MARKETING

PART ONE

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Michal Černý Ph.D. 2020

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A few Words from the Editor - Několik slov od redaktora

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Olomouc, November 2020

Michal Černý, Ph.D., the editor

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Olomouc, listopad 2020

Michal Černý, Ph.D., redaktor

Preface

Dear students,

the following texts are selected articles concerning selected issues of Marketing. Some of them are at their full length while some have been cut shorter. They are there for you to study and prepare for a following discussion of the topic in question. As you can see from the content each topic consists of several readings accompanied with questions to check comprehension and listening links that are there for you to provide further information to the topic through listening. This studying material is possible to use if you want to study alone but has more potential if used in groups or classes to help develop discussion and real life examples of the matters.

Jana Bellová, the author

Content - Obsah

1. BRANDING

READING NUMBER 1

https://expresswriters.com/whats-real-difference-between-marketing-branding-content/

What's The Real Difference Between Marketing and Branding?

Marketing and branding are two of the major buzzwords that we use in the industry. The confusing part is that non-industry professionals often mix up branding and marketing and use the terms interchangeably. There is a distinct difference between marketing and branding that can be easily explained. Before we jump into the differences we need to understand what each term means on its own. Both of them are powerful means of spreading information, but both have their own specific uses. Let's clear up some misconceptions about the terms before we delve any further into their inherent differences.

What is Branding?

Branding is the process by which you reduce a company's reputation to a single word. A brand is an easily recognizable representation of the particular company. Something that resonates with the user so that at a glance they know what they're dealing with. Branding gives personality to a company and attaches an attribute to the company that appeals to the demographic of its core audience. Thus, companies such as Toyota are known for their reliability or Volvo is known for their safety records. Each of these brands have built their brands into easily recognizable traits that allow them to appeal to their customers in a unique way. It makes their business into more than just another faceless entity.

What is Marketing?

Marketing is a blanket statement that covers all forms of interaction with the customer as well as utilizing models in order to develop targeted advertising to reach out to a specific type of consumer. Marketing incorporates all forms of advertisement. In addition to this, marketing also deals with understanding the consumer or the audience and developing ways to utilize this deeper understanding.

Where do Branding and Marketing Meet?

Because these two disciplines are concerned with getting information out to the customer, they must meet at some level. Marketing and branding are both different facets of the overall content development strategy for a company. Your marketing should incorporate branding into it in order for you to cultivate customer loyalty. Branding allows you to represent your company in a certain light and build off the information that is gained by marketing. On the other side of the coin, marketing allows you to build a rapport with your audience and introduce them to your branded theme. These concepts go hand in hand, but they are not interchangeable.

What is the Major Difference between Marketing and Branding Then?

In a word, marketing is tactical whereas branding is strategic. I know what you're thinking. "Isn't tactical and strategic the same thing?" No, they aren't. Marketing is where the brand is presented and it contributes to overall branding. However, long after the marketing campaign has been exhausted the brand loyalty will remain. This is where branding and marketing part ways. When we say that marketing is tactical, we mean that it deals with getting its payload of information delivered. It doesn't try to shape the user's long-term feelings towards the product, it simply gets in and convinces the customer of the benefits. Branding, on the other hand, seeks to embrace a more long-term view of the customer. By strategic leverage of the brand, we can eventually call upon the customer's loyalty to the brand in order to close a sale. But this is something that requires you to give back to the customer. You need to cultivate your brand image in such a way that the customer associates an idea with your brand.

How Marketing Works Alongside Branding To Build Business

Do you remember those old TV shows where there would be a sleeper agent that needs a secret code to "activate" them? Marketing is a little like that. It discovers and "activates" buyers, encouraging them to close sales. Branding goes one step further by making those buyers into loyal customers. One of the most common examples of this is the market for Apple products. Apple has made an art out of branding and this has carried over into products in many different branches of the electronics industry. Taking a look at the Apple target demographic, we see that their aim was to produce a product that was sold solely for its importance as a status symbol. Thus, their marketing spread the message that Apple products are available, but the branded Apple product was joined by its numerous sister products that fall under the brand. When the consumer sees Apple now, then it's understood that they are paying for Apple's reputation as something that the cool, the chic and the hip use. Building brand loyalty is what branding does and by making loyal customers out of your one-time buyers, you develop a ready market and audience that are willing and eager to receive your content.

Which One is a Better Investment?

Both marketing and branding are good investments and have their own type of returns. Marketing can easily be done wrong and if so, it can become a money sink into which a lot of cash if poured but the returns are mediocre. Well-researched marketing gives great returns on investment but the success of the campaign depends as much on the amount of effort put into it as the amount of money. The returns are, of course, seen in conversions and sales. Branding, because of its status as a long-term investment, is usually easier to adjust as time goes by. Catastrophic failures in branding do occur, but these are usually due to bad planning as opposed a lack of funding. The return you get from branding is customer loyalty, something that can be leveraged over and over again. Marketing is necessary to make branding work, but your real benefit comes from having a loyal customer base to call on when releasing new products.

Development of a User Base

Not so far back, a large volume of the marketing community was involved in "renting" their target demographic. They worked from the start of their campaign and then built it to the point where their customers would be converted through their methods. This method had middling success, but at the time was hailed as revolutionary. No need to hang around after the sale, no need to contact the client after the sale is done, and no follow up action to ensure that the client buys from the company again. We have changed out outlook on how we interact with customers. Having a loyal following is far better for a company than simply renting an audience. Borrowing your audience means you have to return them to oblivion someday and that makes whatever effort you throw into a marketing campaign targeting these customers a moot point. Combining branding along with your marketing is how you retain these customers as a loyal following. In addition to this, when you have a retained customer base, you create a series of customers that help to spread your brand. That's utilizing earned media to its fullest. When a customer makes a statement that you put onto your website or blog about a particular product, the consumer has learned to take these with a grain of salt. However, when such a statement is made directly to them, it carries a whole lot more weight and can even convince them to buy your product.

Giving Back To The User

The number one thing that you should be looking at from your branding and marketing perspective is to give back to the user. Recently, GE's blog, GE Reports, was featured as one of the leaders in branding because of their unique approach. What GE (General Electric) does is to provide information to the clients, thereby focusing on a target demographic of people interested in science. This ties in well with GE's vision of itself as a leader in technology and innovation. By providing content that appeals to their target demographic, GE is tapping into this set of users and cultivating them as a ready market for new, innovative products. Interspersed with their scientific updates and news in the field of technology, GE Reports also allows GE to tap directly into their fan base with their advertising. GE has always been considered a leader in the world of technology and innovation, but it's only recently that the everyday person could look at GE and associate their brand with something like this. That's the power of what GE Reports does, and what targeted blogging in the name of branding can do for your business.

Branding Is The Way To Go

Marketing is necessary, we don't doubt that. However, marketing by itself can't develop an audience that is receptive to your message. Branding is what makes your audience interested in your message and prevents you from having to reinvent the wheel every time you develop marketing content. Use your marketing to develop your branding but don't ever forget the distinction between them. This difference is important to define both terms as well as to figure out what you plan to accomplish with each. There are many companies out there that are skilled in creating content for both marketing and branding purposes. If you intend to develop your branding professionally, this is the direction you should be headed.

QUESTIONS

1. Find out all the companies mentioned in the article.
2. Find out as much information about them as you can and share the information with your fellow students.

READING NUMBER 2

https://www.thebalance.com/why-is-branding-important-when-it-comes-to-your-marketing-2294845

Why Branding Is Important in Marketing

Decades ago, branding was defined as a name, slogan, sign, symbol or design, or a combination of these elements, that distinguish one company, product, or service from another. Today, branding is more complex and even more important.

What Should a Brand Do?

Branding is not just about getting your target market to select you over the competition. It's also about getting your prospects to see you as the sole provider of a solution to their problem or need. In its essence, branding is a problem-solver. A good brand will clearly deliver a message, confirm the brand's credibility in the marketplace, emotionally connect target prospects with a product or service, motivate the buyer to make a purchase and create user loyalty.

Branding and Understanding Your Customer

To succeed in branding, you must understand the needs and wants of your customers and prospects. You can achieve this by integrating your brand strategies throughout your company at every point of public contact. Think of branding as though your company or organization were a living, breathing person. Imagine this person explaining who they are, why they′re valuable, and what they specifically have to offer. As consumers begin to identify with you, your brand will live in the hearts and minds of customers, clients, and prospects, and they′ll connect on an emotional level.

The Importance of Branding and the 3 Key Questions

Your brand is the source of a promise to your consumer. If you′re billing yourself as the manufacturer of the longest-lasting light bulb, your brand has to live up to that. It´s important to spend time researching, defininig, and building your brand. In developing a strategic marketing plan, your brand serves as a guide to understanding the purpose of your key business objectives and enables you to align the plan with those objectives. Branding doesn′t just count during the time before the purchase – the brand experience has to last to create customer loyalty. You can create that by answering these three questions:

1. Did the product or service perform as expected?
2. Was the quality as good as promised or better?
3. Was the entire customer experience positive?

If you can get positive answers to these three questions, you′ve created a loyal customer.

Beyond Loyal Customers

Branding not only creates loyal customers, but it also creates loyal employees. A quality brand gives people something to believe in and something to stand behind. It helps employees understand the purpose of the organization they work for. They feel like they're a part of something significant and not just a cog in a wheel.

A Basic Checklist to Evaluate Your Brand

How do you know if your brand is strong enough to give you the internal and external value that you need? Start by asking yourself the following:

1. Does the brand relate to my target audience? Will they instantly "get it" without too much thought?
2. Does the brand share the uniqueness of what I am offering and why it's important?
3. Does the brand reflect the promise made to my target audience and hold value for my internal audience?
4. Does the brand reflect the values that I want to represent to my customers?

Let these questions serve as a guideline in the development of your brand. If you're not sure about the answers then you may want to revamp your branding efforts.

QUESTIONS

1. What are the 3Key questions?
2. What questions should you ask yourself in order to evaluate your brand?

READING NUMBER 3

https://www.outbrain.com/help/advertisers/branding-vs-marketing/

Branding vs. Marketing: Finding the Difference

Have you ever contemplated the difference between branding and marketing? If so, you are not alone. While the two are undoubtedly connected, there are minute differences between the two.As a business owner, it is essential that you understand branding and marketing both in great detail, so that you can effectively utilize them together. Below is a closer look at the differences between marketing and branding.

What Is Branding?

In a nutshell, branding is who you are, and marketing is how you build awareness. Branding is your strategy, while marketing encompasses your tactical goals. In order to determine who your brand is, you need to ask yourself several questions. Questions that go beyond industry generalizations, and services or products offered and also questions to determine who you are as a company, and more importantly, who you are as a brand. The questions below are an excellent place to begin:

1. What are your core principles and values?
2. What is your mission statement?
3. What inspired you to build your business?
4. Why do you want to offer your products or services to your target audience?
5. What makes you unique?
6. What is your internal company culture?
7. What is your professional sense of style?
8. What are your communication characteristics?
9. What do you want to come to mind when someone hears your business name?

10. How do you want people to feel when they think of your business?
11. How do you want customers to describe you as a company?

Answering the questions above will help you to understand the difference between branding and marketing. Invest your time in providing elaborate answers, and bounce them off your colleagues and professional mentors. What you will notice, is that all of the questions are related to your internal operations and your internal culture. Therefore, what you build on the inside, is what will emanate externally. Your branding will cultivate what your consumers can expect of you, and what they will experience when they utilize your products or services. By clearly defining who you are, your branding can then be utilized to precede and underlie your marketing efforts, both today and for years to come.

What Is Marketing?

When speaking of marketing vs. branding, marketing refers to the tools you utilize to deliver the message of your brand. Marketing will continually change and evolve, just as the products and services you offer will continue to change and evolve. Marketing will be directly and specifically geared towards sectors of your target audience, all while supporting the core values of your brand. Marketing is vast and wide. It can be heartfelt, funny, or serious. It can be any mix of text, keywords, photos, charts, graphs, and videos. Marketing will be performed by a variety of online and offline methods. Some of the most common are content marketing, social media marketing, pay per click marketing, mobile marketing, television, radio or print campaigns. However, there are many other methods of both online and offline marketing for you to consider working with your marketing campaign. While marketing methods will come and go, and the methods you utilize may change drastically from year-to-year, or from season-to-season your brand will always remain constant.

Which Comes First—Marketing Or Branding?

Branding is at the core of your marketing strategy, so branding must come first. Even if you are a startup, it is essential to clearly define who you are as a brand before you begin to devise your specific marketing methods, tools, strategies, and tactics.Your brand is what will keep your clients coming back for more, it is the foundation upon which you will build consumer loyalty. Think of restaurants and retailers in your local area (independently owned, or major corporations), it is the brand that keeps customers coming back generation after generation. As an example, consider where you order and pick up prescriptions for yourself and your family. Whether the pharmacy or drugstore you shop in is locally owned, or part of a larger chain, they have built your trust and your loyalty, and you have most likely been a customer with them for many years. While you can purchase the exact same prescriptions at any other pharmacy in town, it is their branding that keeps you coming back time and time again.While marketing methods will evolve, and respond to current industry and cultural trends, branding remains the same. Even if you make adjustments to your brand, they will typically be in response to your growth or expanded services offered, but is rarely an overhaul of your core principals, mission, or values.Your branding includes attributes such as a high commitment to quality, community, convenience, communication or an ongoing commitment to a specific need your target audience needs to be fulfilled. Also, keep in mind that branding is something you and your team must do on a daily basis, and with every transaction processed, with every phone call received, and email responded to. However, your marketing is most often partially or fully outsourced to marketing professionals. When speaking of branding vs. marketing, branding is who you are while marketing is how you attract consumer attention. Also, think of branding as the way you keep current clients and marketing as how you attract new clients.

The One Area Branding And Marketing Overlap

While branding and marketing are distinctly different, there is one area where they overlap. When selecting imagery to be utilized on an ongoing basis, branding and marketing become one in the same. As the saying goes "A picture speaks a thousand words." With that in mind, when you choose your company colors, graphics, and logo, remember that they must first represent your brand but that they will also play a substantial role in your ongoing marketing campaign.

The Importance Of Understanding Branding vs. Marketing

If the difference between marketing and branding are now clear, but you are still unsure of the importance of understanding the two, it all comes down to conversions. While you could create your marketing strategies with nothing other than keyword trends, and the most effective marketing methods within your industry, your conversions will be lower if your consumers are not connected to you as a brand. Your branding is what generates a timeless connection. Even if your current marketing efforts are designed to engage, it is the ongoing branding that keeps customers coming back. Competition is fierce, and the fact of the matter is that there are companies who offer comparable products and services or even the exact same products and services that you offer. It is your branding that will keep your customers returning for more. It is your branding that builds loyalty and trust. It is your branding that makes you unique.Without branding, you may achieve success, but with branding, your success will be far more substantial. All strong structures have a solid starting point and foundation, and understanding the difference between marketing and branding will allow you to build your foundation of branding and your extensions via marketing.

QUESTIONS

1. Name some of the most common online and off line marketing methods.
2. What is the difference between marketing and branding?

LISTENNING

- https://www.youtube.com/watch?v=QPkWEN89WQU
- https://www.youtube.com/watch?v=Y2jyjfcp1as

2. COMPETITIVE ADVANTAGE

READING NUMBER 1

https://www.thebalance.com/what-is-competitive-advantage-3-strategies-that-work-3305828

What Is Competitive Advantage? Three Strategies That Work

A competitive advantage is what makes an entity′s goods or services superior to all of a customer′s other choices. The term is commonly used for businesses. The strategies work for any organization, country, or individual in a competitive environment. To create a competitive advantage, you′ve got to be clear about these three determinants.

I. Benefit

What is the real benefit your product provides? It must be something that your customers *truly* need. it must also offer *real* value. You must know your product′s features, its advantages, and how they benefit your customers. You must stay up to date on the new trends that affect your product. This includes new technology. For example, newspapers were slow to respond to the availability of free news on the internet. They thought people were willing to pay for news delivered on a piece of paper once a day.

II. Target market

Who are your customers? What are their needs? You′ve got to know exactly who buys from you and how you can make their life better. That's how you create demand, the driver of all economic growth. Newspapers′ target market shrank to those older people who weren′t comfortable getting their news online.

III. Competition

Have you identified your real competitors? They aren′t just similar companies or products. They also include anything else your customer could do to meet the need you can fulfill. Newspapers thought their competition was other newspapers until they realized it was the internet. They didn′t know how to compete with a news provider that was instant and free.

To be sucessful, you need to be able to articulate the benefir´t you provide to your target market that´s better than the competition. That is your competitive advantage. You must reinforce that message in every communication to your customers. That includes advertising, public relations, and sales aids. It even includes your storefront and employees.

Michael Porter and Sustainable Competitive Advantage

In 1985, Harvard Business School professor Michael Porter wrote "Competitive Advantage. "It's the definitive business school textbook on the topic. He wrote it to help companies to create a sustainable competitive advantage. Just because a company is the market leader now, doesn't mean it will be forever. A company must create clear goals, strategies, and operations to build sustainable competitive advantage. The corporate culture and values of the employees must be in alignment with those goals. It's difficult to do all those things well. It's especially difficult to do them year in and year out. Porter outlined the three primary ways companies achieve a sustainable advantage. They are cost leadership, differentiation, and focus. Porter identified these strategies by researching hundreds of companies. Cost leadership means companies provide reasonable value at a lower price. Firms do this by continuously improving operational efficiency. That usually means paying their workers less. Some compensate for lower wages by offering intangible benefits such as stock options, benefits, or promotional opportunities. Others take advantage of unskilled labor surpluses. As these businesses grow, they can benefit from economies of scale and buy in bulk. Walmart and Costco are good examples of cost leadership. But sometimes they pay their workers less than the cost of living. Higher minimum wage laws threaten their advantage. Differentiation means companies deliver better benefits than anyone else. A firm can achieve differentiation by providing a unique or high-quality product. Another method is to deliver it faster. A third is to market in a way that reaches customers better. A company with a differentiation strategy can charge a premium price. That means it usually has a higher profit margin. Companies typically achieve differentiation with innovation, quality, or customer service. Innovation means they meet the same needs in a new way. An excellent example of this is Apple. The iPod was innovative because it allowed users to play whatever music they wanted, in any order. Quality means the firm provides the best product or service. Tiffany's can charge more because patrons see it as far superior to other jewelry stores. Customer service means going out of the way to delight shoppers. Nordstrom′s was the first to allow returns with no questions asked. Focus means the company′s leaders understand and service their target market better than anyone else. Their either use cost leadership or differentiation to do that. The key to a successful focus strategy is to choose a very specific target market. Often it′s a tiny niche that larger companies don′t serve. For example, community banks use a focus strategy to gain sustainable competitive advantage. They target local small businesses or high net worth individuals. Their target audience enjoys the personal touch that big banks may not be able to give. Customers are willing to pay a little more in fees for this service. These banks are using a differentiation form of the focus strategy.

