

Basics of marketing

Topics:

- The essence, key terms, role of marketing in the company.
- Social responsibility and ethics in marketing.
- The needs, behaviors, decision-making process of the B2B, B2C, B2G client.
- Market segmentation - process, criteria, attractiveness assessment, target markets.
- Marketing mix and its formulas (4P, 7P, 4C).
- Products and services - types, components, life cycle.
- Price determination - value versus price, pricing methods.
- Distribution channels - types of channels, the role of logistics.
- Advertising, promotion, relations with the environment.
- Create a marketing plan.
- Building, positioning, brand value appraisal.

Marketing

[Dr. Philip Kotler](#) defines **marketing** as “the science and art of exploring, creating, and delivering value to satisfy the needs of a target market at a profit. Marketing identifies unfulfilled needs and desires. It defines, measures and quantifies the size of the identified market and the profit potential. It pinpoints which segments the company is capable of serving best and it designs and promotes the appropriate products and services.”

The American Marketing Association

- Marketing as the process of planning and executing the conception, pricing, promotion and distribution of ideas, goods and services to create exchanges that satisfy individual and organisational goals
- Marketing is the process of communicating the value of a product or service to customers, for the purpose of selling that product or service

[Marjorie Clayman](#) – Director of Client Development, Clayman Advertising, Inc.

- **Marketing** is building your brand, convincing people that your brand (meaning your product/service/company) is the best and protecting the relationships you build with your customers.

Key process of marketing:

1. opportunity identification,
2. new product development,
3. customer attraction,
4. customer retention and loyalty building,
5. order fulfillment.

A company that handles all of these processes well will normally enjoy success. But when a company fails at any one of these processes, it will not survive.

Marketing Orientation:

- Production orientation

- Product orientation
- Sales orientation
- Societal orientation

Market orientation

You should know: Definition, advantages and disadvantages

Segmentation

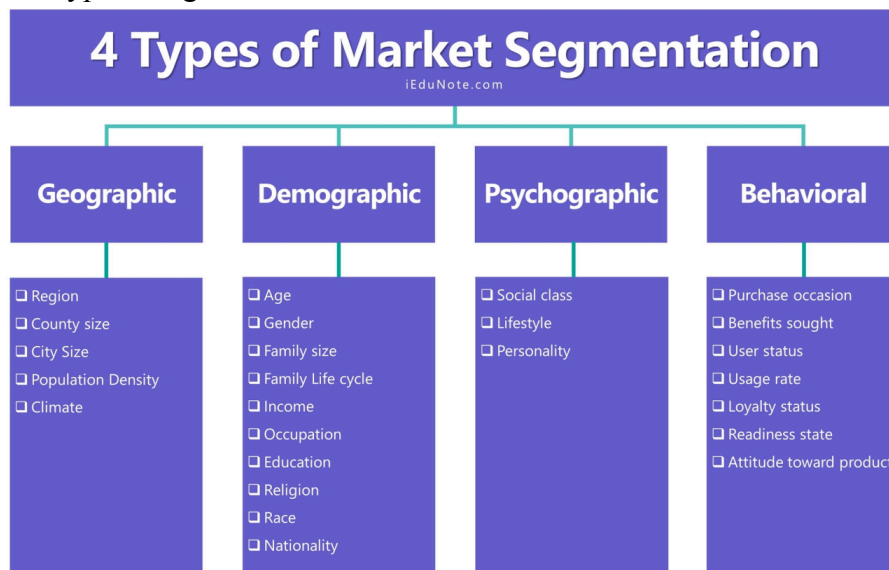
Market segmentation is the act of subdividing the market into a group or groups of people who have similar needs within the group, but dissimilar needs across the groups. An example would be people wanting cars, but different types of cars. The different types of cars may be luxury, sports , or SUV's.

These three types of segmentation include:

Benefit Segmentation - Benefit segmentation is the subdivision of the market based on benefits the consumer hopes to derive from using the product.

Usage Segmentation - This is the subdivision of the market based on how often a consumer uses the product. They will be categorized into those who do not use the product, those who use it a little, and those who are considered heavy users.

