

## Marketing Process

### Situational Analysis

#### SWOT Analysis

- SWOT Analysis involves the identification and analysis of the internal strengths and weaknesses of the business, and the opportunities in, and threats from, the external environment.
  - Provides the information needed to complete the situational analysis, giving a clear indication of the business's position compared with competitors.

<b>Strength</b>	<ol style="list-style-type: none"><li>1. Strong Backing of Aus Govt</li><li>2. Monopoly in Australian Market</li><li>3. One of the top and largest airlines operating in Australia</li><li>4. Has been one of the oldest airline operators in the world</li><li>5. It has nearly 20 international as well as domestic destinations</li><li>6. Good brand building exercises through advertising and sponsorship</li></ol>
<b>Weakness</b>	<ol style="list-style-type: none"><li>1. Too Much Concentration around Australasia</li><li>2. Issues among employees caused an issue</li></ol>
<b>Opportunity</b>	<ol style="list-style-type: none"><li>1. Australia Market has been so far less tapped. So it can ensure that no other airline can ever get a chance by gaining a major market-share</li><li>2. More international destinations specially in Asia</li><li>3. Tie-ups with international airlines for a combined service offering to customers</li></ol>
<b>Threats</b>	<ol style="list-style-type: none"><li>1. Increasing fuel prices affects operations</li><li>2. Rising Labour Costs</li><li>2. Increasing Competition in Australian Market from new start ups and SE airlines</li></ol>

## Product Life Cycle

- Product Life Cycle: consists of the stages a product passes through: introduction, growth, maturity and decline.

	<u>Introduction</u>	<u>Growth</u>	<u>Maturity</u>	<u>Decline</u>
<u>Description</u>	Business tries to increase consumer awareness and build a market share for the new product.	The producers of the product actively pursue brand acceptance and market share.	Sales plateau as the market becomes saturated.	Sales begin to decline as the business faces several options.
<u>Product</u>	Brand and reliability are established.	Quality is maintained and improved and support services may be added.	Features and packaging try to differentiate the product from its competitors.	Product is maintained with some improvements or rejuvenation. Cut losses by selling it to another business.
<u>Price</u>	Noticeably lower than competitor's prices in order to gain a market foothold.	Price per unit of production is maintained as the firm enjoys increased consumer demand and a growing market share.	Price may need to be adjusted downwards to hold off competitors and maintain market share.	Price is reduced to sell the remaining stock.
<u>Promotion</u>	Directed at early buyers and users. Communication seeks to educate potential customers about goods and services.	Promotion now seeks a wider audience.	Continues to suggest the product is tried and true – still the best.	Promotion is discontinued.
<u>Place/ Distribution</u>	Distribution is selective, enabling consumers to gradually form an acceptance of the product.	Distribution channels are increased as the product becomes popular.	Incentives are offered to encourage preference over rival products.	Distribution channels reduced and product offered to a loyal segment of the market only.

- Products Decline:
  - Changing public perception of what is fashionable at certain times
  - With the introduction of new technology comes new products (replacing old products)
  - New products can reduce demand for old ones
  - Fluctuations in the level of economic activity results in shifts in customer
  - Spending habits
- Qantas introduces the new Airbus A380's whereby marketing the benefits of the plane to consumers e.g. more space, sky-beds, on board entertainment. This product's service is distributed to consumers in form of flights whereby taking passengers to their destination. When in decline Qantas will sell these planes and purchase new more innovative and enhanced planes.

### Market Research

- Market Research: is the process of systematically collecting, recording and analysing information concerning specific marketing problem.
- Qantas has used market research to determine what consumers want and hence build upon this in order to satisfy consumer wants within their business e.g. finding out consumers wants discounts for being loyal which they collect from various customers and other sources before then interpreting this data to find the best suitable way to implement this such as Qantas' Frequent Flyer Program.

### The three steps of the market research process

#### Step 1: Determining Information Needs

- Managers must carefully select the information they need defining the problem that the market research aims to answer.
- Information is useful if it:
  - Results in marketing strategies that meet the needs of the business's target market
  - Assists the business to achieve its marketing objectives
  - May be used to increase sales and profits

#### Step 2: Data Collection – Primary and Secondary Sources

- Marketing Data refers to the information relevant to the defined marketing problem.

#### **Primary Data**

- Are the facts and figures collected from original sources for the purpose of the specific research problem.
  - Main Advantage is that data collection is directed at solving a specific marketing plan whereby the main function is to find out exactly what the consumer is thinking.
- The Survey Method:
  - Survey means gathering data by asking or interviewing people. Must be carried out by:
    - Personal interviews □ face-face interviewing
    - Focus Groups □ groups of people whom meet with researchers
    - Questionnaires □ specific questions requiring a response
  - Main benefit of a survey is that it gathers first-hand information, which provides details of customer opinions.

