

Tales of marketing 18525 flashcard



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MARKETING

CHAPTER 1

Field Of Marketing

INFORMATION TECHNOLOGY

-New marketing based on info technology. EX. Royal Bank

-Royal spent \$15 million on data base technology to serve customers more uniquely.

-Increased response rate from 4% to 60%.

NATURE AND SCOPE OF MARKETING

EXCHANGE AS THE FOCUS

-Marketing occurs any time 1 social unit (person or organization) exchanges something of

value with another social unit.

-Marketing consists of activities designed to generate & facilitate exchanges intended to satisfy

human needs or wants

Exchange-is one of 3 ways in which a person can satisfy a want.

EX. Clothes make, borrow, use some form of coercion to get them

or offer something of value to another who will voluntarily exchange

-Only last approach they call exchange in the sense that marketing is taking place.

Following must exist for marketing exchange to take place.

-2 or more social units must be involved & each must have wants to be satisfied. If you are self sufficient

there is no need for exchange.

-Parties must be involved voluntarily (Although argued monopolies deter this.)

-Each party must have something of value to contribute & each must believe that it will benefit

-Parties must communicate even if done through 3rd party. Without communication, no trade.

Marketers-take initiative in trying to stimulate & facilitate exchanges.

-They develop marketing plans & programs & implement them to create exchange that can be repeated

over time.

Market-on other side of exchange, made up of social units to whom marketing programs are directed & who will play a key role in acceptance or rejection of marketers offer. Markets made of customers

Customers-Any person or group with whom an individual or organizational marketer has an existing or potential exchange relationship.

People who constitute a market play a number of roles.

A. Decision maker, individual or organizational unit that has the authority to commit to an exchange

B. Consumer, who actually uses or consumes the product.

C. Purchaser, The party who actually carries out the exchange

D. Influencers, who affect decisions of others because of their expertise, position, or power.

Worth Baseball, new safer ball, but clashes with tradition

Needs-viewed in strict physiological sense (food, clothing, shelter) everything else is a want.

Product-the objective of the exchange or what is being marketed generically as the product.

-It can be a tangible, physical product, a service, an idea, a person, or a place.

tangible, physical product-corn flakes

a service-accounting advise

an idea-advertising slogan

person-individual applying for a marketing position

A place-provincial gov't trying to attract tourism is an example of marketing a place as the product.

THE CONCEPT OF RELATIONSHIP IN EXCHANGE

Relationship-can develop when 2 people or organizations are voluntarily involved in an exchange situation, are communicating with each other, & are contributing something of value to the exchange & thereby mutually satisfy needs or wants.

-relationships are of more long-term nature & involve many exchanges & interactions over a # of years.

-longer relationship lasts, more likely it will be of special value to those taking part in it. Better you

understand each other, the better the needs are satisfied.

APPLICATIONS OF MARKETING

Books definition of marketing:

Marketing is a total system of business activity designed to plan, price, promote & distribute want-satisfying products, services, & ideas to target markets in order to achieve the objectives of both the consumer & the organization.

Marketing is

A total system designed to: for business activities plan, price, promote & distribute

Something of value: want-satisfying products, services, & ideas in the context

of a valuable relationship.

For the benefit of: the target mkt. –

Present & potential household consumers or business users.

To achieve the: satisfaction of the needs & objectives of both the consumers & the firm

Definition has implications when marketing is properly applied:

-It's a systems definition, meaning it should be understood & applied by all in firm.

-Entire system of business or organizational activities must be customer orientated & focus on quality of

the customer relationship- customers needs & wants must be recognized & satisfied effectively.

-Marketing program starts with an idea for a product or service & doesn't end until the customer's

are completely satisfied, which may be some time after the exchange.

wants-Marketing program, generally termed the marketing mix, usually consists of 4

coordinated elements:

- A. a product or service assortment
- B. a pricing structure
- C. distributions systems & channels
- D. promotional activities

-Marketing mix doesn't guarantee customer satisfaction.

EVOLUTION OF MARKETING

-Foundations in Canada were laid by French & English settlers in pioneer times

-Developed marketing relationships also with various Native groups.

-Since then marketing has evolved through 3 successive stages of development:

-production orientation, sales orientation & marketing orientation.

-Following from last stage, marketing now more focused on processes involved in providing service &

developing marketing relationships.

-All firms today are at different stages of marketing.

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PRODUCTION ORIENTATION STAGE

- firms in this stage, typically manufacturers, focused on increasing output while assuming that customers would seek out & buy reasonably priced & well made products.
- Executives in production & engineering shaped firm's planning.
- finding customers was viewed as a relatively minor function, term marketing not yet used. (stage dominant until early 1930's.) Some mining firms still here.

SALES ORIENTATION STAGE

- After great depression it was clear that main problem in economy no longer was to produce, but how to sell the output.
- Making best product didn't assure success. Realized you needed promotional effort.
- began sales orientation stage-when selling activities and sales executives gained new respect & responsible from company management.
- stage common until 1950's, when marketing era began to emerge.

MARKETING ORIENTATION STAGE

-as a result of WWII there was enormous pent up demand for consumer goods.

-postwar spending slowed down as supply caught up with demand, & firms had to find way to sell excess

capacity, this began sales orientation era.

-consumers got smarter bringing forth greater variety of goods.

-In marketing orientation stage companies identify what consumers want & tailor all the activities of the

firm to satisfy those needs as efficiently as possible.

-in this stage firms are marketing rather than merely selling.

*****SEE TABLE 1-1 (What Business You in?) page 8

DIFFERENCES BETWEEN MARKETING & SELLING ORIENTATIONS

-term marketing & selling are often used interchangeably, but really are vastly different.

