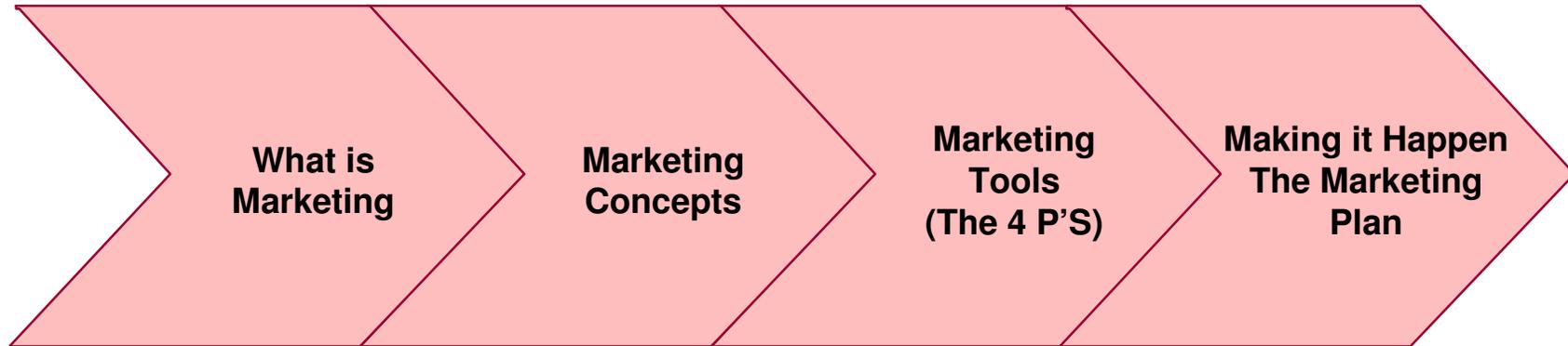


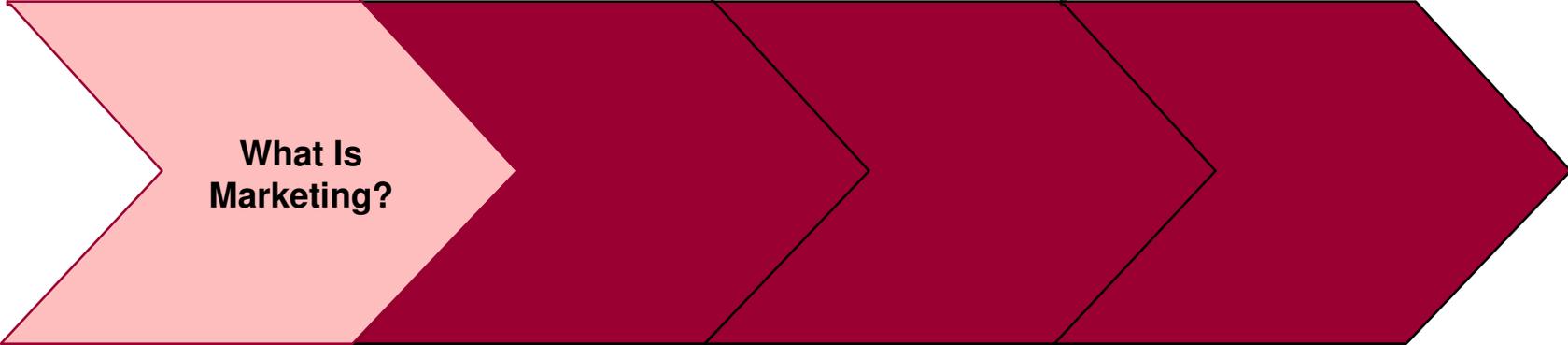
What is Marketing?

The purpose of this presentation is to provide an outline of the role and function of Marketing and to introduce some of the more important concepts and principals in contemporary marketing.

