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REGIONE AUTÒNOMA DE SARDIGNA
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MYSEA - Mediterranean Youth, NEETs and women advancing Skills, Employment and Awareness in the blue and green economy

MYSEA

" **From Learning to Earning: Boost Skills, Bridge Gap**

Entrepreneurship Training Package

Module 4: Business Marketing & Market Analysis

Module learning objectives

After completing this module you will be able to:

- Demonstrate understanding of basic concepts around market characteristics

- Understand how data can lead to strategic decisions

- Become familiar with the principles of digital marketing

- Know how to develop a pricing strategy based on market data

Entrepreneurship Training Package

Marketing Fundamentals

EUROTraining Educational Organization (PP2)

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Marketing

Marketing is the activity, set of institutions, and processes for creating, communicating, delivering, and exchanging offerings that have value for customers, clients, partners, and society at large.
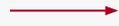
Market

The term 'market' originates from the Latin noun 'marcatus' which mean 'a place where business is conducted' a layman somewhat similar connotations the word 'market' which brings to his mind the vista of place where the buyers and sellers personally interact and finalise deals.
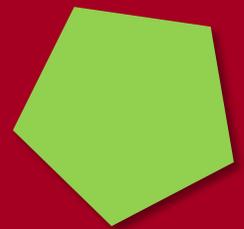
Market

It is not merely a place of exchange but an arrangement that provides an opportunity of exchanging goods and services for money. in this context Philip Kotler has defined the term market as "an arena for potential exchanges."
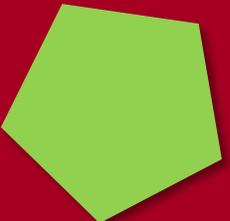
Exchange

Exchange is traditionally defined as the process of obtaining something of value from someone by offering something in return; this usually entails obtaining products for money.
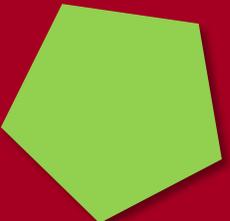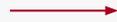
Exchange

For exchange to occur, five conditions must be met:

- There must be at least two parties to the exchange

- Each party has something of value to the other party

- Each party must be capable of communication and delivery

- Each party must be free to accept or reject the exchange

- Each party believes it is desirable to exchange with the other party
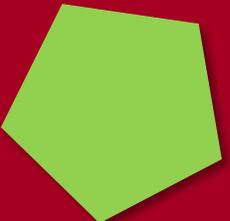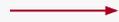
Product

A simple definition is that a product is something that can be acquired via exchange to satisfy a need or a want. This definition permits us to classify a broad number of "things" as products:

- Goods

- Services

- Ideas

- Information

- Digital products

- People

- Places

- Experiences and events

- Real or financial property

- Organisations
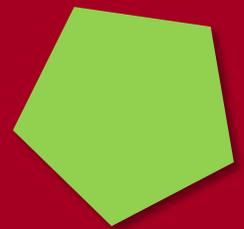
Utility

Economists use the term utility to describe the ability of a product to satisfy a customer's desires. Customers usually seek out exchanges with marketers who offer products that are high in one or more of these five types of utility:

- **Form utility**: products high in form utility have attributes or features that set them apart from the competition.
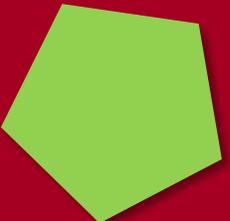
Utility

- **Time Utility**: products high in time utility are available when customers want them

- **Place Utility**: products high in place utility are available where customers want them, which is typically wherever the customer happens to be at that moment (such as grocery delivery to a home) or where the product needs to be at that moment
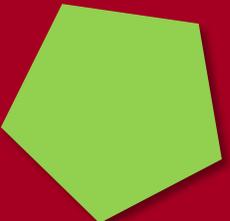
Utility

- **Possession Utility**: possession utility deals with the transfer of ownership or title from marketer to customer. Products higher in possession utility are more satisfying because marketers make them easier to acquire.

- **Psychological Utility**: products high in psychological utility deliver positive experiential or psychological attributes that customers find satisfying
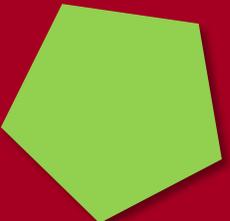
Marketing Components

- **Customer orientation**: understanding customers well enough continuously to create superior value for them

- **Competitor orientation**: awareness of the short- and long-term capabilities of competitors
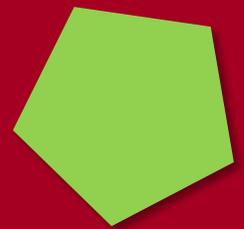
Marketing Components

- **Interfunctional coordination**: using all company resources to create value for target customers

- **Organisational culture**: linking employee and managerial behaviour to customer satisfaction

- **Long-term creation of shareholder value**: as the overriding business objective
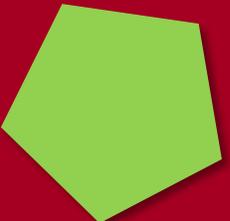
Marketing Approaches

- **Product push marketing.** Under this approach firms focus their activities on their existing products and services and look for ways to encourage, or even persuade, customers to buy.
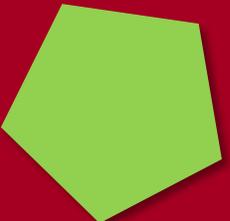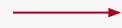
Marketing Approaches

- **Customer led marketing.** Under this approach organisations chase their customers at all costs. The goal is to find what customers want and, whatever it is, give it to them.
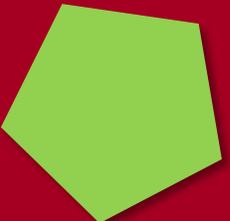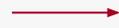
Marketing Approaches

- **Resource based marketing.** In this approach firms base their marketing strategies on equal consideration of the requirements of the market and their abilities to serve it. A long-term view of customer requirements is taken in the context of other market considerations, together with mapping out the assets, competencies and skills of the organisation to ensure they are leveraged to the full.
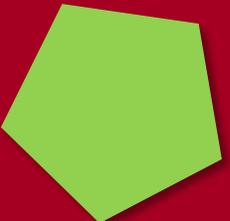
Marketing Principles

- **Principle 1: focus on the customer**. The quality of the goods or services offered to the market will be judged by the customers on the basis of how well their requirements are satisfied. A quality product or service, from the customers' perspective, is one that satisfies or is 'fit for purpose' rather than one that provides unrequired bells, whistles or luxury.
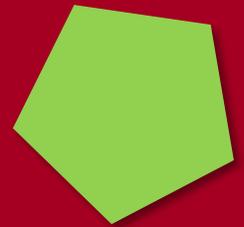
Marketing Principles

- Principle 2: only compete in markets where you can establish a competitive advantage. Market selection is one of the key tasks for any organisation – choosing where to compete and where to commit its resources. Many factors will come into the choice of market, including how attractive the market appears to the firm.
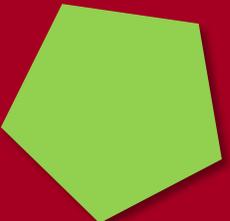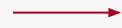
Marketing Principles

- **Principle 3: customers do not buy products**. The third basic marketing principle is that customers do not buy products, they buy what the product can do for them, or to put it another way, the problem it solves.
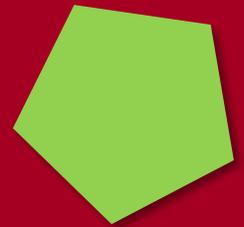
Marketing Principles

- **Principle 4: marketing is too important to leave to the marketing department**. It is increasingly the case that marketing is everyone's job in the organisation, and taking the cultural stance we examined earlier this is indeed understandable, hence the actions of all can have an impact on the satisfaction the customer derives.
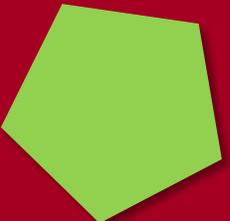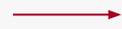
Marketing Principles

