



MARKETING: A BRIEF INTRODUCTION

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Student's Supplement



Introduction

Approach

The book is structured around an active learning approach. Although a considerable amount of information is presented in the text, the aim is to impart skills and knowledge by engaging the reader in interesting activities and exercises which build on existing experiences and understanding. Marketing is ideally suited to this approach because we experience and witness it consciously or unknowingly most days of our lives. The primary focus of marketing is on customers and their needs, and we are all customers with needs. Therefore we can draw on our own experiences as consumers in a wide range of contexts to develop and check our understanding of marketing theory and see how it is applied in practice. We can use our experiences as a shopper to develop a better understanding of retail marketing. We can reflect on our own use of education and health services to understand better the marketing of services in the public sector. We are all exposed to advertising and packaging messages and can think of those that influence us and those that have less impact. If we have access to the Internet, we can make our own judgments on the implications of this latest development on marketing. Marketing activities are going on around us all the time from market surveys in the high street to mail shots received at home, and they all offer an opportunity to learn about marketing.

How to use this book

This book can be used as a work book with the facilitation of a teacher or lecturer in the classroom, or as the basis of unsupervised work at home, or a mixture of both.

However used, the cases, activities and exercises are the basis for the learning process. It is recommended that the book is used in the following way:

- First read the short case at the beginning of each chapter. These describe a particular scenario and ask the reader to draw conclusions about marketing principles from it.
- Attempt the activities at the end of each case. If necessary use the indicator to sections in the text to complete the activities, but first try to develop answers independently of the text. If you can discover marketing principles for yourself by observing them in practice you are more likely to fully understand and appreciate the theory.
- Read through the text and the examples.
- Reflect on your understanding of the text through the 'Checkpoint' exercises which attempt to relate theory to personal practice



- Read the final case study and undertake the activities at the end of each chapter. These are designed to develop and confirm your understanding of theory by personal experimentation and practice. Although it may be tempting to move on to the next chapter, it is important to attempt the ongoing exercise of 'Developing a marketing plan' at the end of each chapter so that skills can be built incrementally.

Action Learning

In summary, to get the most out of this book follow an action learning cycle of:
Practice – Reflection – Theory – Experimentation

- *Practise* marketing as an outside observer – for example by considering first the case at the beginning of each chapter which describes an aspect of marketing in action.
- *Reflect* on what this reveals about marketing through the activities at the end of the case
- *Theorise* about the principles of marketing as described in the main text and the examples given of marketing in practice.
- *Experiment* through your own personal experiences in the checkpoints and exercises in each chapter.
- *Practise* what you have learned through the ongoing exercise of developing a marketing plan.

This supplement reviews each chapter by:

- Providing a summary of the contents of each chapter.
- Asking self-test questions on specific sections of the text.
- Suggesting typical examination questions and providing outline answers to the key examination questions at the end of the section.
- A comprehensive list of web links and further reading references.



Chapter 1 *What is marketing?*

Summary

- Traditional marketing starts with the orientation of the enterprise around customer needs. In order to ensure this, formalised gathering of market intelligence underpins all aspects. A process of segmentation, targeting and positioning is used to develop a marketing strategy that meets customer needs. This strategy is implemented through the elements of the marketing mix.
- As a management philosophy, the marketing concept represents a strategy involving three basic propositions:
 - Customer orientation – the primary focus of the organisation is on the needs of the customer
 - Organisational integration – everyone in the organisation accepts and implements a customer orientation. It is not just the responsibility of the marketing department
 - Mutually beneficial exchange – there has to be a balance between the needs of the customer and the strengths of an organisation so that it too can get its needs met.
- Alternative orientations which can be adopted include:
 - Production orientation – focussing on the efficiency of supply
 - Product orientation – stressing the highest possible product specification and quality
 - Service orientation – emphasising the expertise of the service deliverer
 - Sales orientation – using sales techniques to sell what is available
- Although the basic principles of marketing are as old as trade itself, it has developed rapidly as a body of knowledge since the 1950's, with successive industry types and economic sectors adopting a more customer oriented approach.
- The Internet has created new opportunities for marketing and enabled organisations to become more accessible to individual customers. The most rapid development of Internet applications was in business-to-business, rather than business-to-consumer, markets.
- Traditional marketing principles have been challenged for several reasons:
 - The seeming lack of effectiveness of marketing strategies in some market conditions or circumstances
 - Entrepreneurs' abilities to successfully develop new businesses based on individual intuition rather than formalised assessment of market needs



- The potentially detrimental effects on society. This has led to the notion of 'societal' marketing that puts the welfare of society into the balance alongside customer and organisational needs.

Self-test questions

1. How would you define marketing? Why do you think the marketing concept is sometimes misunderstood or defined too narrowly?
See section 1.1
2. What three basic ideas are fundamental to the marketing concept? How would you describe each one?
See section 1.2
3. Organisations can adopt alternative orientations to the marketing concept. Can you name and describe three of these?
See section 1.3
4. Marketing has been practiced since trade began but it has only been formalised into a taught discipline in relatively recent times. What were some of the factors that made this necessary? Can you trace the adoption of more formal marketing practices in the economy since the 1950s?
See section 1.4
5. It has been suggested that in some circumstances the marketing concept is an inappropriate management approach. Describe some of these circumstances. Do you agree that marketing has less to offer in these cases?
See section 1.5
6. The adoption of the marketing concept by many sectors of our economy has been linked to a variety of undesirable social effects. What are these undesirable social effects and do you agree that they can be directly linked to marketing?
See sections 1.5.3 and 1.5.4

Examination questions

- A. Define the 'marketing concept'. Discuss its relationship to other business orientations (suggested answer follows in 'Outline answers to some examination questions').
- B. 'Several factors make it imperative for organisations to be marketing oriented.' Explain and discuss this statement.
- C. There is some debate about whether or not the marketing concept helps organisations of all sizes in all sectors improve their performance. Using examples with which you are familiar state your views.



Further reading

Harris, L.C. (2002), "Developing Market Orientation: An Exploration of Differences in Management Approaches, *Journal of Marketing Management*, Vol 18: 603-632. (Available on EBSCO)

Narver, J. and Slater S. (1990), "The Effects of Marketing Orientation on Business Profitability," *Journal of Marketing*, Vol 54: 20-35 (available on ABI INFORM)

Rigby D.K., Reichheld F.F. and Scheffer P. (2002), "Avoid the Four Perils of CRM", *Harvard Business Review*, February

Darrell K. Rigby and Dianne Leddingham, (2004), "CRM Done Right", *Harvard Business Review*, November

Fournier S., Dobscha S. and Mick D.G. (2001), "Preventing the Premature Death of Relationship Marketing", *Harvard Business Review*, October

Stokes, D. and Wilson, N. (2006) *Small Business Management and Entrepreneurship*, 5th edition, Thomson Learning. See Chapter 12

Chaffey, D., Mayer, R., Johnston, K. and Ellis-Chadwick, F. (2000) *Internet Marketing*, Pearson Education, chapter 1.

Web links

<http://www.learnmarketing.net/environment.htm>

Learn Marketing is an e-learning site that aims to give users a basic introduction to the subject of Marketing

<http://www.marketingprofs.com/webnews>

MarketingProfs Today is a US newsletter targeted at marketing managers, containing useful case studies and reviews.



Chapter 2 *The Marketing Context*

Summary

An understanding of the context within which an organisation operates and the environmental influences around it are an essential part of the marketing decision making process. Three types of environmental factors have important effects on the marketing process:

- *The internal environment* of organisational factors such as:
 - *Objectives.* Profit is a common objective in the private sector, although some smaller businesses prefer independence to growth. The public sector has other, sometimes conflicting objectives such as the provision of a high quality service and meeting spending targets.
 - *Stakeholders.* Many groups from shareholders to employees with a vested interest in an organisation may place different emphasis on marketing strategies.
 - *Resources.* Large and small firms differ in the way they approach marketing because of differences in their human and financial resources.
 - *Culture and structure.* The internal culture, made up of organisational values, beliefs, and assumptions, influences the marketing decisions an organisation makes and how it structures itself for decision making.
- *The micro-environment* of external forces specific to an organisation including:
 - *Suppliers* who influence the resources available.
 - *Intermediaries* who come between a business and the final consumer.
 - *Customers* in the trade or end-users
 - *Competitors* trying to satisfy the same customer.



- *The macro-environment* of forces having a more general impact including:
 - Socio-cultural changes to the structure and attitudes of society
 - Technological advances in what is possible
 - Economic factors at local, national and international level
 - Political and legal constraints
- *Managing marketing* in this environment involves:
 - scanning it to understand what is happening and likely trends, and
 - influencing it when this is possible and appropriate.

Self-test questions

1. The marketing environment can be classified under the three headings of internal, micro- and macro- environments. What factors could be included under each of these headings?
See section 2.2.1
2. Organisational objectives differ between the public and private sectors. How do objectives affect marketing decisions in the public sector?
See section 2.2.2
3. What is meant by the term 'stakeholder'?
See section 2.2.3
4. How does the lack of resources in small firms influence their marketing approaches?
See section 2.2.4
5. How does organisational culture and structure influence marketing decisions?
See section 2.2.5
6. Give some examples of how the micro-environment can have a key impact on the marketing success of organisations.
See section 2.3
7. Explain how each of the main forces in the macro-environment can affect marketing decisions.
See section 2.4



8. In what ways can an organisation manage or influence its environment? See *section 2.5*

Examination questions

- A. For your local leisure centre:
- (i) Conduct an audit of the micro- and macro- environment;
 - (ii) Carry out a STEP (or PEST) analysis; and
 - (iii) Summarise how you might scan this environment on a continuous basis.
- B. Discuss some typical uncontrollable factors in the marketing environment giving some examples of their effects on controllable marketing decisions (Suggested answer follows in 'Outline answers to some examination questions')

Further reading

Sargeant, A. (2005) *Marketing Management for Nonprofit Organizations*, Oxford University Press, Oxford, Chapter 3

Stokes, D. (2006) Marketing in Small firms, in Carter S. and Jones-Evans D. (eds.) *Enterprise and Small Business Development*, FT/Prentice Hall.