Behavioral Segmentation - This is the segmentation of users based on various personality and behavioral traits. There are a number of different categories marketers may place consumers in when using this type of segmentation in the U.S.



Segmentation Process:

Market Segmentation

1. Identify bases for segmenting the market
2. Develop profiles of resulting segments

Market Targeting

3. Develop measures of segment attractiveness
4. Select the target segments

Product Positioning

5. Develop product positioning for each target segment
Develop marketing mix for each target segment

Choose one product and prepare segmentation – minimum 8 criteria – you should know how to do it

Marketing mix 4 P conception:

- Product
- Price
- Place
- Promotion

Product

This “P” of the marketing mix is fundamental to all businesses.

While developing the product, a company must consider the following factors that are crucial to the business.

- ⊙ The demand for the product
- ⊙ The needs of the customer that are satisfied through the product
- ⊙ The market for the product in the future
- ⊙ Competitive products in the market
- ⊙ Adaptability of the product to the changing environment
- ⊙ Factors affecting the demand for the product
- ⊙ Branding and packaging of the product
- ⊙ Goal achieved through selling the product

Price

Price is an important factor in the marketing mix. Many companies today are advertising “free services” or “complimentary products”.

The price component of the marketing mix does not always refer to the cost of the product, but the perceived value of the product or service.

Consumers choose one product over the other because of its value to them, resulting from personal choice, experience, economic conditions or other factors

- Cost of the product
- The value of the product or service to the consumer
- Price sensitivity of the product
- Prices of competitors’ products
- Discounts and incentives that can be offered
- Tradeoffs for the consumer

Place

The place component of the marketing mix does not only mean the physical place of selling the product.

Here, place also refers to the method by which the product or service is distributed to the consumers.

The following factors are to be considered while deciding the place of distribution of the product.

- ⦿ The place or medium where the consumer will look for the product or service
- ⦿ The location of the store, in case a physical store is required
- ⦿ The feasibility of online presence of the product
- ⦿ The distribution channels that can be used other the main channel opted for distribution of the product
- ⦿ Requirement of a sales force
- ⦿ Distribution channels followed by competitors and scope for differentiation

Promotion

Promotion of the product refers to all the methods through which the public is informed about the product of service that a company has to offer.

‘Promotion’ includes advertising, public relations, branding, and sales.

Promotion can affect sales in a huge way as it ultimately makes the product visible to the consumer.

- ⦿ Knowledge of the target audience
- ⦿ Mediums to gain access to the target audience
- ⦿ Time of promotion to get full attention of the target customers
- ⦿ Use of internet, social media to increase visibility of the product or service
- ⦿ Environmental or social issues that may dictate the timing of launch of the product
- ⦿ Timing of subsequent promotions
- ⦿ Ways of increasing brand awareness
- ⦿ Handling promotion at the point of sales
- ⦿ Promotional strategy of competitor

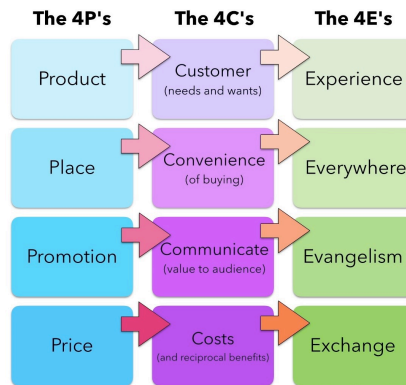
Marketing mix 7P:

- Product
- Price
- Place
- Promotion
- People
- Physical evidence
- Process

Marketing mix 4C

The four components of this customer-centric marketing mix are:

- Customer
- Cost
- Convenience
- Communication



Corporate social responsibility (CSR)

According to the EU Commission [(2002) "...CSR is a concept whereby companies integrate social and environmental concerns in their business operations and in their interaction with their stakeholders on a voluntary basis."]

Level of CSR will depend on:

- size,
- level of diversification,
- research and development,
- advertising,
- government sales,
- consumer income,
- labor market conditions,
- stage in the industry life cycle

There is an "ideal" level of CSR, which managers can determine via cost-benefit analysis in order to reach a neutral relationship between CSR and financial performance.

