Role of Marketing

- ***Strategic Role of Marketing***

Marketing is the total system of interacting activities designed to plan, promote and distribute products to present and potential customers.

The strategic role of marketing is the long-term process of implementing a marketing mix to satisfy the needs and wants of present and potential customers to increase sales, market share and long-term profitability. It focuses on:

- Profit maximisation
- Increase market share and penetrate new markets
- Maximise consumer choice

The marketing team are in charge of creating the product or service based on research, therefore the other parts of the business will need to adapt to cater for the business direction that the marketing team has pointed them in.

Marketing is the only function that generates revenue.

- ***Interdependence with other KBF's***

Marketing and Human Resources
Marketing relies on HR to hire, train and develop employees who work in the field of marketing and selling. HR relies on marketing to ensure products are bought by consumers and sales increase, thereby the company stays profitable and can continue to hire and develop staff.

Marketing and Finance
Marketing relies on finance to supply funds and financial information for budget and marketing expenses including product design and development of the marketing plan. Finance relies on marketing to increase sales by increasing market share and profitability, allowing the business to achieve financial objectives of profitability, liquidity, growth and solvency.

Marketing and Operations
As sales decline, operations and marketing management consult closely to design and develop new products which can be marketed successfully. If the marketing team is promoting a product and the operations team isn't able to create that product as required then the product will fail.

- ***Production, Selling and Marketing Approaches***

Production approach - 1850 to 1920's:
- Mass market / low cost
- Focus on manufacturing and creation of products for sale
- Little competition
- Mass production techniques focused on wants and needs

Selling approach - 1920's to 1950's
- Persuasive sales techniques
- Emphasised selling because of increased competition
- Customer-oriented approach
- Consumers were offered choice, so use of advertising and sales reps was effective in convincing

Marketing approach - 1960's to now
- Customer oriented and relationship marketing
- Shift focus from product to customer. Research to determine needs and wants and marketing strategies to suit
- Customer orientation - collect info to base decision
- Relationship marketing - develop long-term relations to create recurring sales

Marketing approach - two types

Characteristics of customer orientation:
- Market research to analyse what customer wants
- Differentiating product from that of their competitors to convince customers to buy
- Use slogans, persuasive techniques (emotive, better performance, enhance life)

Characteristics of relationship marketing:
- Develop strong, positive relationship with customers to encourage repeat sales, positive brand perceptions and word-of-mouth promotion
- Repeat business more cost-effective than seeking and establishing new customer

- ***Types of Markets***

A market refers to the group of current/potential buyers of a product.

Resource market
- Those markets where the production and sale of raw materials occurs.
- Eg. Dairy Farmers

Industrial market
- Includes all businesses involved in manufacturing products, buying and trading resources which are then used as supplies in another business.
- Eg. Rolls Royce

Intermediate market
- Includes businesses who buy goods for the purpose of reselling or renting them.
- Eg. Coles

Consumer market
- Provides goods and services for individuals and households to access a range of final products.
- Eg. Apple

- Mass
  - Products are aimed at all consumers
  - Eg. electricity
- Niche
  - Much narrower customer based products
  - Eg. Supreme

Influences on Marketing

- ***Factors Influencing Customer Choice***

These are factors that impact the marketing team and business, the business must therefore respond to these influences, especially if revenue starts to decrease.

The four main factors are:

1. Psychological factors
    a. Perception - process through which people select, organise and interpret information to create meaning.
    b. Motivation - an internal force that directs a person's behaviour towards fulfilment of needs and wants
    c. Attitude - what we believe about something / how we respond or feel about a product/service/event etc.

2. Socio-cultural factors
    a. Culture - society's values, customs, pattern of behaviour
    b. Sub-culture - baby boomers, gen Y & X
    c. Socio-economic status - based on income; upper/lower/middle
    d. Family - whoever makes the decision in the family to buy

3. Economic factors
    a. Expectations of future economic conditions influence consumer spending
        i. Economic slowdown - consumers stop spending
        ii. Economic expansion - consumers increase spending
    b. Economic factors such as the level of interest rates, level of unemployment and economic conditions overseas influence consumer decisions and incomes and consequently their spending.

4. Government factors

- While this may not appear to directly do so, the government is an important influence on the goods and services that consumers purchase.
    a. Product - certain products made illegal meaning they can't be purchased by consumers
    b. Price - taxes and tariffs influence price of goods
    c. Promotion - regulations on advertising influence public exposure to products
    d. Place - zoning regulations restrict public access to some products

- ***Consumer Laws***

Consumer laws are used to protect consumers from unlawful behaviour by businesses and to promote competition.