AGENDA



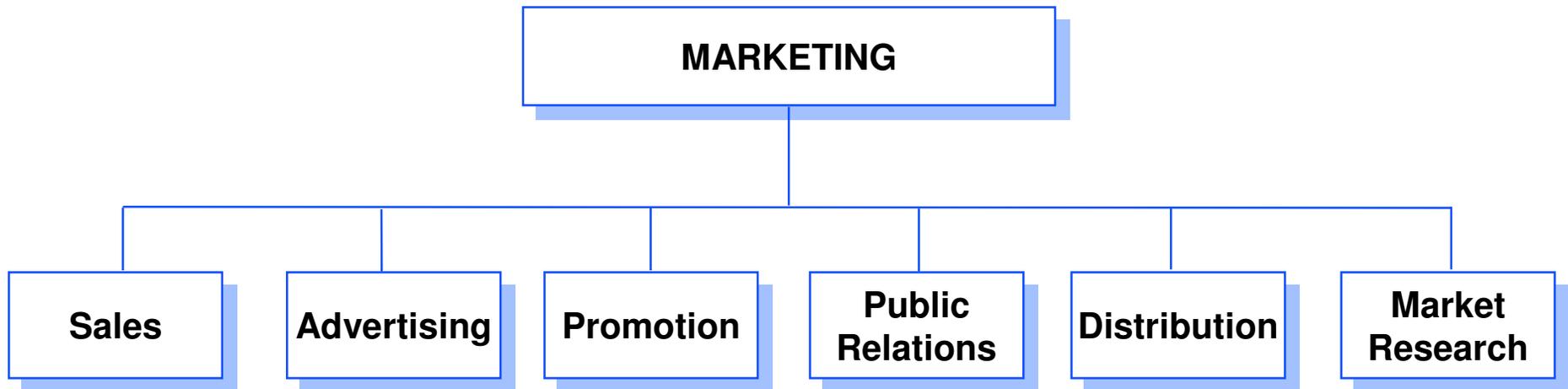
- The role and function of marketing
- Marketing “defined”
- Marketing is inevitable
- The objectives of Marketing
- Segmentation
- Positioning
- Differentiation
- The Marketing Mix
- Product Decisions
- Pricing Decisions
- Promotion Decisions
- Place Decisions
- Developing the marketing plan
- The Plan as a Prospectus



**What Is
Marketing?**

There is a high degree of misconception and misunderstanding over what Marketing really is. For many, Marketing is regarded as synonymous with Selling, Advertising or Public Relations. This is not accurate. Selling, Advertising and Public Relations are parts of Marketing - very important parts, but only parts.

THE ROLE AND FUNCTION OF MARKETING



Marketing is a much broader management concept. It may be thought of as the matching of an Organisation's capabilities and competencies with the wants and requirements of its customers in order to achieve the goals of the Organisation.

In practical terms, Marketing is more an attitude which serves to drive the Organisation.

MARKETING “DEFINED”

- “Product Driven”:** “Build a better mousetrap and the work will beat a path to your door”
- “Sales Driven”:** “A funny thing happens if you don’t sell nothing!”
- “Market Driven”:** “Find customer needs and satisfy those needs”

Organisations which have achieved long term growth and profitability are invariably market driven. These Organisations have identified what they are (really) selling, who their customers are, what the needs and preferences of their customers are and how they will satisfy those customer needs and preferences at a profit.

In finding customer needs and satisfying those needs, marketing involves communicating with the market.

