

Marketing Strategies

- Extended Marketing Mix refers to the combination of people, processes and physical evidence in addition to the four main elements – price, promotion, product and place/distribution.

Market Segmentation

- Market Segmentation occurs when the total market is subdivided into groups of people who share one or more common characteristics.
- Aim of market segmentation is to increase sales, market share and profits by better understanding and responding to the desires of the different target customers.
- Jetstar is the main branch of Qantas that segments their market to individuals wishing to purchase cheap and affordable flights that get them to their destination without all the additional intangible benefits.

Segmentation Consumer Markets

- Segmentation Variable is the characteristics of individuals or groups that are used by marketing managers to divide a total market into segments

Demographic	Geographic	Psychographic	Behavioural
Age	Region	Lifestyle	Usage Rate
Gender	Urban	Personality	Benefits sought
Education	Suburban	Motives	Loyalty
Occupation	Rural	Socioeconomic Group	Purchase Occasion
Income	City Size	Consumer Opinions and Interests	Price Sensitivity
Social Class	Climate		
Religion	Landforms		
Ethnicity			

Demographic Segmentation

- Demographic Segmentation is the process of dividing the total market according to particular features of a population, including the size of the population, age, sex, income, cultural background and family size.
 - Qantas Target Market = Travelling individuals whom cannot afford expensive plane tickets.
 - Qantas Product = Jetstar whom provide no frills alternatives to those passengers who cannot afford expensive flights.

Geographic Segmentation

- Geographic Segmentation is the process of dividing the total market according to geographic locations.
 - Billabong Target Market = Individuals whom live in warm climates usually going to beach or enjoying the outdoors.
 - Billabong Product = lightweight clothing, swimmers, beach apparel etc.

Psychographic Segmentation

- Psychographic Segmentation is the process of dividing the total market according to personality, characteristics, motives, opinions, socioeconomic group and lifestyles.
 - Qantas passengers travelling first class will respond differently to the levels of customer service, food provided etc. as opposed to someone flying Jetstar.
- Psychographic variables focus on why people behave the way they do.
- Psychographic variables can be used by to segment a market or combine with other types of segmentation variables.

Behavioural Segmentation

- Behavioural Segmentation is the process of dividing the total market according to the customer's relationship to the product.
- By determining the benefits desired, marketers design products that directly satisfy desires.
 - In order to satisfy customer's desires for affordable flights that are still reliable and safe Qantas implemented Jetstar.

Product/Service Differentiation and Positioning

- Product/Service Differentiation is the process of developing and promoting differences between the business's products or services and those of its competitors.
 - By achieving this, the seller is able to gain a little more control in the marketplace especially in relation to price.

Points of Differentiation

- Different factors play a part in persuading consumers to perceive the product or service as being superior to all similar products or services and therefore influencing them to buy it.

Customer Service

- Desire 'Personalised' Service: products that are tailored to their individual needs and wants.
- Require 'Caring' Service: treated honestly, courteously and efficiently.
- Want high quality and Value: business needs to establish favourable conditions for service by offering fair prices and high-quality products.
- Pre-sales and after-sales service are essential to consumers purchasing expensive items.
- Qantas upholds exceptional customer service through on-line help when purchasing plane tickets, during sales customer service in the form of flight attendants and after-sales service through ensuring safety is achieved and customer feedback is accounted.

Environmental Concerns

- Businesses that create pollution may risk losing customers.
- Businesses that adopt a 'green' philosophy and produce environmentally friendly products may see their sales increase.
- Qantas implementation of Aviation Biofuel uses a 50:50 ratio of conventional jet fuel with used cooking oil that helps function planes and reduce carbon footprint and greenhouse gases.

Convenience

- Consumers tend to purchase goods and services that are convenient and have easy access to.
- Lean Cuisine has implemented convenient healthy foods that are easily accessible to consumers.

