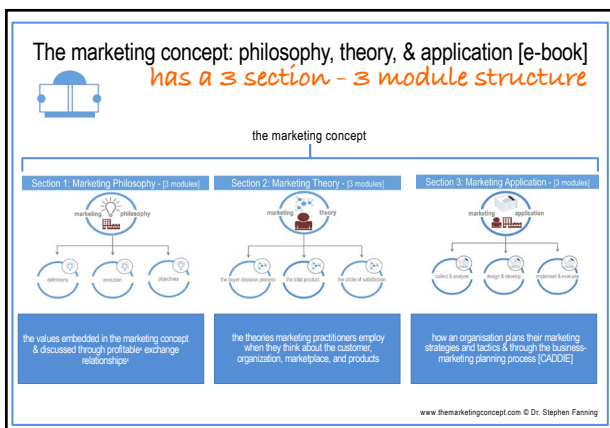
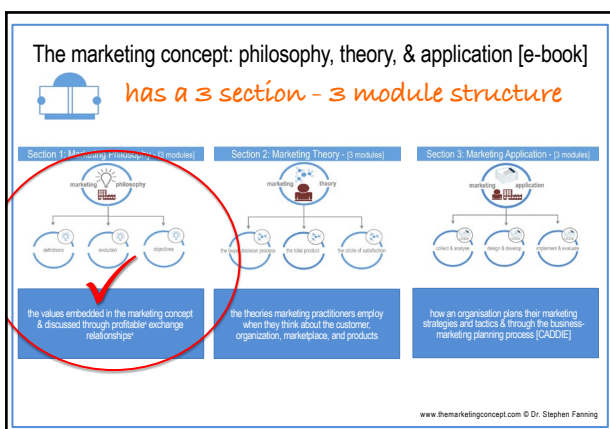


1



2



3

The marketing concept is the superordinate concept of marketing

an ^{overarching} umbrella concept

'organisations that best satisfy the needs (& wants) of their customers and best placed to satisfy their own needs'

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What are the task marketing practitioners undertake ?

Identify the strategic philosophy of an organisation, collect and analyse information, design and develop a marketing plan, implement the marketing action plans, and then evaluate the performance and take the necessary corrective actions.

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5

What is a market ?

'Market' – can be a noun or a verb

- A market – a specific location where buyers & sellers meet
- The market - people with similar needs
- The market - supply V's demand
- To market a product – offer a product for exchange

6



A market: is a specific **place** or **space** where buyers and sellers come together to exchange and satisfy their needs - *e.g., going to the farmer's market or going to an online site*


a market


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The market: all current & potential buyers [domestic or commercial], who have the desire, ability, and willingness to purchase a product in a product category - *e.g., are you in the market for a new car?*



the market



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The market: all current & potential buyers [domestic or commercial], who have the desire, ability, and willingness to purchase a product in a product category - *e.g., are you in the market for a new car?*



the market



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To market: the activity of offering a product in exchange for something of equal value - e.g., *I work for a real-estate company, I would like to market this home for you*

to market

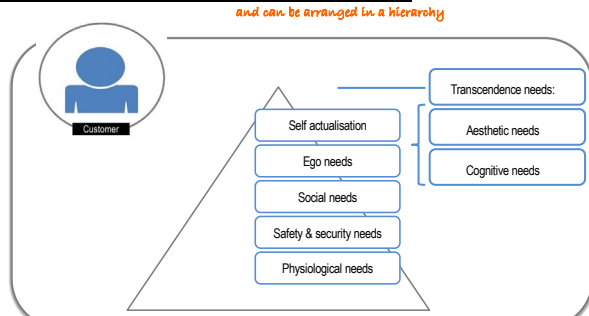
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10

Needs are part of being human

Maslow's extended hierarchy of needs

and can be arranged in a hierarchy



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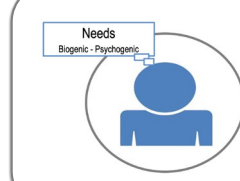
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previously we discussed that

needs are part of being human

Catering for the needs & wants of consumers is critical

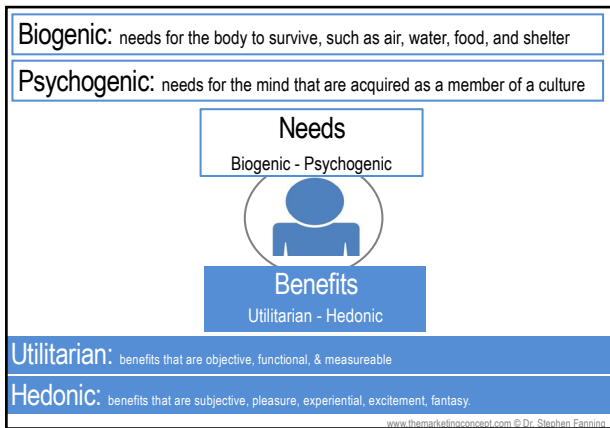
wants are different to needs



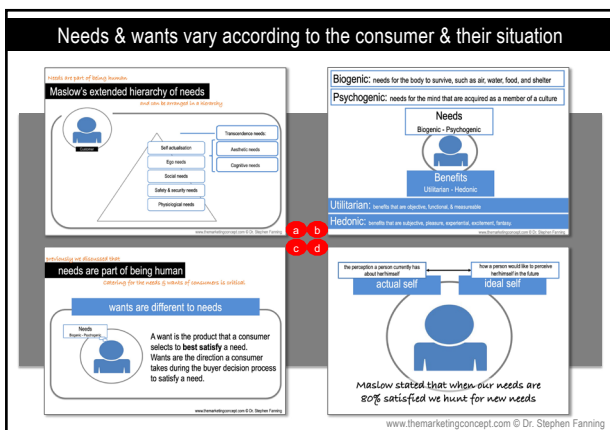
A want is the product that a consumer selects to **best satisfy** a need. Wants are the direction a consumer takes during the buyer decision process to satisfy a need.

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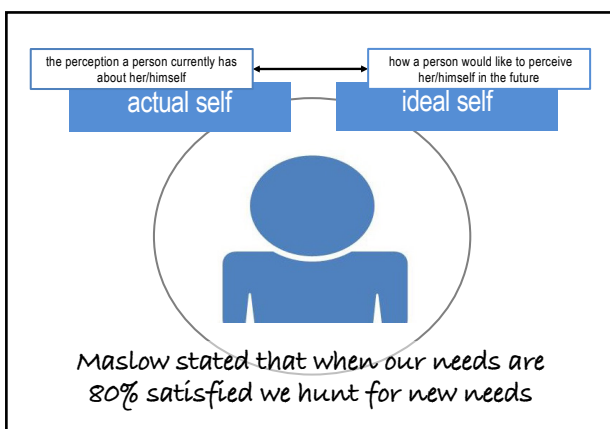
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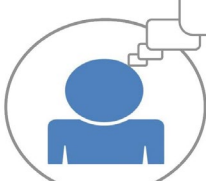
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15



Organisations need to design, develop, & deliver a product that is distinct, discernable* & desirable & best satisfies the dreams, desires, & demands of their customers



Searching for a unique product value proposition that 'best satisfies'

* UPVP was once referred to as differentiation or product differentiation

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Classic definition: a consumer focus



Marketing is the human activity directed at satisfying needs & wants through the exchange process



marketing



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Marketing is an exchange process




something of value for something of value

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Contemporary definition - an organisational focus



Marketing is an iterative process where an organisation works with and adapts to the market and through a process of communicating, creating, distributing, promoting, and pricing products endeavours to facilitate profitable exchange relationships with customers, channel partners, and society.



marketing



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An objective of marketing is




profitable⁴ exchange relationships⁴


Total profits ⁴	Relationships ⁴
▪ customer	▪ synergistic
▪ organisation	▪ symbiotic,
▪ channel partners	▪ strategic
▪ society	▪ sustainable


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Products that best satisfy the dreams, desires & demands of the customer today may not best satisfy tomorrow – **product vigilance** is an important consideration





Best satisfying requires a continuous process of new product development

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Throughout history we can see people as:

1. consumers [hunter gatherers]
2. producers & consumers [peasant farmers]
3. producers or consumers [work or leisure]

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12,000 years ago - Neolithic [R]evolution

- The nomadic 'hunter gatherer' evolved into sedentary groups
- Instead of foraging & scavenging, they domesticated animals & plants
- They cultivated the best plants & animals
- They preserved and stored food
- For safety and security they settled in groups
- They modified their environment
- Surplus production was taken to market

24

Over time - hunter-gatherers developed tools & societal rites

The hunter-gatherers - moved with the seasons

Prehistoric era - 400,000 years ago?

The hunter-gatherers - developed rudimentary tools

Models: Prehistoric of tools

Developed rites of passage, community, & devotion

Memorials & places of worship were created

The evolution occurred throughout the world

Plants were selected & farmed - environments modified

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People settled - they collected possessions, farmed & stored produce

The crannogs of Scotland

People began to work the land & cultivate their environment

- They
- grew crops kept animals
- preserved food
- formed communities for safety and security
- began to trade (wheat & wool)

Animals were kept & bred

Managing waste & having access to safe drinking water

People began to specialise - pottery for storage

Celtic pottery (Shanawee - Australia)

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Populations grew - communities grew - nations were formed

Communities evolved over time

Prehistoric (Scotland) was populated in the 10th Century

In time larger communities were formed for protection

Safety for people, animals, possessions, stored food became a priority. Protection of wealth & power

(e.g., The walls of Babylon & Egypt)

The need for protection created nations

Sedentary populations were often attacked by nomadic tribes. Walls and fortification were constructed for safety and security

(e.g., The Great Wall of China)

Adopt a broad view when considering the evolution of marketing

Your thinking should be broad

- Middle East, China, Japan, Roman Empire, Scotland, England, Europe, New world countries

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Sedentary polluted their drinking water – invented beer

From the Neolithic period, waste from animals & people contaminated drinking water

This created a challenge for society

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Beer is thought to have originated at Gobekli Tepe (Turkey)

Beer was less risky than the microbe infested water

"It is an intriguing thought that brewing and the domestication of wheat might be interrelated."

Griffith, Ryan, Markel, Schmitt, & Ziemann (2012, p. 486)

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Some historians argue that it all started with beer

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Living changed society

Marketing exchanges were written in clay

The earliest for beer

Cuneiform writing – the original hard drive

3,000 BC (Southern Iraq)

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Wine production led to a number of innovations in storage & handling

Overcoming the challenges facing society

Initially, wine had a purpose

To mix with & purify water

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Overcoming the challenges facing society

Once, wine was viewed as a 'miracle'

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Better use [application] of existing resources

Wine-making in a time of wooden machines

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Better use of existing resources

Wooden barrels – the 'most significant container'

Cooperage – the ancient art & craft of making of wine barrels

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The quest for better use [application] of existing resources

Overcoming the challenges facing society

Once, whisky had a purpose

From farm skills to industrial operations

Oliver Smithies – invent water of life in 1820 & was referred to as 'water of life'

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Better use of existing resources

Household appliances

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Better use of existing resources

Cheese making employed modified barrels

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The quest to better serve the customer

Wooden barrels are now part of the 'theatre'

Hospitality venues often employ barrels as props

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Marketing influenced societies & societies influenced marketing

Market towns provided services to farmers

Greenmarket in Edinburgh was established 1877

Innovations in marketing

To better serve and increase market efficiency

Money evolved

Coin of similar size, weight & materials have been minted with a symbol of value for around 12,000 years. Money enabled a 'fairer exchange' & enabled intermediaries to enter exchanges and to play a role in bartering with goods & labour.

Innovations in marketing

To better serve and increase market efficiency

Standard weights

Standard weights enhanced customers perceptions of value & enabled consumers to enter a 'fairer exchange' & avoid bartering each time they entered the buying decision process.

Innovations in marketing

To better serve and increase market efficiency

Standard measurements

Standard measurements enabled consumers to enter a 'fairer exchange' & avoid bartering each time they entered the buying decision process.

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Reduce perishability, a longer shelf-life, & acceptable temperature

The Art of 18th & 19th century fish markets

Although today we have refrigeration of food for granted it was not until 1854 that the invention of mechanical refrigeration began. The first ice-making machine was 1854

More effective distribution of goods & products

The railways transported produce

Railways & refrigeration facilitated the movement of fresh produce to city markets

Overcome the challenges of society - Fresh food

Ice-making & refrigeration

Overcome the challenges of society - Fresh food

Mass transport of refrigerated produce

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Better, faster, cheaper distribution - a competitive advantage

More effective distribution of goods & products

Advances in shipping

More effective distribution of goods & products

Advances in shipping - Dutch East India company

The birth of big business

1602 First multi-national company, first company to have stock

More effective distribution of goods & products

Iron hulled ships - steam & sail powered

HMS Warrior - the first iron-hulled warship

More effective distribution of goods & products

Advances in shipping & handling - containerisation

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A continuous process of innovation

Better use (application) of existing resources

Steam replaces sail

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More effective distribution of people & products

Increased shipping required new safety initiatives

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More effective distribution of people & products

Ship construction - Doulos

Built in 1914 we can see the evolution of ship building in the two building styles, rivets and welds.

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More effective distribution of people & products

Mass distribution - people - cruise ships & tourism

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Initially muscle power drove production

today, the producer/consumer is rare

replaced by the producer <-> consumer

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More effective distribution of people

Horses were a central part of people's lives

Consider the set-up time to make a trip

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More effective distribution of people

Horses ploughed fields

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More effective distribution of products

Horses pulled the barges

Today, the canals are places of relaxation

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In time natural power sources were harnessed

The first factories were strategically located

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The first factories were strategically located

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The first factories were powered by water and/or wind

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Hydro - wind - solar power
Back to the future

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Seeking a competitive advantage – speed to market

More effective distribution of people & products

The rise of railways advanced steel technology

The railways transformed market towns into major industrial cities

More effective distribution of people

The railways go underground

More effective distribution of people

The rejuvenation of railways

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Product development is part of the quest to better serve the customer

More effective distribution of people

The bicycle 'evolves'

More effective distribution of people

The bicycle remains a key means of transport

More effective distribution of people

The motorcycle 'evolves'

More effective distribution of people

The motorcycle remains a major means of transport

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Constant product development – in a quest for product leadership

More effective distribution of people

The motor car

Better serve the customer/organisation

The evolution of the automobile

Better serve the customer/organisation

The evolution of the automobile

Better serve the customer/organisation

Constant improvements in design

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The quest to better serve the customer through product design

Some of the product we sales for granted were once major inventions

The battery

The voltaic cell was invented by Alessandro Volta in 1780. He demonstrated that electricity could be produced from chemicals & moved for future use.

What is evident is how the battery has received constant R&D attention for 180+ years, & how they are an important part of our lives - the quest for best.

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Overcoming the challenges facing society

More efficient refueling of automobiles

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Overcoming the challenges facing society

the electric tram

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Retail evolved from simple traders to customer experiences

Basic retailing - Peddlers

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Better serve the customer

Burlington Arcade London (1812)

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Better serve the customer

This construction innovation spread

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Better serve the customer

The retail experience evolves

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Retail evolved from simple traders to customer experiences

Better serve the customer

Cash registers

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Better serve the customer

Electricity & lighting

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Better serve the customer

Plate glass & the mannequin

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Better serve the customer

Airconditioning & escalators

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A consequence of the industrial revolution - economic migration




The industrialisation of farming

The economic migration from the farm to the factory started during the industrial revolution.



The industrial revolution created hardship for many people removal from their land & deportation



Economic migration continues

from the farm to the cities - viewed as less risk

the land enclosures & clearances displaced many people

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Learning from others & applying new skills

Mass consumption - conspicuous consumption

In 18th century Britain, the new 'middle-class' coveted the products of the noble families of Europe.

'The participated in 'grand tours'

It is thought that this new knowledge was the seed for the industrial revolution with new products & new producers to meet this new demand.

Richard Henry
e.g. Wedgwood



Once upon a time...

The Grand Tours of the 18th Century



The 'Grand Tourists' experienced the finer things in life



The Grand Tour was like an 18th Century Comic Tour

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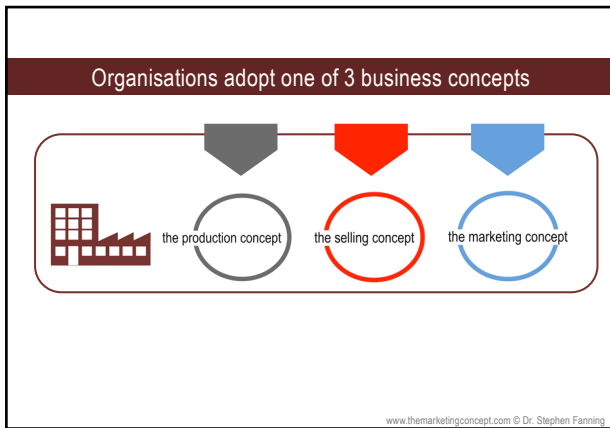


The 4 market quests

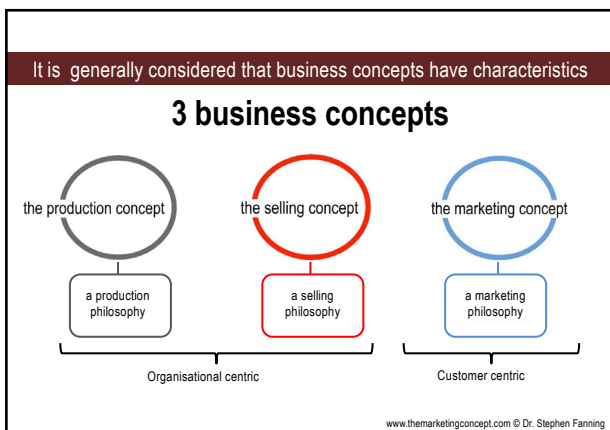
The evolution of marketing reveals 4 recurring patterns or quests:

- ✓ The quest to better serve the customer
- ✓ The quest to overcome the challenges facing society
- ✓ The quest for better use [application] of existing resources
- ✓ The quest for more effective distribution of:
 - information, products, & people

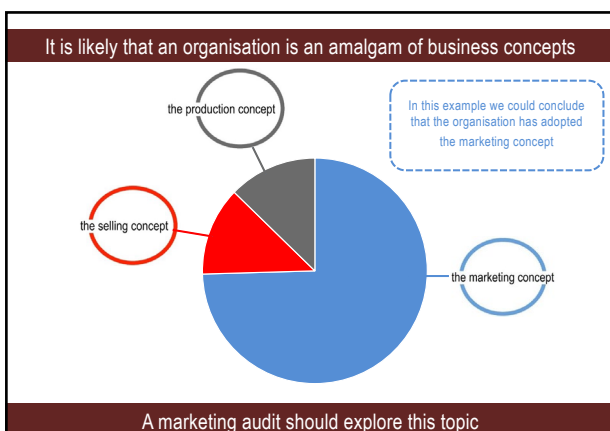
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50