MARKETING IS INEVITABLE

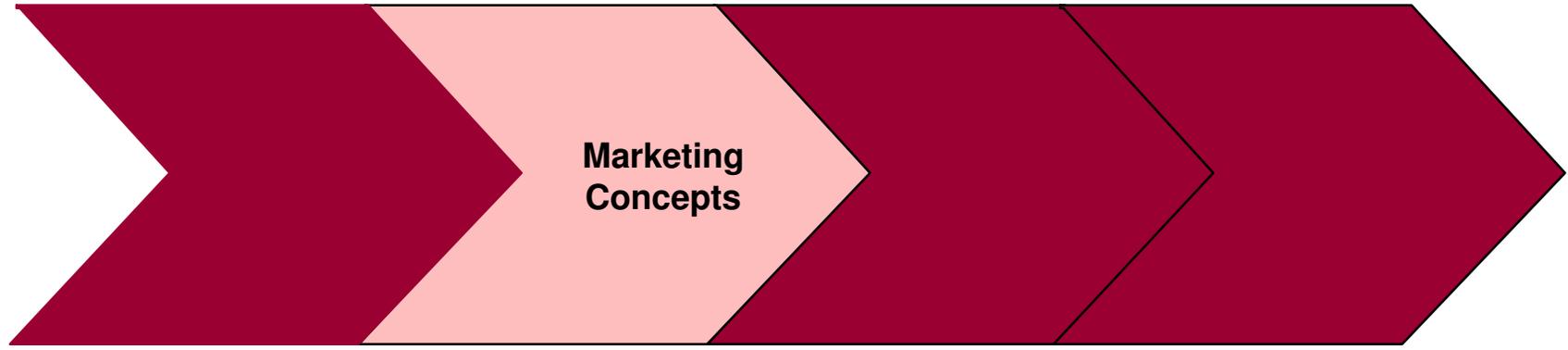
Every Organisation markets - either implicitly/intuitively or explicitly/deliberately. The key issue is **not** whether or not to market, but rather, the way in which the Organisation controls and manages messages about itself and its products/services to the market.

Marketing is a means to an end and NOT an end in itself.

There are three prime purposes of Marketing:

THE OBJECTIVES OF MARKETING

1. To enable management to crystallise and focus upon objectives:
 - growth
 - market share improvement
 - profitability
 - risk diversification
 - etc.
2. To create direction for management that is consistent with and supports those objectives.
3. To create benchmarks against which management can measure progress.



The task of Marketing is to:

1. Identify **segments** of the market which differ in their requirements
2. Adopt, communicate and maintain a **position** in the market as perceived by potential customers
3. **Differentiate** the products or services offered by the Organisation from those of its competitors.

MARKETING CONCEPTS

Market Segmentation

The separation or partitioning of a market according to certain characteristics, requirements or buying behaviour of the customers comprising that market.

Market Positioning

The position in the market that the Organisation is perceived to hold vis-a-vis its competitors.

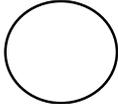
Product/ Service Differentiation

The perceived features and benefits associated with the product/service that distinguish it from its competitors.

Market Segmentation reflects the degree of heterogeneity in a market and reveals the opportunities facing the Organisation for target marketing.

Effective identification of segments results in a choice among three broad strategies for responding to the revealed market structure.

