Chapter Objectives

1) Define marketing/marketing strategy and outline how to identify target market.
2) Identify 4Ps, explain marketing research, discuss branding strategies, explain benefits of packaging/labeling.
3) Identify pricing strategies for new/existing products
4) Explore production-distribution strategies/supply-chain management
5) Describe promotion mix and managing customer relationships
6) Explain product life cycle/effects on marketing mix
7) Describe the marketing environment and factors influencing consumer behavior
8) Describe opportunities in field of marketing

Marketing

• “...a set of processes for creating, communicating and delivering value to customers and for improving customer relationships.”

Satisfying Customer Needs

- Product- Features & Benefits
- Setting Price
- Identify Target Market
- Make Customers Aware
- Get People To Buy
- Deliver Purchased Product
- Managing Relationships With Customers
- After Delivery

Marketing Concept

“...satisfying customer needs while meeting organizational goals...”
Marketing Strategy

1. Define your target market
2. Segregate your market

Target Market

“...a specific group of consumers...particularly interested in your product...who...have access to it...and...have the means to buy it.”

Identifying Your Market

- Consumer Market
- Industrial Market

Market Segments

- "...groups of potential customers with common characteristics that influence their buying decisions.”

Market Segmentation Categories

- Demographic – Age, marital status, gender, ethnic background, income, occupation, education
- Geographic – Climate, region, population density
- Behavioral – Attitudes toward product, user status, usage rate
- Psychographic – Interests, activities, attitudes, values

The Marketing Mix
Marketing Research

• “…the process of collecting and analyzing the data that’s relevant to a specific marketing situation.”

Market Research Data

Need for Data:
1. What
2. Methods
3. Who

Secondary
✓ Already collected
✓ Company Documents
✓ Government Data

Primary
△ New Information
△ Surveys
△ Personal Interviews
△ Focus Groups

Branding

• “…word, letter, sound, or symbol that… differentiate(s)… products on the market.”

Branding Strategies

⇒ Private Branding
⇒ Generic Branding
⇒ Manufacturer Branding

Brand Equity

• “…any added value generated by favorable consumer experiences…”

Packaging/Labeling

• Packaging - “…container that holds…(the) product.”

• Labeling – “…what… (is said) about the product on… (the) packaging.”
**Product Pricing**

- **New**
  - Skimming
  - Penetration

- **Other**
  - Cost-Based
  - Demand-Based
  - Target Costing
  - Prestige
  - Odd-Even

**Distribution**

- Intermediary – “…a wholesaler or retailer who helps move products from their original source to the end user…”

- Each intermediary in the channel of distribution requires a profit margin, thus increasing the cost of the product.

**Distribution Channels**

- Selling Directly to Consumers
  - Producer → Consumer

- Selling through Resellers
  - Producer → Retailer → Consumer

- Selling through Wholesalers
  - Producer → Wholesaler → Retailer → Consumer

**What an Intermediary Can Do**

**Physical Distribution**

- Warehousing
- Materials Handling
- Transportation

**Just-In-Time Production**

- “…companies require suppliers to deliver materials to their facilities just in time to go into the production process.”
Factors Affecting Transportation Mode

- Cost
- Speed
- Match of Mode to Good
- Dependability
- Accessibility

Transportation Modes

- Truck (65%)- expensive and can go anywhere in a reasonable time
- Train (4%)- moderately priced, generally accessible, faster than ship & slower than plane
- Plane (8%)- faster but cost more
- Ship (9%)- inexpensive but slow
- Pipeline (3%)- fine for liquid product
- Multimodal (11%)- includes rail, truck, and water

The Supply Chain

Value Chain

- “…the entire range of activities involved in delivering value to customers…”

Customer Value Triad

Promotion Mix

- “…the means by which (companies) communicate with customers…”
Considerations Before Selecting Promotional Strategy

- Purpose of Promotion?
- Target Market?
- Product Features to Emphasize?
- Afford?
- Similar to Competitors?

Promotional Tools

Customer-Relationship Management

- “...a marketing strategy...focus(ed) on information about current customers to nurture...maintain strong relationships with them.”

Marketing-Permission vs. Interruption

- Permission - “Companies...ask for customers' cooperation...”
- Mass Marketing: “...sending out messages to a vast audience of anonymous people.”
- Interruption - “...hop(e)...people listen even though you're interrupting them...”

Product Life Cycle

<table>
<thead>
<tr>
<th>Introduction</th>
<th>Growth</th>
<th>Maturity</th>
<th>Decline</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td>Profits</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Introduction Stage & Marketing Mix

- Product Awareness
- Limited Competition
- Skim-Pricing Approach
- Few Channels
Growth Stage & Marketing Mix
- Building Sales
- Competition = Lowering Prices
- Multiple Channels
- Profitable

Maturity Stage & Marketing Mix
- Sales Grow At Decreasing Rate
- Differentiate from Competition
- Price Wars
- Profits Up With Sales
- Changing Consumer Preferences

Decline Stage & Marketing Mix
- Demand Down
- Intense Price Competition
- Profits Low Or Losses
- Revitalize Or Pull Product

Marketing Environment

Generation Gaps
- Baby-Boomers = 1946 - 1964
- Generation X = 1965 - 1975
- Generation Y = 1976 - 2001

Consumer Behavior
- “…the decision process that individuals go through when purchasing or using products.”
Buying Process

Influences On Buying Behavior

Psychological Motivation Perception Learning Attitudes Personality

Social Family Reference Groups Economic or Social Status Culture

Careers In Marketing

- Advertising
- Brand/Product Management
- Marketing Research
- Supply Chain/Logistics Management
- Retailing
- Sales