- The **Competition and Consumer Act 2010 (CCA)** covers relationships between suppliers, wholesalers, retailers and consumers. Its purpose is to enhance the welfare of Australians by promoting fair trading and competition, and through the provision of consumer protections
- Breaches of the CCA by the **Australian Competition and Consumers Commission (ACCC)** can result in civil proceedings taken against the business or individual engaged in unconscionable conduct
- The **Australian Consumer Law (ACL)** sets out consumer rights that are called consumer guarantees. These include;
    - Your rights to a repair, replacement or refund
    - Being able to cancel a faulty service
- If a business sells a customer a product that fails to meet one or more of the consumer guarantees, the customer is entitled to a remedy of:
    - Either a repair, replacement or refund
    - Compensation for any consequential loss of income

- ***Deceptive and misleading advertising***

Consumers have the right to receive accurate and truthful messages about the products and services they buy. Deceptive and misleading advertising involves creating a false impression in an attempt to influence customers, it can include:

- Misleading information
- Exaggeration
- False offers
- Bait and switch
- Fine print
- Distorted comparisons

- ***Price discrimination***

- Charging different prices for identical products in different markets
- Giving preferences to certain retailers and customers by providing stock at a lower price

- ***Implied conditions***

A business is required by law to offer a refund if the product provided:
- Is faulty
- Does not match description or sample
- Fails to function as intended

- ***Warranties***

Written guarantee that faulty products will be repaired or replaced within set period, under certain conditions of use. A warranty:
- Gives consumers protection against defects
- Includes implied warranty which applies regardless of warranty conditions
- Includes store warranty, money back guarantees and store exchange policies

    - **Ethical**

Critics of marketing argue that the industry does not always adopt ethical practices and that it sometimes blurs the line between what is ethically right and wrong. The main ethical criticisms include:

- Materialism - creating needs forcing consumers to buy
- Stereotypical images of males and females
- Use of sex to sell products
- Product placement
- Invasion of privacy

Dishonest or unethical marketing practices ultimately drive customers away.

*False or misleading advertising is not only unethical, but it is also illegal.

- ***Truth, Accuracy and Good Taste in Advertising***

Unethical market practices relating to truth and accuracy in advertising can range from:
- Untruths due to concealed facts
- Exaggerated claims - puffery
- Vague statements

There are legal guidelines and consumer expectations requiring marketing to be in good taste and not offensive.

- ***Products That May Damage Health***

Marketers have been heavily criticised by consumer and health groups for promoting products that damage health, especially junk food. Marketers should be guided by a value system and morality.
- Time slots allow for ads to be shown at appropriate times
    - Adult themed ads only played after 8:30pm
- Products that damage health are highly regulated
    - i.e. ban on cigarette advertising in 1976
- An organisation must be socially aware and responsible
    - Product safety, gambling, alcohol and tobacco marketing, advertising to children

- ***Engaging in Fair Competition***

- The Competition and Consumers Act 2010 replaces the Trading Practices Act 1974. It covers unfair market practices, product safety, labelling, price monitoring and prevents behaviours which inhibit other businesses from being competitive in the market as well as protecting consumers (ie. price fixing)

- Regulated by the Australian Competition and Consumer Commission (ACCC), a federal government independent authority that ensures individuals and businesses comply with government's competition, fair trading, and consumer protection laws

- NSW Fair Trading safeguards the rights of all consumers and advises business and traders on fair and ethical practice in NSW

- ***Sugging***

- Sugging - selling under the guise of a survey
    - Sugging is not illegal, but it raises several ethical issues including invasion of privacy and deception

Marketing Process (Plan)

- **Situational analysis**

A situational analysis allows a business to research and analyse their current position and any new directions they may want to follow

- Achieved through a Situational Analysis:
  - Current snapshot of up-to-date information and factors that impact the business

- Includes:
  - SWOT Analysis (internal and external factors)
  - Consideration of the Product Life Cycle
  - Market Analysis
  - Competitor Analysis

- ***SWOT***

A SWOT analysis is used to examine the strengths and weaknesses of a business, and the opportunities and threats that exist in the external business environment.

A SWOT analysis enables a business to discover their competitive advantage.