Chaffey, D., Mayer, R., Johnston, K. and Ellis-Chadwick, F. (2003) *Internet Marketing*, 2nd edition, Pearson Education, Chapter 4.

Web links

<http://www.learnmarketing.net/pestlesson.htm>

Learn Marketing provides a useful example of a PEST/STEP analysis of the computer industry.



Chapter 3 *Customers and Competitors*

Summary

- Customer needs represent long term necessities which Maslow categorised as survival, security, social, success and self-actualisation needs. They are not the same as 'wants' which are how we wish a need to be fulfilled as conditioned by our past and present environment.
- Organisations can suffer from 'marketing myopia' and mistake what customers want currently for long-term needs.
- In fact customers buy the benefits of a product (what it does for them) rather than its features (what it is) and change to alternative products which offer superior benefits.
- Customers are organised in chains linking producers to the end-users. Benefits required from products change according to the position in the chain.
- Customers are served by markets and the industries or organisations within them. The characteristics of a market change as it develops from an immature to a mature state.
- There are consumer and organisational markets. Organisational markets can be further divided into industrial, intermediary and government markets. Distinctive characteristics of organisational markets include derived demand arising from buyers further down the chain, small numbers of buyers purchasing relatively large amounts, and multiple influences in the buying decision.
- Other groups or markets can influence marketing strategies. Relationship marketing theories have summarised these as the 'six markets' of customers, internal markets, recruitment markets, suppliers, influence and referral markets.
- The competitive structure of markets changes according to the balance of power between the five forces of existing rivalry, the potential for new entrants, the threat of substitutes, and the relative bargaining power of buyers and suppliers.

Self-test questions

1. What is the difference between customer needs and wants? How did Maslow classify our needs?
See section 3.1



2. Give some examples of 'marketing myopia'.
See section 3.2
3. Describe a feature of a product and the corresponding benefit to a customer.
See section 3.3
4. What is the difference between customer and consumer? Give some examples of customers who are not consumers.
See section 3.4
5. How can marketing be directed at 'internal customers'? Give some examples.
See section 3.4.4 and 3.6.1
6. Compare some commonly found characteristics of mature and immature markets.
See section 3.5.2
7. What types of 'organisational markets' are there and in what ways do they often differ from consumer markets?
See section 3.5.3
8. What five forces affect the competitive structure of a market?
See section 3.7.1
9. Describe the barriers to entry that may deter a new entrant into the car manufacturing industry. Which substitute products could be said to compete with cars?
See section 3.7.3
10. What are the factors which can affect the balance of power between buyers and suppliers?
See section 3.7

Examination questions

- A. 'Short-sighted managements often fail to recognise that in fact there is no such thing as a growth industry' (Levitt). Discuss this statement. (*Suggested answer follows in 'Outline answers to some examination questions.'*)
- B. Carry out a competitive analysis of an industry of your choice using Porter's 'Five Forces' model.



Further reading

Siu, N.Y.M. and Wilson, R.M.S. (1998) 'Modelling Market Orientation: an Application in the Education Sector', *Journal of Marketing Management*, vol. 14, pages 293-323

Berry, L. and Parasuraman, A. (1991) *Marketing Services through Quality*, The Free Press.

Cahill, D.J. (1996) *Internal Marketing*, The Haworth Press.

Christopher, M., Payne, A. and Ballantyne, D. (2001) *Relationship Marketing: Creating Stakeholder Value*, Butterworth Heinemann

Little E. and Marandi E. (2003), *Relationship Marketing Management*, Thomson Learning

Porter, M.E. (1998) *Competitive Strategy: Techniques for Analysing Industries and Competition*, Macmillan Publishing.

Web links

<http://www.marketing-intelligence.co.uk/resources/competitor-analysis.htm>

AWARE is a consultancy specialising in competitive and marketing intelligence. Their websites contains useful information and case studies on competitor analysis and intelligence.



Chapter 4 Buyer Behaviour

Summary

- Customers make buying decisions in a way that cannot be directly observed. However inputs and influences into the decision making process can be assessed by the buying decisions that result.
- Consumer buying decisions are influenced by
 - Social factors including culture, sub-culture, social class and reference groups including the family.
 - Individual factors including motivation, personality type, self-image, perception, learning, beliefs and attitudes.
 - Lifestyle factors which combine social and individual inputs and can be classified into psychographic groups.
- Consumer buying can be divided into the five stages of need recognition, information search, evaluation of alternatives, purchase choice, and post-purchase experience. Some purchases require a lower involvement by the buyer and do not go through all the stages in the process (e.g. routine or impulse purchases).
- Organisational buying can be divided into the eight stages of need recognition, general need description, specification of the product, search for suppliers, requests for proposals, selection of supplier, specification of terms and conditions, and performance review.
- Organisational buying decisions are influenced by:
 - The type of decision or buy class of 'straight rebuy', 'modified rebuy' or 'new task'.
 - The decision making unit (DMU) of 'gatekeeper', 'user', 'influencer', and 'decision-maker'
 - The size and culture of the organisation.

Self-test questions

1. What is meant by the 'black box' in a model of customer buying behaviour?
See section 4.1.1
2. What are the inputs into the black box in the form of uncontrollable and controllable stimuli?
See section 4.1.2



3. List the types of social factors that exert influence on consumer buying decisions.
See section 4.2.1
4. List the types of individual, psychological factors that exert influence on consumer buying decisions.
See section 4.2.2
5. What is meant by 'psychographics'?
See section 4.2.3
6. Give some examples of purchases in which consumers have:
 - (i) a high involvement;
 - (ii) a low involvement;

in the buying decision making process.

See section 4.3
7. Describe five possible stages in a consumer buying process.
See section 4.3.2
8. Describe three main types of buying decisions in organisations.
See section 4.4.1
9. Describe eight possible stages in an organisational buying process.
See section 4.4.2
10. What different roles might be played by individuals in an organisational decision making unit (DMU)?
See section 4.4.4

Examination questions

- A. If marketing management wish to change consumer attitudes towards a product or service, what behavioural factors should they take into account?
- B. Why is it important to understand family roles and decision making processes for products and services that are consumed by the household as a unit?
- C. An individual is buying a computer for their own use at home. An organisation is buying the same product for use in the office. What differences would you expect to find in the buying behaviour of the individual and the organisation in making their decision? (*Suggested answer follows in 'Outline answers to some examination questions'*)



Further reading

East, R., Vanhuele, M. and Wright, M. (2007) *Consumer Behaviour: Applications in Marketing*, London: Sage.

Engel J.F., Miniard P.W. and Engel J.F. (2007), *Consumer Behaviour*, 10th edition , Thomson Learning

Solomon R. (2004), *Consumer Behaviour: Buying, Having and Being*, 6th edition, Prentice Hall, Harlow



Chapter 5 Marketing Research

Summary

- Marketing research collects data from a variety of internal and external sources and analyses it into information to provide marketing intelligence.
- Research varies from the formalised marketing intelligence systems which larger organisations use to track changes in their environment and the effects of their marketing campaigns, to the informal networking of entrepreneurs keeping a weather eye out for opportunities.
- Research can provide information on customers and markets or feedback on products, promotions, pricing and distribution issues.
- The research process first sets clear *objectives* before *planning* and *implementing* the research which can then be *analysed* and *used*.
- Research methods can produce *qualitative* or *quantitative* information from *primary* or *secondary* data.
- Secondary data already exists and can be collected from internal sources, such as accounting records, or external sources such as competitors' publicity or government statistics.
- Primary data is collected to meet specific research objectives through observation, experimentation, surveys or in-depth interviews.
- Respondents to surveys are contacted by mail, telephone or in person, on an ad hoc or continuous basis
- Samples are used to represent (in quantitative research), or illustrate (in qualitative research), the population being studied. Methods include probability, quota and convenience sampling. Samples can also be clustered or stratified.
- Questionnaires use open, closed and multiple-choice questions, carefully worded to minimise bias, confusion and ambiguity.

Self-test questions

1. What is meant by a 'marketing intelligence system'?
See section 5.1.1
2. Give an example of the application of marketing research in one non-profit and one private sector organisation.
See section 5.1.2



3. Marketing research can be divided into five major areas based on the type of questions it seeks to answer. What are these five areas?
See section 5.2 (Figure 5.2)
4. What are the main steps in the marketing research process?
See section 5.3 (Figure 5.3)
5. What is the difference between quantitative and qualitative research?
See section 5.4.1
6. List three advantages and three disadvantages for both primary and secondary research.
See section 5.4.2 (Figure 5.5)
7. What are the main sources of secondary data?
See section 5.5
8. Name four different approaches to the collection of primary data.
See section 5.6.1
9. What happens in a group discussion?
See section 5.6.1
10. How would you rate telephone interviewing in terms of quantity of data, control of the sample, speed and response rate compared to other research contact methods?
See section 5.6.2 (Table 5.2)
11. Give examples of open, closed and multiple choice questions.
See Section 5.6.3
12. What is meant by 'funneling' in structuring a research questionnaire?
See section 5.6.3
13. What is the difference between a random probability sample and a quota sample?
See section 5.6.4
14. What is an 'omnibus survey'?
See section 5.6.5

Examination questions

- A. An office equipment dealer has approached you with a view to carrying out some market research on their image, product range and staff morale. Outline the marketing research plan that you would recommend with justifications for your recommendations.



