consumer the opportunity to try a product or service for free

shopper marketing:

- promotion set up at the retailer's location to build traffic, advertise the product, or induce impulse buying

18.3

- Manufacturers use many of the same sales promotion tools used in consumer promotions, such as sales contests, premiums, and point-of-purchase displays.

- In addition, manufacturers and channel intermediaries use several unique promotional strategies: trade allowances, push money, training programs, free merchandise, store demonstrations, and meetings, conventions, and trade shows.

trade allowance:

- a price reduction offered by manufacturers to intermediaries, such as wholesalers and retailers

push money:

- money offered to channel intermediaries to encourage them to push products- that is, to encourage other members of the channel to sell the products

Co-op advertising

- Co-op advertising is a partnership between channel members with the intent of sharing in the cost of advertising directed at the final consumer to improve sell

free merchandise

- Often a manufacturer offers retailers free merchandise
- Buy 10 cases and get 11

Contests and sweepstakes

- Contents and sweepstakes are generally designed to create interest in a good or service, and thereby encourage brand switching
- Offering several smaller prizes to many winners can increase effectiveness of the promotion.
- Not for long-term loyalty

Personal selling

- direct communication between a sales representative and one or more prospective buyers in an attempt to influence each other in a purchase situation.
- Personal selling offers several advantages over other forms of promotion.
- Personal selling allows salespeople to thoroughly explain and demonstrate a product.
- Salespeople have the flexibility to tailor a sales proposal to the needs and preferences of targeted qualified prospects.
- Personal selling affords greater managerial control over promotion costs and is the most effective method of closing a sale and producing satisfied customers.

18.5

relationship selling (consultative selling):

- a multistage sales process that involves building, maintaining, and enhancing interactions with customers for the purpose of developing long-term satisfaction through mutually beneficial partnerships
- SELLING ADVICE, ASSISTANCE, AND COUNSEL

Key DIFFERENCES between traditional selling and relationship selling

<u>Traditional personal selling</u>	<u>Relationship or consultative selling</u>
Sell products (goods and services)	Sell advice, assistance, and counsel
Focus on closing sales	Focus on improving the customer's bottom line
Limited sales planning	Consider sales planning as top priority
Spend most contact time telling customers about products	Spend most contact time attempting to build a problem-solving environment with the customer
Conduct product-specific needs assessment	Conduct delivery in the full scope of the customers operations
"Lone-wolf" approach to the account	Team approach to the account
Proposal and presentations are based on pricing and product features	Proposals and presentations are based on profit impact and strategic benefits to the customer
Sales follow-up is short term, focused on product delivery	Sales follow-up is long term, focused on long-term relationship enhancement

The selling process is composed of seven basic steps:

1. generating leads
 - Identification of those firms and people most likely to buy
2. qualifying leads
 - To determine if the lead has a recognized need, the buying power, and the receptivity and accessibility to meet and discuss the potential deal
3. approaching the customer and probing needs
 - To gather information and decide how best to approach the prospect
4. developing and proposing solutions
 - To create the solution and prepare the presentation that will effectively deliver the solution
5. handling objections
 - To be prepared to engage in negotiation-type discussion with customers
6. closing the sale
 - To obtain a commitment

7. following up.

- To ensure that the customer is satisfied

sales process (sales cycle):

- the set of steps a salesperson goes through to sell a particular product or service

lead generation (prospecting):

- identification of those firms and people most likely to buy the seller's offerings

cold calling:

- a form of lead generation in which the salesperson approaches potential buyers without any prior knowledge of the prospects' needs or financial status

Referrals:

- recommendations to a salesperson from a customer or business associate

Networking:

- the use of friends, business contacts, co-workers, acquaintances, and fellow members in professional and civic organizations to identify potential clients

social selling:

- leveraging social networks to find the right prospects and build trusted relationships to achieve sales goals

lead qualification:

- determination of a sales prospect's (1) recognized need, (2) buying power, and (3) receptivity and accessibility

Preapproach:

- a process that describes the research a salesperson must do before contacting a prospect

needs assessment:

- a determination of the customer's specific needs and wants and the range of options the customer has for satisfying them

sales proposal:

- a formal written document or professional presentation that outlines how the salesperson's product or service will meet or exceed the prospect's needs

sales presentation:

- a formal meeting in which the salesperson presents a sales proposal to a prospective buyer

Negotiation:

- the process during which both the salesperson and the prospect offer concessions in an attempt to arrive at a sales agreement

Follow-up:

- the final step of the selling process, in which the salesperson ensures that delivery schedules are met, that the goods or services perform as promised, and that the buyer's employees are properly trained to use the products

Chapter 19

social media:

- collection of online communication tools that facilitate conversations online; when used by marketers, social media tools encourage consumer empowerment

Crowdsourcing:

- the use of consumers to develop and market products
- Describes how the input of many people can be leveraged to make decisions that used to be based on the input of only a few people

Social commerce:

- a subset of e-commerce that involves the interaction and user contribution aspects of social media to assist in the online buying and selling of products and services

Blogs:

- publicly accessible Web pages that function as interactive journals, whereby readers can post comments on the authors' entries

corporate or professional blogs:

- blogs that are sponsored by a company or one of its brands and maintained by one or more of the company's employees

noncorporate blogs:

- independent blogs that are not associated with the marketing efforts of any particular company or brand

microblogs blogs:

- blogs with strict post length limits

social networking sites:

- websites that allow individuals to connect- or network- with friends, peers, and business associates

media-sharing sites:

- websites that allow users to upload and distribute multimedia content, such as videos and photos

social news sites:

- websites that allow users to decide which content is promoted on a given website by voting that content up or down

location-based social networking sites:

- websites that combine the fun of social networking with the utility of location-based GPS technology

review sites:

- websites that allow consumers to post, read, rate, and comment on opinions regarding all kinds of products and services

Apps:

- short for applications; free or purchased software programs that are downloaded to run on smartphones, tablet computers, and other mobile devices

Inbound Media	Earned media	Paid media
<ul style="list-style-type: none"> - Blogs - Website - Facebook pages 	<ul style="list-style-type: none"> - Word of mouth - Online buzz - Viral videos - Retweets - Comments on blogs - publicity 	<ul style="list-style-type: none"> - Newspaper - Television - Radio - Magazines - Out of home - Direct mail - Display - Paid search - other direct online ads

Social media strategies:

- Listen, learn, respond, repeat
- Build relationships and trust
- Promote products and services
- Manage reputation
- Improve customer service
- Champion those who champion you

Methods of measurement for social media

1. Buzz:
 - Volume of consumer-related buzz for a brand based on posts and impression, by social channel, by stage in the purchase channel, by season, and by time of day
2. Interest:
 - Number of likes, fans, followers, and friends; growth rates; rate of virality or pass along; and change in pass-along over time
3. Participation:
 - Number of comments, ratings, social bookmarks, subscriptions, page views, uploads, downloads, embeds, retweets, Facebook posts, pins, and time spent with social media platforms
4. Search engine ranks and results:
 - Increases and decreases on searches and changes in keywords
5. Influence:
 - Media mentions, influences of bloggers reached, influences of customers reached, and second-degree reach based on social graphs
6. Sentiment analysis:

- Positive, neutral, and negative sentiment; trends of sentiment; and volume of sentiment
 - By gauging the public's opinion of an event or product through analysis of data on a scale no human could achieve.
7. Website metrics:
- Clicks, click-through rates, and percentage of traffic. The main issue is to start with good measurable objectives, determine what needs to be measured, and figure out that only two of these activities produce quantifiable results (search engine ranks and website metrics), which makes it difficult, if not impossible, to determine a true ROI on social media strategies.

There are six categories of social media users:

- Creators
 - Those who produce and share online content such as blogs, website, articles, and videos
- Critics
 - Those who post comments, ratings, and reviews of products and services in blogs
- Collectors
 - Those who use RSS feeds to collect information and vote for websites online
- Joiners
 - Those who maintain a social networking profile and visit other sites
- Spectators
 - Those who read blogs, listen to podcasts, watch videos, and generally consume media
- Inactives
 - Does none of these

Six segments:

No shows

- Those who haven't logged on to a social network in 30 days.
- Low degrees of trust and have no interest in sharing their world online with others

Newcomers

- Typically passive users of a single social media network who use it simply to enhance their offline relationships

Onlookers

- Lurkers who post infrequently and are online to keep up to date on others
- They limit their own posting as they want control of their online information

Cliquers

- These are active, single-network users who primarily use facebook for the purpose of posting photos, comments, and status updates

Mix-n-minglers

- They participate actively on multiple platforms
- They follow brands to receive offers and stay ahead of the curve

Sparks

- This group is the most active online.
- Social media are a way for them to express themselves

- There are six stages involved in creating an effective social media plan:

1. listen
2. identify the target audience
3. set social media objectives
4. define strategies
5. select the tools and platforms
6. implement and monitor the strategy

- Review metrics (more breakeven)
- Inseparability, inventory, inconsistency, intangibility
- Segmentations
- Probabilities
- Intermediaries

Returns on Marketing Investment formula

$$\text{ROMI} = \frac{\text{Revenue} - \text{Marketing expenses}}{\text{Marketing expenses}} \times 100$$