

University Of Wales Trinity Saint David London

BA Business Management

***Marketing Fundamentals LCBB4004 REWORK
Assessment 2 Marketing Fundamentals Analysis
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Submitted To Mr. Ze Zook

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Introduction to marketing

Marketing is the science of the market. Its practical role is to serve the business in achieving its goals - production, trade, and all other types of goals in business.

Profit is the essence of business.

The goals of the business are the customers (if there are no customers, there is no profit). The business helps companies find and retain their customers (which is more difficult in a market economy) and third, increase their numbers. Every company is successful if it can keep its customers and this is done with the means of marketing.

Marketing is about demand. In modern conditions, however, the other side will intensify, marketing to anticipate, to outpace demand.

Marketing serves a market of buyers (Western European market (the buyer is always right)) There is a market of sellers (deficit market economies (everyone produces what they have resources (labor) and goods are more expensive). BG market is a market of the seller.

In a market economy, there are 5 approaches, concepts that allow companies to make a profit:

1. The production approach.

The oldest approach. The company secures its profit through production. This approach is mostly used after WWII by the Japanese. Reduced production costs and thus ensures a profit.

2. Product approach.

The company secures its profit through the products. Quality, packaging, packaging.

3. Trade approach.

Profit by increasing sales. It is applied mostly by large companies because it involves large investments in marketing and communications. To invent favorable ways for the products to reach the customers - marketing and communications (advertising, public relations).

4. The marketing approach.

Profit by satisfying customer demand better than the competition. The company makes a profit, as a result of which it first researches what is sought, and then begins to produce and offer it.

5. Socio-ethical approach.

It is applied by large companies and involves large investments. It combines 3 groups of interests:

- the interest of the company to win;
- the interest of customers to receive quality products;
- the interests of society (products that are not harmful to health, do not pollute the environment, etc.

The marketing and socio-ethical approach show the practical importance of marketing, namely to serve the business (Marketing inspires the company's customers)

Marketing develops first in practice and then as a science. In terms of marketing, this is the beginning of the 20th century. Originally in the US as part of the Industrial Revolution, intuitively. There is overproduction during R&D, but some specific goods are in short supply. This contradiction between the abundance of supply and the difficult demand causes the construction of marketing units in the structures of large companies. In all western countries, it is in some industries. It appears as a practice first among the companies offering food and specially cut goods. Then machinery, consumer services, international marketing, marketing in the intangible sphere - sports, culture, etc. The last area is political marketing. The essence of marketing.

It must be seen as a trinity:

- Business philosophy - vision, the concept of the company's behavior in the market; As a theory, he defines the Mazar behavior of the company.
- Sum of general and specific management functions. The main functions in management are: planning, organizing, ... + specific management functions;
- A set of operational activities.

Marketing content:

1. market analysis;
2. forecasting;
3. satisfying the demand of the clients;
4. modeling of new demand (supply outstrips demand).

Marketing goals:

1. To stimulate maximum consumption.
2. To stimulate the achievement of maximum consumer satisfaction. (The second goal stimulates quality, not quantity.)
3. To provide the widest possible choice.
4. Marketing to help improve the quality of life of customers, in general, from every point of view. (There should be enough quality and quantity of goods on the market, and everyone should find what they are looking for at any given time.) The last goal includes infrastructure. It is necessary to have a developed transport infrastructure.

Types of marketing

It can be divided according to the level of consumption - macro-/micro-; international /; aggressive/passive marketing;

De-marketing (de-going back). The company seeks to limit demand. A company may seek to limit demand due to the selection of its customers and due to limited production capacity, as well as, for example, when entering the market with a new product.

Counter-marketing - has the task of limiting supply. Such marketing is carried out by the state - producers with higher taxes are pressed, for example.

These 2 types of marketing are very common in Western European countries.

Marketing serves the market to buyers.

Non-deficit market - the buyer dictates the terms of the transactions. The Bulgarian market is almost non-deficit.

Deficit market-producers dictate the terms of transactions

The relationship between seller, consumer, customer-common is that ...

Sales specialist - gets in touch with an already manufactured product.

Marketing specialist - is involved at the very beginning of the product idea.

The entrepreneur is a businessman. What is special about entrepreneurs is that in market conditions, in a country, the more entrepreneurs there are, the more they prosper.

Difference between companies and enterprises. The company is an organizational structure. The company is the name of the company.

Marketing concepts:

1. Desire is a feeling of scarcity - the needs of customers;

Need - desire acquired a specific form, according to the characteristics of the individual (sex, age, position). The general desire becomes a concrete need.

