

3. Marketing Process

A **Marketing Plan** gives a purpose and direction to all the business's activities.

It has: (Remember the acronym S.M.E.I.D.I)

Situational Analysis "S"

A situational Analysis must be undertaken, and is where managers gain a precise understanding of a business's current position and a clear picture of where it's heading.

This is done with:

- **SWOT Analysis**

- A SWOT Analysis involves identifying and analysing internal strengths and weaknesses in the business, and the opportunities in and threats from the external environment.
- SWOT's provide information to complete the situation analysis and gives a clear indicator of the business's position compared to its competitors. It can also be used in every stage of the marketing planning process.

- **Product Life Cycle**

The Product Life Cycle is made up of 4 stages that a product passes through. (Intro, Growth, Maturity & Decline)

Introduction Stage	Business tries to increase consumer awareness and build market share for the new product <ul style="list-style-type: none"> - Product brand and reliability are established - Price is lower than competitors to gain a market foothold - Promotion is aimed at educating/informing potential customers on the product - Place/Distribution is selective, enabling consumers to gradually accept the product.
Growth Stage	Brand Acceptance and Market Share are actively pursued <ul style="list-style-type: none"> - Product quality is maintained and improved, and support services may be added. - Price is maintained, as the firm increases consumer demand and growing market share - Promotion now seeks to get to a wider audience - Place/Distribution channels are increased as popularity increases
Maturity Stage	Sales start to plateau as the market becomes saturated <ul style="list-style-type: none"> - Product features + packaging try to differentiate the product from its competitors - Price may need to be decreased to hold off competitors and maintain market share. - Promotion continues to suggest the product is tried/true and still "the best" - Place/Distribution incentives need to be offered to encourage preference over rivals
Decline Stage	Sales begin to decline as the business faces several options <ul style="list-style-type: none"> - Product can be maintained with improvements/rejuvenation, or sold to another business - Price is reduced to sell the remaining stock - Promotion is discontinued - Place/Distribution channels are reduced and product offered to loyal segment of market

Market Research “M”

- Market Research is the process of systematically collecting, recording and analysing information concerning a specific marketing problem.
- Market research is important in the marketing process because it helps minimise the risk of market failure, collects/assesses the needs and wants of consumers, and outlines problems/opportunities while evaluating the implemented plan.

There are 3 steps in the market research process

1. Determining Information needs	<ul style="list-style-type: none"> - A problem gets investigated. The Information collected needs to be relevant to the issue. - Information is relevant if it results in marketing strategies meeting the needs of a business target market, if it assists the business in achieving market objectives, or, if it can be used increase sales/profits.
2. Data Collection	<p>Marketing data refers to the information relevant to the problem. There are 2 types of data:</p> <ol style="list-style-type: none"> 1. Primary Data – Facts and figures collected from original sources for the specific problem finds out exactly what the consumer is thinking. Main primary data methods: Survey Method (Gathering data by interviewing people), Observation Methods (Personal/Electronic). However this method can raise ethical privacy issues 2. Secondary Data – Information that has already been collected by someone else for a different purpose. 2 Types of secondary data are Internal Methods (Customer Feedback, sales, reports etc.), and External Methods (Magazines, Websites, Private Data Agencies (like ABS)).
3. Data Analysis and Interpretation	<ul style="list-style-type: none"> ● Once the data is gathered, conclusions need to be drawn, because data is of little value until it's been analysed and interpreted. ● Interpreting is the process of looking at trends/patterns/averages. It also includes highlighting relevant information and then making comparisons and seeing whether or the data shows trends or patterns that can be used by the business.

Establishing Market Objectives “E”

- Establishing marketing objectives is important because marketing objectives are the realistic and measurable goals that are to be achieved through the marketing plan.

Common marketing objectives are

- **Increasing market share:** the percentage of the total market the business holds. Increasing market share is an important objective because small market gains often translate into large profits.
- **Expanding Product range:** Total range of products offered by a business, is the business's **product mix**. Expanding product range will increase profits in the long term, and to develop an ideal range business's need to understand and satisfy customer needs.
- **Improving Customer Service:** Customer service is responding to the needs/problems of a customer. High levels of customer service result in improved customer satisfaction, a sound customer base and the possibility of repeat business. Customers are the lifeblood of any business.