- B. You are considering setting up a take away pizza business. What market research would you require before you make a decision? Present your answer as a market research plan. (*Suggested answer follows in 'Outline answers to some examination questions',*)
- C. What are the main steps in carrying out a market research exercise? Give examples of the problems you might expect at each stage.

Further reading

Chisnall, P.M.(2001) *Marketing Research*, 6th. Edition, McGraw Hill.

Hardaker, G. and Graham, G. (2001) *Wired Marketing*, John Wiley & Sons, Chapter 3.

Kent R. (2007), *Marketing Research: Approaches, Methods and Applications in Europe*, Thomson Learning

Webb, J.R. (2001) *Understanding and Designing Market Research*, Thomson Learning.

McGivern Y. (2006), *The Practice of Market and Social Research: An Introduction*, FT Prentice Hall

Oppenheim, A.N. (1992) *Questionnaire Design, Interviewing and Attitude Measurement*, Pinter Publishers.

Wilson, A (2006) *Marketing Research, an integrated approach*, 2nd Edition, FT Prentice Hall, London

Web links

Research information web sites

Mintel: <http://www.mintel.com>

MORI: <http://www.mori.co.uk>

Economist Intelligence Unit: <http://www.eiu.com>

AC Nielsen: <http://www.nielsen.com>

Euromonitor: <http://www.euromonitor.com>

Key Note: <http://www.keynote.co.uk>



Chapter 6 *Marketing Strategy*

Summary

- A strategy is a plan or pattern that brings together the objectives and activities of an organisation into a cohesive whole.
- Strategic marketing decisions segment markets into customer groups, select target segments, and adopt appropriate market positions.
- Markets can be divided into segments, sub-segments and niches.
- The benefits to an organisation of segmenting its markets include:
 - closer matching of customer needs
 - concentration of resources
 - market leadership of narrowly defined markets
 - higher long term profits in competitive markets
- Markets can be segmented on the basis of:
 - a key benefit (low prices, reliability, safety, convenience, status)
 - buyer behaviour (purchase rates, loyalty to brands, purchase methods)
 - psychographics (lifestyle, social grouping, personality)
 - geography (national, regional, urban/rural)
 - demography (age, sex, culture, life-cycle, company size)
- Targeting strategies can be classified as
 - undifferentiated (commodities, mass market products e.g. early marketing of Guinness and Coca Cola)
 - differentiated (distinctive marketing approach to segments e.g. Burtons/Arcadia)
 - concentrated (a new or small business)
- Viable market segments are identifiable, relevant to the purchase decision, large enough to sustain the products offered, and accessible.
- Organisations operating in a variety of contexts, from the private to the public sector, from consumer to industrial markets can target their customer groups through segmentation.
- Customers' simplistic impressions or perceptions of a product or company in the market place describe its 'position' (e.g. up-market/down-market).
- Positioning strategy seeks to:
 - identify positions which influence buyer behaviour



- select an appropriate, competitive position which an organisation can deliver
 - communicate this position through marketing messages.
- Competitors in a market can usually be classified as 'leaders', 'followers', 'imitators' or 'nichers'. In some industries (e.g. the music industry), competitive positions are being threatened by newcomers exploiting Internet-related new technologies. However, whilst e-commerce is well established in business-to-business markets, it has relatively low penetration levels in business-to-consumer markets.
 - Marketing strategies are implemented through management of the *marketing mix* which can be summarised as 4P's: product, pricing, promotion and place.
 - Effective strategies harmonise these elements of the marketing mix into a consistent approach to the target markets.

Self-test questions

1. What is the difference between a strategic and a tactical decision? Give an example of a strategic marketing decision and the tactical activities which might result from it.
See Section 6.1.2
2. What are a market segment and a market niche?
See section 6.2.1
3. Give four advantages of market segmentation strategies with an example of each.
See section 6.2.2
4. 'Benefit segmentation looks for the major benefits that are given priority by a significant number of customers and then seek to identify with that group through consistent marketing efforts.' Can you name some of the benefits that are used by organisations in this way and examples of their use?
See section 6.2.3
5. In what other ways can markets be segmented?
See section 6.2.3
6. Following an analysis of possible customer segments, three basic strategies can be considered to direct marketing efforts. What are they? Give some possible advantages and disadvantages of each alternative?
See section 6.3.1
7. Name four criteria which influence the viability of targeting a particular market segment.
See section 6.3.2



8. Give an example of how:
 - (i) a business-to-business company, and;
 - (ii) a public service organisation;might segment their customer groups.

See section 6.3.3
9. What is meant by 'positioning'? Can you position some of the restaurants in your local area on a 'positioning map' using price and quality as the parameters?

See section 6.4
10. Different types of competitors can be classified into four types. What are these?

See section 6.5.1
11. How has the Internet changed marketing strategies in the music industry?

See section 6.5.2
12. 'Effective strategies harmonise the elements of the marketing mix into a consistent approach to the target markets.' What are these 'elements' and why do they need to be harmonised?

See section 6.6

Examination questions

- A. You have been asked to advise an entrepreneur who wishes to start up a restaurant on his marketing strategy, with particular reference to the segmentation, targeting and positioning process. How would you advise him to segment his market, select a target segment and position his business?
- B. 'Positioning is in the mind of the consumer.' Critically evaluate this statement. (*Suggested answer follows in 'Outline answers to some examination questions.'*)
- C. Which do you think is the most important element in the 4Ps of the marketing mix and why?

Further reading

Doyle, P. (2002) *Marketing Management and Strategy*, 3rd edition, FT/Prentice Hall.

Hooley, G.J., Saunders, J. and Piercy N.F. (2004) *Marketing Strategy and Competitive Positioning*, 3rd edition, Prentice Hall.



Chaffey, D. (2006) *Internet Marketing: Strategy, Implementation and Practice*, Pearson Education

Siegel C.F. (2006), *Internet Marketing: Foundations and Applications*, Houghton Mifflin

Web links

<http://www.e-marketing-news.co.uk>

An e-newsletter that claims to bring you the inside scoop on the search engines industry. Contains useful tips in this black-art industry.



Chapter 7 Products: Characteristics and Strategies

Summary

- A product is anything that is capable of fulfilling customer needs. It is therefore not limited to physical objects, but includes intangible services, people, places and organisations.
- Products are classified into consumer or industrial products, and tangible or intangible products. Tangible products are sub-divided further into durable or non-durable goods.
- Individual product items are aggregated into product lines, groups, and finally portfolios or product mix - all the products offered by an organisation or unit.
- Three distinctive elements of a product need consideration: the core product of basic benefits to meet customer needs, the actual product of features which create those benefits, and the augmented product of additional features and benefits (such as guarantees and after sales service) which often differentiate competing products.
- Branding has become an important, intangible aspect of many products, representing an assurance of quality, and a statement of aspirations of the purchaser.
- Branding strategies can follow an *umbrella* or *portfolio* approach.
- The '*product life cycle*' concept (PLC) divides the lifespan of a product into stages of development, introduction, growth, maturity and decline.
- The *development stage* takes new product ideas from concept to market readiness. This development process can be under-emphasised without deliberate policies to generate, screen and test new ideas that can then be planned, developed and tested as products in the market place.
- Typically in the *introduction stage*, a basic product is launched with limited competition, promotional activity, higher prices, restricted distribution and sales, and negative cash flow.
- The *growth stage* is typified by rapid market acceptance, more competition, product improvements, additional promotional effort, and downward price pressures. Although profitable the product continues to absorb cash.
- In the typical *mature stage*, growth slackens, products and pricing becomes more sophisticated, distribution becomes wider and deeper and promotions seek to maintain loyalty. The pressure on profits and market share shakes out weaker competitors although cash flow becomes positive.
- In the *decline stage* decisions are needed to either revitalise, harvest or delete the product.
- A balanced *portfolio of products* is required to cope with the resource and marketing implications of the product life cycle. The *growth-share matrix* typifies products as 'stars', 'cash cows', 'wildcats' and 'dogs' according to their market share and growth characteristics.
- The *multi-factor model* measures the market attractiveness and competitive position of a product.
- *Ansoff's matrix* classifies product strategies as market penetration, market extension, product development or diversification.



Self-test questions

1. How would you define a product?
See section 7.1.1
2. Give some examples of tangible and intangible products.
See section 7.1.2
3. Name three ways in which products are classified.
See section 7.2. 1
4. What general distinction can be made between the marketing of tangible and intangible goods?
See section 7.2.2
5. Name some of the terms used to aggregate, or collect together, individual products.
See section 7.2.3
6. What is meant by the term 'augmented product' and what are the implications of this concept for marketing strategies?
See section 7.3
7. What is branding and why is it important?
See section 7.4.2
8. Describe two commonly used branding strategies with examples
See section 7.4.3
9. What are the stages of the product lifecycle?
See section 7.5
10. What are the resourcing and competitive implications of the stages of the product life cycle?
See section 7.5.2
11. What typifies the use of the four Ps of the marketing mix in each stage of the product lifecycle?
See section 7.5.3
12. Draw the Boston Consulting Group's growth-share matrix. Name and describe each quadrant.
See section 7.6.2 (Figure 7.7)
13. Describe the General Electric multifactor portfolio model. What different product strategies does it suggest?
See section 7.6.3 (Figure 7.8)



14. What are the four basic product strategies suggested by Ansoff's matrix?
See section 7.6.4 (Figure 7.9)

Examination questions

- A. Marketing activities should change as a product passes through its life cycle, according to product life cycle theory. Describe the main stages of the Product Life Cycle and illustrate how and why you would expect marketing activities to change, using a product of your choice to illustrate your answer.
- B. (i) Why are people willing to pay more for branded rather than unbranded products? Explain how, using examples where relevant, the brand name is used to add value to the product.
(ii) Show how the positioning of brands varies in a market of your choice.
- C. Product portfolio analysis helps an organisation to plan its product strategies. What are the benefits of this? Describe one model that can be used in the process. (Suggested answer follows in 'Outline answers to some examination questions')

Further reading

Doyle, P. (2002), *Marketing Management and Strategy*, 3rd Edition, Prentice-Hall.