- **Principle 5: markets are heterogeneous**. It is becoming increasingly clear that most markets are not homogeneous, but are made up of different individual customers, sub-markets or segments.
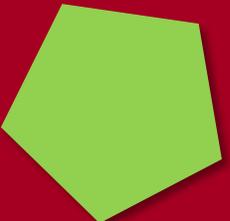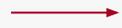
Marketing Principles

- **Principle 6: markets and customers are constantly changing**. Markets are dynamic and virtually all products have a limited life that expires when a new or better way of satisfying the underlying want or need is found; in other words, until another solution or benefit provider comes along.
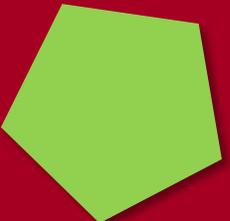
Entrepreneurship Training Package

Strategic Marketing Planning

EUROTraining Educational Organization (PP2)

Strategic Marketing Planning

The essence of developing a marketing strategy for any organisation is to ensure that its capabilities are matched to the market environment in which it operates, not just for today but into the foreseeable future.
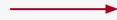
Strategic Marketing Planning

Strategic planning attempts to answer three basic questions:

1. What is the business doing now?

2. What is happening in the environment?

3. What should the business be doing?
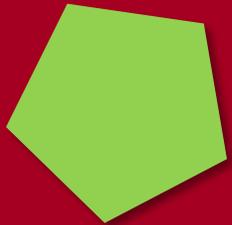
Strategic Marketing Planning

Fundamental to strategic thinking is the concept of 'strategic fit'. For any strategy to be effective it needs to be well tuned both to the needs and requirements of customers (the market conditions in which it is implemented) and to the resources and capabilities of the organisation seeking to implement it.

Market needs and conditions

Strategy adapted to the needs and requirements of the market

Organisational resources suited to the markets in which it operates

Marketing strategy

Organisational resources needed for implementation of the strategy

Organisational resources
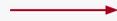
Defining the business purpose or mission

Defining the business purpose or mission requires the company to ask the fundamental questions first posed by Levitt over half a century ago:

- What business are we in?

- What business do we want to be in?
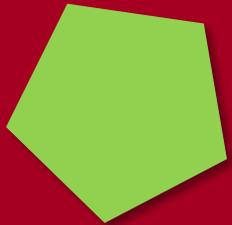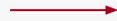
Defining the business purpose or mission

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Formulating the mission into a brief and concise statement that can be communicated across the organisation can help engender a sense of common purpose and also provide guidelines for how decisions will be made and resource allocations prioritised in the future.
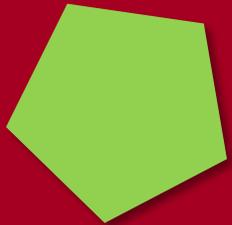
Components of the mission
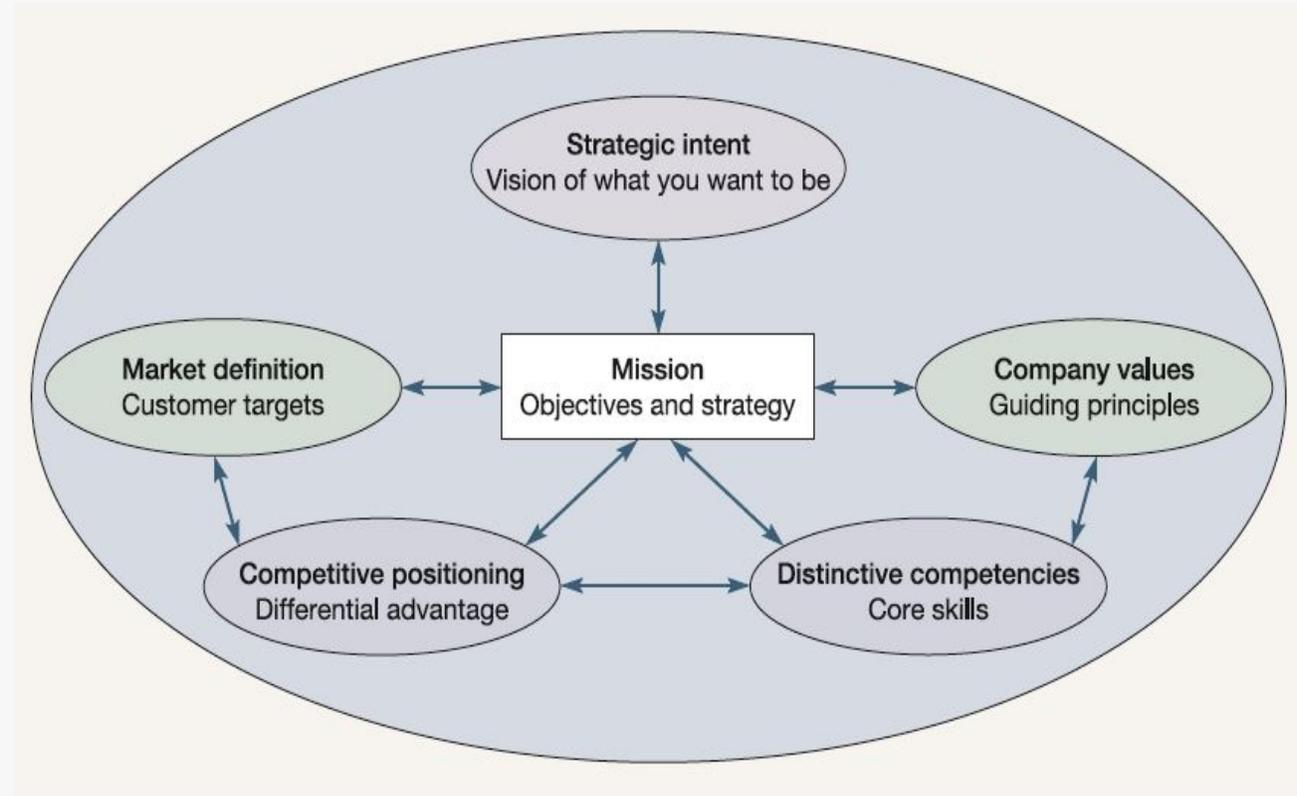
Components of the mission

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1. The **strategic intent**, or vision of where the organisation wants to be in the foreseeable future.

2. The **values of the organisation** should be spelt out to set the ethical and moral tone to guide operations
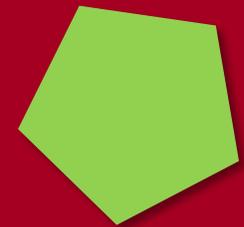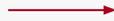
Components of the mission

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3.   The **distinctive competencies** of the organisation should be articulated clearly, stating what differentiates the organisation from others of its kind – what its distinctive essence is.

4.   **Market definition**, in terms of major customer targets that the organisation seeks to serve and the functions or needs of those customers that will be served.

