Principles of marketing exam notes

Business, Marketing

Principles of Marketing Study Guide Mid-term Exam Fall 2012 Chapter 1 1. What is Marketing? a. The activity, set of institutions, and processes for creating, capturing, communicating, delivering, and exchanging offerings that have value for customers, clients, partners, and society at large. It requires thoughtful planning with an emphasis on the ethical implications of any of those decisions on society in general. 2. Marketing requires Product, Price, Place and Promotions decisions. b.

The four Ps, or marketing mix, are the controllable set of activities that the firm uses to respond to the wants of its target markets. 3. What is value-based marketing? a. Value reflects the relationship of benefits to costs, or what the consumer gets for what he or she gives. In a marketing context, customers seek a fair return in goods and/or services for their hard-earnedmoneyand scarce time. They want products or services that meet their specific needs or wants and that are offered at competitive prices. 4. Marketing Impacts Various Stakeholders . Supply chain partners, whether they are manufacturers, wholesalers, retailers, or other intermediaries like transportation or warehousing companies, are involved in marketing to one another. Manufacturers sell merchandise to retailers, but the retailers often have to convince manufacturers to sell to them. 5. Marketing Enriches Society * Our people: Committed to excellence, passionate about achieving ourgoals, eagerly embracing new challenges. * Our strategy: Focused and consistent, delivers sustainable and dependable performance. Our business model: Resilient and proven, relevant in all economies, drives long-termhealthof the company. * Our brands: Recognized and loved around the world, in strong categories, responsive to advertising and brand building.

Chapter 2 6. What is a Marketing Strategy? d. Identifies (1) a firm's target market(s), (2) a related marketing mix—its four Ps—and (3) the bases on which the firm plans to build a sustainable competitive advantage. 7. Building a Sustainable Competitive Advantage e. An advantage over the competition that is not easily copied and thus can be maintained over a long period of time.

A competitive advantage acts like a wall that the firm has built around its position in a market. This wall makes it hard for outside competitors to contact customers inside—otherwise known as the marketer's target market. 8. The Marketing Plan f. a written document composed of an analysis of the current marketing situation, opportunities and threats for the firm, marketing objectives and strategy specified in terms of the four Ps, action programs, and projected or proforma income (and other financial) statements.

The three major phases of the marketing plan are planning, implementation, and control. g. Step 1 of the planning phase. The part of the strategic marketing planning process when marketing executives, in conjunction with other top managers, (1) define the mission or vision of the business and (2) evaluate the situation by assessing how various players, both in and outside the organization, affect the firm's potential for success. , marketing executives, in conjunction with other top managers, define the mission and/or vision of the business. (Step 2). In the implementation phase.

The part of the strategic marketing planning process when marketing managers (1) identify and evaluate different opportunities by engaging in segmentation, targeting, and positioning (see STP) and (2) implement the marketing mix using the four Ps. , marketing managers identify and evaluate different opportunities by engaging in a process known as segmentation, targeting, and positioning (STP) (Step 3). They then are responsible for implementing the marketing mix using the four Ps (Step 4). Finally, the control phase. The part of the strategic marketing planning process when managers evaluate the erformance of the marketing strategy and take any necessary corrective actions. Entails evaluating the performance of the marketing strategy using marketing metrics and taking any necessary corrective actions (Step 5). 9. Growth Strategies h. A market penetration s growth strategy that employs the existing marketing mix and focuses the firm's efforts on existing customers. Such a growth strategy might be achieved by attracting new consumers to the firm's current target market or encouraging current customers to patronize the firm more often or buy more merchandise on each visit. i.

A market development growth strategy that employs the existing marketing offering to reach new market segments, whether domestic or international. International expansion generally is riskier than domestic expansion because firms must deal with differences in government regulations, cultural traditions, supply chains, and language. j. Product development growth strategy that offers a new product or service to a firm's current target market. k. A diversification growth strategy whereby a firm introduces a new product or service to a market segment that it does not currently serve.

Diversification opportunities may be either related or unrelated. In a related diversification growth strategy whereby the current target market and/or marketing mix shares something in common with the new opportunity. In other words, the firm might be able to purchase from existing vendors, use the same distribution and/or management information system, or advertise in the same newspapers to target markets that are similar to their current consumers. l. In an unrelated diversification growth strategy whereby a new business lacks any common elements with the present business.

Unrelated diversifications do not capitalize on core strengths associated either with markets or with products. Thus, they would be viewed as being very risky. Chapter 3 10. Why People Act Unethically m. All of us vary in the way we view more complex situations, depending on our ethical understandings. 11. Ethics and Corporate SocialResponsibilityn. Corporate social responsibility refers to the voluntary actions taken by a company to address the ethical, social, and environmental impacts of its business operations and the concerns of its stakeholders. o.

This notion goes beyond the individual ethics that we've discussed so far, but for a company to act in a socially responsible manner, the employees of the company must also first maintain high ethical standards and recognize how their individual decisions lead to optimal collective actions of the firm. Firms with strong ethical climates tend to be more socially responsible. 12. A Framework for Ethical Decision Making p. 13. Integrating Ethics into Marketing Strategy q. Marketers can introduce ethics at the beginning of the planning process simply by including ethical statements in the firm's mission or vision statements. . In the implementation phase of the marketing strategy, when firms are identifying potential markets and how to successfully deliver the 4Ps to them, firms must consider several ethical issues. Chapter 4 14. The ImmediateEnvironments. t. In the immediate environment, the first factor that affects the consumer is the firm itself.