Types of corporate social responsibility

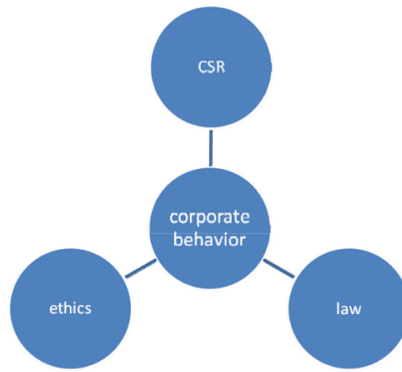
Natural environment: One primary focus of corporate social responsibility is the environment.

Philanthropy: Businesses also practice social responsibility by donating to national and local charities. Whether it involves giving money or time, businesses have a lot of resources that can benefit charities and local community programs.

Ethical labor practices: By treating employees fairly and ethically, companies can also demonstrate their corporate social responsibility. This is especially true of businesses that operate internationally.

You should know benefits from be social responsibility

Components of corporate behaviour



Examples of corporate social responsibility – you should know

About ISO 26000

- ISO 26000 is defined as the international standard developed to help organizations effectively assess and address [social responsibilities](#) that are relevant and significant to their mission and vision; operations and processes; customers, employees, communities, and other [stakeholders](#); and environmental impact.

The seven key underlying principles of social responsibility:

- Accountability
- Transparency
- Ethical behavior
- Respect for stakeholder interests
- Respect for the rule of law
- Respect for international norms of behavior
- Respect for human rights

The seven core subjects and issues pertaining to social responsibility:

- Organizational governance
- Human rights
- Labor practices
- The environment
- Fair operating practices
- Consumer issues
- Community involvement and development

Marketing Ethics:

- The marketing ethics is the area of applied ethics which deals with the moral principles behind the operation and regulation of marketing.
- Practising ethics in marketing means deliberately applying standards of fairness, or moral rights and wrongs, to marketing decision making, behaviour, and practice in the organization.
- Some areas of marketing ethics - ethics of advertising and promotion overlap with media ethics.

- Good marketing is ethical marketing - good marketing is about satisfying and developing a long-term relationship with your customers.

In the area of marketing ethics we can identify following framework attributes:

- Value-orientated framework - analysing ethical problems on the basis of the values which they infringe: e.g. honesty, autonomy, privacy, and transparency.
- Stakeholder-orientated framework - analysing ethical problems on the basis of whom they affect: e.g. consumers, competitors, society as a whole.
- Process-orientated framework - analysing ethical problems in terms of the categories used by marketing specialists: (e.g. research, price, promotion, placement).
- None of these frameworks allows, by itself, a convenient and complete categorisation of the great variety of issues in marketing ethics.
- Power-based analysis.

Marketing research:

- is the function that links the consumer, customer, and public to the marketer through information
- information used to identify and define marketing opportunities and problems;
- generate, refine, and evaluate marketing actions; monitor marketing performance;
- improve understanding of marketing as a process.

Types of marketing research:

- Fundamental research
- Applied research

The Five Basic Methods of Market Research:

1. **Surveys.** With concise and straightforward questionnaires, you can analyze a sample group that represents your target market. **The larger the sample, the more reliable your results will be**

In-person surveys are one-on-one interviews typically conducted in high-traffic locations such as shopping malls. They allow you to present people with samples of products, packaging, or advertising and gather immediate feedback.

In-person surveys can generate response rates of more than 90 percent, but they are costly.

Telephone surveys are less expensive than in-person surveys, but costlier than mail.

Due to consumer resistance to relentless telemarketing, convincing people to participate in phone surveys has grown increasingly difficult. **Telephone surveys generally yield response rates of 50 to 60 percent.**

Mail surveys are a relatively inexpensive way to reach a broad audience.

They're much cheaper than in-person and phone surveys, but they only generate response rates of 3 percent to 15 percent.

Despite the low return, mail surveys remain a cost-effective choice for small businesses.

Online surveys usually generate unpredictable response rates and unreliable data, because you have no control over the pool of respondents.

But an online survey is a simple, inexpensive way to collect anecdotal evidence and gather customer opinions and preferences.