How Countries Use Competitive Advantage

A country can also create competitive advantage. It′s called national competitive advantage or comparative advantage. For example, China uses cost leadership. It exports low-cost products at a reasonable quality level. It can do this because its standard of living is lower, so it can pay its workers less. It also fixes the value of its currency, the yuan, at a value lower than the dollar. India started as a cost leader but is moving toward differentiation. It provides skilled, technical, English-speaking workers at a reasonable wage. Japan also changed its competitive advantage. In the 1960s, it was a cost leader that excelled at cheap electronics. By the 1980s, it had shifted up to differentiation in quality brands, such as Lexus. America´s comparative advantage is innovation. American companies bring innovative products to market faster than can other countries. That is why Silicon Valley has become America´s innovative advantage. America is so innovative because it has a vast and affluent domestic consumer base. It′s easy to test new product ideas and work out the bugs at home. Once successful, they're marketed throughout the world. Amar Bhidé makes a good point in ″The Venturesome Economy: How Innovation Sustains Prosperity in a More Connected World.″ Even if the United States starts to lag behind other countries in producing engineers, it′s still better at bringing innovations to market. That′s just one of the ways natural resources boost America′s advantage.

How Individuals Use Competitive Advantage

You can use the theory of competitive advantage to advance your career. If you are an employee, work as if you were in business for yourself. Your target market is your employer. Your benefit is how you increase the company′s profit. Your competition is other employees and technology. Communicate your competitive advantage in your appearance, your resume, and your interview. Once you′ve got the job, continuing communicating your advantage in your work performance.

QUESTIONS

1. How do companies typically achieve differentiation?
2. What are three primary ways companies achieve a sustainable advantage?
3. What is Silicon Valley?

READING NUMBER 2

https://www.entrepreneur.com/article/225748

Finding Your Marketing Competitive Advantage

In their *book* Guerrilla Marketing Field Guide, the founder of guerrilla marketing, Jay Conrad Levinson, and his wife and business partner, Jeannie Levinson, offer a step-by-step guide to launching a marketing strategy. In this edited excerpt, the authors offer advice for determining your company′s competitive advantages. Even if you knew war better than anyone else, that's no guarantee you'd be a good soldier. Knowledge alone doesn't get the job done. The same is true about marketing. Knowing about it is a good thing, but unless you maneuver your knowledge into action, it's pretty meaningless. It's knowledge plus action that's going to get you to your goals and beyond. To put our battle strategy into action, you must first know why anyone would choose to do business with you rather than with your competitors. When you can answer that question, then you can determine and exploit your competitive advantage -- something you'll use in all your marketing. Everybody touts benefits in their marketing, but the most successful marketers stress their unique benefits and play up the things they do better than anyone else. That's where you hang your marketing hat. That's your competitive advantage.

How to Make Your Marketing Work Together

Perhaps you have so many competitive advantages, you don't know how to promote them all. Then, the only ones you should consider bringing to market are those that translate into instant profits for your company. A new method of dramatic fabrication will probably only bore your prospects, unless the benefits are as dazzling as the marketing spin and conveyance. Perhaps you can't really see any marketable competitive advantages at your company. Realize that a savvy marketer discovers or creates them. The area most fertile for creating a new competitive advantage is service. For example, there are gobs of automobile detailers in Marin County, California. All of them charge about the same price, do about the same job. So why did we pick P&H Class Details to detail our car? Because they make house calls. We didn't have to waste time attending to the details of detailing. Instead, we made a phone call and P&H took over from there. We were impressed by P&H's competitive advantage, though they didn't offer it when they started in business. But at some point, P&H surveyed the competitive scene, realized a detailing service could be a competitive advantage created one and advertised it. That's exactly why we're recommending that you zero in on an area that could be your competitive advantage. See what your competitors are offering. Patronize them if you can, and keep an eagle eye open for areas in which you can surpass them, especially in service. Perhaps you can offer faster delivery, on-site service, gift wrapping, more frequent follow-up, maintenance for a period of time, installation, a longer guarantee, training, shipping. The possibilities are virtually endless. A customer questionnaire could turn up many nifty areas upon which you may concentrate. Ask why people patronize the businesses they do. Ask what the ideal business would offer. Ask what they like best about your company. Pay close attention to the answers because some might be pointing directly at the competitive advantages you might want to offer.

The Five Broad Strokes of Marketing

During your search, focus on problems that besiege your prospects. A well-known axiom of marketing has always been that it′s much simpler to sell the solution to a problem than it is to sell a positive benefit. For this reason, marketers home in on the problems confronting their prospects and then offer their products or services as solutions to those problems. Everybody's got problems. Your job is to spot those problems. One of the ways to do this is through networking. Networking is not just a time to toot your own trombone, but to ask questions, listen carefully to the answers, and keep your marketing radar attuned to the presence of problems -- particularly those being experienced by your potential clients. After learning about those problems, you can develop some solutions and then contact the prospect and offer your unique solutions. You can also learn of problems that require solving at trade shows, professional association meetings, prospect questionnaires, and even sales calls. As you already know, people do not buy shampoo; they buy clean, great-looking hair. That′s called selling the benefit. Your biggest job is to be sure your products and services do the same. Perhaps you'll have to undergo major repositioning to accomplish this. That's not a bad thing, if it improves your profits. Far more doors will be open to you if you can achieve it.

To begin to find your competitive advantage, make a list of the benefits only you offer. Which of those are most important to your prospects? Once you′ve identified those competitive advantages, you've got a ticket to ride -- all the way to the bank.

QUESTIONS

1. What is the most fertile are for creating a new competitive advantage?
2. What is P&H's competitive advantage?

3. What do you have to do to find our competitive advantage?
4. Think about some companies and their competitive advantage?

READING NUMBER 3

https://www.investopedia.com/terms/c/competitive_advantage.asp

What Is Competitive Advantage?

Competitive advantages are conditions that allow a company or country to produce a good or service of equal value at a lower price or in a more desirable fashion. These conditions allow the productive entity to generate more sales or superior margins compared to its market rivals. Competitive advantages are attributed to a variety of factors including cost structure, branding, the quality of product offerings, the distribution network, intellectual property, and customer service.The term competitive advantage traditionally refers to the business world, but can also be applied to a country, organization, or even a person who is competing for something.

Comparative Advantage

A firm's ability to produce a good or service more efficiently than its competitors, which leads to greater profit margins, creates a comparative advantage. Rational consumers will choose the cheaper of any two perfect substitutes offered. For example, a car owner will buy gasoline from a gas station that is five cents cheaper than other stations in the area. For imperfect substitutes, like Pepsi versus Coke, higher margins for the lowest-cost producers can eventually bring superior returns. Economies of scale, efficient internal systems, and geographic location can also create a comparative advantage. Comparative advantage does not imply a better product or service, though. It only shows the firm can offer a product or service of the same value at a lower price. For example, a firm that manufactures a product in China may have lower labor costs than a company that manufactures in America, so it can offer an equal product at a lower price. In the context of international trade economics, opportunity cost determines comparative advantages. Amazon is an example of a company focused on building and maintaining a comparative advantage. The e-commerce platform has a level of scale and efficiency that is difficult for retail competitors to replicate, allowing it to rise to prominence largely through price competition. Competitive advantage is what makes an entity′s products or services more desirable to customers than that of any other rival. It can be broken down into comparative advantages and differential advantages. It is a company′s ability to produce something more efficiently than a rival, which leads to greater profit margins.

Differential Advantage

A differential advantage is when a firm′s products or services differ from its competitors′ offerings and are seen as superior. Advanced technology, patent-protected products, or processes, superior personnel, and strong brand identity are all drivers of differential advantage. These factors support wide margins and large market shares. Apple is famous for creating innovative products, such as the iPhone, and supporting its market leadership with savvy marketing campaigns to build an elite brand. Major drug companies can also market branded drugs at high price points because they are protected by patents.

QUESTIONS

1. In what context was Amazon mentioned and how do you understand the statement?
2. What is competitive and differential advantage? Use some examples to explain.

LISTENNING

- https://www.youtube.com/watch?v=7du-DHIRBKI
- https://www.youtube.com/watch?v=BM4nNsvmRaE

3. CUSTOMER FOCUS

READING NUMBER 1

https://www.allbusiness.com/create-customer-focused-marketing-strategy-16762-1.html

How to Create a Customer-Focused Marketing Strategy

Staying competitive in any industry requires a strategy that revolves around customers. When things aren't working or you're not hitting your monthly targets, chances are you're not listening to your clients. Creating a strategy that's tailor-made for your audience is a lot easier than most business owners think. Using social media, apps, and other online platforms, you can engage, access, and directly converse with website visitors and clients. Below, I'll outline tips on how to gather and extract the information you need to formulate a powerful customer-focused strategy.

Customer Segmentation

Not all customers think the same way or live the same lifestyle. So, you shouldn't rely on a one-size-fits-all strategy for acquiring new clients. Customer segmentation deals with pinpointing set groups when formulating an effective marketing strategy. This can range from broad groupings such as age or gender to spending habits, food preferences, or hobbies. Customer segmentation starts with coming up with different ways to classify your audience. The best way to do this is by creating multiple customer profiles, or personas, and enumerating their common variables. Using the newly segmented groups, test the effectiveness of your classification through A/B testing. Send out segmented messages, emails, or redirect visitors to personalized landing pages to see if your new strategy is worth turning into a full-blown campaign.

Hangout with Your Customers on Social Media

Gathering feedback is one of the best ways to create a customer-focused competitive strategy. This is because you're communicating with your customers directly. Talking to your sales team or the marketing department about how they interact with clients can be biased or one-sided. Don't get me wrong, the information your team provides is useful, but for a customer-driven strategy, you need to put more emphasis on your clients. Social media platforms are a great way to gather feedback. If you have an active business page, you can scan through the comments and get an idea of how customers interact with your products or services; this is how to practice active listening on social media. If you don't have a well-established online presence, be sure to read "Which Social Networks Are Absolutely Necessary for Businesses?" After learning how to listen to your audience, create a series of questions that focuses on the pain points of the sales or conversion process. Examples of common pain points include unreliable customer service, complex product descriptions, and high prices. After creating a set of questions, it's time to start interacting with your customers. Start conversations with individuals who reply to your posts or message them privately online. As tempting as it might be, don't go through each question like an online survey; instead, interact with each customer in a casual way. This helps humanize your brand.

Send Out Engaging Online Surveys

Online surveys are mostly used for measuring the effectiveness of a product or marketing campaign. Surveys are fast and efficient because they don't require direct interaction. In most cases, online surveys are deployed with email campaigns or serve as a prerequisite before an incentive (downloadable content, unlocking featured articles).

READING NUMBER 2

https://bizfluent.com/info-8398763-customer-focus.html

What Is Customer Focus?

Increased competition means companies are taking a new look at the way they do business. The more successful companies today improve their on customer focus, spending more time satisfying their customers in order to ensure they leave favorable reviews and become repeat customers. Many consumer-focused companies are more concerned with customer relationships than they are with immediate sales numbers. Companies determined to do better than their competitors are changing their business focus, aiming towards customer happiness. Focusing on customer service and satisfaction can increase income.

Customer Focus, Pub Subs and More

Publix, a regional grocery store located in the Southeast, is known for its over-the-top client focus. In an industry where customers just want to get out with the lowest possible cost, Publix' customers are loyal to the store, even if others in the area offer lower prices. Every employee is charged with helping customers as their first duty. Their deli counter workers create locally famous Pub Subs, submarine sandwiches that win awards for the top sandwich every year. It's an old-fashioned approach, where everyone is supposed to give customers a smile and helpers accompany customers to their car to help unload their baskets, but it's made Publix the top grocery chain in many parts of the South.

The Helpful Giant

There's a reason Amazon delivers to almost every household in the country: They've designed the entire company around making it easy and convenient for people to shop. Amazon invents programs designed to make the shopping experience cheaper and faster. The reason Amazon is so good at delivering what customers want is their proprietary algorithm. Every time you do a search anywhere on the Amazon site, it remembers everywhere you went and everything you looked at. From that moment on, your experience at Amazon will be slightly skewed toward your interests. Every time you look at the site you get an amazingly personalized shopping experience. It's a huge concept that couldn't be done twenty years ago, but Amazon excels at it today.

It's a Magical Thing

The Disney Corporation has created some of the most loyal customers in the world. The entire Disney brand stands for service-oriented family entertainment, and it shows in everything from their mall stores to their amusement parks. Their motto, "The Most Magical Place on Earth," is one that every Disney employee is trained to work toward. The entire company is run as a customer-focused culture. Customers are known as guests, and employees (cast members) are supposed to refer to guests by name whenever possible, especially children. It may be something as small as finding a special colored balloon for a child or as big as arranging wishes for terminally ill children, but Disney excels at creating special customer experiences.

QUESTIONS

1. What is proprietary algorithm and which company was it mentioned with?
2. How would you describe Disney brand?

READING NUMBER 3

https://blog.brandfolder.com/blog/customer-focused-marketing-strategy/

5 Gestures for Building Better Business Relationships

"What a nice gesture!" This is a long-used expression to acknowledge something thoughtful that someone did. It could be holding a door for you or sending flowers for no reason. The basic gesture definition is to use motion as communication. A nod, a wink, a wave and a bow are all gestures. So, what are gestures in business, and how can they help to build better business relationships? Good, solid relationships with customers, employees and suppliers are important to running and sustaining a healthy company. Making a practice of extending kind gestures can help you retain good employees and valuable customers. It can also help you solidify relationships with suppliers, delivery people and just about everyone else with whom you come into contact when conducting your business. Kind gestures make people feel acknowledged and valued, and who doesn't like that? Showing your customers that you appreciate them can build loyalty and bring in new customers through referrals from existing happy customers. Making sure your employees feel valued can come in handy when you have to ask them to stay late. Similarly, acknowledging the hard work of your suppliers can help when a rush order is suddenly needed. Extending kind gestures just feels good.These are the five gestures:

1. Give Unexpected Gifts - it's commonplace to give gifts for certain holidays, but gifts for no reason at all are a pleasant and much appreciated surprise that can breed all sorts of goodwill. The gifts need not be expensive. Something small with an enclosed card saying "you are appreciated" can have a big impact. Consider a gift that can be personalized with the recipient's name.
2. Lighten the Workload - surprise a hardworking employee by telling her to take off an hour or two early once in a while – paid. Carry a customer's order to her car for her. Don't ask if she'd like help; just do it. Help a delivery person unload your order or offer her a cold drink on a hot day.
3. Acknowledge and Thank People - words alone can go a long way toward making people feel good. Expand on "thank you" once in a while. Look the person in the eye, *smile*, shake his hand and say something like, "I just want to take a moment to tell you how much I appreciate the great job you do" or tell a customer, "I just want to take a moment to tell you how much I appreciate your business." Try to

mention something specific that you noticed and for which you were grateful. A kind gesture like this can make someone feel great, and they won't forget it or forget you.

4. Take Time to Celebrate - take the time and spend a few dollars on an employee party to celebrate the end of a tough quarter, meeting sales goals or anything else that deserves to be recognized. Have a customer appreciation day with free soft drinks and snacks and giveaways. Invite your vendors. They're potential customers too.
5. Ask for Feedback - ask everyone associated with your business for feedback on how things could be better accomplished, and be ready to respond. When people are asked for feedback but nothing changes, it sends the opposite message than y ou're trying to convey. It tells them that what they have to say is not important.

Your Empathy Will Generate Ideas

The ability to empathize with others can help you think of all kinds of ways to express your approval, appreciation and understanding of the people who work for you, those who buy your products or services and those who provide support. Consider what you would like if you were in their position. You'll probably be able to think of several kind gestures right away. Kind gestures can go a long way in building better business relationships. They're more meaningful when they're unexpected. Think of them as an ongoing dialogue of gestures in communication and make them a regular part of your business vocabulary.

QUESTIONS

1. What are the five guestures for building better business relationship?
2. How do you understand the statement concerning ongoing dialogue of gestures in communication?

