Chapter 1

Marketing: Managing Profitable Customer Relationships

by

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Learning Goals

1. **Define marketing and the marketing process.**
2. **Explain the importance of understanding customers and identify the five core marketplace concepts**
3. **Identify the elements of a customer-driven marketing strategy and discuss the marketing management orientations.**
4. **Discuss customer relationship management and creating value for and capturing value from customers**
5. **Describe the major trends and forces changing the marketing landscape**

What is Marketing?

Marketing Defined:

"**Marketing is a social and managerial process by which individuals and groups obtain what they need and want through creating and exchanging value with others**"

Marketing is about managing profitable customer relationships

- **Attracting new customers**
- **Retaining and growing current customers**

The Marketing Process
A Five-Step Process

1. **Understand the marketplace and customer needs and wants**
2. **Design a customer-driven marketing strategy**
3. **Construct a marketing program that delivers superior value**
4. **Build profitable relationships and create customer delight**
5. **Capture value from customers to create profits and customer quality**

Understanding the Marketplace

Core Concepts

Needs, wants, and demands

Marketing offers: including products, services and experiences

Value and satisfaction

Exchange, transactions and relationships

Markets

Need
- State of felt deprivation
- Example: Need food

Wants
- The form of needs as shaped by culture and the individual
- Example: Want a Big Mac

Demands
- Wants which are backed by buying power

Understanding the Marketplace

Core Concepts

Needs, wants, and demands

Marketing offers: including products, services and experiences

Value and satisfaction

Exchange, transactions and relationships

Markets

Marketing offer

- **Combination of products, services, information or experiences that satisfy a need or want**

- **Offer may include services, activities, people, places, information or ideas**

Understanding the Marketplace

Core Concepts

Needs, wants, and demands

Marketing offers: including products, services and experiences

Value and satisfaction

Exchange, transactions and relationships

Markets

Value

- **Customers form expectations regarding value**
- **Marketers must deliver value to consumers**

Satisfaction

- **A satisfied customer will buy again and tell others about their good experience**

Understanding the Marketplace

Core Concepts

Needs, wants, and demands

Marketing offers: including products, services and experiences

Value and satisfaction

Exchange, transactions and relationships

Markets

Exchange

- **The act of obtaining a desired object from someone by offering something in return**
- **One exchange is not the goal, relationships with several exchanges are the goal**
- **Relationships are built through delivering value and satisfaction**

Understanding the Marketplace

Core Concepts

Needs, wants, and demands

Marketing offers: including products, services and experiences

Value and satisfaction

Exchange, transactions and relationships

Markets

Market

- **Set of actual and potential buyers of a product**
- **Marketers seek buyers that are profitable**

Marketing Management

Marketing management is the art and science of choosing target markets and building profitable relationships with them.

- **This definition must include answers to two questions:**
  - **What customers will we serve?**
  - **How can we serve these customers best?**

Selecting Customers and Creating Value

Customer Management

- **What customers will we serve?**
- **Marketers select customers that can be served profitably**

Value Proposition

- **How can we serve these customers best?**
- **Includes the set of benefits or values a company promises to deliver to consumers to satisfy their needs**

Marketing Orientations

- **Production concept:** holds that consumer will favor products that are available and highly affordable.

- **Product concept:** holds that consumer will favor products that offer the most in quality, performance, and innovative feature.

- **Selling concept:** which hold that consumers will not buy enough of the firm's products unless it undertakes a large-scale selling and promotion effort.

- **Marketing concept: holds that** achieving organisational goals depends on knowing the needs and wants of target market and delivering the desired satisfactions better than competitors do.

- **Societal marketing concept:** deliver value to customers in a way that maintains or improves both the consumer's and the society's well-being

The Marketing Plan

Transforms the marketing strategy into action

Includes the marketing mix and the 4P's of marketing

- **Product**
- **Price**
- **Place**
- **Promotion**

The Marketing Mix

Building Customer Relationships

CRM – Customer relationship management

The overall process of building and maintaining profitable customer relationships by delivering superior customer value and satisfaction. It deals with all aspects of acquiring, keeping and growing customers.

Marketing Landscape

Challenges

Digital age

Globalization

Ethics and social responsibility

Not-for-profit marketing

Marketing relationships

Growth of the Internet

Advances in telecommunications, information, transportation

- Customer research and tracking
- Product development
- Distribution
- New advertising tools
- 24/7 marketing through the Internet

Marketing Landscape

Challenges

Digital age
Globalization
Ethics and social responsibility
Not-for-profit marketing
Marketing relationships

Geographical and cultural distances have shrunk

- Greater market coverage
- More options for purchasing and manufacturing
- Increased competition from foreign competitors

Marketing Landscape

Challenges

Digital age

Globalization

Ethics and social responsibility

Not-for-profit marketing

Marketing relationships

Marketers need to take great responsibility for the impact of their actions

- Caring capitalism is a way to differentiate your company

Marketing Landscape

Challenges

Digital age

Globalization

Ethics and social responsibility

Not-for-profit marketing

Marketing relationships

Many organizations are realizing the importance of strategic marketing

- **Performing arts**
- **Government agencies**
- **Colleges**
- **Hospitals**
- **Churches**

Marketing Landscape

Challenges

Digital age

Globalization

Ethics and social responsibility

Not-for-profit marketing

Marketing relationships

Profits through managing long-term customer equity

- **Improve customer knowledge**
- **Target profitable customers**
- **Keep profitable customers**

Chapter 2

Company and Marketing Strategy: Partnering to Build Customer Relationships

by

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Learning Goals

1. **Explain strategic planning**
2. **Describe business portfolios and growth strategies**
3. **Detail marketing's role in strategic planning**
4. **Describe elements of customer-driven marketing strategy**
5. **List the marketing management functions**

What is Strategic Planning?

Strategic Planning Defined:

- **The process of developing and maintaining a strategic fit between the organization's goals and capabilities and its changing marketing opportunities**

Strategic Planning

Corporate level

Defining the company mission

↓

Setting company objectives and goals

↓

Designing the business portfolio

↓

Planning marketing and other functional strategies

Business unit, product, market level

Market-Oriented Mission

A mission statement asks..

- **What is our business?**
- **Who is the customer?**
- **What do consumers value?**
- **What should our business be?**

A mission statement should be:

- **An "invisible hand"**
- **Neither too narrow nor too broad**
- **Fitting of market environment**
- **Based on distinctive competencies**
- **Motivating**

ตัวอย่าง Mission Statement

"เราไม่ได้เป็นแค่บัตรเครดิต แต่เป็นสื่อในการแลกเปลี่ยนทรัพย์สินทุกสิ่งที่ลูกค้าต้องการ" (บัตรวี ซ่า)

"เอทีแอนด์ที เป็นธุรกิจในธุรกิจสื่อสาร ไม่ใช่องค์การโทรศัพท์"

ลักษณะของ Mission Statement ที่ดี

- ง่ายต่อการเข้าใจและจดจำ
- ไม่แคบและไม่กว้างจนเกินไป เช่น บริษัทผู้ผลิตปากกา
  "เราเป็นผู้นำในธุรกิจการสื่อสาร" (กว้างเกินไป)
- ชัดเจนและเป็นไปได้
  "เราต้องการเป็นผู้นำในการผลิตสินค้าที่มีคุณภาพดีที่สุด ให้การบริการยอดเยี่ยม ในราคาที่ถูก ที่สุด" (ขาดความชัดเจนว่าทำธุรกิจอะไร สินค้าคืออะไร)

ตัวอย่างการกำหนด Mission Statement และ Objectives ของบริษัท Sala Lee ซึ่งจำหน่ายผลิตภัณฑ์หลายชนิด เช่น ขนมเค้ก (Sala Lee) ถุงน่อง (L'eggs) ยาขัดรองเท้า (Kiwi)

Business Mission

"เป็นบริษัทที่เป็นผู้นำด้านตรายี่ห้อและส่วนครองตลาดในกลุ่มลูกค้าหลักทั่วโลก ผลิตและจำหน่ายแต่สินค้าที่มีคุณภาพดี และมีศักยภาพในการเติบโต ทั้งผลิตภัณฑ์อาหาร ผลิตภัณฑ์เครื่องใช้ส่วนตัว และผลิตภัณฑ์เครื่องใช้ในครัวเรือน ผ่านช่องทางการจัดจำหน่ายที่มีอยู่ทั่วไป"

Objectives

"รักษาระดับผลตอบแทนต่อส่วนของผู้ถือหุ้นจากการลงทุน ร้อยละ 20 เพื่อให้ได้รับผลตอบแทนต่อหุ้นอย่างน้อยร้อยละ 8 ต่อปี"
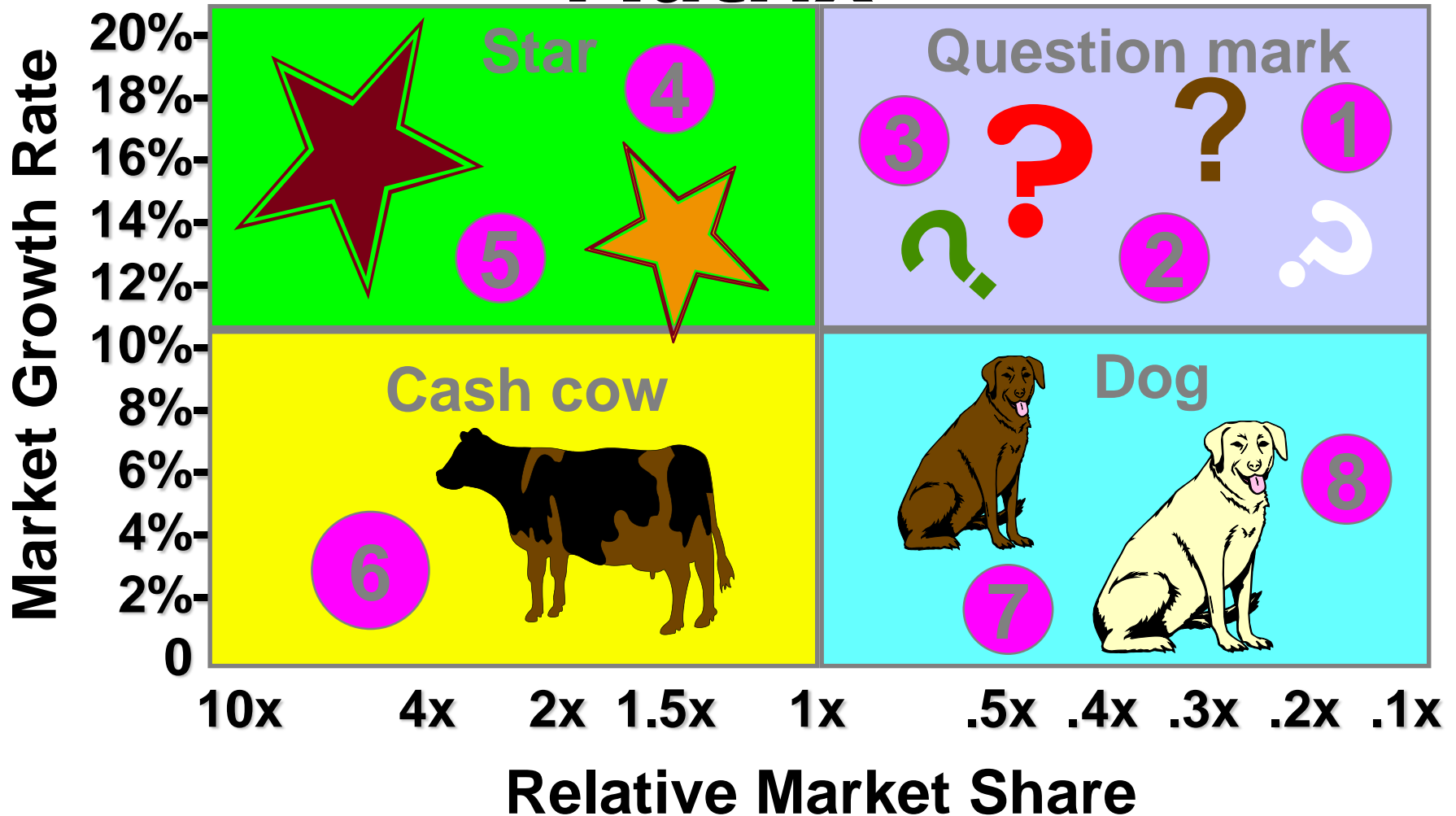
The Business Portfolio

A **business portfolio** is the collection of businesses and products that make up the company

Business portfolio planning involves two steps:

1. Analyzing the current business portfolio
2. Shaping the future portfolio by developing strategies

Analyzing the Current Business Portfolio

- **Build**
  - **Increase market share**
  - **Works well for question marks**
- **Hold**
  - **Preserve market share**
  - **Good for cash cow**

- **Harvest**
  - **Increases short-term cash flow**
  - **Good for weak cash cows, question marks and dogs**
- **Divest**
  - **Sell or liquidate**
  - **Good for dogs and question marks**

Developing Growth Strategies

Product/Market Expansion Grid

การเจาะตลาด **(Market Penetration)**	▪ เพิ่มยอดขายสินค้าที่มีอยู่เดิมในตลาดเดิม ▪ ลดราคา เพิ่มตัวแทนจำหน่าย เพิ่มโฆษณา
การพัฒนาตลาด **(Market Development)**	▪ เพิ่มยอดขายสินค้าเดิมในตลาดใหม่ ▪ หาลูกค้าใหม่ที่จะใช้สินค้าที่มีอยู่เดิม
การพัฒนาผลิตภัณฑ์ **(Product Development)**	▪ หาสินค้าใหม่มาขายในตลาดเป้าหมายเดิม ▪ ปรับปรุงสินค้าเดิมให้ดีขึ้น
การขยายตัวด้านอื่น **(Diversification)**	▪ หาสินค้าใหม่ ขายในตลาดใหม่ ▪ อาจมีการควบกิจการ ซื้อกิจการ หรือ เริ่มธุรกิจใหม่ที่ไม่เคยทำมาก่อน

Marketing's Role in Strategic Planning

- **Provide a guiding philosophy**
- **Identify attractive opportunities**
- **Design effective strategies**
- **Build strong value chains**
- **Form superior value delivery networks**

