

MKC1200 – Principles of Marketing

Week 12 - Revision



Purpose

To review content from this semester in preparation for your exam

Some advice: Use these notes to guide your learning for ALL exams this semester (main and deferred). Refer back to the textbook and other sources to expand your knowledge on the topics presented in these slides.

Please note: It is up to you to confirm the date, time and location of the exam through the my.monash portal.

Learning Outcomes

The learning goals associated with this unit are to:

1. Describe key marketing concepts
2. Recognise the applications of these key marketing concepts in real-life situations
3. Discuss how these key marketing concepts can be used in analysing a range of marketing problems
4. Demonstrate how marketing helps organisations to satisfy their customers' needs and wants.

What we have learnt in the past 11 weeks ...



(Figure 1.1, Pride 2e, p.6)

The Exam

EXAM DURATION: 120 minutes (2 hours) writing time

READING TIME: 10 minutes

This paper consists of two (2) sections – Section A and Section B.

Section A contains 3 questions, all of which are compulsory to complete and is worth 60 marks in total (20 marks each).

Section B consists of 5 questions of which you must answer 4 and is worth 40 marks in total (10 marks each). The exam is marked out of 100.

This is a closed book exam with no calculators or specially permitted items. The exam is worth 50% of the overall assessment.

**** You must pass the exam to pass the unit****

Knowledge needed for the exam comes from...

- Theory (lessons, textbook, in-class activities and readings)
- Examples (your own original examples are advised, not ones we have discussed in class or in the lessons).
- Discussions
- Life

Your answer does not need to be written in essay format. You can use tables and diagrams, and you can use point form. But, make sure you address the question asked and connect/link your answer back to it.

Section A

Section A contains 3 questions. All questions are compulsory and are worth 20 marks each (60 marks total).

Questions consist of multiple parts (ie. Part a, Part b, Part c) focused around a key marketing concept. Marks are allocated to give you an understanding of how much each part is worth.

You may also be asked to provide examples or connect back to a scenario as part of your answer.

Allocate approximately 72 minutes to this section (24 minutes per question). Typical answers for each question are approximately 2 pages. *This is a guide only and depending on a range of factors it may vary.*

Section B

Section B contains 5 questions of which you must answer 4 and is worth 40 marks in total (10 marks each).

Based on a marketing theme, you may be asked for definitions and/or to explain a key concept/ process/ theory etc.

You may also be asked to provide examples or connect back to a scenario as part of your answer.

Allocate approximately 48 minutes to this section (12 minutes per question). Typical answers for each question are less than 1 page. *This is a guide only and depending on a range of factors it may vary.*

Content to review*

*Using the content provided here as a base for your exam study is a good first step. You will need to expand out on it (ie. go beyond these slides) as well as provide examples/ be able to fit scenarios to illustrate the theory.

Don't forget this revision covers both the main exam AND the deferred exam. So its possible that not all of these topics will appear in your exam, but it will help you to narrow down your focus (as opposed to content from every week for the whole semester).

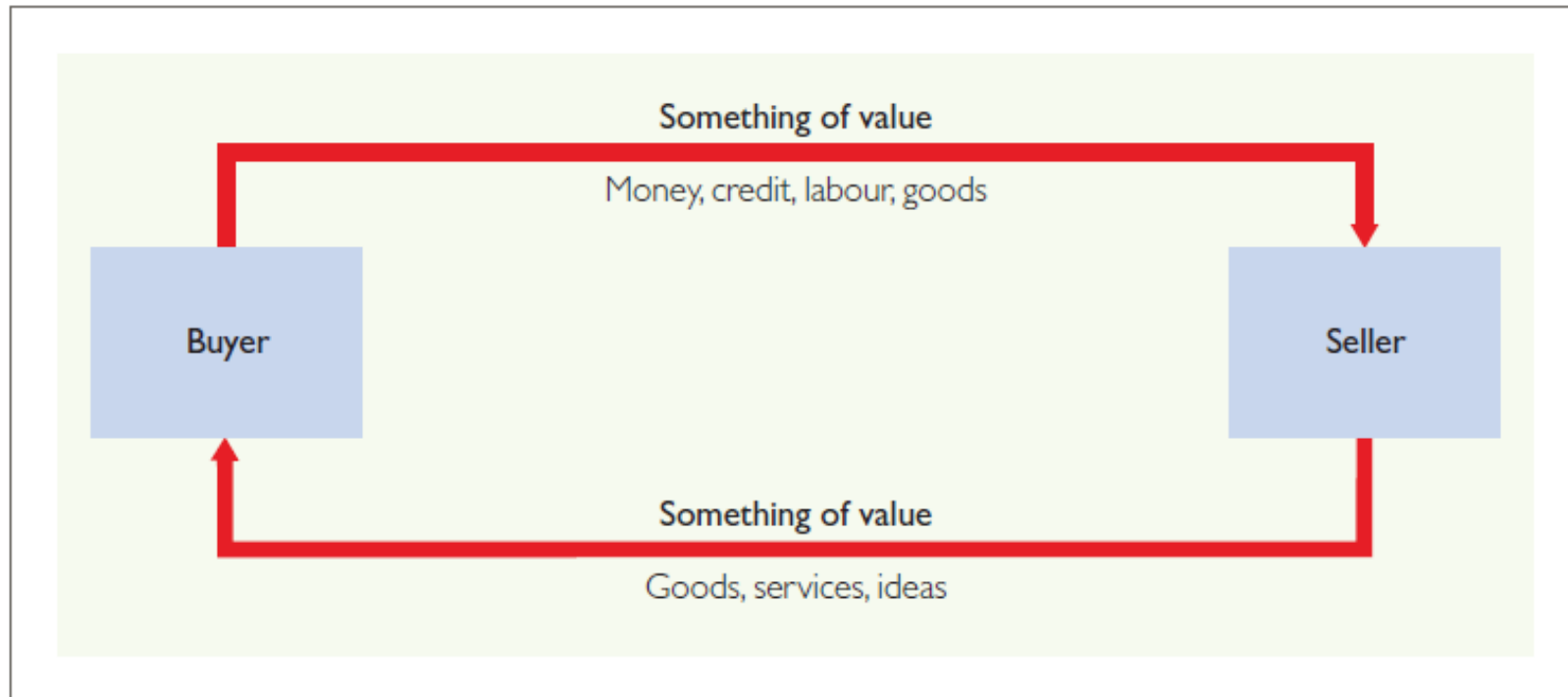
Marketing

- “The activity, set of institutions, and processes for creating, communicating, delivering, and *exchanging offerings* that have value for customers, clients, partners, and society at large” (American Marketing Association, Pride 2e, p.6)
 - “The process of maximising returns to stakeholders by developing *exchanges* with valued customers and creating an advantage for them” (Pride 2e, p.5)
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Marketing to Facilitate Exchange