LISTENNING

- https://www.youtube.com/watch?v=jeAptV94HBU
- https://www.youtube.com/watch?v=2WWPAUTYtt8
- https://www.youtube.com/watch?v=OO_XzMaN32s

4. INTERNATIONAL MARKETING

READING NUMBER 1

https://www.educba.com/international-vs-global-marketing/

International Marketing vs Global Marketing

International marketing involves the marketing tactics adopted by knowledgeable marketers in different countries specific to the markets of those countries. Global marketing, on the other hand is a marketing concept which involves the marketing efforts put in for the unique worldwide market. We can understand that these two terms sometimes sound similar to most people most of the time but actually they are not. They aren't analogous by any means. In the words of Oxford University Press, global marketing is when an organization utilizes an exact promotional tactic all over the world – like Nike or Wal-Mart. Under its purview, the entire world is deemed one market and does not adjust the products or services, distribution channels or the communication to regional requirements. Alternatively, International marketing refers to a situation wherein a company opens a subsidiary in a new country and permits that subsidiary to look after the market in that region and pay consideration In global marketing, a company provides the exact product or service offerings to the customers in all countries that it operates. For example, banks, insurance companies and big retail chains such as Wal-Mart. In international marketing however, each of the individual market is served with specific tailored products especially suited to the customers in that market only. Let's talk about the Sharia finance products that are only offered to Muslim customers in Muslim countries or non-Muslim countries for that matter. The marketing staffs of companies employing the global marketing strategy work at the company's head office and are generally quite different from each other in terms of ethnicity, age, gender and also nature of work. They have distinct skills from each other which when combined produce effective results for the company and its global view. On the other hand, in international marketing, there is much less dissimilarity amongst the team members and hail generally from the country of origin of the company itself. The marketing budget of a company adopting the global marketing policy is finalized and approved from the corporate headquarters. For example, Nike finalizes a said amount of budget at its headquarters which then drops down to local branch offices subsequently. However, in international marketing, the budget gets segregated into each of the subsidiary offices which can also formulate its own budget as well. For example, McDonald's runs ads in local languages and according to local traditions that can be found in those regions only. In global marketing, the company tries to make and air (on TV and radio) ads that are in sync with the worldwide audience and similarly does other marketing efforts. An appropriate example for this would be the ads that were aired on television during the 2014 FIFA World Cup. It was a mix of all: global event, passionate viewers and the game of football. In international marketing, all the marketing efforts including television commercials are tailored for the local market. In global marketing, every marketing strategy is devised and implemented from the corporate headquarters whereas in international marketing the marketing efforts are generated from within the domestic markets. Just by reviewing their social media pages, one can contemplate as to what type of marketing policy the company has adopted. For example, brands like McDonald's have separate Facebook pages for numerous countries such as Malaysia, Brazil, Italy and Spain. Whereas, companies like Nike and Caterpillar have just a solitary Facebook page for their customers irrespective of any region or country. Customers' engagement is more visible in International Marketing. A company can better connect with its customers by installing in place better communication channels. Global marketing is also as effective when it comes to customers' engagement only the international marketing strategies are little different. However, it is proved that international marketing seems to create greater amount of engagement than global marketing does. In the global marketing concept the advertisements are typically aired on worldwide mediums; however in international marketing companies tend to air the advertisements in local markets or markets with similar characteristics. There are some global marketing products which respond well to global advertising, however there are others that which cannot exist in certain countries due to legal restrictions. In real terms, marketing research and R&D are as thorough and widespread in global marketing as they are in international marketing. There are some instances when companies don't do their international marketing research properly and thus their products fail miserably in the global market. For example, the Ben-Gay Aspirin, McDonald's Arch Deluxe, and Redux Beverages' Cocaine Energy drink. This point is not a direct comparison between global and international marketing but it emphasizes the fact that a hybrid structure of the two forms of marketing can be very useful for companies. For example, in the early days Coca-Cola successfully adopted this tactic and now every company seems to be following it. For example, Frito-Lay, Proctor and Gamble, McDonald and Mercedes Benz, all have taken to this approach. International market is the marketing approach in which a company sellsInternational marketing products in more than one country.

Global Marketing Definition

Global marketing discusses the marketing actions coordinated and assimilated across numerous markets. Jonny K Johansson has defined Global Marketing as "a bigger brother to international marketing" meaning that it's just an extension to international marketing. Muhlbacher, Helmuth, and Dahringer have defined it as "Global/transnational Marketing focuses upon leveraging a company's assets, experience and products globally and upon adapting to what is truly unique and different in each country". Whenever a business turns global, it is empirical that it should take advantage of the myriad opportunities that Internet can bestow upon it. Apart from the limitless sales potential which the business eventually enjoys by keeping a worldwide existence, a particular brand must also invest on Internet resources which the customers can readily relate to irrespective of where they might be. Higher profits, increased sales, fresh knowledge and skill-development are also some marked advantages of global marketing. The competitive dissimilarities amongst the various brands and manufacturers. The differences in customer likings such as needs and desires impacted by their own regions. The differences in authorized concerns which may create clashes with that of the native market. There may be language barriers, changed mindset of consumers and/or additional costs incurred in production. Global marketing is actually a great deal different from international marketing. Although, they are perceived to be similar but when a company really decides to expand and create its business it actually needs to know the actual differences between the two. This way, when the company is really prepared to expand it just needs to know which of the two to adopt and it is good to go, without any further worries. Global marketing has been defined by the Oxford University Press as "marketing on a worldwide scale reconciling or taking commercial advantage of global operational differences, similarities and opportunities in order to meet global objectives." Thus, global marketing means to sell your products all over the globe. It is really very close in meaning to international marketing but there are many a differences between the two. Global marketing does happens when a company deems the entire worldwide market as one. There is no difference between the local market and the market that is 10000 miles distant in the view of the company. It perceives the entire market with the same eye and makes no distinction between any particular markets. Global marketing is followed by large retail stores that sell certain fixed products. The company would not introduce anything new or as per the religious sentiments of the local people since it's a international brand that is operating in that region as a foreigner. They won't even bring in certain foods and products that are of the host country but would only sell those found in their own country. Each and every product of theirs is the exact same as you would find in the country of their origin or that can be found in any other country for that matter. To adopt the strategy of global marketing a company must use the '4P's of marketing' that are product, price, place and promotion. A company just can't become a global company overnight, but has to take several steps to become one. First, they must possess a global team. Second, they must possess a universal marketing plan. Naturally, it takes some time (and effort) for a local company to start selling its products on a global level. International marketing is in many ways different from global marketing. International marketing is when a company that is headquartered in one country decides to start selling its products in another or many other countries. It then opens head offices and manufacturing units in those countries. It is just like opening a new franchise in another country. The company is still in charge of the international marketing business and its operations and marketing goals but the responsibility of the local markets now lies with the local headquartered units of the company which look after them in their own way. It is still possible to keep a large chain using international marketing. The chain and franchises have the same company logo and missions but sells products that are according to the tastes and religious sentiments of the people of those markets. For example, an American company dealing in international marketing would not just sell American products but French products as well. International marketing has many advantages too. One of them being the availability of local and competent staff from the country of operation, who have a sound knowledge of the local customs and traditions and thus are of great value to the company. These kind of franchises can still operate and make their own marketing policies but ultimately have to report to the main headquarter in the country of origin to report all the sales and revenue figures. The decision for a new company that has just started to operate needing to expand its business activities, whether to adopt global or international marketing, has to be taken after considering its nature of products and other pros and cons. Whether a business chooses for international marketing or for global marketing is eventually, the company's own decision. Ultimately the chosen marketing approach must fit the business' mission, vision, operational structure and brand policy. It is worth mentioning that a company must attain a safe operational stature before it decides to adopt a global marketing policy. Most international marketing managers, who decide to enter the global market, don't evaluate along with their boards, as to how a decision regarding the tactic of marketing the company would adopt would fare. Like, the interpretation of a brochure from English to Chinese is better for global marketing companies than to international marketers, who are better at locating for themselves a decent local copywriter. We hope that after reading our article, the confusion as to the distinction between international marketing and global marketing in the minds of our readers would have gone. We hope that you also found our article informative and interesting.

READING NUMBER 2

http://www.marketing-schools.org/types-of-marketing/international-marketing.html

International marketing

As technology creates leaps in communication, transportation, and financial flows, the world continues to feel smaller and smaller. It is possible for companies and consumers to conduct business in almost any country around the world thanks to advances in international trade. According to the World Trade Organization, the volume of international merchandise trade increased 33 times between 1951 and 2010. Brands and products that originate in one country are enthusiastically accepted in others. For example, Louis Vuitton handbags, BMWs, and Columbian coffee, all foreign products, are symbols of status and quality in the United States – and many American brands, like Warner Brothers motion pictures, have similar footholds overseas. However, globalization has created just as many challenges as opportunities for brands that venture overseas. Because consumers have so many more options for similar products, companies must ensure that their products are high in quality and affordability. Additionally, these products cannot be marketed identically across the globe. International marketing takes more into consideration than just language. It involves culture, market saturation, and customer behaviors. American and European companies especially have turned their international marketing efforts into something more than just exporting. They have adapted their branding to account for differences in consumers, demographics, and world markets. Companies who have done this very well include Coca-Cola, who discovered that the word 'Diet' carries a negative connotation in Latin America and changed the name of their zero-calorie product to 'Coke Lite' for those countries. UPS, known in America for their brown trucks, issued a fleet of a different color after learning that their flagship brown trucks resembled Spanish hearses. International marketing is the application of marketing principles in more than one country, by companies overseas or across national borders. International marketing is based on an extension of a company's local marketing strategy, with special attention paid to marketing identification, targeting, and decisions internationally. According to the American Marketing Association (AMA) ″international marketing is the multinational process of planning and executing the conception, pricing, promotion and distribution of ideas, goods, and services to create exchanges that satisfy individual and organizational objectives.″ Rapid technological advances mean that geographical and cultural communication barriers are disappearing, and even smaller businesses without a physical presence in other countries can market and sell their products internationally. This means that almost anyone with the desire can market internationally, but will do so with varying levels of success, depending on the thought and research that is put into the international marketing strategy. Companies selling goods that have customs restrictions, like food and live plants, must contend with a more rigorous regulatory process before marketing their products internationally. While they may have a more difficult time setting up their international export business, they also have the opportunity to expose other countries to native products they couldn't access otherwise. Other types of companies that often perform well internationally include those involved in export, joint ventures, and direct investment. Exporting is the practice of shipping goods directly to a foreign country. Prominent companies that do an excellent job of marketing their foreign exports to the United States include Fanta soft drinks, Honda, and retail giant H&M. In fact, H&M paid $3.5 million for a 30-second commercial during the 2012 Super Bowl, a marketing bonanza that has long been dominated by American brands.

Joint venture companies refer to the combined efforts of two or more businesses to their mutual benefit. One of the most famous international joint venture success stories is Sony-Ericsson, a partnership between a Japanese electronics company and a Swedish telecommunications company. Their international marketing strategy, comprised of bright colors and modern shapes, has helped make the joint venture known the world over.

A direct investment company places a fixed asset in a foreign country with the aim of manufacturing a product, or part of a product, abroad. Dell computers, for example, is an American company with factories in many other countries that assemble personal computers from parts made all around the world. Dell then markets their computers with an exceptional emphasis on customer needs and customization – unlike other companies that sell pre-manufactured products; Dell computers are custom-assembled after customers place their orders.

Depending on your brand, any foreign citizen is a potential customer. But how does a marketing team figure out how to tap into an international market? Customers who live in foreign markets have different buying habits, preferences, and priorities than the customers they′re familiar with. By tracking these foreign customers through market research and cultural surveys, marketers can discover the best methods of reaching them.

Trying to market a brand to international customers without researching is just asking for trouble, as companies have proven time and time again. Careful consideration of a culture’s beliefs and prejudices is important in international marketing. For example, the Muslim culture considers dogs to be dirty animals. So, positioning a dog as “man’s best friend” in a Middle Eastern country will surely fall flat.

It can be difficult for a small or medium-sized corporation to initially build an international marketing plan, because they generally don’t have the expertise or budget to launch the campaign. By partnering with another group or hiring marketing experts with knowledge of foreign markets, smaller companies can build their cultural research and implement more successful campaigns.

Whether a company chooses to partner with another foreign agency or hire an inside international marketing representative, the most important facet of building a successful international marketing campaign is the research they conduct. Research will inform the company′s marketing mission as they proceed, allowing them to maximize potential in new markets.

Once research is completed and a market is chosen, experts should examine and modify a brand′s marketing strategy so that it fits their target demographics. Hiring representives from the country will help ensure that all cultural differences are handled appropriately and with sensitivity.

For an emerging international brand, establishing partnerships and networking with other companies in the country are essential for success. Partners within a target market help new companies establish themselves in markets where they would otherwise have gone unnoticed.

Finally, it is important to review an international marketing strategy on a quarterly basis. Even if a company sends representatives to travel to the foreign market, it is much more difficult to keep a finger on the pulse of an overseas marketing campaign. This means that results need to be tracked extremely closely, and tweaks should be made regularly to help a product gain the appropriate foothold for success.

QUESTIONS

1. Name five differences between international and global marketing.
2. Name the companies that have been mentioned in the article. How would you describe their brands?

LISTENNING

- https://www.youtube.com/watch?v=3Y8TvN3WG6U&t=12s
- https://www.youtube.com/watch?v=4L4G_78EbzI
- https://www.youtube.com/watch?v=1Fja06iCIE0

5. MARKETING RESEARCH

READING NUMBER 1

https://www.thebalance.com/market-research-2948350

How Do Businesses Use Market Research?

Market research is the collection and analysis of information about consumers, competitors, and the effectiveness of marketing programs. While market research is crucial for a business startup, it's also useful for established businesses to increase profits. It's accurate information about the marketplace, the target market (customers), and the competition that allows the development of a successful marketing plan. Business owners use market research to determine the feasibility of new business opportunities. Market research is an essential component of a business plan for any startup businesses. If market research does not indicate a demand for the product or service, the proposed business will not likely be viable. Businesses may also use results to expand into new markets. You can use market research to monitor industry and economic trends. Use these results to develop strategies and adapt your business to any the changing environment. By monitoring the competitions ads, websites, and social media campaigns you can see how they attempt to capture some of your market share. Use results to develop competitive strategies. For example, setting competitive pricing for products or services or determining how your products, services, and customer service compare to the competition. You can test interest in new products or services you are bringing to the market to respond to customer needs. Use test results to determine the optimal product placement so your customer will always find you first. Results will also help you see the best times and places to distribute your product. It is also a great way to test your responsiveness to customer demand and improve your customer service. Market research will help you to develop optimal strategies for promotions you want to run. It will define how to get the message out to the target market via branding, traditional advertising, and social media. Customer surveys are conducted in various ways, including online, one-on-one interviews, "Satisfaction Surveys," and phone calls. Traditional phone surveys are on the decline due to cost and the low rate of response (most people find them irritating). Many businesses provide a short customer feedback form in a prominent location on the premises (or include the form with invoices), so customers can record their comments. Use your online presence to conduct market research by encouraging customer feedback on business websites and social media. A short web-based questionnaire about your products and services is a simple, inexpensive, and effective way to survey customers. Make sure the survey is usable from mobile devices. Social media platforms, such as Facebook, Twitter, LinkedIn, and others provide a dialogue between you and your customers so that you can receive immediate feedback on product and service offerings and make your customers feel like you value their opinions. Unfortunately, social media campaigns can also backfire as people are statistically more likely to post negative comments or reviews than positive ones. Poor customer service and negative product reviews can lead to widespread criticism on social media and be disastrous for businesses. Providing samples of new products to customers in a live setting and gauging the response can be an effective market research tool. Direct customer feedback can be used to make changes to the product or determine optimal pricing. Product trials are ideally suited for businesses like food service establishments that wish to test new menu items. Focus groups are organized sessions with groups of people where a scripted topic or Q&A discussion with a moderator takes place. Focus groups can collect useful information but are difficult to organize. They are also an expensive method of market research for small businesses. Focus groups are increasingly conducted online. Direct observation involves watching or video recording customers in a natural setting to see how they respond to displays of products or services. Note that for privacy reasons, direct observation by video can only be conducted in a public setting unless the person being surveyed is aware of being video recorded. Direct observation has advantages in that for the purposes of collecting information the customer is behaving naturally (rather than possibly responding in a contrived fashion as they might with another survey form), but it is a very time-consuming method of market research. While it′s common for businesses to hire market research companies to conduct market research for them, it is possible for small business owners to do their own.

McDonald′s Market Research Changes

After several quarters of declining sales, McDonald′s executives decided in 2015 that major changes were required to combat the public perception of McDonald′s products as being unhealthy. Based on market research, the company made menu changes and no longer sells chicken products containing human antibiotics or other ingredients, such as phosphates and maltodextrin. Other changes include the addition of more salad choices and healthier desserts including apple slices.

QUESTIONS

1. What were the three social media platforms?
2. What were some of McDonald´s changes in 2015 and why?

READING NUMBER 2

https://www.shopify.com/encyclopedia/market-research

Market Research

Market research consists of systematically gathering data about people or companies and then analyzing it to better understand what that group of people needs. The results of market research, which are usually summarized in a report, are then used to help business owners make more informed decisions about the company’s strategies, operations, and potential customer base. Understanding industry shifts, changing consumer needs and preferences, and legislative trends, among other things, can shape where a business chooses to focus its efforts and resources. That’s the value of market research. Meaning, if your research told you that scientists had recently created a new kind of fabric that helped the wearer lose weight just by putting it on, for example, your retail clothing store might want to adjust its buying plan to test designs using this new fabric. Or if you uncovered that shoppers in your area rely heavily on coupons in making a purchase decision, you might decide to test sending your mailing list a promotional coupon. Market research can help businesses run more efficiently and market more effectively.

Types of Market Research

While there are a number of market research tools you can use, there are really only two types of market research data: primary and secondary. Primary data is first-hand information you gather yourself, or with the help of a market research firm. You control it. Secondary data is pre-existing public information, such as the data shared in magazines and newspapers, government or industry reports. You can analyze the data in new ways, but the information is available to a large number of people. Using primary or secondary data, there are two types of research studies: exploratory and specific. Exploratory market research gathers lots of open-ended data from many people to better understand a problem or opportunity. The goal is to gather perceptions and opinions regarding an issue, so your company can decide how to address it. But first you have to understand how your market sees the issue. Once you understand the larger market issues, or opportunities, you can use specific questions to gather information that could lead to a new product or service. Market research firms often use specific questions to gather feedback on a new advertising campaign, or to refine a planned new product.

Primary Market Research Tools

While primary research is more time-consuming and expensive, sometimes it's the only way to get the information you need. The most common primary research tools are:

1. Surveys - asking customers a series of questions to better understand how they feel about a product's features, or about the experience they had during their hotel stay, for example, are two possible uses of a survey. Surveys consist of a list of questions that can be shared with an

individual by phone, in person, on a card or paper, or online using a survey software.

2. Focus groups - bringing together groups of people with a common characteristic, such as age, hobby, or buying habits, to better understanding their likes and dislikes is a focus group. Focus groups typically consist of 8-12 people with a moderator who poses questions for the group to discuss. They are a useful way of getting feedback on a new product, new features, or new ad campaign.
3. Observation - when the researcher gathers information simply by watching how a subject interacts with a product, the technique is observation. This is often used in comparing preferences for several types of products.
4. In-depth interviews -another market research technique is the one-on-one interview with an individual, during which probing questions are posed to better understand that person's product preferences.

Sources of Secondary Data

When conducting market research to better understand industry trends and broader shifts, secondary research is often a good place to start. Some of the most useful sources include industry associations and trade groups – most associations publish annual outlooks, trade journals specific to your industry, government reports, industry analysts – these individuals monitor the performance of public companies in your space, university faculty members, websites – while Wikipedia isn't a reliable source, there may be others that lead you to reputable sources and reports, competitor websites and materials – to convince potential customers to buy from them, they may share useful statistics and reports.