Marketing Strategy

Strategy

1. *Market Segmentation*
2. Target marketing
3. Market Positioning

- **Customers grouped by:**
  - **Geographic**
  - **Demographic**
  - **Psychographic**
  - **Behavioral**
- **Market segment is a groups of consumers who respond in similar ways to marketing efforts.**

Marketing Strategy

Strategy

1. *Market Segmentation*
2. **Target marketing**
3. *Market Positioning*

- **Evaluation of each segment's attractiveness**
- **Selection of segments with greatest long-term profitability**
- **A company can choose one or several segments to target**

Marketing Strategy

Strategy

1. *Market Segmentation*
2. *Target marketing*
3. **Market Positioning**

- **The place the product occupies in the consumer's mind**
- **Products are positioned relative to competing products**
- **Marketers look for clear, distinctive and desirable place in positioning**

Marketing Mix

- **The marketing mix includes controllable and tactical marketing tools knows as the 4P's**
- **The 4P's include**
  - **Product**
  - **Place**
  - **Promotion**
  - **Price**

Managing the Marketing Effort

Marketing Functions

- *Analysis*
- *Planning*
- *Implementation*
- *Control*

- **Finding opportunities**
- **Avoiding threats**
- **Understanding strengths**
- **Analyzing weaknesses**

Managing the Marketing Effort

Marketing Functions

- *Analysis*
- **Planning**
- *Implementation*
- *Control*

- **Marketing plans include:**
  - *Executive summary*
  - *Analysis of current situation*
  - *Objectives*
  - *Targets and positioning*
  - *Marketing mix*
  - *Budget*
  - *Controls*

Managing the Marketing Effort

Marketing Functions

- *Analysis*
- *Planning*
- ***Implementation***
- *Control*

- Plans are turned into action with day-to-day activities
- Good implementation is a challenge

Managing the Marketing Effort

Marketing Functions

- *Analysis*
- *Planning*
- *Implementation*
- *Control*

- **Evaluation of the results of marketing strategies**
- **Checks for differences between goals and performance**

Measuring Effectiveness

Return on marketing (marketing ROI)

- **The net return from a marketing investment divided by the costs of the investments**

Chapter 3

The Marketing Environment

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The Marketing Environment

Marketing Environment:
The actors and forces outside marketing that affect marketing management's ability to build and maintain successful relationships with target customers

Microenvironment
Includes the actors close to the company

Macroenvironment
Involves larger societal forces

Microenvironment

Microenvironment

Actors

1. **The company**
2. *Suppliers*
3. *Marketing intermediaries*
4. *Customers*
5. *Competitors*
6. *Publics*

- **Marketing must consider other parts of the organization including finance, R&D, purchasing, operations and accounting**
- **Marketing decisions must relate to broader company goals and strategies**

Microenvironment

Actors

1. *The company*
2. **Suppliers**
3. *Marketing intermediaries*
4. *Customers*
5. *Competitors*
6. *Publics*

- **Marketers must watch supply availability and pricing**
- **Effective partnership relationship management with suppliers is essential**

Microenvironment

Actors

1. The company
2. Suppliers
3. **Marketing intermediaries**
4. Customers
5. Competitors
6. Publics

- **Help to promote, sell and distribute goods to final buyers**
- **Include resellers, physical distribution firms, marketing services agencies and financial intermediaries**
- **Effective partner relationship management is essential**

Microenvironment

Actors

1. The company
2. Suppliers
3. Marketing intermediaries
4. **Customers**
5. Competitors
6. Publics

- **The five types of customer markets**
  - **Consumer**
  - **Business**
  - **Reseller**
  - **Government**
  - **International**

Microenvironment

Actors

1. *The company*
2. *Suppliers*
3. *Marketing intermediaries*
4. *Customers*
5. **Competitors**
6. *Publics*

- **Conducting competitor analysis is critical for success of the firm**
- **A marketer must monitor its competitors' offerings to create strategic advantage**
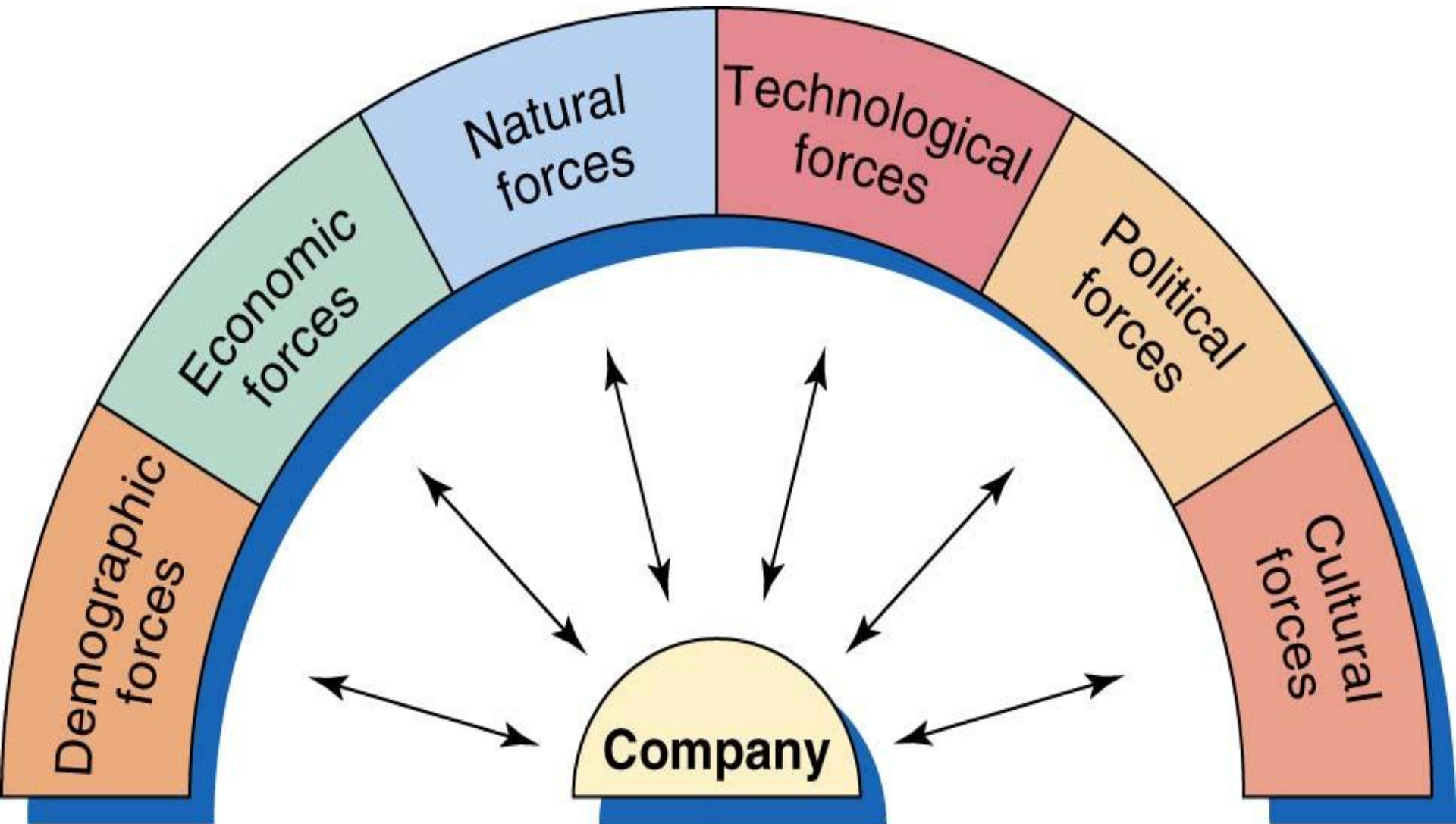
Microenvironment

Actors

1. *The company*
2. *Suppliers*
3. *Marketing intermediaries*
4. *Customers*
5. *Competitors*
6. ***Publics***

- **A group that has an actual or potential interest in or impact on an organization**
- **Seven publics include:**
  - **Financial**
  - **Media**
  - **Government**
  - **Citizen-action**
  - **Local**
  - **General**
  - **Internal**

The Macroenvironment

Demographic Environment

Demographic Environment:

- The study of human populations in terms of size, density, location, age, gender, race, occupation and other statistics

Income Distribution

Walt Disney markets two distinct Pooh bears to match its two-tiered market.

Natural Environment

Natural Environment:

- **Involves the natural resources that are needed as inputs by marketers or that are affected by marketing activities**

Trends

- **Shortages of raw materials**
- **Increased pollution**
- **Increased government intervention**

Technological Environment

- **The most dramatic force shaping our destiny**
- **Rapidly changing force which creates many new marketing opportunities but also turns many existing products extinct**

Political Environment

Consists of laws, government agencies and pressure groups that influence or limit various organizations and individuals in a given society

- **Legislation affecting businesses worldwide has increased**
- **Laws protect companies, consumers and the interests of society**
- **Increased emphasis on socially responsible actions**

Cause-Related Marketing

- **Marketers create link between brand and charitable organization**
- **Demonstrates social responsibility**
- **Helps build positive brand image**
- **Examples include General Mill's Box Tops for Education, Tang and Mothers Against Drunk Driving, Eddie Bauer and local schools**

Cultural Environment

Made up of institutions and other forces that affect a society's basic values, perceptions, preferences and behaviors.

Environmental Responsibility

McDonald's has made a substantial commitment to the so-called "green movement."

Technological Environment

Most dramatic force now shaping our destiny.

Technological Environment

Changes rapidly.
Creates new markets and opportunities.
Challenge is to make practical, affordable products.
Safety regulations result in higher research costs and longer time between conceptualization and introduction of product.

Chapter 4

Managing Marketing Information

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Learning Goals

1. **Explain the importance of information to the company**
2. **Define the marketing information system**
3. **Outline the steps in the market research process**
4. **Explain how companies analyze and distribute information**
5. **Discuss special issues facing market researchers**

Marketing Info. System

Marketing Information System (MIS)

- **Consists of people, equipment, and procedures to gather, sort, analyze, evaluate, and distribute needed, timely, and accurate information to marketing decision makers.**

Marketing Info. System

Begins and Ends with Information Users:

- **Interacts with information users to assess information**
- **Develops needed information from internal and external sources**
- **Helps users analyze information for marketing decisions**
- **Distributes the marketing information and helps managers use it for decision making**

Assessing Marketing Information Needs

- **The MIS serves company managers as well as external partners**
- **The MIS must balance needs against feasibility:**
  - Not all information can be obtained.
  - Obtaining, processing, sorting, and delivering information is costly

Developing Marketing Information

Sources of Info

Internal data
Marketing intelligence
Marketing research

- **Internal data is gathered via customer databases, financial records, and operations reports.**
- **Advantages include quick/easy access to information.**
- **Disadvantages stem from the incompleteness or inappropriateness of data to a particular situation.**

Developing Marketing Information

Sources of Info

Internal data

Marketing intelligence

Marketing research

- ***Marketing intelligence*** **is the systematic collection and analysis of publicly available information about competitors and trends in the marketing environment.**
- **Competitive intelligence gathering activities have grown dramatically.**
- **Many sources of competitive information exist.**

Sources of Competitive Intelligence

- **Company employees**
- **Internet**
- **Garbage**
- **Published information**

- **Competitor's employees**
- **Trade shows**
- **Benchmarking**
- **Channel members and key customers**

Developing Marketing Information

Sources of Info

Internal data

Marketing intelligence

Marketing research

Marketing research **is the systematic design, collection, analysis, and reporting of data relevant to a specific marketing situation facing an organization.**

The Marketing Research Process
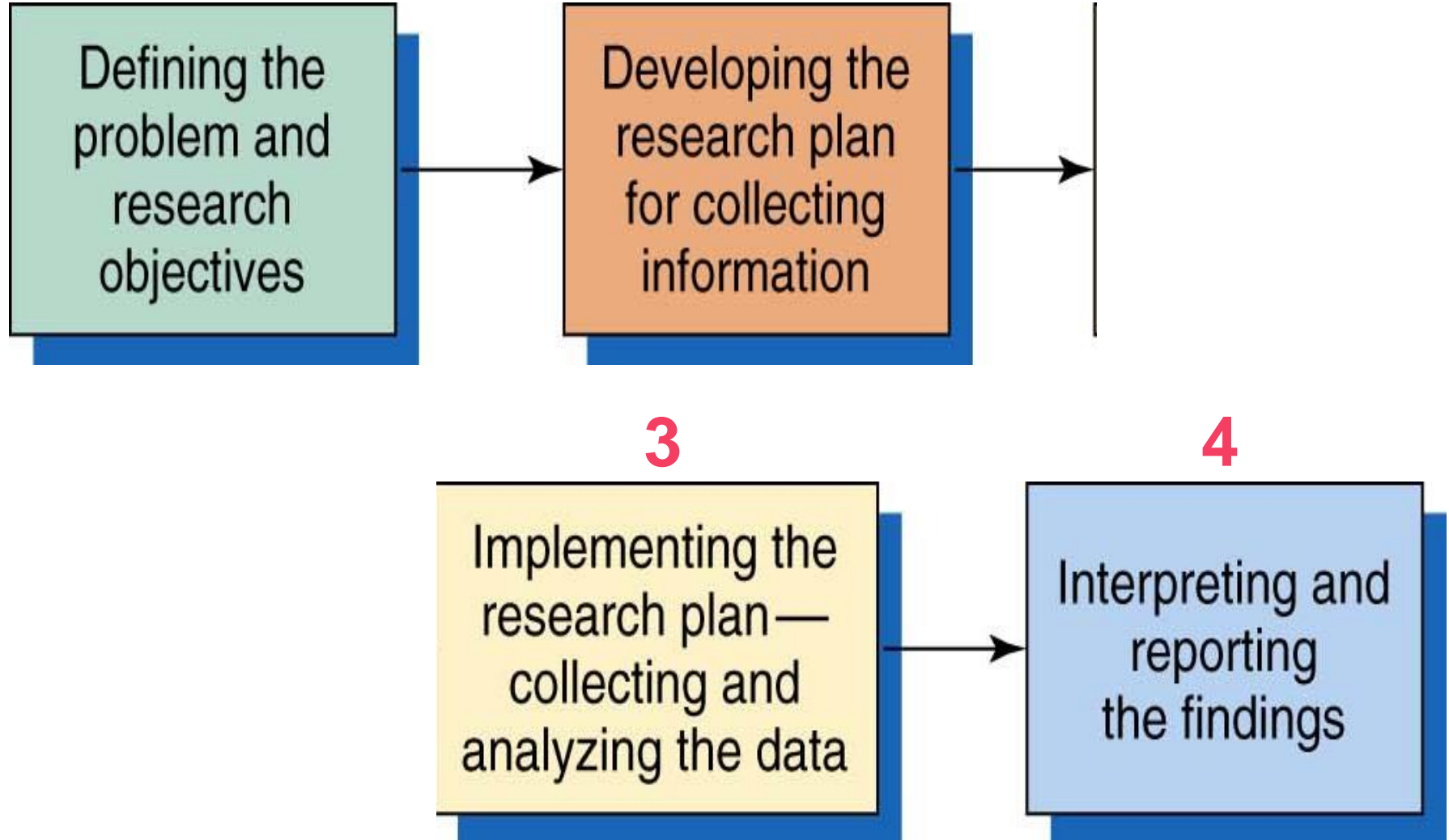
1

Defining the problem and research objectives

2

Developing the research plan for collecting information

3

Implementing the research plan — collecting and analyzing the data

4

Interpreting and reporting the findings
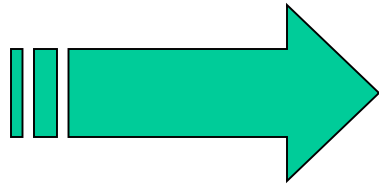
Steps in the Marketing Research Process:

1. **Defining the problem and research objectives.**
2. **Developing the research plan for collecting information.**
3. **Implementing the research plan – collecting and analyzing the data.**
4. **Interpreting and reporting the findings.**

Step 1: Defining the problem and research objectives

- **The manager and the researcher must work together.**
- **These objectives guide the entire process.**
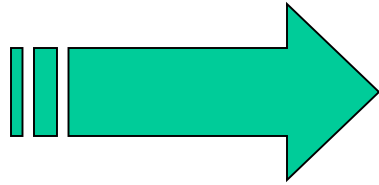- **Exploratory, descriptive, and causal research each fulfill different objectives.**

Defining the Problem & Objectives

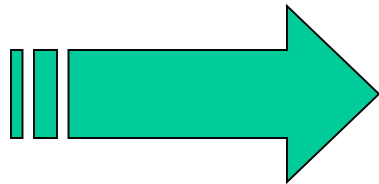|		
Exploratory Research	→	Gather preliminary information that will help define the problem and suggest hypotheses.
Descriptive Research	→	Describes things (e.g., market potential for a product, Demographics, and attitudes).
Causal Research	→	Tests hypotheses about cause-and-effect relationships.

Step 2: Developing the Research Plan

- **The research plan is a written document that outlines the type of problem, objectives, data needed, and the usefulness of the results. Includes:**
  - **Secondary data: Information collected for another purpose that already exists.**
  - **Primary data: Information collected for the specific purpose at hand**

Secondary Data

Secondary data sources:
- **Government information**
- **Internal, commercial, and online databases**
- **Publications**

Advantages:
- **Obtained quickly**
- **Less expensive than primary data**

Disadvantages:
- **Information may not exist or may not be usable**

Secondary Data

Evaluate the Following When Judging Data Quality

Relevance   **Currency**
Accuracy   **Impartiality**

Primary Data

Primary research decisions:

- **Research approaches**
- **Contact methods**
- **Sampling plan**
- **Research instruments**

Primary Data

Decisions

Research Approach

Contact Method

Sampling Plan

Research Instrument

Observation research using people or machines

- **Discovers behavior but not motivations.**

Survey research

- **Effective for descriptive information.**

Experimental research

- **Investigates cause and effect relationships.**

Observational Research

The gathering of primary data by observing relevant people, actions, and situations.

Ethnographic research:

- **Observation in "natural environment"**

Mechanical observation:

- **People meters**
- **Checkout scanners**

Observational Research

Fisher-Price set up an observation lab in which it could observe the reactions of little tots to new toys.

Survey Research

Most widely used method for primary data collection.

Approach best suited for gathering descriptive information.

Can gather information about people's knowledge, attitudes, preferences, or buying behavior.

Experimental Research

Tries to explain cause-and-effect relationships.

Involves:

- **selecting matched groups of subjects,**
- **giving different treatments,**
- **controlling unrelated factors, and**
- **checking differences in group responses.**

Primary Data

Decisions

Research Approach
Contact Method
Sampling Plan
Research Instrument

Key Contact Methods Include:
- **Mail surveys**
- **Telephone surveys**
- **Personal interviewing:**
  - **Individual or focus group**
- **Online research**

Strengths & Weaknesses of Contact Methods

	Mail	Telephone	Personal	Online
Flexibility	Poor	Good	Excellent	Good
Quantity of data that can be collected	Good	Fair	Excellent	Good
Control of interviewer effects	Excellent	Fair	Poor	Fair
Control of sample	Fair	Excellent	Fair	Poor
Speed of data collection	Poor	Excellent	Good	Excellent
Response rate	Fair	Good	Good	Good
Cost	Good	Fair	Poor	Excellent

Primary Data

Decisions

Research Approach

Contact Method

Sampling Plan

Research Instrument

Sample: subgroup of population from whom information will be collected

Sampling Plan Decisions:

- Sampling unit
- Sample size
- Sampling procedure:
  - Probability samples
  - Non-probability samples

Primary Data

Decisions

Research Approach

Contact Method

Sampling Plan

Research Instrument

- **Questionnaires**
  - *Include open-ended and closed-ended questions*
  - *Phrasing and question order are key*
- **Mechanical instruments**
  - *Nielsen's people meters*
  - *Checkout scanners*
  - *Eye cameras*

Step 3: Implementing the Research Plan

- **Data is collected by the company or an outside firm**
- **The data is then processed and checked for accuracy and completeness and coded for analysis**
- **Finally, the data is analyzed by a variety of statistical methods**

Step 4: Interpreting and Reporting the Findings

- **The research interprets the findings, draws conclusions and reports to management**
- **Managers and researchers must work together to interpret results for useful decision making**

Analyzing Marketing Information

- **Statistical analysis and analytical models are often used**

- **Customer relationship management (CRM) software helps manage information by integrating customer data from all sources within a company**

- **CRM software offers many benefits and can help a firm gain a competitive advantage when used as part of a total CRM strategy**

Distributing and Using Marketing Information

- **Routine reporting makes information available in a timely manner.**
- **User-friendly databases allow for special queries.**
- **Intranets and extranets help distribute information to company employees and value-network members.**

Other Considerations

- **Marketing research in small businesses and not-for-profit organizations**
- **International marketing research**
- **Public policy and ethics**
  - **Consumer privacy issues**
  - **Misuse of research findings**

Chapter 5

Consumer Markets and Consumer Buyer Behavior

by
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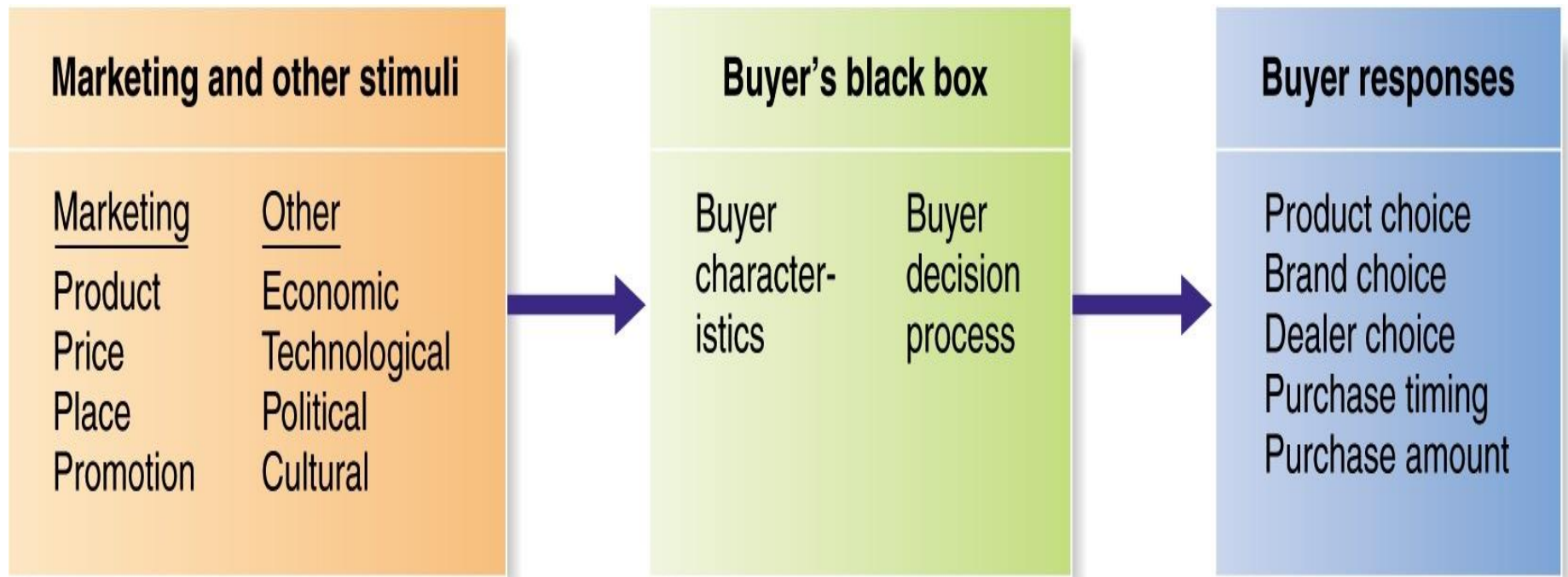**paitoon9@hotmail.com**
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Learning Goals

1. **Learn the consumer market and construct model of consumer buyer behavior**
2. **Know the four factors that influence buyer behavior**
3. **Understand the types of buying decision behavior and stages in the process**
4. **Comprehend the adoption and diffusion process for new products**

Definitions

- **Consumer buyer behavior refers to the buying behavior of final consumers – individuals and households who buy goods and services for personal consumption**
- **All of these final consumers combine to make up the consumer market**

Model of Buyer Behavior

Marketing and other stimuli

Marketing	Other
Product	Economic
Price	Technological
Place	Political
Promotion	Cultural

Buyer's black box

Buyer character-istics	Buyer decision process

Buyer responses

Product choice
Brand choice
Dealer choice
Purchase timing
Purchase amount

Factors Influencing Consumer Behavior

Cultural	**Social**	**Personal**	**Psychological**
Culture	Reference Groups	Age & Life-Cycle Stage	Motivation
Subculture	Family	Occupation	Perception
Social Class	Roles & Status	Economic Situation	Learning
		Lifestyle	Beliefs & Attitudes
		Personality & Self-Concept	

Characteristics Affecting Consumer Behavior

Key Factors

Cultural
Social
Personal
Psychological

- **Culture**
  - *Forms a person's wants and behavior*
- **Subculture**
  - *Groups with shared value systems*
- **Social Class**
  - *Society's divisions who share values, interests and behaviors*

Culture

Social Class

Society's relatively permanent and ordered divisions whose members share similar values, interests, and behaviors.

Measured by a combination of: occupation, income, education, wealth

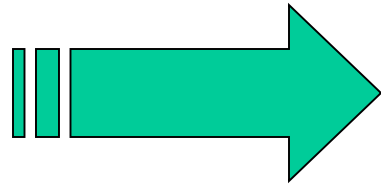# Characteristics Affecting Consumer Behavior

Key Factors

Cultural
Social
Personal
Psychological

- **Groups**
  - **Membership**
  - **Reference**
    - **Aspirational**
  - **Opinion Leaders**
    - **Buzz marketing**
- **Family**
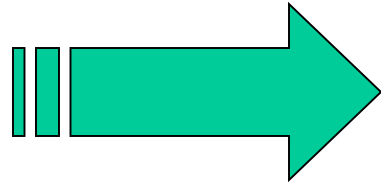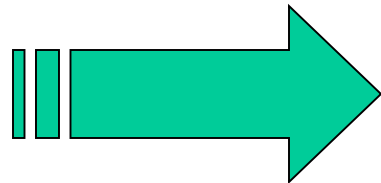 - **Many influencers**
- **Roles and Status**

Social Factors

Groups	→	Membership Reference (opinion leaders) Aspirational
Family	→	Most important consumer buying organization
Roles & Status	→	Role =Expected activities Status = Esteem given to role by society

Opinion Leaders

Marketers use *buzz marketing* by enlisting or even creating opinion leaders to spread the word about their brands.