5.   Finally, the mission should spell out where the organisation is, or intends to be, **positioned** in the marketplace. Its uniqueness and distinctiveness
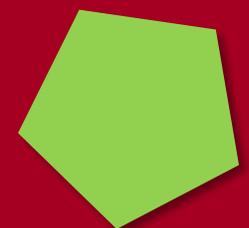
The marketing strategy process

Business purpose → Core strategy → Competitive positioning → Implementation → Marketing mix

Environment analysis → Core strategy

Company analysis → Core strategy

Market target → Competitive positioning

Competitive advantage → Competitive positioning

Control ← Implementation → Organisation
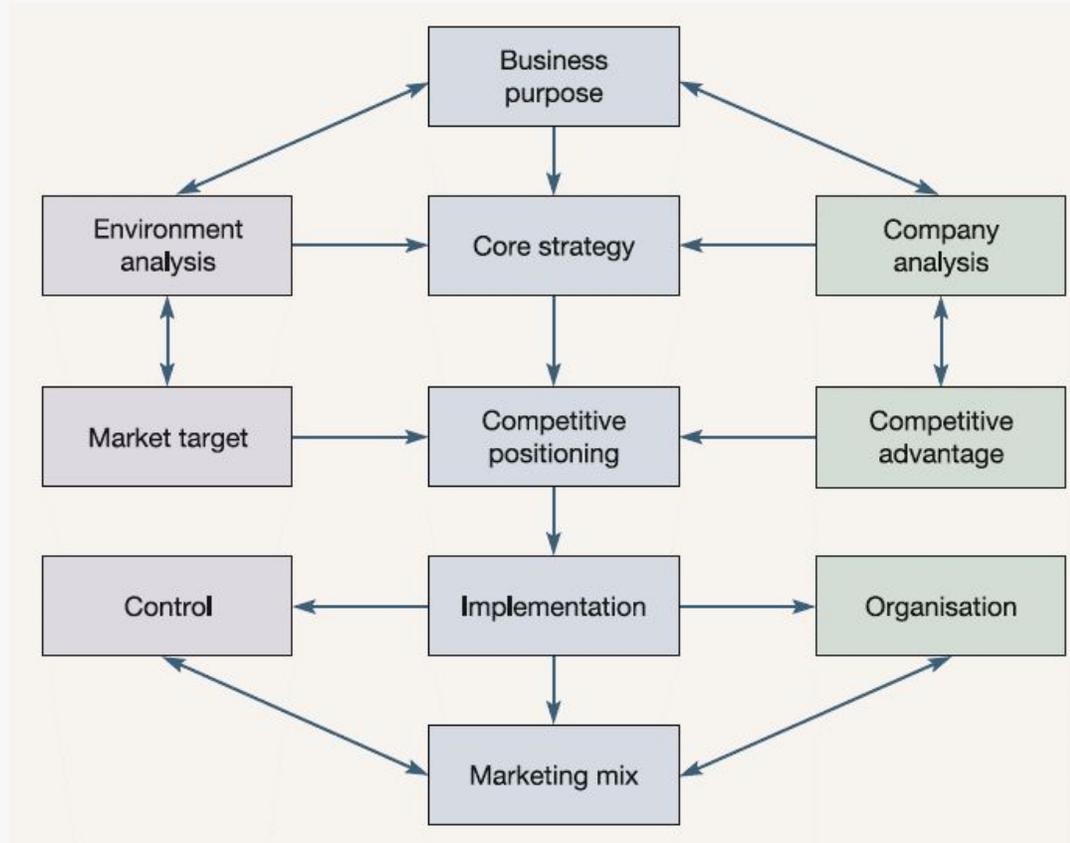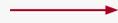
Establishing the core strategy

- **Analysis of organisational resources**. In defining the core strategy, organisations attempt to define the distinctive resources (assets and capabilities) that serve to define the organisation.
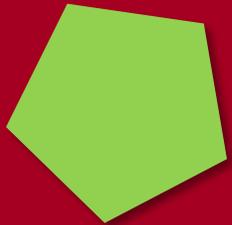
Establishing the core strategy

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- **Analysis of the markets served**. An analysis of the markets in which the company operates, or wishes to operate, can serve to throw into focus the opportunities and threats facing the company. Those opportunities and threats stem from two main areas: the customers (both current and potential) and competitors (again both current and potential).
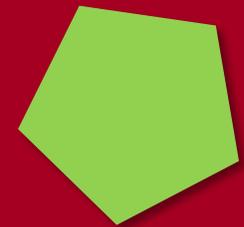
Establishing the core strategy

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- **SWOT analysis**. The organisation can begin to see where its strengths might be best deployed, both offensively and defensively, as well as where its weaknesses leave it vulnerable to market change or competitor action.
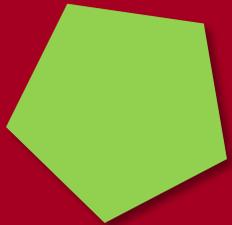
Establishing the core strategy

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- **Core strategy**. Having identified corporate capabilities, market opportunities and threats, the key factors for success in the industry in which the firm operates and the role of the particular product or business in the company's overall portfolio, the company sets its marketing objectives. The objectives should be both long and short term. The core strategy of the organisation is a statement of how it intends to achieve its objectives.
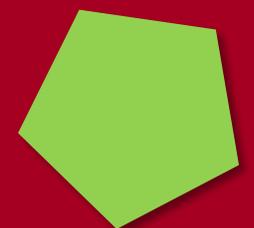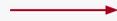
Creation of the competitive positioning

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The competitive positioning of the company is a statement of market targets, i.e. **where the company will compete**, and differential advantage, or **how the company will compete**. The positioning is developed to achieve the objectives laid down under the core strategy.
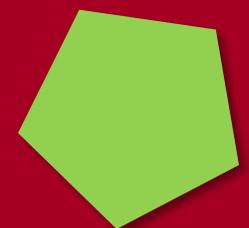
Creation of the competitive positioning

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While the discussion of core strategy required an analysis of customers and competitors to identify potential opportunities and threats, competitive positioning selects those targets most suited to utilising the company's strengths and minimising vulnerability due to weaknesses.
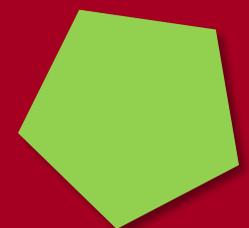
Creation of the competitive positioning

1. **Market targets**. A number of factors should be considered in choosing a market target. Broadly, they fall into two categories: assessing market attractiveness and evaluating the company's current or potential strengths in serving that market.
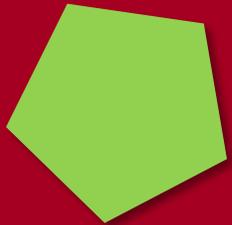
Creation of the competitive positioning

2. **Differential advantage**. A differential advantage can be created out of any of the company's strengths, or distinctive competencies relative to the competition. The essential factors in choosing how to create the advantage are that it must be on a basis of value to the customer (e.g. lower prices, superior quality and better service) and should be using a skill of the company that competitors will find hard to copy.
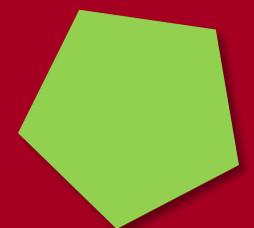
Implementation

Once the core strategy and the competitive positioning have been selected the task of marketing management is to implement those decisions through marketing effort. The three basic elements of implementation – **marketing mix**, **organisation** and **control**.
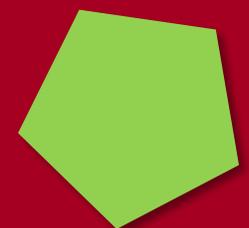
Marketing mix

The **marketing mix of products, price, promotion and distribution** is the means by which the company translates its strategy from a statement of intent to effort in the marketplace. Each of the elements of the mix should be designed to add up to the positioning required.