The purpose of market research is to provide information that will assist you in making better decisions, to help your company be more successful.

QUESTIONS

1. How would you define market research?
2. What are the types of market research?

3. What are primary market research tools?

READING NUMBER 3

https://www.qualtrics.com/blog/market-research-v-marketing-research/

Market Research vs. Marketing Research

Although these two terms are often used interchangeably, they have some differentiating qualities. The core difference between market research and marketing research is the scope of the concept. First, market research is a more narrow concept because it is research focused on a specific market, place or location. Marketing research, however, scales on a much broader level. It encompasses areas such as research into new products, modes of distribution, product development. It can also include promotion research, pricing, advertising and public relations. Both concepts are integral parts of marketing, which is essentially everything that happens before the sale of a product or service. Here's a quick way to sum it up: market research is a subset of marketing research. Marketing research means getting information about product and consumer preferences. Market research means getting information about place, customer, competition and the industry in general.

Similarities Between the Two Types of Research

Though they have different purposes, both provide opportunities for asking questions, finding answers and using those answers to be a better marketer. Because Market Research is a subset of Marketing Research, it is easy to see why the two terms are often confused. They are both related to each other in great extent and are widely practiced.

QUESTIONS

1. What is market research?
2. What is marketing research?

LISTENNING

https://www.youtube.com/watch?v=Hz9ACcr3mFE

6. MARKET SHARE

READING NUMBER 1

https://economictimes.indiatimes.com/definition/market-share

Market share

Out of total purchases of a customer of a product or service, what percentage goes to a company defines its market share. In other words, if consumers as a whole buy 100 soaps, and 40 of which are from one company, that company holds 40% market share. There are various types of market share. Market shares can be value or volume. Value market share is based on the total share of a company out of total segment sales. Volumes refer to the actual numbers of units that a company sells out of total units sold in the market. The value-volume market share equation is not usually linear: a unit may have high value and low numbers, which means that value market share may be high, but volumes share may be low. In industries like FMCG, where the products are low value, high volume and there are lots of freebies, comparing value market share is the norm. The signi market share is a measure of the consumers′ preference for a product over other similar products. A higher market share usually means greater sales, lesser effort to sell more and a strong barrier to entry for other competitors. A higher market share also means that if the market expands, the leader gains more than the others. By the same token, a market leader - as defined by its market share - also has to expand the market, for its own growth. How much market share is enough? Usually, gaining 100% market share is not a good idea, as the risk associated with market actions, like fashion changes, product / use changes will impact the company heavily. Also, the cost and effort to maintain 100% market share against nimble, local or more aggressive smaller competitors can be very high and killing. Most companies decide on a target market share beyond which the cost of acquiring marketshare is more than the profit from that incremental gain.

QUESTIONS

1. What is market share?
2. What is the signi market share?

READING NUMBER 2

http://www.investinganswers.com/financial-dictionary/businesses-corporations/market-share-778

Market Share

Market share refers to a company's portion of sales within the entire market in which it operates. This metric indicates a company's size within its market. The formula for market share is: Market Share = (Particular Company's Sales Revenue in Time Period X) / (Relevant Market's Total Sales Revenue in Time Period X)

Let's assume Company XYZ sells $50 million a year in widgets. If the total amount of widgets sold from all companies within the market totals $100 million, then Company XYZ has a market share equal to 50%. Market Share = ($50 million) / ($100 million)

As the market for a good or service grows, many analysts view the maintenance or increase in market share as a sign of a company's competitiveness. Increases in market share might come from innovation, broadening demographic appeal, lower prices, or simply advertising. Sometimes a company garners too much market share and becomes part of an oligopoly or even becomes a monopoly. If this is the case, it could violate anti-trust laws and be ordered to divest assets or take some other action to increase competition.

QUESTIONS

1. What is market share?
2. What is the market share formula?

READING NUMBER 3

http://smallbusiness.chron.com/market-share-10349.html

What Is Market Share?

If you have been in business or have worked for a major corporation for any period of time, you have heard the term "market share." While even mid- to low-level managers are familiar with the term and understand that market share is extremely important to business success, very few understand exactly what market share *is*. At its essence, market share is the *percentage* of consumers that a company has captured from its specific, desired market within an industry. While market share doesn't tell a business leader anything about the financial health of his company, knowing his percentage of market share gives him an idea of the size and competitiveness of his business, compared to his competition. Every industry has a target market, and each company within an industry has sold to a percentage of the market. That is market share. Market share is calculated on a national level, as well as on more regional and local levels, to determine specific market share. The most basic way of calculating market share is to take the total number of sales for a company and then divide that number by the total sales for the industry. For example, assume that XYZ Electronics sold $5 million in televisions in the United States, in a total market in which $100 million in televisions were sold during the same period. The market share for XYZ Electronics is 5 percent. Companies use this number to evaluate their respective strength in the market with their target buyers. Market share can be broken down into very specific categories to let a company know where it has a competitive advantage. The television example could be further broken down into television sale segments such as plasma, LED or 3D-televisions. It could also be broken down into geographic regions. A company that has a 5-percent market share nationally in an industry might feel very strong about itself if it has one location in a small state. A market share of 5 percent might not be a great number, if that company has 50 locations in each of the 50 states.

Importance of Market Share

While market share does not give a company a defined number regarding its profitability, it does provide key insights about a company′s revenues, growth and net profits. This has to do with the economies of scale. The larger the enterprise, the better it can serve larger numbers of people in a more cost-efficient manner. In layman′s terms, the bigger the company, the more economically that company can provide products or service to each customer. Goods or supplies are bought for deeper discounts, because of large wholesale orders. Thus, even at the same price point as its competitors, a larger company that has a greater market share can have a higher net profit, making it a stronger company overall. It also enables the company to offer more promotions or sales, thus driving market share even higher, as the company captures new customers from its competitors. Market share tends to be a driving force within a company that has a compounding effect. The larger the company, the more efficiently it can offer products; thus, the more effective that company is in capturing market share. As it captures more market share, this cycle starts again. It is possible to have too much market share. This tends to affect some industries more than others. After all, Walmart would be happy to sell food, toys, clothing and more across the board without competition. But there are government antitrust laws, which prevent businesses from getting too big, thereby eliminating competition. Without competition, prices become set by one entity and are often higher than when competition exists. Other industries such as insurance, banks and financial institutions don′t want to have a100-percent market share, because they would also have 100 percent of the risk. By capturing the right amount of market share, these types of companies are profitable, but if a major catastrophe occurred, they would not be overextended with 100-percent market responsibility. A small business owner might not be concerned with his market share compared to national industry standards. At the same time, he might want to know who is doing a lot of sales nationwide in his industry to analyze similarities and differences in various markets. For example, a car dealership is less concerned with the national market share standards as it is with the local demographic. The dealership owner might draw a 20-mile radius on a map with his dealership in the center. He would then look at how many other dealerships are in the area, who sells the same types of cars and who sells the major competitor cars. If the area generates 5,000 cars sold annually and the dealership is selling 1,000, it has a 20-percent market share in his region. The 1,000 cars might not even hit the radar of the national market share figures. However, if the dealership finds a dealership two states away in a similar town, and a demographic with 5 percent of the national market share of millions of cars each year, the owner may want to analyze what makes that dealership so effective.

Defining Market Share Metrics

Remember that every company within an industry might not have the same target market. This means that Rolex is not trying to capture the same overall market as Timex is when looking at the watch industry. State Farm Insurance wants to underwrite good drivers to help keep costs down for all of their insured drivers, while Esurance takes lower-risk drivers but charges more in premiums. Vitamix blenders go after higher-end, health-conscious eaters while Kitchen Aid wants to be every man′s blender. Comparing the numbers without comparing the segments in the market is not giving a company the data it needs.

A company might not use actual sales as one way to define its market share. For example, Vitamix and Ninja have the same target market. But the Vitamix is priced higher. This means that Vitamix could potentially have a bigger market share, compared to Ninja based on revenues, even if Vitamix sells fewer units. The blender giants might be more interested in how many units are sold to that specific market segment to determine market share. Assume for illustration purposes that the high-end blender market sells four million units annually and Vitamix sells 1.2 million, Ninja sells 1.5 million. Vitamix has a 30 percent market share while Ninja has a 37.5 percent market share. Vitamix might not be bothered by this number if it is priced higher and generating more revenues. However, if the company wants a bigger market share to beat Ninja, it might look at some strategies to capture more.

Strategies to Capture Market Share

There are many strategies that companies use to capture market share. Overall branding and national marketing are significant strategies for national brands such as Geiko, JP Morgan Chase and Staples. You can′t watch a sporting event without seeing one of these companies or a similar one behind home plate. They run commercials on all networks, have billboards everywhere and essentially saturate the market, so that people will think about them when they need a service. The idea is that being top of mind results in becoming top in sales.

Another strategy is to run promotions or sales to attract more customers to your business. In the case of Vitamix, they run road shows at Costco locations, with specials during the show. During the road show, consumers are introduced to the many features of the product by a professional demo presenter and given an opportunity to buy the product for a discounted price, and often with additional accessories thrown in to sweeten the deal. This strategy is designed to maintain the price integrity of the product while building the brand and offering a promotional price to capture more market share.

When a company owns the market, meaning that a company has the biggest market share, complacency becomes an issue. Companies hungry for market share growth seek to innovate products to give consumers something better. Innovation is how Apple has become the premier provider of smartphones and tablet devices worldwide. They continue to innovate, and they command high prices for their innovations, while maintaining a top spot in market share.

Companies can also improve market share by building strong relationships with their existing client base. This is an inexpensive way to build market share, compared to the expansive branding and marketing campaigns many companies employ. An investment company like Scott Trade does a lot of advertising on television, online and in financial periodicals. A high-caliber investment advisory company like Waddell and Reed relies more on relationships and referrals to build the company′s market share. This strategy builds a more loyal client base than nonpersonal marketing strategies.

Another strategy to capture market share is to buy a competitor. If Company A has a 30 percent market share and Company B has 20 percent, the newly merged company would instantly have a 50-percent market share. Not only would it expand its market share at the close of the deal, it would benefit from economies of scale being able to provide goods and services more cost-effectively to its consumer base. This makes it attractive to new customers, thus potentially expanding the market share even more.

Beyond Market Share: Retention

Once a company has captured the market share it wants, its focus must be to keep those clients as loyal and raving fans. Business leaders know the cost to retain customers is less than to acquire them. With this knowledge, a company must be able to keep the market share it has won. Relationships are critical to retention strategies. Customers become clients when they feel the company and its people care about them. Training employees in communication and service skills is as important as sales skills. Sending customers thank yous and holiday greetings such as birthday cards are employed effectively by service providers. Another strategy is to give existing customers programs such as loyalty and rewards programs. These are special promotional offers that are exclusive to existing clients. These may offer discounts for being a client for a certain minimum period of time. It could be that you get a free coffee after you buy 10. It could also be a promotion to bring a friend and get your ticket at half price. These are all strategies to offer your existing clients something better than a new customer would get. Getting and keeping clients is one of the top goals of any company. There are times when two companies have captured part of the same household. A husband and wife might have an iPhone and a Samsung Galaxy, respectively. The couple could remain a split household in terms of smartphone brands, or it could be a household in which one person has an exceptional experience with a specific brand, but the other person decides to switch to a different brand. One person could defect because of a horrible personal experience. It is important that businesses understand who their target market is, what the target market wants, and how to serve their target market effectively. Market share is one factor in this solution.

QUESTIONS

1. What are the companies mentioned?
2. What are some of the strategies to capture market?

LISTENNING

- https://www.youtube.com/watch?v=7XifAlvu7-k
- https://www.youtube.com/watch?v=3Y5KdCr2aog

7. SEGMENTATION

READING NUMBER 1

https://www.feedough.com/market-segmentation-definition-basis-types-examples/

What is Market Segmentation?

Market Segmentation is a process of dividing the market of potential customers into different groups and segments on the basis of certain characteristics. The member of these groups share similar characteristics and usually have one or more than one aspect common among them. There are many reasons as to why market segmentation is done. One of the major reasons marketers segment market is because they can create a custom marketing mix for each segment and cater them accordingly. The concept of market segmentation was coined by Wendell R. Smith who in his article "Product Differentiation and Market Segmentation as Alternative Marketing Strategies" observed "many examples of segmentation" in 1956. Present-day market segmentation exists basically to solve one major problem of marketers; more conversions. More conversion is possible through personalized marketing campaigns which require marketers to segment market and draft better product and communication strategies according to the needs of the segment. Segmenting is dividing a group into subgroups according to some set 'basis'. These bases range from age, gender, etc. to psychographic factors like attitude, interest, values, etc.

QUESTIONS

1. What is market segmentation?
2. What is the reason for market segmentation?

LISTENNING

- https://www.youtube.com/watch?v=D8oVKRNSWBc

- https://www.youtube.com/watch?v=DUuirqtSqpg

8. MARKETING PLANNING

READING NUMBER 1

https://www.thebalance.com/what-is-a-marketing-plan-1794426

What is a Marketing Plan?

Second only to creating a stellar product or service, marketing is a crucial part of home business success. Without marketing, people can't learn about your business to buy from you. Without customers or clients, you don't have a business. A marketing plan is a business document outlining your marketing strategy and tactics. It's often focused on a specific period of time and covers a variety of marketing-related details, such as costs, goals, and action steps. But like your business plan, a marketing plan is not a static document. It needs to change and evolve as your business grows, and as new and changing marketing trends develop. Especially in today's changing world, you need to keep up-to-date on the best ways to reach and engage your market. Many business owners create a marketing plan and then set it aside. However, your marketing plan is a road map providing you with direction toward reaching your business objectives. It needs to be referred to and assessed for results frequently. While some small business owners include their marketing plan as part of their overall business plan, because marketing is crucial to success, having a comprehensive, detailed marketing plan on its own is recommended. If you don't want to make a mini-plan as part of your business plan, you can attach your full marketing plan to the business plan as an appendix to the business plan. The importance of a detailed marketing plan can't be overstated. A marketing plan gives clarity about who your market is. It's easier to find clients and customers if you know who they are. It helps you craft marketing messages that will generate results. Marketing is about knowing what your product or service can do to help a target market. Your marketing messages need to speak directly your market. And it provides focus and direction. Your choices for marketing are vast including email, social media, advertising, guest blogging, direct mail, publicity, and on and on. With so many marketing choices, you need a plan for determining the best course of action for your business.

How to Create Your Marketing Plan

A typical small business marketing plan covers many elements including a description of competitors, demand for the product or service you offer, and strengths and weaknesses from a market standpoint of both the business and its competitors. A marketing plan is a tool you need to use daily to help you reach your market and your profit goals. As you make your marketing plan, focus on what you need to understand and reach your market. The basics include details about your business′ current situation. What is your product or service? What′s working and what challenges are you currently having in generating new clients and customers? What issues might you encounter over the next year, such as a move (when you can′t work) or new laws that might impact how you do business? Who is your target market? Who is the most likely buyer of what you′re offering? The answer should never be ″everyone″ even if everyone could benefit from your product or service. To help you define your market, determine how your product or service helps people and then figure out the people who need that solution. You might have several groups within your target market, often referred to as market segmentation (specializing in specific niche markets or groups). For example, if your business helps people with weight loss, your target markets could be moms wanting to lose baby weight and baby boomers wanting to improve their health. Knowing your market and its needs helps you to create market-specific messages and place them where they′ll be seen for greater effectiveness. For example, a mom is more likely to respond to your weight loss ad if it′s in a mom-oriented spot (mom blog) and speaks directly to her (Lose Your Baby Weight!). What are your goals for the time period of the plan? Be specific in your goals, such as increase email list by x amount over the next year or find x number of new clients. It′s important that you′re able to measure the effectiveness of your marketing plan by having a quantifiable goal. Depending on your business, measuring marketing effectiveness can be hard. For example, if you have items for sale on Amazon, it can be hard to know if your social media or your email marketing is generating more sales. But you can measure how many people are responding (click) from those options. What marketing tactics will you use to reach your market and goals? Let your target market be your guide in deciding what marketing strategies you′ll use. Where does your market hangout? How can you entice them to check out your business? For example, if your market spends a lot of time on Facebook, you might consider having a Facebook fan page or group, or perhaps investing in Facebook advertising. If you′re a service business catering to other businesses, you might want to write an article for a newsletter or magazine that targets that same business industry. How much will it cost? This is where you make a budget for your marketing plan. There are many free marketing strategies, although they require time, which is a type of expense. Will you do home parties or one-on-one consulting, and if so, what will be the cost of travel, mailing of invites, purchasing support materials, etc? Will you pay for advertising or for a mailing list service? Of all the places to spend money in your home business, marketing is the priority, as long as you′re spending wisely and getting a return on your investment. How will you execute your marketing plan? Planning is fairly easy. Carrying out a plan is more of a challenge. How will you fit in your marketing strategies into your regular business activities? If you′re doing social media, will you be using a social media management tool or hire a social media manager? Will you write a blog or create content to share on other websites, such as article marketing? If so, how often will you post or deliver content? You need to do something every day to get your business in front of your market. You′re more likely to do it if you have a plan and fit the plan into your daily schedule.

Keep Your Marketing Plan up to Date

Like a business plan, a marketing plan is a living, breathing document. Analyzing your results and tweaking or changing your marketing strategies is an important task in keeping your marketing plan up to date and having it fulfill its purpose in helping reach your business goals. Many factors can impact your marketing results and choices including market conditions, demand for your product or service, pricing issues, and new marketing methods (i.e. a new social media platform). It's important you stay aware of all of this and adjust your marketing plan accordingly. Studying your data, such as website analytics, sales numbers, and the trends will give you clues as to what's working and what isn't.