- The Observation Method:
  - Involves recording the behaviour of customers.
  - Information can be gathered through:
    - Personal observation □ e.g. research poses as a customer
    - Electronic Observation □ camera or counting machines
  - Only limitation is that it shows what happens not why it happens.
- Experiment Method:
  - Involves gathering data by altering factors under tightly controlled conditions to evaluate the cause of what happens and its effect.
  - Market researchers do this to determine whether changing a factor (cause) will alter the behaviour of what is being studied (effect).
  - Experiments carried out in the field are called test marketing.

### **Secondary Data**

- Are facts and figures already collected by some other person or organisation e.g. Australian Bureau of Statistics (ABS).
- Internal Data:
  - Information that has already been collected from internal sources – inside the business e.g. customer feedback, sales and management reports, research reports.
- External Data:
  - Published data from sources outside the business e.g. magazines, Internet sources, data collection agencies – ABS.

### **Step 3: Data Analysis and Interpretation**

- Statistical Interpretation Analysis: process of focusing on the data that represents average, typical or deviations from typical patterns.
- The first step in drawing conclusions is to tabulate the data.
- Cross-tabulation will allow comparisons to be made between individual categories.
- Interpretation will be largely based on the marketing manager's judgement, experience and intuition.

### **Establishing Market Objectives**

- Marketing Objectives are the realistic and measurable goals to be achieved through the marketing plan.
- Marketing Objectives should be customer-oriented yet closely aligned to ensure similar business goals are being met.

### **Increasing Market Share**

- Market Share: refers to the business's share of the total industry sales for a particular product.
- Businesses often develop an extensive product range, using many different brand names to gain a wider market share.
- Having a larger market share = larger sums of profitability.
- Qantas' implementation of Jetstar increased the market share to passengers whom were looking for cheaper flights, as Jetstar was a no-frills alternative to Qantas that provided cheap flights from destination-destination.

### **Expanding the Product Mix**

- Product Mix is the total range of products offered by a business.
- Increased product mix = increased profits.
- Consumer's tastes and preferences changes overtime hence business needs variety of products to cope with change.
- Each product line should attempt to satisfy different target market.
- Qantas has expanded its product mix by having flights to different regions e.g. the merge with Emirates has seen Qantas have non-stop flights to Abu Dhabi.

### **Maximising Customer Service**

- Customer Service: means responding to the needs and problems of the customer.
- High levels of customer service = customer satisfaction = customers positive attitude towards products = increased profitability.
- To keep existing customers and attract new ones, business needs to communicate with customers.
- Strategies a business can use to maximise customer service include:
  - Asking customers what they want
  - Training employees and rewarding them for excellent customer service.
  - Anticipating market trends by conducting research.
  - Finding out what competitors are offering and then reviewing the product mix.
  - Establishing and maintaining long-term relationships with customers.
  - Encouraging employees to focus their attention on the customer's need and not just on making a sale.
- Qantas maximises its customer service by enabling on-line help to customers on whether they need help, make a claim, provide feedback etc.

### **Identifying Target Markets**

- Target Market is a group of present and potential customers to whom a business intends to sell its product.
- Primary Target Market is the market segment at which most of the marketing resources are directed.
- Secondary Target Market is usually a smaller and less important market segment.

### **Why identify and select a target market?**

- So that a business can direct its marketing strategies towards that target market allowing the business to better satisfy the needs and wants of the targeted group.

### **Mass Marketing Approach**

- Mass Marketing Approach seeks a large range of customers for a large range of standardised products.
- Businesses develop a single a single marketing mix and direct it at the entire market for the product □ one product, one price, one promotion and one distribution system.
- Qantas mass markets the sale of flights to domestic and international destinations.

### **Mass Segmentation Approach**

- Mass Segmentation Approach occurs when the total market is subdivided into groups of people who share one or more common characteristics.
- Segmenting a market enables a business to design a marketing plan that meets the needs of relatively uniform groups.

- Market segmentation done by Qantas is having two airline brands each one is targeting a specific customers segment. Jetstar, which targets cost sensitive travellers, offers only two classes - Star Class and the standard class.
- Another example of market segmentation; Qantas mainly uses behavioural segmentation to select its target market as buyers are distinguished according to trip purchase, business/leisure. This is seen with Qantas' different classes on their planes, e.g. First Class, Business Class and Economy Class.

### **Niche Market Approach**

- Niche Market is a narrowly selected target market.
- Needs of customers in these markets are often neglected by large businesses hence niche businesses fulfil these needs.
- Rolls Royce making of airplanes and cars satisfy the needs of the wealthy population.

### **Developing Marketing Strategies**

- Marketing Strategies are actions undertaken to achieve the business's marketing objectives via the marketing mix.

### **Marketing Mix – four P's**

- Marketing Mix refers to the combination of the four elements of marketing – product, price, promotion and place.
- Different products require different marketing strategies.
- No frill goods require different marketing mix to expensive luxurious goods.