Decisions on elements of the mix, such as pricing or advertising campaigns, cannot be considered in isolation from the strategy being pursued.
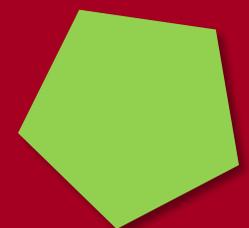
Organisation

How the **marketing effort** and the **marketing department** are **organised** will have an effect on **how well the strategy can be carried through**. At a very basic level it is essential for the required manpower, as well as financial resources, to be made available. Given the resources, however, their organisation can also affect their ability to implement the strategy effectively.
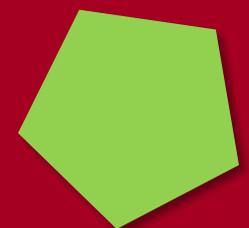
Control

As the marketing strategy is being executed an important role of the marketing department is to monitor and control the effort. Marketing managers, after all, have a vested and significant interest in being able to justify and quantify the outcomes of their actions and expenditure.
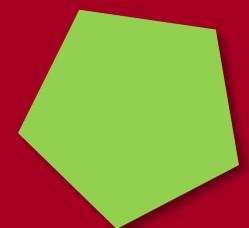
Control

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Performance can be monitored in two main ways: on the basis of **market performance** and on **financial performance**. Market performance measures such things as sales, market share, customer attitudes and loyalty, and the changes in them over time can be related back to the original objectives of the strategy being pursued. Financial performance is measured through a monitoring of product contribution relative to the resources employed to achieve it.
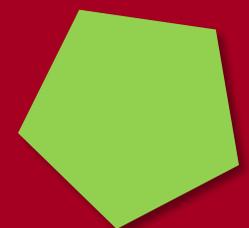
Entrepreneurship Training Package

Market analysis

Market Analysis

Of central importance in developing and implementing a robust marketing strategy is awareness of how the environment in which marketing takes place is changing.

At its simplest, the marketing environment can be divided into the **competitive environment** (including the company, its immediate competitors and customers) and the **macro-environment** (the wider social, political and economic setting in which organisations operate).

Macro-environmental analysis

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The importance of understanding the macro-environment is twofold. First, we should recognise the marketing impact of change in the business environment and be in a position to respond. But, second, we should also be alert to the fact that the nature of the change facing organisations is itself changing.

# Macro-environmental analysis

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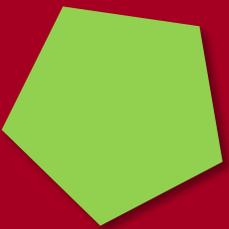
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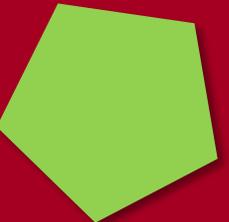
The economic and political environment
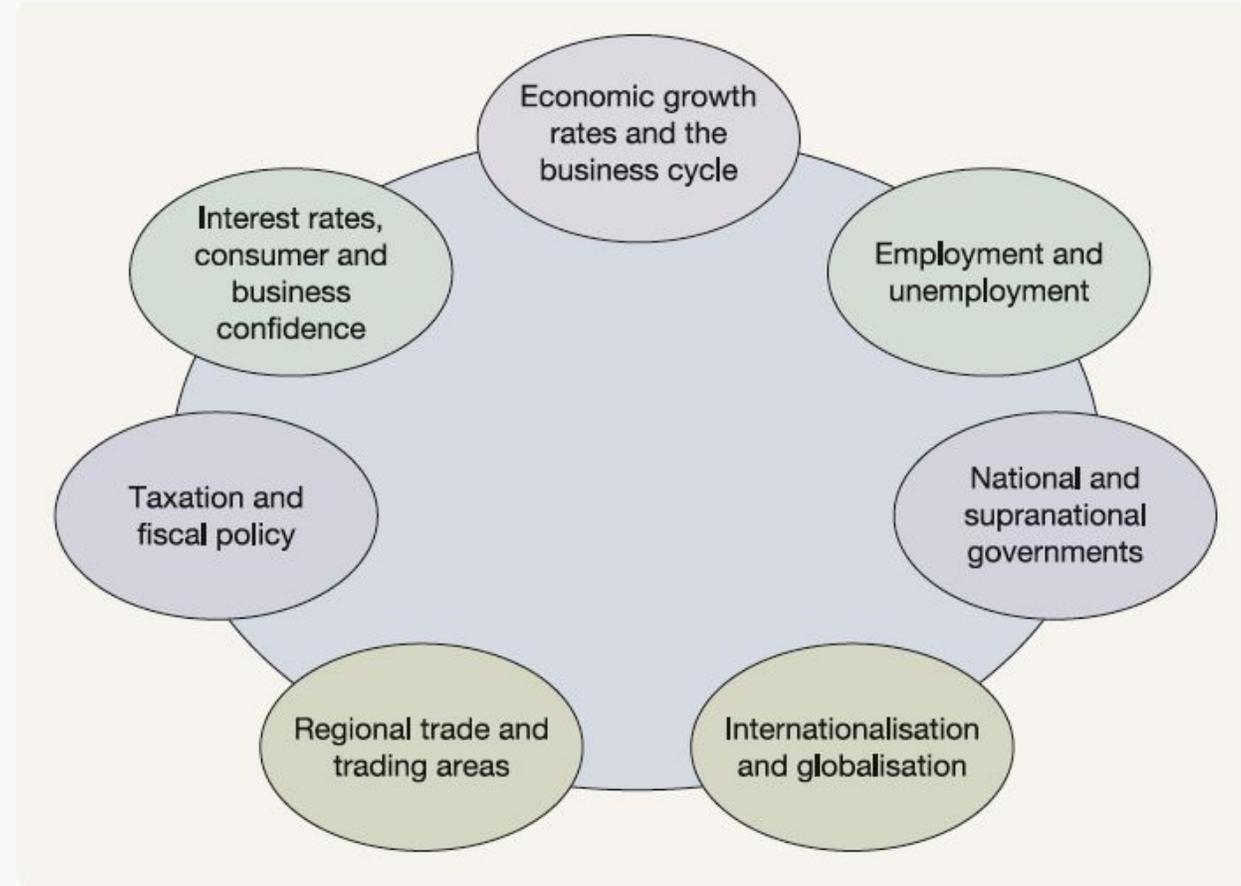
The social and cultural environment
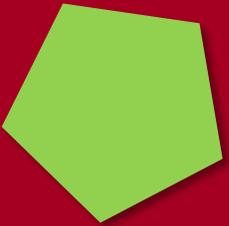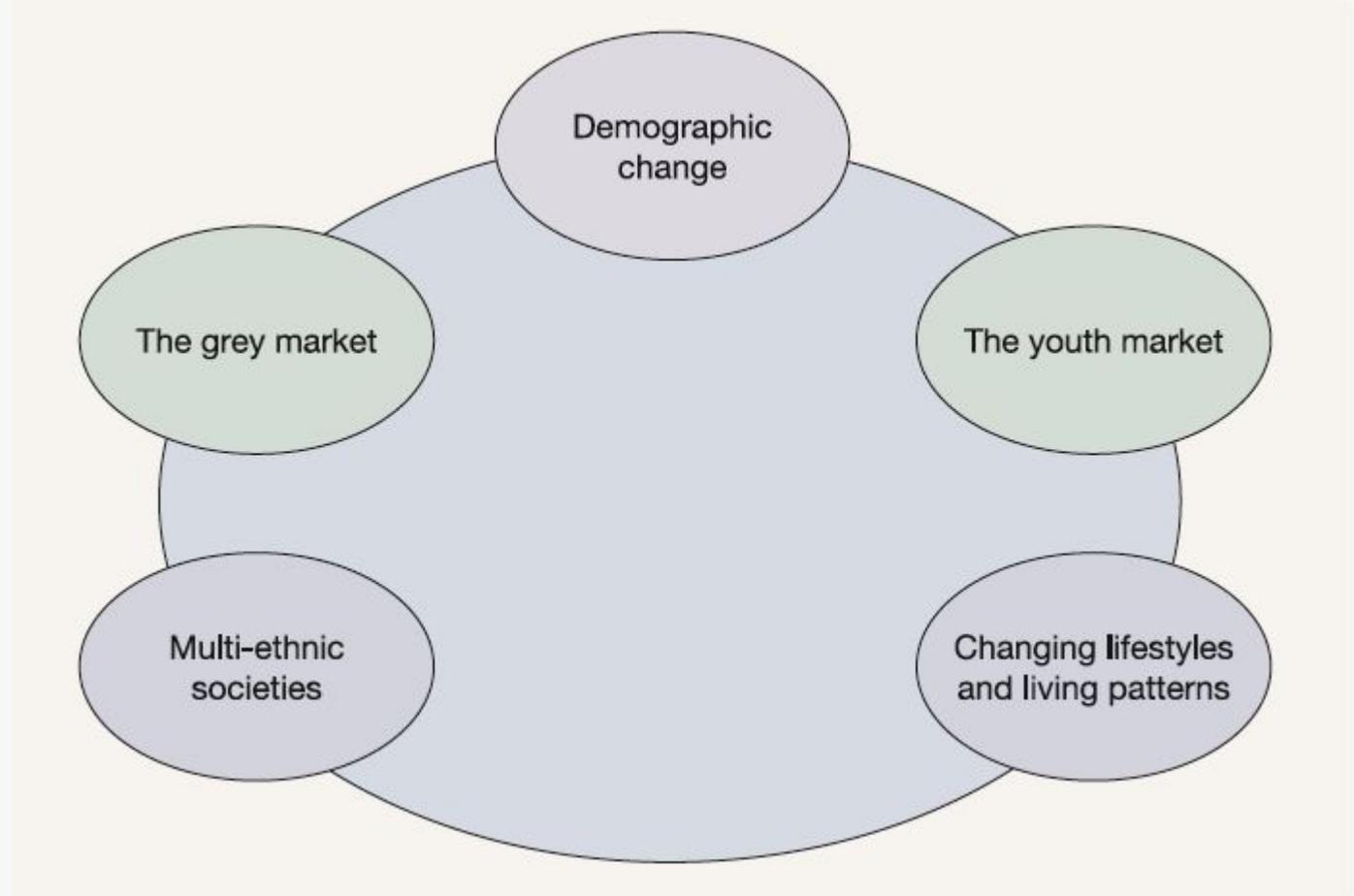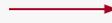
The technological environment