2. **Focus groups.** In focus groups, a moderator uses a scripted series of questions or topics to lead a discussion among a group of people.

These sessions take place at neutral locations, usually at facilities with videotaping equipment and an observation room with one-way mirrors.

A focus group usually lasts one to two hours, and it takes at least three groups to get balanced results.

3. **Personal interviews.** Like focus groups, personal interviews include unstructured, open-ended questions. They usually last for about an hour and are typically recorded.

Focus groups and personal interviews provide more subjective data than surveys. The results are not statistically reliable, which means that they usually don't represent a large enough segment of the population.

Focus groups and interviews yield valuable insights into customer attitudes and are excellent ways to uncover issues related to new products or service development.

4. **Observation.** Individual responses to surveys and focus groups are sometimes at odds with people's actual behavior.

When you observe consumers in action by videotaping them in stores, at work, or at home, you can observe how they buy or use a product. This gives you a more accurate picture of customers' usage habits and shopping patterns.

5. **Field trials.** Placing a new product in selected stores to test customer response under real-life selling conditions can help you make product modifications, adjust prices, or improve packaging.

Small business owners should try to establish rapport with local store owners and Web sites that can help them test their products.

RESEARCH PROCESS

- STAGE 1: FORMULATING THE PROBLEM
- STAGE 2: COST-VALUE ANALYSIS
- STAGE 3: METHOD AND INQUIRY
- STAGE 4: RESEARCH DESIGN
- STAGE 5: DATA COLLECTION DESIGN
- STAGE 6: PLANNING & SURVEY DESIGN
- STAGE 7: DATA COLLECTION
- STAGE 8: ANALYZING/INTERPRETING DATA
- STAGE 9: RESEARCH REPORT

Price:

- Critical element of the marketing mix
- Amount of money charged for a product or a service
- The price is the sum of all the values that a customer gives up to gain the benefits of having or using a product or service. Customers exchange a certain value for having or using the product – a value called price.
- A well-chosen price should accomplish goals.

Pricing models and positioning for high-tech products:

- **Cost + profit margin:** Add a profit margin percentage to the costs associated with producing and distributing the product.
- **Rate of return and break-even point:** Calculate the unit price: $\text{price} = \text{unit cost} + [(\text{rate of return} \times \text{investment}) \div \text{quantity sold}]$. Then determine the break-even point: the level at which sales figures cover related fixed and variable costs.
- **Market price:** Set the price according to the main competitor's price.
- **Bidding price:** Set the price according to available information about competitor bids and the customers' opinion of the product's advantages.
- **Comparison with substitute products:** Set the price relative to products for which it will substitute.
- **Value-based pricing:** Set the price based on how the customer values the product. (See below for further details.)

Distribution

- Distribution means to spread the product throughout the marketplace such that a large number of people can buy it.
- Distribution is the process of sending goods from one party to another. The goods are distributed between producers and consumers.
- A good distribution system quite simply means the company has greater chance of selling its products more than its competitors.
- The company that spreads its products wider and faster into the market place at lower costs than its competitors will make greater margins absorb raw material price rise better and last longer in tough market conditions

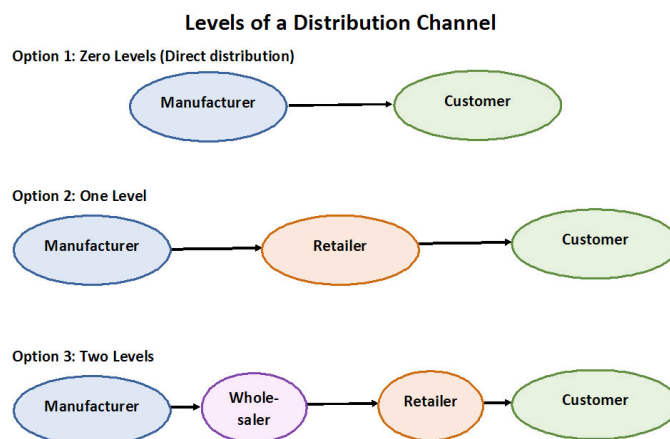
Types of channels:

- Direct distribution
- Indirect distribution

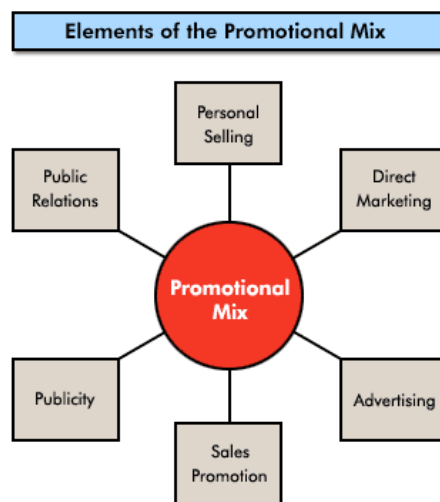
Types of channels:

- Intensive distribution
- Exclusive distribution
- Selective distribution

You should know advantages and disadvantages from different types of channels.



Promotion



Digital marketing

- Digital marketing is the act of promoting and selling products and services by leveraging online marketing tactics such as social media marketing, search marketing, and email marketing.

The development digital marketing strategies offer much potential for brands and organisations

- Branding. Platforms and 2.0 services are a great opportunity to build a brand image on the Web due to their scope, presence and constant updates.
- Completeness. The possibilities to disseminate information through links offer consumers the chance to approach the organisation in a wider and customised way.
- Usability–functionality. Web 2.0 offers simple and user-friendly platforms for all in order to improve user experience and allow for their activities.
- Interactivity. In the context in which organisations try to forge long-term relationships with their audiences, Internet offers the possibility of having a conversation and therefore of generating a positive experience with the brand. Such interactivity can be basic, as product assessment, or become an all-encompassing experience.
- Visual communication. In line with visual thinking, digital marketing offers marketers different image- and video-based tools. This is an attractive way of reaching audiences that can lead to greater engagement.
- Relevant advertising. Easy segmentation and customisation of advertising in Internet maximise the output. Besides, free from the limitations of other media, this environment has allowed for more attractive advertising.
- Community connections. Internet is a unique opportunity to connect organisations with their audiences and users among themselves. This connectivity can improve their experience and enhance the relationship with the product, brand or organisation.

- Virality. The essence of Internet as a Web of interconnected nodes makes exponential expansion of any content possible. Taking the model of WOM (word of mouth) communication, viral communication becomes more relevant due to connectivity, instantness and shareability of online platforms that enhance the dissemination of content.
- Measuring output. Online platforms rank first in the availability of follow-up options and the possibility to assess output

Social media marketing

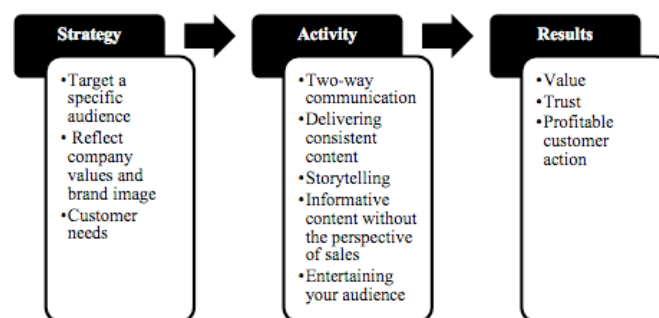
- Social media are a great opportunity to establish significant relationships and create ways of social interaction defined through dynamic exchanges between their members.
- Social media is booming in terms of the number and variety of platforms and users.
- Social Media Marketing (SMM) is marketing that targets social platforms like Facebook, Instagram, TikTok for brand promotion, target audience growth, driving website traffic, and increasing sales.

You should know: **Benefits of Social Media Marketing**

Content marketing

- Content marketing is a marketing technique of creating and distributing valuable, relevant and consistent content to attract and acquire a clearly defined audience – with the objective of driving profitable customer action

Key dimensions of content marketing



You should know: **Why content marketing is important?**

Steps in marketing content

- **Identify audience.** To create content for a particular reader, you need to have a clear idea of their priorities, challenges, and preferences. If you have detailed descriptions of your various segments, choose 1 or 2 to write for. Otherwise, craft profiles of your audience members and prospects before starting.
- **Determine the right formats.** The right format corresponds with what stage of the sales cycle you're creating content for. Another important consideration includes what formats will best help you showcase value. For some, this will be a video; for others, a checklist.
- **Decide who will write, edit, and proofread your copy.** An audience will judge your content on its quality, and they should. Identify the right resource, internal or external, to create this work. Regardless of who creates it, hire a professional proofreader to review anything before it goes out the door.

