

Influences on Marketing

Factors Influencing Customer Choice

- Customer Choice (buying behaviour): refers to the decisions and actions of customers when the search for, evaluates, select and purchase goods and services.

Psychological Influences

- Psychological Factors are influences within an individual that affect their buying behaviour.

Perception

- Perception is the process through which people select, organise and interpret information to create meaning.
- Qantas ensures that their product is of favourable perception through sustainably high levels of quality, competitive prices etc.

Motives

- Motive is the reason that makes an individual do something.
- Qantas' Frequent Flyer Program provides customers with an incentive to fly with Qantas whereby providing customers cheaper flights if they travel continuously with Qantas or purchase from partners e.g. ANZ.

Attitudes

- Attitude is a person's overall feeling about an object or activity.
- Qantas aims to acquire positive attitudes from customers by ensuring high levels of satisfaction amongst their passengers through high levels of quality evident via their ISO 22000 Certification.

Personality and Self-Image

- Personality is an individual's collection of behaviours and characteristics that make up the person.
- Self-Image relates to how individuals view themselves.
- Adidas has enabled mass-customisation of products enabling customers to manipulate a product in order to relate towards their personality/self-image.

Learning

- Learning refers to changes in an individual's behaviour caused by information and experiences.
- Brand Loyalty occurs when a favourable attitude towards a single brand results in repeat sales over time.
- The first time a customer travels with Qantas they are learning about Qantas' service whilst if a customer indirectly sees an advertisement of Qantas they are exposed to learning about Qantas' actions hence Qantas employs favourable movements to portray their business in a positive demeanour.

Sociocultural Influences

- Sociocultural Influences are forces exerted by other people and groups that affect an individual's buying behaviour.

Social Class

- Social Class/Socioeconomic Status Refers to a person's relative rank in society based on their education, income and occupation.
- Qantas' implementation of Jetstar was aimed to target those individuals of a low-middle socioeconomic status by providing cheaper airfares and services.

Culture and Subculture

- Culture influences buying behaviour because it infiltrates all that we do in life determining what we eat, where we live, what we wear etc.
- In response to the greater desire for reduced carbon emissions, which reduce harm towards the environment Qantas, reduced their fuel-passenger ratio by increasing the level of seats on board the plane and through the use of "Aviation Biofuel".

Family and Roles

- Different Family Roles influence the purchase of goods and services.
- Woman still tend to purchase healthcare products, food and laundry supplies even though their working roles have changed whilst men still purchase those 'manly goods and services' such as tools, hardware etc.
- Qantas opens its services to all people especially young people by enabling catered and protective services for young adults usually under 16 years of age whereby taking extra care of the young individual during their venture aboard the plane.

Reference (Peer) Groups

- Reference/Peer Group is a group of people with whom a person closely identifies, adopting their attitudes, values and beliefs.
- If a customer on Qantas had a bad experience they are likely to tell their peer group about it, hence Qantas loses customers as those apart of the peer group will listen to the friend, hence it is important for Qantas to ensure all passengers have a good experience inevitably enabling the prosperity of Qantas sales through word of 'good' mouth.

Economic Influences

- Influence a businesses capacity to compete and a customer's willingness and ability to spend.
- Economy refers to the wealth and resources of a country in terms of production and consumption of goods and services.
- Higher real income of an individual = Higher quality and price range they can afford.
- Economic factors refer to changes in spending and income in the wider economy.

Boom

- High levels of employment.
- Rising Incomes.
- Customers optimistic about the future.
- Increase in consumer spending.
- The marketing potential during such a phase is large, with sales responding to all forms of promotion.
- The recent upturn in economic activity in Australia in 2015 has seen a 5% rise in domestic passengers travelling from Western Australia due to marketing approaches taking effect.