Applications of Technology in Marketing
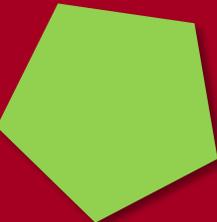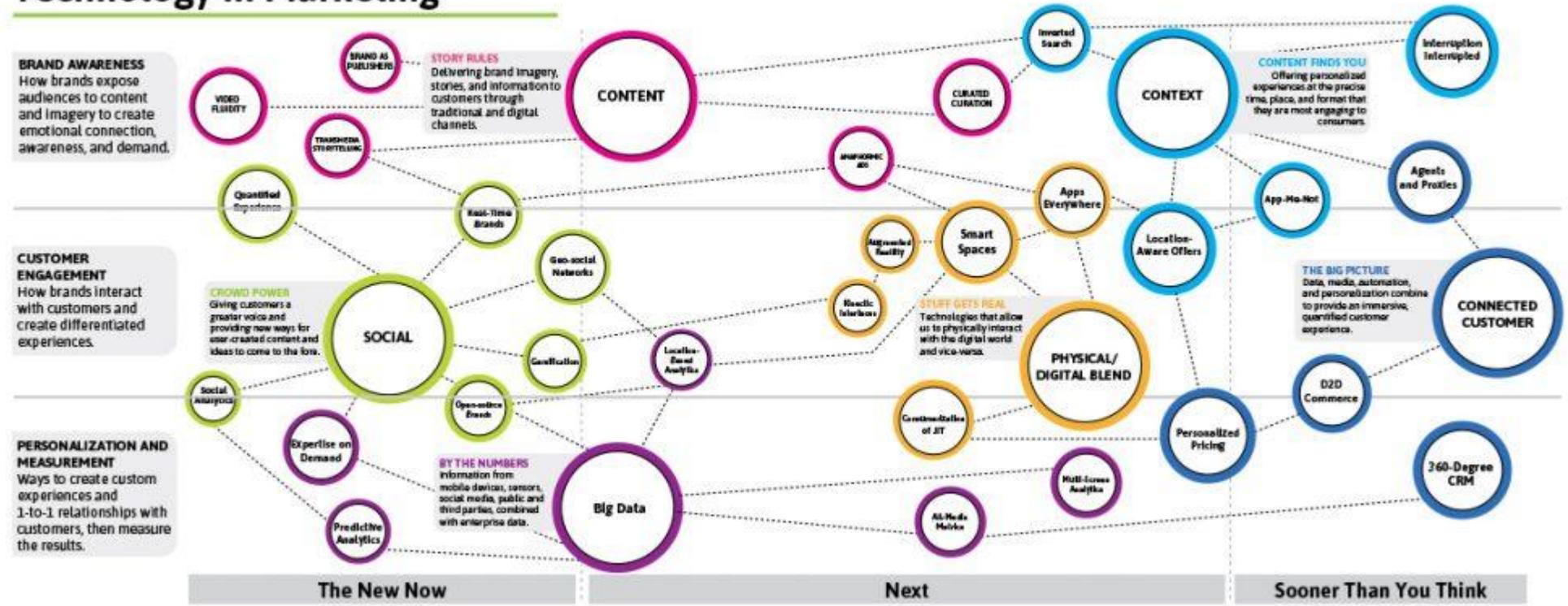
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Consumer behaviour

Consumer behaviour

Consumer behaviour is about the way consumers act in different situations. However, there are various definitions of the discipline:

- The behaviour that consumers display in searching for, purchasing, using, evaluating and disposing of products, services and ideas.

- A discipline dealing with how and why consumers purchase (or do not purchase) goods and services.

Consumer behaviour

Consumer behaviour can be thought of as the **actions**, **reactions**, and **consequences** that take place as the consumer goes through a decision-making process, reaches a decision, and then puts the product to use.
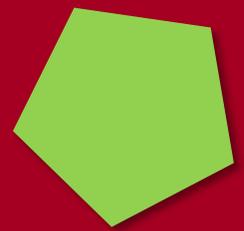
Models of thinking about the consumer

1. **The marginalised consumer**. This approach held sway in the seller's market in the postwar years, where sellers produced goods and services without consulting consumers.
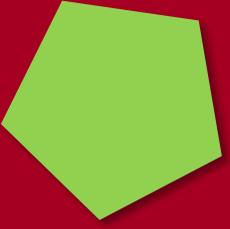
Models of thinking about the consumer

2. **The statistical consumer**. This approach was dominant during the buyer's market of the 1950s, where positivist research methods were used to determine what consumers wanted. However, the consumer was profiled objectively in averages and facts—the 'what' and 'how many'.
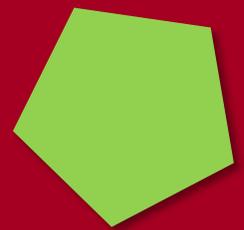
Models of thinking about the consumer

3. **The secretive consumer**. This approach evolved in the 1960s, when researchers focused on the 'why' of consumers' hidden motivations. This era of motivational research led to interpretivist research techniques borrowed from psychology and psychoanalysis. Researchers in the 1970s through the 1980s also leveraged the disciplines of science, sociology and social anthropology to understand the consumer as a social being.
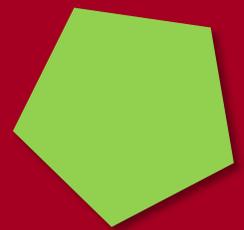
Models of thinking about the consumer

4. **The sophisticated consumer**. Under this approach, the consumer was seen to be consuming advertising and experiences as well as goods and services. Marketers consulted sophisticated and aware consumers on marketing activities.
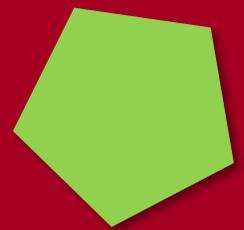
Models of thinking about the consumer