Lovelock C. (2004), *Services Marketing: People, Technology and Strategy*, 5th edition, Prentice Hall

Keller K.L (2003), *Building, Measuring and Managing Brand Equity*, 2nd edition, Pearson Education

Crawford, C. M and Di Benedetto C. A. (2005) *New Product Management*, 8th Edition, Irwin McGraw-Hill.

Web links

http://www.cadbury.co.uk/EN/CTB2003/learning_zone/case_study/Product+development.htm

Cadbury and chocolate – a short case study on Fuse



Chapter 8 Pricing: Influences, Strategies and Methods

Summary

- Pricing is a key ingredient in the marketing mix of private and public sector organisations and one that has a direct financial effect.
- The Internet has increased the potential to lower prices through improved communications between willing buyers and sellers. Consumers can benefit through the development of individual bargaining (e.g. through auctions), and organisations through virtual market places and reverse auctions.
- Prices are derived from a mixture of internal and external influences.
- Internal influences include:
 - targeting, positioning and marketing mix strategies
 - the cost base of fixed and variable costs
 - the financial objectives of the organisation
- External influences include:
 - customers perceptions of the value of a product and elasticity of demand
 - the competitiveness of the market place (defined by economists as perfect, monopolistic and oligopolistic competition, and pure monopoly).
 - environmental factors such as the economy, taxes, government intervention and the power of intermediaries.
- The two generic pricing strategies are:
 - skimming which has the possible advantages of fast payback, high profits, possibility of price reductions, less investment and an up-market image, and the disadvantages of encouraging new entrants, diseconomies of scale, and limitations on sales volume potential
 - penetration which has the possible advantages of fast sales growth, wide product awareness, strong market position, economies of scale, deterring new entrants, and the disadvantages of reduced profits, difficulty in increasing prices, and more investment required.



- Pricing methods include:
 - cost-based pricing using break-even analysis
 - competition-based pricing
 - customer-based pricing

Self-test questions

1. Why is pricing becoming a more important function in public services which traditionally have not charged for their services?
See section 8.1
2. Summarise the main influences in the pricing process.
See section 8.2.3
3. With examples, describe how marketing strategies influence pricing decisions.
See section 8.3.1
4. 'Pricing possibilities are constrained by the financial structure and financial objectives of an organisation.' Explain and illustrate this statement.
See section 8.3.2
5. What is meant by 'elasticity of demand'? How does it affect pricing policies?
See section 8.4.1
6. Competitors and environmental factors are important determinants of prices. In what ways?
See section 8.4.2
7. Describe the two generic pricing strategies giving examples that favour the adoption of each strategy.
See section 8.5
8. Describe cost-based, competition-based and customer-based pricing methods. How can all three be used in practice to set the optimum price?
See section 8.6

Examination questions

- A. The physiotherapy department of an NHS hospital has been told to price its services both internally and to private patients. What influences would you expect to be taken into account? What general and particular advice would you give to the superintendent of the department regarding pricing?



- B. Price is the only element of the marketing mix to produce revenue, all the others add costs. What are the major pricing strategies? When should each be used? Illustrate your answer with relevant examples. (Suggested answer follows in 'Outline answers to some examination questions')
- C. Compare and contrast cost-based and demand-based pricing.

Further reading

Nagle, T. and Holden R. (2001) *The Strategy and Tactics of Pricing*, 3rd edition, Prentice Hall.

Chaffey, D. (2006) *Internet Marketing: Strategy, Implementation and Practice*, Pearson Education,.

Siegel, C.F. (2006), *Internet Marketing: Foundations and Applications*, Houghton Mifflin

Web link

<http://www.businesslink.gov.uk/bdotg/action/layer?topicId=1073858848>

Business Link's advice on pricing your product or service



Chapter 9 Promotions I: Marketing Communications and Selling

Summary

- Marketing communications are concerned with who (the sender), says what (encoding the message), in which way (media channels), to whom (the receiver), and with what effect (decoding, response and feedback).
- The AIDA model of Attention, Interest, Desire and Action summarise the stages necessary for successful communications where high involvement in the buying process is evident. ATR (Attention, Trial and Reinforcement) may be more relevant for products where there is lower involvement in the buying process.
- Marketing messages often travel by a process of diffusion because of the influence of opinion leaders and word-of-mouth communications.
- The marketing communications mix consists of uncontrollable and controllable communications. Controllable communications form a promotional mix consisting of:
 - personal selling and field marketing
 - advertising
 - direct marketing
 - sales promotions
 - public relations
- The selection of the appropriate method depends on the objective of the communication influenced by the product life cycle stage.
- The commercial development of the Internet has had a major impact on the scope of marketing communications. It offers a number of new media opportunities for promotional activities including:
 - Electronic mail in the form of personalised marketing messages or impersonal 'spams'
 - Websites for information, advertising and online ordering
 - Newsgroups (online discussion forums) of millions of people around the world exchanging news and views about products and services
- Personal selling has suffered from a poor reputation as a marketing tool, but factors such as increased costs and competitiveness are making it a more professional activity.
- Selling covers many types of activity from household deliveries to complex presentations. Customer experience and the complexity of product sold divide the role required into:



- consultative selling (complex product, inexperienced customer)
 - relationship building (complex product, experienced customer)
 - harder selling (straightforward product, inexperienced customer)
 - low contact selling (straightforward products, experienced customers).
- Sales management involves establishing selling objectives, sales strategy and the sales force structure, and recruiting, training, motivating and controlling the sales team.
 - The selling process involves many time consuming and potentially demotivating activities as well as making sales presentations.
 - The stages in making a sale follow the AIDA model:
 - Attention is gained non-verbally, vocally and verbally.
 - Interest comes from careful questioning and attentive or active listening
 - Desire has to overcome objections with empathy
 - Action means closing the sale
 - Field marketing involves direct communications with customers through experiential marketing, exhibitions and trade fairs.

Self-test questions

1. Why should both marketing managers and sociologists alike be concerned at the levels of promotional communication?
See section 9.1
2. Describe the process in which messages travel from the sender to the receiver.
See section 9.2.1
3. Using the AIDA model of marketing communications, describe and explain how the objectives of marketing communications change.
See section 9.2.3
4. Explain how the diffusion process operates in some markets.
See section 9.2.3
5. 'Organisations communicate with their publics and consumers through many forms of marketing communications. Some they control directly themselves; others are less controllable.' Summarise the main types of communication of each category.
See section 9.3.1
6. How can 'uncontrollable' communications be more controlled?
See section 9.3.2



7. How does the product life cycle impact on the promotional mix?
See section 9.3.3
8. Why does the sales profession sometimes suffer from a bad image? What factors are helping to improve it?
See sections 9.4.1 and 9.4.2
9. Customer experience and product complexity change the nature of the required selling role. Describe four different selling roles which illustrate this point.
See section 9.4.3
10. What are the roles of sales management?
See section 9.4.4
11. What types of selling activities are undertaken by an office copier salesperson other than making sales presentations?
See section 9.5.1
12. Describe the stages of making a sale using the AIDA model. What are the key factors that ensure progression from one stage to the next?
See section 9.5.2
13. What is 'field marketing'? Give an example of field marketing in action.
See section 9.6

Examination questions

- A. In what ways does an organisation communicate with its marketplace? How can it ensure that the messages received are positive ones?
- B. What are the advantages and disadvantages of personal selling compared to other elements in the promotional mix? (Suggested answer follows in 'Outline answers to some examination questions')
- C. Assess the changing role of selling as an element in the marketing mix.
- D. You are demonstrating a new product to a customer with the objective of taking an order from them at the end of your meeting. Describe and explain how you would attempt to progress from the stage of introducing yourself to the point where you could take an order from the customer.



Further reading

Blythe, J. (2006), 3rd edition, *Marketing Communications*, Financial Times Press.
Chapters 1,2,8 and 11

East, R., Hammond, K., Lomax, W., Robinson, H., (2005) "What is the Effect of a Recommendation?", *The Marketing Review*, Volume 5, Number 2, Summer, pp. 145-157(13)

Jobber, D. and Lancaster, G. (2006), 7th edition, *Selling and Sales Management*, Financial Times Press.

Web links

www.exhibitions.co.uk

<http://www.businessballs.com/salestraining.htm#openplanselling>

Sales techniques and tips website – see especially section on ‘open plan selling’:



Chapter 10 *Promotions II: Impersonal Marketing Communications*

Summary

- Advertising campaigns can be planned and implemented in five stages:
 - Setting objectives of informing, persuading and/ or reinforcing.
 - Estimating the budget by considering expenditure as a percentage of income, competitive expenditure, objectives and tasks, and/or what is affordable.
 - Deciding the creative strategy and message, for example USP or lifestyle.
 - Selecting the media from press, TV, radio, cinema, posters, direct mail and the Internet.
 - Evaluating the results.
- Sales promotions, or 'below the line' advertising, can be:
 - 'push' promotions such as trade promotions and sales force incentives
 - 'pull' promotions to consumers such as discounts, samples, coupons, competitions, sponsorship, point-of-sale display and credit facilities.
- Public relations are the efforts to establish and maintain understanding between an organisation and its publics.
- 'Publics' important to an organisation include the workforce, suppliers, intermediaries, customers, local community, financial community and policy makers.
- Methods used to communicate with publics include media relations, published information, lobbying, support for 'good causes' and crisis management.
- Sponsorship offers the sponsoring organisation the opportunity to improve its image with its target market by gaining positive associations. It can also allow companies to avoid legislation prohibiting advertising.
- Direct marketing is a fast growing promotional element that bypasses normal distribution methods to communicate and deal directly with consumers. It uses many elements of the promotional mix such as telemarketing, the Internet and direct mail.