Recession

- Unemployment levels rise.
- Incomes fall.
- Customers pessimistic about the future.
- Decrease in consumer spending.
- Marketing plans during this time should concentrate on maintaining existing market share whereby survival becomes the main goal.
- The GFC in 2008-09 caused Qantas' view of the Airbus A380 to be put on hold as the Australian economy would be put under strife hence minimal flow of money within the economy hence lowering level of customers and cash flow for Qantas.

Government Influences

- Governments use a number of economic policy measures to influence the level of economic activity, which indirectly or directly influence business activity and customer's spending habits and therefore influence the marketing plan.
 - **Fiscal Policy (annual budget)**: concerned with raising revenue from taxes and spending money on welfare and services for the community.
 - **Monetary Policy**: involves the level of interest rates (cost of borrowing money). High interest rates tend to reduce people's ability to spend money and vice versa.
- Governments also introduce a number of laws and regulations to provide guidelines for businesses and marketers on what is a legal marketing technique □ *Competition and Consumer Act 2010 (CWLTH)*
- Qantas had to charge an extra 10% of the sale of their service due to the government's fiscal implementation of the *Goods/Services Tax (GST)*.

Consumer Laws

The Australian Consumer Law

- This law will benefit the Australian community by giving Australian consumers the same rights and protections wherever they are in Australia.
- Replaced different national, state and territory laws that set out consumer rights and business obligations when selling goods and services with a single, national set of rules.
- Marketers must be aware of any changes in law and hence manipulate business practices to suit following amendments.

Competition and Consumer Act 2010

- Two main purposes of this act are:
 - To protect consumers against undesirable practices, such as misrepresenting the contents of products, their place of production and misleading and deceptive advertising.
 - To regulate certain trade practices that restricts competition. The government also wants to ensure a number of businesses are operating at any one time in the same market to encourage competition.
- It is enforced and administered by the Australian Competition and Consumer Commission (ACCC), each state has its own consumer agency and Australian Securities and Investments Commission (ASIC) enforce financial services.
- Breaches of this act may lead to:

- Fines for unconscionable conduct (any practice by a business that is just not reasonable and often illegal) □ \$1.1 million for businesses and \$220 000 for individuals.
- Consumer can sue business for compensation.
- Loss of reputation.
- ACCC can issue an on the spot infringement notice to manufacturers making false claims about their products □ \$6 600 for businesses and \$1 320 for individuals.
- ACCC can issue 'public warning notices' to warn consumers of suspected illegal activity.

Deceptive and Misleading Advertising

- Advertisements mustn't use words that are deceptive or claim that a product has some specific quality when it does not. Such actions convey a false impression of the exact nature of the product:
 - Fine print
 - Before and after advertisements
 - Tests and surveys
 - Country of origin
 - Packaging
 - Special offer
- Two most common deceptive and misleading advertising techniques are:
 - Bait and Switch Advertising: involves advertising a few products at reduced and therefore enticing prices to attract consumers.
 - Dishonest Advertising: when an advertisement uses words that are deceptive or claims that a product has some specific quality when it does not.
- Qantas was ordered to pay \$37000 worth of fines for deceptive conduct, which portrayed consumers having to pay cheaper plane tickets as opposed to what they had to pay. This was done by not including the payment of taxes within the sale price.

Price Discrimination

- Price Discrimination is the setting of different prices for a product in separate markets. Difference in price can be due to:
 - Markets are geographically separated.
 - Product differentiation within one market.
- Competition and Consumer Act prohibits price discrimination if the discrimination could substantially reduce competition.
- Qantas previously was able to be the monopoly of the Australian aviation industry whereby acquiring the lowest prices due to government funding hence obtaining the most passengers as other businesses were unable to compete.

Implied Conditions – Consumer Guarantees

- Consumer Guarantees are a comprehensive set of rights and remedies for defective goods and services.
- Implied Conditions are the unspoken and unwritten terms of a contract.
- Acceptable Quality means that the product is fit for the purpose for which it is being sold, acceptable in appearance and finish, free from defects, safe and durable.
- It is a breach of law to suggest that a product has a particular characteristic that it does not have e.g. a vehicle that is V4 stating it as V8.
- Qantas' ISO 22000 Certification is a certificate that enables them to adhere to un-announced conditions of the food industry.