5. **The satellite consumer**. During the 1970s and 1980s, marketers developed a brandcentric model to pull consumers to brands—brand repertoire, brand positioning, brand equity and brand personality. The brand was considered a planet while the consumer was regarded as a moon drawn towards the planet.
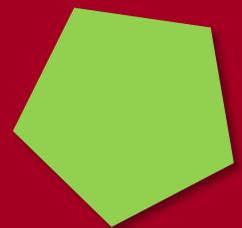
Models of thinking about the consumer

6. **The multi-headed consumer**. This model of thinking considered the different 'need states' of the consumer, depending on the context of the environment, the situation, external factors and emotional needs. The consumer has repertoire behaviour or multiwants; for example, ordering a beer in a pub one day and wine in the same pub another day, depending on the social company, the occasion, the weather and the atmosphere.
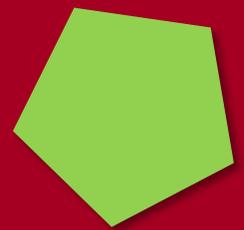
Models of thinking about the consumer

7. **The mutable consumer**. The twenty-first-century consumer is described as a thinking person who dynamically constructs multiple identities continually over time and space. Hence, a consumer could play the role of a cook or Santa Claus in different situations; or be a family member, 'couch potato' and internet surfer on other occasions. These are ever-changing 'moments of identity'.
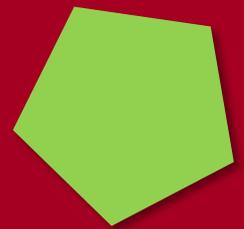
Consumer decision-making process

One helpful way to characterise the decision-making process is to consider the amount of effort that goes into the decision each time it must be made. Consumer researchers have found it convenient to think in terms of a continuum, which is anchored on one end by habitual decision-making and at the other extreme by extended problem-solving.
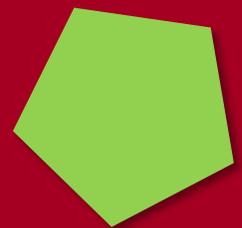
Consumer decision-making process

Decisions involving **extended problem-solving** correspond most closely to the traditional decision-making perspective. The consumer tries to collect as much information as possible, both from memory (internal search) and from outside sources (external search). Based on the importance of the decision, each product alternative is carefully evaluated. The evaluation is often done by considering the attributes of one brand at a time and seeing how each brand's attributes shape up to some set of desired characteristics.
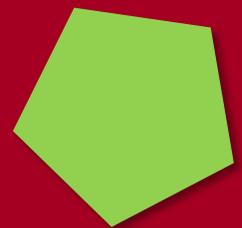
Consumer decision-making process

Limited problem-solving is usually more straightforward and simple. Buyers are not as motivated to search for information or to evaluate each alternative rigorously. People instead use simple decision rules to choose among alternatives. These cognitive short cuts enable consumers to fall back on general guidelines, instead of having to start from scratch every time a decision is to be made.
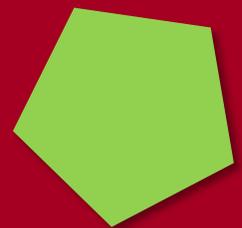
Limited vs. extended problem solving

	Limited problem-solving	Extended problem-solving
Motivation	Low risk and involvement	High risk and involvement
Information search	Little search Information processed passively In-store decision likely	Extensive search Information processed actively Multiple sources consulted prior to store visits
Alternative evaluation	Weakly held beliefs Only most prominent criteria used Alternatives perceived as basically similar Non-compensatory strategy used	Strongly held beliefs Many criteria used Significant differences perceived among alternatives Compensatory strategy used
Purchase	Limited shopping time; may prefer self-service Choice often influenced by store displays	Many outlets shopped if needed Communication with store personnel often desirable
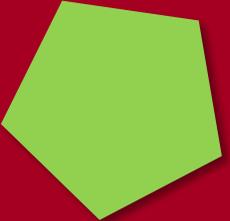
Consumer decision-making process

Both extended and limited problem-solving modes involve some degree of information search

and deliberation, though they vary in the degree to which these activities are undertaken.
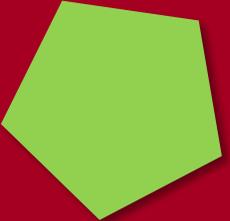
Consumer decision-making process

At the other end of the choice continuum, however, lies **habitual decision making**; this refers to decisions that are made with little or no conscious effort. Many purchase decisions are so routinised that we may not realise we've made them until we look in our shopping trolleys. We make choices characterised by automaticity with minimal effort and without conscious control
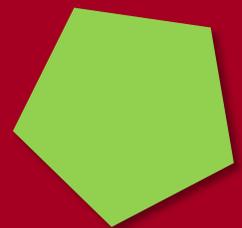
Perceived risk

As a rule, purchase decisions that involve extensive search also entail some kind of perceived risk, or the belief that the product has potentially negative consequences.

Perceived risk may be present if the product is expensive or is complex and difficult to understand, or if the brand is unfamiliar. Mood effects on consumers' attitudes and perceptions about risk are stronger when brands are unfamiliar.

Perceived risk can also be a factor when a product choice is visible to others and we run the risk of embarrassment if the wrong choice is made.
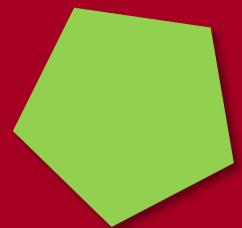
Types of perceived risk

	Buyers most sensitive to risk	Purchases most subject to risk
Monetary risk	Risk capital consists of money and property. Those with relatively little income and wealth are most vulnerable.	High-price items that require substantial expenditures are most subject to this form of risk.
Functional risk	Risk capital consists of alternate means of performing the function or meeting the need. Practical consumers are most sensitive.	Products or services whose purchase and use requires the buyer's exclusive commitment and precludes redundancy are most sensitive.
Physical risk	Risk capital consists of physical vigour, health and vitality. Those who are elderly, frail, or in ill health are most vulnerable.	Mechanical or electrical goods (such as vehicles or flammables), drugs and medical treatment, and food and beverages are most sensitive.
Social risk	Risk capital consists of self-esteem and self-confidence. Those who are insecure and uncertain are most sensitive.	Socially visible or symbolic goods, such as clothes, jewellery, cars, homes, or sports equipment are most subject to it.
Psycho-logical risk	Risk capital consists of affiliations and status. Those lacking self-respect or attractiveness to peers are most sensitive.	Expensive personal luxuries that may engender guilt; durables; and services whose use demands self-discipline or sacrifice are most sensitive.

Entrepreneurship Training Package

Digital Marketing

Digital Marketing

Defining digital marketing is not quite so straightforward as this characterisation suggests. A clear, if simplistic, description that few could argue with is – *Marketing using digital technology*. However, it is the norm that digital marketing is used to describe only marketing on the Internet – ignoring that digital technology is used in just about every aspect of non-Internet marketing.

Digital Marketing Objectives

Without specific objectives the likelihood of any venture succeeding diminishes significantly as the organisation cannot (1) determine whether the online activity has been successful, or (2) assess the return on investment (ROI) for any online operations.
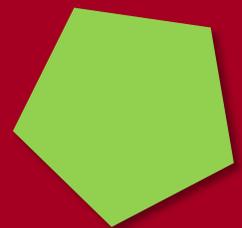
Digital Marketing Objectives

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To be successful, any organisation needs to have a plan that looks further to the future than next week's sales – with some aspects of business requiring longer term planning: strategic planning.
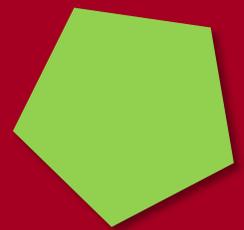
Strategic Digital Objectives

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1. **Brand development** – where any online presence compliments and enhances the branding efforts of the organization.