Identifying Target Markets “I”

- A **target market** is a group of customers to which a business intends to sell its product. These customers share similar characteristics like age, income, location etc.
- At times a business may be able to identify a **primary** and **secondary target market**. A **primary target market** is the market segment that most of the marketing resources are directed, whilst a **secondary target market** is usually a smaller and less important market segment.

Example: Sports girl revealed that their primary target market is 18-24 year old females, and a secondary target market of 26-40 year old females.

There are **3 approaches** that a business can take to identify and select a target market.

1. **Mass Market:** When there is a large demand for a standard product, the seller will mass-produce, mass-distribute, and mass-promote one product to all buyers.
Example: Bread, Milk, Eggs
2. **Market Segmentation:** The total market is segmented into groups of people who share characteristics. Once segmented, the business picks the target market.
Example: A Car company only selling Sport's cars.
3. **Niche Market:** A narrowly selected target market segment. *Example: Poster Magazine for Teen Girls*

Developing Marketing Strategies "D"

- **Marketing strategies** are actions undertaken to achieve the business's marketing objective, through the marketing mix.

The "**Marketing Mix**" is the 4 P's:

1. **Product** – Goods or services, products quality, packaging labelling, design, brand name, and guarantee.
2. **Price** – The price whether it being above, below or even with competitors.
3. **Promotion** – Methods used by a business to inform, persuade and remind customers about its product.
4. **Place/Distribution** – The channels of distribution, places the product is distributed, ways of getting the product to the customer.

- Sales Mix is the range of products a business decides to sell to its customers, which differs to Marketing Mix which is specifically the 4 P's (Price/Product/Promotion/Place).

Implementation, Monitoring and Controlling "I"

- **Implementation** is the process of putting the marketing strategies into operation. It involves daily, weekly, and monthly decisions that have to be made to make sure the plan is effective. It talks about *How, where and when* the plan needs to be done.
- **Monitoring** means checking and observing the actual progress of the marketing plan. To be effective monitoring progress, questions like "*are the objectives being achieved?*" need to be asked.
- **Controlling** involves the comparison of planned performance against actual performance, and taking corrective action if needed to make sure objectives are achieved. The first step in controlling is to establish a **KPI (Key Performance Indicator)**.
- A **KPI** is a forecast level of performance which actual performance can be compared with. To compare actual performance, budgets, sales statistics and cost analyses can be used.

Developing a financial Forecast

- **Cost-Benefit Analysis** also develop financial forecasts by detailing costs and revenues for each strategy. **Cost benefit analysis measures the benefits** (sales potential and forecasts) of strategy **against the costs** associated, and is the best decides how to allocate marketing resources and take action.

Comparing actual and planned results

3 KPI's that measure the success of marketing plans are:

1. **Sales Analysis** – Uses sale data to evaluate current performance and effectiveness of a marketing strategy

2. **Market share Analysis** – allows for evaluating marketing strategies used personally against those of the competitors.
3. **Marketing Profitability Analysis** – When a business breaks down total marketing costs into activities (i.e. Advertising, transport etc.) and comparing the costs with the results to assess effectiveness of each activity.

Revising the Marketing Strategy/Plan

- Revising the marketing strategy **allows** the **business to assess which objectives are being met** and **which are not**. Based on this information, the marketing plan can be revised/modified.

The marketing plan operates in a dynamic (changing) environment and so needs to be constantly revised. Changes to the marketing mix include:

- **Product Modification:** Upgrades to products, the need to develop new products or delete older products.
- **Price Modifications:** Prices need to be revised in response to changes in the business environment (inflation, booms, budgets etc.)
- **Promotion Modifications:** During the product life cycle promotion needs change. When first launched promotion costs are high, during the later stages promotion costs may stabilise or even fall in the decline stage.
- **Place/Distribution Modifications:** As product success increases distribution channels will need to expand, overseas markets may be tapped, old markets may decrease due to demographic changes.