2. Demand - a need combined with purchasing power. Marketing is primarily interested in solvent demand.

3. Product - products, services, ideas, place, time, personality. Everything can be a product. Everything that satisfies desires and needs and is available on the market. The product becomes a commodity. The service is a kind of product.

4. Exchange (exchange) - commodity - commodity; goods - money), self-sufficiency, begging, misappropriation (theft) - the goods reach customers in these four ways.
5. Transaction - differs from the exchange in that it is a trade exchange - place, time of conclusion of the transaction. The terms of the exchange have been agreed upon.
6. Market - all existing and potential customers (buyers). Identity in the market, in marketing, these are the customers.
7. Marketing - human activity related to the market and aimed at satisfying desires and needs through the exchange, and brings profit.

Marketing environment

The marketing environment, the market environment, and the company environment - the same. The marketing environment covers subjects, processes, and phenomena that affect the company's activities. Most of them are outside the company. Everything the company faces. It is divided into 2:

- Microenvironment
- Macroenvironment

This division is based on one criterion - whether the company can influence the elements of the micro and macro environment.

Elements of the micro marketing environment - the microenvironment is managed. It can be influenced by marketing tools. The elements are in the microenvironment:

- staff
- providers
- intermediaries
- customers
- competitors
- contact groups
- suppliers and intermediaries - they must act aggressively. Mostly qualified intermediaries. They are also classified according to the criterion, according to whether the intermediary becomes the owner of the product he offers.

Three groups of intermediaries:

- They act in their own name and at their own expense - distributors and dealers
- They act on their own and at the expense of others - commission agents and brokers. Brokers operate on commodity exchanges and stock exchanges, customs and others.

- They act on behalf of others and on behalf of others - sales agents and also brokers.

The next element is the customers. In terms of marketing, customers, these are the markets. There are several main types of markets, which are divided on the basis of the following criteria: geographical location, product characteristics, characteristics of buyers, and peculiarities of the way of concluding transactions.

Markets are divided into: national and international. Each of them can be one of the following markets.

Consumer goods market - national / international. This market is called unorganized. Buyers in this market are individuals and households.

The market for capital goods or industrial goods. This market is called organized and more transparent. The clients are legal entities, companies, investors. The goods traded are machines, equipment, raw materials, materials, fuels.

The market of resellers (intermediaries). Everything is traded in this market. The customers are wholesalers, retailers.

The market of state municipal enterprises and institutions. Goods on this market are mainly industrial - office equipment, consumables. The manner of concluding and executing transactions - through tenders and competitions and through public procurement.

Competition

The competition is:

- market
- non-market

It is divided into the price and non-price competition. In a market economy, non-price competition is important.

Non-price is divided into competition for the product and competition for the terms of sale.

Product competition - competition in quality, marking, packaging. Standards exist, which means that they limit the ability to seek a competitive advantage. The competition must be conducted on the terms of sale. These include: longer warranty period, deferred payment, sale of credit, provided service, provided spare parts. Non-market competition. It contradicts the market economy. It is called non-market because it is carried out with the intervention of the state. In principle, such competition should not exist. Forms of intervention are becoming more diverse. Economic (taxes, excises, customs duties, interest rates, the exchange rate of national currency and administrative regulators (Administrative regulators - they are the most dangerous and most contrary to market principles. Administrative means are: fees, quotas, standards, certificates, price thresholds.)

Another form of non-market competition is state and municipal procurement.

The last factor of the microenvironment: Public contacts.

Public, non-governmental groups that directly or indirectly influence the success of the company. For example child protection associations, animal protection associations, environmental associations, political lobbies, financial lobbies, journalism lobbies. All of them can support businesses or organize a boycott. The role of these contact audiences will grow.

Elements factors of the macro-marketing environment

It is unmanageable by companies, but companies must comply with it. The macroenvironment strongly influences the solvent demand of all companies.

1. The first factor is the demographic
2. Economic factor - purchasing power must be studied. It depends on macroeconomic indicators. They are gross domestic product, inflation, unemployment. Cost structure - the more a country spends on food, the poorer it is.
3. Natural and climatic element
4. Scientific and technological factor - every company must be constantly interested in innovations, science, and technology in the field of services it works with. The company must also study the possibilities of a country for the implementation of scientific results.
5. Political law. The political stability, ethnic and religious problems, criminogenic situation (what are the reasons for the increase of crimes, preconditions ...), the bureaucratic system and the corruption system, the existence of contact groups are studied.
6. Social factor. The following are studied: income level, the structure of ..., the pension system, the health care system, the education system. They affect solvency
7. Cultural element - extremely important. 75 features are contained in this factor.