Warranties

- Warranty is a promise made by a business that they will correct any defects in the goods and services that they produce and deliver.
- Warranty guarantees that the product will perform satisfactorily and that any defects will be corrected if these occur during the warranty period.
- Warranty assures the customer that the business has confidence in the quality of its product and will repair or replace any faulty items.
- Qantas provide warranty claims for:
 - Claim administration
 - Material repair and credit recovery
 - Service bulletin claim and cost analysis
 - Vendor interface issues
 - Warranty Training/ Familiarisation
 - Administration of performance guarantees
 - Arranging In House Assignment Approval

Refunds and Exchanges (Returns)

- A business by law is required to offer a refund:
 - If the products provided are faulty
 - Do not match the description or sample
 - Fail to do the job they were supposed to do

Ethical Influences

Ethical Criticisms of Marketing

- Creation of Needs – Materialism: Materialism is an individual's desires to constantly acquire possessions. Product promotion enables most businesses, especially large businesses, too use sophisticated and powerful promotional strategies to persuade and manipulate customers to buy whatever the firm wants to sell. This is heavily criticised by critics of product promotion.
- Stereotypical Images of Males and Females: In most advertisements gender roles tend to be on display whereby males use power tools and watch sports whilst females are portrayed to prepare meals, clean the house or care for the children hence stereotyping an individual's life.
- Use of sex to sell products: Sexual themes and connotations are used to sell products. Unrealistic images are portrayed as an attainable objective whereby advertisers use sex

appeal to suggest to consumers that the product will increase the users attractiveness. Many people are sceptical of such claims, advertisements that use sex appeal usually have subtle and persuasive impacts.

- Product Placement: Product Placement is the inclusion of advertising in entertainment. Businesses are keen to use this promotional technique as it allows them to reach savvy, but advertisement-weary, consumers. Critics however argue that because of its concealed nature this blurs the line between advertising and entertainment.
 - Qantas may let a movie use their planes with their logos to advertise to the audience.
- Invasion of Privacy: Growth in online advertising is raising a number of ethical issues, with the most serious being tracking web users and using information to target them with advertisements. Presently, as most websites infer consent from consumers, many are unaware that data is being collected upon them. This data is then resold by data exchange companies and then used by businesses for marketing purposes.

Truth and Accuracy in Advertising

- Advertising: a paid, non-personal message communicated through a mass medium.
- Ensures their advertising is truthful, as they can be held morally responsible for misleading the public by being untruthful in advertising.
- Breaches of accuracy include:
 - Products sold as **lite**
 - Use of the word **natural**
 - Use of the word **green**
- Main unethical practices include:
 - Untruths due to concealed facts
 - Exaggerated claims
 - Vague statements
 - Invasion of privacy
- Untruth due to concealed facts
 - Purposefully excluding information from an advertisement can severely harm the trust customers have for a product or business.
 - Qantas and most of the airline industry still imposed a general fuel tax for passengers due to high oil prices however even when oil prices fell Qantas still maintained the same level of fuel tax.
- Exaggerated Claims
 - Puffery: exaggerated praise or flattery that cannot be proved e.g. “we sell the best pies in the entire universe”.
 - Qantas made statements claiming they were, “The World’s Most Experienced Airline” which cannot be proved nor evaluated □ unsure as to whether it is based on years flying or passengers accounted for etc.
- Vague Statements
 - Statements that are ambiguous, which the consumer will assume the advertiser’s intended message.
 - E.g. “helps fight against...” **OR** “helps to make you feel...”
 - “Revenue for any segment or geographical segment whose external revenue is more than 10% of entity revenue but that is not a reportable segment because a majority of it’s revenue is from internal transfers” – Qantas.