2. **Revenue/income generation** – where the online presence acts as a commerce or acquisition channel in order to increase revenue into the organization by direct sales or lead generation.

3. **Customer care/service/support** – where the web is used to enhance the service and support offered to customers
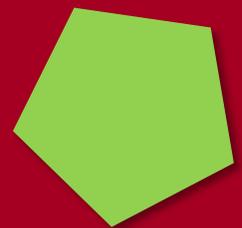
Operational Digital Objectives

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1. **Specific** – to sell x units of the product (this based on a percentage increase over previous sales).

2. **Measurable** – has the sales target been met, exceeded or not met, and by what percentage or amount.

3. **Achievable** – can the organisation meet the target, this would also include such issues as availability and logistics.
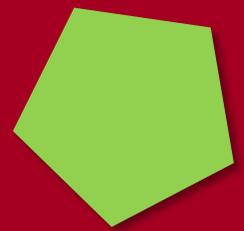
Operational Digital Objectives

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4. **Realistic** – based on prior sales, the sales target must be one that is practically able to be met.

5. **Time-bound** – the advertising campaign will run for two weeks with the promotion continuing for another two weeks after that
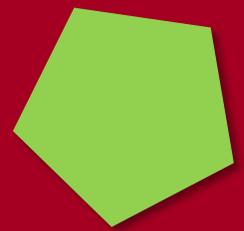
Social Media Marketing

Social Media Marketing is not:

- Social media. People using – for example – Facebook are doing so for social interaction. It does not mean they are all engaging with any marketing performed on that platform.

- Marketing if a person tells their friends – via social media – about the excellence of a product or service. Apparently, 96% of people talking about a brand online do not follow that brand
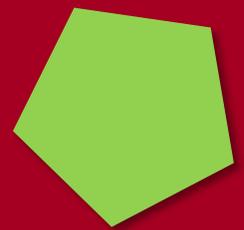
Social Media Marketing

Social Media Marketing is not:

- The panacea to all the business and marketing problems, ailments and issues for every organisation, brand and product.

- Free. Social platforms might make no charge (for now) for hosting marketing messages, but those messages must be developed and delivered by people – or software – paid for by the organization.

- Advertising on social media platforms. This is advertising
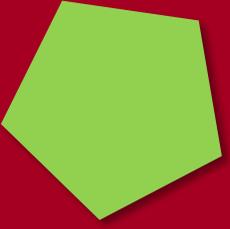
Social Media Marketing

Social media is about **sharing**, **relationships** and **engaging in communities** and **networks**. Therefore, marketing on social media must also reflect these characteristics. However, much of what is currently presented as social media marketing has nothing to do with sharing, relationships and engaging in communities and networks
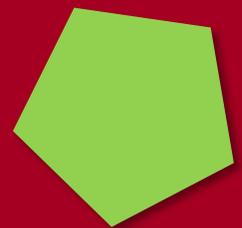
Strategic Marketing on Social Media

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There are two key issues to address with regard to engaging in marketing on social media:

1. the **objectives** and

2. its **management and implementation**.
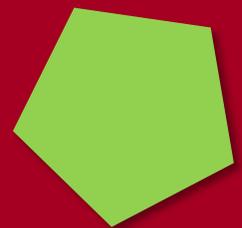
Objectives

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There are a number of considerations for the organisation before determining any strategic marketing on social media objectives, namely:

1. Is it what our customers expect from us? If the answer to this question is 'yes', then the organisation should be active in social media.

2. Is social media worth the effort? Is there any ROI, if not how much is the loss?
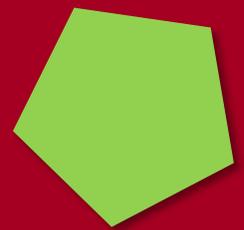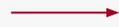
Objectives

3. Is it right for the organisation? If the nature of the product, brand or organization doesn't generate passion or interest, then the very culture of the organization might disqualify it from effective participation.

4. Does it fit in with our other marketing efforts – both offline and online?

5. What elements of social media are suitable for our objectives?
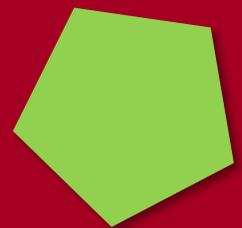
Management & Implementation

Marketing on social media needs to be an organisation-wide initiative, but to be effective it must have a single point of ownership. However, if strategic responsibility lies within the marketing department, it is not necessarily where operational issues take place.
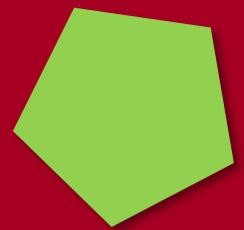
Management & Implementation

Marketing content for social media is best developed and delivered by staff that have the ability to write effectively and with the necessary skills, training and education to best represent the product, brand or organisation.
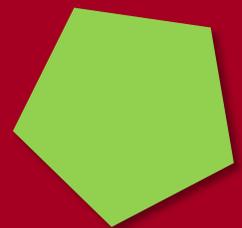
Management & Implementation

Although some marketers will have the ability, it is more likely that the necessary skills are found in the public relations (PR) department where the staff will have either journalistic backgrounds or they have studied journalistic skills as part of a public relations-based education programme.
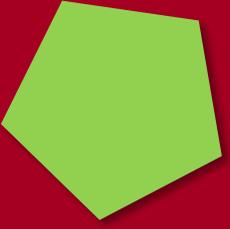
Content Marketing

Content marketing is 'a strategic marketing technique to attract and acquire a clearly defined audience through the creation and distribution of valuable, relevant, and consistent content with the objective of driving profitable customer action.'
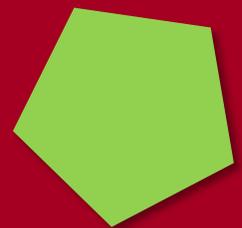
Content Marketing

Benefits of content marketing include:

- Increasing brand awareness and loyalty

- Conversion boosts

- Relatively low cost

- Demonstrates expertise and establishes the brand as an authority
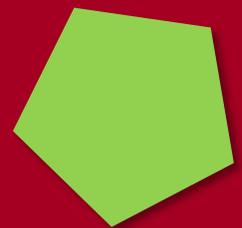
Entrepreneurship Training Package

Competitive positioning

EUROTraining Educational Organization (PP2)