-Basic difference is that selling is orientated to what is available & to the organizations needs, while

marketing is orientated to the customers needs & how a product & service mix can satisfy them.

SERVICES

-experienced shift from goods production to service production over last 20 years.

-resulting in meeting of needs of consumers through providing efficient, effective, & high quality service.

-can think of services as falling into 2 different categories:

1) non-tangible product to be sold, such as cleaning service

2) service accompanying the sale of most tangible products, such as delivery of stove.

-useful to distinguish between core elements & noncore features.

Ex. Core product; traveler checking into hotel is purchasing a room for the night.

Once checked in customer will expect all sorts of services like cleaning, AIR C, nice employees etc.

FACTORS THAT DRIVE CUSTOMER SATISFACTION FIG 1-2

AFFECTIVE DIMENSIONS OF THE INTERACTION

INTERACTION WITH THE FIRM & ITS EMPLOYEES

TECHNICAL PERFORMANCE

PROCESSES & SUPPORT

CORE

-Above example includes 5 levels of customer satisfaction, called drivers of customer satisfaction.

Core-is the basic product or service provided by the firm. Can be service or product.

Process & support-(2nd level) for hotel includes such things as reservation services,

Billing systems, convenience of hotel location & room service menu.

Technical performance-(3rd level) which determines whether the service provider gets the core product & support services right.

-emphasis is on meeting the expectations of the customer.

Interaction with the firm & its employees-(4rth level) can involve both face to face interaction & the interaction based through other technology.

Affective dimensions of the interaction-consider subtle messages that firms send to customers as sometimes dissatisfaction has little to do with the service or quality of product. Create positive or negative feelings toward the company.

RELATIONSHIP MARKETING

-concept that embodies building personal, long-term bonds with customers.

-Emphasis on relationship marketing is a further step in the development of the market orientation.

-While many factors affect the development of a strong relationship marketing program, 2 major factors

are (1) the provisions of quality products & services and (2) the conducting of marketing relationships

within a trusting & ethical framework.

THE MARKETING CONCEPT

Marketing concept-philosophy emphasizing customer orientation & the coordination of marketing activities to achieve the mutual long-term objectives of both the customer & the organization.

NATURE & RATIONALE (SEE FIG 1-3)

-all planning & operations should be customer orientated

-every dept. & employee should be focused on contributing to the satisfaction of customers needs.

-All marketing activities in an organization should be co-ordinated marketing efforts

(product & service planning, pricing, distribution, promotion, & customer service)

should be designed & combined in a coherent, consistent way, & one executive should have overall

authority & responsibility for the complete set of marketing activities.

-customer-orientated, co-ordinated marketing is essential to achieve the organization's

performance objectives while at the same time meeting the customer's needs.

NEW FOCAL POINTS IN THE MARKETING CONCEPT

THE SOCIETAL MARKETING CONCEPT

-social responsibility can be quite compatible with the marketing concept.

-compatibility depends on 2 things: how broadly a firm perceives its marketing goals & how long it's

willing to wait to achieve those goals.

-firm that sufficiently extends the breadth & time dimensions of its marketing goals to fulfill its social

responsibility is practicing the societal marketing concept.

-Company shouldn't just recognize only the buyers buy also those affected by its operations.

-Firm should look at long-term view of customer satisfaction & performance objectives.

A. satisfy the wants of its product buying customers

B. meet the societal needs of others affected by the firms activities

C. achieve the company's performance objectives.

TRUST, ETHICS, & MARKETING RELATIONSHIPS

tools marketers use to deliver to customers include the design of product or service, the price at which it is offered, the message used to describe it, the channel through which it is made available, & the level of service provided to customers.

WHAT IS ETHICAL BEHAVIOUR? (See table 1-2 on page 13)

Ethics-are the rules we play by, the standards of behaviour generally accepted by a society.

INSTILLING AN ETHICAL ORIENTATION

- Create ethical environment by holding ethical workshops & setting up committees

- make sure that performance demands on employees are reasonable.

THE BENEFITS OF ETHICAL BEHAVIOUR: CONSUMER TRUST

- successful firms are built with successful relationships with suppliers, customers,

& employees. Unethical behaviour undermines trust.

QUALITY AND THE MARKETING RELATIONSHIP

WHAT IS QUAQLITY?

One definition of quality is the absence of variation in products & services.

-should have variance control to better serve customers.

-quality control misleading because it's limited to inspecting.

-real indication of quality is how well a product meets both the product & service expectations of the

consumer, not of the production department.

Total quality management-delegating quality control to more than 1 department to meet the expectations of the customer.

Goals

1) better, more appealing, & less variable product & service quality.

2) Quicker & less variable responses from design all the way to delivery.

3) Greater flexibility in responding to customers needs.

4) Lower costs as result of quality improvements.

Marketers must do 2 things;

A. ensure that all marketing activities contribute to creating reasonable customer

expectations.

2. eliminate variations in customers experience.

INSTILLING QUALITY

-study others to identify high standards of performance in such areas as delivery delays,

Eliminating defects, & training. Process called benchmarking.

-Must try to improve customer contact performance.

-All members of company should constantly try to improve the business.

-Form partnerships so you can get ideas from them for improvements.

-Measuring product & service quality & the resulting customer satisfaction.

IMPORTANCE OF MARKETING

IN THE GLOBAL ECONOMY

-Not facing competition from just Japan, Europe & U. S. anymore more global economy

-reduction in trade barriers worldwide. More opportunity but also more competition.

IN THE CANADIAN SYSTEM

-now have growing mass customization.

-making products in Canada has been easy its marketing them that has become tough.