Characteristics Affecting Consumer Behavior

Key Factors

Cultural

Social

Personal

Psychological

- **Age and life cycle**
- **Occupation**
- **Economic situation**
- **Lifestyle**
  - *Activities, interests and opinions*
  - *Lifestyle segmentation*
- **Personality and self-concept**

Personal Factors

Age and Life-Cycle Stage

Occupation

Economic Situation

Personal Factors

Lifestyle

↓

Pattern of Living as Expressed in Psychographics

↓

Activities

Interests

Opinions

Characteristics Affecting Consumer Behavior

Brand Personality Dimensions

- **Sincerity**
- **Ruggedness**

- **Excitement**
- **Competence**

- **Sophistication**

Characteristics Affecting Consumer Behavior

Key Factors

Cultural

Social

Personal

Psychological

- **Motivation**
- **Perception**
- **Learning**
- **Beliefs and attitudes**

Psychological Factors Motivation

- **A motive** is a need that is sufficiently pressing to direct the person to seek satisfaction

- Motivation research is based on Freud; Looks for hidden and subconscious motivation

- **Maslow** ordered needs based on how pressing they are to the consumer

Maslow's Hierarchy of Needs

Self-actualization needs
Self-development and realization

Esteem needs
Self-esteem, recognition, status

Social needs
Sense of belonging, love

Safety needs
Security, protection

Physiological needs
Hunger, thirst
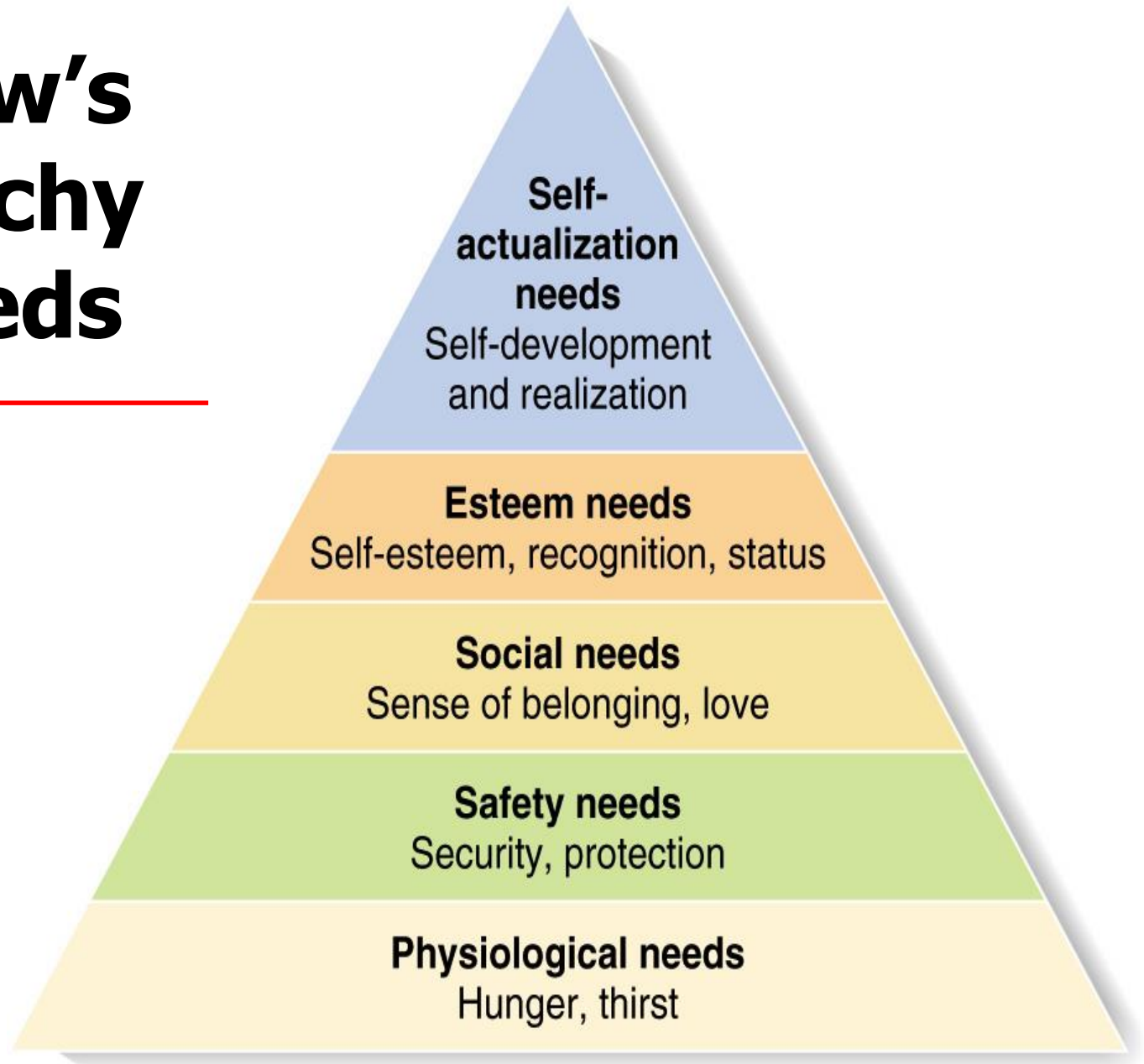
Psychological Factors Perception

- **Perception is the process by which people select, organize, and interpret information**

- **Perception Includes:**
  - **Selective attention**
    - **Consumers screen out information**
  - **Selective distortion**
    - **People interpret to support beliefs**
  - **Selective retention**
    - **People retain points to support attitudes**

Psychological Factors Learning

Learning **describes changes in an individual's behavior arising from experience**
Learning occurs through:

- **Drives**
  - **Internal stimulus that calls for action**
- **Stimuli**
  - **Objects that move drive to motive**
- **Cues**
  - **Minor stimuli that affect response**
- **Reinforcement**
  - **Feedback on action**

Psychological Factors Beliefs and Attitudes

Belief

- a descriptive thought about a brand or service
- may be based on real knowledge, opinion, or faith

Attitude

- describes a person's evaluations, feelings and tendencies toward an object or idea
- They are difficult to change

Types of Buying Decision Behavior

Complex
- **Highly involved, significant brand differences**
- **Example – computer**

Dissonance-reducing
- **Highly involved, little brand differences**
- **Example – carpeting**

Habitual
- **Low involvement, little brand differences**
- **Example – salt**

Variety-seeking
- **Low involvement, significant perceived brand differences**
- **Example – cookies**

The Buyer Decision Process

Process Stages

Need recognition
Information search
Evaluation of alternatives
Purchase decision
Postpurchase behavior

Needs can be triggered by:

- **Internal stimuli**
  - **Normal needs become strong enough to drive behavior**
- **External stimuli**
  - **Advertisements**
  - **Friends of friends**

The Buyer Decision Process

Process Stages

Need recognition
Information search
Evaluation of alternatives
Purchase decision
Postpurchase behavior

- **Consumers exhibit heightened attention or actively search for information.**
- **Sources of information:**
  - **Personal**
  - **Commercial**
  - **Public**
  - **Experiential**
- **Word-of-mouth**

The Buyer Decision Process

Process Stages

Need recognition
Information search
Evaluation of alternatives
Purchase decision
Postpurchase behavior

- **Evaluation procedure depends on the consumer and the buying situation.**
- **Most buyers evaluate multiple attributes, each of which is weighted differently.**
- **At the end of the evaluation stage, purchase intentions are formed.**

The Buyer Decision Process

Process Stages

Need recognition

Information search

Evaluation of alternatives

Purchase decision

Postpurchase behavior

- **Two factors intercede between purchase intentions and the actual decision:**
  - **Attitudes of others**
  - **Unexpected situational factors**

The Buyer Decision Process

Process Stages

Need recognition

Information search

Evaluation of alternatives

Purchase decision

Postpurchase behavior

- **Satisfaction is important:**
  - **Delighted consumers engage in positive word-of-mouth.**
  - **Unhappy customers tell on average 11 other people.**
  - **It costs more to attract a new customer than it does to retain an existing customer.**
- **Cognitive dissonance is common**

Buyer Decision Process for New Products

New Products

- **Good, service or idea that is perceived by customers as new.**

Stages in the Adoption Process

- **Marketers should help consumers move through these stages.**

Buyer Decision Process for New Products

Stages in the Adoption Process

Awareness
Evaluation

Interest
Trial

Adoption

Buyer Decision Process for New Products

Individual Differences in Innovativeness

- **Consumers can be classified into five adopter categories, each of which behaves differently toward new products.**

Product Characteristics and Adoption

- **Five product characteristics influence the adoption rate.**

Buyer Decision Process for New Products

Product Characteristics

Relative Advantage   **Complexity**

Compatibility   **Divisibility**

Communicability

Buyer Decision Process for New Products

International Consumer Behavior

- **Values, attitudes and behaviors differ greatly in other countries.**
- **Physical differences exist which require changes in the marketing mix.**
- **Customs vary from country to country.**
- **Marketers must decide the degree to which they will adapt their marketing efforts.**

Chapter 6

Business Markets and Business Buyer Behavior

by

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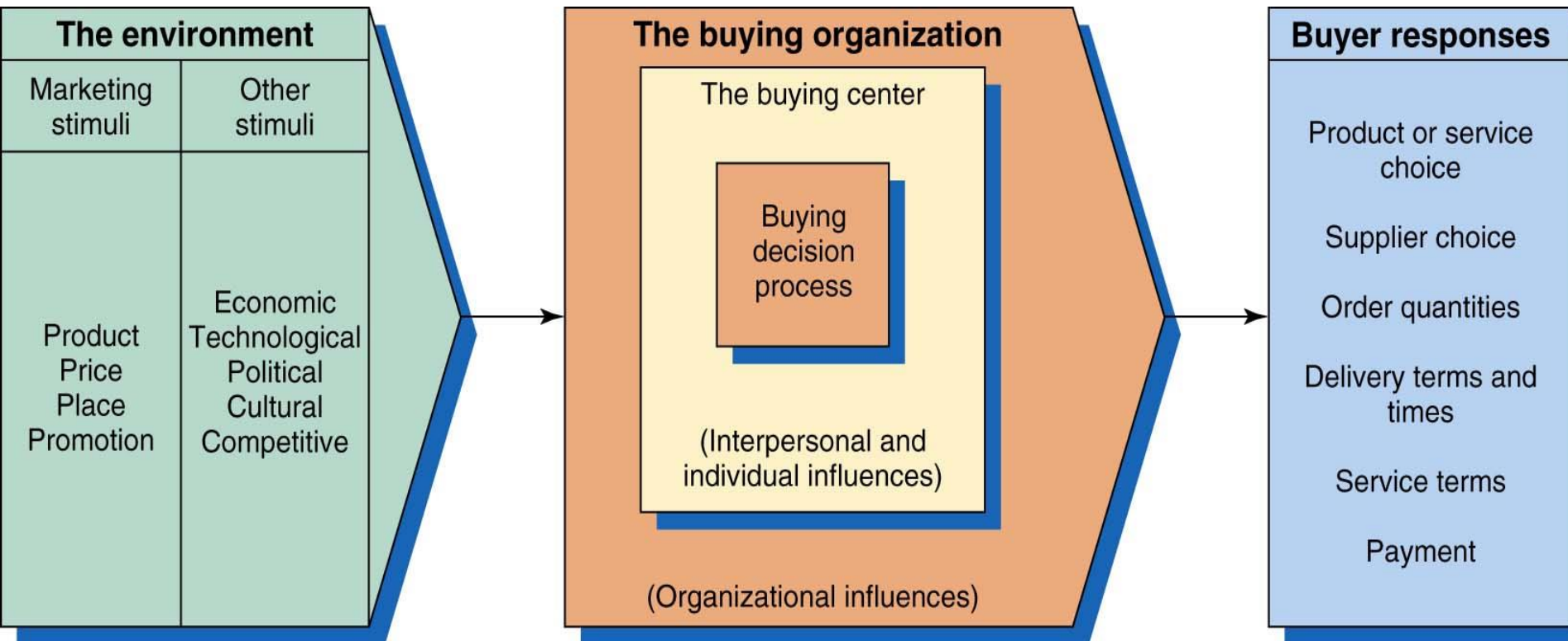**paitoon9@hotmail.com**

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Definition

Business Buyer Behavior:

- **The buying behavior of organizations that buy goods and services for use in the production of other products and services that are sold, rented, or supplied to others.**

- **Also included are retailing and wholesaling firms that acquire goods for the purpose of reselling or renting them to others at a profit.**

Characteristics of Business Markets

- **Sales in the business market far exceed sales in consumer markets.**
- **Business markets differ from consumer markets in many ways.**
  - **Marketing structure and demand**
  - **Nature of the buying unit**
  - **Types of decisions and the decision process**

Model of Business Buyer Behavior

The environment

Marketing stimuli	Other stimuli
Product Price Place Promotion	Economic Technological Political Cultural Competitive

The buying organization

The buying center

Buying decision process

(Interpersonal and individual influences)

(Organizational influences)

Buyer responses

Product or service choice

Supplier choice

Order quantities

Delivery terms and times

Service terms

Payment

Business Markets

Characteristics

Marketing Structure and Demand

Nature of the Buying Unit

Types of Decisions and the Decision Process

Compared to consumer markets:

- **Business markets**
  - **have fewer but larger customers**
- **Business customers**
  - **are more geographically concentrated**
- **Demand is different**
  - **Demand is derived**
  - **Demand is price inelastic**
  - **Demand fluctuates more**

Business Markets

Characteristics

Marketing Structure and Demand

Nature of the Buying Unit

Types of Decisions and the Decision Process

Compared to consumer purchases:

- **Involve more buyers in the decision process**
- **More professional purchasing effort**

Business Markets

Characteristics

Marketing Structure and Demand

Nature of the Buying Unit

Types of Decisions and the Decision Process

Compared to consumer purchases

- **More complex buying decisions**
- **The buying process is more formalized**
- **Buyers and sellers work more closely together and build long-term relationships**

Business Buyer Behavior

Major Types of Buying Situations
- **Straight rebuy**
  - *Reordering without modification*
- **Modified rebuy**
  - *Requires modification to prior purchase*
- **New task**
  - *First-time purchase*

Business Buyer Behavior

Systems Selling

- **Buying a packaged solution to a problem from a single seller.**
- **Often a key marketing strategy for businesses seeking to win and hold accounts.**

Business Buyer Behavior

Buying Center

- **The decision-making unit of a buying organization**
- **Includes all individuals and units that participate in the decision making**

Business Buyer Behavior

Members of the Buying Center

Users
Buyers

Influencers
Deciders

Gatekeepers

Major Influences on Business Buyers

Key Factors

Environmental

Organizational

Interpersonal

Individual

Economic trends

Supply conditions

Technological, political and competitive changes

Culture and customs

Major Influences on Business Buyers

Key Factors

Environmental
Organizational
Interpersonal
Individual

Objectives
Policies
Procedures
Organizational structure
Systems

Major Influences on Business Buyers

Key Factors

Environmental
Organizational
Interpretisonal
Individual

Influence of members in the buying center

- Authority
- Status
- Empathy
- Persuasiveness

Major Influences on Business Buyers

Key Factors

Environmental

Organizational

Interpersonal

Individual

Personal characteristics of members in the buying center

- **Age and income**
- **Education**
- **Job position**
- **Personality**
- **Risk attitudes**
- **Buying styles**

Stages in the Business Buying Process

Stage 1: Problem Recognition

Stage 2: General Need Description

Stage 3: Product Specification

- **Value analysis helps to reduce costs**

Stage 4: Supplier Search

- **Supplier development**

Stages in the Business Buying Process

Stage 5: Proposal Solicitation

Stage 6: Supplier Selection

Stage 7: Order-Routine Specification

- Blanket contracts are often used for maintenance, repair and operating items.