51



The original marketing mix

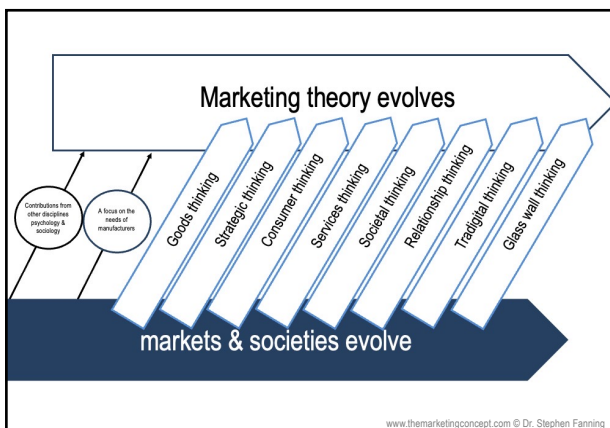
[12 elements X 4 influencing forces]

- Product Planning
- Pricing
- Branding
- Channels of distribution
- Personal Selling
- Advertising
- Promotions
- Packaging
- Display
- Servicing
- Logistics
- Research & Analysis

Consumer, trade, competitors, government

Neil Borden (1964)

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To meet financial, strategic, & communication objectives, marketing practitioners must manage the salespipeline

the salespipeline

Measuring, managing, & improving collective customer satisfaction to increase the sales baseline & reduce dependence on discounting, selling & sales promotional tactics

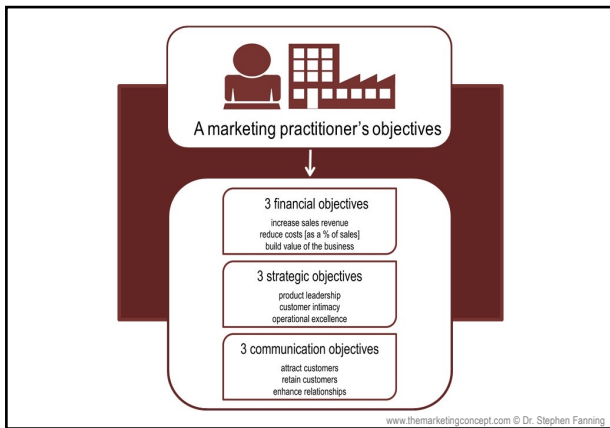
sales baseline

the sales pipeline

- 1. Identify customer's needs
- 2. Develop a sales plan
- 3. Implement the sales plan
- 4. Monitor the sales plan
- 5. Evaluate the sales plan

Also referred to as the **short & long of marketing**

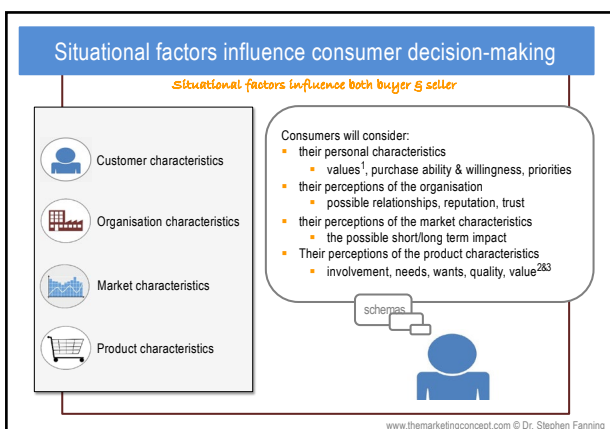
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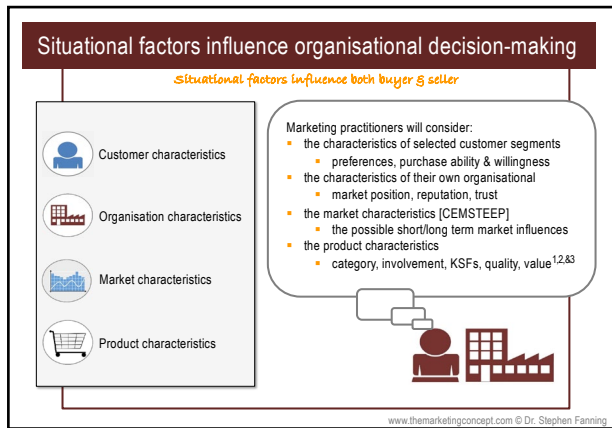
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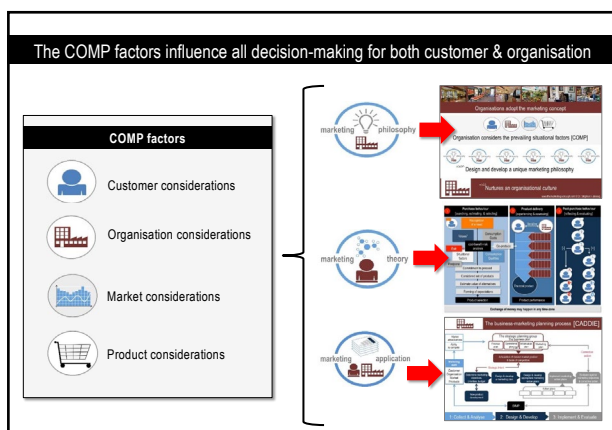
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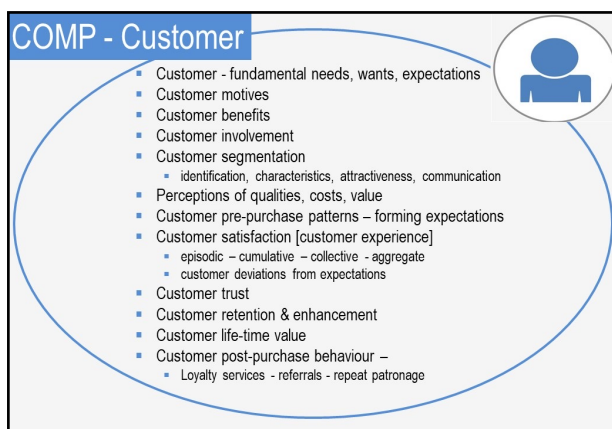
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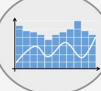
COMP - Organisation



- Organisational philosophy
- Philosophy structure – production – selling – marketing philosophies
- Culture – national [Hofstede] organisational
- Vision statement [performance & gaps] – strategic intent
- Marketing objectives – financial – strategic – communication [performance & gaps]
- Service quality – internal – external
- Organisational capabilities/constraints
 - KSF, patents, employee performance, relative costs
 - marketing channel effectiveness
- Revenue analysis –
 - size, market share [product – segment], growth, pricing, profitability
- Brand equity
 - relationship analysis, brand strength & stature, brand awareness
 - brand recognition, brand associations

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COMP- Market




- Competitors
 - Structure of market channels [EZE]
 - Analysis of competing brands – ranking
 - Analysis of competing products – features benefits pricing
 - Size – Revenue – Profitability – Growth
 - Motivations – Competencies
 - Potential competitors
 - Margin intensity
 - Models of competition
- Economic factors [macro-micro]
 - Consumer confidence – household debt – unemployment – retail activity
- Market considerations
 - Market life cycle factors
 - Demand patterns
 - Market culture
 - Emerging trends & developments
 - Competitive nature [Porter's 5 forces]
 - Stability – disruption
- Societal factors
 - Technology influences
 - Environmental
 - Ethics, legal, &
 - political influences

CEMSTEEP factors


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COMP - Product

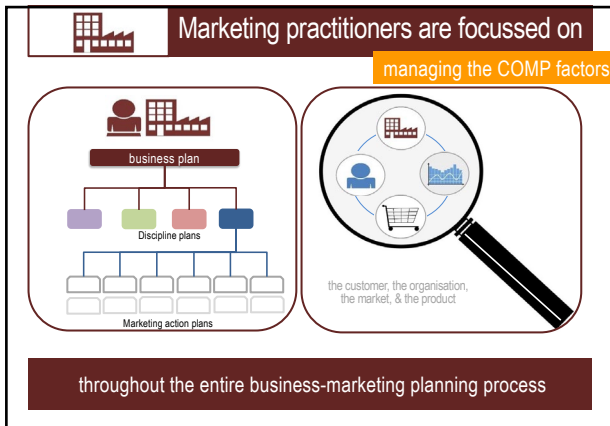


- Product considerations
- Product sales analysis
 - Total sales X product
 - Total sales X territory
 - Sales by [hour/day/week/month/year/ or other suitable unit of measure e.g., weather]
 - Number of transactions
 - Average sell price
 - Margins X product
- Cost of sales
- Product inventory - inventory on hand – usage rates]
- Product adoption
- Product life cycle
- Product strategy
 - product line – mix, positioning, uniqueness, value proposition, augmentation, involvement, contact, product components, decision type, recipient[s], category, classification, awareness
- Threat of substitute products

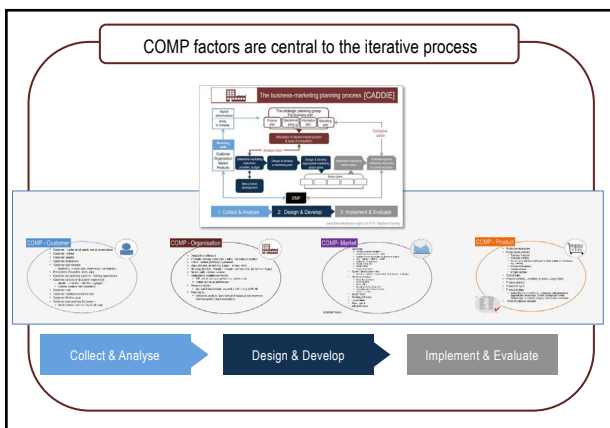
Product considerations



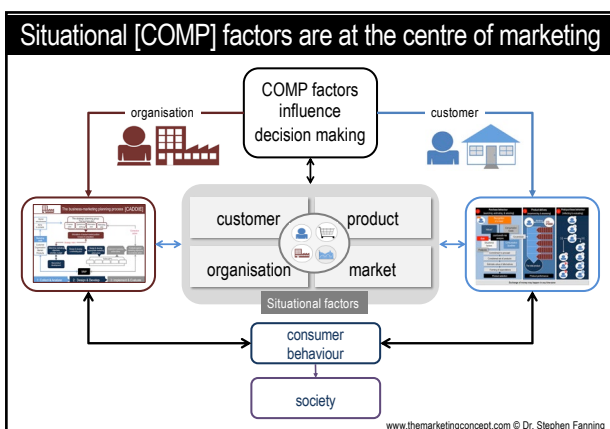
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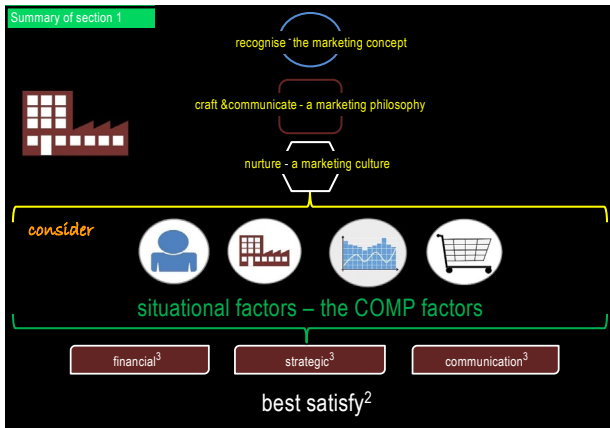
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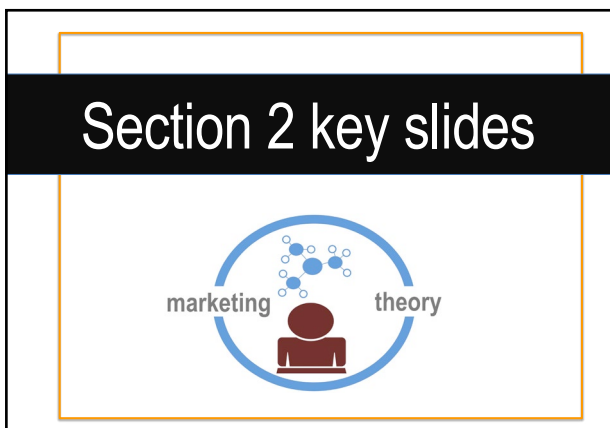
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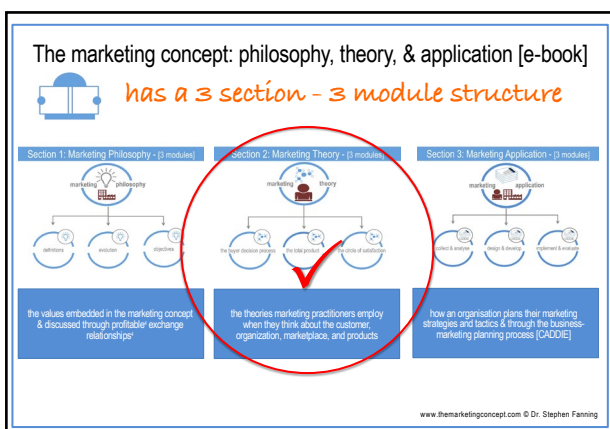
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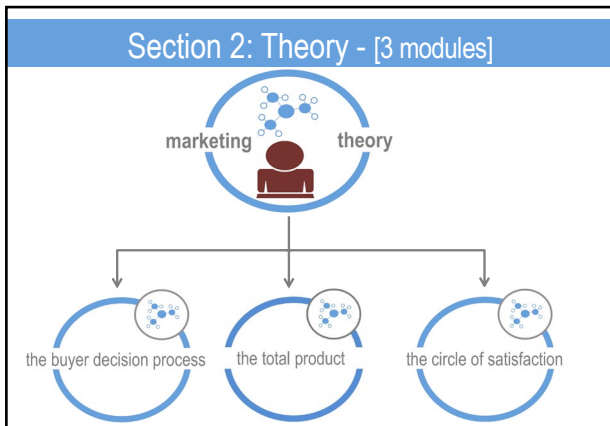
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70

Schemas* organise human thinking

Consumers form marketing schemas for products, organisations, advertisements, brands ... etc

*an innate cognitive process where people attend, interpret, organise, and categorise information, consider the associations and relationships and store this information in an associative network for efficient retrieval, future conversations, and decision-making

71

Societies* are formed through culture

Culture is what we value¹ – a preferred state.

A culture is a set of beliefs, values¹, perceptions, & behaviours; learned by members of society & as such provides guidance [feedback and feedforward] to its members.

enculturation - acculturation

Adapted from Geertz (1975)

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We have stated that

Organisations develop a culture



1. the marketing concept
2. a marketing philosophy
3. an organisational culture

Organisational cultures are enduring

Let's explore culture in more detail

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A marketing philosophy nurtures a culture.

The right culture does not happen by chance it happens by choice

- Being customer centric
- Understanding the customer
- A commitment to quality & value
- Honest communication
- Delivering on promises
- A commitment to satisfaction
- Cultivating a sense of mission
 - *esprit de corps*

74

What is a


product?

productum - the sum of efforts that are offered for sale

A product is the **total** of everything offered or received in an exchange

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What is product quality ?



Every product has qualities

The qualities are the elements, features, properties, characteristics of the product

Product quality is the sum of a product's qualities [~]


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previously we discussed that

quality is what is received in an exchange

what a consumer gets

consumers look for consumption qualities



- Functional
- Social
- Emotional
- Epistemic
- Spiritual
- Physical
- Temporal
- Sensory

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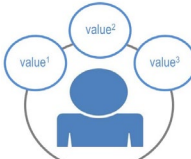
77

previously we discussed that

value is a preferred outcome

an outcome that is preferred to other available outcomes

consumers use 'value' in 3 ways




- Value¹ - as in a value¹ or values¹
- Value² - as in value² for money
- Value³ - as in having a value³
[i.e., an attribute that provides a benefit]

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previously we discussed that
consuming requires 'being involved'
 involvement varies according to the situation [COMP factors]

involvement & the 3 time zones



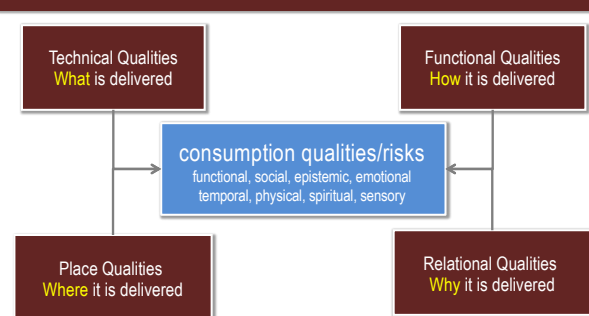
Involvement varies:

1. Product pre-purchase involvement
2. Product delivery involvement
3. Post-purchase involvement

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Categorising qualities [what, how, where, why]



Technical Qualities
What is delivered

Functional Qualities
How it is delivered

Place Qualities
Where it is delivered

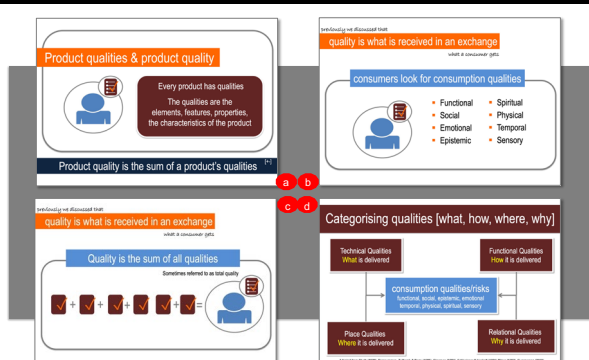
Relational Qualities
Why it is delivered

consumption qualities/risks
functional, social, epistemic, emotional
temporal, physical, spiritual, sensory

Adapted from Sheth (1976), Parasuraman, Zeithaml, & Berry (1985), Gronroos (1984), Schlesinger & Heskett (1991) Bitner (1992), Gummesson (2002)

80

Involvement with a product will influence the buyer decision process



Product qualities & product quality

Every product has qualities
The qualities are the elements, features, properties, the characteristics of the product

Product quality is the sum of a product's qualities

consumers look for consumption qualities

quality is what is received in an exchange

- Functional
- Social
- Emotional
- Epistemic
- Spiritual
- Physical
- Temporal
- Sensory

Categorising qualities [what, how, where, why]

Technical Qualities
What is delivered

Functional Qualities
How it is delivered

Place Qualities
Where it is delivered

Relational Qualities
Why it is delivered

consumption qualities/risks
functional, social, epistemic, emotional
temporal, physical, spiritual, sensory

Quality is the sum of all qualities

quality is what is received in an exchange

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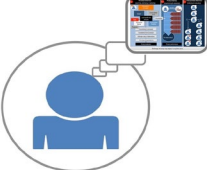
81

previously we discussed that

consuming requires 'being involved'

involvement varies according to the situation [COMP factors]

involvement & the 3 time zones



Involvement varies:

1. Product pre-purchase involvement
2. Product delivery involvement
3. Post-purchase involvement

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previously we discussed that

quality is what is received in an exchange

what a consumer gets

Quality is the sum of all qualities

Sometimes referred to as total quality




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What is value²

Value is a preferred outcome



product qualities outweigh the product costs

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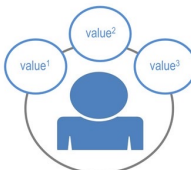
84

previously we discussed that

value is a preferred outcome

an outcome that is preferred to other available outcomes

consumers use 'value' in 3 ways



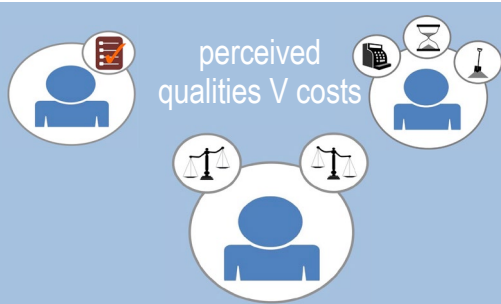
- Value¹ - as in a *value¹* or *values¹*
- Value² - as in *value²* for money
- Value³ - as in *having a value³*
[i.e., an attribute that provides a benefit]

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When selecting products consumers estimate

perceived qualities V costs



Consumer perceive costs as money + time + effort

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Quality is important but value is a higher order concept

value is a preferred outcome

an outcome that is preferred to other available outcomes

consumers use 'value' in 3 ways




- Value¹ - as in a *value¹* or *values¹*
- Value² - as in *value²* for money
- Value³ - as in *having a value³*
[i.e., an attribute that provides a benefit]

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What is value?