EMPLOYMENT & COSTS

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-between 25 & 33 percent of Canadian labour force is engaged in marketing activities.

-on average 55 cents of every dollar consumer spends goes to cover marketing costs.

CREATING CUSTOMER VALUE

-the quality that makes a product capable of satisfying wants is its value or utility.

IN ORGANIZATIONS

-Marketing is the only activity that produces revenue directly.

-1997 stats Can report survey found that one in 5 small ventures will make it past 10 years.

(surveyed 3000 companies)

SERVICE MARKETERS

-service becoming more important than actual product

NOT-FOR-PROFIT MARKETERS

-Even charities are increasingly needing to market themselves, which has occurred because:

-Increasing competition among non-profit organizations

-firms need to improve image to get more funds.

SIX TYPES OF UTILITY

Form utility-associated primarily with production

Place utility-exists when a product is readily accessible to potential customers.

Time utility-means having a product available when you want it

Information utility-created by informing prospective buyers that a product exists

Possession utility-created when ownership is transferred to the buyer

Satisfaction utility-created when customer is pleased with product.

CHAPTER 2

THE CHANGING ENVIROMENT

ENVIROMENTAL MONITORING

Environmental monitoring- (environmental scanning) is the process of (1) gathering info regarding s company's external environment (2) analyzing it & (3) forecasting the impact of the trends suggested by the analysis.

TWO LEVELS OF EXTERNAL FORCES

-macro influences-includes demographics, eco conditions, technological development, culture & laws.

-micro influences-consists of suppliers, marketing, intermediaries, & customers.

EXTERNAL MACROENVIRONMENT

-6 interrelated macroenvironmental forces have a considerable effect on any organizations marketing

system. Yet they are largely not controllable by management.

Company's Marketing Program

A. Demography

B. Economic conditions

C. Competition]

D. Social & cultural forces

E. Technology

F. Political & legal forces

DEMOGRAPHY

Demography-is the statistical study of human population & its distribution.

-most significant is baby boomers (born between 1946-1966)

-people in BB segment now passing through middle years.

-baby boomers children also important demographic. (Generation X)

-today's seniors another important segment as population is aging.

-David Foot breaks down to: young seniors (65-74), mid-seniors (75-84), & senior seniors (85 & up)

-today 20% of Canadian households are made of people who live alone.

ECONOMIC CONDITIONS

-is a significant force that affects the marketing system of just about any organization.

STAGE OF THE BUSINESS CYCLE

-traditional cycle goes through 4 stages prosperity, recession, depression, & recovery.

-today depression is excluded because of its rarity in occurrence.

-Prosperity is typically is a period of economic growth.? companies tend to expand.

-in recessions less is spent by consumers because of economic hardship.

-in the recovery the economy moves from recession to prosperity.

INFLATION-is arise in price levels, causes decline in buying power.

INTEREST RATES-when interest rates high consumers refrain in buying expensive items.

UNEMPLOYMENT RATES-important figure, if people aren't employed tougher to sell to.

COMPETITION

-executives should be gathering intelligence & otherwise be monitoring all aspects of their competitors

marketing activities.

-Firm faces competition from 3 sources

A. Direct brand competition & store competition from marketers of similar & directly

Competing products & services.

B. Substitute products that satisfy the same basic need.

C. Every company or organization is competing for the consumers limited buying power.

SOCIAL & CULTURAL FORCES

CHANGING VALUES-EMPHASIS ON QUALITY OF LIFE

-focus today is on quality of life not merely the quality of goods & services.

-education, health, environment more important.

-also immigrants have different values

-915, 000 Chinese lived in Canada in 1996, expected to grow to 2. 1 million by 2001.

ROLE OF MEN & WOMEN -male female stereotypes & roles slowly coming down

ATTITUDES TOWARD PHYSICAL FITNESS & EATING

-fish & chicken have gone up in consumption dramatically

EMPHASIS ON SERVICE QUALITY

-quality in service depends on expectations of customers.

CONCERN FOR THE ENVIROMENT

-using more biodegradable materials & recyclable products.

-as many as 50% of consumers in the future are expected to make purchases on the basis of

environmental factors.

DESIRE FOR CONVENIENCE

-want products ready & easy to use & convenient credit programs.

-want stores close by, open 24 hours.

-Growth of Internet

IMPULSE BUYING

impulse buying-purchasing done without much advance planning.

- partly because of attractive displays

TECHNOLOGY

Technology-has a tremendous impact on our lifestyles, consumption patterns, & economic well being.

- Internet will have big impact on marketing & business.

- with new technology come new problems. For example credit card security over net.

- in 1997, 8% or nearly 2 million Canadians accessed the Internet.

Major technological breakthroughs have a 3 fold impact on marketing:

- to start entirely new industries such as CD-ROM,

- To alter & virtually destroy existing industries.

- to stimulate other markets & industries not related to the new technology.

POLITICAL & LEGAL FORCES

- Influence from government policies.

A. General monetary & fiscal policies

B. Legislative framework & codes & policies set by government agencies.

C. Social Legislation seatbelts, no smoking

- D. Government relationships with individual industries.
- E. Legislation specifically related to marketing should know laws
- F. The provision of info & the purchase of products.

EXTERNAL MICROENVIRONMENT

-3 environmental forces that are external, but are a part of a company's marketing

system, are that firm's market, its suppliers, & its marketing intermediaries.

THE MARKET (see page 40, table 2-2)

-place where buyers & sellers meet, G & S are offered for sale, & transfer of ownership occurs.

-in mkt. Demand for any given product or service, there are 3 factors to consider:

- A. people or organizations with wants (needs)
- B. their purchasing power
- C. the buying behaviour

SUPPLIERS

-critical to market success, that's why suppliers part of marketing system.