Stage 8: Performance Review

Business Buying on the Internet

- **E-procurement is growing rapidly**
- **Online auctions and online trading exchanges (e-marketplaces) account for much of the online purchasing activity**
- **E-procurement offers many benefits:**
  - **Access to new suppliers**
  - **Lower purchasing costs**
  - **Quicker order processing and delivery**

Institutional and Government Markets

Institutional Markets

- **Consist of churches, schools, prisons, hospitals, nursing homes and other institutions that provide goods and services to people in their care.**

Institutional and Government Markets

Institutional Markets

- **Often characterized by low budgets and captive patrons.**

- **Marketers may develop separate divisions and marketing mixes to service institutional markets.**

Chapter 7

Segmentation, Targeting, and Positioning

by

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Learning Goals

1. **Learn the three steps of target marketing, market segmentation, target marketing, and market positioning**
2. **Understand the major bases for segmenting consumer and business marketing strategy**
3. **Know how companies identify attractive market segments and choose target marketing strategy**
4. **Realize how companies position their products for maximum competitive advantage in the marketplace**

Steps in Market Segmentation, Targeting, and Positioning

Market segmentation

Identify bases for segmenting the market

Develop segment profiles

Market targeting

Develop measure of segment attractiveness

Select target segments

Market positioning

Develop positioning for target segments

Develop a marketing mix for each segment

Steps in market segmentation, targeting and positioning

Market Segmentation
- Identify bases for segmenting the market
- Develop segment profiles

Target Marketing
- Develop measure of segment attractiveness
- Select target segments

Market Positioning
- Develop positioning for target segments
- Develop a marketing mix for each segment

Definition

Market Segmentation:

- Dividing a market into distinct groups with distinct needs, characteristics, or behavior who might require separate products or marketing mixes.

Segmenting Consumer Markets

Geographical segmentation

Demographic segmentation
- **Most popular segmentation**

Psychographic segmentation
- **Lifestyle, social class, and personality-based segmentation**

Behavioral segmentation

Market Segmentation

Geographic

World Region or Country

Region of Country

City or Metro Size

Density or Climate

Market Segmentation

Demographic

Age, gender, family size, income, occupation, etc.

The most popular bases for segmenting customer groups.

Easier to measure than most other types of variables.

Market Segmentation

Age and Life-Cycle Stage

P&G has different toothpastes for different age groups.

Avoid stereotypes in promotions. Promote positive messages.

Age and Life-Cycle Segmentation

P&G targets kids with Crest Kid's Cavity Protection toothpaste. It's gentle on tooth enamel and has "fun-filled sparkles and sparkle fun flavor just for kids."

Market Segmentation

Gender

Women make 90% of home improvement decisions.

Women influence 80% of all household consumer purchases.

Market Segmentation

Income

Identifies and targets the affluent for luxury goods.

People with low annual incomes can be a lucrative market.

Some manufacturers have different grades of products for different markets.

Market Segmentation

Psychographic

Social Class

Lifestyle

Personality

Psychographic Segmentation

When Honda markets its Reflex and Elite scooters, it appeals to the rebellious, independent kid in all of us.

Market Segmentation

Behavioral

Occasions:

- **Special promotions and labels for holidays.**
  - (e.g., Hershey Kisses)
- **Special products for special occasions.**
  - (e.g., Kodak disposable cameras)

Market Segmentation

Behavioral

Benefits Sought:

- **Different segments desire different benefits from products.**
  - (e.g., P&G's multiple brands of laundry detergents to satisfy different needs in the product category)

Market Segmentation

Behavioral

User Status:
- Nonusers, ex-users
- Potential users
- First-time users
- Regular users

Usage Rate:
- Light
- Medium
- Heavy

Loyalty Status:
- Brands
- Stores
- Companies

Segmenting Business Markets

Demographic segmentation
- **Industry, company size, location**

Operating variables
- **Technology, usage status, customer capabilities**

Purchasing approaches

Situational factors
- **Urgency, specific application, size of order**

Personal characteristics
- **Buyer-seller similarity, attitudes toward risk, loyalty**

Requirements for Effective Segmentation

Measurable
- **Size, purchasing power, and profile of segment**

Accessible
- **Can be reached and served**

Substantial
- **Large and profitable enough to serve**

Differentiable
- **Respond differently**

Actionable
- **Effective programs can be developed**

Target Marketing

Target Market

- Consists of a set of buyers who share common needs or characteristics that the company decides to serve

Target Marketing Strategies

Undifferentiated (mass) marketing → Differentiated (segmented) marketing → Concentrated (niche) marketing → Micromarketing (local or individual marketing)

Targeting broadly ... Targeting narrowly
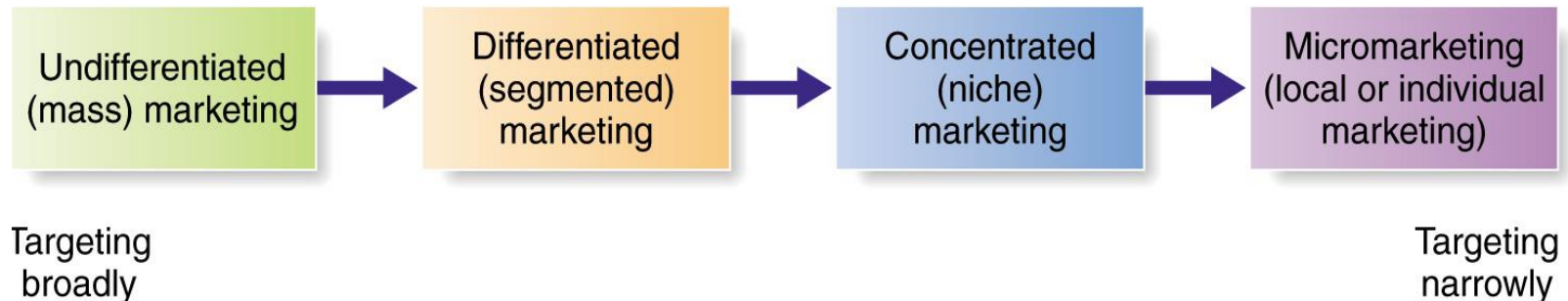
Target Marketing

Evaluating Market Segments

- **Segment size and growth**
- **Segment structural attractiveness**
  - Level of competition
  - Substitute products
  - Power of buyers
  - Powerful suppliers
- **Company objectives and resources**

Target Marketing

Selecting Target Market Segments

- **Undifferentiated (mass) marketing**
- **Differentiated (segmented) marketing**
- **Concentrated (niche) marketing**
- **Micromarketing (local or individual)**

Choosing a Target Marketing Strategy

Considerations include:

- **Company resources**
- **The degree of product variability**
- **Product's life-cycle stage**
- **Market variability**
- **Competitors' marketing strategies**

Target Marketing

Socially Responsible Targeting

- **Some segments, especially children, are at special risk**
- **Many potential abuses on the Internet, including fraud Internet shoppers**
- **Controversy occurs when the methods used are questionable**

Positioning

Positioning:

- **The place the product occupies in consumers' minds relative to competing products.**
- **Typically defined by consumers on the basis of important attributes.**
- **Involves implanting the brand's unique benefits and differentiation in the customer's mind.**
- **Positioning maps that plot perceptions of brands are commonly used.**

Choosing a Positioning Strategy

Topics

Identifying possible competitive advantages

Choosing the right competitive advantage

Choosing a positioning strategy

Differentiation can be based on

- Products
- Services
- Channels
- People
- Image

Market Segmentation Topics

Identifying possible competitive advantages

Choosing the right competitive advantage

Choosing a positioning strategy

- **How many differences to promote?**
  - **Unique selling proposition**
  - **Several benefits**
- **Which differences to promote? Criteria include:**
  - **Important**
  - **Distinctive**
  - **Superior**
  - **Communicable**
  - **Preemptive**
  - **Affordable**
  - **Profitable**

Market Segmentation

Topics

Identifying possible competitive advantages

Choosing the right competitive advantage

Choosing a positioning strategy

- **Value propositions represent the full positioning of the brand**
- **Possible value propositions:**
  - **More for More**
  - **More for the Same**
  - **More for Less**
  - **The Same for Less**
  - **Less for Much Less**

Positioning Map of Cola Market

Well-Known Brand/Quality

- Coca-Cola®/Pepsi

- Cott Cola
- President's Choice

Lower Price

Higher Price

- Z Cola

- Private-label store brands
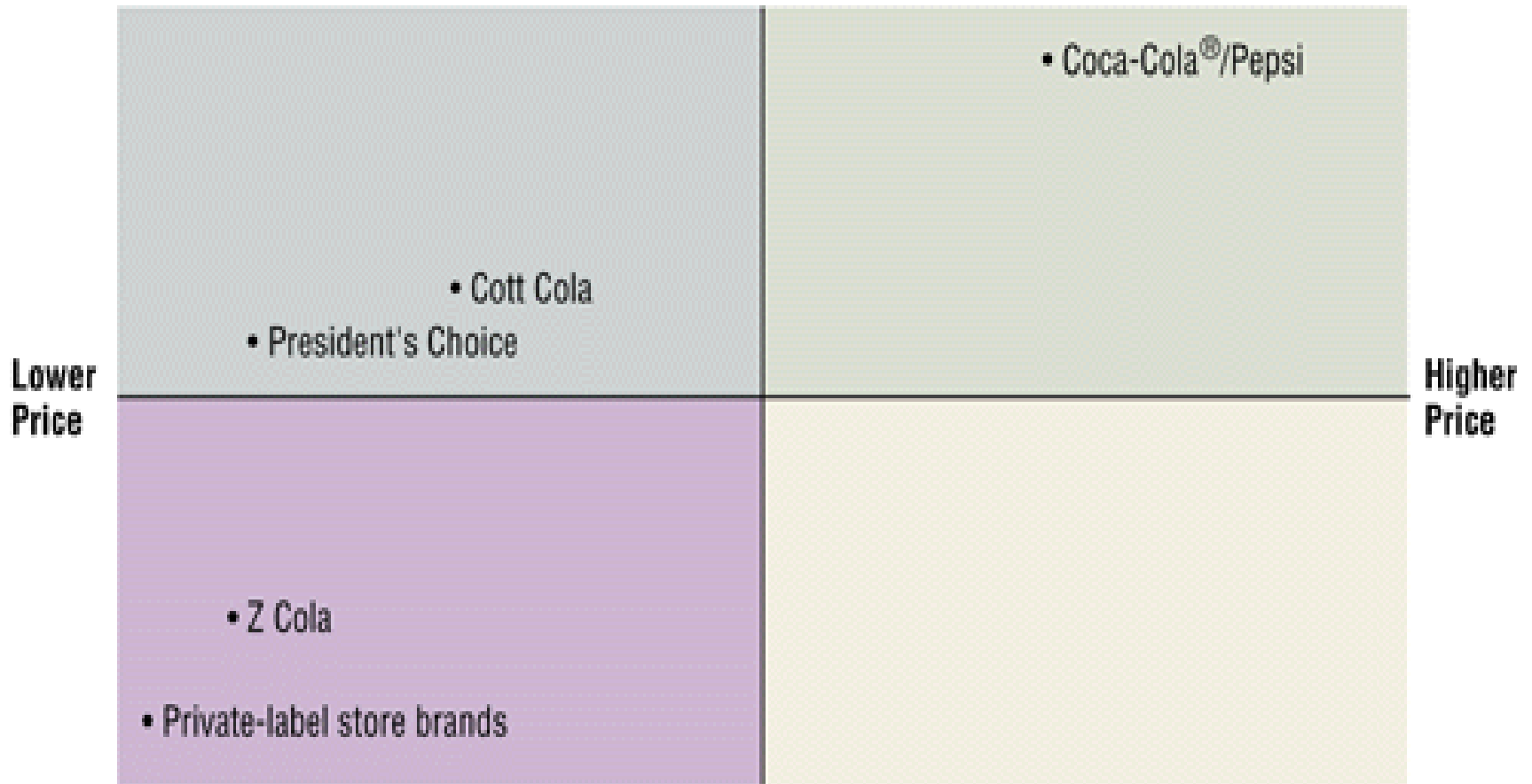
Unknown Brand/Quality

Developing a Positioning Statement

Positioning statements summarize the company or brand positioning

- **EXAMPLE: To (target segment and need) our (brand) is (concept) that (point-of-difference)**

Communicating the Positioning

Companies must be certain to DELIVER their value propositions.

Positions must be monitored and adapted over time.

Chapter 8

Product, Services, and Branding Strategy

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Learning Goals

Understand products and the major classifications of products and services

Learn the decisions companies make regarding their products and services

Understand branding strategy

Identify the four characteristics that affect the marketing of a service

Realize additional product issues

Definitions

Product
- **Anything offered to a market for attention, acquisition, use, or consumption that might satisfy a need or want.**

Service
- **A form of product that consists of activities, benefits or satisfactions offered for sale that are essentially intangible and do not result in the ownership of anything.**

What is a Product?