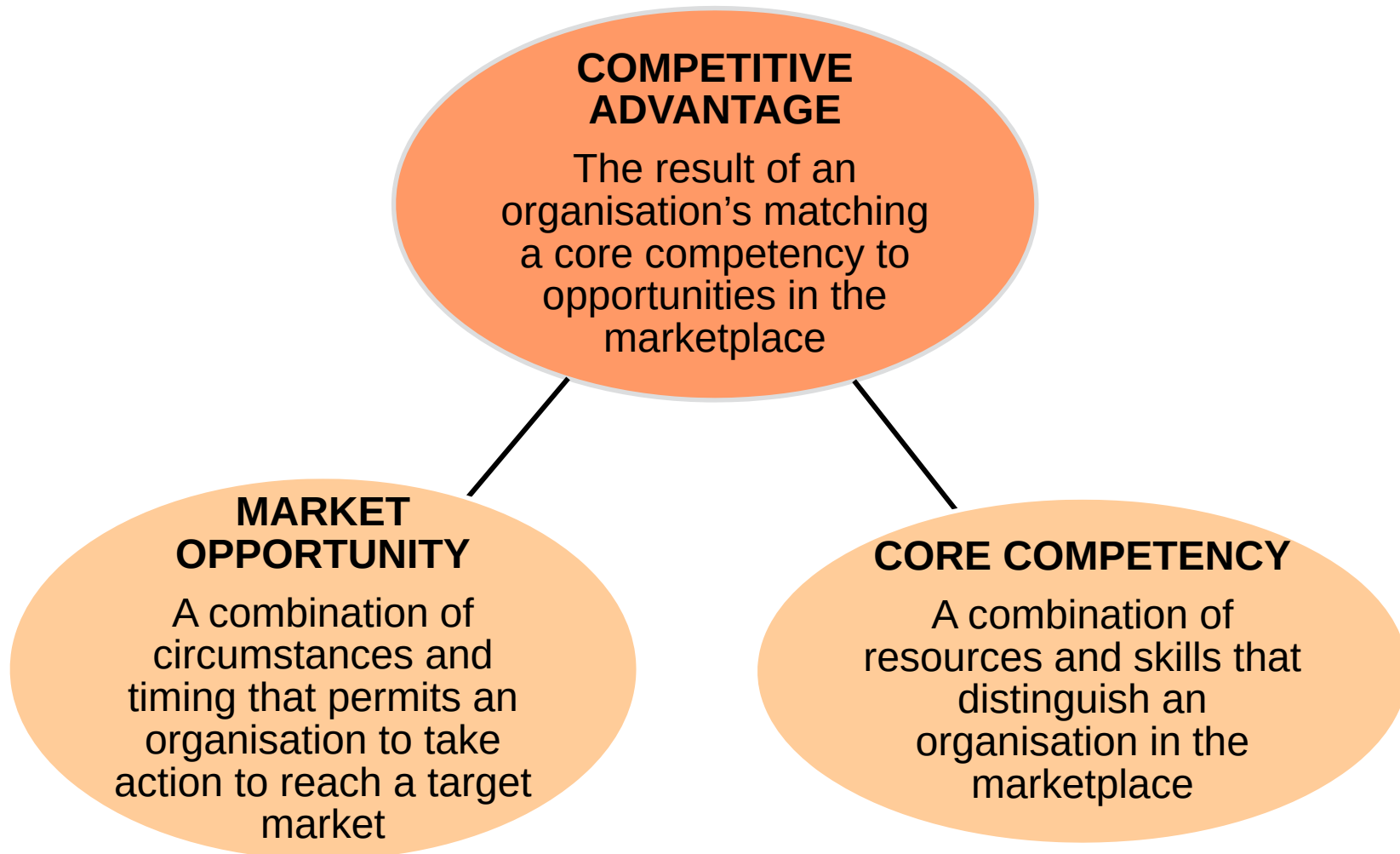
- Exchange: the transfer of products in return for something of *value*
- Four conditions that must exist for an exchange:
 - At least two parties must participate and each must possess something of value
 - Exchange should provide a benefit to both parties
 - Each party must have confidence in the promise of the 'something of value' held by the other
 - The parties must meet expectations

Exchange between Buyer and Seller



(Figure 1.3, Pride 2e, p.14)