Marketing information and marketing research

In the article. Are there any of the elements of the micro-and macro-environment? A few sentences for each factor. Once the company environment is determined, it must gather market information and, on its basis, make its marketing research. MI is divided into:

- primary
- secondary

This division is determined by the sources of information and the goals pursued by the information. In practice, most often, companies start collecting secondary information and if it proves insufficient for market research, they move on to collecting primary information. The secondary information was collected on some other occasion. It has been processed and documented. It is available to all

companies and in most cases is free. This information may not be sufficiently up-to-date and objective. The sources of this information are:

- In-house source of information - includes all documentation of a company;
- External source - the materials of the Statistical Institute, the collections, the reports, the reports of the Parliament and the Executive Power, of the BNB and all specialized publications - books, magazines and the Internet.
- Primary marketing information. It is being collected for the first time in connection with a specific market study. It is assembled more slowly, it is more expensive and not all companies can afford such information. It is up-to-date, objective information. Sources of information: methods and tools. The methods are 3: observation, experimentation (the company creates artificial conditions and monitors their reaction to customers), surveys.

Means:

Survey - when developing a marketing survey, the company or specialist must clarify: the size of the survey - the number of questions, the form of questions - open/open and closed/closed, the wording of the questions - short, clear; sorting out the questions. A constant sample is called a panel. They are used in the NSA. All respondents must be compensated regardless of the type of survey. Funds are set aside to compensate respondents. The more educated and more experienced - the more valuable information.

1. Market test - combines methods for collecting statistical information. The market test is expensive and should only be used when introducing a new or improved product to the market.

2. Trial market - part of the researched market, as the most representative market participants are concentrated in it, ie. the largest manufacturers, the largest importers, the most solvent customers. When it comes to perfumes, cosmetics. It is enough to take place on the main street.

3. Focus group

Includes 10 to 15 people. There is always a presenter - a specialist who directs the conversations. Focus groups gather to discuss specific business topics. It is very suitable when collecting primary information, especially for services. The services affect a large part of the population.

4. Mechanical and electronic devices

Marketing research

They are a process that involves the collection, processing, analysis, and evaluation of marketing information, which is then used to make marketing decisions.

Marketing research can be done by the companies themselves. They are often ordered from specialized companies. The process of marketing research goes through several stages.

1. The first stage determines the framework of the study - the object of the study. The problem that exists is determined. The goal and the respective specific tasks are defined. The geographical scope of the study - which market. The time range is determined - what period of time is studied.
2. The second stage determines the information scope - what information - primary or secondary.
3. Third stage - methods for collecting information.
4. Analysis of the collected information
5. Evaluation of the results

Types of marketing research

There are over 40 species.

1. According to the marketing information used. Whether primary or secondary information is used in the study. Studies of this type of information are divided into:

- primary - field or on-site
- secondary

2. By time range:

- permanent
- episodic, divided into:

1. operational - from several hours to 1 year;
2. short-term;
3. medium-term;
4. long-term - up to 20 years.

Operational and short-term studies are usually performed.

3. According to the site:

- country study. Country market research.
- Research of the company and the individual marketing tools.

4. Conjunctural and specialized. Most companies in the West, and especially in our country, stop conducting market research - the current state of something under the influence of momentary influences. Conjuncture research deals with the study of the current state of the market under the influence of temporary factors. They aim to develop market forecasts and are shorter and cheaper. Specialized studies are much more comprehensive and more expensive. All factors of the marketing environment and all elements of the marketing mix, tool after tool, are studied.

Marketing strategies

Each strategy includes goals and tools.

There are different types of marketing strategies. To determine it, several actions must be performed. They are 3:

1. Market segmentation.

As far as the market, these are the customers, this means the division of the market into parts, ie. dividing customers into groups according to the specifics of their search. Segmentation is based on one or more criteria.

- Segmentation of the consumer products market - customers are individuals and households. There are a lot of customers, all of them have a specific demand. Segmentation of this market is absolutely mandatory. Segmented:

- i. Geographically - national, neighborhood, city, age, gender, etc.

- ii. Demographic aspect. The demographic characteristic is closest to the customer and is closest to the specifics of the search. The easiest and always done.

- iii. Behavioral segmentation.

It can be on the principle of motives for the purchase; product attachment; frequency of purchases; psycho-cultural segmentation; belonging to a certain social group; Lifestyle; personal characteristics, etc.

Market segmentation for industrial goods. The goods on this market: machines. Segmentation is very important in geographical and sectoral terms. Which industry do the clients belong to - in legal or legal aspect. According to the scope of activity - commercial or services. According to the size or number of customers (small, medium, or large company); according to economic results.