Products, Services, and Experiences
- Market offerings may consist of a combination of goods and services
- Experiences are used to differentiate offerings

Levels of Product and Services
- Core benefit, actual and augmented product

Product and Service Classifications
- Consumer products and industrial products

Levels of a Product
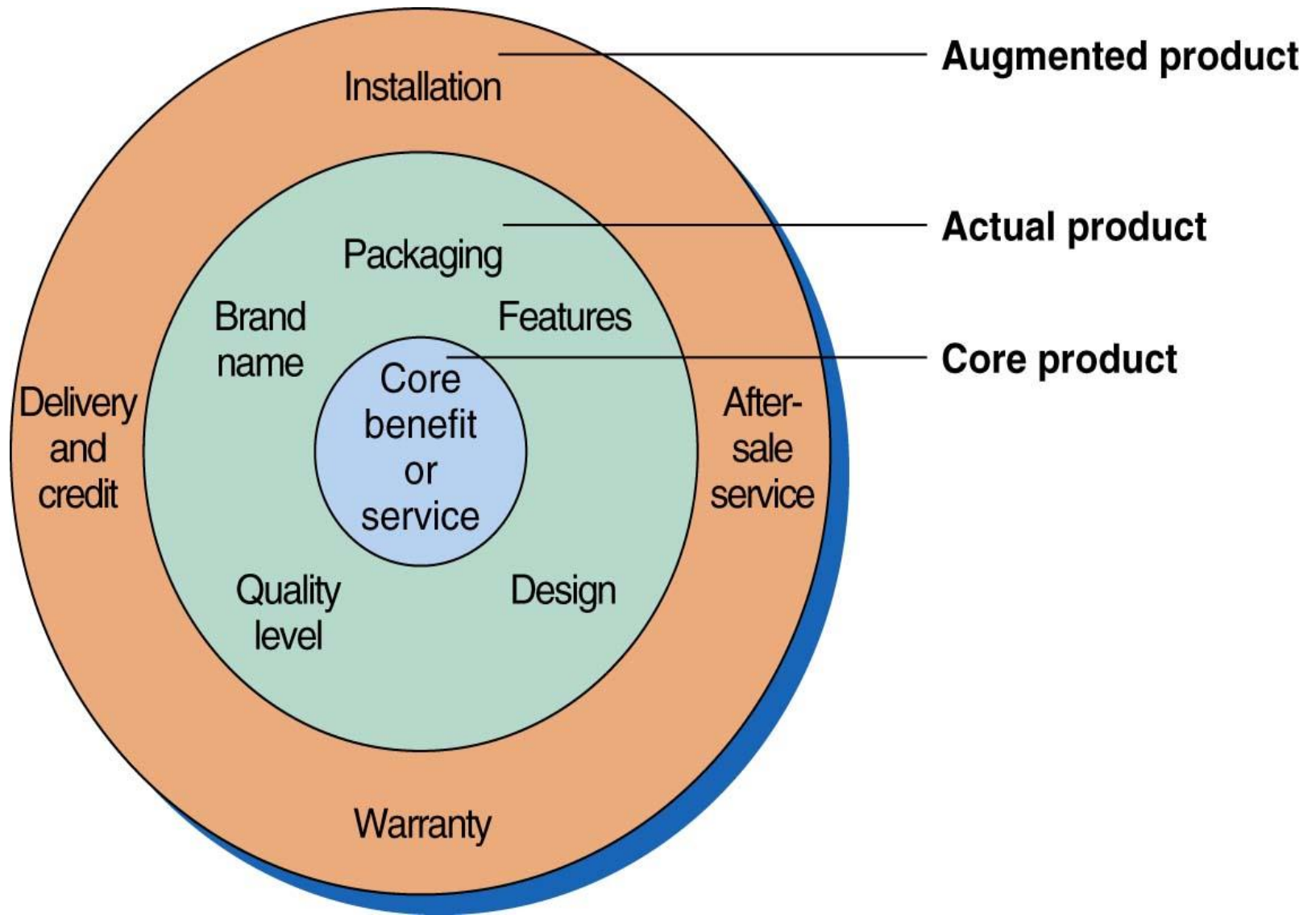
What is a Product?

Types of Consumer Products

Convenience
Shopping
Specialty
Unsought

Frequent purchases bought with minimal buying effort and little comparison shopping

Low price

Widespread distribution

Mass promotion by producer

What is a Product?

Types of Consumer Products

Convenience
Shopping
Specialty
Unsought

Less frequent purchases
More shopping effort for comparisons.
Higher than convenience good pricing
Selective distribution in fewer outlets
Advertising and personal selling

What is a Product?

Types of Consumer Products

Convenience
Shopping
Specialty
Unsought

Strong brand preference and loyalty, requires special purchase effort, little brand comparisons, and low price sensitivity

High price

Exclusive distribution

Carefully targeted promotions

What is a Product?

Types of Consumer Products

Convenience
Shopping
Specialty
Unsought

Little product awareness and knowledge (or if aware, sometimes negative interest)

Pricing varies

Distribution varies

Aggressive advertising and personal selling by producers and resellers

Product and Service Classifications

Consumer products

Industrial products

- **Materials and parts**
- **Capital items**
- **Supplies and services**

Product and Service Classifications

Organizations, persons, places, and ideas

- Organizational marketing makes use of corporate image advertising
- Person marketing applies to political candidates, entertainment sports figures, and professionals
- Place marketing relates to tourism
- Social marketing promotes ideas

Product and Service Decisions

Key Decisions

Individual Product

Product Line

Product Mix

Product attributes
- **Quality, features, style and design**

Branding

Packaging

Labeling

Product support services

Product and Service Decisions

Key Decisions

Individual Product

Product Line

Product Mix

Product line

- A group of products that are closely related because they may:
  - *function in a similar manner*
  - *be sold to the same customer groups,*
  - *be marketed through the same types of outlets*
  - *fall within given price ranges*

Line Extensions

Morton sells an entire line of salts and seasonings for every occasion.

Product and Service Decisions

Key Decisions

Individual Product

Product Line

Product Mix

Product line length

- **Line stretching: adding products that are higher or lower priced than the existing line**
- **Line filling: adding more items within the present price range**

Two-Way Stretch

Marriott added the Renaissance Hotels line to serve the upper end of the market and the TownePlace Suites line to serve the moderate and lower ends.

Product and Service Decisions

Key Decisions

Individual Product

Product Line

Product Mix

Product mix

- **Also known as product assortment**
- **Consists of all the product lines and items that a particular seller offers for sale**

Product and Service Decisions

Key Decisions

Individual Product

Product Line

Product Mix

Product mix width:

- Number of different product lines carried by company

Product mix depth:

- Number of different versions of each product in the line

Product mix consistency

Branding Strategy

Brand equity is the positive differential effect that knowing the brand name has on customer response to the product or service

One measure of equity is the extent to which customers are willing to pay more for the brand
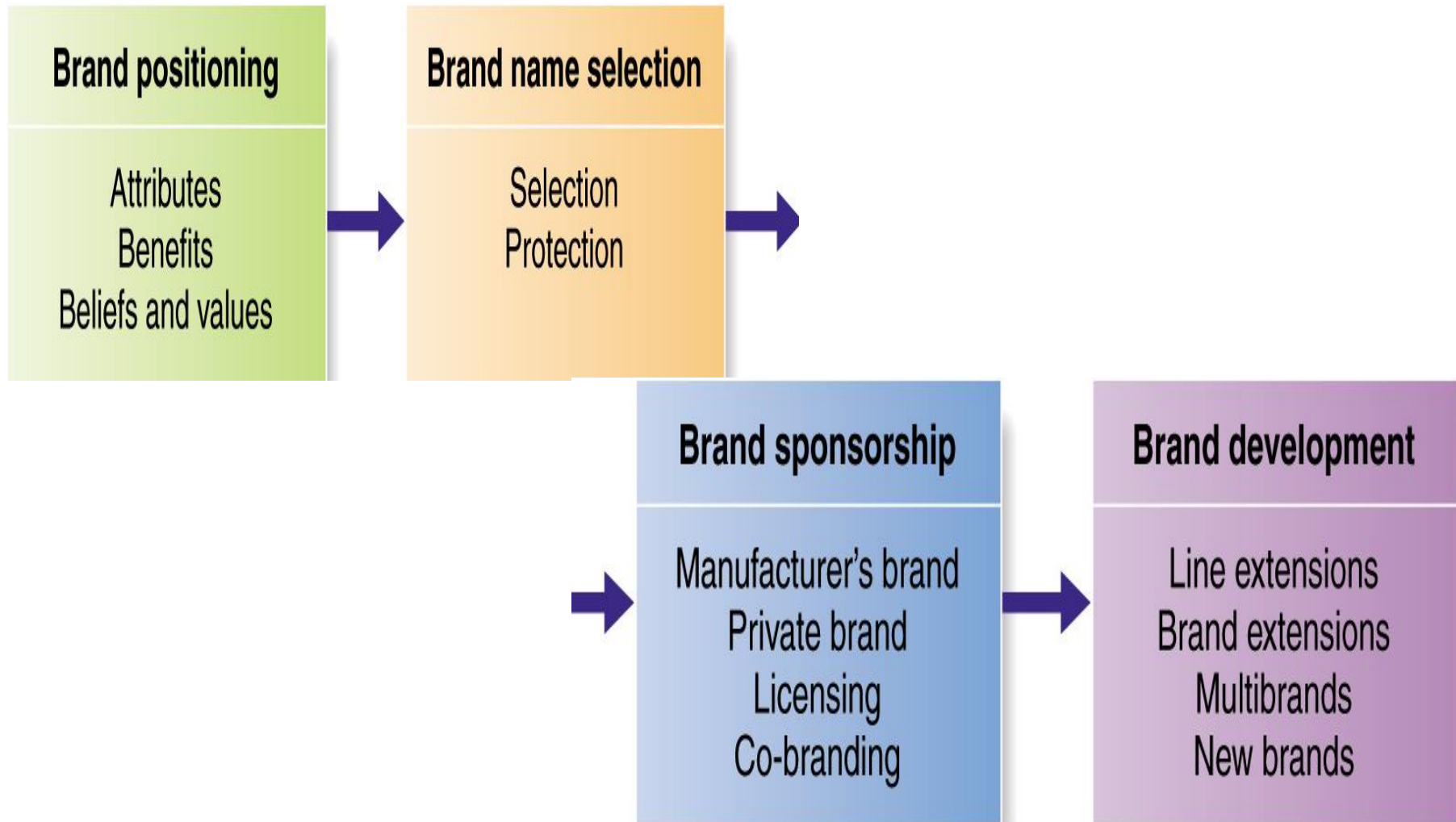
Brand valuation is the process of estimating the total financial value of a brand

Branding Strategy

Brands with strong equity have many competitive advantages:

- **High consumer awareness**
- **Strong brand loyalty**
- **Helps when introducing new products**
- **Less susceptible to price competition**

Major Brand Strategy Decisions

Brand positioning

Attributes
Benefits
Beliefs and values

Brand name selection

Selection
Protection

Brand sponsorship

Manufacturer's brand
Private brand
Licensing
Co-branding

Brand development

Line extensions
Brand extensions
Multibrands
New brands

Brand Strategy

Key Decisions

Brand Positioning
Brand Name Selection
Brand Sponsorship
Brand Development

Three levels of positioning:

- **Product attributes**
  - **Least effective**
- **Benefits**
- **Beliefs and values**
  - **Taps into emotions**

Brand Strategy

Key Decisions

Brand Positioning
Brand Name Selection
Brand Sponsorship
Brand Development

Good Brand Names:
- **Suggest something about the product or its benefits**
- **Are easy to say, recognize and remember**
- **Are distinctive**
- **Are extendable**
- **Translate well into other languages**
- **Can be registered and legally protected**

Brand Strategy

Key Decisions

Brand Positioning
Brand Name Selection
Brand Sponsorship
Brand Development

Manufacturer brands
Private (store) brands
- **Costly to establish and promote**
- **Higher profit margins**

Licensed brands
- **Name and character licensing has grown**

Co-branding
- **Advantages / disadvantages**

Brand Strategy

Key Decisions

Brand Positioning
Brand Name Selection
Brand Sponsorship
Brand Development

Line extensions
- **Minor changes to existing products**

Brand extensions
- **Successful brand names help introduce new products**

Multibrands
- **Multiple product entries in a product category**

New brands
- **New product category**

Managing Brands

Brands are known through advertising, personal experience, word of mouth, the Internet

Everyone in the company represents the brand

Companies need to periodically run a brand audit

Packaging

Designing and producing the container or wrapper for a product.

Developing a good package:

- **Packaging concept**
- **Package elements**
- **Product safety**
- **Environmental concerns**

Innovative Packaging

Dutch Boy recently came up with a long overdue innovation—paint in plastic containers with twist-off caps.

Labeling

Printed information appearing on or with the package.

Performs several functions:
- *Identifies* **product or brand**
- *Describes* **several things about the product**
- *Promotes* **the product through attractive graphics**

Innovative Labeling

Innovative labeling can help to promote a product.

Chapter 9

New-Product Development and Life-Cycle Strategies

by

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Learning Goals

Learn how companies find and develop new-product ideas

Understand the steps in the new-product development process

Know the stages of the product life cycle

Realize how marketing strategies change during the product's life cycle

Definition

New Product Development

- Development of original products, product improvements, product modifications, and new brands through the firm's own R & D efforts.

New-Product Development Strategy

Strategies for Obtaining New-Product Ideas

Acquisition of:

Companies

Patents

Licenses

New Products:

Original Products
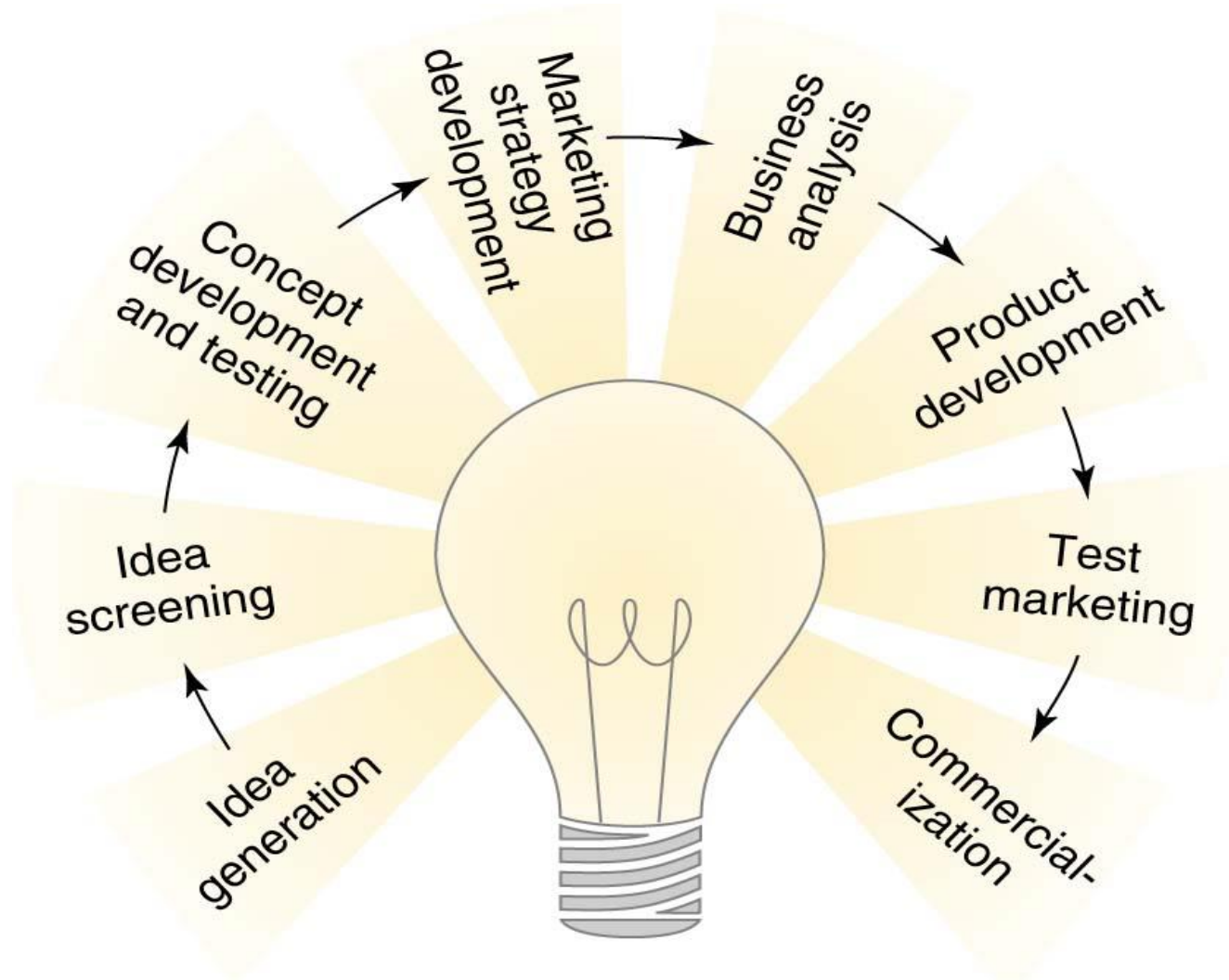
Improvements

Modifications

New Product Development Strategy

New products can be obtained via acquisition or development.