MARKETING INTERMEDIARIES

-There are 2 types of intermediaries:

A. firms called middlemen or intermediaries-wholesalers & retailers

B. various organizations that provide such services as transportation, warehousing, & financing that are needed to complete exchanges.

ORGANIZATION'S INTERNAL ENVIRONMENT

(SEE page 41, fig 2-3 & 2-4)

-organizations marketing system is also shaped by internal forces that are controllable

by management. These influences include firms production, financial & personal act.

CHAPTER 3

STRATEGIC MARKETING PLANNING

PLANNING AS PART OF MANAGEMENT

Management process, as applied to marketing, consists basically of (1) planning a marketing program, (2) implementing it & (3) evaluating its performance.

-planning stage includes setting goals & designing tactics to reach these goals

-the implementation stage entails forming & staffing the marketing organization according to the plan.

-the evaluation stage consists of analyzing past performance in relation to organizational goals.

-This third stage indicates the interrelated, continuing nature of the mgmt. Process.

-the results of this stage of the mgmt. Process are used in planning goals & strategies for future periods.

And the cycle continues

PLANNING IMPLEMENTATION EVALUATION

Analyze situation Organize Compare

Set goals e Staff e performance

Select strategies & tactics Operate with goals

Forecast demand FIG 3-1

Feedback plays role in first 2 stages.

THE NATURE OF PLANNING

-management first should decide what it intends to accomplish as a total organization & then develop a

strategic plan to achieve these results.

-on basis of this overall plan, each division of organization should determine what its own plans will be.

Planning-is deciding now what we are going to do later, including how & when we are going to do it.

Strategic planning-managers match an organization's resources with its market opportunities over the long run.

Strategic window-was suggested to describe the limited amt. Of time in which a firm's resources can actually be made available to take advantage of a opportunity.

-typically strategic window is only open temporarily, thus firm must move quickly.

KEY PLANNING CONCEPTS

MISSION (What business are we in?)

Mission-states what customers it serves, what needs it satisfies, & what types of product it offers.

-A mission statement indicates in general terms the boundaries of an organizations activities.

OBJECTIVES & GOALS (What do we want to accomplish?)

-book treats goals & objectives as synonyms,

Objective-is simply a desired outcome.

-effective planning must begin with a set of objectives.

To be worthwhile & workable objectives should be:

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Clear & specific

Stated in writing

Ambitious, but realistic

Consistent with on another

Quantitatively measurable whenever possible

Tied to a particular time period

STRATEGIES & TACTICS (How are we going to get job done?)

Strategy-is a broad plan of action by which an organization intends to reach its objectives.

Tactic-is a means by which a strategy is implemented.

EXAMPLE

Objectives Possible Strategies

Increase sales next year by 8% over this years figure. 1) Intensify marketing efforts

Domestic markets.

2) Expand into foreign markets.

3) Increase customer retention by

reducing account closings by 10%

Strategy Tactics

Direct our promotion to males aged 25-40 1) Advertise in magazines read by this group of peeps

2) Advertise on TV programs watched by these peeps

Increase revenue from existing customers 3) Redesign the customer info system

4) Create a loyalty program for light & medium users

5) Retrain account analysts & service personnel.

SCOPE OF PLANNING

-strategic planning is usually long-range, coverage 3, 5, 10 or infrequently 25 years

-short-range planning typically covers 1 year or less

Planning at 3 different levels:

Strategic company planning: At this level, management defines an organizations mission, sets long-range goals, & formulates broad strategies to achieve these goals.

Strategic marketing planning: The top marketing execs set goals & strategies for an organizations marketing effort.

Annual marketing planning: Short-term plans should be prepared for a firms major functions. Based on strategic marketing plan.

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STRATEGIC COMPANY PLANNING

Consists of 4 essential steps:

- 1) Defining the organizational mission-influences all subsequent planning.
- 2) Analyzing the situation-
- 3) Setting organizational objectives
- 4) Selecting strategies to achieve these objectives.

Situational analysis-gathering & studying info pertaining to one or more specified aspects of an organization.

Organizational strategies-represents broad plans of action by which an organization intends to achieve its goals & fulfill its mission

STRATEGIC MARKETING PLANNING (SEE PAGE 51, FIG 3-2)

-strategic marketing planning is a 5 step process:

- A. Conduct a situation analysis
- B. Develop marketing objectives
- C. Determine positioning & differential advantage.
- D. Select target markets & measure market demand
- E. Design a strategic marketing mix

SITUATION ANALYSIS

-involves analyzing the company's marketing program has been, how it has been doing,

& what it's likely to face in the years ahead.

-enables firm to know if to revise or devise plans.

-normally covers external environmental forces & internal non-marketing resources.

-SWOT assessment is part of the situational analysis that many organizations perform.

In this activity firm identifies & evaluates its most significant strengths, weaknesses,

Opportunities, & threats.

MARKETING OBJECTIVES

-each objective should be assigned a priority based on its urgency & potential impact

On the marketing area & in turn the organization.

POSITIONING & DIFFERENTIAL ADVANTAGE

-involves 2 complementary decisions: how to distinguish it from competitors.

Positioning-refers to a product's image in relation to directly competitive products as well as other products marketed by the same company.

Differential Advantage-refers to any feature of an organization or brand perceived by customers to be desirable & different from those of the competition.

TARGET MARKETS & MARKET DEMAND

-a market consists of people or firms with needs to satisfy, money to spend, & willingness to spend it.

Target market-refers to a group of people or organizations at which a firm directs a marketing program.