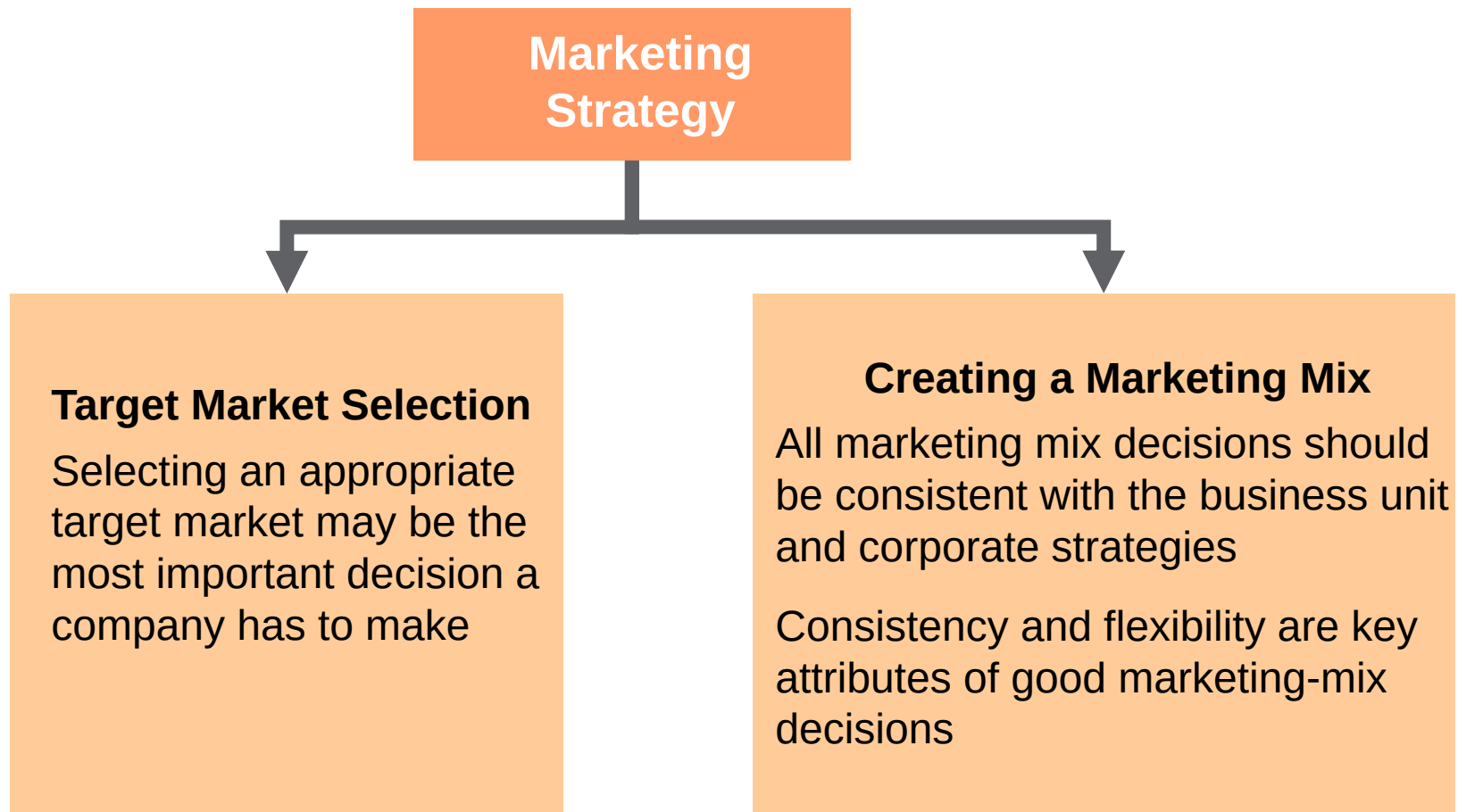
Assessing Organisational Resources and Opportunities



Marketing Strategy

- **Marketing strategy** – A plan of action for identifying and analysing a target market and developing a marketing mix to meet the needs of that market
- Characteristics of effective marketing strategy
 - Reflects overall direction of organisation
 - Coordinated with firm's functional areas
 - Contributes to achievement of marketing objectives and organisational goals

Marketing Strategy



Understanding the Marketing Mix - continued

Marketing Mix Variable	Description
Product	➤ Anything that can be offered to customers that might satisfy their needs or wants
Price	➤ Value exchanged for products in a marketing transaction
Place	➤ The activities that make products available to customers when and where they want to access or purchase them
Promotion	➤ Communication to build and maintain relationships by informing and persuading customers

Understanding the expanded marketing mix

Expanded Mix Variable	Description
People	➤ Actors involved when a product, service or experience takes place
Physical evidence	➤ The facilities visible to customers
Processes	➤ The flow and progress of customers when they engage with a product or company
Partnerships	➤ Alliances between independent organisations that have complimentary skills or assets

What is Marketing Research?

- The systematic design, collection and interpretation of data, as well as the reporting of information gained to help marketers solve specific marketing problems or take advantage of marketing opportunities
 - It is a process for gathering information that is **NOT** currently available to decision makers
 - Marketing research aims to inform firms about:
 - Customers' needs and desires
 - Marketing opportunities for particular goods and services
 - Changing attitudes and purchase patterns of customers
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What is Marketing Research? - continued

- Marketing research gathers information to *aid* decision making — it *does not make* the decision
- Key role of marketing research is in initially *defining and specifying information* required
- Marketing research does **NOT** guarantee success
- Marketing research is **NOT** telemarketing
- Marketing research is expensive, takes time, cannot provide 100% reliable information
- Good research can still result in bad decisions

The Marketing Research Process



(Figure 3.1., Pride 2e, p. 88)



Collect and prepare the data

➤ Types of data

Primary data	Secondary data
➤ Observed, recorded or collected directly from respondents	➤ Is compiled both inside and outside the organisation for some purpose other than the current investigation
➤ Collected to address a specific problem that cannot be answered by secondary data alone	➤ Internal sources – sales data, accounting data, competitive information gathered by the sales force
➤ Gathered by observing phenomena or surveying people of interest	➤ External sources – periodicals, government publications, unpublished sources, online databases, data sources (e.g. Nielsen, Roy Morgan Research), Internet, social networking websites

Collect and prepare the data - continued

➤ Methods of collecting primary data

**SAMPLING
PROCEDURES**

**EXPLORATORY
METHODS**

**SURVEY
METHODS**

OBSERVATION



Collect and prepare the data - continued

- Exploratory method
- Often done to identify potential research issues prior to conducting surveys

FOCUS GROUP

Observation of group interaction when members are exposed to an idea or a concept

CUSTOMER ADVISORY BOARDS

Small groups of actual customers providing feedback on ideas, products, marketing strategies

TELEPHONE DEPTH INTERVIEW

A telephone interview that combines the traditional focus group's ability to probe with confidentiality



Collect and prepare the data - continued

➤ Survey methods

MAIL SURVEYS

Respondents answer a questionnaire sent through the mail

TELEPHONE SURVEY

Respondents answer a questionnaire recorded by interviewers on the phone

ONLINE SURVEY

Respondents answer a questionnaire via e-mail or on a website (e.g. social networking sites, crowdsourcing)

PERSONAL INTERVIEW SURVEY

Respondents answer a questionnaire face-to-face (e.g. in-home interview, shopping-centre intercept interview)

What is Consumer Buying Behaviour?