New products suffer from high failure rates.

Several reasons account for failure.

Major Stages in New-Product Development

Idea generation → Idea screening → Concept development and testing → Marketing strategy development → Business analysis → Product development → Test marketing → Commercialization

Stages of the New Product Development Process

Stage 1: Idea Generation

- **Internal idea sources:**
  - R & D
- **External idea sources:**
  - Customers, competitors, distributors, suppliers

Stages of the New Product Development Process

Stage 2: Idea Screening

- **Product development costs increase substantially in later stages so poor ideas must be dropped**
- **Ideas are evaluated against criteria; most are eliminated**

Stages of the New Product Development Process

Stage 3: Concept Development and Testing

- **Concept development creates a detailed version of the idea stated in meaningful consumer terms.**

- **Concept testing asks target consumers to evaluate product concepts.**

Stages of the New Product Development Process

Stage 4: Marketing Strategy Development

- **The target market, product positioning, and sales, share, and profit goals for the first few years.**
- **Product price, distribution, and marketing budget for the first year.**
- **Long-run sales and profit goals and the marketing mix strategy.**

Stages of the New Product Development Process

Stage 5: Business Analysis
- **Sales, cost, and profit projections**

Stage 6: Product Development
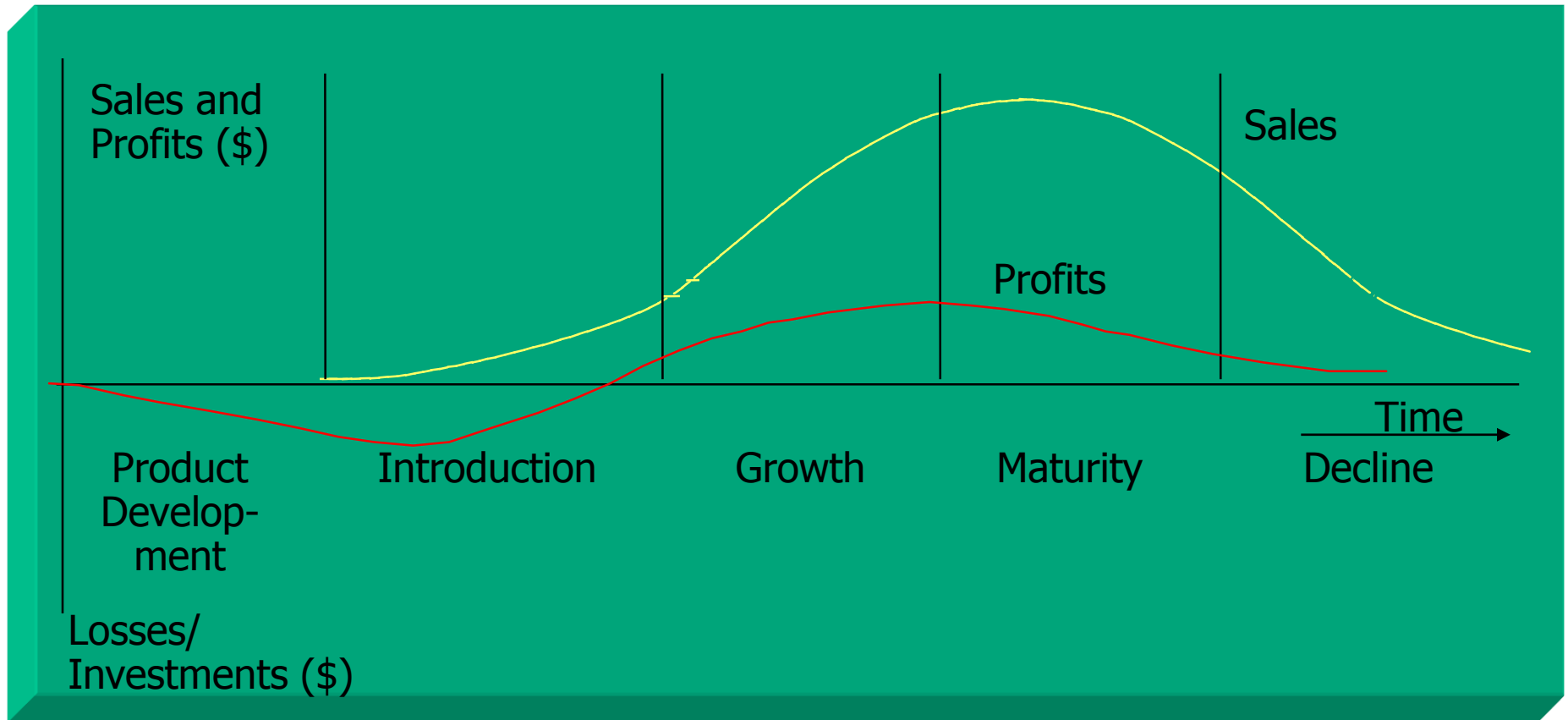- **Prototype development and testing**

Stages of the New Product Development Process

Stage 7: Test Marketing

- **Standard test markets**
- **Controlled test markets**
- **Simulated test markets**

Stage 8: Commercialization

Product Life Cycle

Sales and Profits Over the Product's Lifetime

Product Life-Cycle Strategies

The Product Life Cycle (PLC) has Five Stages

- **Product Development, Introduction, Growth, Maturity, Decline**
- **Not all products follow this cycle:**
  - **Fads**
  - **Styles**
  - **Fashions**

Product Life-Cycle Strategies

The product life cycle concept can be applied to a:

- **Product class (soft drinks)**
- **Product form (diet colas)**
- **Brand (Diet Dr. Pepper)**
  - **Using the PLC to forecast brand performance or to develop marketing strategies is problematic**

Product Life-Cycle Strategies

PLC Stages

Product development
Introduction
Growth
Maturity
Decline

Begins when the company develops a new-product idea

Sales are zero

Investment costs are high

Profits are negative

Product Life-Cycle Strategies

PLC Stages

Product development
Introduction
Growth
Maturity
Decline

Low sales
High cost per customer acquired
Negative profits
Innovators are targeted
Little competition

Marketing Strategies: Introduction Stage

Product – Offer a basic product

Price – Use cost-plus basis to set

Distribution – Build selective distribution

Advertising – Build awareness among early adopters and dealers/resellers

Sales Promotion – Heavy expenditures to create trial

Product Life-Cycle Strategies

PLC Stages

Product development
Introduction
Growth
Maturity
Decline

Rapidly rising sales
Average cost per customer
Rising profits
Early adopters are targeted
Growing competition

Marketing Strategies: Growth Stage

Product – Offer product extensions, service, warranty

Price – Penetration pricing

Distribution – Build intensive distribution

Advertising – Build awareness and interest in the mass market

Sales Promotion – Reduce expenditures to take advantage of consumer demand

Product Life-Cycle Strategies

PLC Stages

Product development
Introduction
Growth
Maturity
Decline

Sales peak
Low cost per customer
High profits
Middle majority are targeted
Competition begins to decline

Marketing Strategies: Maturity Stage

Product – Diversify brand and models

Price – Set to match or beat competition

Distribution – Build more intensive distribution

Advertising – Stress brand differences and benefits

Sales Promotion – Increase to encourage brand switching

Product Life-Cycle Strategies

PLC Stages

Product development
Introduction
Growth
Maturity
Decline

Declining sales
Low cost per customer
Declining profits
Laggards are targeted
Declining competition

Marketing Strategies: Decline Stage

Product – Phase out weak items

Price – Cut price

Distribution – Use selective distribution: phase out unprofitable outlets

Advertising – Reduce to level needed to retain hard-core loyalists

Sales Promotion – Reduce to minimal level

Chapter 7

Integrated Marketing Communications Strategy

by

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Definition

Marketing Communications Mix

- **The specific mix of advertising, personal selling, sales promotion, and public relations a company uses to pursue its advertising and marketing objectives.**

ความหมายของการสื่อสารการตลาด (Marketing Communication)

การสื่อสารการตลาด (Marketing Communication) หมายถึง *กระบวนการทางด้านการติดต่อสื่อสาร*ทางการตลาด ระหว่างผู้ซื้อ ผู้ขาย และผู้เกี่ยวข้องในกระบวนการซื้อ เพื่อเป็นการให้ข้อมูล ชักจูงใจ หรือตอกย้ำเกี่ยวกับผลิตภัณฑ์และตรายี่ห้อ รวมทั้งเพื่อให้เกิดอิทธิพลต่อการเปลี่ยนแปลงความเชื่อ ทัศนคติ ความรู้สึก และพฤติกรรมของกลุ่มเป้าหมาย

ดังนั้นการ**การสื่อสารการตลาด** จึงเป็นการประสานงานของผู้ขายในการพยายามใช้ความคิดสร้างสรรค์ เพื่อแจ้งข้อมูลและจูงใจ เพื่อขายสินค้าและบริการ หรือส่งเสริมความคิด**การสื่อสารการตลาด** ถือเป็นหน้าที่หนึ่งของการตลาด เพื่อการติดต่อสื่อสารกับกลุ่มเป้าหมาย โดยข่าวสารอาจจะเป็นข่าวสารเกี่ยวกับผลิตภัณฑ์ ราคา หรือคนกลางในช่องทางการจัดจำหน่ายก็ได้

Integrated Marketing Communications

**The Marketing Communications Environment is Changing:**

- **Mass markets have fragmented, causing marketers to shift away from mass marketing to target marketing**

- **Improvements in information technology are facilitating segmentation**

- **Media fragmentation has occurred with companies doing less broadcasting and more narrowcasting**

การสื่อสารการตลาดแบบประสมประสาน

(Integrated Marketing Communication : IMC)

เป็นกลยุทธ์การประสานงานและการรวมความพยายามทาง
การตลาดของบริษัท และการติดต่อสื่อสารเพื่อส่งเสริมการตลาดหลาย
เครื่องมือ เพื่อให้ข่าวสารและภาพลักษณ์ที่สอดคล้องกันและเป็น
อันหนึ่งอันเดียวกัน หรือหมายถึงการที่บริษัทหนึ่งสามารถประสม
ประสานการสื่อสารการตลาดหลายเครื่องมือ เพื่อส่งข่าวสารเกี่ยวกับ
องค์การและผลิตภัณฑ์ได้อย่างชัดเจน เป็นอันหนึ่งอันเดียวกันและจับ
ใจลูกค้า