Value is a preferred outcome

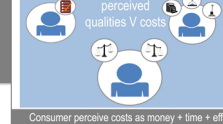


product qualities outweigh the product costs

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When selecting products consumers estimate

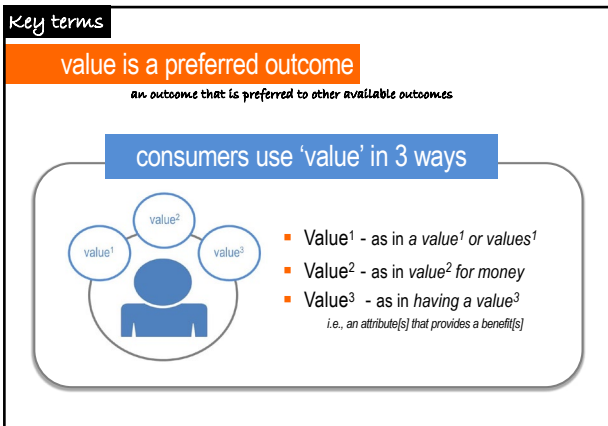
perceived qualities V costs



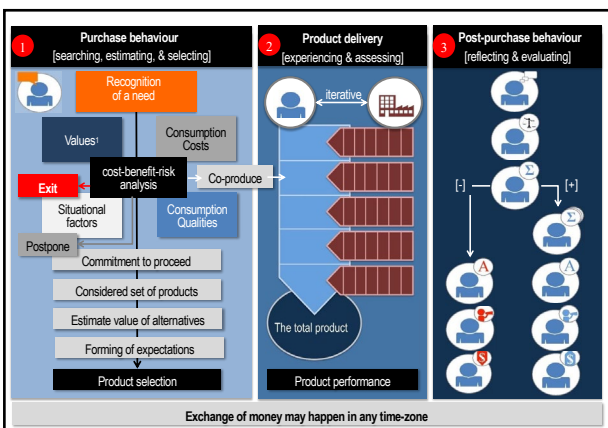
Consumer perceive costs as money + time + effort

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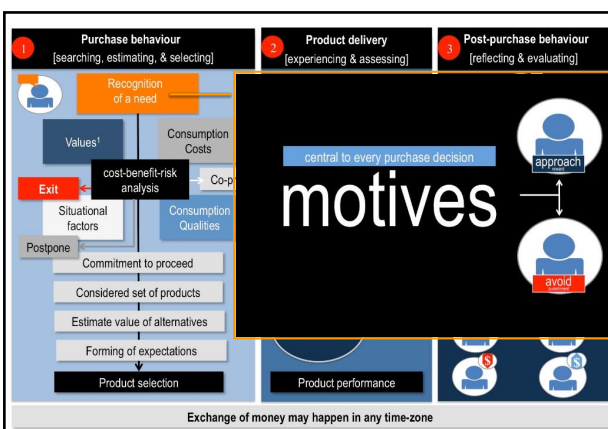
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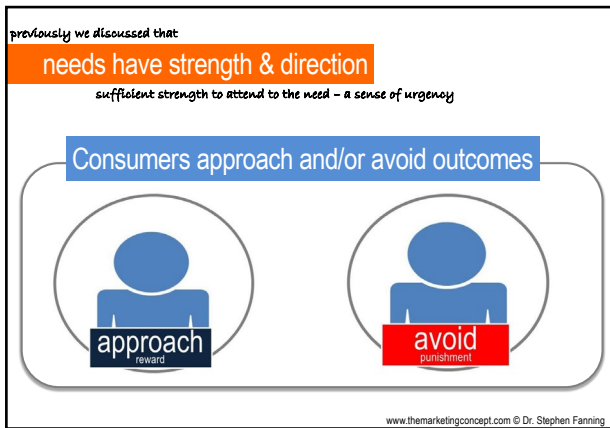
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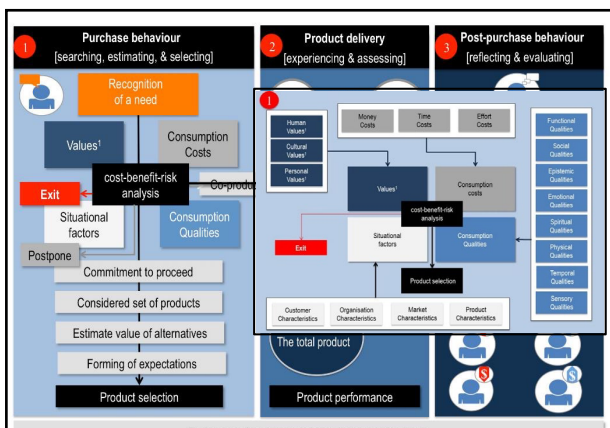
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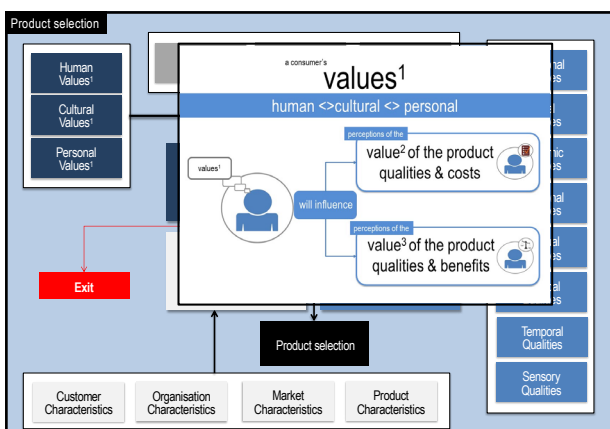
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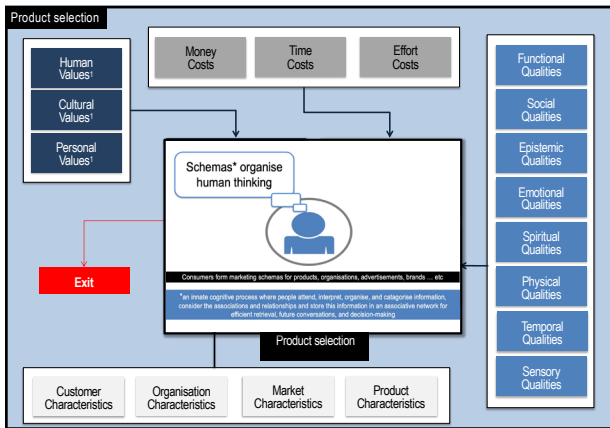
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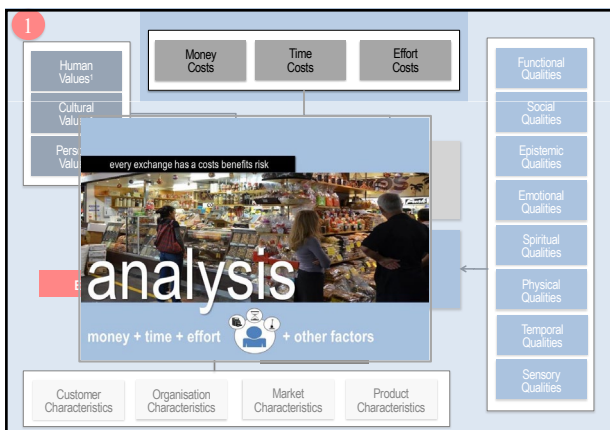
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93



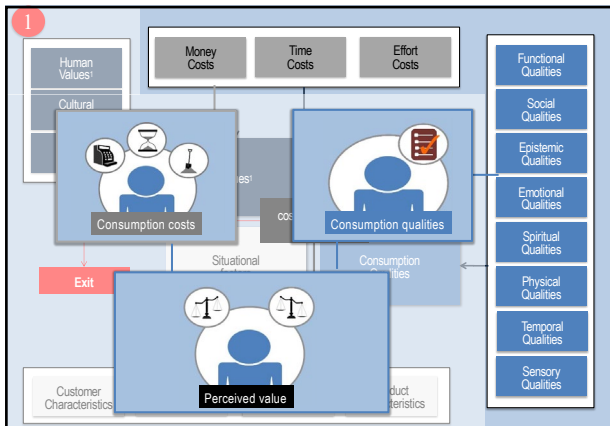
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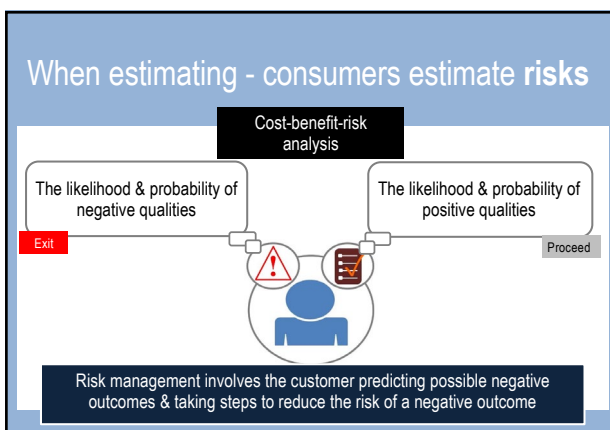
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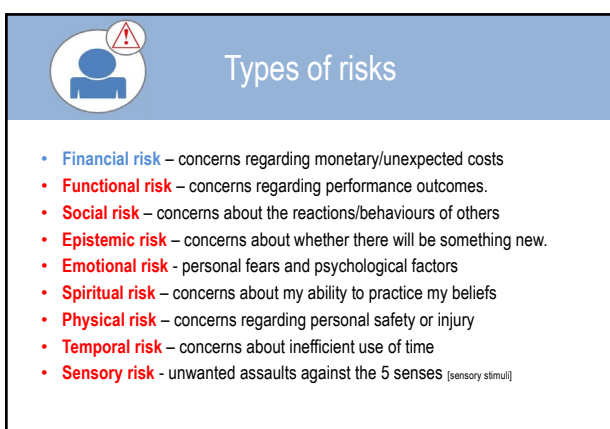
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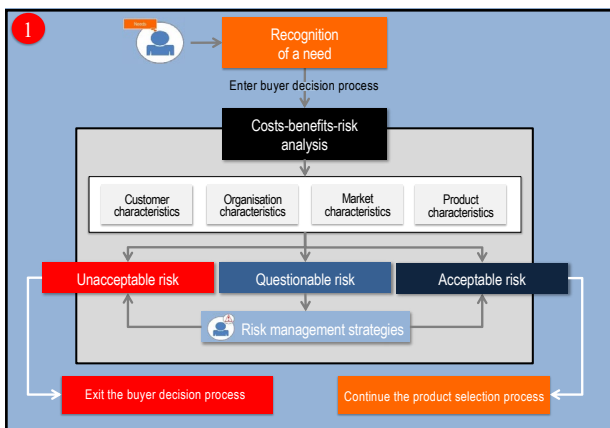


99

Pre-purchase risks become qualities

- Functional
- Social
- Epistemic
- Emotional
- Spiritual
- Physical
- Temporal
- Sensory

100



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Risk & situational factors [COMP]

- Consumer considerations**
 - willingness and ability to purchase
 - ability to sustain a loss
 - predisposition to risk
 - attitude towards possible loss of face
 - decision making ability
 - ability to manage risks
- Organisation considerations**
 - relationship, reputation, possibility of returns, perceptions of trust
- Market considerations**
 - prevailing economic conditions
 - competitive nature of market
 - reputation of industry
- Product considerations**
 - degree of involvement with the product - reason for the purchase (personal use / gift)
 - social visibility of the product (e.g., public or private)
 - familiarity, knowledge,
 - complexity
 - properties [search qualities]

Adapted from Dowling (1999) and Lovelock (2011)

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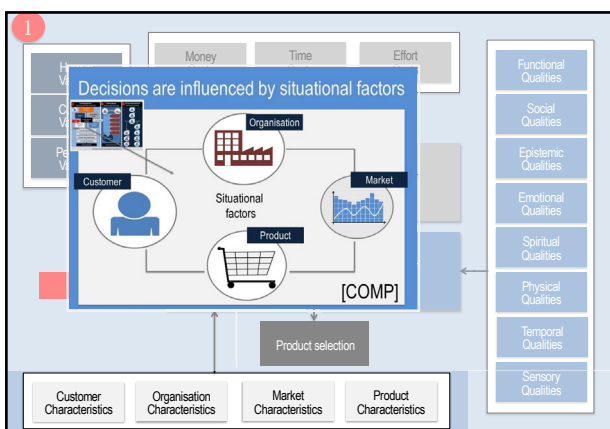
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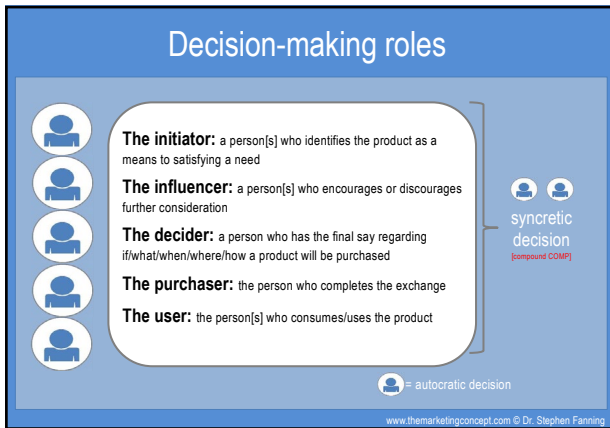
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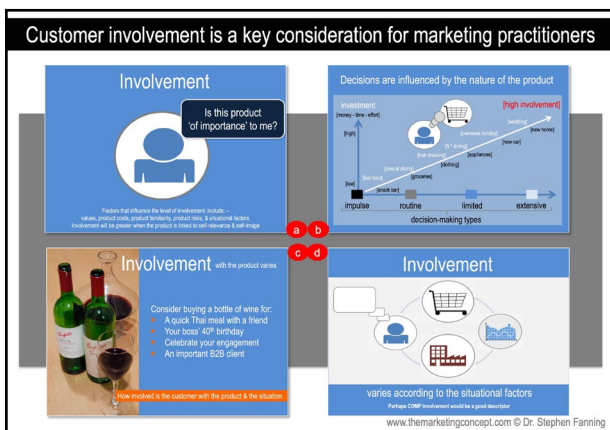
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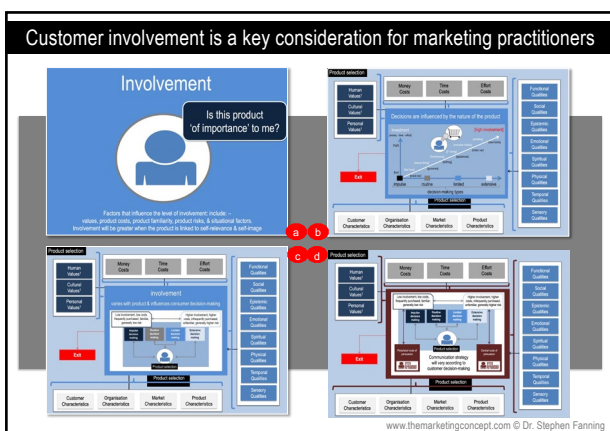
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Involvement with a product will influence the buyer decision process

Involvement



Is degree of involvement the same across all consumers?

How involved is the customer with the product?

Involvement



How involved is the customer with the product?

Involvement



Is degree of involvement the same across all consumers?

How involved is the customer with the product?

Involvement



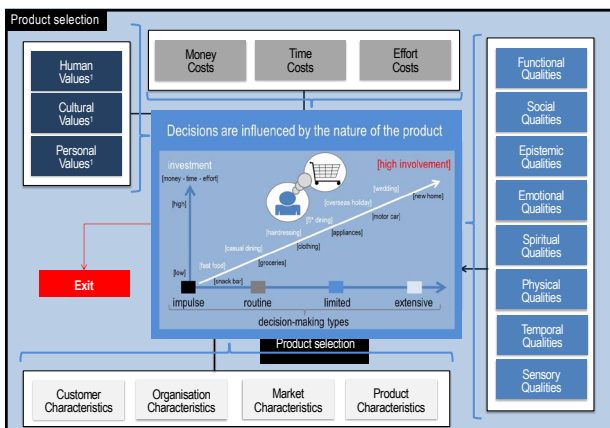
Consider buying a bottle of wine for:

- A quick Thai meal with a friend
- Your boss 40th birthday
- Celebrate your engagement
- An important B2B client

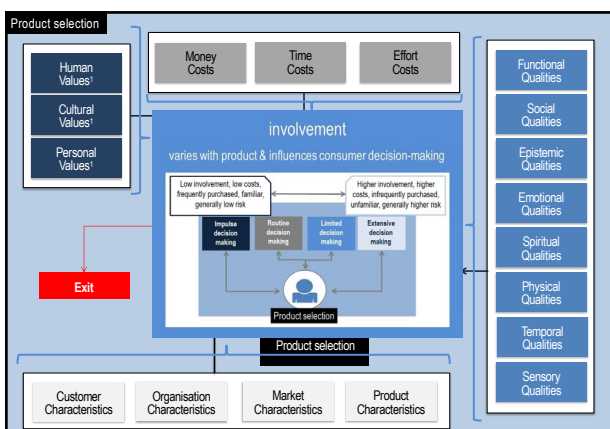
How involved is the customer with the product & the situation?