QUESTIONS

1. What is a marketing plan?
2. How do you create a marketing plan?

READING NUMBER 2

https://www.entrepreneur.com/article/43018

How to Create a Marketing Plan

Firms that are successful in marketing invariably start with a marketing plan. Large companies have plans with hundreds of pages; small companies can get by with a half-dozen sheets. Put your marketing plan in a three-ring binder. Refer to it at least quarterly, but better yet monthly. Leave a tab for putting in monthly reports on sales/manufacturing; this will allow you to track performance as you follow the plan. The plan should cover one year. For small companies, this is often the best way to think about marketing. Things change, people leave, markets evolve, customers come and go. Later on we suggest creating a section of your plan that addresses the medium-term future--two to four years down the road. But the bulk of your plan should focus on the coming year. You should allow yourself a couple of months to write the plan, even if it′s only a few pages long. Developing the plan is the ″heavy lifting″ of marketing. While executing the plan has its challenges, deciding what to do and how to do it is marketing′s greatest challenge. Most marketing plans kick off with the first of the year or with the opening of your fiscal year if it′s different. Who should see your plan? All the players in the company. Firms typically keep their marketing plans very, very private for one of two very different reasons: Either they′re too skimpy and management would be embarrassed to have them see the light of day, or they′re solid and packed with information which would make them extremely valuable to the competition. You can′t do a marketing plan without getting many people involved. No matter what your size, get feedback from all parts of your company: finance, manufacturing, personnel, supply and so on--in addition to marketing itself. This is especially important because it will take all aspects of your company to make your marketing plan work. Your key people can provide realistic input on what′s achievable and how your goals can be reached, and they can share any insights they have on any potential, as-yet-unrealized marketing opportunities, adding another dimension to your plan. If you′re essentially a one-person management operation, you′ll have to wear all your hats at one time--but at least the meetings will be short! What′s the relationship between your marketing plan and your business plan or vision statement? Your business plan spells out what your business is about--what you do and don′t do, and what your ultimate goals are. It encompasses more than marketing; it can include discussions of locations, staffing, financing, strategic alliances and so on. It includes ″the vision thing,″ the resounding words that spell out the glorious purpose of your company in stirring language. Your business plan is the U.S. Constitution of your business: If you want to do something that′s outside the business plan, you need to either change your mind or change the plan. Your company′s business plan provides the environment in which your marketing plan must flourish. The two documents must be consistent.

The Benefits of a Marketing Plan

A marketing plan, on the other hand, is plump with meaning. It provides you with several major benefits. Your marketing plan gives your troops something to rally behind. You want them to feel confident that the captain of the vessel has the charts in order, knows how to run the ship, and has a port of destination in mind. Companies often undervalue the impact of a ″marketing plan″ on their own people, who want to feel part of a team engaged in an exciting and complicated joint endeavor. If you want your employees to feel committed to your company, it′s important to share with them your vision of where the company is headed in the years to come. People don′t always understand financial projections, but they can get excited about a well-written and well-thought-out marketing plan. You should consider releasing your marketing plan, perhaps in an abridged version, companywide. Do it with some fanfare and generate some excitement for the adventures to come. Your workers will appreciate being involved. We all know that plans are imperfect things. How can you possibly know what′s going to happen 12 months or five years from now? Isn′t putting together a marketing plan an exercise in futility, a waste of time better spent meeting with customers or fine-tuning production? Yes, possibly but only in the narrowest sense. If you don′t plan, you′re doomed, and an inaccurate plan is far better than no plan at all. To stay with our sea captain analogy, it′s better to be 5 or even 10 degrees off your destination port than to have no destination in mind at all. The point of sailing, after all, is to get somewhere, and without a marketing plan, you′ll wander the seas aimlessly, sometimes finding dry land but more often than not floundering in a vast ocean. Sea captains without a chart are rarely remembered for discovering anything but the ocean floor. Your child′s first bike and your new VCR came with a set of instructions, and your company is far more complicated to put together and run than either of them. Your marketing plan is a step-by-step guide for your company′s success. It′s more important than a vision statement. To put together a genuine marketing plan, you have to assess your company from top to bottom and make sure all the pieces are working together in the best way. What do you want to do with this enterprise you call the company in the coming year? Consider it a to-do list on a grand scale. It assigns specific tasks for the year. You don't allow your financial people to keep their numbers in their heads. Financial reports are the lifeblood of the numbers side of any business, no matter what size. It should be no different with marketing. Your written document lays out your game plan. If people leave, if new people arrive, if memories falter, if events bring pressure to alter the givens, the information in the written marketing plan stays intact to remind you of what you'd agreed on. In the daily hurly-burly of competitive business, it's hard to turn your attention to the big picture, especially those parts that aren't directly related to the daily operations. You need to take time periodically to really think about your business--whether it's providing you and your employees with what you want, whether there aren't some innovative wrinkles you can add, whether you're getting all you can out of your products, your sales staff and your markets. Writing your marketing plan is the best time to do this high-level thinking. Some companies send their top marketing people away to a retreat. Others go to the home of a principal. Some do marketing plan development at a local motel, away from phones and fax machines, so they can devote themselves solely to thinking hard and drawing the most accurate sketches they can of the immediate future of the business. Ideally, after writing marketing plans for a few years, you can sit back and review a series of them, year after year, and check the progress of your company. Of course, sometimes this is hard to make time for (there is that annoying real world to deal with), but it can provide an unparalleled objective view of what you've been doing with your business life over a number of years.

QUESTIONS

1. What's the relationship between marketing plan, business plan and vision statement?
2. What are some of the benefits of marketing plan?

LISTENNING

https://www.youtube.com/watch?v=kmawakthUsw

9. MARKETING STRATEGIES

READING NUMBER 1

https://www.investopedia.com/terms/m/marketing-strategy.asp

What Is Marketing Strategy?

A marketing strategy refers to a business′ overall game plan for reaching prospective consumers and turning them into customers of the products or services the business provides. A marketing strategy contains the company's value proposition, key brand messaging, data on target customer demographics, and other high-level elements.

Marketing Strategy vs. Marketing Plan

The marketing strategy informs the marketing plan, which is a document that details the specific types of marketing activities a company conducts and contains timetables for rolling out various marketing initiatives.

Marketing strategies should ideally have longer lifespans than individual marketing plans because they contain value propositions and other key elements of a company's brand, which generally hold consistent over the long haul. In other words, marketing strategies cover big-picture messaging, while marketing plans delineate the logistical details of specific campaigns.

Academics continue to debate the precise meaning of marketing strategy, therefore multiple definitions exist. The following quotes help crystallize the nuances of modern marketing strategy:

1. ″The sole purpose of marketing is to sell more to more people, more often and at higher prices.″ (Sergio Zyman, marketing executive and former Coca-Cola and JC Penney marketer)

2. ″Marketing is no longer about the stuff that you make, but about the stories you tell.″ (Seth Godin, former business executive and entrepreneur)
3. ″The aim of marketing is to know and understand the customer so well the product or service fits him and sells itself.″ (Peter Drucker, credited as founding modern management)
4. "Marketing's job is never done. It's about perpetual motion. We must continue to innovate every day." (former vice chair and chief marketing officer, GE)
5. ″Take two ideas and put them together to make one new idea. After all, what is a Snuggie but the mutation of a blanket and a robe?″ (Jim Kukral, speaker and author of ″Attention!″)

The Creation of Marketing Strategy

A carefully-cultivated marketing strategy should be fundamentally rooted in a company's value proposition, which summarizes the competitive advantage a company holds over rival businesses. For example, Walmart is widely known as a discount retailer with "everyday low prices," whose business operations and marketing efforts revolve around that idea.

Whether it′s a print ad design, mass customization, or a social media campaign, a marketing asset can be judged based on how effectively it communicates a company′s core value proposition. Market research can be helpful in charting the efficacy of a given campaign and can help identify untapped audiences, in order to achieve bottom-line goals and increase sales.

QUESTIONS

1. Which is your favourite quoteconcerning marketing strategy? Explain.
2. What is the difference between marketing strategy and marketing plan?

READING NUMBER 2

http://www.business.vic.gov.au/marketing-and-sales/increasing-sales-through-marketing/marketing-mix-strategies-and-tactics

Define your marketing strategy

An effective marketing strategy will help you to define the overall direction and goals for your marketing. Your strategy should articulate how you're going to deliver your products or services in ways that will satisfy your customers. Once you've defined your customers or target market, you need to start developing and implementing tactics or ways to reach them. The marketing mix will make up the tactical elements you'll use to carry out your strategy and reach your target market.

Marketing mix tactics

Use your marketing plan to identify the tactical action steps – which will turn your strategy into a reality. The seven tactics listed below are sometimes referred to as the 7Ps.

I. Your product or service

1. What product or services are you going to offer?
2. Discuss the branding, the packaging (where applicable), and ongoing product or development.
3. Consider the features and benefits you offer.
4. Consider your unique selling points. What makes your product/service different from everyone else's?
5. Consider what potential spin-off products or services might be.

II. The pricing of your product or service

1. Price is a critical part of your marketing mix.
2. Choosing the right price for your products or services will help maximise profits and build strong relationships with your customers.

3. By pricing effectively, you'll also avoid the serious financial consequences that can occur if you price too low (not enough profit), or too high (not enough sales).

III. Your position (place) in the marketplace

1. Whether it's a retail store, online shop or on social media, '**place**' refers to the channels and locations for distributing your product, related information and support services.
2. This is how you'll position your product in the marketplace – it's the location where a product can be purchased.
3. Often referred to as the distribution channel, this can include any physical store (e.g. supermarket) as well as online virtual stores (e.g. eBay).
4. Being in the right location can be a deciding factor in whether a customer buys from you or not.
5. To find out where your ideal customer is buying from, it's worth doing some market research.

IV. The promotion of your product or service

1. How do you promote and market your business now (or intend to)?
2. Regardless of how good your business is, if you don't promote it and tell people you exist, it's unlikely you will make many sales.
3. Promotion is about attracting the right people to use and reuse your business.
4. There are a number of techniques to use and they can be combined in various ways to create the most cost-effective strategy for your needs, including online, branding, public relations and advertising.

V. The people in your business

1. The people you employ in your business can influence the marketing of your products and services.

2. Knowledgeable and friendly staff can contribute to creating satisfied customers and can provide the unique selling experience that an organisation is often seeking.
3. If an outstanding team provides a competitive advantage, then the quality of recruitment and training becomes essential to achieving your marketing objectives.
4. Make sure you have processes and training in place to get the most out of your team.

VI. The process represents the buying experience

1. Process represents the buying experience the customer gets when they buy your product or service, such as the way a fine bottle of wine is presented and served in a restaurant, the reaction of a business to a complaint, or the speed of delivery in a fast food outlet.
2. A poor process can undermine the other elements of the marketing mix. Budget airlines, for example, may offer very competitive headline prices, but if the final price is inflated by additional charges such as baggage charges and administrative fees, customers may begin to feel they have been taken advantage of.
3. Try to document your key processes and procedures so your staff and suppliers know what to aim for, and include details such as accounting and financial procedures or information technology policies and procedures.

VII. The physical environment

1. The physical environment where your products or services are sold and delivered can have a significant impact on how your customers experience your business.
2. The physical environment can be the quality of the furnishings in your consulting rooms, the design of your reception area or website.

3. Creating a positive physical environment doesn′t have to be costly – a vase full of fresh flowers or a creative window display can make a big difference.

QUESTIONS

1. What is marketing strategy?
2. What are the 7Ps?

READING NUMBER 3

http://cultbranding.com/ceo/52-types-of-marketing-strategies/

52 Types of Marketing Strategies

As a student of sleight-of-hand magic, I value the number 52. Here we bring you 52 types of marketing strategies and tactics you can use to bring new customers to your business and grow your brand. In order for businesses to win market share and stay relevant they need to consider many types of marketing strategies. Each marketing strategy can communicate to a target market the benefits and features of a product. Marketing strategies can also communicate an overall value to their customers. In many cases, this is the core of building equity or good will in your target markets. Apple, for example, has invested in creating commercials for television, billboards, and magazines that showcase their products in such a way that their customers feel an affinity towards Apple's products. Here are some of the 52 types of marketing strategies in use today:

I. Cause Marketing

Finding a causes both your customers and your company cares about can create magic for your business. This requires internal knowledge about what your organisation cares about and who they want to help in the world. A good example of this is Toms Shoes. Instead of doing the traditional "buy one get one free" promotion, Toms built a strong customer following and reputation for giving back by giving away a free pair of shoes to someone in need for every shoe purchase made by their customers.

II. Close Range Marketing (CRM)

Use Wifi or bluetooth to send promotional messages of their products and services to their customers' smartphones and tablets at close proximity. Close Range Marketing is also known as Proximity Marketing.

III. Relationship Marketing

Many companies focus on building relationships with their customers instead of always exclusive trying to sell them something (transactional marketing). Customers who love your brand more will also spend more money with your brand. Many traditional retailers have found this to be true. Walgreens has seen that customers who buy from all of their purchasing channels (store, web, mobile, etc) buy up to six times more than the average customer that only buys in their store.

IV. Transactional Marketing

Driving sales can be challenging, especially for retailers that have to consistently sell products in high volume to consumers. In order to stay with the demands of investors, retailers have to encourage consumers to buy using coupons, discounts, liquidations, and sales events. High volume big-box retailers like Target are constantly running promotional events in order to get interested consumers into their stores.

V. Scarcity Marketing

In some markets it's important to control how much product is available at one time. In many cases this is done because of the difficulty of acquiring raw materials or higher quality of the product. A company may choose to make their products accessible to only a few customers. Rolls-Royce's release of their Chinese edition car called Phantom sold quickly. While the cost of the car was higher than most cars the scarcity drove the desire and the price.

VI. Word of Mouth Marketing

Word-of-mouth Marketing is the passing of information from person to person by oral communication. Customers are very excited to share with the world the brands they love. Many consumers find meaning in sharing stories of their favorite products and services. Word of Mouth is one of the ancient ways people learned about what to purchase. Modern marketers have learned how to create authentic word of mouth for their companies and the products they represent.

VII. Call to Action (CTA) Marketing

CTA Marketing refers to methods of converting web traffic into leads or sales on websites using text, graphics, or other elements of web design. Conversion strategies help improve the percentage of online visitors who become customers or who join the mailing list.

VIII. Viral Marketing

Cult Brand marketers are constantly creating new business ideas that keep their products in the heart and minds of the global consumer. Each time a new product is created, customers have to be given a reason to dream about their future purchase. Sometimes marketers of Cult Brands hit on something so great that people can't help but share with others. Getting your customers talking about your products and services is very important to growing awareness for your business.

IX. Diversity Marketing

Develop a customized marketing plan by analyzing different customer segments based on cultural differences including tastes, expectations, beliefs, world views, and specific needs.

X. Undercover Marketing

Sometimes not telling everyone everything can become a great source of buzz. Think of a movie trailer that got you very excited to go see the movie. While not showing all the aspects of the movie, the advertiser can create enough intrigue to drive viewers to want to see more.

XI. Mass Marketing

Major corporations need to drive large numbers of purchasing of their products in order to survive and grow. While mass marketing may seem like a shotgun approach to marketing this is far from the truth. Big businesses spend big money in understanding big data–thats a lot of bigs!) This gives them an insight to where to place media for their potential national customers who buy their products and services. Walmart is an example of an effective mass market retailer. As the number one retailer in the world, they are very smart about their mass marketing efforts, often giving their customers a feeling of locality and warmth.

XII. Seasonal Marketing

Seasonal events offers a great way to meet new consumers. Sometimes these events can be actual changes of weather or national holidays. For a retailer like Hallmark, Valentine's Day represents a large portion of their business. By tuning into the various seasons that are important to your customers you can become more relevant in their lives.

XIII.PR Marketing

One of the most important marketing strategies is public relations. Many effective marketers work with the media to bring awareness to their products and the benefits their products offer. Also, in many cases where things go wrong, a good PR marketing strategy is vital. When Apple's founder Steve Jobs was alive, Apple held a major press conference to announce every new product. This tradition is now continued by their new Apple CEO and CMO.

XIV.Online Marketing

As commerce has propagated to the Internet, a new form of marketing has emerged. From online banners to those annoying pop ups, online marketers have attempted to get their customers attention any way they can. Most online strategic marketing efforts today are a mix of growth hacking strategies (A/B testing taken to the max) and a variety of awareness tactics that drive attention. A very effective online marketer is the insurance company Geico who simply asks their users to enter their zip code for an instant quote on a better savings.

XV. Email Marketing

As soon as customers migrated into the online world, Internet marketers have attempted to collect and organize emails for potential prospects. Many business-to-business marketers depend on email marketing as a primary way to connect with customers. At industry tradeshows, IBM consultants can often be seen exchanging email information with their prospects.

XVI.Evangelism Marketing

Develop raving fan customers (what we call Brand Lovers) who become advocates of your brand or product, and who represent the brand as if it was part of their own identity.

XVII.Event Marketing

Creating events is a great way to drive sales. Customers often need a reason to shop and events can often offer the perfect reason. Macy's Thanksgiving Day Parade has become part of American culture by connecting two events together that consumers love: Thanksgiving and shopping.

XVIII.Offline Marketing

With mass adoption of the Internet, many companies are finding new ways of integrating offline marketing with new technologies to create more engaging customer experiences. The Coca-Cola company has create vending machines that invite customers to hug them. This continues to tie the Coca-Cola brand to the core emotion of happiness, but also invite customers to experience the real product offline.

XIX.Outbound Marketing

Sometimes it's important for companies to let their potential customers know they exist. By developing a list of prospects a company can begin to reach out to their individual target groups in order to find new customers. When Microsoft was selling their accounting software they often used outbound marketing to identify potential targets before trying to call the companies for an in-person meeting.

XX. Direct Marketing

Communicate directly with customers and prospects through mail, email, texts, fliers and other promotional material.

XXI. Inbound Marketing

Companies often have customers calling them for various reasons. This can present a great opportunity to sell customers additional products and services they currently don't have. When business customers call to check their balances, the business bank Chase often takes the opportunity to ask if they are interest in a credit line, a 401 k plan, or a variety of other services the bank offers.

XXII. Freebie Marketing

Promote free give aways or sell your products and services sold at low rates to boost the sales of other related products or services.

XXIII. Newsletter Marketing

A fun way to promote a business is to write a newsletter that highlights some of the newsworthy things that have happened for the organization. The Motley Fool have been sharing their investment insights with their community for many years. These newsletters create a sense of inclusion and participation with their members and has provided a key driver for their incredible growth.