EXAMPLE SWOT:

Internal (within the business environment, within a business's control)	**Strengths**	**Weaknesses**
	● Effective and efficient management and good business planning ● Excellent reputation with customers and suppliers (customer loyalty) ● Operational Order (Strong supply chain and Economies of Scale) ● Loyal, motivated and skilled employees ● Achieving or exceeding financial objectives ● Competitive advantage in price, product, promotional strategies ● Advanced, state of the art technology ● Excellent Brand image	● Ineffective and inefficient management: poor decision making and planning ● Poor reputation and image with customers and suppliers ● Operational chaos ● Dissatisfied and/or incompetent employees ● Failing to meet financial objectives ● Outdated product, unsuitable pricing and promotional strategies ● Outdated and unreliable technology ● Poor image for health/ER/environment

External (Outside the business environment, therefore outside their control)	**Opportunities**	**Threats**
	● New and fast growing markets (Eg Globalisation—↑ access to markets) ● Weak competition ● Research and reports ● Changes in fashion, social trends and taste (eg healthy eating) ● Improved economic conditions ● Favourable government laws and regulations ● Social and environmental responsibility ● Technology: EFTPOS in store = sales opportunities, POS stock analysis	● Market/product oversupply ● New/increased competition, including new products ● Research and reports ● Changes in fashion and taste ● Economic slowdown ● Government laws and regulations with negative impact ● Social and environmental responsibility ● Negative media portrayal

- ***Product Life Cycle***

Represents what stage the product is in, in relation to time and sales growth. The product life cycle has four stages;

- Introduction/establishment
    - Low production quantities
    - Low competition
    - Low sales
    - High costs
    - Cash flow negative
        - Strategies:
            - Build association of brand name with the product
            - Product design and cost tailored to suit target market
            - High attention to product quality
- Growth
    - Increasing production quantities
    - Increasing competition
    - Increasing sales
    - Increasing costs with quantities, but decreasing cost per unit
    - Cash flow rising, with rising profits
        - Strategies:
            - Increase product features
            - Maximise product quality
            - Discount prices
- Maturity
    - High production quantities
    - Steady competition
    - Steady sales
    - Rising costs due to slight decline in demand growth
    - Cash flow positive, however with declining profits

            - Strategies:
                - Differentiate product from competitors
                - Drop prices to maintain market share
                - Promotion directed at reliability of product due to long life
- Post-maturity
    - Decline or renewal
    - Product can either be stopped or re-launched with different features
    - High competition to re-launch
    - Costs can be high
        - Strategies:
            - Can sell product to another business - decline
            - Can sell remaining stock at discount - decline
            - Can reinvent product - renewal
    - **Market Research**

Market research allows a business to gather information that is relevant to its needs and those of its clients. There are two types of data that an organisation may seek to gather:
- Primary - refers to information that is collected for the specific purpose for which it will be used.
    - Observational research - data gathered through observation of a relevant group of people, such as people who stop and look at a display
    - Surveys - asking a number of people the same questions
    - Experimental research - used to examine how people react to different products/features
- Secondary - refers to information that already exists, having already been collected for another purpose.
    - Internal sources - within the business. Annual and financial reports, prior research, past surveys, and previous sales figures. Mainly used to compare past results
    - External sources - outside the business. Usually pay for data collected by external firm. Can include government publications from ABS, books, magazines, and the internet.

    - **Establishing Market Objectives**

The objectives guide the activities and operations of the business. These must be flexible so that they can be adapted to the changing nature of the business environment.

SMART approach:
- S = specific - clear and precise objective
- M = measurable - develop effective controls to measure extent of achievement
- A = achievable - must have financial and human resources require to achieve objective
- R = realistic - must be possible to achieve
- T = time - determine the time frame to achieve objective

The three general marketing objectives are:

1. Increase market share
    a. Used to increase sales and profitability
    b. Allows business to become stronger and more dominant
2. Expand into new geographic markets
    a. Used to increase sales
    b. Allows brand/product to achieve higher level of awareness among an increased number of customers
3. Expand the product range
    a. Allows business to target new market to attract new customers

- **Identifying the Target Market**

A business must understand the nature of consumer markets. Often businesses buy products from businesses not in the consumer market and then sell directly to consumers. This consumer market can be broken down into three general categories:

1. Mass market
   a. All consumers
   b. Hard to differentiate from competitors
   c. Differentiate through packaging, price, brand loyalty
2. Market segments
   a. One area of a mass market
   b. Used to prevent funds going to ineffective promotion to the wrong market
3. Niche market
   a. Smaller area of a market segment
   b. Specific, narrow customer base