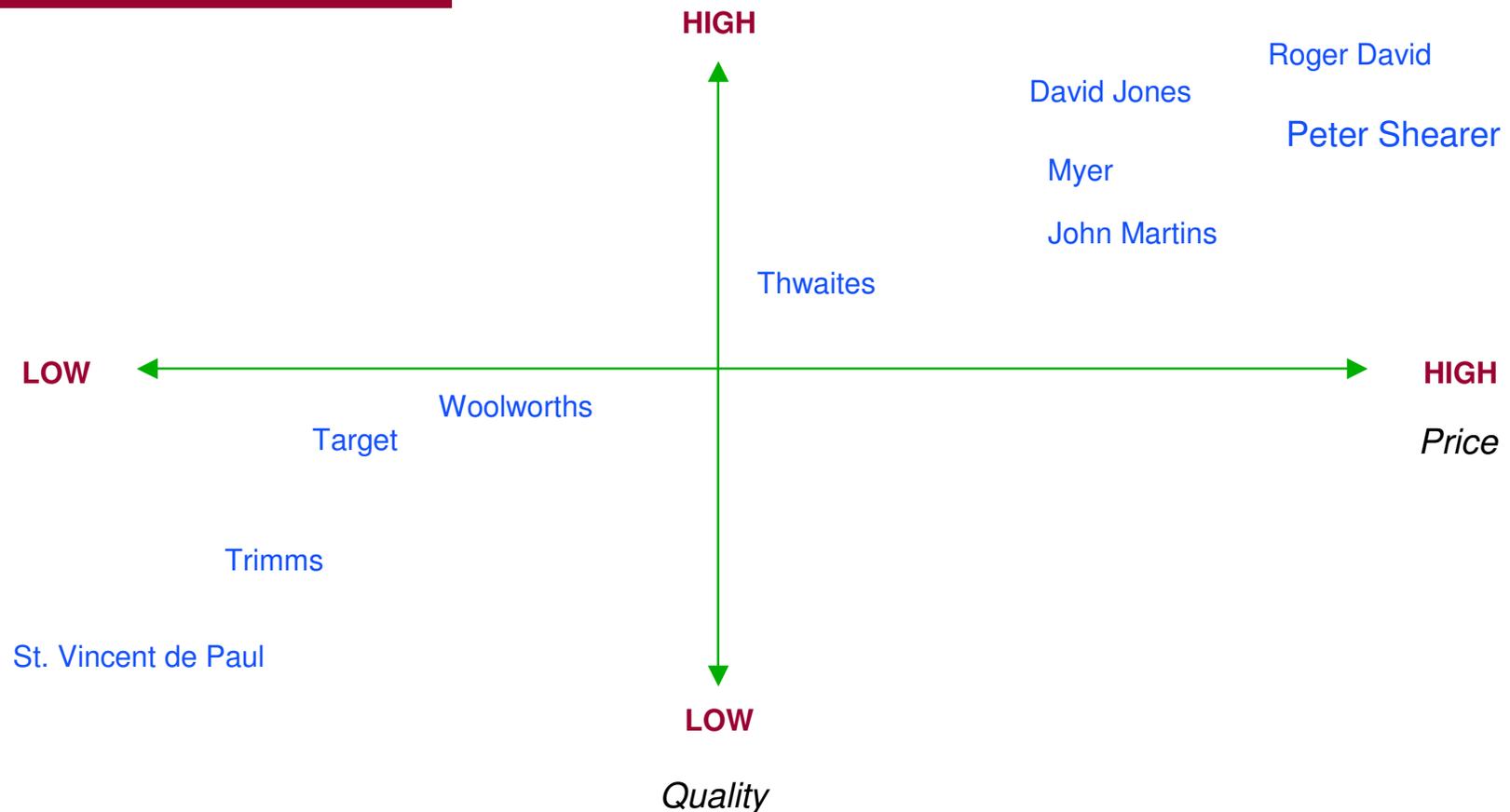
SEGMENTATION

Strategy	Objective	Description
UNDIFFERENTIATED MARKETING 	Attempt to attract as many customers as possible/appeal to all groups.	Marketing programs designed to appeal to the broadest number of buyers - the marketing equivalent of mass production in manufacturing.
CONCENTRATED MARKETING 	Attempt to gain a large share in a small market.	Finding a marketing inefficiency/market niche and filling the gap - being a big fish in a small pond
DIFFERENTIATED MARKETING 	Attempt to penetrate defined market segment(s).	Development of marketing programs which are directly customer orientated for a range of target markets.

Markets may be segmented on the basis of geographic, demographic, psychographic or behavioural characteristics.

Organisations should only be positioned with respect to those attributes that the market perceives as being important. The position in the market that is adopted by the Organisation must be of direct relevance to the needs/preferences of the market segments it wishes to penetrate.