- The decision processes and purchasing activities of people who purchase products for *personal or household use* and not for business purposes
- Customers' overall opinions and attitudes toward a firm's products have a great impact on the firm's success
- To find out what satisfies buyers, marketers must examine the main influences on what, where, when and how consumers buy
- By gaining a deeper understanding of the factors that affect buying behaviour, marketers are in a better position to predict how consumers will respond to marketing strategies

The Consumer Buying Decision Process



(Figure 4.1., Pride 2e, p. 123)

Factors that influence consumer buying decision process

Factor	Description
Situational	➤ Influences result from the circumstances, time and location that affect the consumer buying decision process
Psychological	➤ Factors that in part determine people's general behaviour, thus influencing their behaviour as consumers ➤ Operate on buyers internally, but are acted on by outside forces
Social	➤ The forces other people exert on one's buying behaviour

Situational influences

**Physical
surroundings**
*physical
environment*

**Social
surroundings**
*characteristics &
interaction of others*

**Consumers'
mood**
*momentary moods
or conditions*

**Purchase
reason**
*goal of purchase &
for whom*

**Time
dimension**
*time involved in the
decision process*

Psychological influences

Perception

Motives

Learning

Attitudes

Self-concept

Lifestyle

Social influences

Roles

Family influences

Reference groups

Opinion leaders

Digital networks

**Cultures and sub-
cultures**

What is a Brand?

- **Brand** – A name, term, design, symbol or other feature that identifies one marketer's product as distinct from those of other marketers
- **Brand Name** – The part of a brand that can be spoken – including letters, words and numbers
- **Brand Mark** – The part of a brand not made up of words, such as a symbol or design
- **Trademark** – Legal designation of exclusive use of a brand
- **Trade name** – Full legal name of organisation

Why is it important to develop a brand?

The Value of Branding – To Buyers

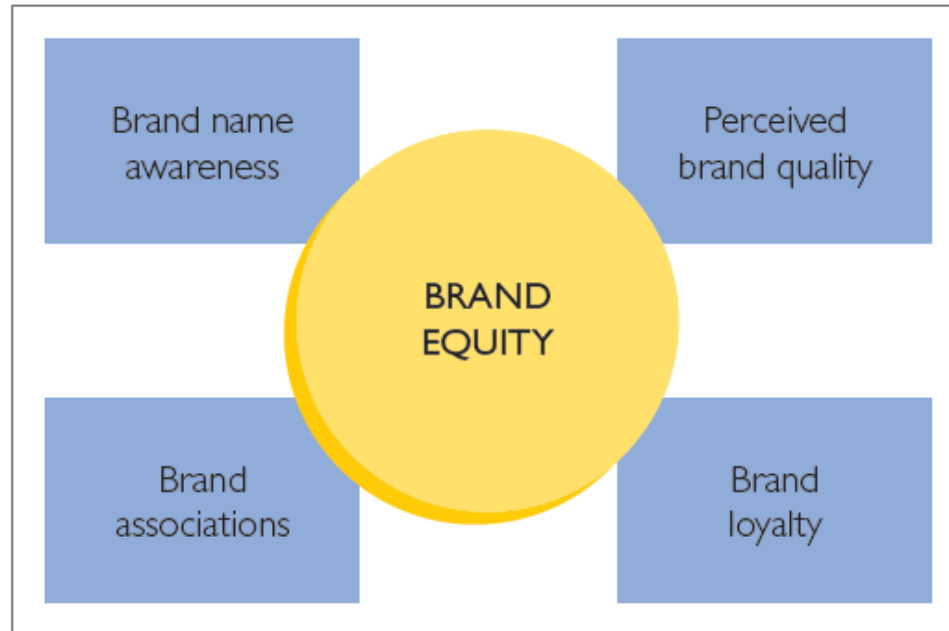
- Helps facilitate consumer purchases by identifying specific preferred products that satisfy their needs
- Without brands, product selection would be quite random and based mostly on price
- Provides a form of self-expression and status
- Symbolises a level of product quality in the customer's perception
- Reduces the risk of purchase of 'competitive' but inferior or inadequate products

The Value of Branding – To Sellers

- Identifies and differentiates a firm's products from competing products
- Familiarity with the name and perceived quality
 - Facilitates the promotion of all same-brand products
 - Helps in the introduction of new products
- Fosters the development of brand loyalty – repeat purchasing
 - Leading to more stable market share, and less reliance on price-cutting to attract customers

Brand Equity

- **Brand equity** – the marketing and financial value associated with a brand's strength in a market



Source: Adapted with the permission of The Free Press, a division of Simon & Schuster Adult Publishing Group, from *Managing Brand Equity: Capitalizing on the Value of a Brand Name*, by David A. Aaker. Copyright © 1991 by David A. Aaker. All rights reserved.

(Figure 7.1, Pride 2e, p.223)

Selecting A Brand Name

- The name should:
 - be easy to say, spell, and recall
 - indicate the product's major benefits
 - suggest the product's major uses and special characteristics
 - be distinctive, setting it apart from competing brands and be compatible with all products in line
 - be designed for use and recognition in all types of media
 - consider cultural interpretations
 - be capable of registration and legal protection

What is a Product?