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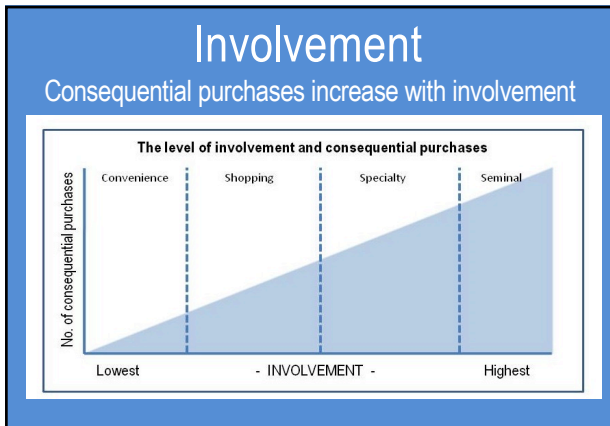
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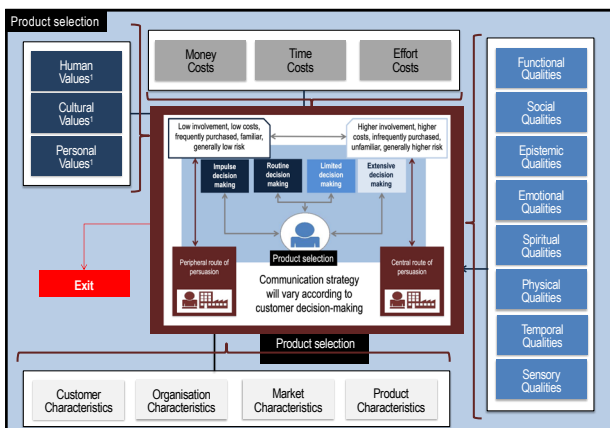
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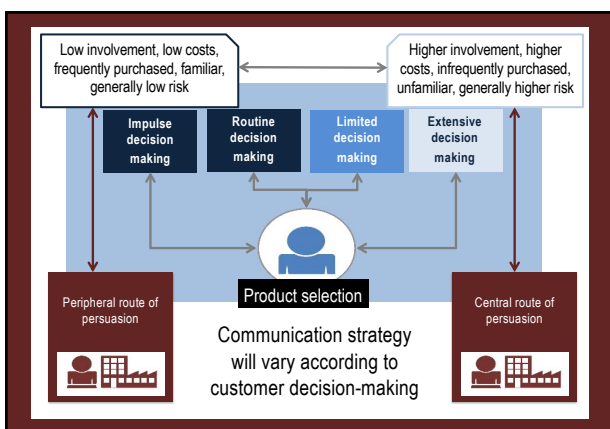
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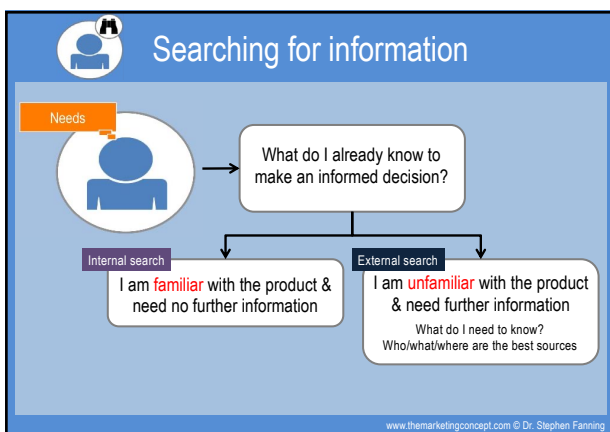


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High involvement increases the search for information

informed decisions

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Involvement with a product will influence the buyer decision process

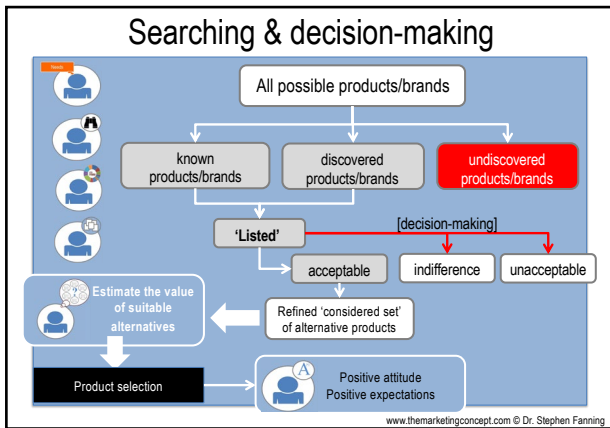
Involvement
varies according to the situational factors
Perhaps CDM involvement would be a good design?

Product classification
Convenience Shopping Specialty Seminal
Low involvement High involvement
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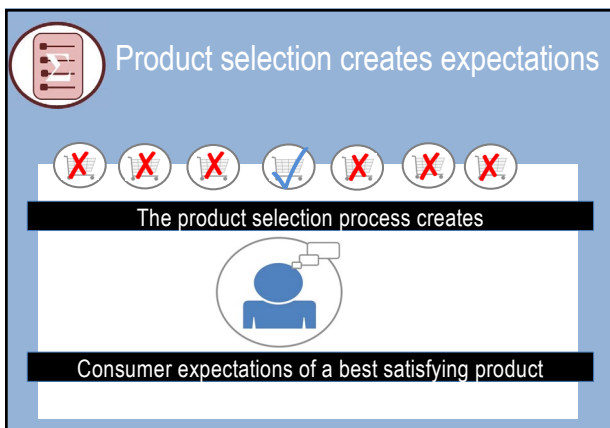
High involvement increases the search for information
informed decisions

Enduring involvement
Team engagement & co-production
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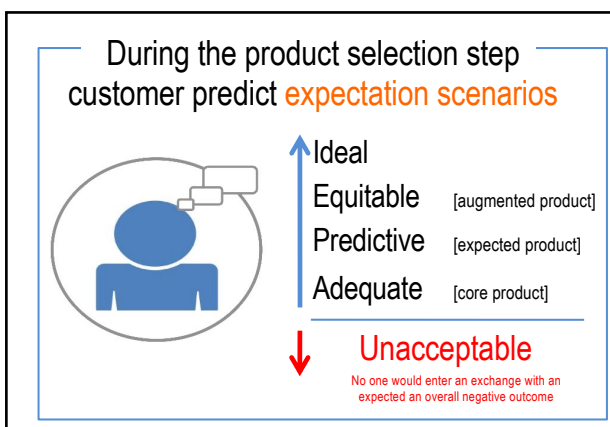
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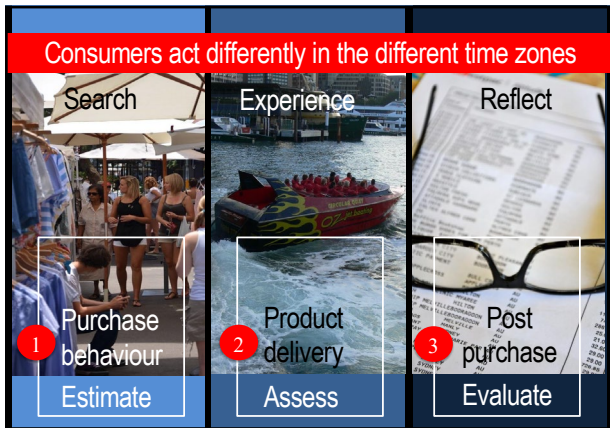
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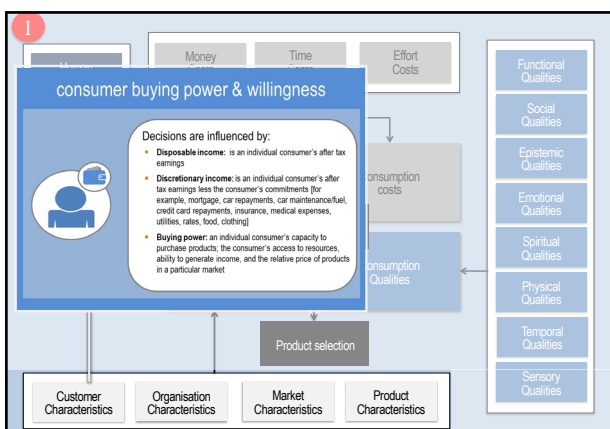
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Key terms

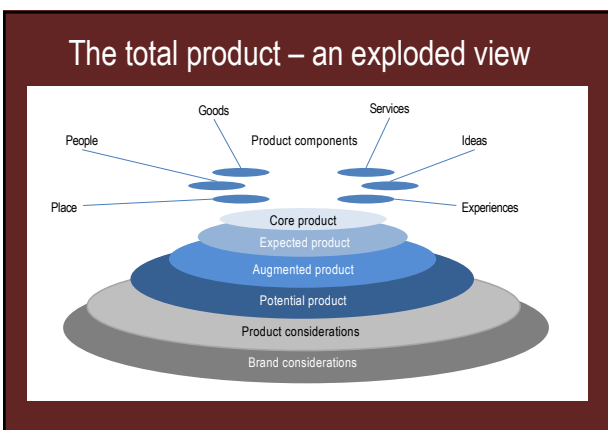
a product is the sum of all efforts
that an organisation offers for sale in an exchange

The total product can explored as:

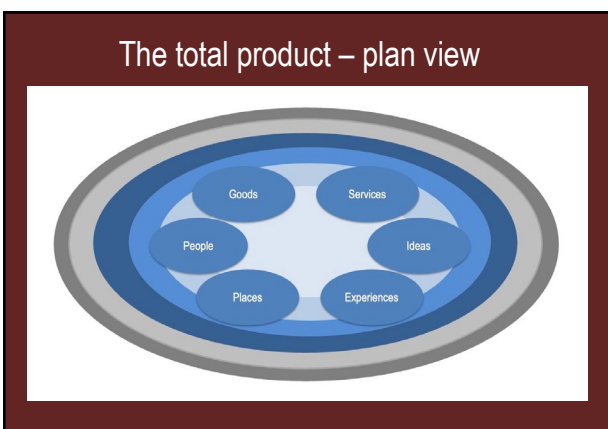


- Product considerations
- Product Layers
- Product components

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The product layers

- The core product**
 - The minimal to meet the customer's basic needs
- The expected product**
 - What the customer perceives as the industry standard at any given price point
- The augmented product**
 - Attractive product qualities that the customer is willing to pay a premium for [Unique product value proposition]
- The potential product**
 - The new product prior to release

Worthwhile when considering pricing strategies

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Product considerations

- ✓ Product layers
- ✓ Product positioning
- ✓ Product strategic direction
- ✓ Product augmentation
- ✓ Product recipient
- ✓ Product classification
- ✓ Product category
- ✓ Product class
- ✓ Product line – product mix
- ✓ Product line extension
- ✓ Product modification
- ✓ Product planned obsolescence
- ✓ Product desirability
- ✓ Product visibility
- ✓ Products – utilitarian/hedonic
- ✓ Products – autotelic/instrumental
- ✓ Product involvement
- ✓ Product adoption & life cycle
- ✓ Product adopter groups
- ✓ Product properties
- ✓ Product value proposition
- ✓ Product leadership
- ✓ Product stewardship
- ✓ Product complexity
- ✓ Product decision type
- ✓ Product delivery duration
- ✓ Product contact
- ✓ Product inseparability
- ✓ Product variability
- ✓ Product perishability
- ✓ Product comprehension
- ✓ Product familiarity
- ✓ Product uniqueness
- ✓ Product components

What marketing practitioners consider when managing a product

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Product considerations

- ✓ Product layers
- ✓ Product positioning
- ✓ Product strategic direction
- ✓ Product augmentation
- ✓ Product recipient
- ✓ Product classification
- ✓ Product category
- ✓ Product class
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- ✓ Product uniqueness
- ✓ Product components

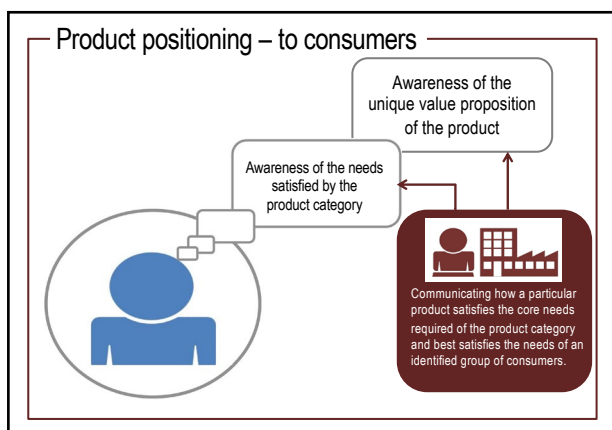
Study in the e-book

What marketing practitioners consider when managing a product

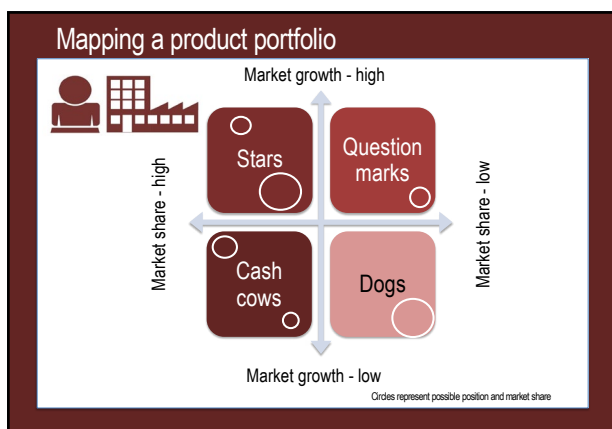
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Products evolve as if they had a natural life cycle

The life cycle of products

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All products have a life cycle

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All products have a life cycle

Even Kodak has had its Kodak moment

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Product life cycle

Product life cycle characteristics, customer types, communication focus

Product features | Customer benefits | Value through lower price

adapted from Rogers (1962, 1995); Kotler, P., (1994, 1997); Porter, M., (1980); Kincaid (2003)

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Product life cycle

Product life cycle characteristics, customer types, communication focus

Introduction | Growth | Maturity | Decline

A B C D E

Demand
Price
Profit
Caution

Time

Product features | Customer benefits | Value through lower price

adapted from Rogers (1962, 1995); Kotler, P., (1994, 1997); Porter, M., (1980); Kincaid (2003)

Customer types & %

A Innovators - [3.5%]
B Early adopters - [13.5%]
C Early majority - [34%]
D Late majority - [34%]
E Laggards - [16%]

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Product adoption & diffusion

Products are observed and adopted in a recognisable pattern

Group A | Group B | Group C | Group D | Group E

Time

A product is adopted by group A, someone from group A comes in contact with a member of group B, the product is then introduced & adopted by group B etc.

[homophilious & heterophyllous customers coming into contact]

adapted from Rogers (1962, 1995)

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Products evolve as if they had a natural life cycle

The life cycle of products

All products have a life cycle

All products have a life cycle

Even Kodak has had its Kodak moment

Product life cycle

Product life cycle characteristics, customer types, communication focus

Product types & %

- Innovation - (13%)
- Early adopters - (13-30%)
- Early majority - (24%)
- Late majority - (24%)
- Laggards - (16%)

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Product classification

Convenience Shopping Specialty Seminal

Low involvement <> High involvement

Copeland (1923) + Fanning (2011)

*Fanning (2011) revisited this classic theory and added a 4th 'Seminal Products'

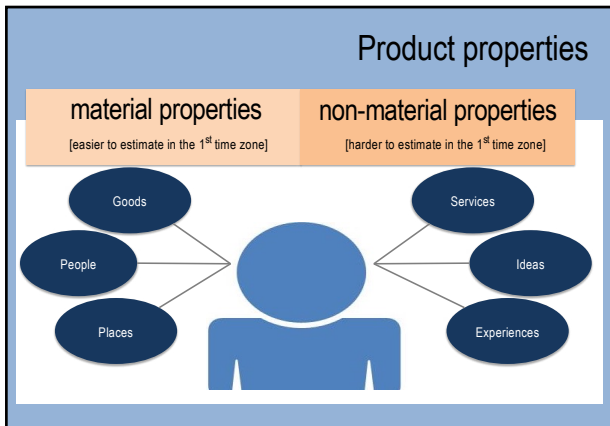
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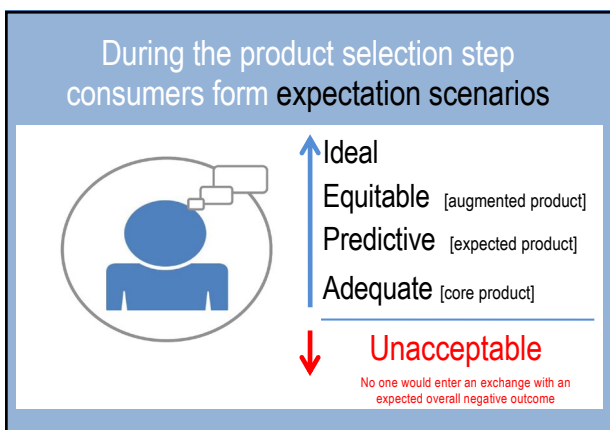
Product category

Consumables <> Durables

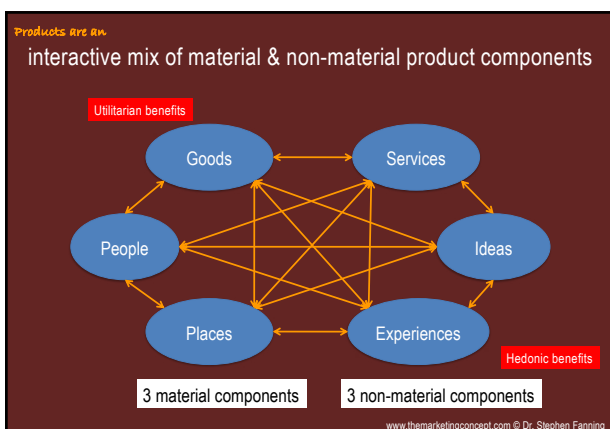
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Although, subjective and sometimes difficult to determine - there are

Always
5 product components

Often
6 product components

Generally
1 dominant component

Marketing practitioners need to communicate the value of the product components to consumers

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Goods may be defined as:
Goods can be a dominant or dominant product component. Goods as a product component are tangible product properties that may be evaluated by the consumer. Goods are measured by an amount or quantity of a good. Goods are tangible and provide utility to a service they are surrounded by intangible product components.