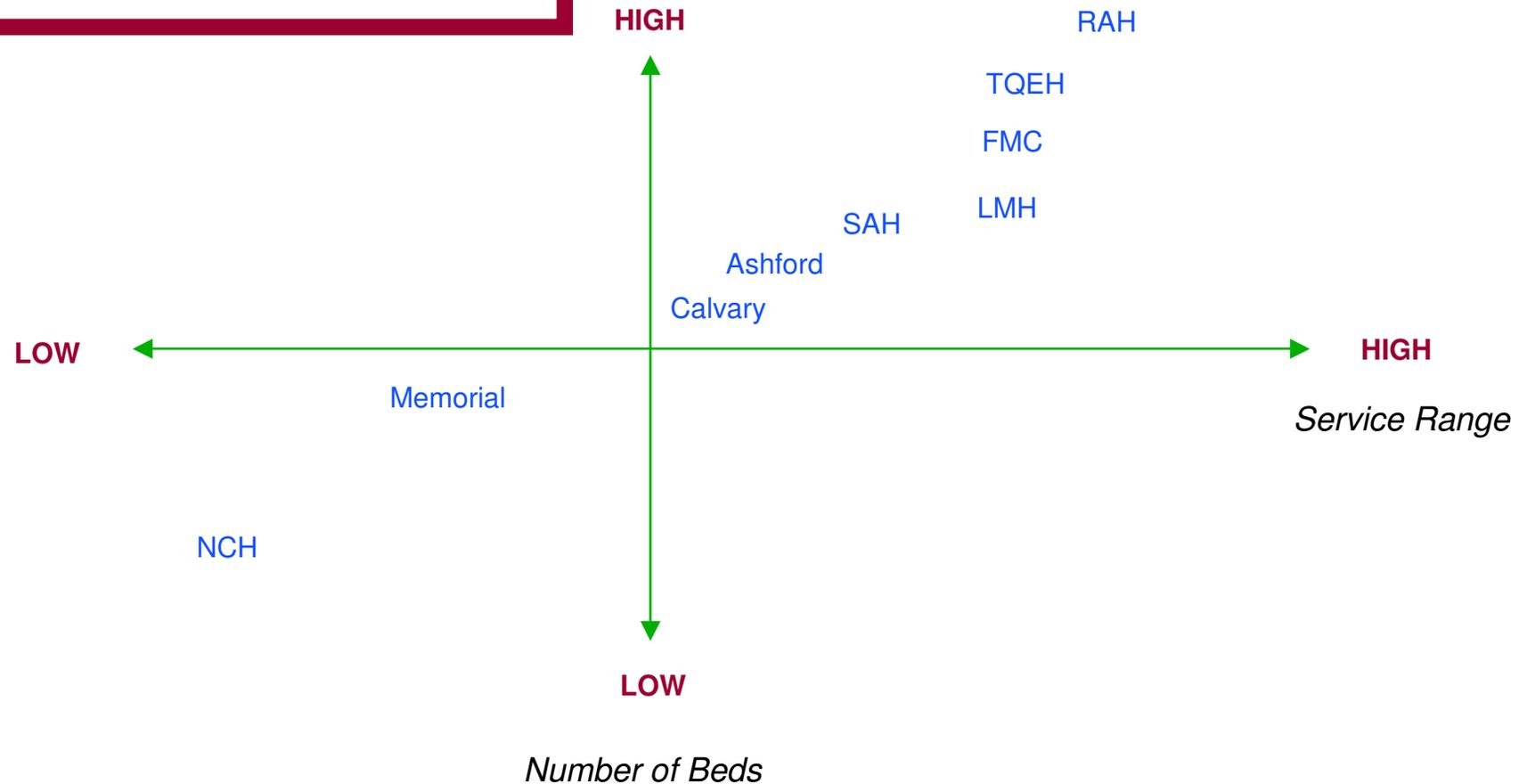
POSITIONING



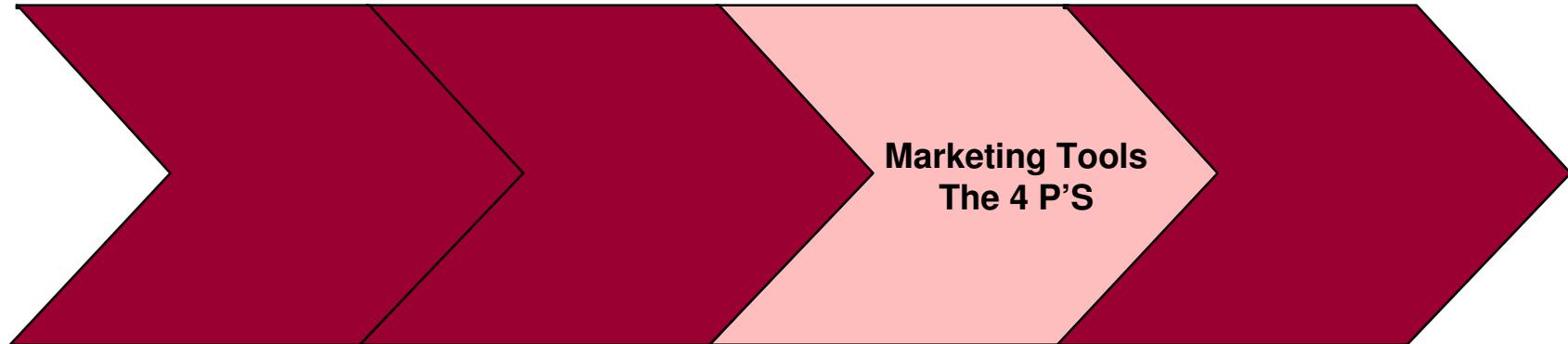
Market Positioning of Menswear Retailers in South Australia