- **Developing Marketing Strategies**

The success of these strategies is crucial if the business wishes to achieve its objectives. Developing marketing strategies involves using the marketing mix.
The general marketing mix (4 P's) consists of:

- Product - the good or service intended for the marketplace
  - Must consider product quality, image, logo and packaging, and product positioning
  - Warranties, after-sales service and maintenance
- Price - cost to consumer of buying the good or service
  - Must consider cost to the business, desired profit margin, competitors prices
  - Must also consider psychological influence from consumers
- Promotion - process of creating and maintaining customer awareness and interest
  - Used to convince customers that they need the product
  - Includes radio, television, newspaper advertising, text messages and publicity stunts
- Place - method of distribution and availability of good
  - Decide where the consumer will be able to purchase product or access service
  - Must consider issues such as storage, transportation and cost of distribution.

- **Implementation, Monitoring and Controlling**

- ***Implementation***

The process of organising the activities of the business to achieve its goals. Managers must now act on their decisions related to the marketing plan.

This is the most important step of the marketing process.

- ***Monitoring***

The process of developing methods to determine the extent to which the implemented strategies are achieving the desired objectives. This includes monitoring the number of sales, revenue, profit ratios, customer reviews, shelf space compared to competitors, product defect ratios and social media posts.

- ***Controlling***

The process of comparing actual results with the results that the business had planned to achieve. If a product is a failure, the business can go through the marketing process again in extreme cases or modify strategies.

Developing a financial forecast

The marketing team must make a financial forecast to provide confidence that the marketing expenditure will be justified by results. The business' operating budget will include a forecast of expected revenue, determined largely by pricing strategies. Also must forecast cost of marketing plan, covering all elements.

Comparing actual and planned results

- Sales analysis - examines sales among different customer groups and times of year
- Market share analysis - examines sales performance compared to direct competitors
- Marketing profitability analysis - evaluates the financial and nonfinancial benefits achieved through marketing plan against the cost of implementing the plan

Marketing Strategies

- **Market Segmentation, Product / Service Differentiation and Positioning**

Market segmentation

Marketers target a segment of the total market. The major methods of segmentation are:

- Demographic - according to features of population
  - Size, age, sex, income, family size
- Geographic - location of target market
- Psychographic - personality traits, motives, opinions, lifestyles
- Behavioural - relationship to the product
  - Including knowledge of and relationship toward the brand

Product / service differentiation

The process of developing and promoting differences between the business' product / service and those of its competitors. Points of differentiation include:

- Customer service → ie. 24/7 hotline
- Environmental concerns → ie. biodegradable features
- Convenience → ie. readily available in more stores (intensive vs selective distribution)
- Social and ethical issues → ie. donating portion of sales to charity

Product / service positioning

Refers to the technique in which marketers try to create an image of identity for a product / service compared with the image of competing products / services.

How to find position:

- Market demand - what customers want
- Competition - unoccupied market positions
- Key strengths - what the business does best

The positioning of a brand or product is a strategic process that involves marketing the brand or product in a certain way to create and establish an image or identity within the minds of the consumers in the target market.

Product positioning requires a business to formulate their marketing plan by developing and implementing effective marketing strategies.

The first of these strategies is the PRODUCT strategy.

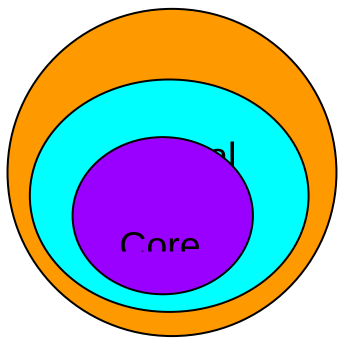
- **Product**

- ***Goods and/or Services***

A product can be either a good or a service. A good is a tangible product, whereas a service is usually non-tangible. Both offer benefits to the consumer:

- Tangible
  - Physical attributes of the product - design, style, colour and features
- Intangible
  - Associated benefits with purchasing the product - prestige, image, after-sale service and warranties

When developing marketing strategies, a business must look beyond the physical attributes of the product and consider other related concerns such as positioning, branding and packaging.



Satisfies a customer need/want

Tangible aspects of a good/service

→ Touch, feel, colour
→ Logo - branding
→ Packaging

Intangible aspects and post sales additions

→ Warranties
→ Customer service
→ Perceived value

- ***Branding***

Branding refers to the reputation that a business or product has developed over a period of time. The brand name or logo provides the consumer with a message about quality, value and/or prestige associated with the product. Marketers aim to get consumers to instantly recognise their brand name.