Services may be defined as:
Services can be a dominant or dominant product component. Services as a product component are the performance, skills, deeds, or efforts that provide a benefit to a customer or service customer. Services may result in a solution to a problem, provide a desired result, enhance something, improve or enhance the delivery of a product, service, or be intended to provide a desired benefit. Services can be intended to provide a desired benefit.

Ideas may be defined as:
Ideas can be a dominant or dominant product component. Ideas as a product component are the knowledge that a business has and puts to practice. The product component that enables a product to be produced, marketed, and purchased. Ideas communicate the value proposition of the product and enable a business to be successful.

Place may be defined as:
Place can be a dominant or dominant product component. Place as a product component is the setting in which the product component is delivered. Place may be a retailer or non-retailer. Place can be intended to enhance the product. Place also, in an idea, that defines the purpose of the product.

Experiences may be defined as:
An experience can be a dominant or dominant product component. As a product component an experience is a good, experience, or encounter that leaves a customer with an emotion, impression, knowledge, or attitude.

People may be defined as:
People can be a dominant or dominant product component. People as a product component are the people, people, skills, and knowledge that define the production and delivery of a product. The people component includes the social roles of a product.

People design & develop products, use influence consumer preference. People can be part of the product, design & marketing process. People may with, influence & manage customers and experience include development, design.

Place is seen that the retailer where the customer buys the experience. It can be the retailer or non-retailer. It can be the product's provider and the place that the experience.

As product have a customer experience, when enhance the customer experience. When some product may be designed to provide an entire experience.

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Identifying the product components is a little subjective

Examples of goods dominant products

Often referred to as fast moving consumer goods FMCG

Keep in mind that the total product delivered by a supermarket includes all the goods, services, ideas, experiences, people & place delivered in one exchange

Examples of goods dominant products

The dominant component can be difficult to define

Examples of goods dominant products

Goods need channel partner services to reach the market

B2B organisations are part of the total product

Examples of goods dominant products

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Understanding the mix of component – provides a more holistic view

Examples of goods dominant products

Kitchen utensils – goods &/or services?

Examples of goods dominant products

Examples of goods dominant products

Consider the branding

Examples of goods dominant products

Consider the branding

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Goods can be accessed through services [e.g., hiring]

Different models of Product ownership

Hiring a car in Barcelona

Services can provide temporary access

Different models of Product ownership

Services provide an alternative to product ownership

Different models of Product ownership

Hiring a car in Barcelona

Services can provide temporary access

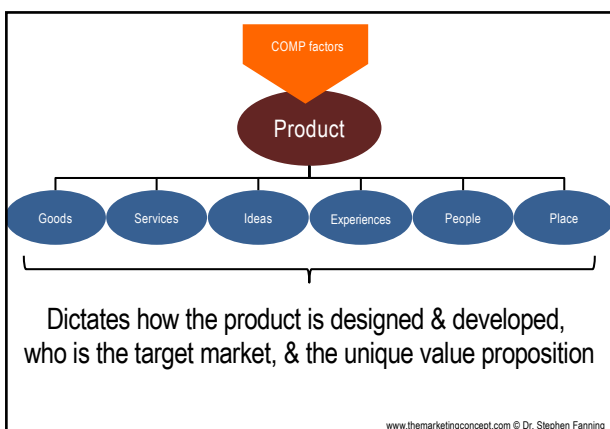
Different models of Product ownership

Hiring a car in Barcelona

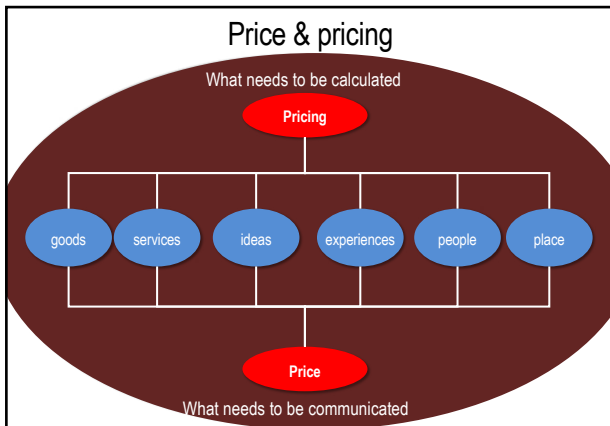
Services can provide temporary access

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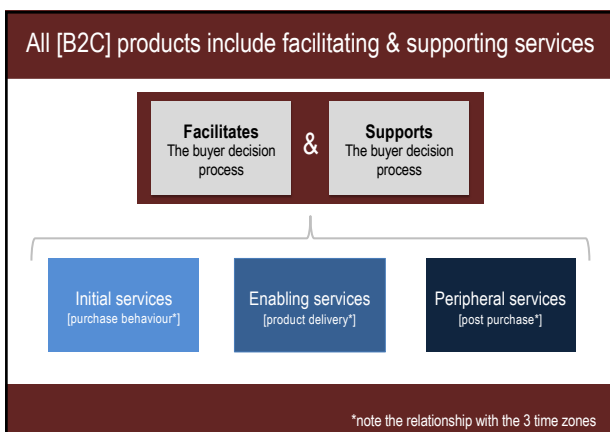
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Services can be a dominant product component

Examples of services dominant products

Not all retail businesses are retailing goods

Retail services

Examples of services dominant products

Transport services (e.g., taxis, trains, etc.)

Transport services (e.g., taxis, trains, airplanes, etc.)

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Services can be a dominant product component

Examples of services dominant products

Do people play a part in the provision of these services?

Essential services (e.g., the ambulance etc.)

Health Services (e.g., hospital)

Examples of services dominant products

Mining services

Mechanical services (e.g., air conditioning, phone service)

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Services can be a dominant product component

Examples of services dominant products

Do more than bank across Asia Pacific. Do business.

International services

Services delivered by equipment [technology]

Examples of services dominant products

Premier Inn

Services delivered by equipment [technology]

Services delivered by equipment [technology]

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Services can be a dominant product component

Services are economic activities that facilitate, & support an exchange, add value for the customer across the 3 time zones

Services are broad e.g., B2B, B2C, B2B, G2B, C2C

Services may be delivered by people & equipment & result in the production of a material asset

Services by people & equipment

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Ideas are intrinsic in all products – brands are a collection of ideas

ideas market of ideas or market through ideas

I have a great idea for a business

Have you considered crowdfunding?

Product positioning the concepts, philosophies, images, brands, knowledge, associations and issues that position a product in a consumer's mind.

Product adoption – requires the product to be: important to the customer, be value, provide distinctive benefits, not easily replicated, profitable, & easily communicated

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Ideas can be the dominant product components

ideas surface

Ideas can be the dominant component

Does art communicate ideas?

The marketing of an ideal cause social message the slow food movement

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Organisations are judged on their green credentials

The idea of sustainability

The idea of sustainable relationships

(including those with our environment)
should be
synergistic, symbolic, sustainable & strategic

The idea of sustainability

The idea of sustainability

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Brand considerations

- ✓ brand awareness
- ✓ brand identity
- ✓ brand strength
- ✓ brand stature
- ✓ brand associations
- ✓ brand architecture:
 - ✓ family brand structure
 - ✓ individual brand names
 - ✓ private-label brands
- ✓ brand competitors
- ✓ brand comprehension
- ✓ brand community
- ✓ brand counterfeiting
- ✓ brand image
- ✓ brand inertia
- ✓ brand licensing:
 - ✓ co-branding
- ✓ brand name
- ✓ brand personality
- ✓ brand position and positioning.
- ✓ brand extension:
 - ✓ brand leveraging, brand dilution
- ✓ brand relationships:
 - ✓ brand loyalty, brand love,
 - ✓ brand switchers,
 - ✓ brand loyalty

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The 3rd financial objective

Building the value of the business

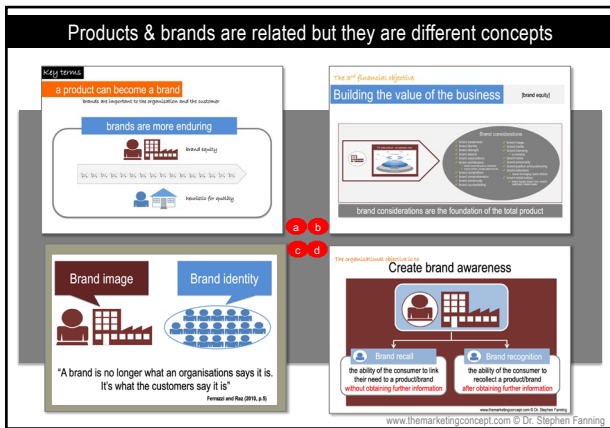
[brand equity]

Brand considerations

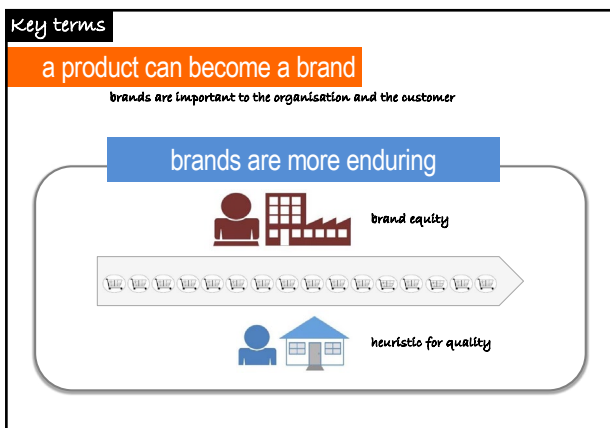
- ✓ brand awareness
- ✓ brand identity
- ✓ brand strength
- ✓ brand stature
- ✓ brand associations
- ✓ brand architecture:
 - ✓ family brand structure
 - ✓ individual brand names
 - ✓ private-label brands
- ✓ brand competitors
- ✓ brand comprehension
- ✓ brand community
- ✓ brand counterfeiting
- ✓ brand image
- ✓ brand inertia
- ✓ brand licensing:
 - ✓ co-branding
- ✓ brand name
- ✓ brand personality
- ✓ brand position and positioning.
- ✓ brand extension:
 - ✓ brand leveraging, brand dilution
- ✓ brand relationships:
 - ✓ brand loyalty, brand love,
 - ✓ brand switchers,
 - ✓ brand loyalty

brand considerations are the foundation of the total product

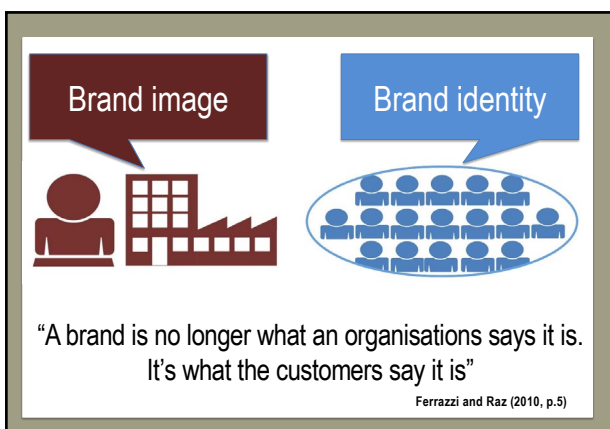
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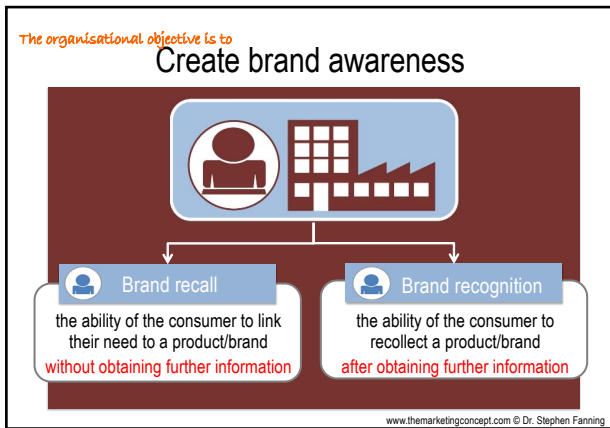
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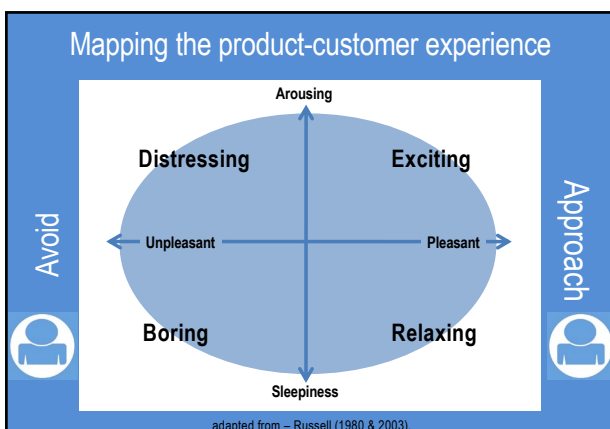
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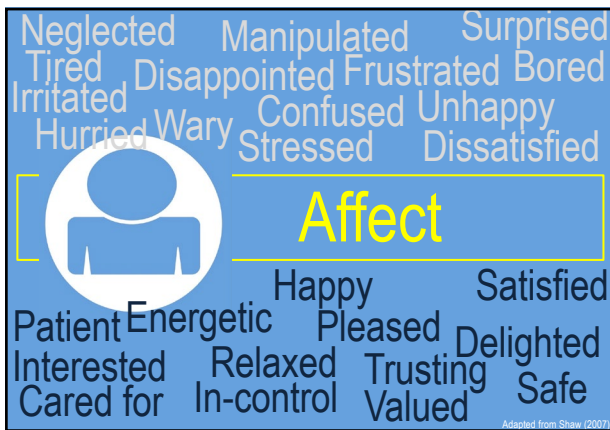
163



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166

'People make the world go round' people make business happen

People may be a dominant or determinant component.

People

may belong & conform to a sub-culture

People

The people component is a critical factor

People

Studying people is important

Demography

People design products, create systems, share ideas, form relationships, & create a culture

The study of the composition of populations: race, age, gender, race, occupation, lifestyles

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The importance of 'boundary spanners' cannot be emphasized enough

People can be 'boundary spanners'

Staff span the boundary between the organisation & the customer

People can be boundary spanners

- Staff that interface with the customers
- They cross the boundary
- Two main tasks:
 - Communicate and process information
 - Represent the organisation to the customer

People and costumes

People can be boundary spanners

- Boundary spanners provide opportunities
- To increase:
 - customer knowledge
 - customer satisfaction
 - product involvement
 - trust
 - repeat purchasing

People can be boundary spanners

- Can be stressful particularly if the values of the organisation and the employee are inconsistent.
- Contributors:
 - Emotional labour
 - Role conflict
 - Role ambiguity
 - Role overload

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Understanding consumer behaviour is critical for marketing success

Consumer Behaviour
Studying people is important
Understanding the buyer decision process & circle of satisfaction

Other customers
People are an important element of place
compare the same setting

Other customers
can be an important product component

Other customers
Management challenges when
Customers share the same place

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Place is a broader construct than most would first realise

Place can be a **physical** place or a **virtual** place
A **material** site or a **non-material** site
A customer may visit both
Let's discuss marketplace and marketpace

Place
Marketplace
Marketpace

Consumers move freely between marketpace and marketplace

The travel industry
getting people from one place to another place

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Place must be appealing to target market & consistent with product

Place can be designed for a target market
appeals to his own world of experience

Place can be designed for a target market
The World Headquarters

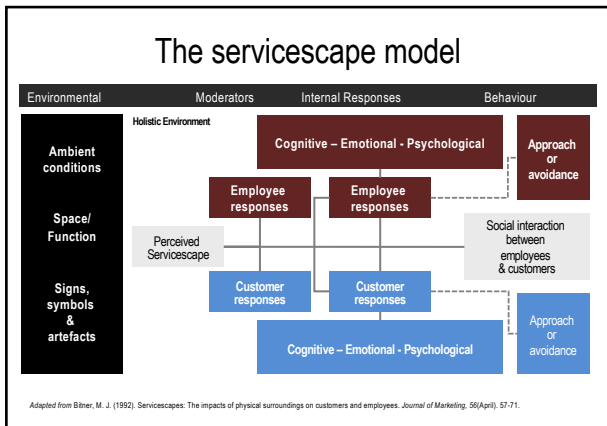
Place can be designed for a target market
appeals to his own world of experience

Place can be designed for a target market
appeals to his own world of experience

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171

The servicescape model



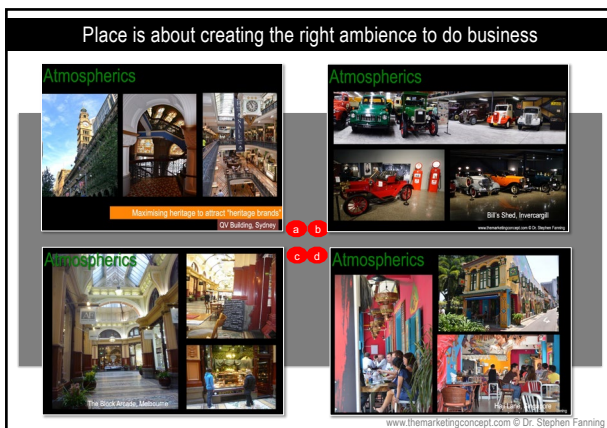
172

People approach or avoid places + act according to the place



173

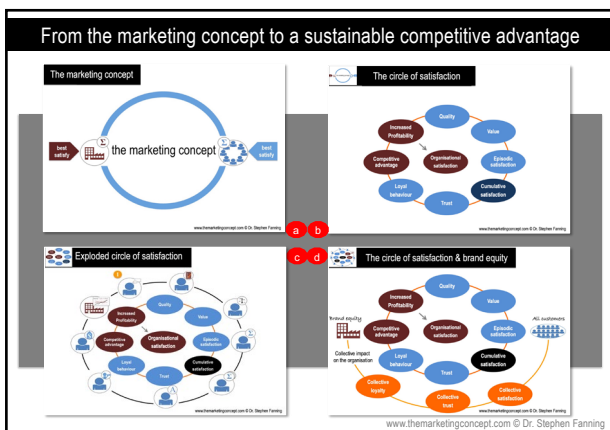
Place is about creating the right ambience to do business