The aim of differentiation is to distinguish the product or service offered by the Organisation from that of its competitors. Differentiation should be on the basis of product/service characteristics that are valued by the target market segments.

DIFFERENTIATION



Differentiation of Hospitals in South Australia



Segmentation, Differentiation and Positioning are achieved through the use of “Marketing Tools”. Taken together, these Marketing Tools constitute the particular Marketing Mix of an Organisation.

THE MARKETING MIX

ELEMENTS OF THE MARKETING MIX



Customers see a product or service as a collection of satisfactions.

Product decisions are successful if they ensure that products/services are matched to the needs and demands of customers.

PRODUCT DECISIONS

Issues addressed in product decisions typically include:

- ❑ **Product Design** - Customisation, convenience, simplicity
- ❑ **Nature and Type of Packaging** - “User Friendly”, “Environmentally friendly”, informative
- ❑ **Service** - Delivery, installation, maintenance, leasing, financing, on-site quoting

In considering the Product component of the Marketing mix, the key question is:
“How can the buying decision of customers be made easier?”

Clearly, price levels are an important determinant of the volume of sales of the products/service. In some cases, it may be the main determinant. In all cases it will be important.

PRICING DECISIONS

There are a number of methods that can be used to price products:

- ❑ **Cost Plus:** Price = Direct Labour + Direct Materials + Overheads + Margin for Profit
- ❑ **Absorption Costing:** Price = Unit Cost + Mark Up for Profit per Unit
- ❑ **Marginal Cost:** Price = Incremental Cost of one more unit + Expenses Contribution + Margin for Profit

The extent to which prices can be varied depends upon a number of factors including:

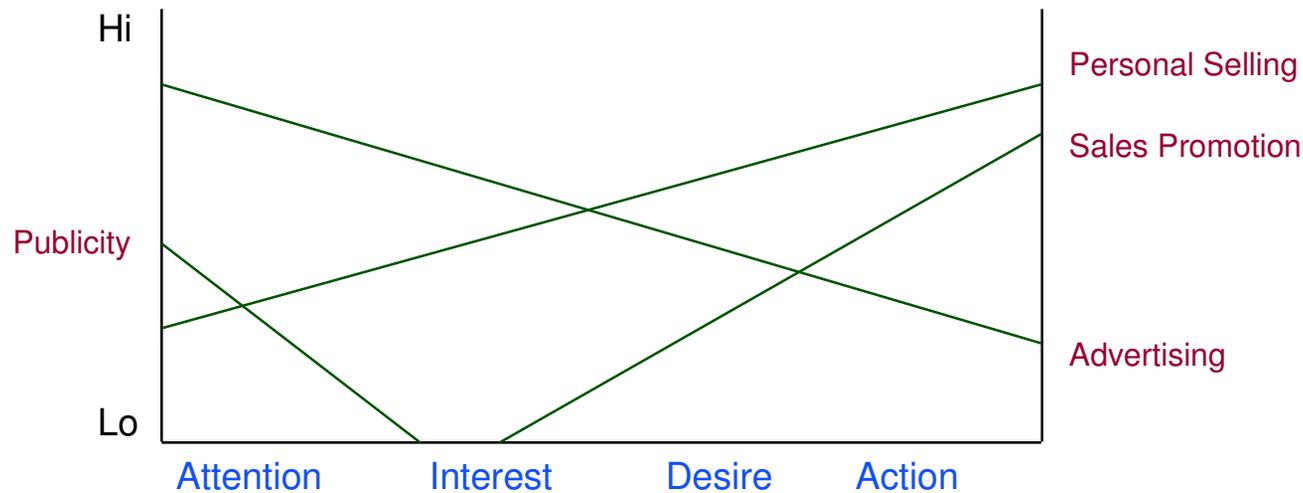
- The level of competition
- Demand for the Product
- Price Elasticity of Demand
- Legal and other restrictions
- Price/Volume considerations
- Psychological factors
- Availability of effective substitutes
- Perceived value to the customer
- Consumer awareness, interest and desire.