MARKETING MIX

Marketing Mix-the combination of a product or service, how it is distributed & promoted, & its price.

-traditionally, the marketing mix has been considered in terms of 4 elements that together must satisfy the

needs of the organization's target markets & at the same time achieve its marketing objectives.

Product: strategies are needed for managing existing products over time, adding new ones, & dropping failed products. Also decisions about service levels, branding, packaging, & other product features such as warranties.

Price: necessary strategies pertain to the locations of customers, price flexibility, related items within a product line, & terms of sale. Also, pricing

strategies for entering a mkt. Especially with a new product, must be designed.

Distribution: involves the mgmt. Of the channels by which ownership of products is transferred from producer to customer & in many cases, the systems by which goods are moved from the place where they are produces to the place where they are purchased by the final customer.

Marketing communications: Strategies are needed to combine individual methods such as advertising, personal selling, & sales promotion into a co-ordinated campaign.

Customer service: This component deals with how the customer is handled as he/she deals with the firm.

-elements of marketing mix are interrelated.

ANNUAL MARKETING PLAN

-is master blueprint for a year's marketing activity for a specified organizational division or major product

-separate plan normally should be prepared for each major product & company division

PURPOSES & RESPONSIBILITIES

-It summarizes marketing strategies & tactics that will be used to achieve specified

Objectives in the upcoming year. (become s what-to-do document)

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-Plan focuses on “ how to do it,” pointing to what needs to be done with respect to the

other steps in the management process, primarily implementation.

-Moreover plan outlines who is responsible for which activities, when the activities are

to be carried out, & how much time & money can be spent.

-executive responsible for the division or product covered by the plan typically prepares it.

-work starts 9 or more months before start of actual year planned & bulk of it is done 3 months in advance

RECCOMENDED CONTENTS

-exact contents of marketing plan should be determined by an organizations circumstances.

EX. Firm in intensely competitive industry would asses its competitor

In a separate area. Firm in another industry would present the assessment as part of situational analysis

SELECTED PLANNING MODELS

Table 3-4

A. Executive summary: 1 or 2 page section, the thrust of the plan is described & explained. Its intended for execs who desire an overview of the plan but need not be knowledgeable about the details.

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tangible, physical product-corn flakes

a service-accounting advise

an idea-advertising slogan

person-individual applying for a marketing position

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-Since then marketing has evolved through 3 successive stages of development:

-production orientation, sales orientation & marketing orientation.

-Following from last stage, marketing now more focused on processes involved in providing service &

developing marketing relationships.

-All firms today are at different stages of marketing.

PRODUCTION ORIENTATION STAGE

-firms in this stage, typically manufacturers, focused on increasing output while assuming that customers

would seek out & buy reasonably priced & well made products.

-Executives in production & engineering shaped firm's planning.

-finding customers was viewed as a relatively minor function, term marketing not yet used. (stage

dominant until early 1930's.) Some mining firms still here.

SALES ORIENTATION STAGE

-After great depression it was clear that main problem in economy no longer was to produce, but how to

sell the output.

-Making best product didn't assure success. Realized you needed promotional effort.

-began sales orientation stage-when selling activities and sales executives gained new respect &

responsible from company management.

-stage common until 1950's, when marketing era began to emerge.

MARKETING ORIENTATION STAGE

-as a result of WWII there was enormous pent up demand for consumer goods.

-postwar spending slowed down as supply caught up with demand, & firms had to find way to sell excess

capacity, this began sales orientation era.

-consumers got smarter bringing forth greater variety of goods.

-In marketing orientation stage companies identify what consumers want & tailor all the activities of the

firm to satisfy those needs as efficiently as possible.

-in this stage firms are marketing rather than merely selling.

*****SEE TABLE 1-1 (What Business You in?) page 8

DIFFERENCES BETWEEN MARKETING & SELLING ORIENTATIONS

-term marketing & selling are often used interchangeably, but really are vastly different.

-Basic difference is that selling is orientated to what is available & to the organizations needs, while

marketing is orientated to the customers needs & how a product & service mix can satisfy them.

SERVICES

-experienced shift from goods production to service production over last 20 years.

-resulting in meeting of needs of consumers through providing efficient, effective, & high quality service.

-can think of services as falling into 2 different categories:

1) non-tangible product to be sold, such as cleaning service

2) service accompanying the sale of most tangible products, such as delivery of stove.

-useful to distinguish between core elements & noncore features.

Ex. Core product; traveler checking into hotel is purchasing a room for the night.

Once checked in customer will expect all sorts of services like cleaning, AIR C, nice employees etc.

FACTORS THAT DRIVE CUSTOMER SATISFACTION FIG 1-2

AFFECTIVE DIMENSIONS OF THE INTERACTION

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INTERACTION WITH THE FIRM & ITS EMPLOYEES

TECHNICAL PERFORMANCE

PROCESSES & SUPPORT

CORE

-Above example includes 5 levels of customer satisfaction, called drivers of customer satisfaction.

Core-is the basic product or service provided by the firm. Can be service or product.

Process & support-(2nd level) for hotel includes such things as reservation services,

Billing systems, convenience of hotel location & room service menu.

Technical performance-(3rd level) which determines whether the service provider gets the core product & support services right.

-emphasis is on meeting the expectations of the customer.

Interaction with the firm & its employees-(4rth level) can involve both face to face interaction & the interaction based through other technology.

Affective dimensions of the interaction-consider subtle messages that firms send to customers as sometimes dissatisfaction has little to do with the service or quality of product. Create positive or negative feelings toward the company.