Self-test questions

1. What are the 5 steps in planning an advertising campaign?
See section 10.1
2. 'Advertising can achieve one or more of three main types of objective.'
What are these? Give examples of the use of each type.
See section 10.1.1
3. Compare the merits of the various ways of arriving at an advertising budget.
See section 10.1.2
4. Describe two basic types of creative strategies, with examples.
See section 10.1.3
5. Discuss the types of media available to an advertiser with an analysis of the advantages and disadvantages of each type.
See section 10.1.4
6. How can the results of advertising be evaluated?
See section 10.1.5
7. What is the difference between above and below the line advertising?
See section 10.2.1
8. Give examples of sales promotions which 'push' and those which 'pull' products towards the buyers.
See sections 10.2.2 and 10.2.3
9. Describe, and give some examples of, some of the ethical issues in sales promotions.
See section 10.2.4
10. What is public relations? Who does 'public' refer to?
See section 10.3.1
11. Describe with examples the principle PR activities.
See section 10.3.2
12. Why has the use of sponsorship increased over the last decade? Describe the sponsorship opportunities of a well known sports organisation
See section 10.4
13. What is 'direct marketing'?
See section 10.5



Examination questions

- A. Your local amateur dramatic society is suffering from falling attendances. Draw up a promotional plan to help them address this problem.
- B. What factors influence the use of the media available in an advertising campaign? Discuss some general advantages and disadvantages of the types of advertising media in relation to these factors.
- C. You are the head of a sales promotion agency. You are making a presentation to a new client on the effective use and pitfalls of sales promotion activities. Outline the contents of your presentation.
- D. The board of governors of a local secondary school has asked you to advise them on the types of PR activities they might undertake to promote the standing of the school within the community with the ultimate aim of increasing student recruitment. What advice would you give them?

Further reading

Practitioner journals containing examples and cases of promotional campaigns and topics:

Advertising Age
Campaign
Direct Response
Marketing Week
Marketing
Marketing Direct
PR Week
Revolution

Advertising Works Series , WARC, Henley. The latest is Advertising Works 15 (2006)

Blythe, J. (2006), 3rd edition, *Marketing Communications*, Financial Times Press

Jay, R. (1998) *Profitable Direct Marketing*, Thomson Learning

Tench, R and Yeomans, L (2006) *Exploring Public Relations*, Prentice Hall

Web links

Institute of direct marketing website: www.theidm.co.uk

Direct mail Information service website: www.dmis.co.uk

Business Research Lab – short tips on advertising research and other marketing research issues: <http://www.busreslab.com/tips/tipsads.htm>



Chapter 11 Place: Marketing Channels

Summary

- *The place element* of the marketing mix involves decisions about the location in which goods and services can be purchased, the distribution channels through which they pass from producer to final user, and the physical distribution methods used.
- *The Internet* represents both a threat and an opportunity to distribution methods as it can both replace and complement existing channels
- *Intermediaries* between producers and consumers operate on a number of different channel levels. They include agents, wholesalers, distributors, dealers and retailers.
- *Advantages* of intermediaries include reduced investment, local knowledge, economies of scale, transactional efficiency and breaking bulk.
- *Disadvantages* of intermediaries include less control over marketing methods and effort and less revenue per item sold.
- *Channel strategies* cover the selection and management of distribution systems:
 - *Selection* involves decisions on the direction and intensity of distribution.
 - *Channel management* decisions attempt to overcome conflict and create efficiencies through vertical or horizontal marketing systems.
- *Vertical marketing systems (VMS)* can be corporate, contractual or administered.
- *Horizontal marketing systems* operate on the same channel level.
- Factors which influence channel strategies include market structure, channel structure, product characteristics, and organisational characteristics.
- *Retailing* can be categorised and evaluated by trends in the depth and width of product lines offered, customer service levels, price position, ownership, location and non-store retailing such as on-line shopping. The large multiples have become channel 'captains' in some sectors because of the concentration of retail sales in their outlets.
- *Franchising* is a fast developing channel system which can be sub-divided into trademark and licensing agreements, and business format franchising.



Self-test questions

1. What does the role of 'place' include as one of the 4 Ps in the marketing mix?
See section 11.1
2. What is meant by 'channels of distribution'? What types of channel are there?
See section 11.1.3
3. What are the advantages of using intermediaries to help distribute goods from producer to user? What are the disadvantages?
See section 11.2.2
4. Discuss some of the strategic choices in channel selection.
See section 11.3.1
5. What is a Vertical Marketing System (VMS)? Explain, with examples, the differences between a corporate, contractual and administered VMS.
See section 11.3.3
6. What are the main influences on the choice of channel strategy?
See section 11.3.5
7. Retailing can be grouped into various categories according to emphasis on a number of variables such as product line or price position. Describe up to six such classifications.
See section 11.4.1
8. Why are retailers being described as the 'new channel captains'?
See section 11.4.2
9. What is a product or trademark agreement?
See section 11.5.1
10. What is 'business format franchising' and what are the advantages to the franchisor?
See section 11.5.2

Examination questions

- A. A European soft drinks manufacturer is preparing to launch its range of non-alcoholic health drinks into the UK. Advise them on the different channels of distribution that they may use, making a recommendation to them with justifications for your proposals.
- B. You are the marketing manager of a medium-sized manufacturing company. In a meeting with a large retail group, their chief buyer tells you: 'Don't worry about distribution and promotion of the product. We will take



care of that. Concentrate on manufacturing the quality and quantity we need.' Draft a memo to your own managing director addressing what you think are the main issues raised by this statement and outlining some alternative courses of action open to you.

- C. What is franchising? How might a producer benefit by using it as a method of distribution? (Suggested answer follows in 'Outline answers to some examination questions')

Further reading

Christopher, M. (2005) *Logistics and Supply Chain Management: creating value-adding networks* 3rd. Edition, Financial Times/Prentice Hall.

Berman B. and Evans J.(2004) *Retail Management* 9th. edition Prentice Hall

Euromonitor (2006), *Retailing-United Kingdom*.

McGoldrick P.J. (2002), *Retail Marketing*. 2nd Edition, McGraw Hill

Hanson W. and Kalyanam K. (2007) *Internet Marketing and e-Commerce* 2nd edition South Western

Keynote Report (2006) *Franchising Market Report*

Web links

<http://www.mckinsey.com/practices/marketing/ourknowledge/scm.asp>

McKinsey & Company website containing useful articles on channel management and other marketing subjects



Chapter 12 Marketing decisions and planning

Summary

Although marketing principles can be applied in many different circumstances, decisions concerning marketing strategies, and the mix of activities to be used, will vary according to the context.

- *Small enterprises* often follow the marketing concept of orienting their organisation around customer needs but may not have the resources, skills or motivation to use extensive marketing campaigns. Marketing strategies tend to be informal, restricted in scope, simplistic, and evolutionary. Although small firms can be very innovative, many rely on narrow product ranges. Pricing is a key competitive weapon where economies of scale are not available, although many small firms under-price their products and services. Distribution is often restricted to localised markets. Promotions rely on word-of-mouth and personal selling.
- *Entrepreneurial marketing*, or marketing in entrepreneurial contexts, can be as successful as more traditional marketing, however. It tends to rely on interactive marketing methods with more direct customer contact. It makes use of pro-active word-of-mouth strategies which attempt to stimulate recommendations, and the use of networks to provide market intelligence and business opportunities. Entrepreneurial marketing can be summarised as a sequence of: innovative products/services; identification of target markets; interactive marketing methods; and informal networking for information (4 'Is').
- *The non-profit sector* includes public corporations, public services, institutions, charities and social enterprises. There are potential inhibitors on marketing activities because of restricted markets, confusion over who is the customer, multiple objectives, open access to all, public scrutiny and a public sector ethos. These often focus the marketing mix on product considerations and limit promotional activities.
- *Services* are characterised by intangibility, inseparability, perishability, heterogeneity and ownership. This adds a possible further 3 'P's' to the marketing mix because of the increased importance of the *physical evidence* of a service, and the *people* and *processes* that deliver it.
- In *business- to-business (B2B) markets*, products tend to be more complex and demand is derived from customers further down the chain. Purchasing patterns normally involve less frequent purchases of relatively expensive products compared to consumer markets, and the buying process may involve a decision-making unit (DMU). These differences influence the marketing mix: products and prices tend to be more customised and less standardised; promotions rely more on personal methods such as selling and less on impersonal activities such as advertising and PR; distribution channels are often shorter than in consumer markets.
- *International marketing* is marketing across national boundaries. Research into the cultural, political, economic and other local conditions is essential. Products can be sold into international markets in unmodified form to



benefit from scale economies, modified to take account of local conditions, or developed as new to meet unfulfilled local needs. Approaches to international markets include exporting, licensing, joint ventures, and direct ownership. The options for marketing strategies are globalisation, localisation or 'glocalisation'. The Internet is having a particular impact on international marketing as it provides opportunities for better world-wide communications, lower transaction and distribution costs, and rapid access to market intelligence in other countries.