Benefits of branding:

- Consumers
    - Ability to identify with specific products
    - Assess the quality of products
    - Reduced level of perceived risk of purchase
    - Psychological reward when purchasing brand that is significant in mind of customer
- Business
    - Repeat sales as consumers recognise the business products
    - Introduce new products onto the market as consumers are familiar with the business' existing products
    - Promotion of one product can have an indirect impact of other products
    - Encourages customer loyalty

Branding strategies:

- Symbols and Logos
    - A brand symbol or logo is a graphic representation that identifies a business or product
- Classification of brand
    - Family/manufacturers brands - when a manufacturer owns the brand to show reliability and quality for a range of products. Eg. Apple
    - House brands - when retailer / wholesaler owns the brand. Eg. Myer's own label (Miss Shop)
    - Generic brands - products with no brand, used when business wants to position product as ultra low cost. Eg. Homebrand products

- ***Packaging***

Packaging refers to the physical appearance of the good when it is ready for sale. Packaging is the first point of contact between product and customer and aims to convince the customer to purchase the product.

Packaging is used for:

- Promotion
- Information
- Influencing
- Quality protection

A package typically reveals the benefits of purchasing and utilising the product, such as nutritional information, weight, size, instructions and benefits of use.

Labelling is another important aspect of packaging, labels must be truthful and comply with government regulations.

- **Price**

Pricing is how much a product/service is being sold for and the amount of money customers are prepared to offer in exchange for a product. The main long term goal of a business is to make a profit. Price is influenced by the problems which may arise if it is set either too high or too low.

- If it is set too high, consumers may not purchase the product leading to sales decline
- If it is set too low, not enough profit will be made by the business

- ***Pricing Methods***

Businesses can use one or more of these strategies at any one time:

- Cost plus margin method/cost pricing
- Market method
- Competition based method

- *Cost plus margin / cost pricing*
    - Determined by adding a set profit margin
    - For example, add 70% to cost of production of each product
    - Weakness = fails to account for market demand and competitors pricing
        - May price the product out of the market

- *Market based method*
    - Costs have no influence on price
    - Business sets price according to level of supply and demand
        - High demand = high price
    - Takes place when business prices product so that demand = supply
    - If demand increases, producers will need to produce more, leading to a higher price
    - If producers have excess stock (supply), they need to reduce production and discount prices

- *Competition based method*
    - High degree of competition leads to competition based pricing method
    - Business can choose a price that is equal or below competitors
    - Seen in constant sales on relatively new goods
    - Takes place when a business sets prices according to their competitors' price for the same good or service

- ***Pricing Strategies***

There are a number of short term product-based pricing strategies you can employ when setting your prices. Four main pricing strategies are:

- Price skimming
- Price penetration
- Loss leaders
- Price points

- *Price Skimming*
    - Used to achieve highest financial return
    - Used by business when it wants to recover the high costs involved in developing and releasing a new product by setting a premium price
    - Works to meet the demands of the first customers and then lowers the price to attract another more price-sensitive segment

- *Price Penetration*
    - Used to generate sales - usually in the establishment stage of a product
    - Refers to setting prices at the lowest possible price to gain an immediate group of customers
    - Used to penetrate a market and gain rapid market share by pricing the product much lower than any competitors
    - Useful when there is little brand loyalty
    - However once market share is established, business may incur losses or meet resistance if prices are increased

- *Loss Leaders*
    - Used to generate fast sales or dump excess stock
    - Business sells limited number of goods that generate minimal profit or even a loss to encourage customers to purchase other goods from the business
    - The business will lose money on the discounted good but hopes to offset this with an increase in sales in other premium products
    - Often used by retail stores in peak sale times
    - Also used to dump excess stock
        - A business produces more than it can sell and therefore dumps it into new markets below cost price

- *Price Points*
    - Used to indicate relative quality
    - Used when a business has a number of products in a product line
    - Quality, design or function varies for each price point

- ***Price and Quality Interaction***

Price creates a perception of quality → “You get what you pay for”
If a product costs more, then production costs must have been larger and therefore better quality materials were used

Business understand that a customer is willing to pay more for a product with perceived higher quality features due to the premium price

Lower prices usually regarded as reflecting poor quality
However, this perception is not necessarily accurate

Supermarkets increase production of home brand products because they make higher margin than on named brands

- In Aus, supermarkets are dominated by two producers, therefore Coles can pressure Kellogs to produce their homebrand product → as such, low price = low quality is not true here

Higher prices develop an image of quality and status. This is known as prestige pricing.