2. Selection of market segment

3. Positioning of the company's production, of the market segment selected by it.

To compare the specifics of the product on offer with the demand. Positioning can be done in two ways:

- 1. Positioned with a new product. Prerequisites for this positioning is that the company has a large enough production capacity; another prerequisite is that the company is technologically leading; The market segment should be promising in the future.

- 2. The company to enter into a competitive struggle. A prerequisite for this is that the market is large and promising enough. The company should have some competitive advantage.

As a result of these actions, the first large group of marketing strategies can be identified, called “target market marketing strategies” (target market segments). The marketing strategies in the target markets are 3:

1. Undifferentiated or mass marketing. The company tries with one product, or a limited number of products, to conquer the market and is not interested in the specifics of demand, different groups of customers. The result is high productivity, less cost, and more. The companies that can afford this strategy are the big manufacturers.
2. Differentiated marketing or multiple segmentation. The essence is that the company focuses on several market segments and subordinates its activities to the specifics of demand, to each market segment.
3. Concentrated marketing, also called market window strategy or niche market. In this strategy, the company focuses on an extremely small group of customers, a small part of the market, with a specific demand. It is so specific that these market windows are not of interest to large companies that do not pay attention to them: boutiques, artisans, different groups with different diseases, where the quantities are small. This strategy is used by companies with limited resources. Market window and niche market are usually used as synonyms, but the first is a segment in which there is unsatisfied specific demand, the second - a market segment in which the company can meet the demand ... ???

The company is looking for market windows and strives to turn them into market niches.

Determining the size of the market segment

First indicator - market share. The ratio between the company's sales to all sales of a product made in the market segment for a certain period of time.

Market volume - the sum of all sales, in physical or value volume, of a given market segment, for a certain period of time. It shows market demand. It is necessary to know the number of existing and potential customers; frequency of purchases and average size.

Market potential - the maximum volume of sales that could be made in a given market segment, for a certain period of time, by all manufacturers and importers of the product. It essentially shows the market supply.

Market penetration - the relationship between market volume and market potential, ie. the relationship between supply and demand.

Criteria for selection of market segment:

1. Size of the market segment. It can be determined on the basis of indicators (absorption capacity - how much can be realized).
2. Dynamics of development of the market segment (prospects - shrinking or expanding demand)
3. Costs for entering the market segment
4. Market risks - purely financial, currency, etc.

5. Competitive advantage. The company must have some competitive advantage in the given market.

Price. Pricing strategies. Price mix.

The market price performs two main functions:

1. Provides information on the state of the market.
2. The market price motivates both producers and consumers for their behavior on the market.

From a marketing point of view, the price reflects the non-production costs and the consumer value of the product, as a result of which, often, the price is unreasonably high and unreasonably low.

The price reflects the state of the macro-marketing environment.

Price does not represent a significant competitive advantage, because in a market, the price is quickly balanced.

Pricing factors.

Two main groups:

- non-market - consumption intensity, monopoly. To this group, non-value, non-price factors, marketing adds new pricing factors - macro-marketing environment, industry affiliation, type and type of competition, length and width of distribution channels, company traditions in price formation - price list; price discounts / surcharges, if the company enters a market with low solvency (customers have low incomes) or enters a market where qualitatively identical goods are offered, in the formation of prices, the company should take into account the price-income ratio, if the company does so, it defines the so-called. absolute price level; opposite factor - if the company enters the market with high solvency, in pricing, the company determines the so-called. relative price level, ie it is not important for the customers how high the price is, but what they will get against it. The last 2 factors are of great importance.
- market - pricing factors - costs, depreciation.

Consumer products market

This product has a diverse product range. The product life cycle is very dynamic. The cuts are varied. Uniform and differentiated prices are used. There are various forms of placement. Demand is inelastic for basic necessities and elastic for everyone else. Goods for personal consumption are for sale.

Model of consumer behavior:

1. motivating factors:

a. elements of the marketing mix

b. elements of the macro-marketing environment

2. a black box in the customer's mind

a. buyer's characteristic

b. purchase decision process

c. impact response

- Choice of sales method
- Choice of location
- Choice of time
- Quantity selection
- Choice of additional services

The characteristics of the buyer depend on 4 groups of factors:

1. Cultural factors - cultural level, ethnicity, religion, social status;
2. Social - reference groups (family, friends, colleagues), stages of the family life cycle, which determine what is sought (role/status).
3. Personal - gender, age, education, position, economic opportunities, lifestyle, personality type, self-image.
4. Psychological factors - motivation to make a purchase. (Maslow's Pyramid)
 - Perception of psychological factors.
 - Persuasion.