- The marketing concept is implemented through a process which is either informally followed or planned in a more structured way.
- A structured marketing planning process asks the following questions representing stages in the process:
 - *Where are we now?* – the *analysis* stage which looks at corporate goals, conducts internal and external marketing audits, makes assumptions and summarises with a SWOT analysis.
 - *Where are we going?* – setting *objectives* in relation to products and markets by establishing measurable results.
 - *How do we get there?* – deciding marketing *methods* which include strategies for the marketing mix, activity programmes and budgets summarising the resource implications.
 - *Are we getting there?* – *evaluation* of the results through controls and feedback.

Self-test questions

1. Discuss and explain the apparent paradoxical attitude to marketing of small business owners who adopt a customer-oriented strategy but only adopt restrictive and haphazard marketing activities.
See section 12.1.1
2. Marketing in a small business 'does differ in practice from that of larger organisations.' What is the impact on each element of the marketing mix of the smallness of a business?
See section 12.1.2
3. Describe the process of 'entrepreneurial marketing'.
See section 12.1.6
4. Explain, with examples, why marketing activities are increasingly used in not-for-profit organisations.
See section 12.2



5. Give six factors which potentially inhibit public services from being fully customer-oriented.
See section 12.2.2
6. Which characteristics of services have particular implications for marketing strategies? How do they influence the marketing mix?
See section 12.3
7. In business-to-business markets, 'direct selling is often the most used method.' Why is this so?
See section 12.4.2
8. Outline three different strategic approaches to international marketing.
See section 12.5.3

Examination questions

- A. 'Many successful entrepreneurs do not practice marketing according to the text book.' How do small business owners tend to attract their customers and how does this differ from large organisations?
- B. What is the difference between international marketing and exporting?
- C. A small charity is suffering from falling income because of the increase in charitable causes asking for donations. How would you advise them to increase their share of the charitable donations cake?
- D. You work for a marketing consultancy and since your old school/college has become a client, you have been given responsibility for the account. You decide that the first step is to produce a marketing plan which takes into account the limitations in funding of educational establishments. What are the main stages in the marketing planning process that you would undertake and what are some of the issues you would expect to have to deal with in each stage? (Suggested answer follows in 'Outline answers to some examination questions')

Further reading

Kotler, P. and Levy, S. (1969) 'Broadening the Concept of Marketing', *Journal of Marketing*, Vol. 33, January.

Brennan R., Canning L. and McDowell R. (2007) *Business-to-Business Marketing*, Sage.

Stokes, D.R. and Wilson N.J. (2006) *Small Business Management*, 5th Edition, Thomson Learning.

Carter, S. and Jones-Evans, D. (2006) *Enterprise and Small Business: Principles*,



Practice and Policy, 2nd. Edition, Harlow: Prentice Hall.

Web links

<http://www.entrepreneur.com/marketing/index.html>

Entrepreneur.com – US based tips on marketing and other business advice aimed at smaller enterprises



Outline answers to key examination questions

Suggested answers given here are in outline, or note form, only. The level of detail and analysis required depends on the type of examination taken. Answers usually benefit from appropriate examples taken from your own experience or from sources such as this book.

Chapter 1

Question A – *Define the 'marketing concept'. Discuss its relationship to other business orientations.*

Key Points

The marketing concept: a business philosophy or strategy which orientates an organisation around the needs of customers. Can be confused with marketing as a tactical function which involves activities such as advertising, selling, pricing, product development and market research.

Three ideas fundamental to the marketing concept:

1. Customer orientation – the most crucial of all marketing principles as embodied in the UK Institute of Marketing's definition of marketing: 'the management process responsible for identifying, anticipating and satisfying customer requirements profitably.' Easy to pay lip-service to customer needs whilst organisation is in fact driven by other priorities such as production or selling needs.
2. Organisational integration – concept of customer orientation has to involve whole organisation and everyone in it; the marketing concept is not just the responsibility of the marketing department.
3. Mutually profitable exchange – customer may be 'king' but not a tyrant as long-term organisational needs of the supplier have to be met as well. In the private sector this is expressed as profits or return on investment; not-for-profit organisations have other objectives such as measures of funds raised, or patients treated. The marketing concept implies a balancing act between needs of customers and needs of the organisation so that both benefit in the long term from the exchange process.

Alternative business orientations include the production, product, service and sales concepts.

The production concept assumes that production efficiencies and economies of scale will ultimately benefit the customer in lower prices. Although this logic was behind many of advances of the industrial revolution, the insistence on standardisation wherever possible ignores individual preferences and is inappropriate in modern markets where supply generally exceeds demand.



The product concept focuses on developing 'better' products. This can drive organisations to supply what is technologically possible rather than what the customer wants.

Service oriented organisations assume that their professional skills are so specialised that customers do not have the necessary knowledge to choose for themselves. This may lead to misinterpretations of customer demand in some aspects of the service provided as the professional is blinded to customer needs by their in-depth knowledge.

The sales concept uses marketing techniques to promote products and services without adopting the overall marketing concept of matching what is sold to customer needs. The focus is on how to sell existing products and services rather than to find out what might meet customer needs more fully.

Chapter 2

Question B – Discuss some typical uncontrollable factors in the marketing environment giving some examples of their effects on controllable marketing decisions.

Key Points

Uncontrollable factors in the marketing environment include:

1. Internal factors – organisational objectives, resources, culture and structure.

Example – a library may restrict its marketing activities aimed at finding new customers because it does not have the resources or structure to deal with more borrowers. Its objectives to keep within a tightly defined budget restrict the role of marketing to improving the service to the existing number of borrowers.

2. Micro-environmental factors – impact of suppliers, intermediaries, customers and competitors.

Example – intermediaries between manufacturers and the final consumer have increased their power over the marketing decisions on many products. Major retailers of food, clothes and household goods give manufacturers strong guidelines covering many marketing decisions such as packaging, display, pricing and promotions.

3. Macro-environment – socio-cultural, technological, economic and political factors.



Example – new technology in form of electronic point of sale (EPOS) data capture has given retailers an important new marketing tool. For the first time major retailers can monitor the purchases of individual customers through loyalty card schemes and use this information as the basis of marketing campaigns to attract them back to the store.

Chapter 3

Question A – *‘Short-sighted managements often fail to recognise that in fact there is no such thing as a growth industry’ (Levitt). Discuss this statement.*

Key Points

Levitt’s concept of ‘marketing myopia’ behind this quote. In looking for customer ‘needs’, some organisations mistakenly concentrate only on customer ‘wants’.

- Needs are something necessary for the maintenance of life at a basic or more evolved level – see Maslow’s hierarchy of needs for survival, security, socialisation, success and self-actualisation.
- Wants are choices of how that need is to be fulfilled.

Marketing myopia is mistaking wants for needs. Levitt gives example of drill bits which are wanted only until a better way of fulfilling the need for making holes is found.

Although needs are relatively constant, wants are influenced by the environment and individual background. Developments in the technological, socio-cultural, economic and political environment change what is ‘wanted’ to fulfil a particular ‘need’. As these changes happen all the time, today’s growth industry is tomorrow’s industry in decline.

Levitt’s example of the North American railroad which was once an all-powerful industry filling the need for transport and communication until superseded by other industries which developed more convenient, flexible methods of meeting the same need and so became ‘wanted’ instead.

Criticisms of Levitt such as ‘nice theory, which offers no solutions’. What can marketing managers do about industrial cycles largely outside their control? Concern over long-term future of industry can lead to unwise diversification and distraction which hastens decline.

However three principles from the concept of marketing myopia:

1. Customers loyal to capabilities of products to fulfil needs not to products themselves. As they buy benefits not features of a product, marketing campaigns should emphasise key benefits over competitors.



2. Products have limited lifespan before demand shifts to preferred means to the same benefit. Concept of product life cycle of introduction, growth, maturity and decline stages.
3. Organisations restricting themselves to one product or industry therefore limiting own life expectancy as will not be a growth product or industry for ever.

Chapter 4

Question C – *An individual is buying a computer for his/her own use at home. An organisation is buying the same product for use in the office. What differences would you expect to find in the buying behaviour of the individual and the organisation in making their decision?*

Key Points

Marketing inputs into the buying process may be the same – uncontrollable factors such as social, technological, economic and political influences; controllable marketing factors such as product, price, promotion and place. But buying influences tend to differ between an individual and an organisation. See 'black box' models.

■ Individual buying influences include:

1. Social – culture, sub-culture, social class, reference groups and family.

Example – reference groups important in computer purchase as can influence basic system preferred (e.g. PC or Macintosh) and types of software as used by acquaintances. Family influence – systems used by husband/wife at work, children at school.

2. Individual – motivation, personality, self-image, perception, learning (from past experiences), beliefs and attitudes.

Example – personality influence on whether buy compulsively on recommendation or after careful shopping around and detailed information search.

■ Organisational buying behaviour influenced by decision making unit and type of buying decision.

Decision making unit (DMU) depends on size and culture of organisation. Roles of players within DMU include 'gatekeeper', 'user', 'influencer' and 'decision-maker'.

Types of buying decision classified as straight re-buy, modified re-buy, or new-task decisions.



Example – in large bureaucratic organisation, a replacement of existing computers (re-buy, or modified re-buy) may be prescribed by central purchasing authority in which decisions made by committee. In a smaller entrepreneurial organisation, the owner manager may make the choice of computer alone.

Buying process likely to be more complicated between individual and organisation.

- Individual process: need recognition, information search, evaluation of alternatives, purchase choice, post purchase experience.

Example – because computers are irregular purchase of relatively high value to individual, buyer involvement likely to be high and all stages of the process completed.