When recommending a pricing strategy:

1. Price method
   a. Cost plus margin
   b. Market based - supply/demand
   c. Competition based
2. Recommend strategy in detail
   a. Skimming
   b. Loss leaders
   c. Price points
   d. Penetration
3. Discuss the price/quality interaction between the product and the customer

- **Promotion**

Promotion seeks to generate interest and awareness of a business' product. It includes the promotion mix. When developing a promotional mix, a business may decide from four methods:

- Advertising
- Personal selling and relationship marketing
- Sales promotion
- Publicity and public relations

- ***Advertising***

A paid, non-personal message communicated through a mass medium. For most businesses, this is the most public face of the promotion mix. It attempts to influence perception of a product's branding and positioning.
The six advertising media are:

- Mass marketing - e.g. newspaper, radio, television
- Direct marketing catalogues - e.g. catalogues delivered through the mail
- Telemarketing - e.g. use of telephone to communicate with customers
- E-marketing - e.g. cookies and companies paying to be featured
- Social media advertising - e.g. facebook, twitter, instagram
- Billboards - e.g. large signs placed at strategic locations including freeway

Which advertising media a business selects depends on:-

- ❖ Type of products
- ❖ Positioning
- ❖ Target market size and characteristics
- ❖ Business' budget
- ❖ Cost of medium
- ❖ Place on the product life cycle

- ***Personal Selling and Relationship Marketing***

Personal selling:
Involves the activities of a salesperson directed to a customer in an attempt to make a sale which involves human interaction to gain a sale.

Positives: Individualised assistance to the customer can create a strong customer relationship, resulting in increased sales

Negatives: Time costly at the expense of a having sales person which is a significant issue for large companies.

Relationship marketing:

Development of a customer based relationship, hence creates positive brand awareness and growth.

Positives: Method of an integrated approach to marketing service quality and Long term customers become less likely to switch to other competitors

Negatives: Inappropriate integration leads to disaster and threatens management control

Relationship marketing and Customer Relationship Management (CRM)

- An approach to manage a company's interaction with current and potential customers
- Uses data analysis about customers' history with company to improve business relationships with those customers, specifically focusing on customer retention
- Important aspect of CRM = systems used to compile data from website, telephone, email, live chat, marketing materials, social media
- CRM helps a business learn more about their target market and how to cater to their needs

- Advantages:
    - Enhance ability to target profitable customers
    - Integrated assistance across distribution channels
    - Enhanced sales force efficiency and effectiveness
    - Improved pricing
    - Customized products and services
    - Improved customer service efficiency and effectiveness
    - Individualized marketing messages also called campaigns
    - Connect customers and all distribution channels on a single platform

- Disadvantages:
    - Validity of some data may not be accurate and cause issues within the system. Eg. Social media trends analysis
    - CRM software can crash, be hacked and therefore adds a level of vulnerability
    - CRM is a huge expense to the business
    - Training and development of staff to use CRM is costly and time consuming

- ***Sales Promotions***

Sales promotions are used to increase consumer demand, stimulate market demand and improve product availability. Sales promotions apply to customers, sales staff and distribution members.

- Types of sales promotions include:
- Coupons
- Contests
- Product samples
- Premiums
- Point of purchase displays

- ***Publicity and Public Relations***

Publicity refers to any free news stories about the business or its products, while Public Relations concerns itself with creating and maintaining a good relationship between the business and the consumer.

Publicity's main aims are to:

- Enhance products' or business' image
- Highlight business' favourable features
- Reduce any negative reputation
- Raise awareness of the product

However publicity can also be negative, highlighting flaws and unfavourable features of the business.

Public relations assists in:

- Promoting a positive image: inforcing favourable perceptions consumers have towards the business.
- Effective communication of messages: using advertising, sales promotions, publicity and personal selling to convey information about the business and its products.
- Issues monitoring: providing warning to public trends that could affect sales, and allowing remedial action to be employed before much harm is done .
- Crisis management: protecting a business' reputation from negative or unfavourable rumours and adverse publicity.

- ***The Communication Process***

Communication plays a big role in the process of influencing a buyer to purchase your product. The sole purpose is to translate a positive promotional message to the consumer. There are two methods:

1. Word-of-mouth (WOM)
2. Opinion Leaders

Word-of-mouth marketing (WOM)

- Involves actively approaching organic discussion based on a product or brand. This method allows positive promotion used in a more exclusive environment.