XXIV. Article Marketing

In industries where expertise is highly valued, articles can offer a powerful tool to showcase your knowledge and expertise. Some innovations are shared in the form of articles or white papers where technical information needs to be convey to specialized buyers. Amazon.com has dedicated part of their site for white papers on technical know-how on cloud computing. This is a very sophisticated form of marketing for specialized buyers.

XXV. Content Marketing

Write and publish content to educate potential customers about your products and services. For the appropriate businesses, this can be an effective means of influencing them without using direct selling methods.

XXVI. Tradeshow Marketing

Many products have to be experienced to be bought. There are very few customers that will buy a new automobile without doing a great deal of research and test-driving the car first. Tradeshows are industry gatherings where customers are invited to come sample all that the industry has to offer. To introduce their new lines of products, Ford Motor Company spends a great deal of time setting up and operating their booth at the international consumer auto shows each year. These auto trade shows give reporters and consumers a chance to experience cars first hand.

XXVII. Search Marketing

These days, when consumers have questions they often don't ask their friends; they go straight for Google. In fact, Google is so good at answering our questions that millions of people daily search for their answers on this leading Internet search site. One does not have to look far to see the power of search marketing. Google has shaped the industry for many years now and has helped hundred of retailers grow their businesses. While many businesses used to advertise in their local yellow pages, as less and less consumer consult their local physical directory, this channel becomes increasingly less effective each year.

XXVIII. Direct Marketing

Advertise and promote your products and services to customers using a range of digital devices including computers, smartphones, and tablets. Internet Marketing is an essential practice in Digital Marketing. Once a target market has been clearly identified, it is possible to work in conjunction with the USPS or a professional mail carrier that knows where your customers live. Direct marketing can be an effective way to reach consumers right where they live at home. While there is often a negative side to this approach (consumers don't want to be bothered with a flurry of mail), many smart companies execute direct marketing well. Catalog retailer L.L. Bean, for example, created direct marketing programs that their customers looks forward to receiving.

XXIX.Niche Marketing

Finding a niche and filling it could be described as the secret recipe for growth in over-crowded marketplaces. Take the shoe business, for example. There is a great demand for shoes in the world and so many top companies have evolved to satisfy most of the immediate shoe needs in the marketplace.

The shoe space might seem crowded, but shoe manufacturing company Vans noticed an underserved customer: the skater. By focusing on this niche market Vans has developed a thriving business.

XXX.Drip Marketing

Drip marketing is a communication strategy that sends, or "drips," a pre-written set of messages to customers or prospects over time. These messages often take the form of email marketing, although other media outlets can also be used as well.

XXXI.Community Marketing

Engage an audience of existing customers in an active dialogue, speaking to the needs and wants of this particular customer group. Instead of focusing on generating the next transaction, community marketing promotes greater loyalty and higher levels of engagement within an existing brand community. Learn how to build brand communities here. Community marketing can also lead to word of mouth marketing.

QUESTIONS

1. What is word to mouth marketing? Can you give some examples?
2. What is the difference between scarcity marketing and niche marketing? Can you give some examples?

LISTENNING

- https://www.youtube.com/watch?v=qj_LBzdbyhQ

10. MARKETING MIX

Marketing Mix

As we know the marketing mix often called the 4Ps is the perfect combination of elements you need to get right for effective marketing. Pricing is one of the most important elements of the marketing mix, as it is the only element of the marketing mix, which generates a turnover for the organisation. The other 3 elements of the marketing mix are the variable cost for the organisation, that is product as it costs to design and produce your products, place as it costs to distribute your products and promotion as itt costs to promote your products. Price must support the other elements of the marketing mix. Pricing is difficult and must reflect supply and demand relationship. Pricing a product too high or too low could mean lost sales for the organisation.

READING NUMBER 1

http://www.marketingteacher.com/pricing-strategies/

4Ps - PRICE

Pricing Strategies

In terms of the marketing mix some would say that pricing is the least attractive element. Marketing companies should really focus on generating as high a margin as possible. The argument is that the marketer should change product, place or promotion in some way before resorting to pricing reductions. However price is a versatile element of the mix as we will see.

I. Penetration Pricing

The price charged for products and services is set artificially low in order to gain market share. Once this is achieved, the price is increased. This approach was used by France Telecom and Sky TV. These companies need to land grab large numbers of consumers to make it worth their while, so they offer free telephones or satellite dishes at discounted rates in order to get people to sign up for their services. Once there is a large number of subscribers prices gradually creep up. Taking Sky TV for example, or any cable or satellite company, when there is a premium movie or sporting event prices are at their highest – so they move from a penetration approach to more of a skimming/premium pricing approach.

II. Economy Pricing

This is a no frills low price. The costs of marketing and promoting a product are kept to a minimum. Supermarkets often have economy brands for soups, spaghetti, etc. Budget airlines are famous for keeping their overheads as low as possible and then giving the consumer a relatively lower price to fill an aircraft. The first few seats are sold at a very cheap price (almost a promotional price) and the middle majority are economy seats, with the highest price being paid for the last few seats on a flight (which would be a premium pricing strategy). During times of recession economy pricing sees more sales. However it is not the same as a value pricing approach which we come to shortly.

III. Price Skimming

Price skimming sees a company charge a higher price because it has a substantial competitive advantage. However, the advantage tends not to be sustainable. The high price attracts new competitors into the market, and the price inevitably falls due to increased supply. Manufacturers of digital watches used a skimming approach in the 1970s. Once other manufacturers were tempted into the market and the watches were produced at a lower unit cost, other marketing strategies and pricing approaches are implemented. New products were developed and the market for watches gained a reputation for innovation. The diagram depicts four key pricing strategies namely premium pricing, penetration pricing, economy pricing, and price skimming which are the four main pricing policies/strategies. They form the bases for the exercise. However there are other important approaches to pricing, and we cover them throughout the entirety of this lesson.

IV. Psychological Pricing

This approach is used when the marketer wants the consumer to respond on an emotional, rather than rational basis. For example Price Point Perspective (PPP) 0.99 Cents not 1 US Dollar. It's strange how consumers use price as an indicator of all sorts of factors, especially when they are in unfamiliar markets. Consumers might practice a decision avoidance approach when buying products in an unfamiliar setting, an example being when buying ice cream. What would you like, an ice cream at $0.75, $1.25 or $2.00? The choice is yours. Maybe you're entering an entirely new market. Let's say that you're buying a lawnmower for the first time and know nothing about garden equipment. Would you automatically by the cheapest? Would you buy the most expensive? Or, would you go for a lawnmower somewhere in the middle? Price therefore may be an indication of quality or benefits in unfamiliar markets.

V. Product Line Pricing

Where there is a range of products or services the pricing reflects the benefits of parts of the range. For example car washes; a basic wash could be $2, a wash and wax $4 and the whole package for $6. Product line pricing seldom reflects the cost of making the product since it delivers a range of prices that a consumer perceives as being fair incrementally – over the range. If you buy chocolate bars or potato chips (crisps) you expect to pay X for a single packet, although if you buy a family pack which is 5 times bigger, you expect to pay less than 5X the price. The cost of making and distributing large family packs of chocolate/chips could be far more expensive. It might benefit the manufacturer to sell them singly in terms of profit margin, although they price over the whole line. Profit is made on the range rather than single items.

VI. Optional Product Pricing

Companies will attempt to increase the amount customers spend once they start to buy. Optional 'extras' increase the overall price of the product or service. For example airlines will charge for optional extras such as guaranteeing a window seat or reserving a row of seats next to each other. Again budget airlines are prime users of this approach when they charge you extra for additional luggage or extra legroom.

VII. Captive Product Pricing

Where products have complements, companies will charge a premium price since the consumer has no choice. For example a razor manufacturer will charge a low price for the first plastic razor and recoup its margin (and more) from the sale of the blades that fit the razor. Another example is where printer manufacturers will sell you an inkjet printer at a low price. In this instance the inkjet company knows that once you run out of the consumable ink you need to buy more, and this tends to be relatively expensive. Again the cartridges are not interchangeable and you have no choice.

VIII. Product Bundle Pricing

Here sellers combine several products in the same package. This also serves to move old stock. Blu-ray and videogames are often sold using the bundle approach once they reach the end of their product life cycle. You might also see product bundle pricing with the sale of items at auction, where an attractive item may be included in a lot with a box of less interesting things so that you must bid for the entire lot. It's a good way of moving slow selling products, and in a way is another form of promotional pricing.

IX. Promotional Pricing

Pricing to promote a product is a very common application. There are many examples of promotional pricing including approaches such as BOGOF (Buy One Get One Free), money off vouchers and discounts. Promotional pricing is often the subject of controversy. Many countries have laws which govern the amount of time that a product should be sold at its original higher price before it can be discounted. Sales are extravaganzas of promotional pricing!

X. Geographical Pricing

Geographical pricing sees variations in price in different parts of the world. For example rarity value, or where shipping costs increase price. In some countries there is more tax on certain types of product which makes them more or less expensive, or legislation which limits how many products might be imported again raising price. Some countries tax inelastic goods such as alcohol or petrol in order to increase revenue, and it is noticeable when you do travel overseas that sometimes goods are much cheaper, or expensive of course.

XI. Value Pricing

This approach is used where external factors such as recession or increased competition force companies to provide value products and services to retain sales e.g. value meals at McDonalds and other fast-food restaurants. Value price means that you get great value for money i.e. the price that you pay makes you feel that you are getting a lot of product. In many ways it is similar to economy pricing. One must not make the mistake to think that there is added value in terms of the product or service. Reducing price does not generally increase value. Our financial objectives in terms of price will be secured on how much money we intend to make from a product, how much we can sell, and what market share will get in relation to competitors. Objectives such as these and how a business generates profit in comparison to the cost of production, need to be taken into account when selecting the right pricing strategy for your mix. The marketer needs to be aware of its competitive position. The marketing mix should take into account what customers expect in terms of price. There are many ways to price a product. Let's have a look at some of them and try to understand the best policy/ strategy in various situations.

XII. Premium Pricing

Use a high price where there is a unique brand. This approach is used where a substantial competitive advantage exists and the marketer is safe in the knowledge that they can charge a relatively higher price. Such high prices are charged for luxuries such as Cunard Cruises, Savoy Hotel rooms, and first class air travel.

QUESTIONS

1. What is penetration pricing? Give an example.
2. What is price skimming? Give an example.
3. Name and describe another three pricing strategies and give examples.

LISTENNING

- https://www.youtube.com/watch?v=wajb-HO2Qao
- https://www.youtube.com/watch?v=POTBei26Jow

READING NUMBER 2

http://marketingmix.co.uk/place/

4Ps - PLACE

In the marketing mix, the process of moving products from the producer to the intended user is called place. In other words, it is how your product is bought and where it is bought. This movement could be through a combination of intermediaries such as distributors, wholesalers and retailers. In addition, a newer method is the internet which itself is a marketplace now. Through the use of the right place, a company can increase sales and maintain these over a longer period of time. In turn, this would mean a greater share of the market and increased revenues and profits. Correct placement is a vital activity that is focused on reaching the right target audience at the right time. It focuses on where the business is located, where the target market is placed, how best to connect these two, how to store goods in the interim and how to eventually transport them.

What is a Distribution Channel?

A distribution channel can be defined as the activities and processes required to move a product from the producer to the consumer. Also included in the channel are the intermediaries that are involved in this movement in any capacity. These intermediaries are third party companies that act as wholesalers, transporters, retailers and provide warehouse facilities.There are four main types of distribution channels:

I. Direct

In this channel, the manufacturer directly provides the product to the consumer. In this instance, the business may own all elements of its distribution channel or sell through a specific retail location. Internet sales and one on one meetings are also ways to sell directly to the consumer. One benefit of this method is that the company has complete control over the product, its image at all stages and the user experience.

II. Indirect

In this channel, a company will use an intermediary to sell a product to the consumer. The company may sell to a wholesaler who further distributes to retail outlets. This may raise product costs since each intermediary will get their percentage of the profits. This channel may become necessary for large producers who sell through hundreds of small retailers.

III. Dual Distribution

In this type of channel, a company may use a combination of direct and indirect selling. The product may be sold directly to a consumer, while in other cases it may be sold through intermediaries. This type of channel may help reach more consumers but there may be the danger of channel conflict. The user experience may vary and an inconsistent image for the product and a related service may begin to take hold.

IV. Reverse Channels

The last, most non tradition channel allows for the consumer to send a product to the producer. This reverse flow is what distinguishes this method from the others. An example of this is when a consumer recycles and makes money from this activity.

Distribution channel intermediaries

These are middlemen who play a crucial role in the distribution process. These middlemen facilitate the distribution process through their experience and expertise. There are four main types of intermediaries:

I. Agents

The agent is an independent entity who acts as an extension of the producer by representing them to the user. An agent never actually gains ownership of the product and usually make money from commissions and fees paid for their services.

II. Whosalers

Wholesalers are also independent entities. But they actually purchase goods from a producer in bulk and store them in warehouses. These goods are then resold in smaller amounts at a profit. Wholesalers seldom sell directly to an end user. Their customers are usually another intermediary such as a retailer.

III. Distributors

Similar to wholesalers, distributors differ in one regard. A wholesaler may carry a variety of competition brands and product types. A distributor however, will only carry products from a single brand or company. A distributor may have a close relationship with the producer.

IV. Retailers

Wholesalers and distributors will sell the products that they have acquired to the retailer at a profit. Retailers will then stock the goods and sell them to the ultimate end user at a profit.

Importance of Distribution Channels

It may seem simplistically possible and smarter for a company to directly distribute its own products without the help of a channel and intermediaries. This is especially so because the internet allows sellers and buyers to interact in real time. But in actual practice it may not make business sense for a company to set up its own distribution operation. Large scale producers of consumer goods for example, need to stock items of basic necessity such as soap, toilet paper and toothpaste in as many small and large stores in as many locations as possible. These locations may be as close together as two on the same street. They may also be remote rural convenience stores, rest stops and petrol stations. It would be counterproductive and costly for the company to attempt to achieve this without a detailed distribution channel. Even in cases where a company does sell directly, there remain activities that are performed by an outside company. A laptop may be sold from a company website to a consumer directly, but it will be sent out using an existing courier service. This is why, in some form or the other, all producers must rely on a distribution channel.

The first step to deciding the best distribution channel to use, a company needs to:

1. Analyze the customer and understand their needs
2. Discuss and finalize channel objectives
3. Work out distribution tasks and processes.
4. Some key questions to ask in finalizing these three areas include:
5. Where do users seek to purchase the product?
6. If is a physical store, is it a supermarket or a specialist store? Is it an online store or a catalogue?
7. What is the access available to the right distribution channels?
8. What are competitors doing? Are they successful? Can best practices be used in making channel decisions?

Selecting Distribution Strategies

A company may need to use different strategies for different types of products. Three main strategies that can be used are:

I. Intensive Distribution

This strategy may be used to distribute lower prices products that may be impulse purchases. Items are stocked at a large number of outlets and may include things such as mints, gum or candy as well as basic supplies and necessities.

II. Selective Distribution

In this strategy, a product may be sold at a selective number or outlets. These may include items such as computers or household appliances that are costly but need to be somewhat widely available to allow a consumer to compare.

III. Exclusive Distribution

A higher priced item may be sold at a single outlet. This is exclusive distribution. Cars may be an example of this type of strategy.

Assessing Benefits of Distribution Channels

While making channel decisions, a company may need to weigh the benefits of a partner with the associated costs. Some potential benefits to look out for include:

I. Specialists

Since intermediaries are experts at what they do, they can perform the task better and more cost effectively than a company itself.

II. Quick Exchange time

Being specialists and using established processes, intermediaries are able to ensure deliveries faster and on time.

III. Variety for the Consumers

By selling through retailers, consumers are able to choose between a varieties of products without having to visit multiple stores belonging to each individual producer.

IV. Small Quantities

Intermediaries allow the cost of transportation to be divided and this in turn allows consumers to buy small quantities of a product rather than having to make bulk purchases. This is possible when a wholesaler buys in bulk, stores the product in a warehouse and then provides the product to retailers located close by at lower transportation costs.

V. Sales Creation

Since retailers and wholesalers have their own stakes in the product, they may have their own advertising or promotions efforts that help generate sales.

VI. Payment Options

Retailers may create payment plans and options for customers allowing easier purchases.

VII. Information

The distribution channel can provide valuable information on the product and its acceptability, allowing product development as well as an idea of emerging consumer trends and behaviors.

Assessing Possible Channel Costs

With the benefits in mind, here are some costs that a producer may have to weigh in order to make channel decisions.

I. Lost Revenue

Because intermediaries need to be either paid for their services or allowed to resell at a higher price, the company may lose out on revenue. Pricing needs to stay consistent, so the company will have to reduce its profit margin to give a cut to the intermediary.

II. Lost Communication Control

Along with revenue, the message being received by the consumer is also in the hands of the intermediary. There is a danger of wrong information being communicated to the customer regarding product features and benefits which can lead to dissatisfaction.

III. Lost Product Importance

When a product is handed over to an intermediary, how much importance it gets is now out of the company's hand. The intermediary may have incentives to push another product first at the expense of others.

Managing distribution channels

Channel management is an essential activity for the manufacturer. Intermediaries need to be kept motivated and offered incentives to ensure timely and efficient delivery of products and services. Clear messages regarding products and their functionalities need to be passed on to attempt to keep clear communication regarding a product or brand all the way to the end user. Just as a customer base is segmented and addressed according to their specific needs and requirements, distribution channels can also be segmented. Now all intermediaries or the markets they serve will be similar. There may be a need to foster stronger relationships with a retailer that sells in a knowledgeable and discerning urban market with high competition. Similarly, if a product is expensive and highly specialized, a retailer may need to be trained and given the relevant information.

A company may achieve one of more of the following benefits through channel segmentation:

- Product Management – Relevant products may be provided to the right channel which can help reduce cost of irrelevant stock as well as unnecessary logistical arrangements.
- Price Management – Local price differentiation may be possible.
- Promotion Management – More targeted and relevant promotional activities may be possible with more clear and consistent marketing messages.
- Efficiency in Operations – Time and resource wastage through the channel can be removed. Development needs of every channel segment can be addressed separately, in a more targeted manner.