- **Determine how you'll distribute.** Will you post content on your site, email it to people, or print it for an event? Start with “where” [you know your audience is likely to be](#), and choose formats that make sense. For example, an article makes sense to send via an email, a checklist or worksheet can be posted on social media, and a buyer’s guide is a good follow-up to a pitch.
- **Choose a sustainable schedule.** It’s easy to make a content marketing plan that’s overly ambitious. Once you know the target readers and the formats, create a short-term (3-6 months) plan for a realistic number of content elements you can create, based on your budget and resources. Keep track of how long it takes you to create each piece of content, so that you can [build that time into your schedule](#).
- **Follow best practices.** Compelling content is clearly written, without jargon that only you and your peers will know. It should also include how-to advice. A short, relevant, actionable piece of content is best.

You should know: The most common content marketing formats and tactics

What is a KPI?

- A key performance indicator (KPI) is a measurable value that demonstrates how effectively a company is achieving key business objectives.
- Organizations use KPIs to evaluate success at reaching targets.
- High-level KPIs may focus on the overall performance of the business, while low-level KPIs may focus on processes across departments like sales, marketing, HR, or support.

How to write a KPI:

- Write a clear objective for your KPI
- Share your KPI with stakeholders
- Review your KPIs on a consistent basis
- Create actionable KPIs: *Review business objectives, Analyze your current performance, Set short and long term KPI targets, Review targets with your team, Review progress and readjust*



B2B	B2C
Multiple pricing tiers and order volume discounts	Single pricing tier for all customers
Account manager handle issues	Customer service team helps customers
Website is closer to an account dashboard	Website is built to attract and convert
Checkout process has multiple steps and options	Checkout is streamlined to avoid drop offs

	Targeted to consumers	Targeted to businesses
Initiated by business	B2C (business-to-consumer)	B2B (business-to-business)
Initiated by consumer	C2C (consumer-to-consumer)	C2B (consumer-to-business)

E-commerce

- A transaction involving the transfer of money and data
- Electronic commerce or internet commerce
- ECommerce is an umbrella term for all online commercial activities. It includes sales of physical products, but it also covers all types of transactions. Here goods and services are offered online for purchase for companies and individuals to make revenue

You should know advantages and disadvantages of e-commerce

Marketing strategy

- Marketing strategy framework is more of a high level, overall strategic plan that is connected to the entire brand, and its organisational objectives.
- Marketing campaigns are much more focused, short-term initiatives set out to achieve a very specific goal.
- Marketing strategy should be used to *help inform* marketing campaigns.
- A marketing strategy encompasses the bigger picture. A marketing campaign, on the other hand, describes the logistical details for each specific project.

Marketing Campaign

- A marketing campaign is a project consisting of multiple pieces of content or events, connected together by a unified theme, with clear start and end dates.
- Marketing campaign planning is the process of organizing everything behind the scenes to ensure a smooth, efficient process. Planning helps you nail every deadline for every piece/event you publish/host within your campaign.

How to create a campaign ?

Step 1: Preliminary Research and Goal Setting

- Identify the problem, target audience, attitude or behavior you are trying to change, and intended outcomes

Step 2: Engagement of Key Stakeholders

- Talk with potential partners and funders about the campaign; involve them in the planning process to get buy-in and support

Step 3: Audience Research

- Learn everything you can about your target audience – how they view the problem, what barriers they face and their trusted sources of information.

Step 4: Strategic And Tactical Planning

- Plan your strategies and tactics and then create and test the campaign messages. Think about how to evaluate and measure success.

Step 5: Implementation

- Implement your campaign plan.

Step 6: Monitoring and Reporting

- Monitor your progress, make changes as needed and keep all stakeholders in the loop as the campaign rolls out. Document and report what you learned with the field.