Achieving differentiation
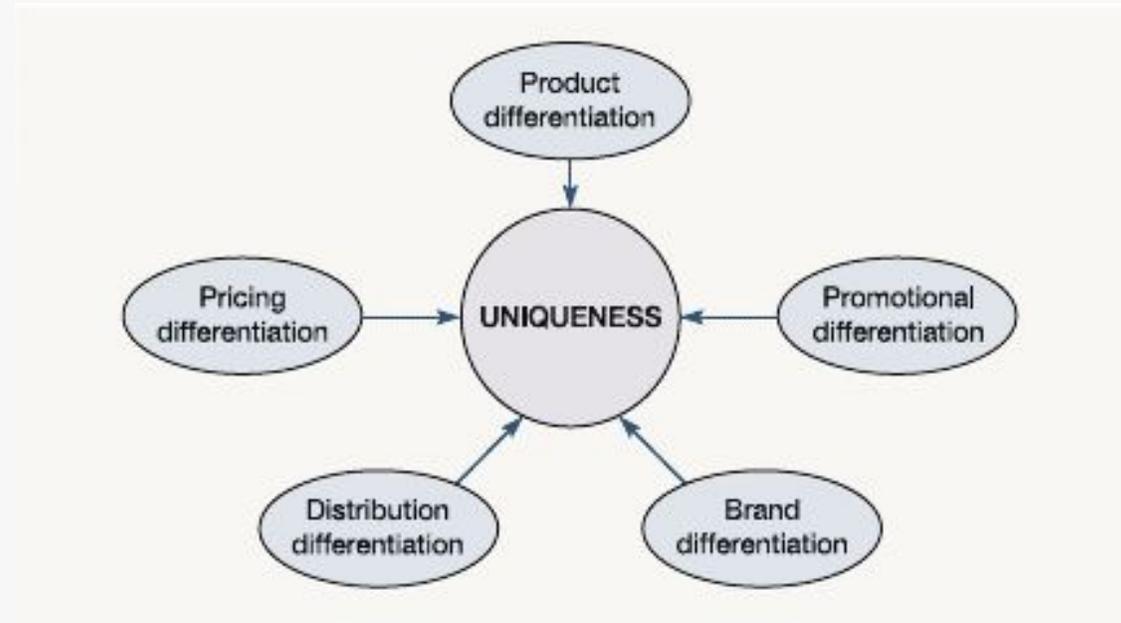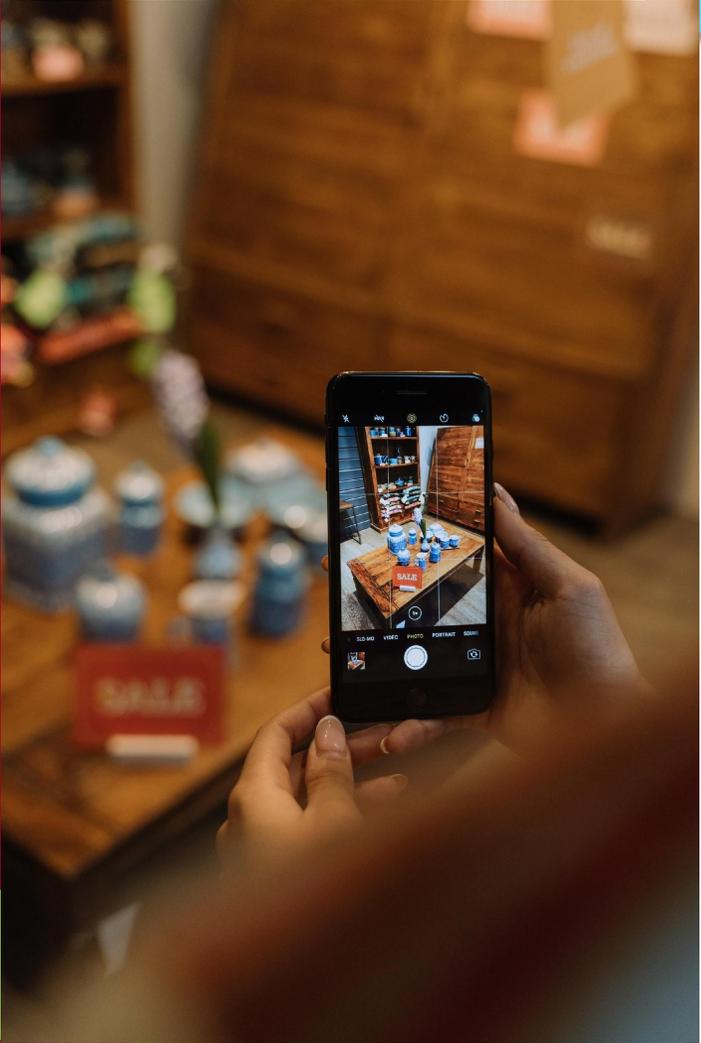
Product differentiation

Product differentiation seeks to increase the value of the product or service on offer to the customer. Products and services can be seen on at least four main levels. These are the **core product**, the **expected product**, the **augmented product** and the **potential product**.
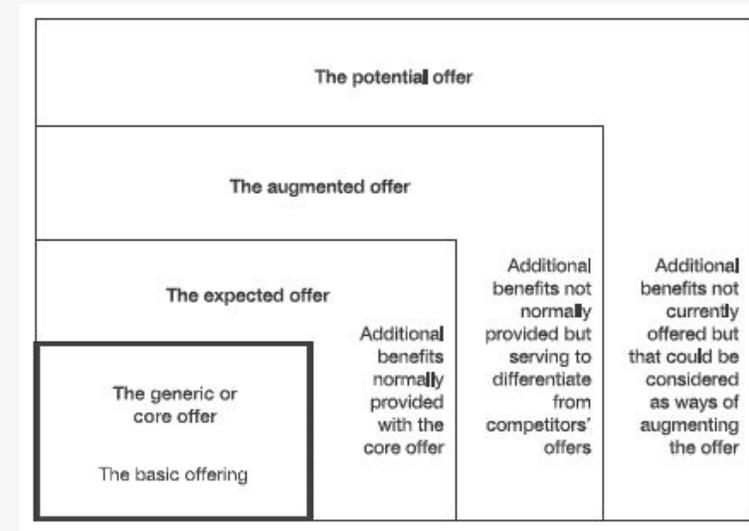
Distribution differentiation

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Distribution differentiation comes from using different routes to market, having a different network or a different coverage of the market. The growth of the Internet has made significant changes to the distribution strategies of many firms. Particularly for firms offering bit-based products such as information, or music, direct delivery to customers through their Internet connections is instant.
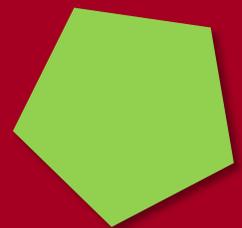
Price differentiation

Lower price as a means of differentiation can be a successful basis for strategy only where the company enjoys a cost advantage, or where there are barriers to competing firms with a lower cost structure competing at a lower price. Without a cost advantage, starting a price war can be a disastrous course to follow.
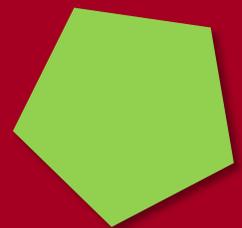
Price differentiation

Premium pricing is generally only possible where the product or service has actual or perceived advantages to the customer and therefore it is often used in conjunction with, and to reinforce, a differentiated product.
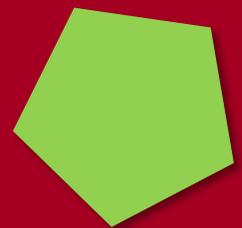
Price differentiation

In general, the greater the degree of product or services differentiation, the more scope there is for premium pricing. Where there is little other ground for differentiation, price competition becomes stronger and cost advantages assume greater importance
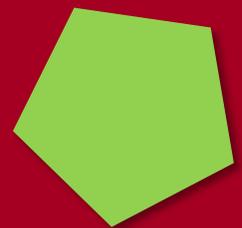
Promotional differentiation

Promotional differentiation involves using different types of promotions (e.g. a wider communications mix employing advertising, public relations, direct mail, personal selling, and social media and permission marketing via e-mails), promotions of a different intensity (i.e. particularly heavy promotions during launch and relaunch of products) or different content (i.e. with a clearly different advertising message).
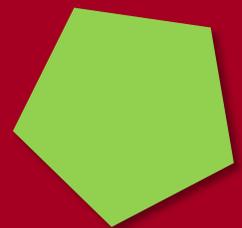
Promotional differentiation

Many companies today make poor use of the potential of public relations. Public relations essentially consists of creating relationships with the media and using those relationships to gain positive exposure. Press releases and interviews with key executives on important topical issues can both help to promote the company in a more credible way than media advertising.
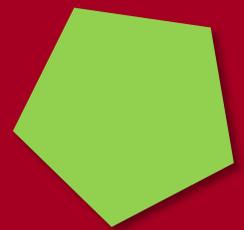
Brand differentiation

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Brand positioning places the customer at the centre of building a maintainable hold on the marketplace. It shifts from the classic idea of companies developing a 'unique selling proposition' (USP) to establishing a 'unique emotional proposition'.
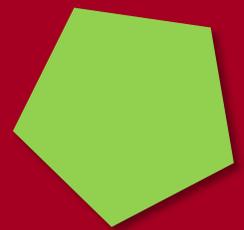
Thank you for
your attention