Integrated Marketing Communication
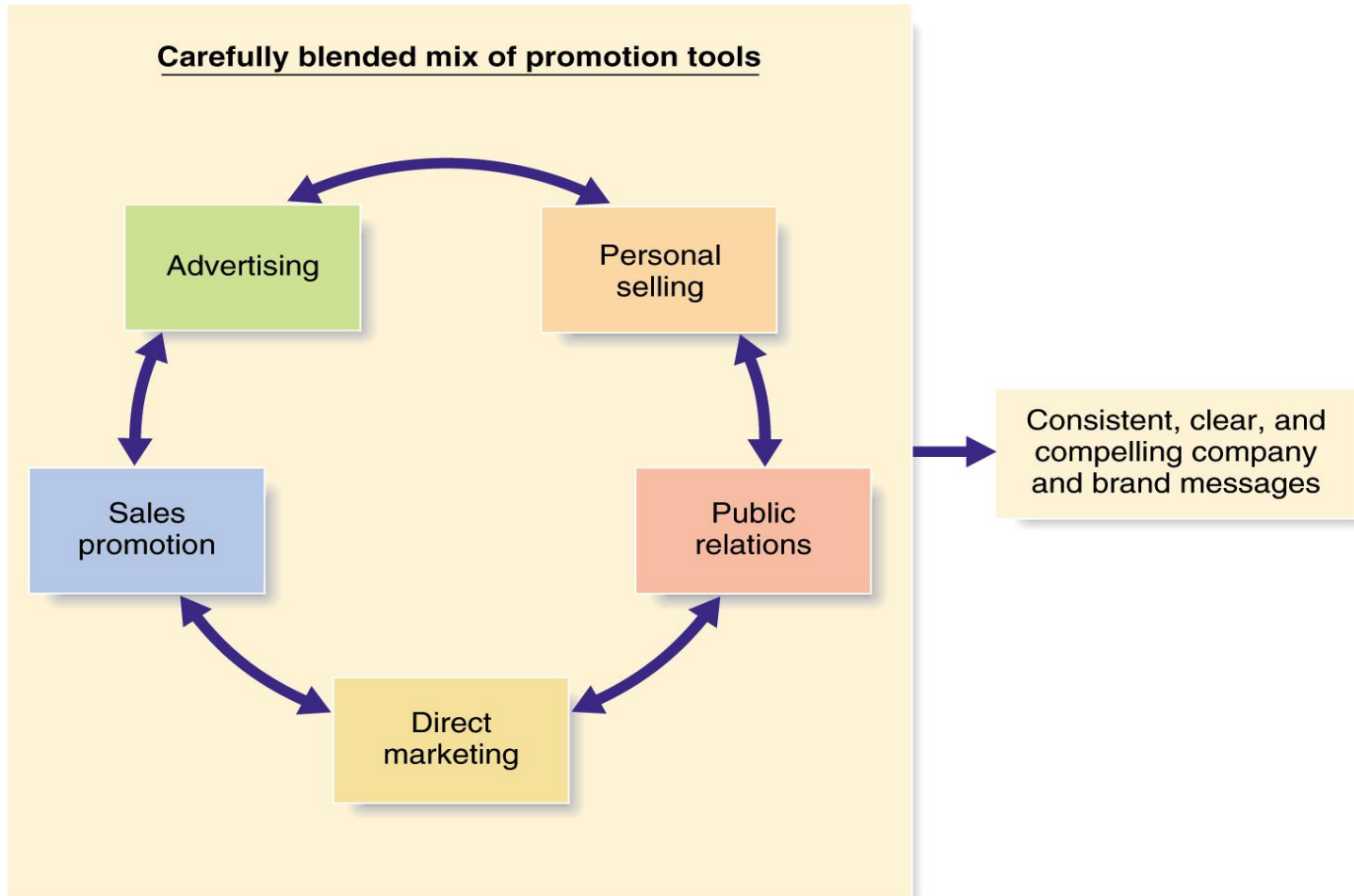
Integrated Marketing Communications
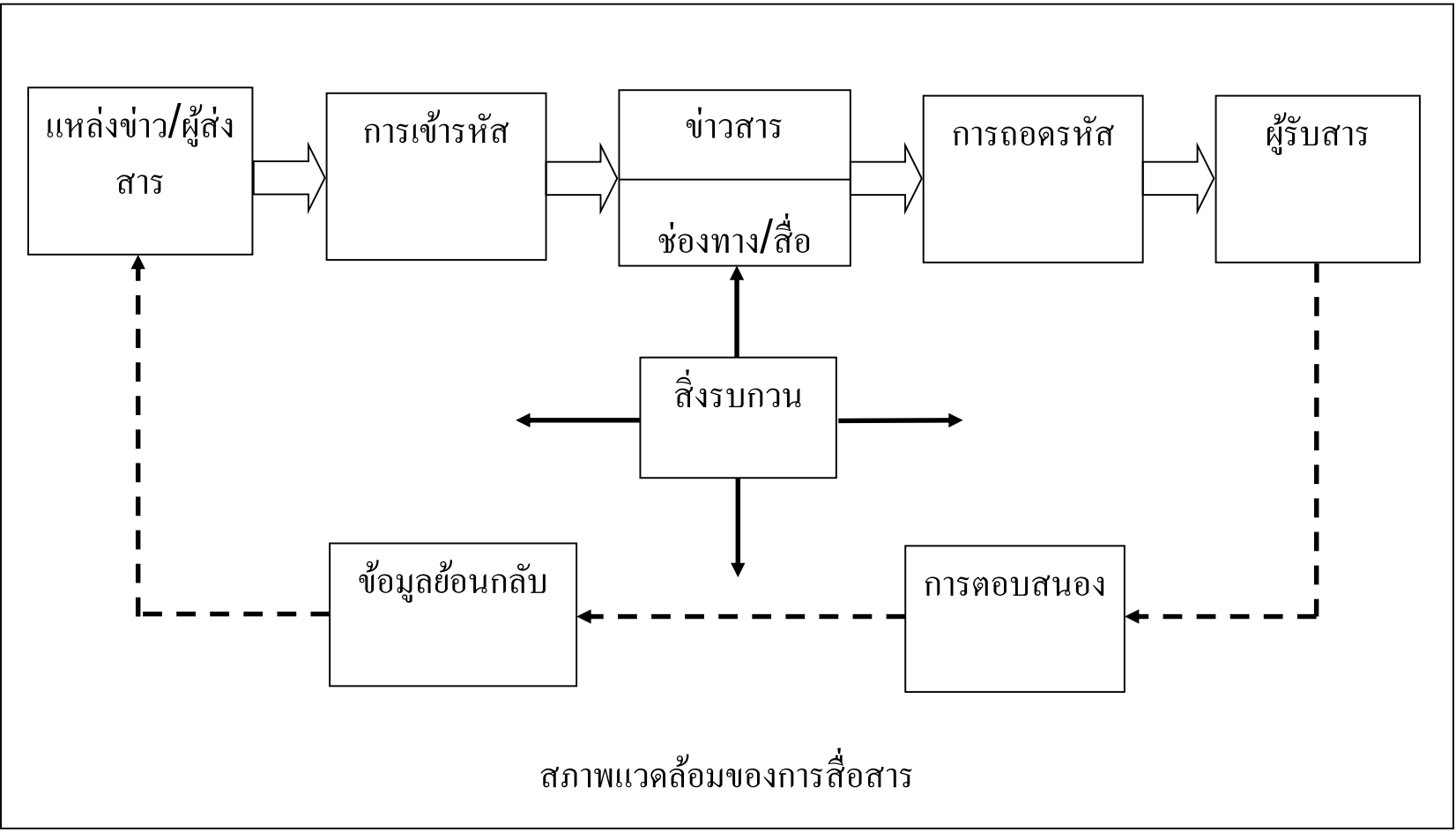
The Need for Integrated Marketing Communications

- **Conflicting messages from different sources or promotional approaches can confuse company or brand images**
  - **The problem is particularly prevalent when functional specialists handle individual forms of marketing communications independently**

Integrated Marketing Communications

The Need for Integrated Marketing Communications

- **The Internet must be integrated into the broader IMC mix**

- **Best bet is to wed traditional branding efforts with the interactivity and service capabilities of online communications**

กระบวนการติดต่อสื่อสาร (Communication Process).

| แหล่งข่าว/ผู้ส่งสาร | → | การเข้ารหัส | → | ข่าวสาร / ช่องทาง/สื่อ | → | การถอดรหัส | → | ผู้รับสาร |

สิ่งรบกวน

ข้อมูลย้อนกลับ

การตอบสนอง

สภาพแวดล้อมของการสื่อสาร

1. การสื่อสารการตลาด (Marketing Communication)

คือ สภาพแวดล้อมที่กระตุ้นหรือจำกัดการสื่อสารในขณะที่การสื่อสารเกิดขึ้น ซึ่งจะทำให้การสื่อสารนั้นเด่นชัดหรือคลุมเครือ

2. แหล่งข่าว / ผู้ส่งสาร (Source / Sender)

คือ ผู้ที่คัดเลือกสารต่างๆแล้วทำการส่งต่อไปยังผู้รับสาร ซึ่งอาจจะเป็นบุคคล กลุ่มบุคคล หรือหน่วยองค์กรต่างๆ และในขณะเดียวกันก็ต้องเป็นผู้รับสารเมื่อ มีการติดต่อสื่อสารเกิดขึ้น

3. การเข้ารหัส (Encoding)

คือ กระบวนการของการแปลความคิดให้เป็นข้อความที่มีความหมาย เพื่อให้ เกิดความเข้าใจระหว่างผู้ส่งและผู้รับ ดังนั้นผู้ส่งข่าวสารจะต้องคิดให้รอบคอบ เสียก่อนว่าควรจะสื่อสารอย่างไรผู้รับจึงจะเข้าใจ

4. ข่าวสาร (Message)

กระบวนการเข้ารหัสนั้นจะนำไปสู่ การพัฒนาเป็น "ข่าวสาร" โดยข่าวสารนั้น จะประกอบไปด้วยสารสนเทศหรือความหมายที่แหล่งข่าวต้องการที่จะส่ง

5. ช่องทางของการสื่อสาร (Communication Channel) หรือสื่อ (Medium)

คือ สื่อกลางหรือวิธีการที่ใช้นำข่าวสารจากผู้ส่งไปยังผู้รับ เช่น โทรทัศน์ วิทยุ หนังสือพิมพ์ โทรศัพท์ ภาพยนตร์ นิตยสาร จดหมาย เป็นต้น

6. การถอดรหัส (Decoding)

คือ กระบวนการของผู้รับในการแปลความข้อมูลให้อยู่ในรูปแบบที่มี ความหมาย ที่ผู้รับข่าวสารสามารถนำไปใช้ได้ โดยการถอดรหัสนั้นจะขึ้นอยู่ กับประสบการณ์ การรับรู้ ทัศนคติ และค่านิยมของผู้รับสาร นอกจากนี้ สภาพแวดล้อมทางด้านวัฒนธรรม สังคม บทบาท และฐานะก็ยังเป็นอีกตัวหนึ่ง ที่มามีอิทธิพลต่อการถอดรหัส

7. ผู้รับสาร (Receiver) หรือจุดหมายปลายทาง (Destination)

คือ บุคคลที่ผู้ส่งข่าวสารต้องการให้ได้รับข่าว อาจเป็นบุคคล กลุ่มบุคคล หรือ
องค์กร ผู้รับสารต้องมีความสามารถในการฟังให้เข้าใจ อ่านให้รู้เรื่อง และคิด
ให้เป็นจึงจะสามารถรับข่าวสารและแปลความหมายของข่าวสารได้

8. สิ่งรบกวน (Noise)

คือ สิ่งที่เป็นอุปสรรคที่เกิดขึ้นในระหว่างการติดต่อสื่อสาร ซึ่งมีผลกระทบต่อ
ความมีประสิทธิผลของการสื่อสาร เช่น เสียงรถวิ่งไปมา ความแตกต่างด้าน
วัฒนธรรม การออกเสียงไม่ชัดเจน เป็นต้น

9. การตอบสนอง (Response)

คือ ปฏิกิริยาตอบสนองของผู้รับสารหลังจากที่ได้รับข่าวสาร

10. ข้อมูลย้อนกลับ (Feedback)

เป็นส่วนหนึ่งของการตอบสนอง คือการสื่อสารกลับไปยังผู้ส่งสาร ซึ่งถือเป็น
เครื่องมือในการประเมินประสิทธิผลของข่าวสารที่ส่งไป ที่จะบอกให้ผู้ส่งสาร
ทราบว่าสารที่ผู้ส่งส่งไปนั้นเป็นที่เข้าใจของผู้รับมากน้อยเพียงใด

Developing Effective Communication

Step 1: Identifying the Target Audience

- **Affects decisions related to what, how, when, and where message will be said, as well as who will say it**

Step 2: Determining Communication Objectives

- **Six buyer readiness stages**

Developing Effective Communication

Step 3: Designing a Message

- **AIDA framework guides message design**
- **Message content contains appeals or themes designed to produce desired results**
  - Rational appeals
  - Emotional appeals
    - Love, pride, joy, humor, fear, guilt, shame
  - Moral appeals

Developing Effective Communication

Step 3: Designing a Message

- **Message Structure: Key decisions are required with respect to three message structure issues:**
  - Whether or not to draw a conclusion
  - One-sided vs. two-sided argument
  - Order of argument presentation
- **Message Format: Design, layout, copy, color, shape, movement, words, sounds, voice, body language, dress, etc.**

Developing Effective Communication

Step 4: Choosing Media

- **Personal communication channels**
  - **Includes face-to-face, phone, mail, and Internet chat communications**
  - **Word-of-mouth influence is often critical**
  - **Buzz marketing cultivates opinion leaders**
- **Nonpersonal communication channels**
  - **Includes media, atmosphere, and events**

Developing Effective Communication

Step 5: Selecting the Message Source

- **Highly credible sources are more persuasive**
- **A poor spokesperson can tarnish a brand**

Step 6: Collecting Feedback

- **Recognition, recall, and behavioral measures are assessed**
- **May suggest changes in product/promotion**

Setting the Promotional Budget and Mix

Promotion Tools

Advertising

Personal Selling

Sales Promotion

Public Relations

Direct Marketing

Reaches large, geographically dispersed audiences, often with high frequency

Low cost per exposure, though overall costs are high

Consumers perceive advertised goods as more legitimate

Dramatizes company/brand

Builds brand image; may stimulate short-term sales

Impersonal; one-way communication

Setting the Promotional Budget and Mix

Promotion Tools

Advertising

Personal Selling

Sales Promotion

Public Relations

Direct Marketing

- **Most effective tool for building buyers' preferences, convictions, and actions**
- **Personal interaction allows for feedback and adjustments**
- **Relationship oriented**
- **Buyers are more attentive**
- **Sales force represents a long-term commitment**
- **Most expensive of the promotional tools**

Setting the Promotional Budget and Mix

Promotion Tools

Advertising

Personal Selling

Sales Promotion

Public Relations

Direct Marketing

Makes use of a variety of formats: premiums, coupons, contests, etc.

Attracts attention, offers strong purchase incentives, dramatizes offers, boosts sagging sales

Stimulates quick response

Short lived

Not effective at building long-term brand preferences

Setting the Promotional Budget and Mix

Promotion Tools

Advertising
Personal Selling
Sales Promotion
Public Relations
Direct Marketing

Highly credible

Many forms: news stories, news features, events and sponsorships, etc.

Reaches many prospects missed via other forms of promotion

Dramatizes company or benefits

Often the most underused element in the promotional mix

Setting the Promotional Budget and Mix

Promotion Tools

Advertising

Personal Selling

Sales Promotion

Public Relations

Direct Marketing

Many forms: Telephone marketing, direct mail, online marketing, etc.

Four distinctive characteristics:

- **Nonpublic**
- **Immediate**
- **Customized**
- **Interactive**

Well-suited to highly targeted marketing efforts

Chapter 20

Marketing Ethics and Social Responsibility

by

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Social Criticisms of Marketing

Marketing's Impact on Individual Consumers

- **High Prices**
  - High costs of distribution
  - High advertising and promotion costs
  - Excessive markups

Social Criticisms of Marketing

Marketing's Impact on Individual Consumers

- **Deceptive Practices**
  - **Pricing**
  - **Promotion**
  - **Packaging**
- **High-Pressure Selling**

Social Criticisms of Marketing

Marketing's Impact on Individual Consumers

- Shoddy or unsafe products
- Planned obsolescence
- Poor service to disadvantaged consumers

Social Criticisms of Marketing

Marketing's Impact on Society as a Whole

- **False wants and too much materialism**
- **Too few social goods**
- **Cultural pollution**
- **Too much political power**

Social Criticisms of Marketing

Marketing's Impact on Other Businesses

- **Acquisitions of competitors**
- **Marketing practices that create barriers to entry**
- **Unfair competitive marketing practices**