- A good, a service or an idea received in an exchange
 - A good is a tangible physical entity (or thing)
 - A service is a mostly intangible result of the application of human and mechanical efforts to people or objects
 - An idea is a concept, philosophy, image or issue

Classifying Products

CONSUMER PRODUCTS

Products purchased to
satisfy personal and
family needs

BUSINESS PRODUCTS

Products bought to use in
an organisation's
operations, to resell or to
make other products

Consumer Products

CONVENIENCE PRODUCTS

Inexpensive and frequently purchased with minimal purchasing effort

SHOPPING PRODUCTS

Buyers willing to expend considerable effort in planning and making the purchase

SPECIALTY PRODUCTS

Possess one or more unique characteristics and buyers are willing to expend considerable effort to obtain them

UNSOUGHT PRODUCTS

Purchased when a sudden problem must be solved, customers are unaware of them and do not usually think of purchasing them

Product Line Decisions

- **Product line** – a group of closely related product items viewed as a unit because of marketing, technical or end-use considerations
- **Line extension** – development of a product that is closely related to existing products in the line but meets different customer needs

Product Mix Decisions

- **Product mix** – the total group of products that an organisation makes available to customers
- **Width of product mix** – the number of product lines a company has
- **Depth of product mix** – the average number of different product items offered in each product line

Product Differentiation

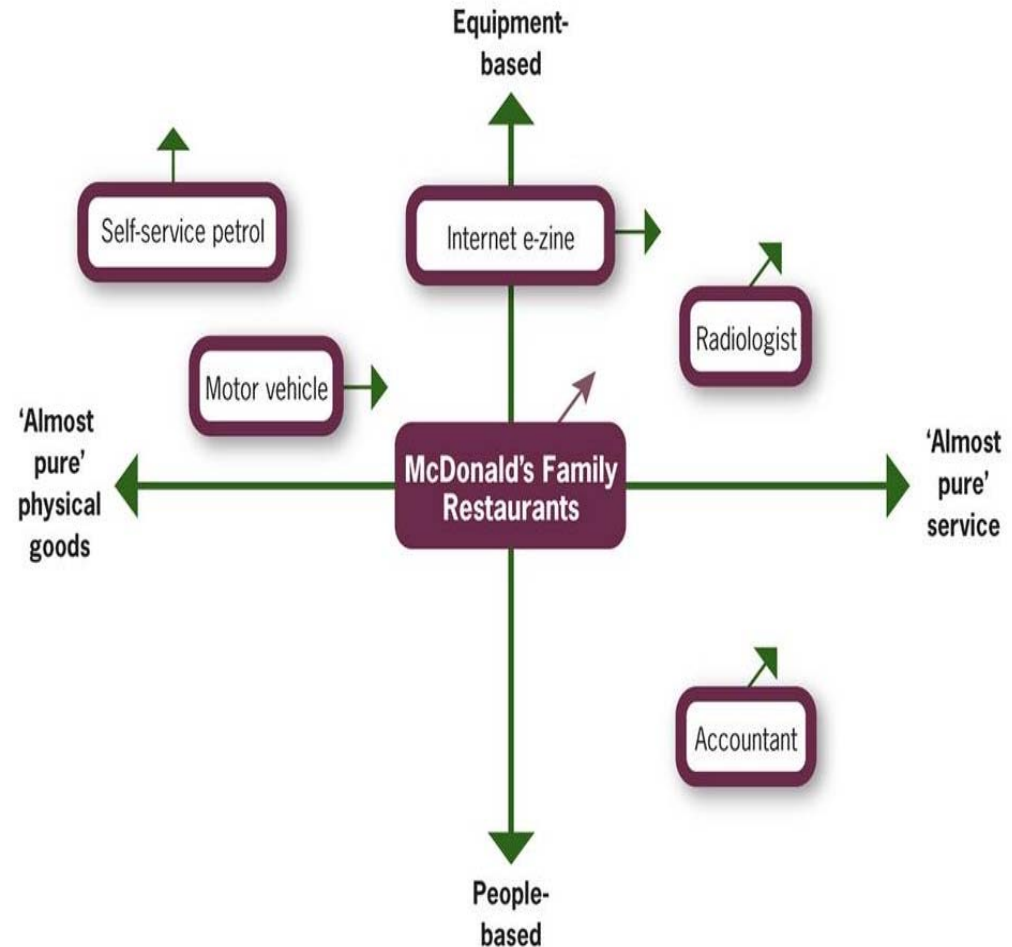
- Creating and designing products so that customers perceive them as different from competing products
- Companies can position their products in the marketplace based on three aspects
 - **Quality** - characteristics of a product that allow it to perform as expected in satisfying customer needs
 - **Design** – how a product is conceived, planned or produced
 - **Support services** – human or mechanical efforts or activities a company provides that add value to a product

The Nature of Services

- All products contain both tangible and intangible elements
- Thus, products should be marketed with such combinations in mind
- Services are dominated by the intangible elements of the total product
- Services are usually provided through the application of human/mechanical efforts directed at people or objects

Goods – Services Continuum Concept

- products would be best view as lying on a continuum between the two extremes and involving a combination of physical goods and services



(Kotler et al., 2013, p. 277)

Service Characteristics

INTANGIBILITY

Services cannot be seen and touched

INSEPARABILITY

Services are produced and consumed at the same time

PERISHABILITY

Services cannot be stored for future use

HETEROGENEITY

No two services can be of the same quality

CLIENT-BASED RELATIONSHIP

Interaction that leads to satisfied customers

CUSTOMER CONTACT

The level of interaction between service provider and customer needed to deliver the service