RELATIONSHIP MARKETING

- concept that embodies building personal, long-term bonds with customers.
- Emphasis on relationship marketing is a further step in the development of the market orientation.
- While many factors affect the development of a strong relationship marketing program, 2 major factors are (1) the provisions of quality products & services and (2) the conducting of marketing relationships within a trusting & ethical framework.

THE MARKETING CONCEPT

Marketing concept-philosophy emphasizing customer orientation & the coordination of marketing activities to achieve the mutual long-term objectives of both the customer & the organization.

NATURE & RATIONALE (SEE FIG 1-3)

- all planning & operations should be customer orientated
- every dept. & employee should be focused on contributing to the satisfaction of customers needs.
- All marketing activities in an organization should be co-ordinated marketing efforts

(product & service planning, pricing, distribution, promotion, & customer service)

should be designed & combined in a coherent, consistent way, & one executive should have overall

authority & responsibility for the complete set of marketing activities.

-customer-orientated, co-ordinated marketing is essential to achieve the organization's

performance objectives while at the same time meeting the customer's needs.

NEW FOCAL POINTS IN THE MARKETING CONCEPT

THE SOCIETAL MARKETING CONCEPT

-social responsibility can be quite compatible with the marketing concept.

-compatibility depends on 2 things: how broadly a firm perceives its marketing goals & how long it's

willing to wait to achieve those goals.

-firm that sufficiently extends the breadth & time dimensions of its marketing goals to fulfill its social

responsibility is practicing the societal marketing concept.

-Company shouldn't just recognize only the buyers buy also those affected by its operations.

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-Firm should look at long-term view of customer satisfaction & performance objectives.

A. satisfy the wants of its product buying customers

B. meet the societal needs of others affected by the firms activities

C. achieve the company's performance objectives.

TRUST, ETHICS, & MARKETING RELATIONSHIPS

tools marketers use to deliver to customers include the design of product or service, the price at which it is offered, the message used to describe it, the channel through which it is made available, & the level of service provided to customers.

WHAT IS ETHICAL BEHAVIOUR? (See table 1-2 on page 13)

Ethics-are the rules we play by, the standards of behaviour generally accepted by a society.

INSTILLING AN ETHICAL ORIENTATION

-Create ethical environment by holding ethical workshops & setting up committees

-make sure that performance demands on employees are reasonable.

THE BENEFITS OF ETHICAL BEHAVIOUR: CONSUMER TRUST

-successful firms are built with successful relationships with suppliers, customers,

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& employees. Unethical behaviour undermines trust.

QUALITY AND THE MARKETING RELATIONSHIP

WHAT IS QUALITY?

One definition of quality is the absence of variation in products & services.

-should have variance control to better serve customers.

-quality control misleading because its limited to inspecting.

-real indication of quality is how well a product meets both the product & service expectations of the

consumer, not of the production department.

Total quality management-delegating quality control to more than 1 department to meet the expectations of the customer.

Goals

- 1) better, more appealing, & less variable product & service quality.
- 2) Quicker & less variable responses from design all the way to delivery.
- 3) Greater flexibility in responding to customers needs.
- 4) Lower costs as result of quality improvements.

Marketers must do 2 things;

A. ensure that all marketing activities contribute to creating reasonable customer

expectations.

2. eliminate variations in customers experience.

INSTILLING QUALITY

-study others to identify high standards of performance in such areas as delivery delays,

Eliminating defects, & training. Process called benchmarking.

-Must try to improve customer contact performance.

-All members of company should constantly try to improve the business.

-Form partnerships so you can learn ideas from them for improvements.

-Measuring product & service quality & the resulting customer satisfaction.

IMPORTANCE OF MARKETING

IN THE GLOBAL ECONOMY

-Not facing competition from just Japan, Europe & U. S. anymore more global economy

-reduction in trade barriers worldwide. More opportunity but also more competition.

IN THE CANADIAN SYSTEM

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- now have growing mass customization.

- making products in Canada has been easy its marketing them that has become tough.

EMPLOYMENT & COSTS

- between 25 & 33 percent of Canadian labour force is engaged in marketing activities.

- on average 55 cents of every dollar consumer spends goes to cover marketing costs.

CREATING CUSTOMER VALUE

- the quality that makes a product capable of satisfying wants is its value or utility.

IN ORGANIZATIONS

- Marketing is the only activity that produces revenue directly.

- 1997 stats Can report survey found that one in 5 small ventures will make it past 10 years.

(surveyed 3000 companies)

SERVICE MARKETERS

- service becoming more important then actual product

NOT-FOR-PROFIT MARKETERS

-Even charities are increasingly needing to market themselves, which has occurred because:

-Increasing competition among non-profit organizations

-firms need to improve image to get more funds.

SIX TYPES OF UTILITY

Form utility-associated primarily with production

Place utility-exists when a product is readily accessible to potential customers.

Time utility-means having a product available when you want it

Information utility-created by informing prospective buyers that a product exists

Possession utility-created when ownership is transferred to the buyer

Satisfaction utility-created when customer is pleased with product.

CHAPTER 2

THE CHANGING ENVIROMENT

ENVIROMENTAL MONITORING

Environmental monitoring- (environmental scanning) is the process of (1) gathering info regarding s company's external environment (2) analyzing it & (3) forecasting the impact of the trends suggested by the analysis.

TWO LEVELS OF EXTERNAL FORCES

-macro influences-includes demographics, eco conditions, technological development, culture & laws.

-micro influences-consists of suppliers, marketing, intermediaries, & customers.

EXTERNAL MACROENVIRONMENT

-6 interrelated macroenvironmental forces have a considerable effect on any organizations marketing

system. Yet they are largely not controllable by management.