Successful marketing firms focus on satisfying customer needs that match their core competencies. Competition also significantly affects consumers in the immediate environment.

It is therefore critical that marketers understand their firm's competitors, including their strengths, weaknesses, and likely reactions to the marketing activities that their own firm undertakes. Few firms operate in isolation. For example, automobile manufacturers collaborate with suppliers of sheet metal, tire manufacturers, component part makers, unions, transport companies, and dealerships to produce and market their automobiles successfully. Parties that work with the focal firm are its corporate partners. 15. Macro-environmental Factors u. Macro environmental factors Aspects of the external environment that ffect a company's business, such as theculture, demographics (age, gender, and race), social issues, technological advances, economic situation, and political/regulatory environment. 16. Corporate Social Responsibility v. Chapter 5 17. The Consumer Decision Process w. x. 18. Factors Influencing the Consumer Decision Process y. The consumer decision process can be influenced by several factors. First are the elements of the marketing mix, which we discuss throughout this book. Second are psychological factors, which are influences internal to the customer, such as motives, attitudes, perception, and learning.

Third, social factors, such asfamily, reference groups, and culture, also influence the decision process. Fourth, there are situational factors, such as the specific purchase situation, a particular shopping situation, or temporal state (the time of day), that affect the decision process. 19. Involvement and

Consumer Buying Decisions z. Consumers engage in two types of buying processes/decisions depending on their level of involvement: extended problem solving for high-priced or risky goods; and limited problem solving, which includes impulse buying and habitual decision making. {.

Involvement is the consumer's interest in a product or service. Chapter 6 20. B2B Markets |. 21. The Business to Business Buying Process }. 22. Factors affecting the Buying Process ~. The Buying Center i. The buying center is a group of people typically responsible for the buying decisions in large organizations. Participants can range from employees who have a formal role in purchasing decisions (i. e. , the purchasing or procurement department) to members of the design team that is specifying the particular equipment or raw material needed by employees who will be using a new machine that is being ordered.

All these employees are likely to play different roles in the buying process, which vendors must understand and adapt to in their marketing and sales efforts. ii. One or more people may take on a certain role, or one person may take on more than one of the following roles: (1) initiator: The buying center participant who first suggests buying the particular product or service. , the person who first suggests buying the particular product or service; (2) influencer: The buying center participant whose views influence other members of the buying center in making the final decision. the person whose views influence other members of the buying center in making the final decision; (3) decider: The buying center participant who ultimately determines any part of or the entire buying decision—whether to buy, what to buy, how to buy, or where to buy. , the person who ultimately determines any part of or the entire buying decision—whether to buy, what to buy, how to buy, or where to buy; (4) buyer: The buying center participant who handles the paperwork of the actual purchase. the person who handles the paperwork of the actual purchase; (5) user: The person who consumes or uses the product or service purchased by the buying center. , the person who consumes or uses the product or service; and (6) gatekeeper: The buying center participant who controls information or access to decision makers and influencers. , the person who controls information or access, or both, to decision makers and influencers. . Organizational Culture iii. -- A firm's organizational culture reflects the set of values, traditions, and customs that guide a firm's employees' behavior. The firm's culture often comprises a set of unspoken guidelines that employees share with one another through various work situations. . Buying Situations In a new buy a purchase of a good or service for the first time; the buying decision is likely to be quite involved because the buyer or the buying organization does not have any experience with the item.

A modified rebuy refers to when the buyer has purchased a similar product in the past but has decided to change some specifications, such as the desired price, quality level, customer service level, options, or so forth. Straight rebuys refers to when the buyer or buying organization simply buys additional units of products that have previously been purchased. A tremendous amount of B2B purchases are likely to fall in the straight rebuy category. Chapter 9 23. The Marketing Research Process . The first step is to define objectives and research needs, which sounds so simple that managers often gloss over it.

But this step is crucial to the success of any research project because, quite basically, the research must answer those questions that are important for making decisions. In the second step, designing the research project, researchers identify the type of data that is needed, whether primary or secondary, on the basis of the objectives of the project from Step 1, and then determine the type of research that enables them to collect those data. The third step involves deciding on the data collection process and collecting the data.

The process usually starts with exploratory research methods such asobservation, in-depth interviews, or focus groups. The information gleaned from the exploratory research is then used in conclusive research, which may include a survey, an experiment, or the use of scanner and panel data. The fourth step is to analyze and interpret the data and develop insights. The fifth and final step is to develop an action plan and implementation. Although these steps appear to progress linearly, researchers often work backward and forward throughout the process as they learn at each step. 4. Secondary Data and Primary Data . Primary: Data collected to address specific research needs. . Secondary: Pieces of information that have already been collected from other sources and are readily available. 25. Exploratory Research . Attempts to begin to understand the phenomenon of interest, also provides initial information when the problem lacks any clear definition. 26. Conclusive Research . Provides the information needed to confirm preliminary insights, which managers can use to pursue appropriate courses of action.