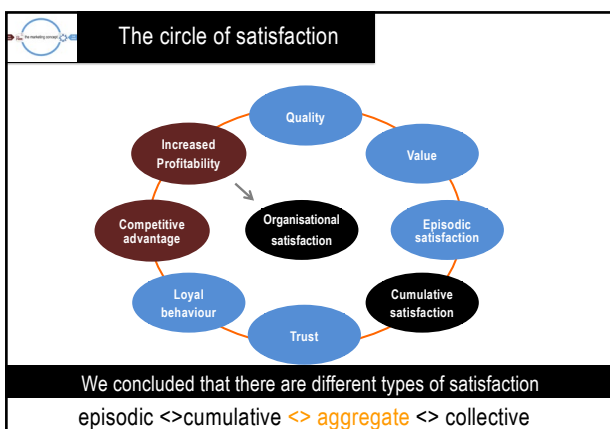
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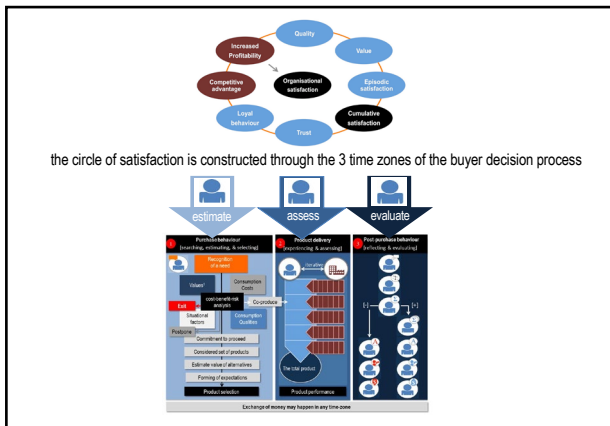
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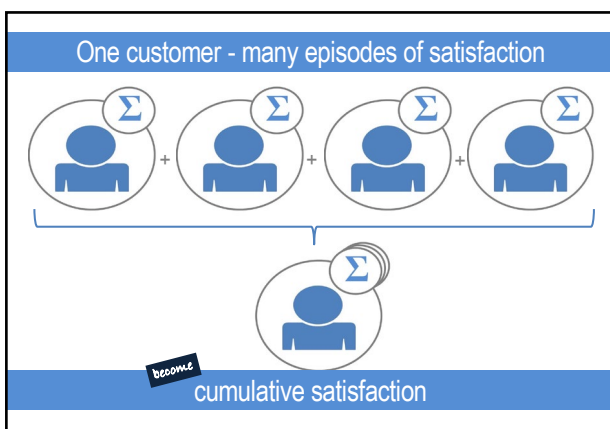
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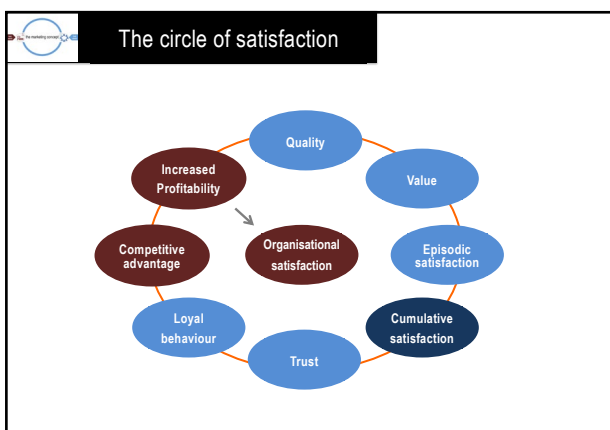
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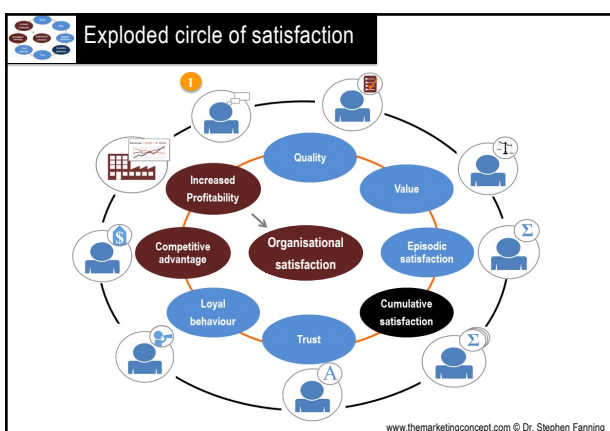
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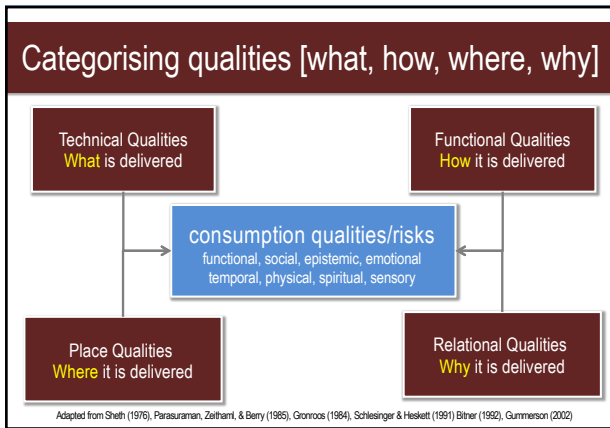
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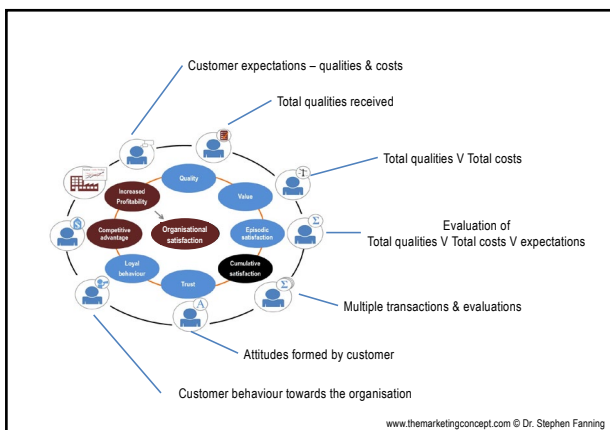
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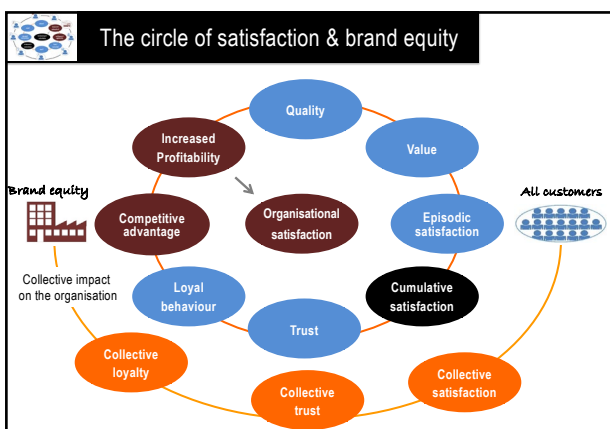
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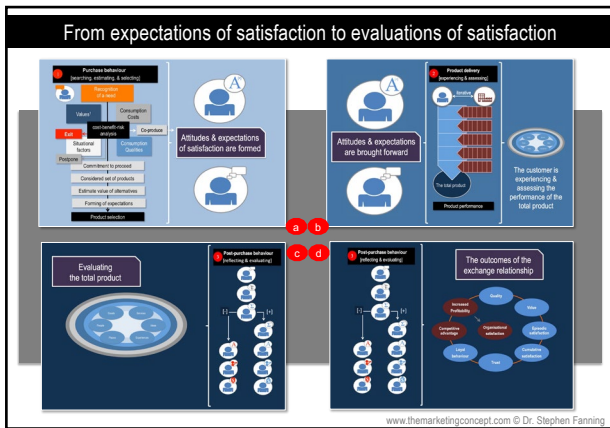
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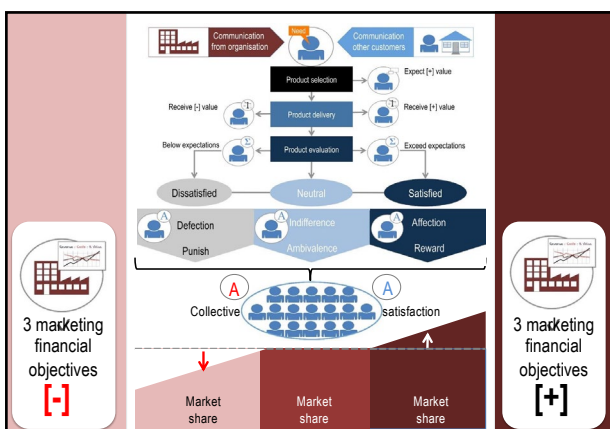
How brand equity is formed

Customer satisfaction⁴

We will discuss 4 types:

- **Episodic satisfaction**
 - 1 episode/transaction for 1 customer
- **Cumulative satisfaction**
 - Multiple episodes for 1 customer
- **Aggregate satisfaction**
 - Combination of multiple total products for 1 customer
- **Collective satisfaction**
 - Multiple evaluations for all customers

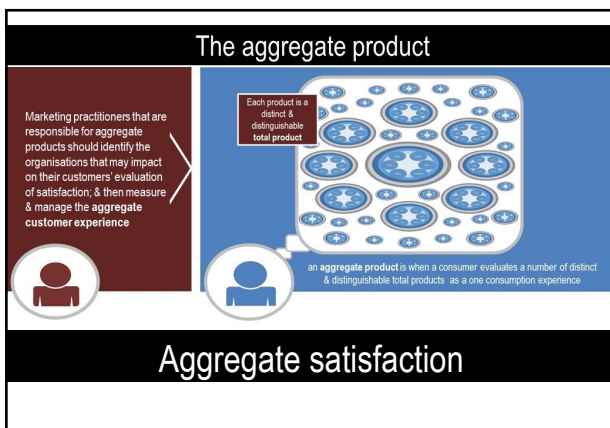
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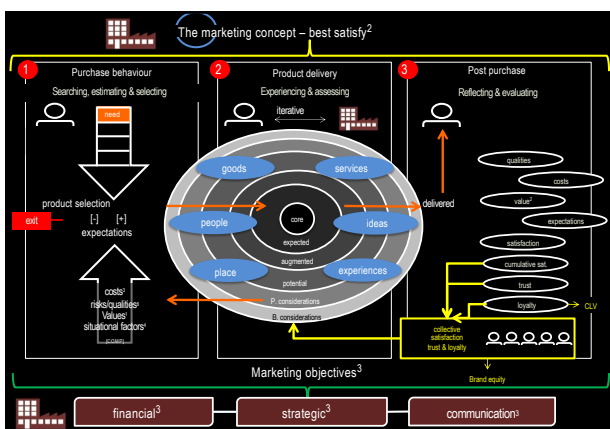
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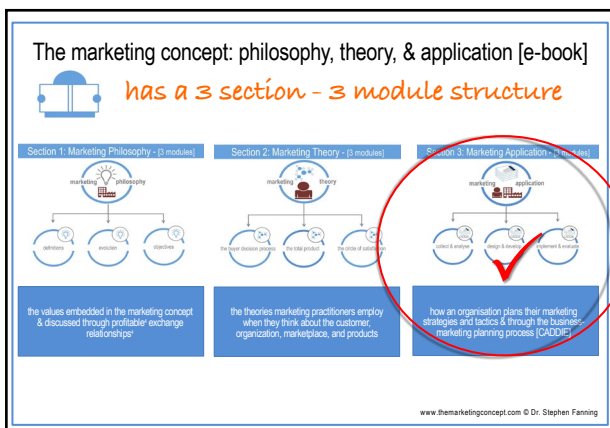
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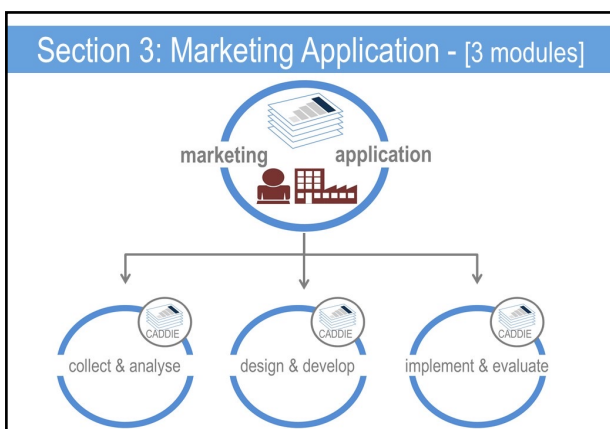
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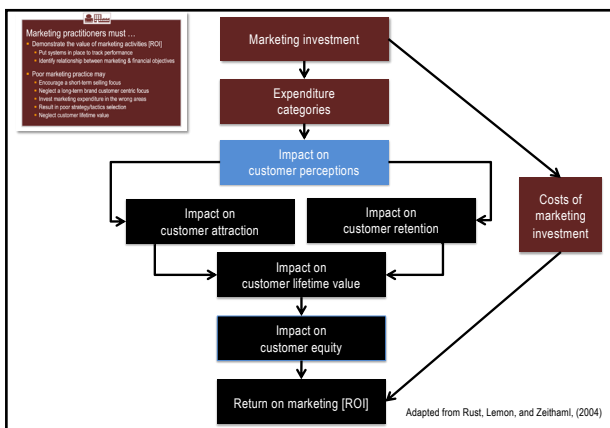


195

Marketing practitioners must ...

- Demonstrate the value of marketing activities [ROI]
 - Put systems in place to track performance
 - Identify relationship between marketing & financial objectives
- Poor marketing practice may
 - Encourage a short-term selling focus
 - Neglect a long-term brand customer centric focus
 - Invest marketing expenditure in the wrong areas
 - Result in poor strategy/tactics selection
 - Neglect customer lifetime value

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4 types of COMP factors

Historical COMP data
previous financial years
may indicate trends

Current COMP data
the current financial year
the recent situation

Forecast COMP data
predicts likely outcomes
the next planning cycle

Emergent COMP data
the unfolding situation

COMP factors allow marketing practitioners to identify trends & current performance, forecast likely scenarios, & monitor future performance against objectives

COMP Customer

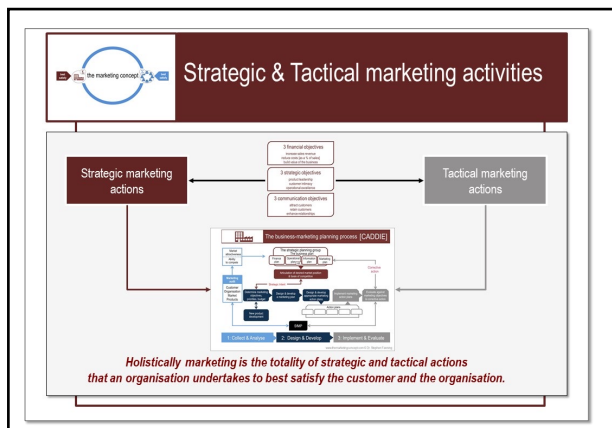
COMP Organization

COMP Market

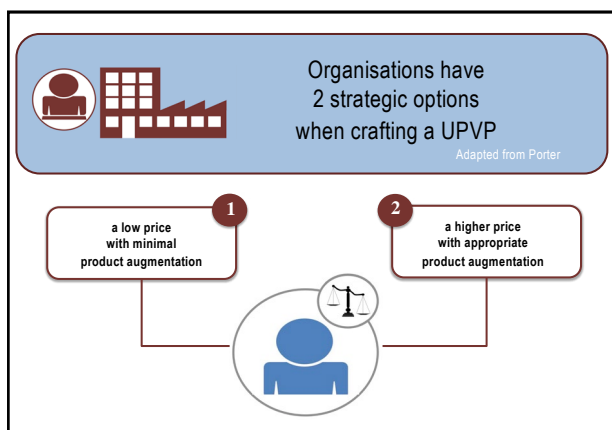
COMP Process

Considering the COMP factors as interactive situational factors provides the context to better understand data

198



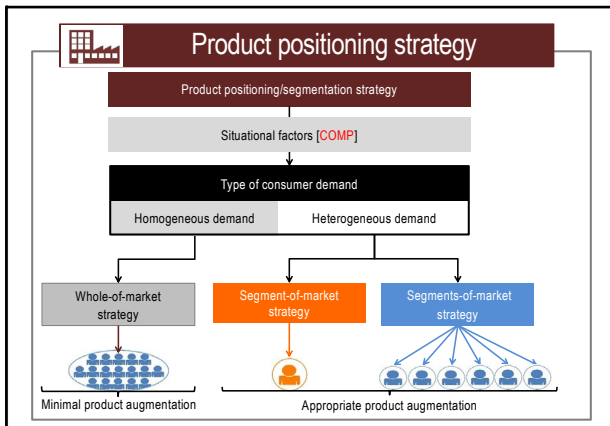
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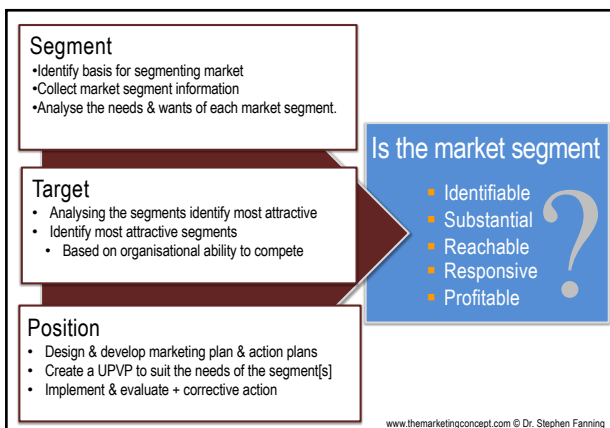
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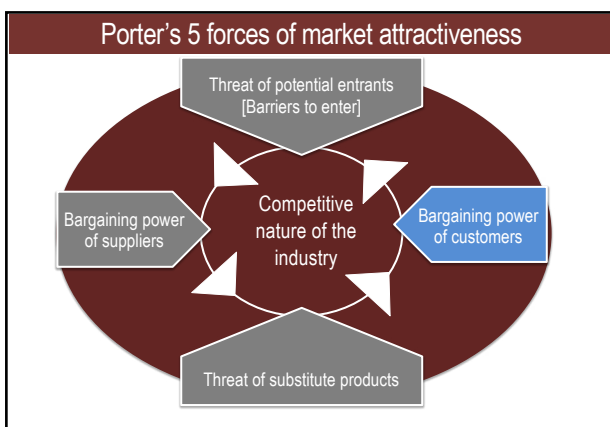
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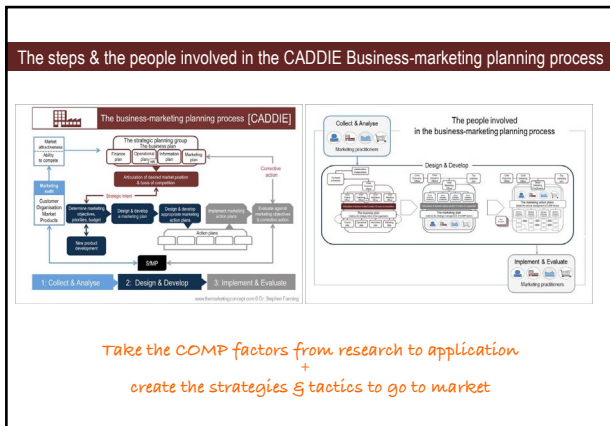
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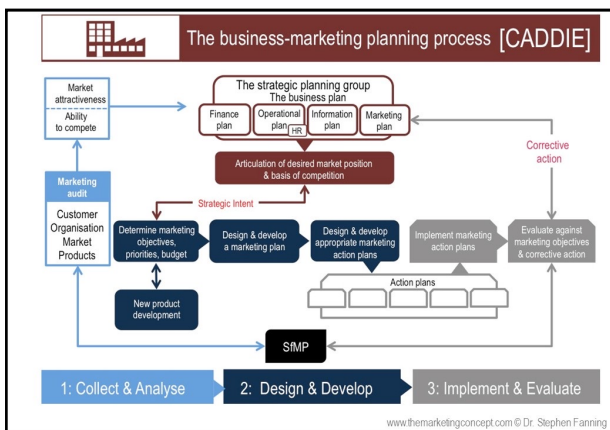
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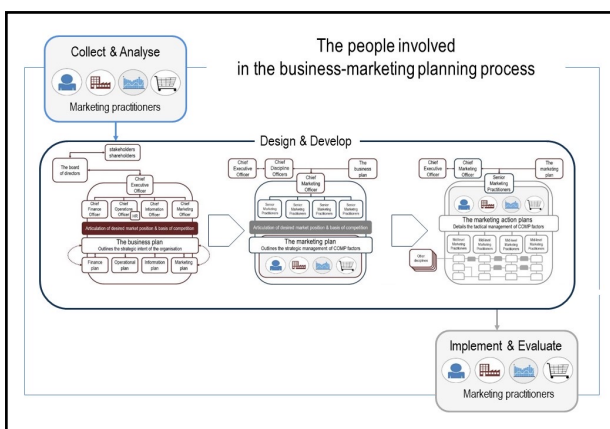
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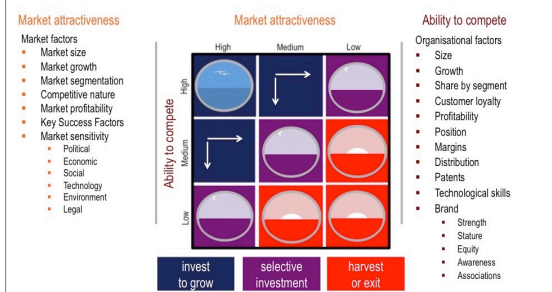
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Market attractiveness and ability to compete