Company's Marketing Program

A. Demography

B. Economic conditions

C. Competition]

D. Social & cultural forces

E. Technology

F. Political & legal forces

DEMOGRAPHY

Demography-is the statistical study of human population & its distribution.

- most significant is baby boomers (born between 1946-1966)
- people in BB segment now passing through middle years.
- baby boomers children also important demographic. (Generation X)
- today's seniors another important segment as population is aging.
- David Foot breaks down to: young seniors (65-74), mid-seniors (75-84), & senior seniors (85 & up)
- today 20% of Canadian households are made of people who live alone.

ECONOMIC CONDITIONS

- is a significant force that affects the marketing system of just about any organization.

STAGE OF THE BUSINESS CYCLE

- traditional cycle goes through 4 stages prosperity, recession, depression, & recovery.
- today depression is excluded because of its rarity in occurrence.
- Prosperity is typically is a period of economic growth.? companies tend to expand.
- in recessions less is spent by consumers because of economic hardship.
- in the recovery the economy moves from recession to prosperity.

INFLATION-is arise in price levels, causes decline in buying power.

INTEREST RATES-when interest rates high consumers refrain in buying expensive items.

UNEMPLOYMENT RATES-important figure, if people aren't employed tougher to sell to.

COMPETITION

-executives should be gathering intelligence & otherwise be monitoring all aspects of their competitors

marketing activities.

-Firm faces competition from 3 sources

A. Direct brand competition & store competition from marketers of similar & directly

Competing products & services.

B. Substitute products that satisfy the same basic need.

C. Every company or organization is competing for the consumers limited buying power.

SOCIAL & CULTURAL FORCES

CHANGING VALUES-EMPHASIS ON QUALITY OF LIFE

-focus today is on quality of life not merely the quality of goods & services.

-education, health, environment more important.

-also immigrants have different values

-915, 000 Chinese lived in Canada in 1996, expected to grow to 2. 1 million by 2001.

ROLE OF MEN & WOMEN -male female stereotypes & roles slowly coming down

ATTITUDES TOWARD PHYSICAL FITNESS & EATING

-fish & chicken have gone up in consumption dramatically

EMPHASIS ON SERVICE QUALITY

-quality in service depends on expectations of customers.

CONCERN FOR THE ENVIROMENT

-using more biodegradable materials & recyclable products.

-as many as 50% of consumers in the future are expected to make purchases on the basis of

environmental factors.

DESIRE FOR CONVENIENCE

-want products ready & easy to use & convenient credit programs.

-want stores close by, open 24 hours.

-Growth of Internet

IMPULSE BUYING

impulse buying-purchasing done without much advance planning.

-partly because of attractive displays

TECHNOLOGY

Technology-has a tremendous impact on our lifestyles, consumption patterns, & economic well being.

-Internet will have big impact on marketing & business.

-with new technology come new problems. For example credit card security over net.

-in 1997, 8% or nearly 2 million Canadians accessed the Internet.

Major technological breakthroughs have a 3 fold impact on marketing:

-to start entirely new industries such as CD-ROM,

-To alter & virtually destroy existing industries.

-to stimulate other markets & industries not related to the new technology.

POLITICAL & LEGAL FORCES

-Influence from government policies.

A. General monetary & fiscal policies

- B. Legislative framework & codes & policies set by government agencies.
- C. Social Legislation seatbelts, no smoking
- D. Government relationships with individual industries.
- E. Legislation specifically related to marketing should know laws
- F. The provision of info & the purchase of products.

EXTERNAL MICROENVIRONMENT

-3 environmental forces that are external, but are a part of a company's marketing

system, are that firm's market, its suppliers, & its marketing intermediaries.

THE MARKET (see page 40, table 2-2)

-place where buyers & sellers meet, G & S are offered for sale, & transfer of ownership occurs.

-in mkt. Demand for any given product or service, there are 3 factors to consider:

- A. people or organizations with wants (needs)
- B. their purchasing power
- C. the buying behaviour

SUPPLIERS

-critical to market success, that's why suppliers part of marketing system.

MARKETING INTERMEDIARIES

-There are 2 types of intermediaries:

A. firms called middlemen or intermediaries-wholesalers & retailers

B. various organizations that provide such services as transportation, warehousing, & financing that are needed to complete exchanges.

ORGANIZATION'S INTERNAL ENVIRONMENT

(SEE page 41, fig 2-3 & 2-4)

-organizations marketing system is also shaped by internal forces that are controllable

by management. These influences include firms production, financial & personal act.

CHAPTER 3

STRATEGIC MARKETING PLANNING

PLANNING AS PART OF MANAGEMENT

Management process, as applied to marketing, consists basically of (1) planning a marketing program, (2) implementing it & (3) evaluating its performance.

-planning stage includes setting goals & designing tactics to reach these goals

-the implementation stage entails forming & staffing the marketing organization according to the plan.

-the evaluation stage consists of analyzing past performance in relation to organizational goals.

-This third stage indicates the interrelated, continuing nature of the mgmt. Process.

-the results of this stage of the mgmt. Process are used in planning goals & strategies for future periods.

And the cycle continues

PLANNING IMPLEMENTATION EVALUATION

Analyze situation Organize Compare

Set goals e Staff e performance

Select strategies & tactics Operate with goals

Forecast demand FIG 3-1

Feedback plays role in first 2 stages.

THE NATURE OF PLANNING

-management first should decide what it intends to accomplish as a total organization & then develop a

strategic plan to achieve these results.

-on basis of this overall plan, each division of organization should determine what its own plans will be.

Planning-is deciding now what we are going to do later, including how & when we are going to do it.

Strategic planning-managers match an organization's resources with its market opportunities over the long run.