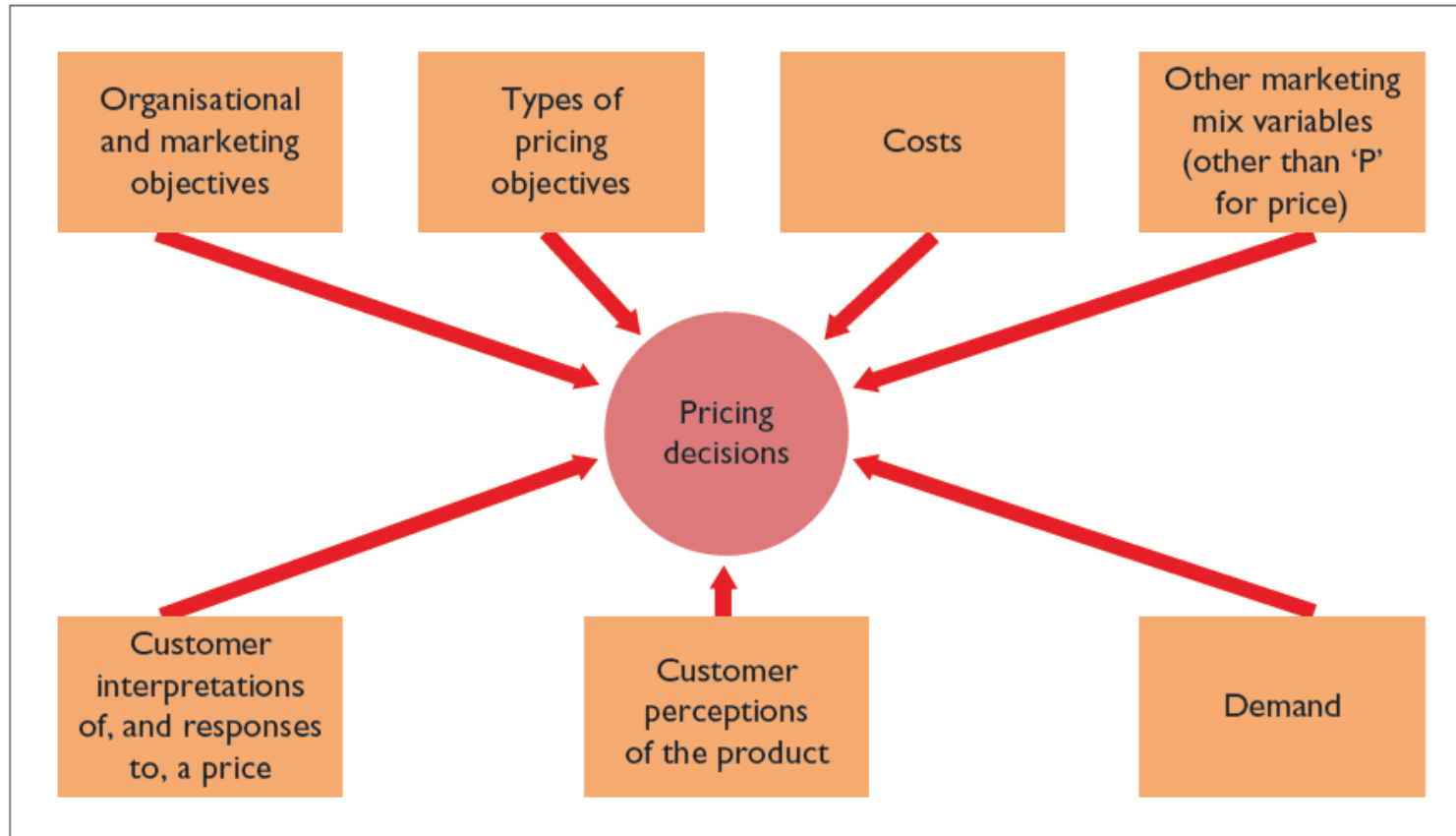
What is Price?

- **Price** is the value exchanged for a product in a marketing transaction
- Price relates directly to the generation of total revenue

$\text{Profit} = \text{Total Revenue} - \text{Total Costs}$

$\text{Profits} = (\text{Price} \times \text{Quantity Sold}) - \text{Total Costs}$

Factors That Affect Pricing Decisions



(Figure 10.1, Pride 2e, p.334)

Organisational and Marketing Objectives

- Prices should be set consistent with the goal and mission of organisations
- Prices should be compatible with the organisation's marketing objectives
 - Survival
 - Current profit maximisation
 - Market-share leadership
 - Product-quality leadership
 - Other objectives

Types of Pricing Objectives

- Increase market share
 - Set the price lower compared to competing brands
 - Temporary price reductions
- Raise cash quickly
 - Temporary price reductions

Customer Interpretations of and Responses to a Price

- Customer interpretation
 - What the price means or what it communicates to customers
- Customer response
 - Whether the price will move customers closer to the purchase and enhance customer satisfaction

Customer Perceptions of the Product

- Value conscious – concerned about price and quality of a product
- Price conscious – striving to pay low prices
- Prestige sensitive – drawn to products that signify prominence and status

Selection of a Basis for Pricing

- **Cost-based pricing** – adding a dollar amount or percentage to the cost of the product
 - **Cost-plus pricing**: adding a specific dollar amount or percentage to the seller's cost
 - **Markup pricing**: adding to the cost of the product a predetermined percentage of that cost
- **Value-based pricing** – based on the level of benefits offered by the products
- **Competition-based pricing** – influenced primarily by competitor's prices

Selection of a Pricing Strategy

**DIFFERENTIAL
PRICING**

**NEW-PRODUCT
PRICING**

**PRODUCT-
LINE PRICING**

**PSYCHOLOGICAL
PRICING**

**PROFESSIONAL
PRICING**

**PRICE
DISCOUNTING**

Psychological Pricing

- Pricing that attempts to influence a customer's perception of price to make a product's price more attractive
 - **Reference pricing** – pricing a product at a moderate level and displaying it next to a more expensive model or brand
 - **Bundle pricing** – packaging together two or more complementary products and selling them for a single price
 - **Multiple-unit pricing** – packaging together two or more identical products and selling them for a single price
 - **Everyday low prices (EDLP)** – setting a low price for products on a consistent basis

Psychological Pricing – continued

- **Odd-even pricing** – ending the price with certain numbers to influence buyers' perceptions of the price or product
- **Customary pricing** – pricing on the basis of tradition
- **Prestige pricing** – Setting prices at an artificially high level to convey prestige or a quality image
- **Price leaders** – Product priced below the usual markup, near cost or below cost
- **Comparison pricing** – Setting a price at a specific level and comparing it with a higher price

What is Distribution?