Example

Dell Computers was founded by a college freshman Michael Dell. By 1985, the company had developed its unique strategy of offering made to order computers. As a result of this, sales went from 6 million dollars in 1984 to 70 million in 1985. In another 5 years the sales jumped to 500 million dollars and by the end of 2000 they had crossed 25 billion dollars. A superior supply chain and innovative manufacturing had an important role to play in this phenomenal success. Another important contributing factor was the unique distribution strategy employed by the company. Identifying and capitalizing on an emerging market trend, Dell eliminated the middleman or retailers from their distribution channel. This was done after studying and analyzing the personal computer value chain. Dell became a strong direct seller, by using mail-order systems before the spread of the internet. After the internet became more mainstream, an online sales platform was established. Early on in the internet era, Dell began providing order status reports and technical support to their customers online. Online sales reached 4 million dollars a day in 1997. While competitors sold pre-configured and assembled PCs in retail stores, Dell offered something new and attractive to the customers by providing the option to pick desirable features and that too at a discounted price. This was possible because Dell did not have to bear the costs of the middleman. Another useful aspect of this model was the information available regarding customers and their needs and requirements. This helped the company predict market trends and segment its market. This segmentation helped product development efforts and an understanding of what creates value for each segment. Through careful analysis of the target market, a study of available channel options and effective use of a novel idea, Dell computers managed to reach early success in its industry.

QUESTIONS

1. What is a distribution channel?
2. What are the types of distribution channels? Describe them.
3. Name the main types of distribution channel intermediaries.
4. Name two of the distribution strategies and give an example.
5. What are some of the costs connected with channel decision making?
6. What are the benefits of channel segmentation?

READING NUMBER 3

http://www.learnmarketing.net/place.htm

4Ps - PLACE

Place refers to distribution or the methods and location you use for your products or services to be easily accessible to the target customers. Your product or service dictates how it should be distributed. If you own a retail shop, for example, the distribution chain ends with you and you supply to your customers directly. If you own a factory, your options will be to either sell your products directly or sell them to retailers or vendors as your distribution strategy.

I. Selling Directly

Direct selling can be a good starting point, especially if the product supply is limited or you only sell seasonal products. One advantage of selling your products directly is you get a more personal feel of the market because you interact directly with the customers so you can easily adapt to the changes. Another is that you control your product's pricing and the methods on which it should be sold. Distribution methods may include, but are not limited to, door-to-door, retail, e-commerce, mail order, or on-site. You need to have a retail interface with the target customers if you want to sell directly. You can sell either electronically or in person. If this requirement will not work for you, you might need to consider selling through a reseller or an intermediary.

II. Selling Through a Reseller

If you want to have wider distribution for your product, you can sell it through a third party, either a retailer or wholesaler, who will then resell the product to their customers. This distribution strategy also reduces the pressure of running a distribution system. Reseller sales also reduce the storage space required for product stocks. However, you will lose personal contact, and even company identity in some cases, with the customers since they will be talking now to your resellers. Some resellers may request that your product be sold under their own brand. Intermediaries can also be specific about supply flow before they can handle your products for reselling. They would want the product available for distribution all year round. This can put a lot of stress on the production line, especially if you only produce seasonally. But if you can agree to that, you might consider selling through intermediaries as your distribution strategy.

Market Coverage

Market coverage refers to how wide or varied you want your products to be distributed. This applies to either direct sales or through intermediaries. There are three types of market coverage that you may want to adopt.

I. Intensive distribution

This ensures the widest distribution possible for your product or service. You sell your products in as many locations or markets as possible. And oftentimes, you need to lower your prices. This is the method most commonly used by large businesses or manufacturers to reach customers nationwide or even globally. Examples of products effectively distributed using this distribution strategy are convenience products or things we buy regularly, like candy or chewing gum.

II. Selective distribution

You may also want to sell only to a few select businesses or customers. This is called selective distribution and is the strategy commonly used for selling upscale products and is sold by resellers who deal only with high-quality products. It's easier to establish consumer relationships using this distribution strategy as compared to intensive distribution.

III. Exclusive distribution

This strategy restricts your product distribution to only one reseller. The reseller will have exclusive rights to sell your product or service, and in return, you may also be the sole supplier. This works more effectively with specialty products that you can promote as prestigious because you are the sole supplier and the intermediary is the sole reseller.

Other Factors to Consider

The product sales volume and its characteristics will influence what inventories you should maintain and also how the products should be transported. You may opt to ship in large volumes across countries or do it via retail to single individuals. If you're into manufacturing, you need to carefully monitor the total costs by considering every factor required in production like the acquisition of the materials and the distribution strategy you choose to use. Each of the distribution strategies has its own characteristics, advantages, and disadvantages. Choose one that best applies to your product and business.

QUESTIONS

1. What are the aadvantages and disadvantages of selling directly?
2. What are the advantages and disadvantages of selling through a reseller?
3. Give an example of products that are being sold directly and products that are being sold through a reseller.
4. What is market coverage?

LISTENNING

- https://www.youtube.com/watch?v=HF5DxyOqzo8

READING NUMBER 4

http://www.learnmarketing.net/product.htm

4Ps - PRODUCT

What is a Product?

A product is an item that satisfies a need or a desire. This can be a physical item, a service or a virtual offering. It is produced at a cost and is subsequently made available to the right audience at a price. Whatever the nature of the product, it will follow a lifecycle and through reasonable predictions of this lifecycle, a company can increase its competitive edge. A brand can be revamped or re-launched to remain relevant in a changing market or at the end of its lifecycle. A successful product has to fulfill a specific need in the market. Functionally, it must be able to perform its function as promised. There also needs to be clear communication to users and potential customers regarding its benefits and features. Branding is another important feature for a product. Developing a product into a brand helps foster customer loyalty and recall and differentiate itself in the market. Every product should have certain characteristics that separate it from its competitors. These characteristics should be foremost inputs to the product's marketing mix. When a product is envisioned, it is an answer to an identified market need. This need is translated into a product with particular characteristics. These characteristics help determine all subsequent actions such as pricing, communication strategy and additional features or add-ons. For this reason, it is vital to try to create a unique set of characteristics for any product. A factor that is shown to be the basis of why one product is better than its competitors is called a unique selling proposition or a USP. This characteristic or set of characteristics helps solidify a company's market position and allows them to stand apart from competition. There are very few products that have no clear competition in the market. Most often, there are identical products with almost the same features. In this situation, differentiation becomes of the utmost importance for the success of any product. The company needs not only to identify an USP, but also to clearly communicate this to the potential audience so that it is understood why the product is superior to other similar ones.

Product classification

All products can be broadly classified into 3 main categories. These are:

I. Tangible products

These are items with an actual physical presence such as a car, an electronic device, and an item of clothing or a consumer good.

II. Intangible products

These are items that has no physical presence but can be felt indirectly. An insurance policy is an example of this. Online items such as software, applications or even music and video files are also intangible products.

III. Services

Services are also intangible products but they are the result of an economic activity that does not result in ownership. It is a process that creates benefits for customers. Services depend highly on who is performing them and remain difficult to reproduce exactly.

Both tangible and intangible goods and services can be further defined and divided into the four following groups:

1. Consumer Goods – these are items that are used directly by the end user such as food, clothing, cars, etc.
2. Consumer Services – these are services that are for the benefit of end users directly such as education, courier services, grooming services, etc.
3. Producer Goods –these are items that act as part of another company's operations such as machinery or parts.
4. Producer Services – these are services that support another company's operations such as accounting, human resource, etc.

An understanding of the elements that make up a product and those necessary to successfully sell is called the product marketing mix. Product has a vital role in developing the strategy for the overall marketing mix which includes place, price and promotion. Through a definition of the product features and benefits, the rest of the marketing mix elements are determined and agreed upon. A company's portfolio of products makes up its product mix. Within this mix are Product lines which are closely linked groups of products. These may offer the same benefit or have shared characteristics. A product line is made up of product items which are individual units that have unique appearances, functions or price points. Each product item will have three main elements that need to be focused on. These are the brand, the packaging, and the associated services. Before these three elements can be defined and used as inputs to the rest of the marketing mix, product benefits and USPs need to be defined.

Understanding and Creating Benefits

Given the importance of product in the marketing mix, it is good practice to understand who is the target group, what are the benefits of an offer, how is this product to be positioned in the market?

Philip Kotler proposed one way of understanding product benefits in his popular academic work "Principles of Marketing." He says that a product can be looked at three different levels.

1. Core – this is the first level to be defined and explored. What is the main or core benefit that a product offers to its consumers? In the case of a camera, they are able to capture memories forever through the purchase of a product.
2. Actual – any additional benefits are added on to differentiate the product and highlight its USP. In our example, all cameras offer the same core benefit. But any additional features or strong branding can offer a better product.
3. Augmented – there needs to be an assessment of what further benefits can be offered to the customer to ensure a loyal purchasing customer. In our example, these can be after sales service, extended warranties or product support blogs or helplines.

With an understanding of the basic product mix and benefits, a company can now begin to make important product decisions. These include:

I. Design Decisions

The basic decision here to identify how strong the design will be in the entire product mix. Will it be a supplement to the features or will the features be designed around a unique design.

II. Quality Decisions

The quality of the proud needs is kept with the other elements of the marketing mix. A high price can be charged if the product has superior quality.

III. Features Decisions

What will be the final features of the product? Will they add to the perceived and actual benefits of the product? Here also, the company can charge a premium price for additional desirable benefits from features.

IV. Branding Decisions

Branding decision remain some of the most important as it turns a product into something beyond just a good. A brand can have the power to generate instant sales as well cement confidence in the product's quality and reliability.

Product development

It is the creation of a new or different product that offers innovative new benefits to the end user. This includes both the creation of an entirely new product and modifications to an existing product. These changes or new introductions may be targeting a newly defined customer requirement or a niche category in the market. Product development traditionally includes the following steps:

- Generate Ideas
- Screen Ideas
- Develop and Test Ideas
- Analyze for Profitability Potential
- Conduct market or Beta Tests
- Finalize Technical Aspects
- Finalize Commercial Aspects
- Conduct Post Launch Review

The step wise process for product development may not be an option for entrepreneurs who have limited resources at their disposal. Often, they may need to manage several steps simultaneously to ensure a quick product development process at a lower cost. They may also need to go through a comprehensive product planning phase where they can understand the market potential of an idea before actually committing to development. This plan can include a thorough analysis of the market, competing products, pricing strategies and potential, and manufacturing costs and logistics. These analyses, if positive can help set a strong stage for the product development plan. If they are not encouraging, then the product idea may have to be reevaluated.

Product Life Cycle

An important consideration for any product is the logical stages of its lifecycle. A typical product goes through the following stages:

1. Introduction – slow growth period following product launch
2. Growth – fast growth phase once the product is established
3. Maturity – a period of slowdown in sales as the product becomes ubiquitous in the market
4. Decline – a downward sales as the product is no longer fulfilling a need or there are better options.

A keen eye needs to be kept on the product's journey through the lifecycle. A close to reality prediction of this path may help the company relaunch or redesign an existing product or work on introducing a new one to the market. For a product of any nature to be successful, it needs to:

- Satisfy identified customer needs or wants
- Be of the right quality to allow higher price points
- Be low cost in production and delivering to a customer to ensure better profit margins
- Be durable and attractive in its appearance to match the price and the brand image

- Able to stimulate new needs or unidentified desires

In order to develop products that meet the criteria specified above, a product development team can ask the following questions during the brainstorming and design process.

- What does the customer want from the product?
- What hidden need does it address?
- What features does it need to have to meet these wants and needs?
- Are there any overlooked features that can add value?
- Are there any added features that add no value?
- How will the product be used by the consumer?
- Where will the product be used?
- What does the product look like? How big or small? Colors and materials?
- What should the product be named?
- What will the branding strategy be?
- How will it be communicated to the audience?
- What will the cost of production be? Can the features, benefits and branding bring in a logical price to offset the cost and make a profit?

Example

Starbucks has managed to create an extremely strong brand over the years. A constant focus on marketing, brand development and the product has enabled the company to become the largest coffee shop chain in the world. The company takes customer feedback very seriously and makes it a point to meet and exceed customer demands in keeping with core brand values. The USP (Unique Selling Proposition) and the core business for Starbucks is the extremely good coffee. The company has refined their business model to keep a focus on this product and ensure that the customer always gets the best possible cup of coffee through the Starbucks experience. The company allows customers to build their own recipe online and then have a barista in a store make it for them. There is also a policy in place to provide a free cup of coffee if a customer is not satisfied with what they have gotten. This shows a strong focus on the customer. A few years ago, the company made the decision to eliminate the breakfast sandwich business to focus on the core product: Coffee. This was determined to lead to a significant reduction in cost. One reason for this was also that the breakfast sandwich smell clashed with the traditional signature coffee smell, thus taking away from the experience. This shows a focus on the core product and the adaptability to change product lines when needed. This focus on core product and customer needs have enabled the giant brand to stay ahead in its industry and become the benchmark for competitors.

QUESTIONS

1. Give an example of a tangible product.
2. GIve an example of an intangible product.
3. Give an example of a service.
4. Giver an example of producer goods
5. What are some of the product decisions? Give an example.
6. What are the phases of a product life cycle?

READING NUMBER 5

https://www.consumerpsychologist.com/intro_Product.html

4Ps - PRODUCT

What Constitutes a Product?

A product can be tangible in the form of goods or intangible in the form of a service. Goods can also be categorized into three groups. These are convenience goods, shopping goods, and specialty goods. Convenience goods are those which are readily available and do not require much time or effort for the consumers to make a purchase decision on. Basic necessities may fall under this category. Shopping goods, on the other hand, are those products that consumers tend to spend a little more time deciding on. These are high involvement products that require time and effort for research before customers can make an informed purchase decision. Finally, there are specialty goods which cater to the needs of a narrow segment of the consumer market.

There are basically 7 steps involved in the development of a new product. Although following these steps is ideal, the reality of it is that new product development tends to be more complicated. Rather than a step by step process, companies do tend to go back and forth between stages.

I. Strategy Development

Before pondering on creating a new product, a company has to refer to its own strategy. Firms do use various approaches. In some cases, stockholders have to interfere with questions on the prudence of the investment in an effort to manage and reduce risks. After all, developing a new product requires huge expenses and the ultimate aim should be to create something profitable for the company.

II. Generation of Ideas

Ideas do not just come from internal parties or the higher level management. Ideas can come from different departments. It may come about as a response to the demand of the market. It can come as a suggestion from a regular employee, etc. In the end, the company has to decide which idea is worth investing on.

III. Screening and Evaluation

There are plenty of great ideas that may be thrown in but some are not feasible. Excellent ideas may also be discarded for the simple reason that it does not blend well with the company's core competencies. Validating new product ideas through market research is also a good idea.

IV. Business Analysis

After determining which ideas are consistent with the core competencies of the company and determining feasibility, further evaluation and analysis of how the product can help the company reach its business goals is necessary.

Factors such as risks, potential market size, profit projections, and possible competitive response among others have to be duly considered.

V. Product Development

Based on the identified features of the "best" product to meet the customers' needs, a team of experts should be able to come up with a product design. The process of product development differs from one industry to another. No matter what industry the company belongs to, however, the product development process will have to conform to industry quality standards. The prototype or samples from product development will then have to go through market testing.

VI. Market Testing

To ensure that the product will be well received by the company's target market, it is necessary to conduct market testing. As compared to the initial product tests conducted in laboratories or company premises, this test is conducted in a specific marketplace. Some companies do sampling in retail outlets and ask consumers for feedback. There are also those who test the market by having pre-launch offers. This will determine whether the product is good enough to attract market attention and consumer purchase.

VII. Commercialization

Depending on the result of market testing, a company may decide to widen its distribution and release the product to a broader market, either nationally or internationally.

Differentiating Your Product from Competition

One of the challenges in this element of marketing mix is standing out among competitor brands. The consumer market is filled with numerous products under the same category fighting for customer attention. To get as much interest and market share as possible, a product needs to find its differentiating factor. A SWOT analysis can help with this matter. SWOT stands for Strength, Weakness, Opportunities and Threat. Strengths and weaknesses can come in the form of features and benefits. It can also be based on price. Opportunities refer to possibilities in terms of improving the product or for increasing revenues. Threats, on the other hand, include anything that could hamper the way the product is received by the market or generates revenues for the company. The best way to differentiate one product from another is to look at them from the perspective of the customers. It is important to know why customers prefer one brand over the other and what other features they are looking for in the product. With this information, companies can enhance their products and make them more appealing to their customers. At the end of the day, it is the customer's opinion about what makes the product stand out from the rest that matters. A firm's product line or lines refers to the assortment of similar things that the firm holds. Brother, for example, has both a line of laser printers and one of typewriters. In contrast, the firm's product mix describes the combination of different product lines that the firm holds. Boeing, for example, has both a commercial aircraft and a defense line of products that each take advantage of some of the same core competencies and technologies of the firm. Some firms have one very focused or narrow product line (e.g., KFC does only chicken right) while others maintain numerous lines that hopefully all have some common theme. This represents a wide product mix 3M, for example, makes a large assortment of goods that are thought to be related in the sense that they use the firm's ability to bond surfaces together. Depth refers to the variety that is offered within each product line. Maybelline offers a great deal of depth in lipsticks with subtle differences in shades while Morton Salt offers few varieties of its product. Products may be differentiated in several ways. Some may be represented as being of superior quality (e.g., Maytag), or they may differ in more arbitrary ways in terms of styles–some people like one style better than another, while there is no real consensus on which one is the superior one. Finally, products can be differentiated in terms of offering different levels of service–for example, Volvo offers a guarantee of free, reliable towing anywhere should the vehicle break down. American Express offers services not offered by many other charge cards.