### **Products (goods and services)**

- Business needs to determine such features as the products quality, packaging, labelling, design, brand name and guarantee.
- Customers will not only buy products that satisfy their needs but also provide intangible benefits e.g. security, prestige, satisfaction or influence.
- Qantas provides intangible benefits to their flight service through on board entertainment, flight attendant service etc.

### **Price**

- Businesses must determine the correct price that consumers are willing to pay whereby having to be the most competitive yet not too expensive nor cheap.
- Qantas prices their service based on the quality it provides e.g. Jetstar is a cheaper no frills alternative as they provide low quality, less service and basically only the flight itself as opposed to Qantas the main segment which provides highest quality flights with full services hence Jetstar is cheaper than Qantas.

## Promotion

- Methods used by the business to inform, persuade and remind customers about its products e.g. advertising, personal selling, relationship marketing, sales promotion, publicity and public relations.
- Qantas advertises its products on TV in order to promote the service of international and domestic flights.

## Place/Distribution

- Process involving a number of intermediaries where the number of intermediaries determines how widely the product will be distributed.
- Qantas has many intermediaries due to its international scale whereby having to set up distribution centres in hundreds of countries.

## Implementation, Monitoring and Controlling

- Implementation is the process of putting the marketing strategies into operation.
- Monitoring means checking and observing the actual progress of the marketing plan.
- Controlling involves the comparison of planned performance against actual performance and taking corrective action to ensure objectives are attained.
  - o Key Performance Indicator is a forecast level of performance against which actual performance can be compared.
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<b>Establishing Marketing Objectives</b> - What do we want to achieve?	<input type="checkbox"/>	<b>Monitor Performance</b> - What is actually happening?	<input type="checkbox"/>	<b>Evaluate Performance</b> - Good or Bad? - Why is it happening?	<input type="checkbox"/>	<b>Take Corrective Action</b> - What should be done about it?
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## Developing a financial forecast

- Financial Forecast is the business's predictions about the future.
- Two steps include:
  - o Step 1: Cost Estimate
    - How much is the marketing plan expected to cost?
    - Costs of the marketing plan are divided into 4 categories:
      - ❖ Market Research
      - ❖ Product Development
      - ❖ Promotion  advertising and packaging
      - ❖ Distribution
  - o Step Two: Revenue Estimate
    - How much revenue is the marketing plan expected to generate?
    - Forecasting revenue is based on:
      - ❖ How much consumers are expected to buy and for what price
      - ❖ What sales staff will predict they will sell.
- Qantas forecasts annual sales in 2016 of \$16bn based on consumer's willingness to purchase plane tickets at various prices.

## **Comparing actual results to planned performance**

### **Sales Analysis**

- Sales Analysis is the comparing of actual sales with forecast sales to determine the effectiveness of the marketing strategy.
- % Change between actual sales and sales quota =  $\frac{\{(\text{Actual Sales} - \text{Sales Quota}) / (\text{Sales Quota})\} \times 100}$
- Main strength of a sales analysis is that sales figures are relatively inexpensive to collect and process.
- Main weakness is that data for sales revenue do not reveal the exact profit level.

### **Market Share Analysis/Ratios**

- A Market Share Analysis enables a business to evaluate its marketing strategies as compared with those of its competitors, revealing whether diversions in total sales are caused by internal or external factors.
- Businesses place large emphasis on market share, as for example if Apple loses 2% of market share they will lose millions of dollars.
- Qantas accounts for 24.3% of total passenger carrier to and from Australia.

### **Marketing Profitability Analysis**

- Marketing Profitability Analysis is a method in which the business breaks down the total marketing costs into specific marketing activities.
- Evaluation helps to decide how best to allocate marketing resources in the future.
- Qantas Marketing Costs increase by 16.3% annually.

## **Revising The Marketing Strategy**

### **Changes in the Marketing Mix**

- Product Modifications: businesses that continually upgrade products increase competitive advantage e.g. Qantas upgrading from Boeing 747's to Airbus A380's.
- Price Modifications: Prices fluctuate based on market conditions hence having to change accordingly e.g. Qantas including fuel surcharges off up to \$665 on flights.
- Promotion Modifications: Promotion strategies need to change according to life cycle of business e.g. increased promotion levels when Qantas introduced Jetstar.
- Place Modifications: Distribution channels may increase as product becomes successful inevitably widening production span e.g. Qantas' increasing success in no frills airline Jetstar means they expanded into Asia e.g. Jetstar Asia.

### **New Product Development**

- If a business wants to achieve long-term growth they must continually introduce new products.
- E.g. Sony spent vast amounts of money to stay at the forefront of technology innovating and introducing new products such as cameras, televisions etc.

### **Product Deletion**

- Product Deletion is the elimination of some lines of products.
- During the decline stage a business either deletes a product or redevelops their product.