Opinion leaders involves a well-known public figure or organization who are able to influence followers opinions. These public figures can include:

- Politicians
- Social media influencers
- Journalists
- Educators

When recommending a promotional strategy:

1. Pick 1 of the 6 strategies - is it part of a promotional mix?
    a. Advertising - then recommend individual type of advertising
    b. Personal selling
    c. Relationship marketing - loyalty cards
        i. Customer Relationship Management Software (CRM)
    d. Sales promotion
    e. Publicity
    f. Public relations

2. Explain which communications process is suitable to aid the strategy
    a. Word-of-mouth
    b. Opinion leaders

- **Place / Distribution**

Place not only refers to locations where customers can make purchases, but also how the product gets to those locations

- ***Distribution channels***

A distribution channel is the link between the producer/supplier and the consumer of the product. Traditional channels can be direct or indirect;

- Direct - manufacturers sell products directly to consumer (Barry's Honey - Byron Bay)
- Indirect - manufacturers reach consumers through intermediaries such as agents, wholesalers, and/or retailers

Innovative methods are always being tested in order to avoid intermediaries, such as telemarketing, e-marketing, and social networking.
Some manufacturers see their prime function as manufacturing only, allowing other businesses to deal with customers. Many interstate or overseas businesses use agents to find customers, whereas other manufacturers will attempt to control the entire process.

- ***Channel Choice***

The choice of distribution channel will influence the types of customers the product attracts, the perception of the product in the market, and the ease with which the customer is able to access the product.

There are three key distribution channels:

- Intensive
- Selective
- Exclusive

- ***Intensive***

Occurs when the product is readily available to a wide selection of stores or locations. Eg. Milk and bread

- ***Selective***

Occurs when a business uses a limited number of stores/locations to sell their product. This method allows a business to control where their product is sold and ensure that the locations chosen are consistent with the image being promoted. Eg. Cosmetics & shampoos only sold at chemists or hairdressers

- ***Exclusive***

Expensive product with an elite image, limited to a small number of venues

- ***Physical Distribution Issues***

Physical distribution refers to activities concerned with the efficient movement of products from producer to consumer. Physical distribution is a combination of three interrelated functions;

- Transportation
- Warehousing
- Inventory

- ***Transportation***

The choice of transportation methods will depend on the product, the speed with which the product must be delivered, and the distances needed to be covered. Business must chose the most efficient method of transportation. The most common methods include rail, road, sea and air.

Transportation can be expensive and it is important that a business factors this into their final price for the good. There could also be additional transport costs due to insurance and administration costs.

- ***Warehousing***

Warehousing refers to a set of activities involved in receiving, storing and dispatching goods. Warehousing is influenced largely by the type of good being stored and distributed.

Businesses may have direct control of the warehouse or they may have to outsource through external storage facilities.

- ***Inventory***

Inventory refers to the goods/property acquired by a business for the purpose of resale in ordinary course of business. A business must manage its inventory efficiently as low stock levels would lead to a shortage meaning less revenue, whereas excessive stock would create unnecessary expenses for the business. The JIT approach to inventory management is not suitable for all businesses, especially ones with unreliable suppliers or overseas suppliers.

When recommending a place/distribution strategy:

1. Direct or indirect distribution channel?
    a. Direct - producer to consumer
    b. Indirect - Producer ((to agent) to wholesaler) to retailer to consumer
2. Channel choice
    a. Intensive
    b. Selective
    c. Exclusive
3. Explain distribution issues for chosen channel and choice
    a. How has it affected distribution?
        i. Transport, warehousing, inventory

- **People, Processes and Physical Evidence**

These three Ps have been added to the marketing mix due to the large increase of service industry employment to about 60% of Australians.

- ***People***

Refers to the qualified and trained employees working for a business

- A customer's perception of a business is determined by customer service
- Businesses must ensure that customers are satisfied, therefore a business must put time, effort and money into proper training of employees
- It is essential that staff maintain a positive relationship with the customer (must effectively deal with complaints)

- ***Processes***

Refers to the series of activities that lead to the delivery of the service

- Processes must be efficient to achieve customer satisfaction and repeat business
- Slow service, incorrect/poor quality product delivered, accounting/invoice mistakes will lead to loss of business

- ***Physical Evidence***

Refers to the physical properties of a service. As services are intangible, customers rely on physical cues to evaluate the service before the purchase/consume it.