- Organisational process: need recognition, general need description, specification of product, search for suppliers, requests for proposals, selection of supplier, specification of terms, performance review.

Example – relatively low value of single computer to organisation probably shortens process, e.g. search for supplier and request for proposals not carried out if straight re-buy decision.

Chapter 5

Question B – *You are considering setting up a take-away pizza business. What market research would you require before you make a decision? Present your answer as a market research plan.*

Key points

(Note this is one example only. Other plans are also possible, e.g. research into attitudes of target market to take-away food.)

- Objectives of research:

To assess level of demand for a take-away pizza restaurant in location X and to evaluate effectiveness of competitive services in meeting demand.

- Market to be investigated:

Prime customer groups assumed to be 15–25 year olds and families of adult(s) and dependent children. Product offered is take-away pizza service (collect only).



■ Measurements to be made:

Value of overall take away purchases of target group. Suppliers currently used. Satisfaction with existing suppliers. Exposure of target groups to local advertising media.

■ Methods to be used:

- Secondary research – Search for national and regional reports on industry including trends in take-away foods, pizza consumption, new food fashions in Mintel, EIU, Key Note reports, etc.

Location of competitive businesses offering either take-away, pizza or both and collection of literature, menus, etc.

- Primary research
 - (i) Quantitative survey of local residents by postal questionnaire with return incentive. Objective – to assess recent take-away and/or pizza purchases, place of purchase and measure level of satisfaction. Target response 200. Sample from Acorn.
 - (ii) Qualitative research into attitudes to take-away pizza and quality and level of local provision by group discussions. Four groups of about six people each, two groups from youth and two from family market.

■ Costs and timing:

Approximate budget and time involved for various stages.

Chapter 6

Question B – *'Positioning is in the mind of the consumer.'* Critically evaluate this statement.

Key Points

'Positioning' is a broad term with many definitions. Originating in packaged goods marketing where 'product positioning' is used to define tangible attributes such as packaging design and price relative to competition.

Now more commonly used to define not product attributes but consumer perceptions or images of product. Consumers think of products and organisations in a certain simplistic way, e.g. as either 'up-market or down-market', 'exclusive', 'traditional' or 'go-ahead'. Such perceptions describe position of product in consumer's mind in relation to competitive products. In this sense positioning is in mind of consumer as it summarises the general impression given by a product to its target customers.



Positioning can happen by chance – word-of-mouth reputation that develops over the years. But also part of deliberate management process, so that not just left to ‘mind of customer’. Process involves three stages of segmentation, targeting and positioning:

- Segmentation – dividing a market into distinct groups of buyers who require similar products and marketing mixes.
- Targeting – measuring the attractiveness of market segments and selecting a preferred market to enter.
- Positioning – adopting an appropriate market position which appeals to the selected segment.

Steps in developing a positioning strategy include:

- (i) Deciding positions most relevant to market segment and most likely to influence buying habits.
- (ii) Evaluating position which the organisation can deliver effectively.
- (iii) Communicating selected position through marketing activities.

This implies positioning is about influencing consumers’ minds – not only psychologically as the product has to deliver on its promises. Positioning is not ‘just a mind game’.

Positioning maps – use in plotting aggregated customer perceptions of competitive products against key criteria.

Chapter 7

Question C – *Product portfolio analysis helps an organisation to plan its product strategies. What are the benefits of this? Describe one model that can be used in the process.*

Key Points

Product portfolio analysis linked to concept of product life cycle (PLC). Organisation offering portfolio of products at different stages of life cycle has to consider implications of various stages which for a ‘typical’ product might be:

- Profits – losses in development and introduction stages of PLC, profits in growth and possibility of profits or losses in maturity and decline stages.
- Cash – negative in development, introduction and growth stages; positive in maturity and into decline if well managed.



- Other resources – more management time required in introduction and growth stages. ‘Economies of experience’ in maturity and decline.

Implication is need for balanced portfolio of products which complement each other in terms of demands made on resources of organisation, i.e. balance of higher growth, profitable, but cash and time absorbing, products with low growth, less profitable, less time consuming, but cash positive, products.

Portfolio analysis can highlight contributions made by individual products now and in the future to this balance to assess longer-term prospects of organisation. Competitive positions change also during PLC:

- Introduction – low competition;
- Growth – new competitors;
- Maturity and decline – shake out which often favours those with highest market shares who can benefit from economies of scale, buying power, etc. High share not just growth is important to long-run success of product.

Example – The Boston Consulting Group growth share matrix considers market share and market growth:

- High growth/high share – ‘star’ which provides high revenues and profits but absorbs cash.
- High growth/low share – ‘wildcat’ which is growing fast but in relatively weak competitive position especially as markets mature.
- Low growth/high share – ‘cash cow’ exploiting strong position in mature market to generate surplus cash for investment elsewhere.
- Low growth/low share – ‘dog’ draining resources because of poor position in unattractive market.

In more complicated models other criteria are used for market attractiveness (in addition to growth) and competitive position (in addition to share), e.g. the General Electric multifactor portfolio model.

Such analysis assists product investment decisions by highlighting products justifying more investment (high market attractiveness/competitive position), those requiring selective management (medium market attractiveness/competitive position), and those in need of ‘harvesting’ or divestment (low market attractiveness/ competitive position).

Chapter 8

Question B – *Price is the only element of the marketing mix to produce revenue, all the others add costs. What are the major pricing strategies? When should each be used? Illustrate your answer with relevant examples.*



Key Points

Two generic pricing strategies are:

- Skimming – high price strategy to ‘skim the cream’ off the market; and
- Penetration – lower price strategy to penetrate the market as thoroughly as possible.

Skimming

Price skimming aims to develop a market by attracting the least price sensitive segment of customers first and satisfying their demand with high prices until demand begins to fall or further growth is required. Then prices are lowered to attract the next segment of customers who are attracted at slightly cheaper prices. Process can be repeated until all potential markets are satisfied, although competition may hasten the development of sales to new customer groups at lower prices.

Example – first personal computers developed by Apple and later IBM (and more recently Dell) targeted at business applications with prices companies could afford. As the only comparison was with bigger, more expensive computers there was little price resistance among larger companies who were the first to see the potential of PCs. As prices were gradually lowered, smaller businesses also became interested in the benefits versus the costs of the new equipment. New entrants into the market such as Sinclair and Amstrad forced the pace by cutting prices so dramatically that a much wider home computer market was opened up.

Price skimming strategies can be used in following circumstances:

- (i) Introduction of new products which have unique advantages (electronic innovations such as PCs). High initial prices may be needed to recover the investment in research and development, and the best time to do this may be when competition is likely to be at a minimum.
- (ii) Mature or saturated markets which can be segmented with differentiated products or services. The travel industry is now well developed with distinct pricing strategies for different customer segments such as business and tourist. British Rail also increased their revenues by charging premium prices for Inter-City and peak hour commuter travel.
- (iii) Suppliers with limited resources who wish to maximise revenues from the capacity they have. This might apply particularly to smaller organisations with limited resources or desire to expand. Also to publishers of limited edition prints.
- (iv) Need for exclusive image from status of higher prices and limited availability, such as designer label clothes.



Penetration

Pricing to achieve market penetration involves keeping prices as low as possible to achieve highest potential level of sales. This may be achieved by taking market share from competitors, or rapidly growing the total market, or a combination of both.

Some new products need to develop rapidly into their marketplace to consolidate their position before competitive products arrive and to achieve economies of scale through larger production volumes. Amstrad regularly use this strategy for their new products such as their combined fax/answering machine.

Also used as a strategy to improve the competitive position of existing products.

Example – Rupert Murdoch, chairman of News International believed that the decline in readership of tabloid newspapers such as their paper the Sun was partly in reaction to the cover price of papers which had increased by an average of 11 per cent a year since 1983. The industry had believed hitherto that sales of newspapers were price-inelastic and regularly increased prices above the rate of inflation. However, Murdoch felt that the market had become price sensitive and decided to cut the cover price of the Sun from 25p to 20p in an attempt to win back lost readers. The strategy had two aims: to improve circulation figures for the total market and to gain market share from the other tabloids. Murdoch at least proved that newspaper sales are price sensitive: the Sun gained daily sales of 200,000 in the first week at its lower price, although his strategy sparked off a price war in the industry.

Circumstances in which market penetration can be used include:

- (i) Markets in which demand is price elastic. There is no point in offering lower prices if demand is unaffected (which was the collective wisdom of the newspaper industry before Murdoch launched his price war).
- (ii) Industries which offer economies of scale to the largest producers or suppliers. The large retail chains and supermarkets look for this benefit when offering low prices as they know that they can replace lost margin by spreading their fixed costs over higher volumes of sales.
- (iii) Launch of new products where rapid adoption and awareness is a key marketing goal. This may apply, for example, to products expected to enjoy a market advantage for a limited period only.
- (iv) In markets dominated by a small number of major suppliers (oligopolies). Price wars are often the trigger to the elimination of weaker suppliers with subsequent gain in market share by the survivors. There were two loss-making titles among the tabloid press, Today and The Star, both candidates to assist other papers increase their circulation by becoming the casualties in any prolonged price war.



- (v) To deter new entrants into the market by making profit margins very slim.

Chapter 9

Question B – *What are the advantages and disadvantages of personal selling compared to other elements in the promotional mix?*

Key Points

Personal selling has general advantages and disadvantages compared to the other elements of advertising, sales promotion and PR in the promotional mix. It has the advantage of face to face contact with the buyer. This allows for immediate, two-way communications in which the seller can find out the individual circumstances and needs of the buyer and respond to them. Other forms of promotions are impersonal, unable to respond as directly and immediately to customer needs. Personal selling can achieve immediate action as orders can be agreed at the time of a sales presentation. Other promotional activities are likely to experience delays between the promotional communication and order taking. However, personal presentation of a product is expensive and time consuming. It is resource intensive and cannot reach as many of the target customer audience as quickly as other methods. It is also less controllable as it relies on the individual expertise and integrity of the salesperson.

