

### HSC TOPIC THREE – MARKETING NOTES

- Marketing is the process of planning and executing the conception, pricing, promotion and distribution of ideas, goods and services to create exchanges that satisfy individual and organisational objectives.
- Marketing is a total system of interacting activities designed to plan, price, promote and distribute products to present and potential customers.

## Role of Marketing

### Strategic Role of Marketing Goods and Services

- Strategic: long-term, broad aims affecting all key business areas; strategic role of each key business function involves the managers of each function contributing to the strategic direction or strategic plan of the business.
- Profit Maximisation: occurs when there is a maximum difference between the total revenue coming into the business and total costs being paid out. □ Strategic role of marketing is to procure this.
  - To achieve this, marketing plan must be prepared that sets out a series of actions or strategies that can be used to attain greater sales.
- Qantas' marketing plan enables Qantas to achieve:
  - Business goals
  - New product development
  - Create more distribution outlets
- Qantas' marketing plan aims to pursue maximum profitability within the business.

### Interdependence with other key business functions

- Interdependence refers to the mutual dependence that the key business functions have on one another.
- Marketing Concept: 'all sections of the business are involved in satisfying a customer's needs and wants while achieving the business' goals'.
  - Must be embraced by all employees to be effective.
- Finance at Qantas depends on marketing to produce funds.
- Marketing Strategies such as; Jetstar, new check in facilities, new lounges etc. need funds in order to occur hence relying on finance.
- Qantas' marketing strategies are judged based on financial criteria such as sales, market share and profitability analysis.

### Production, Selling, Marketing Approaches

#### The Production Approach – 1820s to 1920s

- The Production Approach: focused businesses on the production of goods and services.
- Consisted of taking orders and producing/delivering good.
- Industrial Revolution saw the demand for goods exceed production capabilities of many businesses so businesses concentrated their efforts on the production of goods and services.
- Businesses were usually able to sell all output.
- Production design was based more on the demands of mass production techniques as opposed to customer preference.

- Ford was a business that mass-produced cars on an assembly line in order for it to be done cheaply and quickly, confident he would procure consumers.

### **The Selling Approach – 1920s to 1960s**

- The Sales Approach: emphasised selling because of increased competition.
- Output of a business began to catch up with consumer demand due to increased efficiency and productivity.
- Mass-produced products of high quality came on the market with business competition increasing.
- To stimulate demand for businesses products business increased spending on advertising.
- Sales representatives were hired to persuade customers to buy a specific brand.
- Door-door sales representatives became a common practice for all businesses whereby businesses would go to consumer's houses to sell their products.

### **The Marketing Approach: stage one ☞ 1960s – 1980s**

- The Marketing Approach: focuses on finding out what customers want – through market research – and then satisfying that need.
- Marketing Approach is characterised by the importance placed on identifying and satisfying customer needs and wants prior to producing the goods and services.
- Marketing is now central to all business aspects hence satisfying customer needs became the responsibility of all employees.
- Businesses would release flyers, pamphlets, signs that depicted to consumers the need for them to be purchased due to their ability to better ones lifestyle.

### **The Marketing Approach: stage two ☞ 1980s – present**

#### **Corporate Social Responsibility (CSR)**

- Businesses realise CSR is necessary in enabling a prosperous business as consumers are constantly concerned about environmental pollution.
- External pressure influences marketing plans in order for it to be harmless towards the environment.
- Increase in the demand for ecologically sustainable practices.
- Qantas aimed to ensure CSR through its implementation of 'Aviation Biofuel' that used 50% cooking oil with 50% conventional jet fuel, which aimed to reduce the amount of carbon emissions per plane hence reducing harm upon environment.

#### **Customer Orientation**

- Customer Orientation refers to the process of collecting information from customers and basing marketing decisions and practices on customers' wants and interests.
- Customer Satisfaction measures how goods and services supplied by a business meet or exceed customer expectation.
- Customer relations do not end at sale they need to continue in order for the business to be prosperous.
- Nike has focused their production of goods based on customer preference, whereby centring consumers as the focal point of the business.

#### **Relationship Marketing**

- Relationship Marketing is the development of long-term and cost-effective relationships with individual customers.
- High priority on customer retention and continual satisfaction.
- The core of relationship marketing is customer loyalty – so as to generate repeat sales – that can be achieved via reward programs, customer care or good after-sales service.
- Qantas' instigation of Frequent Flyer Points means that loyal customers are able to acquire cheaper flights en route to their destination.

### Types of Markets

- Market is a group of individuals, organisations that:
  - Need or want products
  - Have the money to purchase the product
  - Willing to spend their money to obtain the product
  - Socially and legally authorised to purchase the product

### Resource Market

- Resource Market: consists of those individuals or groups that are engaged in all forms of primary production, including mining, agriculture, forestry and fishing.
- Farmers purchasing machinery, seeds or fertiliser.

### Industrial Market

- Industrial Market: includes industries and businesses that purchase products to use in the production of other products or in their daily operations.
- Qantas purchases steel, metal, plastic etc. to make their planes.

### Consumer Market

- Consumer Markets: consist of individuals – that is, members of a household who plan to use or consume the products they buy.
- Consumers do not intend to make a profit from purchase.
- Qantas selling a plane ticket to an individual whom doesn't then sell it to make a profit rather use it for their personal use and consume it upon purchase.

### Mass Market

- Mass Markets: the seller mass-produces, mass-distributes and mass-promotes one product to all buyers.
- Business target their products for everyone, assuming that it satisfies all consumers needs and wants.
- Due to higher real incomes, greater choice and customers seeking individualised products businesses have tended to shift away from mass marketing.
- Qantas first mass marketed their products when they were in the establishment phase whereby selling only a plane ticket they provided the same service to all people.

### Niche Market

- Niche Market is a narrowly selected target market segment.
- Aimed at buyers who acquire the lifestyle suitable for the product.
- Ferrari obtains a niche market whereby targeting their cars to a select few whom have the capability of being able to purchase the car □ rich people.