Blue Ocean, Purple Ocean & Red Ocean and the GE strategic planning matrix

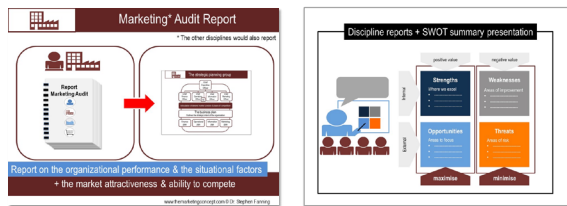


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The business-marketing planning process [CADDIE]

When the marketing audit has been completed the findings are presented to the CEO in a Marketing Audit Report

Often the strategic business planning group meeting will begin with a SWOT summary presentation - Q&A



212

The marketing audit

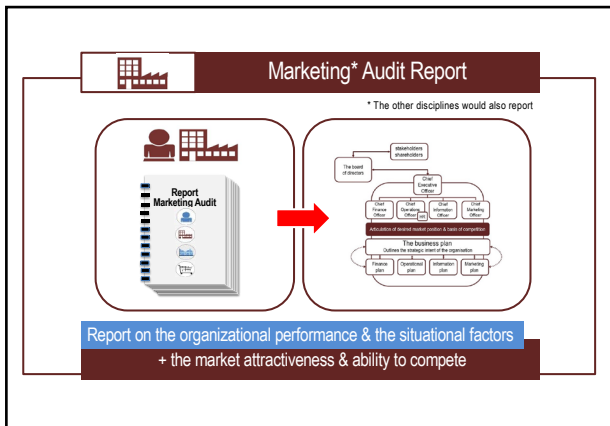
Template for Marketing Audit Report

- Executive summary
- Overview of the marketing audit process [methodology]
- Presentation of data [each of the COMP factors]
- Conclusions [the findings of the marketing audit]

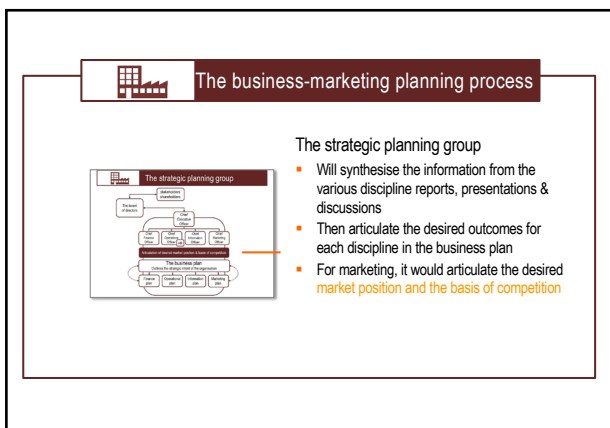
Template for SWOT Presentation

- A template to present the Strengths, Weaknesses, Opportunities and Threats facing the organisation
 - what is internal and external - what should be maximised or minimised]

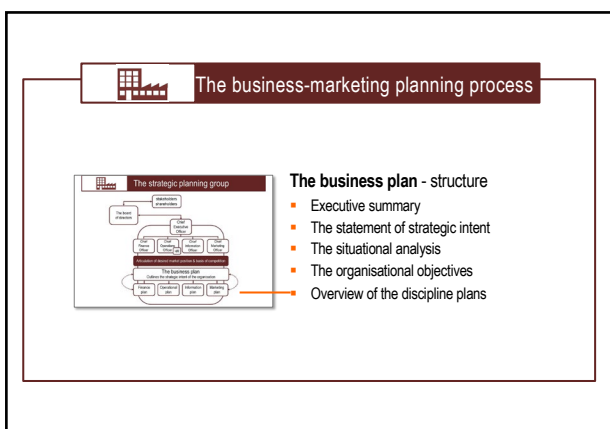
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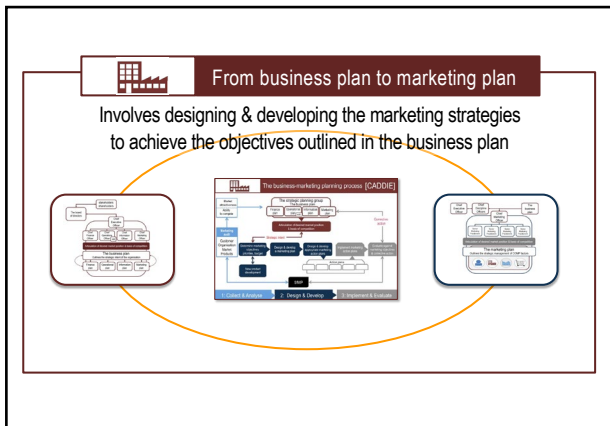
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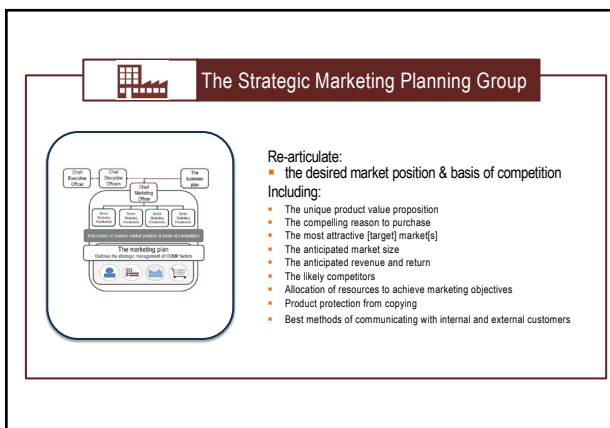
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The marketing plan - structure

The marketing plan - structure

- The executive summary
- The statement of strategic intent
- The organisational objectives
- The marketing objectives
 - quantitative
 - qualitative
- Situational analysis
- Overview of the action plans

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The marketing planning process

Selection of appropriate strategies
Organisations distribute the products through one of three strategies

- Whole-of-market approach
- Segments-of-the market approach
- Segment-of-market approach

221

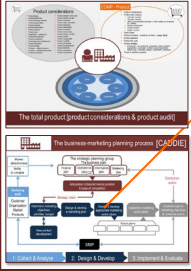
Customer segmentation

Segmentation variables

- Geographical:** location, city V urban, suburb, city, country, proximity to business
- Demographic:** age, gender, occupation, income, disposable income, family life cycle
- Psychographic:** lifestyle and values, aspirational goals
- Behavioural:** usage, loyalty, outcomes sought
- Price/benefit:** perceptions of product quality and value hence products at different price intervals
- Cultural:** culture influences values and in-turn consumption activities. Importance varies from product to product
- VALS:** on the basis of values, attitudes, and lifestyles

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The total product



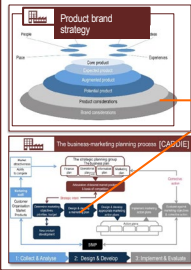
Designing & developing the total product

Product decisions will vary, however, a comprehensive marketing plan will detail the total product, including the mix of

- Product considerations
- Product layers
- Product components.

223

The total product - product considerations

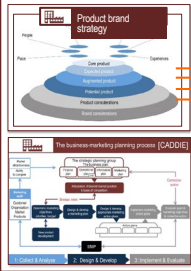


Product considerations

whilst the COMP factors may discuss the products that compete in a market, this section of the marketing plan will identify the key considerations that need to be communicated.

224

The total product - product layers



Product layers

- will communicate the core needs that the product must address, the consumer expectations, how the product is augmented, and *may* address long-term intentions for this product [potential product].

225

The total product - product components

Product components
How the product is constructed the qualities that are embedded in each component

- The goods component
 - The material and functional properties
- The services component
 - Facilitating and supporting activities
- The ideas component
 - Branding, pricing, communication
- The experience components
 - The feelings and emotional connections
- The people component
 - Retaining, recovering, education,
- The place component
 - Ambient conditions, artefacts, signage, symbols, space, function, and location

226

Brand considerations

Brand considerations

- This section will outline how the product[s] is/are aligned with the overall branding objectives of the organisation.
- And include an overview of the brands and how the brands are positioned in relationship to competitor brands.
- The objective is would be defined in terms of brand equity

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Software for Marketing Practitioners

The objective is to best satisfy the needs of the customer & the organisation

Planning

Strategy
[data libraries + software applications]

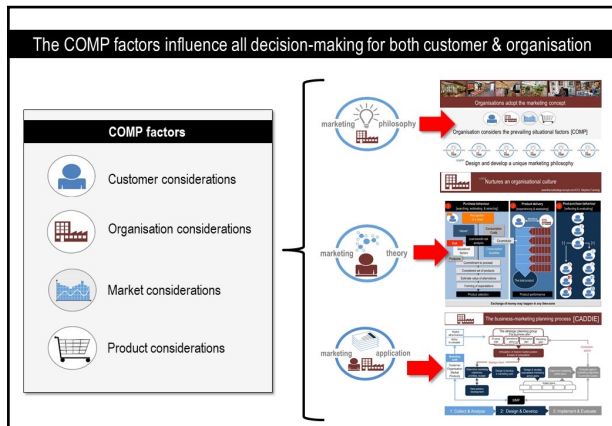
Tactics
[evaluation & corrective action]

The business-marketing planning process [CADDIE]

1. Conduct & Analyse 2. Design & Develop 3. Implement & Evaluate

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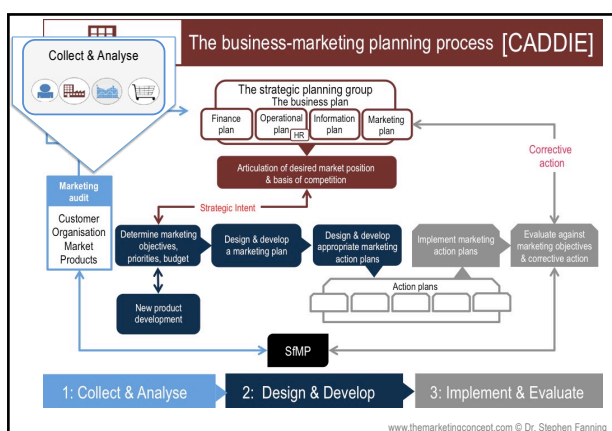
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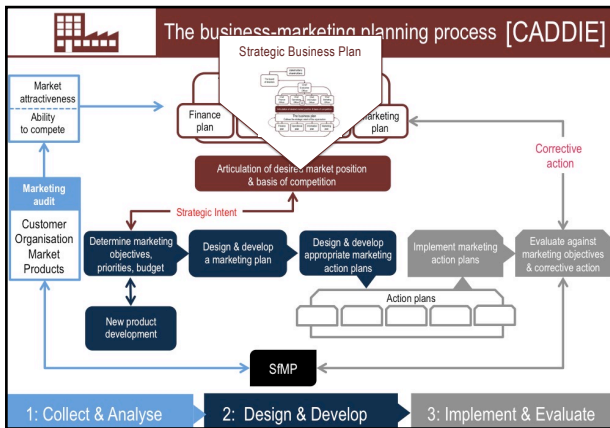
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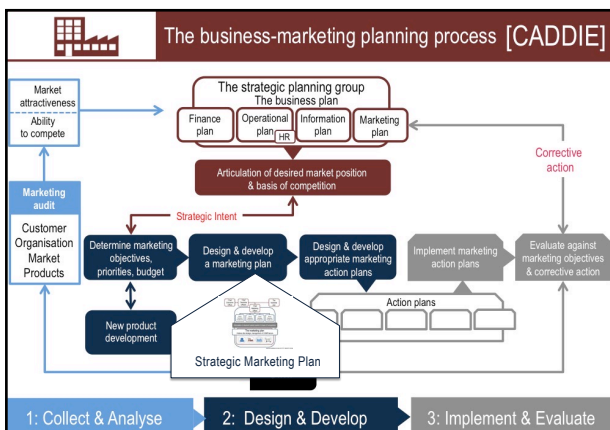
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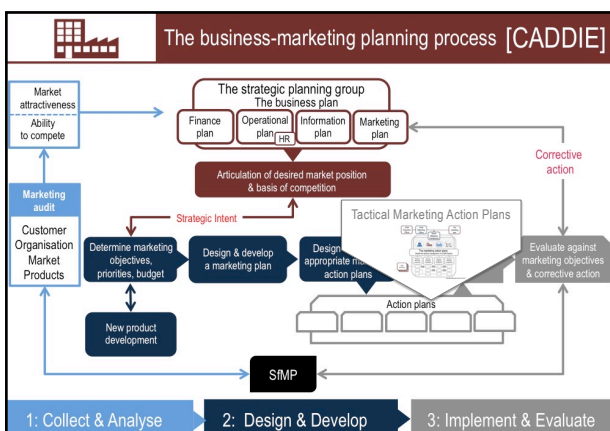
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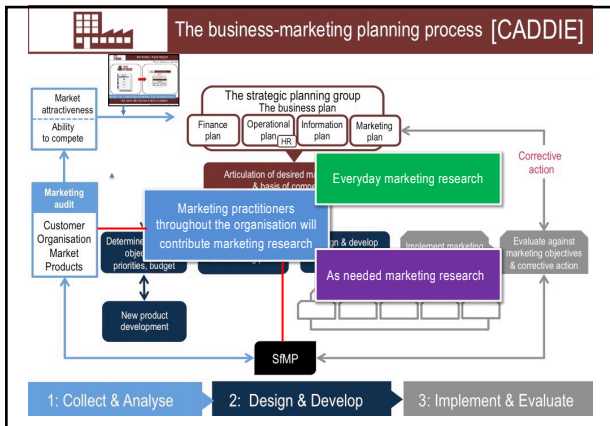
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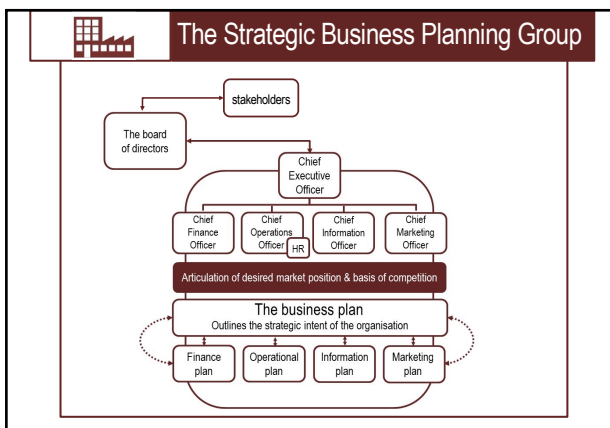
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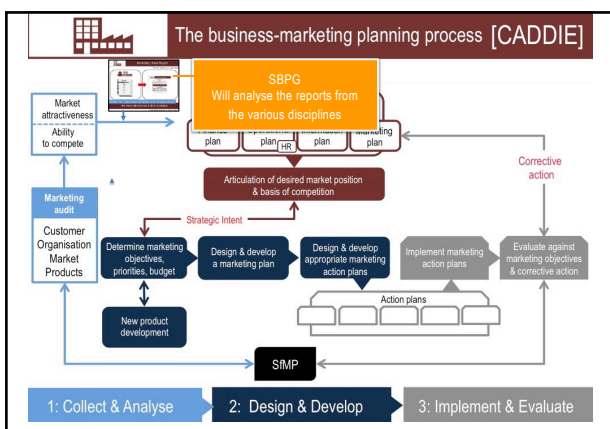
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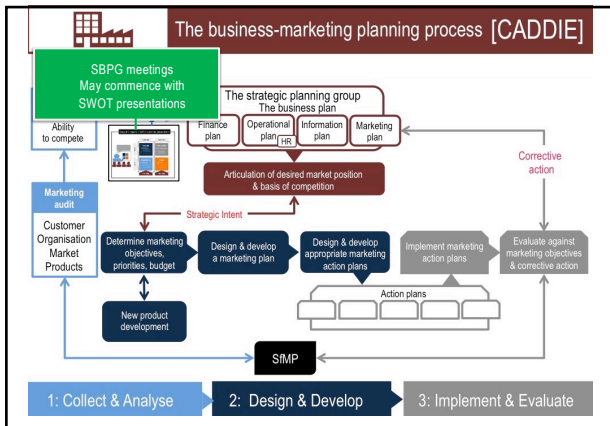
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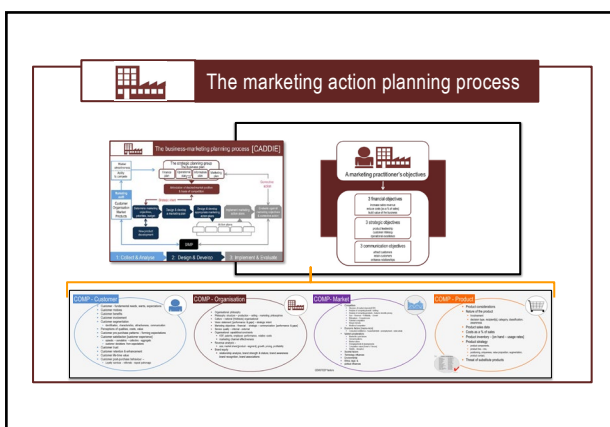
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The business-marketing planning process