Social and Ethical Issues

- Ethical Consumerism involves buying products that are not harmful to the environment, animals and society.
- Fair Trade Movement is an alternative method of international trade that promotes environmentalism, fair wages, alleviation of global poverty and a fair price for farmers and workers.
- Consumers are becoming more ethically minded and will actively purchase products or brands that they believe do not exploit workers, producers or the environment.
- Nike's unethical business practices in relation to child slave labour meant a large loss of sales.

Product/Service Positioning

- Product/Service Positioning refers to the technique in which marketers try to create an image or identity for a product compared with the image of competing products.
- In highly competitive markets, sales may be difficult to secure hence businesses attempt to create an image that differentiates its goods and services.
- When new products are launched businesses need to determine the desired positioning of the goods and services.
- E.g. Rolex has positioned their business as a highly reputable and quality business that provides exceptional products.

Products – Goods and/or Services

- Products are goods or services that can be offered in exchange for the purpose of satisfying a need or want.

Tangible and Intangible products – total product concept

- Dinner at expensive restaurant
 - o Tangible benefits:
 - Food
 - Drinks
 - o Intangible benefits:
 - Efficient service
 - Live music
 - Pleasant atmosphere
- Total Product Concept refers to the tangible and intangible benefits a product possesses.
- Qantas provides tangible and intangible benefits that enable a passenger to fly from one destination to another:
 - o Tangible Benefits:
 - Flight from one destination to another
 - o Intangible Benefits:
 - Safety □ top 10 safest airlines in the world.
 - Efficient service

- On-board entertainment

Branding

- **Brand** is a name, term, symbol, design or any combination of these that identifies a specific product and distinguishes it from its competition □ Qantas' kangaroo symbol in red background.
- **Brand Name** is that part of the brand that can be spoken □ Qantas.
- **Trademark** signifies that the brand name or symbol is registered and the business has exclusive right of use.

Benefits of Branding for a consumer

- Identify the specific products that they like □ fly with Qantas if they associate fondly with Qantas.
- Evaluate the quality of products □ Qantas' excellent safety rating.
- Reduce level of perceived purchase risk □ Qantas provides reassurance that the consumer is making the right choice flying with them.
- Psychological Reward □ Association with purchase of Rolls Royce = prestige.

Benefits of Branding for business

- Repetitive sales as consumers facilitate themselves with the business □ Qantas accounting for approximately a quarter of all domestic flights.
- Introduce new products □ Qantas = sky beds, airflight Wi-Fi
- Indirect promotion of all brand's products □ Nintendo's branding of Wii helps promote all products e.g. Nintendo DS.
- Consumer Loyalty □ Passengers frequently fly with Qantas.

Branding – Symbols and Logos

- **Brand Symbol/Logo** is a graphic representation that identifies a business or product.
- Mercedes Benz □ 3 pointed star
- In many advertisements the brand name doesn't appear rather the symbol as it is a subtle and effective way to reinforce the meaning of the symbol and associate it with a brand name.
- McDonalds 'big M' is used in practically all advertisements.

Branding Strategies

- **Manufacturer's Brand or National Brands** are those owned by a manufacturer.
 - o Billabong Clothing
- **Private/House Brand** is one that is owned by a retailer or wholesaler.
 - o Myer sells products from its own label e.g.
 - Basque
 - Urbane
 - Blaq
 - Wild Rhino
 - Miss Shop
- **Generic Brands** are products with no brand at all.
 - o Home brand □ Woolworths

Packaging

- **Packaging** involves the development of a container and the graphic design for a product.
- Packaging of a product can enforce positive impressions e.g. tasteful packaging ☐ sense of luxury.
- Packaging also:
 - Preserves the product
 - Protects the product from damage or tampering
 - Attracts customer's attention
 - Divides the product into convenient units
 - Assists with the display of the product
 - Makes transportation and storage easier
- Colour of packaging can determine consumers perception to product:
 - Gold and black ☐ luxury
 - Red Soft Drink ☐ Cola
 - Yellow Liquid Detergent ☐ Lemony
- Shape of a product can facilitate itself with a specific product:
 - 'Pinched in at the waist' shape of a Coke bottle ☐ Coca Cola Amatil Ltd.