Diffusion of innovation

The diffusion of innovation refers to the tendency of new products, practices, or ideas to spread among people. Usually, when new products or ideas come about, they are initially only adopted by a small group of people. Later, many innovations spread to other people. The bell shaped curve frequently illustrates the rate of adoption of a new product. Cumulative adoptions are reflected by the S-shaped curve. The saturation point is the maximum proportion of consumers likely to adopt a product. In the case of refrigerators in the U.S., the saturation level is nearly one hundred percent of households. The figure will almost certainly be well below that for video games that, even when spread out to a large part of the population, will be of interest to far from everyone. Several specific product categories have case histories that illustrate important issues in adoption. Until some time in the 1800s, few physicians bothered to scrub prior to surgery, even though new scientific theories predicted that small microbes not visible to the naked eye could cause infection. Younger and more progressive physicians began scrubbing early on, but they lacked the stature to make their older colleagues follow. Here are some examples:

- ATM cards spread relatively quickly. Since the cards were used in public, others who did not yet hold the cards could see how convenient they were. Although some people were concerned about security, the convenience factors seemed to be a decisive factor in the "tug-of-war" for and against adoption. The case of credit cards was a bit more complicated and involved a "chickenand-egg" paradox. Accepting credit cards was not a particularly attractive option for retailers until they were carried by a large enough number of consumers. Consumers, in contrast, were not particularly interested in cards that were not accepted by a large number of retailers. Thus, it was necessary to "jump start" the process, signing up large corporate accounts, under favorable terms, early in the cycle, after which the cards became worthwhile for retailers to accept.

- Rap music initially spread quickly among urban youths in large part because of the low costs of recording. Later, rap music became popular among a very different segment, suburban youths, because of its apparently authentic depiction of an exotic urban lifestyle.
- Hybrid corn was adopted only slowly among many farmers. Although hybrid corn provided yields of about 20% more than traditional corn, many farmers had difficulty believing that this smaller seed could provide a superior harvest. They were usually reluctant to try it because a failed harvest could have serious economic consequences, including a possible loss of the farm. Agricultural extension agents then sought out the most progressive farmers to try hybrid corn, also aiming for farmers who were most respected and most likely to be imitated by others. Few farmers switched to hybrid corn outright from year to year. Instead, many started out with a fraction of their land, and gradually switched to 100% hybrid corn when this innovation had proven itself useful.

Several forces often work against innovation. One is risk, which can be either social or financial. For example, early buyers of the CD player risked that few CDs would be recorded before the CD player went the way of the 8 track player. Another risk is being perceived by others as being weird for trying a "fringe" product or idea. For example, Barbara Mandrel sings the song "I Was Country When Country Wasn't Cool." Other sources of resistance include the initial effort needed to learn to use new products (e.g., it takes time to learn to meditate or to learn how to use a computer) and concerns about compatibility with the existing culture or technology. For example, birth control is incompatible with religious beliefs that predominate in some areas, and a computer database is incompatible with a large, established card file.

Innovations come in different degrees. A *continuous* innovation includes slight improvements over time. Very little usually changes from year to year in automobiles, and even automobiles of the 1990s are driven much the same way that automobiles of the 1950 were driven. A dynamically continuous innovation involves some change in technology, although the product is used much the same way that its predecessors were used–e.g., jet vs. propeller aircraft. A discontinuous innovation involves a product that fundamentally changes the way that things are done—e.g., the fax and photocopiers. In general, discontinuous innovations are more difficult to market since greater changes are required in the way things are done, but the rewards are also often significant. Several factors influence the speed with which an innovation spreads. One issue is relative advantage (i.e., the ratio of risk or cost to benefits). Some products, such as cellular phones, fax machines, and ATM cards, have a strong relative advantage. Other products, such as automobile satellite navigation systems, entail some advantages, but the cost ratio is high. Lower priced products often spread more quickly, and the extent to which the product is *trialable* (farmers did not have to plant all their land with hybrid corn at once, while one usually has to buy a cellular phone to try it out) influence the speed of diffusion. Finally, the extent of switching difficulties influences speed—many offices were slow to adopt computers because users had to learn how to use them.

Some cultures tend to adopt new products more quickly than others, based on several factors:

1. Modernity – this is the extent to which the culture is receptive to new things. In some countries, such as Britain and Saudi Arabia, tradition is greatly valued—thus, new products often don't fare too well. The United States, in contrast, tends to value progress.
2. Homophily – this means that the more similar to each other that members of a culture are, the more likely an innovation is to spread—people are more likely to imitate similar than different models. The two most rapidly adopting countries in the World are the U.S. and Japan. While the U.S. interestingly scores very low, Japan scores high.
3. Physical distance – this means that the greater the distance between people, the less likely innovation is to spread.
4. Opinion leadership – this means that the more opinion leaders are valued and respected,
   the more likely an innovation is to spread. The style of opinion leadersmoderates this influence, however. In less innovative countries,

opinion leaders tend to be more conservative, i.e., to reflect the local norms of resistance.

It should be noted that innovation is not always an unqualifiedly good thing. Some innovations, such as infant formula adopted in developing countries, may do more harm than good. Individuals may also become dependent on the innovations. For example, travel agents who get used to booking online may be unable to process manual reservations. Sometimes innovations are *dis*adopted. For example, many individuals disadopt cellular phones if they find out that they don't end up using them much.

Brands and branding

An essential issue in product management is branding. Different firms have different policies on the branding on their products. While 3M puts its brand name on a great diversity of products, Proctor & Gamble, on the opposite extreme, maintains a separate brand name for each product. In general, the use of brand extensions should be evaluated on the basis of the compatibility of various product. Can the same brand name represent different products without conflict or confusion? Coca Cola for many years resisted putting its coveted brand name on a diet soft drink. In the old days, available sweeteners such as saccharin added an undesirable aftertaste, implying a clear sacrifice in taste for the reduction in calories. Thus, to avoid damaging the brand name Coca Cola, Coke instead named its diet cola Tab. Only after NutraSweet was introduced was the brand extension allowed. Research shows that consumers are more receptive to brand extensions when:

1. The company appears to have the expertise to make the product e.g. McDonald's was not thought as credible as a photo-finishing service¨
2. The products are compatible
3. The brand extension is not seen as being exploitative of a high quality brand name e.g., one should not use a premium brand name like Heineken to make a trivially easy product like popcorn

In many markets, brands of different strength compete against each other. At the top level are national or international brands. A large investment has usually been put into extensive brand building, including advertising, distribution and, if needed, infrastructure support. Although some national brands are better regarded than others, e.g., Dell has a better reputation than e-Machines, the national brands usually sell at higher prices than to regional and store brands. Regional brands, as the name suggests, are typically sold only in one area. In some cases, regional distribution is all that firms can initially accomplish with the investment capital and other resources that they have. This means that advertising is usually done at the regional level. This limits the advertising opportunities and thus the effect of advertising. In some cases, regional brands may eventually grow into national ones. For example, Snapple® was a regional beverage. While a regional beverage, it became so successful that it was able to attract investments to allow a national launch. In a similar manner, some brands often start in a narrow niche and may eventually work their way up to a more inclusive national brand. For example, Mars was originally a small brand that focused on liquor filled chocolate candy. Eventually, the firm was able to expand. Store, or private label brands are, as the name suggests, brands that are owned by retail store chains or consortia thereof. (For example, Vons and Safeway have the same corporate parent and both carry the "Select" brand). Typically, store brands sell at lower prices than do national brands. However, because the chains do not have the external brand building costs, the margins on the store brands are often higher. Retailers have a great deal of power because they control the placement of products within the store. Many place the store brand right next to the national brand and place a sign highlighting the cost savings on the store brand.

QUESTIONS

- What is market testing? Give an example.
- What is a SWOT analysis?
- Give an example of product line and product mix.
- How would you explain the depths of product line?

- What is the saturation point?
- Can you explain dynamically continuous innovation?
- Give some examples of store brands.

LISTENNING

- https://www.youtube.com/watch?v=g2OKqeKFndg
- https://www.youtube.com/watch?v=7SSu0KtXI2c
- https://www.youtube.com/watch?v=DwJEZqVPHn8

READING NUMBER 6

http://marketingmix.co.uk/promotion/

4Ps - PROMOTION

As part of the marketing mix, promotion includes all activities that involve communicating with the customer about the product and its benefits and features. Once a company has worked on the product and price elements, it is time to start a conversation with the consumer about the product. This includes raising awareness through different mediums to increase sales, as well as to create and foster brand loyalty. Information provided to the customer at this stage helps them in making purchase decisions regarding the product. Often, there is substantial cost associated with promotional activities. But since the result is often an increase in sales or customer loyalty, there is thought to be long term return on this investment. There are many ends that a company may try to reach through a promotion including but not limited to an increase in sales, acceptance of new products, brand equity creation and brand positioning, addressing competitor actions and rebranding.

Promotion is the communication aspect of the marketing mix. It is creating a channel for conversation with the targeted consumer base. Through promotion, the company aims to attract the customer's attention and give them enough information about the product to foster enough interest to motivate them to purchase. The team tasked with these activities will begin by understanding the dynamics of the target audience and deciding which modes of promotion are likely to help meet targets. Once the channel is decided, information from other elements of the mix is incorporated to ensure that the message sent corresponds to the actual product features, benefits and user experience. None of the elements of the marketing mix work in isolation. Instead a unified body of information acts as the source for all activities within these 4P's. The available information is filtered to include those areas which will be most relevant to the target audience. Different organizations have different expectations from their promotional activities. These expectations are developed into objectives which then shape the selection and execution of these activities. Some possible objectives of promotion for any company may include:

I. Building Awareness

Often, a product or brand may need to create an identity within the market. For the most part, this applies to a new company, a new brand or a new product. But often it may also be needed in times of rebranding or building up a failing product. The aim then is to select those promotional activities that help inform the customer about the company and the product.

II. Creating Interest

If the customer is already aware of the product or has been made aware through some activities, it becomes necessary to move them along to actual purchasing behavior. The aim here is to identify a need that the product fulfills and make sure that the customer recognizes this need as something that is unfulfilled for them.

III. Providing Information

Sometimes, a company may just need to provide necessary information regarding the product, its benefits, features or usage to the consumer. This may be the case if a new product is introduced into the market. Unique features or benefits may need to be explained. In other cases, a new feature on an existing product may need to be highlighted. In some cases, such as in instances where environmental impact or health scares may be in play, information about a change in business practices and company policy may need to be communicated.

IV. Stimulate Demand

A company may seek to enhance its sales through promotion. If sales have been lower than usual, then the aim may be to get them back up to target level by re-engaging old customers and encouraging new ones to try a product out. In other instances, the aim may be to increase sales further at certain times of the year such as near a major holiday. Free demonstrations or special deals may be used to reach these ends.

V. Differentiate product

In situations where there are many competitors in the market, a company may seek to use promotional activities to differentiate its product in the market and make it stand out from the crowd. The focus here remains on those features, functionalities or benefits that may not be offered by a competitor or may not be offered so well.

VI. Reinforce the Brand

One basic aim of a promotional activity may be to further strengthen the brand and its place in the market. This helps turn a first time purchases into a life time purchaser. This can also help create advocates for the product from within the customer base.

Major targets of promotional campaigns

Any promotional activity is usually designed with a specific target audience in mind. The activity is therefore created using messages, cues and information that they will respond to. Realistically, the major portion of any promotional budget is aimed at this specific targeted audience. However, there may be important fringe groups who may have an influence over the intended target or stake in the product. Some of these fringe groups may include:

- The Actual Audience – these are the current customers of the product as well as former customers and any potential new customers. The activity is created for these people specifically.
- Influencers – people or organizations that may have their own sphere of influence over the target audience make up this category. If a positive impact is made on these people, they may then use this influence to encourage sales. The media, opinion leaders, Trade associations and special interest groups are some of these influencers.
- Distribution Channel Members – the product is handled and provided to the customer through this channel making them an important category of targets. A retailer may choose to display a certain product in a more prominent position than the others if they believe in the product and its benefits.
- Other Companies – communicating with other companies may open up opportunities to collaborate on joint ventures.

There may often be a tendency to narrow down the focus of promotional activities to only advertising. Quite the opposite, there are a number of ways to approach the audience with information about the product. Increasingly, businesses feel the need to use both one directional and two sided means of communications to reach the customer. Through the promotional mix, a company aims to fulfill two basic objectives. One is to make the customer aware that the product and brand exist. The other is to persuade them to actually pick this product over all others and continue to buy it.

Methods to make promotional mix

There are five methods that make up a promotional mix. A company may choose to use one or more of these in harmony to ensure a clear, effective and direct message reaches the customer. The selection of the portfolio of activities may depend on the company's marketing and sales strategies and budget allocations. These five methods are:

1. Advertising – this mode of promotion is usually paid, with little or no personal message. Mass media such as television, radio or newspapers and magazines is most often the carrier of these messages. Apart from these, billboards, posters, web pages, brochures and direct mail also fall in the same category. While this method has traditionally been one sided, advertisement over new media such as the internet may allow for quick feedback.
2. Public Relations & Sponsorship – PR or publicity tries to increase positive mention of the product or brand in influential media outlets. These could include newspapers, magazines, talk shows and new media such as social networks and blogs. This could also mean allowing super users, or influencers to test the product and speak positively about it to their peers. This type of advertisement may or may not be paid. For example, sponsoring a major event and increasing brand visibility is a paid action. Sending free samples to a blogger then depends on their discretion and opinion and is not usually swayed by payment.
3. Personal Selling – opposite of the one directional promotional methods, direct selling connects company representatives with the consumer. These interactions can be in person, over the phone and over email or chat. This personal contact aims to create a personal relationship between the client and the brand or product.
4. Direct Marketing – this channel targets specific influential potential users through telemarketing, customized letters, emails and text messages.
5. Sales Promotions – these are usually short term strategic activities which aim to encourage a surge in sales. These could be 'buy one get one free' options, seasonal discounts, contests, samples or even special coupons with expiration dates.

Whenever a company sets out to design its promotional mix, it needs to consider the following points:

- Stage in the Product Lifecycle – during the beginning of the lifecycle, there may need to be more aggressive and informational advertising, while a slowdown in promotions may be seen during the later stages.

- Nature of the Product – if a product is not new in its usage or function, there may be less need for information and more focus on brand equity creation as well as on emotional aspects of the product.
- The Allocated and Available Budge – a certain total budget is set for promotional activities and these then need to be designed and executed within these constraints.
- Cultural Sensitivity – if a product is to be launched in a new international market or translated across markets, it becomes imperative to take into consideration local affiliations and sensitivities. These include both cultural and religious considerations. Often, these issues may even present themselves within one country.
- Target Market Composition – the people who make up the target market need to be considered before committing to a promotional mix. If a market is not tech savvy, then more traditional means may need to be employed. Conversely, an internet generation used to instant gratification may need to be provided more focused and targeted messages.
- Competitor Actions – the methods a competitor uses need to be taken into account as well. There may not be a need to spend money on a radical advertising method if a customer is using rudimentary methods for example.

Types of promotional strategies

A company may use different strategies to promote its products. These can be broadly categorized as push and pull strategies. Both strategies differ in how the customer is approached.

I. <u>Push Strategies</u>

As the name indicates, this is when the product is taken to the customer by the company. This is mostly used when the product is an impulse purchase or if the company has an established relationship with the customer base. Companies may sell directly from their showrooms or at tradeshows etc. Essentially, there is less need to create an advertising buzz and more to make the product readily available at retail outlets and showrooms. Push marketing may focus primarily on short term sales.

II. Pull Strategies

In the opposite approach, there is an attempt to pull customers towards the brand or product. Through mass media campaigns to sales promotions and personal references, a company attempts to create brand loyalty and attractiveness. Pull strategies may attempt to focus primarily on long term brand loyalty then high sales in the short term. A lot of media hype and mass campaigns are required to create sufficient interest and encourage customers to seek out the product on their own.

Most companies will use a mix of these two strategies at different points in time.

How to manage promotion through the product cycle

As briefly mentioned before, different stages of the product life cycle require different types of promotional activities and strategies.

1. Introduction – at this stage, major promotional campaigns and activities will be designed and executed. A comprehensive promotional mix will be designed with full input from the rest of the marketing mix. The aim here is to provide detailed information about the product, its features and benefits. Special offers and sales promotions may also be used to pull in customers while in some markets push strategies may be used simultaneously employed.
2. Growth – once the product is established and accepted, there will be a shift in strategy from information to more emotional aspects. The aim is to increase brand awareness, create strong brand equity and foster long term customer loyalty.
3. Maturity – by now the market may have matured and there may be stiff competition and similar products available. Promotional activities will now turn more persuasive and there may be an attempt to create product differentiation by highlighting specific benefits and features that fulfill needs and are unique.

4. Decline – at this point, promotional activities may wind down to the occasional reminder that the product exists in an attempt to forestall the product's eventual decline.

Example

Skoda has suffered dips and seen highs in its popularity as a brand over the course of its 100 year history. At its lowest point, there was a strong perception of an outdated brand with obsolete manufacturing techniques. Through a combination of new techniques, a new partner and an effective PR strategy, the brand was turned around and a new image created. There is no short term solution to change long held perceptions. If there is to be a long term change in perception, it needs to be achieved through sustained and consistent actions over a significant period of time. PR activities are an example of such a solution where positive messages are sent through different mediums to the public, eventually establishing a positive reputation over time. Skoda needed an image makeover in the UK where it was not taken seriously at all. In 1991, the brand was purchased by Volkswagen. This enabled the company to redesign its manufacturing and bring product quality and brand image at par with competitors in the UK and eventually the world. Despite this shift, customer perception remained low, an unfortunate carry over from the past. Products were now updated and the brand able to offer more to the consumer. The challenge now was to educate the audience on these changes and bring about a change in perception. The attempt at changing mindsets was divided up into two challenges. The first to move negative perceptions to neutral and the second to move neutral perceptions to positive. An integrated press and public relations plan was devised and rolled out to address the first challenge and communicate the changed company and product to the audience. Factory visits, meetings and interviews with designers and engineers, motor shows, sponsorships, displays at public arenas and well planned advertisement campaigns were part of this strategy. These efforts helped reduce the strong negative image and create the basis for further shift towards a positive image. In attempting to address the second challenge, the company needed to encourage consumers to think about buying the product. This is not possible only through advertising for example, but needs a focus on building up the brand and what it stands for. This was done by emphasizing Skoda's brand values through cars that were practical, reliable, functional and robust. This was also reiterated through a focus on quality and value for money for the customer among other things. Through this PR effort, and subsequent important brand launches, the modern Skoda brand name was established allowing the company to step successfully into the future.

QUESTIONS

1. What is building awareness? Give an example.
2. Can you think of some ways of reinforcing the brand?
3. What are the five methods to make promotion mix?
4. What are the types of promotional strategies?
5. How would you manage promotion of your product in the decline life product cycle?

LISTENNING

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