- **Distribution** – the decisions and activities that make products available to customers when and where they want to purchase them
- **Distribution channel** - a group of individuals and organisations that produce products for, and deliver products as middlemen to, customers

Marketing Intermediaries

- Middlemen that link producers to other intermediaries or ultimate consumers through contractual arrangements or through the purchase and resale of products
 - Resellers/Wholesalers/Distributors/Retailers
 - Physical distribution firms
 - Marketing Services Agencies
 - Financial Intermediaries

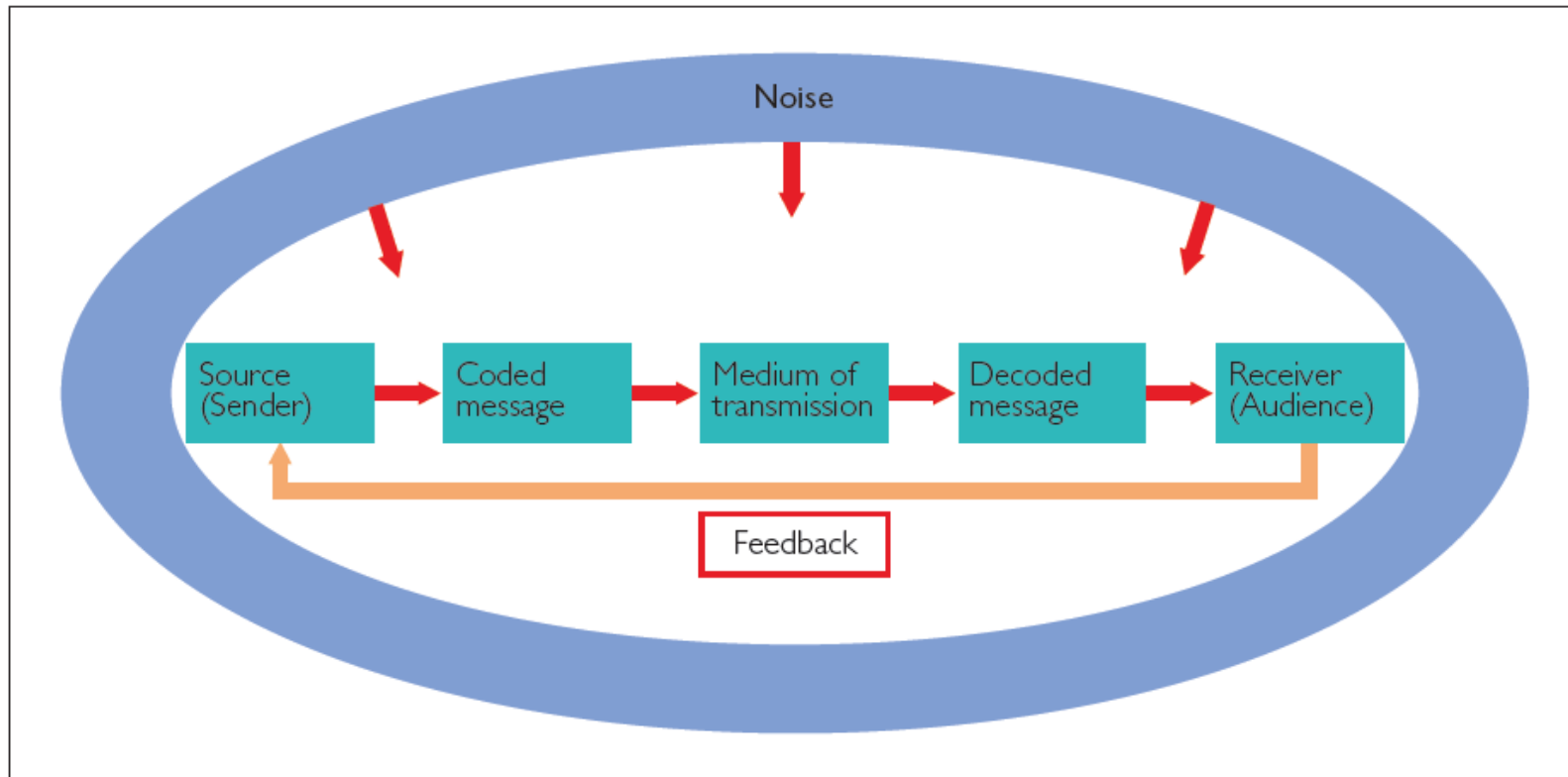
Types of Marketing Channel

- **Direct** – a marketing channel owned and managed by a single channel member to supply a target market segment
- **Indirect** – a marketing channel comprised of several independently owned channel members who work together to serve a target market segment
- **Multiple** – a combination of direct and indirect channels whereby each channel is used to reach a different target market
- **Hybrid** – a combination of direct and indirect channels whereby different channels are used to reach the same target market segment

Integrated Marketing Communications (IMC)

- **IMC** – The coordination of promotional efforts for maximum informational and persuasive impact on customers
- **Promotion** – Communication to build and maintain relationships by informing and persuading one or more audiences

Communication Process



(Figure 12.2, Pride 2e, p. 416)

Objectives of Promotion

- **Create awareness** – Making customers aware of the product is crucial to initiating the product adoption process
- **Stimulate demand**
 - Primary demand - Demand for a product category rather than for a specific brand
 - Pioneer promotion - Promotion that informs consumers about a new product
 - Selective demand - Demand for a specific brand

Objectives of Promotion (continued)