The aims of a promotional effort are quite clear - the Organisation must ensure that a sufficient proportion of its target markets:

1. Know that the product exists
2. Know that the product will provide worthwhile benefits.

PROMOTION DECISIONS

Cost-Effectiveness



Determination of the cost effective mix of these promotional tools to penetrate target markets is a key challenge facing the Organisation and will depend upon numerous factors including: market competition, industry practices, consumer knowledge and behaviour.

“Place” or Distribution decisions are often overlooked in the overall marketing effort. However, the costs associated with distribution are often significant and can typically represent up to 25% of gross sales revenue.

PLACE DECISIONS

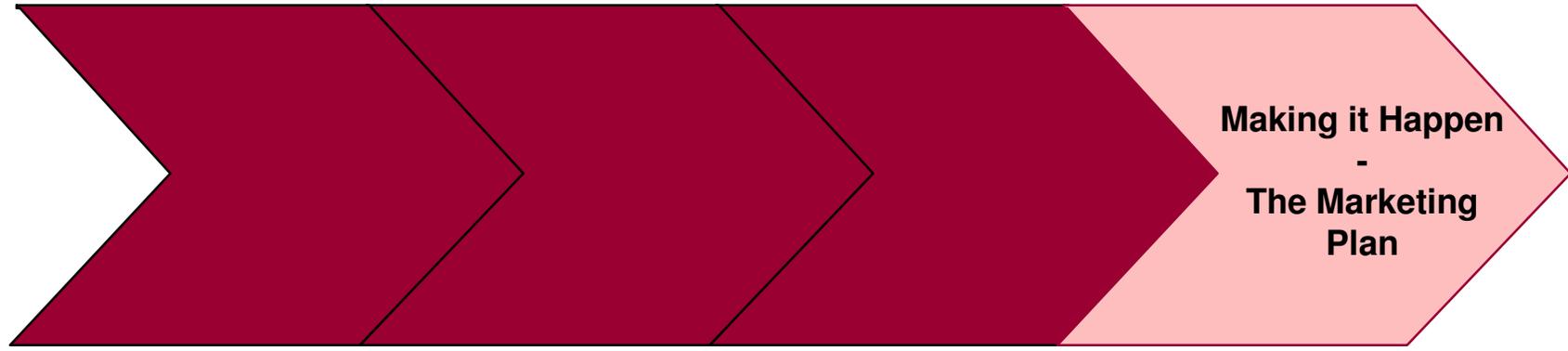
Distribution Cost Components

Transportation
Inventory Control
Packaging
Processing

Determinants of Distribution Costs

Nature of the Work
Geographic Location of the
Organisation
Geographic Distribution of Customer
Base
Available Transportation Modes