The strategic planning group

- Will synthesise the information from the various discipline reports, presentations & discussions
- Then articulate the desired outcomes for each discipline in the business plan
- For marketing, it would articulate the desired **market position and the basis of competition**

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The business-marketing planning process

The business plan - structure

- Executive summary
- The statement of strategic intent
- The situational analysis
- The organisational objectives
- Overview of the discipline plans

242

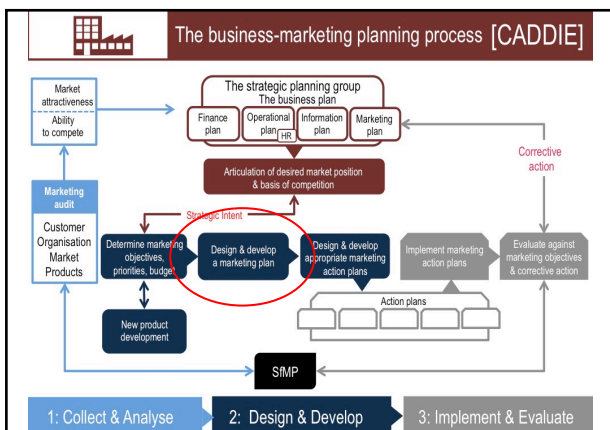
The business-marketing planning process [CADDIE]

1: Collect & Analyse **2: Design & Develop** **3: Implement & Evaluate**

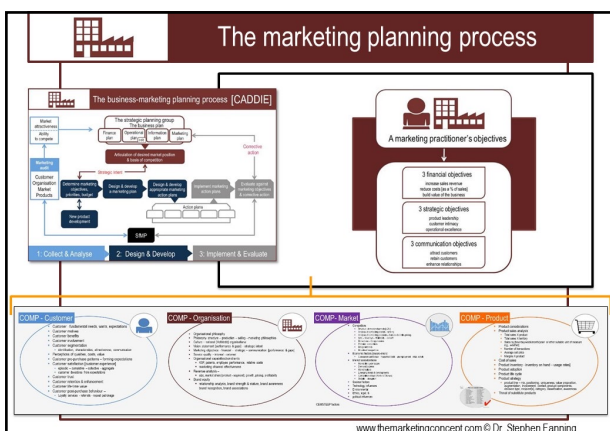
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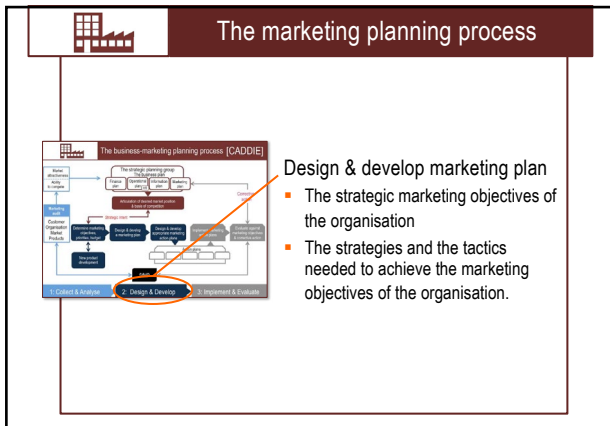
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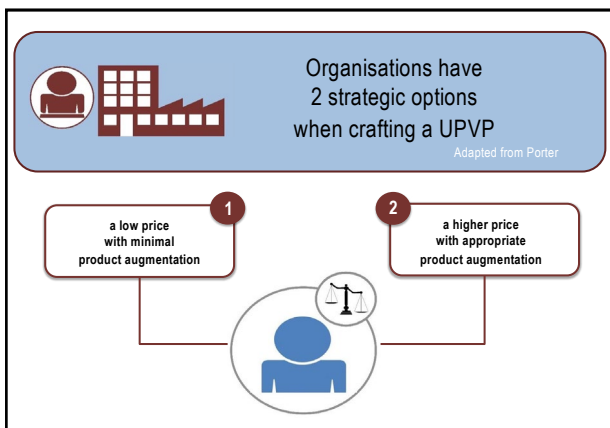
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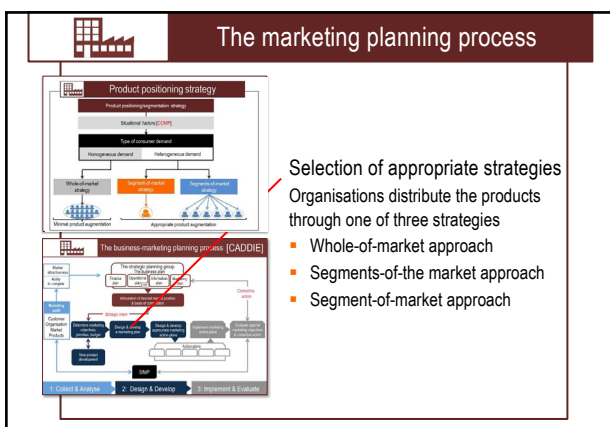
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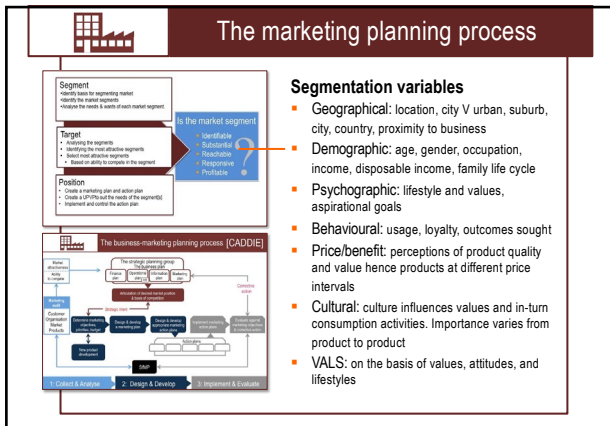
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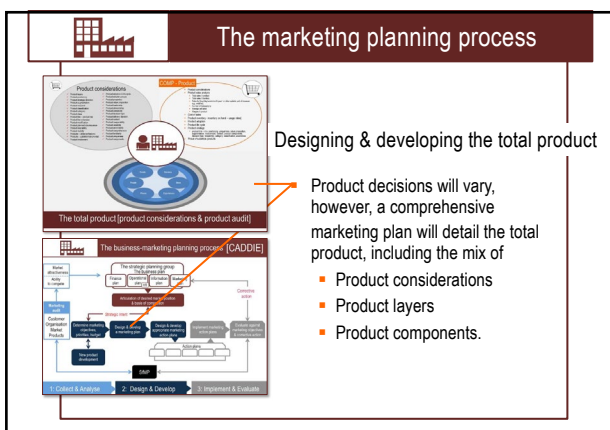
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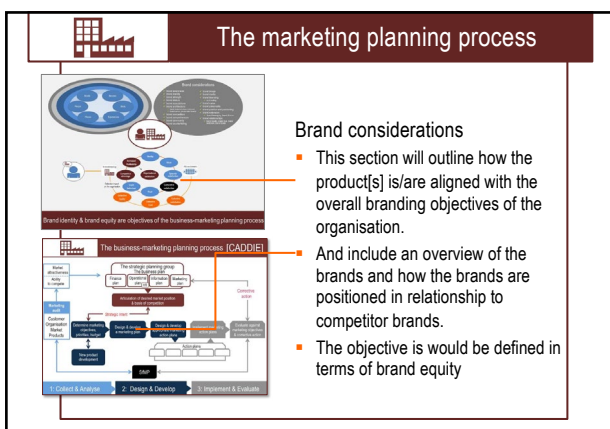
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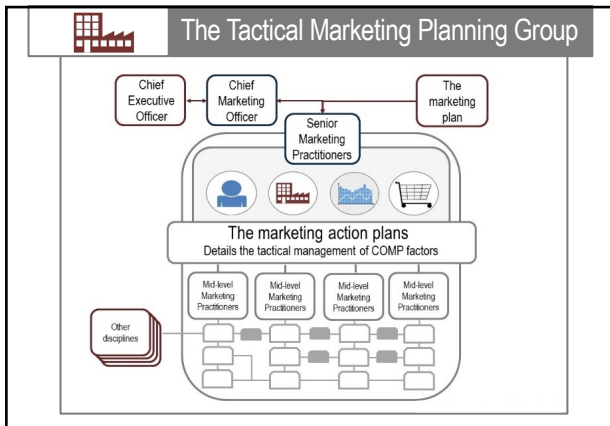
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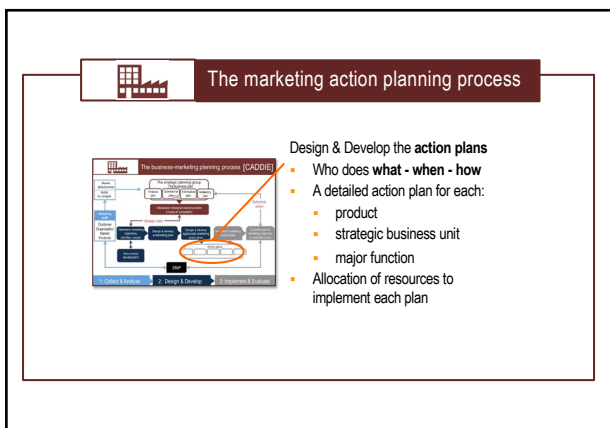
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The marketing action planning process

Two types of marketing action plans

- As needed marketing action plans**
 - relate to specific projects, sometimes referred to as ad hoc projects as the action plan are only undertaken when a particular situation requires attention.
- Everyday marketing action plans**
 - relate to actions and outcomes that happen on an ongoing basis, sometimes referred to as 'marketing metrics' – sales, market share, communication, advertising, promotions, public relations, social media, service quality, retention, etc.

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The marketing action planning process

The marketing action plans -structure

- Title:** The title should identify the activity and parameters of the action plan
- Organisation philosophy:** This should be included to provide guidance to employees at all levels
- Marketing objectives:** In broad terms provide a statement of purpose; an overview of what the action plans hopes to accomplish. Describe the specific strategic marketing objectives that the action plan addresses
- Financial objectives:** This would detail the increase in sales revenue, how it reduces costs as a percentage of sales, build the value of the business

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The marketing action planning process

The structure of the action plans [cont]

- Processes:** the processes should be detailed and include a flow chart[s] of how the actions will be implemented and the sequence of events. The process for reporting of deviations should also be outlined.
- Roles and responsibilities:** identifies who is responsible for implementing the action plan (this could be a person, an organisation, a team, and may involve channel parties) and who is ultimately accountable for reviewing performance and advising the CMO of any deviations from design.

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The marketing action planning process

The structure of the action plans [cont]

- Timeline:** identifies the various milestones that need to be achieved and in what time period. It is common that a marketing action plan has a shorter life than the marketing plan or business plan therefore timeframes – who does what and by when.
- Budget:** itemises how much has been budgeted for the implementation of the action plan. This should include a breakdown of costs.

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The marketing action planning process

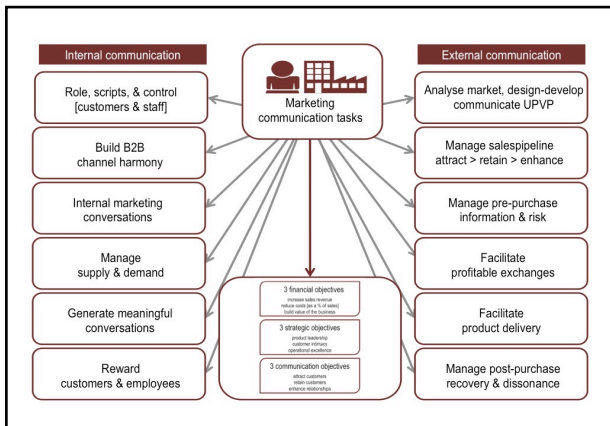
The structure of the action plans [cont]

- Collection and analysis:** what information is needed post implementation. The how, when, and with what frequency of collection and analysis. Who will analyse the information and who is responsible for distribution of information. Often a weekly report will be presented to the CMO for synthesis and communicating with the strategic planning group.
- Evaluation of sales performance metrics**
 - Volume, \$ value, month, YTD, previous year, margins
 - Associated costs,
 - Av. sell price, prices exceptions,
 - Market share, territory, department,
 - Salesperson performance, conversion rates,
 - Lead times,
 - Customer satisfaction by product/salesperson

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The marketing action planning process

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Marketing action plans

(managing quality)

Directions

Introduce some tools to evaluate performance & achieve customer satisfaction

- SERVQUAL
- 5 Gap Theory
- Net promoter Score

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Marketing action plans

(internal & channel marketing)

Directions

- Synthesise
 - knowledge of S1 + S2
 - the theatre metaphor
- Discuss
 - how internal & channel marketing contributes to core of satisfaction
 - the role of boundary spanners
 - marketing channels

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Marketing action plans

[customer retention]



Directions

Customer retention strategies

- Complaint a misleading word
- Dissatisfied behaviour
- Organisational reaction to DB
- The benefits of recovery
- Learning from mistakes
- Links to other parts of the unit







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Marketing action plans

[external marketing]



Directions

Marketing communication is influenced by:

- the overall marketing philosophy
- the overall business philosophy
- the COM factors

Types of external communication

- Personal & mass comm.
- Traditional + digital







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Marketing action plan

[software for marketing practitioners]



Directions

There are six pathways to achieving the marketing objectives; SMP plays a vital role:

- Attract new customers
- Sell more to existing customers
- Sell up to existing customers
- Reduce customer churn (defecting customers)
- Regain lost customers
- Re-evaluate unprofitable relationships







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Marketing action plans

[sales & salesforce management]

Directions

Today we will discuss

- How lead management is often a neglected area
- The components of
 - the salespipeline
 - accountability in marketing practice

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Marketing action plans

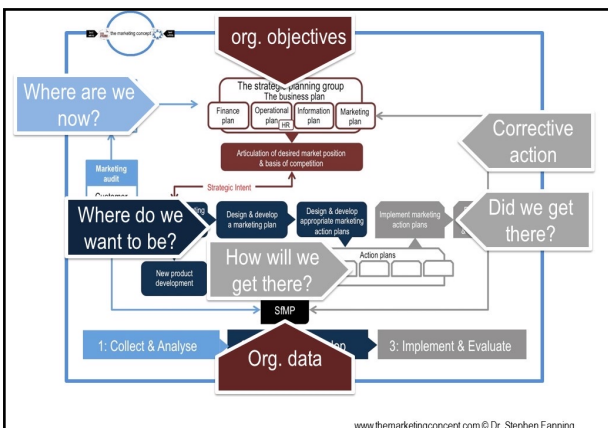
[the relational sales process]

Directions

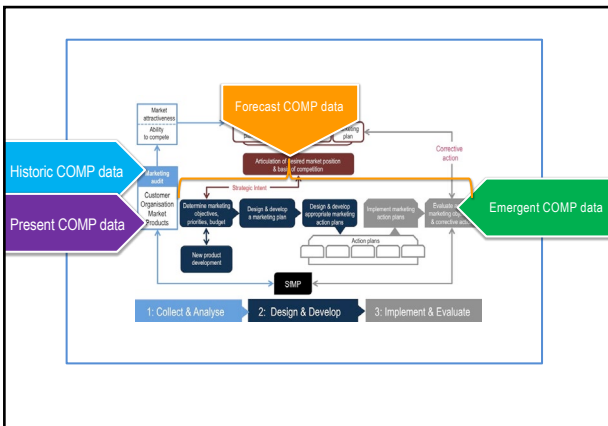
Marketing objectives

- What we now know
 - about marketing & customer centricity
- A relational sales process
 - Outline the steps in the relational sales process

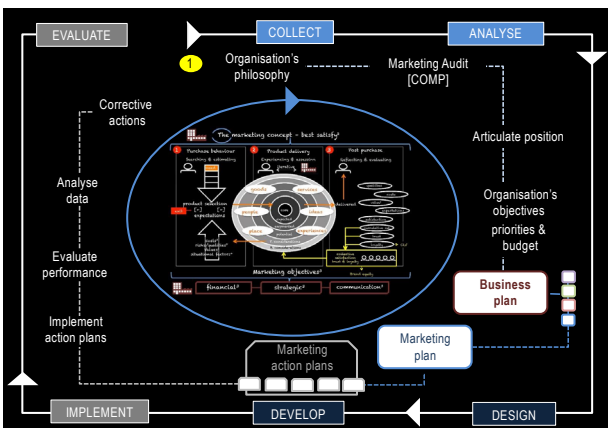
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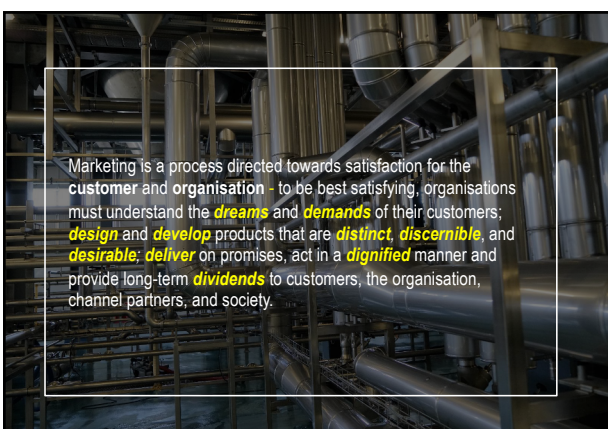
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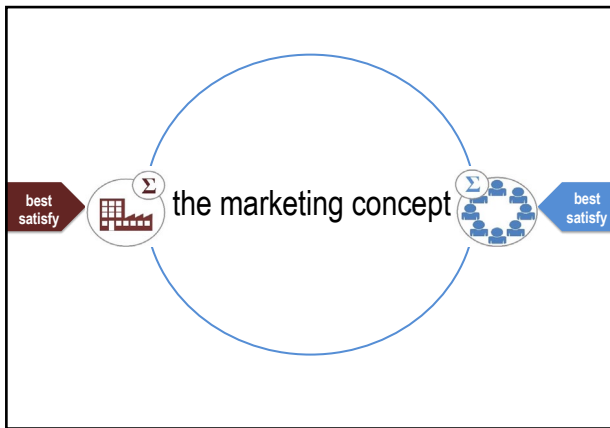
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