

MARKETING II

1.1 FUNCTION OF MARKETING: A role that helps a company to identify and source potentially successful products for the marketplace and then promote them by differentiating them from similar products. Typical marketing function types within a larger business might include performing market research, producing a marketing plan, and product development, as well as strategically overseeing advertising, promotion, distribution for sale, customer service and public relations.

Marketing is best defined as all the processes involved in getting products from the manufacturer to the consumer. Some companies also market services, and businesses sell to other businesses as well. Whatever the case, the function of marketing involves what you are selling, to whom you are selling and where you sell. However, companies usually conduct focus groups and marketing research surveys to better gauge if what they are selling will be successful in the marketplace. The four P's of marketing are product, price, promotion and place

Product

- One important function of marketing is developing products. Product ideas usually start with a product concept. From there, decisions have to be made regarding brand name, styling and the packaging of products, according to NetMBA.com, an online reference site. A brand name has to be unique as well as somewhat descriptive. Some companies use different spelling variations of words to create a descriptive brand name. Brand names should also be relatively short and easy to pronounce. Style pertains to the design of a product, including various features. Packaging is also a function of marketing. Companies can enhance their sales and profits using bright colors and graphics on packages.

Price

- Price is also an important marketing function. Companies need to know how to optimally price their products so customers will buy them. Companies can use one of many different pricing strategies. Foremost, companies must make sure to cover the costs of producing their products. Therefore, managers will often calculate the costs of raw materials that go into making a product. Labor and advertising also are factored into the prices of products. As for strategies, a company may decide to price a product high initially, especially if there is a high demand for the product. For example, a company selling new cell phone technology may have initial success pricing their cell phones relatively high. Conversely, a company may also price its products relatively low to quickly gain market share or a customer base.

Promotion and Advertising

- Marketing also includes the promotion and advertising of products. Companies often use coupons, displays and point-of-purchase materials like shelf pop-ups to promote their products. Some businesses even use sweepstakes or contests. Additionally, there are numerous ways to advertise products or services, including direct mail marketing or television, radio, Internet, magazine, newspaper or billboard advertising. Companies must decide which types of promotions and advertising work best for them. Subsequently, they will test their advertising to determine which media are best eliciting sales and customer visits.

Distribution

- Distribution is often called "place" when included as one of the four P's of marketing: product, price, promotion and place. Companies need to determine where to best sell their products so customers buy them. For example, businesses selling products at a discount will likely sell their products in discount mass merchandisers or wholesale stores. High-end or premium kitchen and bath products would likely sell better in kitchen and bath showrooms. Distribution also pertains to geographic territories. New companies may start out selling their products regionally. Eventually, as sales and profits increase, companies may expand their operations to include national or international distribution.

1.2 OBJECTIVES OF THE MARKETING: *When it comes to developing a successful marketing plan, establishing clear objectives is vital to the plan's success. While the exact aim of your marketing objectives will vary depending on your particular project, all marketing objectives share the same principles and must be formulated and written in a specific way to get the results you want.*

SMART

- According to the website Marketing Teacher, all marketing objectives must be "SMART" -- specific, measurable, achievable, realistic and timed. Writing a specific and measurable objective means expressing that objective numerically, such as "increase sales by 15 percent." To ensure a goal is achievable and realistic, research similar past marketing projects and decide whether you have the personnel and resources necessary to meet the goal. Place your marketing objectives on a timeline to make them clear. In the previous example, the objective "increase sales by 15 percent" can be "timed" with the addition "within the next six months."

Types

- Considering your marketing project or strategy from all angles is essential when developing your objectives, as there are several different types of marketing objectives. A profitability objective states how much you want to earn based on a marketing plan, while a market share objective states how much of the market you wish to gain. A promotional objective states how much awareness of a product or service you wish to raise, and an objective for growth references the size of your business and by how much you wish it to grow.

Considerations

- When creating your marketing objectives, it is important to be thorough and focus on all aspects of your marketing plan. Consider your plan broken down into the four "P's": product, price, promotion and place. Develop objectives within each. For product, objectives should focus on your products and services. For price, consider your pricing strategy and whether you will need to adjust it and create objectives that include those adjustments. The promotional part of your marketing strategy will likely yield objectives on increasing awareness and brand recognition. Place (or distribution) requires setting objectives explaining how you will get your product or service to customers.

Expert Insight

- According to The Marcus Letter website, there are four key elements to consider when setting marketing objectives. The first is your "publics," which refers to clearly defining and understanding the marketing plan's targeted audience. Client perception is the second and asks how you want your business and promotional plan to be perceived by clientele. The time frame, as with the SMART plan, means setting a deadline for every objective. The fourth is to consider not only overall revenues, but returns on investments and at what cost meeting those revenue goals will come to the company.

1.2 MICROENVIRONMENT OF MARKETING: The market environment is a marketing term and refers to factors and forces that affect a firm's ability to build and maintain successful relationships with customers. Three levels of the environment are: Micro (internal) environment - small forces within the company that affect its ability to serve its customers. Meso environment – the industry in which a company operates and the industry's market(s). Macro

(national) environment - larger societal forces that affect the microenvironment.

Micro-Environment (near environment)

The micro environment refers to the business itself and to all the challenges that come from inside the business. Businesses can therefore take control over all the challenges and influences in the micro environment. Sometimes, the micro environment is also known as the internal environment. The micro environment refers to the forces that are close to the company and affect its ability to serve its customers. It includes the company itself, its suppliers, marketing intermediaries, customer markets and public.

The company aspect of micro-environment refers to the internal environment of the company. This includes all departments, such as management, finance, research and development, purchasing, operations and accounting. Each of these departments has an impact on marketing decisions.