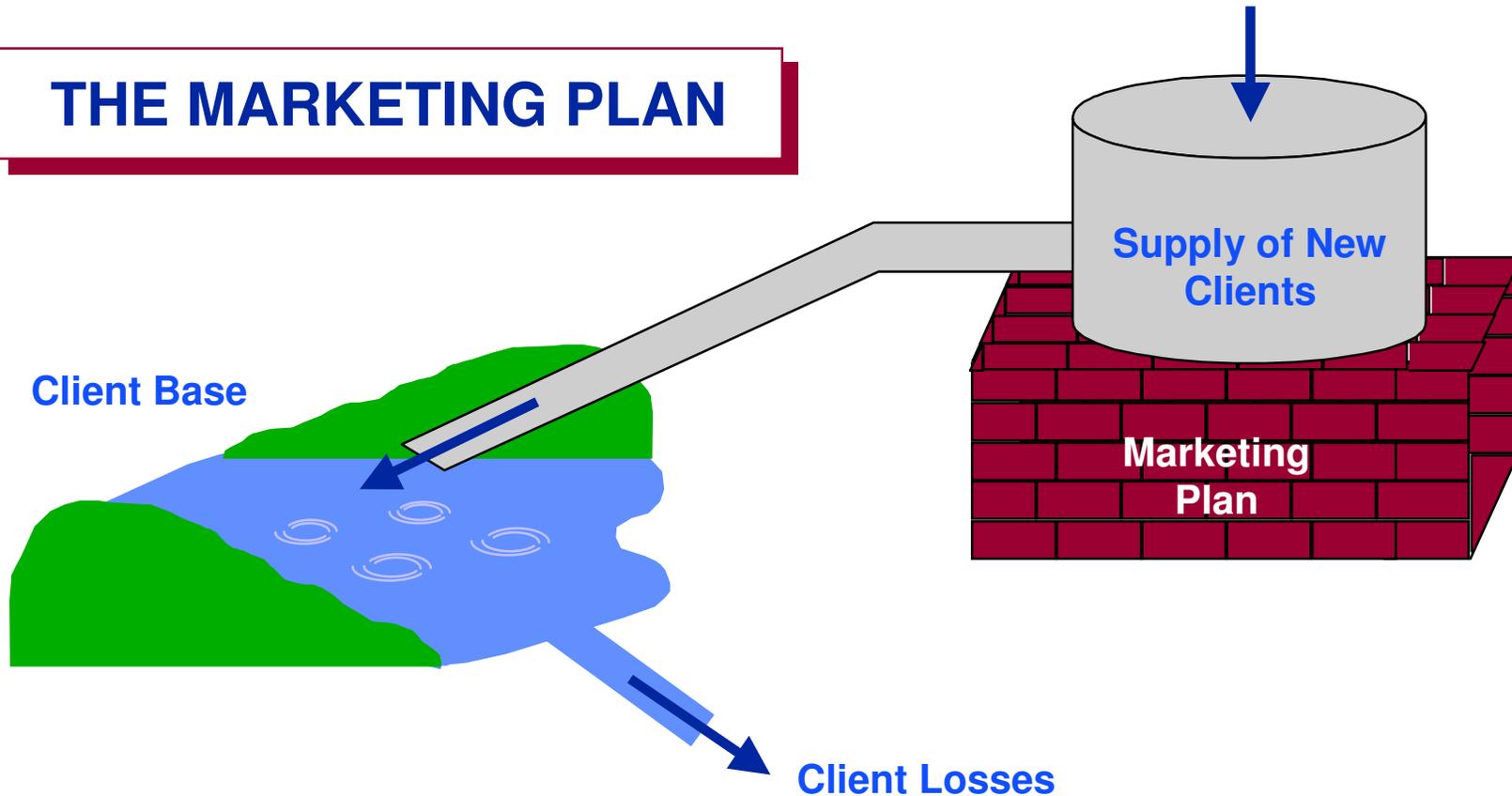
The costs associated with all of these tasks need to be identified and opportunities to streamline operations to maximise cost efficiency should be sought.



The fundamental purpose of a logical, structured and systematic approach to Marketing is to enable the Organisation to gain more:

- **New Customers**
- **Longer Lasting Customers**
- **Bigger Customers**
- **More Profitable Sales**

THE MARKETING PLAN



The role of the Marketing Plan is to analyse, evaluate and select strategies which will enable the achievement of this purpose.

The analysis involved in developing the Marketing Plan should result in the answers to a number of key questions relating to the marketing effort of the Organisation.

THE PLAN AS A PROSPECTUS

Does the Marketing Plan explain:

1. Which market segments are available, which have been targeted and why?
2. What products/services are being offered and why?
3. How targeted segments will be penetrated?
4. What makes the product/service different from that offered by competitors?
5. What position should the Organisation take in the marketplace?
6. What will be the relative contribution of each element in the Market Mix?
7. What financial performance will be required (ROI, Turnover, Cost Structure)?
8. What support services will be required and how will they be provided?
9. What human resources will be required?
10. How much will all of this cost?