- This vague statement from Qantas is able to mislead and deceive consumer perception on Qantas' revenue.

Good Taste in Advertising

- 'Good taste' is a highly subjective topic □ what one individual perceives offensive may be inoffensive to another.
- Dolce and Gabbana's 2007 ad campaign was condemned by many individuals due to its gang-rap sexualisation appeal displaying a woman being overpowered and seduced incredulously by a vast array of males.

Products that may damage health

- Marketing of junk food is presently being criticised by nutritionists and health advocates, especially as childhood obesity rates approach epidemic proportions.
- Federal Government Restrictions □ 'Children's Marketing Initiative' and 'Australian Quick Service Restaurant Industry Initiative for Responsible Advertising and Marketing to Children' □ are claimed to be not working as they only cover specific TV shows not all shows that individuals watch e.g. 'Home and Away'.
- Digital Advertising of Junk Food to Children
 - Facebook, Twitter, Instagram etc. are all unregulated ways of advertising junk food to children.
- McDonalds advertises their products through social media sites and during highly anticipated sporting events and other highly viewed TV shows or events, which millions of people watch including Children.

Engaging in Fair Competition

- Australian Competition and Consumer Commission (ACCC) promotes fair competition to:
 - Allow customers access to variety of choices and low prices
 - Environment where all businesses operate to the same defined rules.
- NSW Fair Trading enforces fair competition within NSW through legislation such as:
 - "Fair Trading Act 1987 NSW"
- Competition and Consumer Act requires businesses to compete fairly and contains provisions relating to fair competition.
- Anti-Competitive behaviours include:
 - **Cartel Conduct:** businesses agree to act together instead of competing.
 - **Misuse of Market Power:** prohibits corporations who have a substantial degree of market power from taking advantage of that market power for the purpose of damaging a competitor or preventing a business from entering into the market.
 - **Exclusive Dealing:** suppliers can't stop retailers for selling below recommended price.
 - **Resale Price Maintenance:** suppliers can't stop resellers from charging below recommended price.
 - **Mergers:** legal unless it can be demonstrated that they have the effect of sustainability, which lessens competition in markets.
- Virgin has accumulated an unfair advantage over Qantas as the government allows for Virgin to accumulate more than 50% in foreign ownership whilst Qantas can only have 49% foreign ownership to maintain status as Australian owned inevitably meaning that competition is unfair due to Virgin's funding advantages.

Sugging

- Sugging is when customer surveys are used to extract information as a form to actually sell goods and services and is a sales technique disguised as market research:
 - Selling
 - Under
 - Guise
 - Survey
- Solar Panel Companies tend to partake in sugging whereby continuously calling to survey areas to undertake information before then advertising and shaping their business approach to meet these needs and sell solar panels.

Marketing Code of Ethics

- Australian Association of National Advertisers (AANA) Code of Ethics 2012:
 - Developed for marketers in relation to advertising.
- Australian Standards Bureau
 - Ensures the Code of Ethics is followed whereby consumers can make complaints if code is breached.
 - Self-Regulated through the Australian Standards Board and Australian Claims Board.

The importance of Ethical Behaviour

- Ethical Behaviour can create positive images for the business and enables them to grasp more opportunities inevitably improving reputation.
- Ethical Behaviour can attract customers to the business increasing loyalty, as more consumers will actively purchase from an ethical business.
- Ethical Behaviour has positive effects on employment relations whereby improving productive capacity and employee happiness.
- Ethical Behaviour may attract more investors as it appeals to stakeholders.

The importance of Government Regulation

- To protect consumers
- To protect businesses
- Leads to increasing consumer trust & confidence in businesses □ more purchases □ economic growth.
- Protects and stimulates competition and fair trade.
- Encourages businesses to do the right thing.
- Promotes competition and creates an equal playing field.