Strategic window-was suggested to describe the limited amt. Of time in which a firm's resources can actually be made available to take advantage of a opportunity.

-typically strategic window is only open temporarily, thus firm must move quickly.

KEY PLANNING CONCEPTS

MISSION (What business are we in?)

Mission-states what customers it serves, what needs it satisfies, & what types of product it offers.

-A mission statement indicates in general terms the boundaries of an organizations activities.

OBJECTIVES & GOALS (What do we want to accomplish?)

-book treats goals & objectives as synonyms,

Objective-is simply a desired outcome.

-effective planning must begin with a set of objectives.

To be worthwhile & workable objectives should be:

Clear & specific

Stated in writing

Ambitious, but realistic

Consistent with on another

Quantitatively measurable whenever possible

Tied to a particular time period

STRATEGIES & TACTICS (How are we going to get job done?)

Strategy-is a broad plan of action by which an organization intends to reach its objectives.

Tactic-is a means by which a strategy is implemented.

EXAMPLE

Objectives Possible Strategies

Increase sales next year by 8% over this years figure. 1) Intensify marketing efforts

Domestic markets.

2) Expand into foreign markets.

3) Increase customer retention by

reducing account closings by 10%

Strategy Tactics

Direct our promotion to males aged 25-40 1) Advertise in magazines read by this group of peeps

2) Advertise on TV programs watched by these peeps

Increase revenue from existing customers 3) Redesign the customer info system

4) Create a loyalty program for light & medium users

5) Retrain account analysts & service personnel.

SCOPE OF PLANNING

-strategic planning is usually long-range, coverage 3, 5, 10 or infrequently 25 years

-short-range planning typically covers 1 year or less

Planning at 3 different levels:

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Strategic company planning: At this level, management defines an organizations mission, sets long-range goals, & formulates broad strategies to achieve these goals.

Strategic marketing planning: The top marketing execs set goals & strategies for an organizations marketing effort.

Annual marketing planning: Short-term plans should be prepared for a firms major functions. Based on strategic marketing plan.

STRATEGIC COMPANY PLANNING

Consists of 4 essential steps:

- 1) Defining the organizational mission-influences all subsequent planning.
- 2) Analyzing the situation-
- 3) Setting organizational objectives
- 4) Selecting strategies to achieve these objectives.

Situational analysis-gathering & studying info pertaining to one or more specified aspects of an organization.

Organizational strategies-represents broad plans of action by which an organization intends to achieve its goals & fulfill its mission

STRATEGIC MARKETING PLANNING (SEE PAGE 51, FIG 3-2)

-strategic marketing planning is a 5 step process:

- A. Conduct a situation analysis
- B. Develop marketing objectives
- C. Determine positioning & differential advantage.
- D. Select target markets & measure market demand
- E. Design a strategic marketing mix

SITUATION ANALYSIS

-involves analyzing the company's marketing program has been, how it has been doing,

& what it's likely to face in the years ahead.

-enables firm to know if to revise or devise plans.

-normally covers external environmental forces & internal non-marketing resources.

-SWOT assessment is part of the situational analysis that many organizations perform.

In this activity firm identifies & evaluates its most significant strengths, weaknesses,

Opportunities, & threats.

MARKETING OBJECTIVES

-each objective should be assigned a priority based on its urgency & potential impact

On the marketing area & in turn the organization.

POSITIONING & DIFFERENTIAL ADVANTAGE

-involves 2 complementary decisions: how to distinguish it from competitors.

Positioning-refers to a product's image in relation to directly competitive products as well as other products marketed by the same company.

Differential Advantage-refers to any feature of an organization or brand perceived by customers to be desirable & different from those of the competition.

TARGET MARKETS & MARKET DEMAND

-a market consists of people or firms with needs to satisfy, money to spend, & willingness to spend it.

Target market-refers to a group of people or organizations at which a firm directs a marketing program.

MARKETING MIX

Marketing Mix-the combination of a product or service, how it is distributed & promoted, & its price.

-traditionally, the marketing mix has been considered in terms of 4 elements that together must satisfy the

needs of the organization's target markets & at the same time achieve its marketing objectives.

Product: strategies are needed for managing existing products over time, adding new ones, & dropping failed products. Also decisions about service levels, branding, packaging, & other product features such as warranties.

Price: necessary strategies pertain to the locations of customers, price flexibility, related items within a product line, & terms of sale. Also, pricing strategies for entering a mkt. Especially with a new product, must be designed.

Distribution: involves the mgmt. Of the channels by which ownership of products is transferred from producer to customer & in many cases, the systems by which goods are moved from the place where they are produced to the place where they are purchased by the final customer.

Marketing communications: Strategies are needed to combine individual methods such as advertising, personal selling, & sales promotion into a coordinated campaign.

Customer service: This component deals with how the customer is handled as he/she deals with the firm.

-elements of marketing mix are interrelated.

ANNUAL MARKETING PLAN

-is master blueprint for a year's marketing activity for a specified organizational division or major product

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-separate plan normally should be prepared for each major product & company division

PURPOSES & RESPONSIBILITIES

-It summarizes marketing strategies & tactics that will be used to achieve specified

Objectives in the upcoming year. (become s what-to-do document)

-Plan focuses on “ how to do it,” pointing to what needs to be done with respect to the

other steps in the management process, primarily implementation.

-Moreover plan outlines who is responsible for which activities, when the activities are

to be carried out, & how much time & money can be spent.

-executive responsible for the division or product covered by the plan typically prepares it.

-work starts 9 or more months before start of actual year planned & bulk of it is done 3 months in advance

RECCOMENDED CONTENTS

-exact contents of marketing plan should be determined by an organizations circumstances.

EX. Firm in in

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