Specific advantages and disadvantages are conditioned by the type of purchase, the objective of the communication process and the product life cycle.

■ Type of purchase

In general, personal methods of promoting such as personal selling and exhibitions are more suited to communicating to markets made up of a relatively small number of large customers. Conversely, impersonal methods of communicating are more appropriate to promoting to a large number of relatively small buyers. A complex, infrequent purchase is more likely to need personal attention than a simple, frequently made one.

This means that the order of preference of promotional methods changes particularly between industrial and consumer markets. In consumer markets, advertising and sales promotions receive most resources followed by personal selling and public relations. In industrial markets, personal selling is the most used method followed by sales promotions, advertising and public relations in that order.

■ Objective of the communication process

The buying process has a number of stages. In consumer markets these have been classified as: need recognition, information search, evaluation of



alternatives, purchase choice and post-purchase experience. During this deliberate or unconscious process that customers go through in making buying decisions, they adopt various attitudes, or they are in various states of mind, in relation to products on offer. It is the job of marketing communications and the promotional mix to influence these attitudes or states of mind so that the customer completes the process in favour of a particular product. As this state of mind changes through the buying stages, so the nature and objectives of promotions change to match.

The AIDA model has been advanced to illustrate these changing objectives as the consumer progresses from a position of unawareness of a product to one of willingness to purchase it. Promotions seek:

- first to gain Attention (an awareness of the benefits of a product),
- secondly to create Interest (by an understanding of those benefits in relation to a personal need),
- thirdly to arouse Desire (when the benefits are wanted to fulfil a need),
- and finally to obtain Action (by arranging for the customer to acquire the product).

When awareness of a product is low, communications need to gain attention and advertising and public relations are often the most effective at this stage. PR and sales promotions are widely used to generate interest in a product as well as advertising. When awareness and understanding of the benefits on offer is higher, sales promotions and personal selling are the more effective methods to increase desire, whilst some form of personal selling is normally required to complete the necessary action to make a purchase.

■ Product Life Cycle

The stage a product has reached in its life cycle also influences the relative merits of promotional methods.

- In the introduction stage, personal selling is important to introduce the product to the trade even for consumer products. Advertising and public relations are used to generate awareness and understanding of the product. Sales promotions are used to attract the 'early adopters' to try the product.
- In the growth stage, sales promotions and selling may be less needed as advertising and PR maintain the momentum.
- In the maturity stage, the product is usually well known so that the level of advertising may be cut back with more reliance on sales promotions to provide a stimulus to sales.
- In the decline stage, whilst sales promotions may still be used to prop up sales, expenditure on other forms of promotion is usually reduced to a minimum.



Example – These various influences on the composition of the promotion mix can be seen at work in the launch and subsequent management of new products. For example, a large company launched a new brand of toothpaste. A special conference trained and motivated the company's own salesforce to introduce the product into the toiletries trade so that it received good display and shelf space particularly in the large multiple retailers. A TV advertising campaign attracted the attention and interest of the target buyer groups. Free samples and discount coupons, some given away by company representatives during in-store promotions, introduced customers to the product. Press releases told the story of the new product to the trade and national press. The strong growth and continued national advertising of the toothpaste maintained the retail trade's interest in stocking the product, so the level of selling activity was reduced as the brand achieved its market share targets. When growth slackened to mirror the maturity of the total market, the company cut back on their advertising budget in order to maximise profits from the product. Market research revealed a high level of consumer recognition and acceptance of the brand so, as sales peaked, promotional activity concentrated on coupon offers and competitions to win free holidays as a means of stimulating demand.

Chapter 11

Question C – *What is franchising? How might a producer benefit by using it as a method of distribution?*

Key Points

Franchising is a business arrangement in which one party (the franchisor) allows others (the franchisees) to use a business name, or sell products in such a way that the franchisee can still operate as a legally separate business. It can mean as little as an agreement to sell a company's products in a specific territory or as much as a complete business package specified by the franchisors. It is this latter type of so-called 'business format franchising' which has today become common in some industries such as fast food (Kentucky Fried Chicken, Burger King, Pizza Hut, McDonald's) and instant print (KallKwik, Prontaprint).

However product and trademark franchise agreements still provide producers with several benefits. By making agreements to distribute their products through licenced dealers, manufacturers created a wider market for their products whilst still controlling the distribution. Breweries were probably the first franchisors when they introduced the system which 'tied' otherwise independent publicans to one producer of beer. Car manufacturers and oil companies developed the distribution of their products through various licensing arrangements under which a local dealer or distributor took responsibility for sales in a certain territory in return for some element of profit. The producers developed their products and the goodwill associated with the trade marks; the local distributor contributed local knowledge, contacts, effort, and usually some investment. Such distribution arrangements are still common, in the soft drinks industry for example.



Manufacturing processes are also distributed in this way. If the inventor of a patented process wishes to exploit their innovation on a wider basis than their resources allow, they may permit other manufacturers to use the process under licence in return for a royalty. Alistaire Pilkington's invention of 'float glass' enabled his company to manufacture a distortion-free glass at low cost to replace cheap but optically imperfect 'sheet' glass or expensive, hand polished 'plate' glass. The size and fragility of the product favour local manufacture, and as Pilkington did not wish to set up manufacturing plants all around the world, he 'distributed' the concept by licensing other manufacturers to use the new system. Intangible assets such as well-known names and celebrities are also franchised to reach a wider public. Products are endorsed by fictional characters or real people under licensing agreements specifying how the name or image may be used and what royalties are payable for the privilege.

Franchisor and franchisee may enter a more comprehensive relationship than a simple trade mark or licensing arrangement. 'Business format franchising' goes beyond the supply of products and trade names to cover many more aspects of how a business is run. Franchisors offer a complete package allowing the franchisee to use a format which has been developed and proven commercially whilst retaining legal independence. The business format offered by the franchisor may cover many aspects including:

- trade name, business style, logo, house colours
- detailed product or service specification
- training and help to set up and ongoing advice on running the business
- national and local marketing
- centralised purchasing or supply of products
- management control and operating systems
- research and development of new products and processes.

In return the franchisee pays the franchisor defined amounts of money which usually include:

- (i) An initial franchise fee as a one off payment to the franchisor to cover the goodwill of the name and training. This can vary from £1000 (e.g. for a Unigate Dairies milk round) to £25,000 or more (e.g. a Burger King franchise).
- (ii) Annual charges or fees. An ongoing service fee is charged, often as a percentage of sales (typically 5 to 15 per cent of invoiced sales value). Other levies on the franchisee include contributions to national advertising and training for staff.



In addition the franchisee has to meet the normal costs of setting up and running the business including the costs of buying equipment, fitting out premises, stock, promotional literature and stationery, although many of these items are specified by the franchisor. The total minimum start up investment for franchises vary enormously depending on the value of the name and the nature of the business (for example £4500 for Unigate Dairies and £700,000 for Burger King). A franchise agreement sets out the obligations of both parties including how the franchisee is to run the business, what payments they make and what the franchisor will provide in return.

In the USA format franchising now accounts for one third of all retail sales. In the UK, franchising is less significant but it is a fast growing sector. Sales in 2005 were over £10 billion, or 5 per cent of total retail sales, made through 30,000 franchised outlets.

Benefits to producers of using franchising as a distribution method include:

- (i) The ability to extend the distribution of products or concepts quickly. As expansion is funded mainly by the franchisees, less capital is required from the franchisor.
- (ii) The recruitment and retention of committed managers who as franchisees have the additional motivation of business ownership.
- (iii) More control over outlets than totally independent distribution channels.

However, there are disadvantages for franchisors including less control over franchisees than fully owned outlets and the continuous obligation to provide central support services even if the franchisor wishes to exit from the business.

Chapter 12

Question D – *You work for a marketing consultancy and since your old school/college has become a client, you have been given responsibility for the account. You decide that the first step is to produce a marketing plan which takes into account the limitations in funding of educational establishments. What are the main stages in the marketing planning process that you would undertake and what are some of the issues you would expect to have to deal with in each stage?*

Key Points

Main stages of the marketing planning process are analysis of the existing situation, setting objectives for the future, deciding methods of how to achieve them, and evaluation of progress.

- Analysis includes clarifying ‘corporate’ objectives, conducting internal and external audits, noting assumptions and summarising through a SWOT analysis.



Issues for a state school: difficulties in internal audit due to lack of past marketing records and a need to use information not produced for marketing purposes. The external environment is fast changing and it is difficult to predict, as it is particularly dependent on political influences.

- Objectives include specifying measurable results for identified products in target markets.

Issues for a state school: Objectives set at various levels, i.e. state, local education authority and school. Some of these may be contradictory, e.g. school's need to maximise its revenues by attracting as many pupils as possible versus the educational need to keep classes small.

- Methods involve strategies and programmes for the 4 Ps of the marketing mix.

Issues for a school: definition and control of some of the 'Ps' difficult. The curriculum as the 'product' of a school is more controlled by central government. 'Price' is not a factor for most 'customers' (parents and pupils) in state education. 'Place' is beyond local management control as head teachers cannot decide to move their school to a more desirable location. 'Promotion' restricted by lack of finance to mainly word-of-mouth recommendations.

- Evaluation involves controls on marketing activities and feedback from them.

Issues for a school: Unaccustomed to 'tracking' results of marketing campaigns and lack of resources for follow up.