Who decides to buy?

Related to the purchasing decision process. This process begins long before the purchase, and the consequences are long after the purchase.

The process has stages:

1. Awareness of the need to purchase;
 - a. There is a need for the client, it is realized and he is solvent.
 - b. There is a need, it is realized, but the client is insolvent (smaller cuts, discounts, interest-free loan).
 - c. There is an ability, but the need is not realized.

2. Search for information by the client:

a. The merchant company needs to understand from which main sources it draws information. The company is looking for more and more new sources of information.

b. Evaluation of purchase options.

c. Making a purchase decision. The decision is made by one person or group of people who have a common goal regarding the purchase and share the risk of the purchase. In making a decision, different individuals may perform different functions.

i. initiator of the purchase;

ii. influential person;

iii. a person who makes a purchase decision;

iv. buyer;

v. user.

The purchase decision itself can be of 3 types:

i. reflex reaction - reacts by reflex - in practice no purchase decision is made but relies on old experience. In this way, basic necessities are bought.

ii. limited determination. This option is most often used because the buyer has priority over the company-seller or over the product. He knows exactly what product he wants.

iii. extended determination. The customer has no preferences either for the company or for the product.

5. Fifth stage - reaction after the purchase.

The first important thing is to determine the degree of satisfaction with the purchase.

The second important thing - what is the fate of the product, ie. whether it has been consumed, whether it has been left in the closet, whether it has been resold, whether it has been given as a gift, and what is the way of using the product.

Personal and impersonal channels of communication

Communication (promotion) - communication in which information is exchanged, consciously or unconsciously. In order to have communication, there must be three elements:

- message, information, message
- source of information - communicator
- recipient of information - addressee

There are different communication systems. Marketing deals with the public communication system - it has several features:

- the communicator and the addressee are people or groups of people
- public communication is carried out through two processes - encoding and decoding of information through different symbols
- there is always feedback - response
- the information is transmitted through personal and impersonal communication channels

Personal channels of communication - the information is sent directly and there is always feedback. The forms of personal communication channels are telephone conversation, commercial correspondence, face-to-face conversation, face-to-face with the audience, internet. Personal channels of communication and their forms are widely used in the sale of new, expensive goods, risky goods, and especially industrial goods. In these cases, in order to make a purchase decision, the customer needs additional detailed information, which he cannot get from the advertisement.

Impersonal communication channels - the message is sent indirectly, there is no personal contact between the communicator and the addressee and there is no feedback. There are three forms of impersonal communication: all types of media, events, atmosphere (for example: luxury bank, luxury restaurant). The company purposefully puts its customers in artificial conditions in order to increase interest in the products offered.

Communication strategies - information strategy and manipulation strategy, which is aimed mainly at young people, is related to modeling a new demand.

Publicity and publicity - this is business information published in the specialized media

Direct marketing

Personal sales - are made by sales agents, each responsible for a specific sale, in a specific area, with sales agents personally and verbally informing their customers about the products they offer in order to encourage them to make a purchase. The sales process has several stages:

1. the sales agent makes an extended list of potential customers, which he reduces, based on the solvency of the customers and the interest of the customers. The aim is to cover prospective customers and multiple purchases.
2. the sales agent researches the clients and prepares for the meeting with them.
3. meeting with the client and demonstration of the product.
4. the commercial agent concludes a transaction with the client.
5. the sales agent performs after sales service - checks whether the customer is satisfied with the purchase, service is organized (if necessary). The sales agent must follow the fate of the product.

The rules that sales agents must follow are:

1. to predispose the client to talk, to say what he is looking for

2. presentation of the visible qualities of the product
3. the questions and answers about the price must be finally
4. You should never openly attack competitors
5. Never offend customers
6. if the customer has made a purchase, he must be personally informed about each new product (the sales agent must have a file of each customer)

Whose initiative is it to carry out the deal?

To the company, through the sales agent.

Direct marketing - in this case, the initiative for the transaction belongs to the client himself. Direct marketing has been used for 50 years, combining marketing, advertising, and sales promotion. There are forms of personal and impersonal communication. The information is aimed at a specific target group, usually, feedback is expected, ie an order. Direct marketing is a flexible approach to entering a new market, to position the company:

- telemarketing (telephone) - the information can be recorded and given on record or with operators (operators give more detailed information and answer questions).
- teleshopping - can be done within the television program
- door to door - the advertising agency provides customers with promotional gifts related to fast-moving consumer goods and collects primary marketing information.
- use of postal items - prospectuses, mail catalogs
- Internet

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