For example, research and development have input as to the features a product can perform and accounting approves the financial side of marketing plans and budget in customer dissatisfaction. Marketing managers must watch supply availability and other trends dealing with suppliers to ensure that product will be delivered to customers in the time frame required in order to maintain a strong customer relationship.

Marketing intermediaries refers to resellers, physical distribution firms, marketing services agencies, and financial intermediaries. These are the people that help the company promote, sell, and distribute its products to final buyers. Resellers are those that hold and sell the company's product. They match the distribution to the customers and include places such as Wal-Mart, Target, and Best Buy. Physical distribution firms are places such as warehouses that store and transport the company's product from its origin to its destination. Marketing services agencies are companies that offer services such as conducting marketing research, advertising, and consulting. Financial intermediaries are institutions such as banks, credit companies and insurance companies.

Another aspect of micro-environment is the customers. There are different types of customer markets including consumer markets, business markets, government markets, international markets, and reseller markets. The consumer market is made up of individuals who buy goods and services for their own personal use or use in their household. Business markets include those that buy goods and services for use in producing their own products to sell. This is different from the reseller

market which includes businesses that purchase goods to resell as is for a profit. These are the same companies mentioned as market intermediaries. The government market consists of government agencies that buy goods to produce public services or transfer goods to others who need them. International markets include buyers in other countries and includes customers from the previous categories. Competitors are also a factor in the micro-environment and include companies with similar offerings for goods and services. To remain competitive a company must consider who their biggest competitors are while considering its own size and position in the industry. The company should develop a strategic advantage over their competitors.

The final aspect of the microenvironment is publics, which is any group that has an interest in or impact on the organization's ability to meet its goals. For example, financial publics can hinder a company's ability to obtain funds affecting the level of credit a company has. Media publics include newspapers and magazines that can publish articles of interest regarding the company and editorials that may influence customers' opinions. Government publics can affect the company by passing legislation and laws that put restrictions on the company's actions. Citizen-action publics include environmental groups and minority groups and can question the actions of a company and put them in the public spotlight. Local publics are neighborhood and community organizations and will also question a company's impact on the local area and the level of responsibility of their actions. The general public can greatly affect the company as any change in their attitude, whether positive or negative, can cause sales to go up or down because the general public is often the company's customer base. And finally those who are employed within the company and deal with the organization and construction of the company's product.

1.3 MACROENVIRONMENT OF MARKETING: The macro-environment refers to all forces that are part of the larger society and affect the micro-environment. It includes concepts such as demography, economy, natural forces, technology, politics, and culture.

Factors affecting organisation in Macro environment are known as PESTEL, that is: Political, Economical, Social, Technological, Environmental and Legal.

Demography refers to studying human populations in terms of size, density, location, age, gender, race, and occupation. This is a very important factor to study for marketers and helps to divide the population into market segments and target markets. An example of demography is classifying groups of people according to the year they were born. These classifications can be referred to as baby boomers,

who are born between 1946 and 1964, generation X, who are born between 1965 and 1976, and generation Y, who are born between 1977 and 1994. Each classification has different characteristics and causes they find important. This can be beneficial to a marketer as they can decide who their product would benefit most and tailor their marketing plan to attract that segment. Demography covers many aspects that are important to marketers including family dynamics, geographic shifts, work force changes, and levels of diversity in any given area.

Another aspect of the macro-environment is the economic environment. This refers to the purchasing power of potential customers and the ways in which people spend their money. Within this area are two different economies, subsistence and industrialized. Subsistence economies are based more in agriculture and consume their own industrial output. Industrial economies have markets that are diverse and carry many different types of goods. Each is important to the marketer because each has a highly different spending pattern as well as different distribution of wealth.

The natural environment is another important factor of the macro-environment. This includes the natural resources that a company uses as inputs that affects their marketing activities. The concern in this area is the increased pollution, shortages of raw materials and increased governmental intervention. As raw materials become increasingly scarcer, the ability to create a company's product gets much harder. Also, pollution can go as far as negatively affecting a company's reputation if they are known for damaging the environment. The last concern, government intervention can make it increasingly harder for a company to fulfill their goals as requirements get more stringent.

The technological environment is perhaps one of the fastest changing factors in the macro-environment. This includes all developments from antibiotics and surgery to nuclear missiles and chemical weapons to automobiles and credit cards. As these markets develop it can create new markets and new uses for products. It also requires a company to stay ahead of others and update their own technology as it becomes outdated. They must stay informed of trends so they can be part of the next big thing, rather than becoming outdated and suffering the consequences financially.

The political environment includes all laws, government agencies, and groups that influence or limit other organizations and individuals within a society. It is important for marketers to be aware of these restrictions as they can be complex. Some products are regulated by both state and federal laws. There are even restrictions for some products as to who the target market may be, for example, cigarettes should not be marketed to younger children. There are also many

restrictions on subliminal messages and monopolies. As laws and regulations change often, this is a very important aspect for a marketer to monitor.

The final aspect of the macro-environment is the cultural environment, which consists of institutions and basic values and beliefs of a group of people. The values can also be further categorized into core beliefs, which passed on from generation to generation and very difficult to change, and secondary beliefs, which tend to be easier to influence. As a marketer, it is important to know the difference between the two and to focus your marketing campaign to reflect the values of a target audience.

When dealing with the marketing environment it is important for a company to become proactive. By doing so, they can create the kind of environment that they will prosper in and can become more efficient by marketing in areas with the greatest customer potential. It is important to place equal emphasis on both the macro and micro environment and to react accordingly to changes within them.