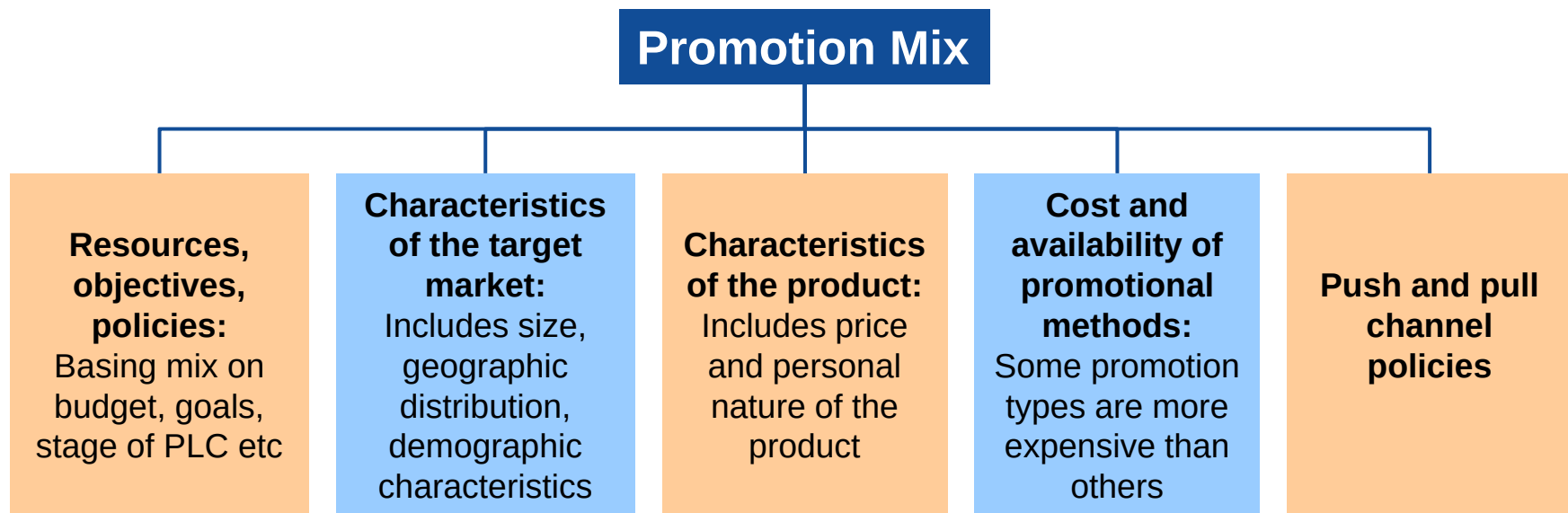
- **Encourage product trial** – Designed to move customers through the product adoption process
 - Free samples
 - Coupons
 - Test drives/limited free-use
 - Contests
 - Games
- **Identify prospects** – Identifying customers who are interested in the firm's product and most likely to buy it

Objectives of Promotion (continued)

- **Retain loyal customers** – Maintaining long-term relationships is a major goal of most marketers
- **Facilitate reseller support** – Providing support to maintain sound working relationships
- **Reduce sales fluctuations** – Generating sales during slow periods
- **Combat competitive promotional efforts** – Offsetting or lessening the effect of a competitor's promotional or marketing programs

Selecting Promotion-Mix Elements

- An effective promotion mix requires the right combination of components



IMC Tools

Marketing communications mix variables	Short definition
Advertising	Paid non-personal communication about an organisation and its products transmitted to a target audience through mass media
Personal selling	Paid for personal presentations aiming to inform and/or persuade the customers
Public relations (PR)	Communication efforts used to create and maintain favourable relations between an organisation and its stakeholders
Sales promotion (SP)	An activity and/or material meant to induce resellers or salespeople to sell a product or consumers to buy it
Product placement	The strategic location of products or product promotions within entertainment content (such as movies) to reach the product's target market
Digital marketing	Marketing communications mix elements that rely on digital technology, e.g. mobile coupons or banner advertisements.
Word-of-mouth communication (WOM)	Personal, informal exchanges of information that customers share with one another about products, brands and companies

How is each used? What are the benefits (advantages) and/or disadvantages of each?

Final Advice

Remember...

Not all topics will be in each exam. This revision covers the main exam and the deferred exam.

If you fail...

It is necessary to pass the exam in order to pass this unit.

If you do NOT pass the exam:

- The exam paper has been marked by two academics
 - Great care has been taken to review your result
 - The maximum mark you will be given for the unit is 48%.
-

Top Tips...

Revisit knowledge by going through your resources:

- Lesson notes
 - Your own notes
 - Marketing Textbook(s)
 - Readings
 - Examples provided – don't use these in the exam, use original examples.
 - Original examples (prepare a range of examples for use in the exam, ie high involvement low involvement, products, services, experiential, fast-moving consumer goods (FMCG), consumer focused, marketing focused, retail, brands, price, distribution, IMC, market research,
 - Information posted on Moodle
-

Critical Issues...

- Hand writing!
- Time Management, make sure you allocate time according to marks value & covering ALL sections
- All answers need to be planned carefully. Do a draft answer for each question at the beginning of the exam and then you won't forget when you go to answer your final questions.
- Look for ways to present your answers clearly, concisely, visually. For example, you can use diagrams, dot points, concept maps, subheadings, pie charts, use space etc
- Detail is very important in a unit like this
- Answer the question asked, not the question you want to answer. Link your answer back.
- Think about word choice, be consistent with marketing language used across this unit
- Address all parts of the question, there may be multiple parts
- Examples are awarded marks, ensure you include them (have a range of original examples ready).
- You are welcome to use highlighters (or underline) key points in your answer.
- Make it as easy as possible for the examiner to award you point wherever possible.

Exam Consultation

During SWOTVAC (Week 13) and the exam period (before the exam), exam consultation sessions will be scheduled. This will be posted prior to the end of semester in this section on Moodle.

(All exam information will be found in this section). You can also email your tutors or myself with questions. Please note that it may take up to 48 hours for a reply.

An announcement on consultation times will also be made via Moodle.

Thank You!

If you haven't had a chance already, please complete the unit evaluation through [my.monash](https://my.monash.edu).

And, all the best for all your exams and future studies!

Elizabeth and the MKC1200 Teaching Team :)