- Properties such as physical environment, ambience, spatial layout and corporate branding all contribute to the physical cues a consumer may perceive
    - Eg. for a restaurant this may include the location, the environment surrounding it, the ambience and music, and the decorations - if a restaurant has a dirty table cloth, customers will not dine their again

- **E-marketing**

E-marketing is the process of using the internet to perform marketing activities. It allows a business to reach a global audience and interact with customers world-wide.

E-marketing technologies:

- ***Web Pages***

Uses the world wide web with text, video graphics and animation. A well designed website is a powerful tool in marketing.

- ***Podcasts***

The distribution of audio or video files over the internet. Customers can subscribe to a podcasting service that allows the business to market globally.

- ***SMS***

Involves sending short text messages via mobile phone to customers. This delivers message automatically to correct target audience including present and potential customers.

- ***Blogs***

Short for weblog, refers to an online journal or diary. A business can make an announcement via its blog and receive customer feedback. Blogs are meant to be informal and present a human voice for the business.

- ***Web 2.0***

A new development of the world wide web into a more creative and interactive platform. Examples include Wikipedia and Youtube. The sites have become powerful public relations tools at relatively low costs.

- ***Social Media Advertising***

Most important form of e-marketing for many firms. Facebook reaches over 500 million people. Many issues have been posed, however, around privacy, honesty and accuracy with social media advertising.

- **Global Marketing**

What is globalisation?
Globalisation is a process of growing integration between individuals, companies, organisations, economies and countries throughout the world.

This has impacted marketing management, who have responded to this influence by devising global marketing strategies in order to take advantage of globalisation.

Global marketing is marketing on a world-wide scale taking commercial advantage of global operational differences, similarities and opportunities in order to meet global objectives. Businesses must consider the implications of global branding and standardisation on their marketing mix (4Ps + 3Ps) and be aware that each national market is unique. Business must look at market research to:

- Assess the benefits and costs of expanding overseas and plan according to information obtained from research to develop products suitable for new markets - eg. Chinese branded Blackmores products
- Allow global marketing specialists to make more accurate decisions about viability of global expansion
- Develop product (new or differentiated) suitable for new market

- ***Global Branding***

Global branding ensures the brand is more widely recognised and helps increase greater brand awareness and loyalty across the world. Global branding:

- Is a key contributing factor in driving business growth
- Needs to take cultural differences into account

Strategies are the same as product branding, now with consideration of above.

- ***Standardisation***

Global standardisation refers to making a common product on a world-wide basis. This process offers businesses economies of scale, and savings in and R&D. The product may require slight changes due to national standards (packaging and language).

HOWEVER, global standardisation does not take into account tastes and preferences of consumers and government regulations on a per-country basis. To deal with these differences, some customisation is required.

- ***Customisation***

Customisation includes increasing individualisation and customisation of products (same as differentiation). Differentiation is when a product is adjusted through its marketing mix to take into account;

- Specific socio-cultural factors
- Economic and legal factors
- Political influence

In order to make the product more attractive to the target market in specific countries.

Advantages include:

- Products differentiated to appeal to local tastes and preferences
- Maximising sales and acquiring market share
- Creates barriers for entry by competitors by creating intellectual property, leading to increased profitability by increasing market share

Disadvantages include:

- Difficult and costly to sustain → competitors may find cheaper way to differentiate
- Customisation can be copied. Growing fake duplicate industry (eg. Nike)
- Market determines what is essential. Non-essential differentiation will be driven out by lack of demand for product or features.

- ***Global Pricing***

Pricing strategies for a global market includes:

- Change price tag (keeping same quality)
- Change quality of the product whilst charging same price
- Change quantity available, creates artificial scarcity, increasing demand and therefore higher price can be charged
- Change sale size of product (eg. 1.25L soft drink instead of 1.5L)
- Change terms of sale (instead of free service, charge an additional fee)

Other issues can include:

- Bargaining is a way of life in some countries so you must start high on price and ensure you cover cover costs plus a profit
- The price may increase substantially if a product is imported due to the distribution chain being longer, hence larger costs must be made back
- If the product does not sell as many units in that market, unit prices will rise due to reduced economies of scale

- ***Competitive Positioning***

Competitive positioning is how a business differentiates its products and portrays its intended image to the global market.

Effective competitive positioning includes:

- Developing a product/brand image that will appeal to customers in different geographical locations
- Determining whether product/brand appeals to variety of cultures or specific culture/customer group
- Determining if product is positioned to local, national or global market
- Identifying segments within customer group (age, gender, income, marital/family status, occupation)
- Determining type of value product will deliver to market