Labelling

- **Labelling** is the presentation of information on a product or its package.
- **Label** is that part of the package that contains information.
- Regulations are enforced by the government in relation to labelling so that businesses cannot mislead consumers into purchasing unsafe products.
- Coca-Cola lists all the ingredients on the bottle truthfully in order to display to consumers the product they are purchasing and the contents it acquires.

Why goods and services are central to both marketing and operations

- Operations managers need to determine how to make the product or provide the service and then marketing plays a key role in determining the appearance of the product and its functions, as well as communicating with the market.
- Operations rely on marketing to inform the market, distribute products, determine a price and persuade people to purchase the products.
- Apple produces the iPad which the marketing sector must convince consumers to purchase.

Price and pricing methods

- **Price** refers to the amount of money a customer is prepared to offer in exchange for a product.
- Price = too high ☐ lost sales.
- Price = too low ☐ impression that product is 'cheap and nasty'.
- Rolls Royce has been able to gain control over the price of their cars by differentiating the product to the extent of extreme quality, which no other brand can live up to.

Pricing Methods

Cost-Based Pricing

- Cost-Based Pricing is a pricing method derived from the cost of producing or purchasing a product and then adding a mark-up.
- Mark-Up is a predetermined amount (%) that a business adds to the cost of a product to determine its basic price.
- **Price = Cost + (Cost x Mark-Up %)**
- Two major drawbacks include:
 - Difficulty in accurately determining an appropriate mark-up percentage
 - ___% too high □ product will be overpriced
 - ___% too low □ may not reach full profit potential
 - Product is priced after production and associated costs are incurred without accounting for other elements of the marketing mix or state of the market.
- Nike marks up some clothing/shoes by up to 700%.

Market-Based Pricing

- Supply is the quantity of a product; businesses are willing to offer for sale at a particular price.
- Demand is the quantity of a product consumers are willing to purchase at a particular price.
- Market-based pricing is a method of setting prices according to the interaction between the levels of supply and demand – whatever the market is prepared to pay.
- When supply exceeds demand □ prices fall.
- When demand exceeds supply □ prices rise.
- Qantas recent profit off \$250m in the final 2014 quarter was due to high levels of demand and Qantas productive capacity reaching full limits.

Competition-Based Pricing

- Competition-Based Pricing is where the price covers costs and is comparable to the competitor's price.
- Price Leader is a major business in an industry whose pricing decisions heavily influence the pricing decisions of its competitors.
- Once established a business can choose a price that is:
 - Below that of competitors
 - Qantas charging \$1450 return trip from Dubai whilst Virgin charges \$1650.
 - Equal to that of competitors
 - Qantas charging \$1570 return trip from Canada because Virgin charges the same.
 - Above that of Competitors
 - Qantas charges \$450 return trip from Perth whilst Virgin only charges \$399.

Pricing Strategies

- The extent to which a business uses any of the following strategies depends primarily on:
 - Marketing objectives
 - Product life cycle
 - Market for the product
 - Degree of product differentiation
 - Level of economic activity
- Businesses modify their pricing strategies based on changes within the external environment.
 - Expansion of e-commerce has minimised business's control over prices.
- **Bundle Pricing** is where customers gain a 'package' of goods and services in addition to the tangible good they purchased.

Price Skimming

- **Price Skimming** occurs when a business charges the highest possible price for the product during the introduction stage of its life cycle.
- Objective of this strategy is to cover the costs of R&D as quickly as possible before competitors enter the market.
- Apple implemented price skimming whereby initially charging high prices for the 8GB Apple iPhone. However in 8 weeks reduced the price by \$200 inevitably causing a negative backlash by early adopters of the iPhone hence causing Apple to amend this by offering \$100 vouchers to early adopters hence symbolising the negative effects of price skimming.

Price Penetration

- **Price Penetration** occurs when a business charges the lowest possible price for goods and services so as to acquire a large market share.
- Objective of this is to discourage competitors from entering the market by selling a large number of the same product at cheaper prices.
- Main disadvantage of this strategy is that it's more difficult to raise prices significantly as consumers expectation is that prices will be cheaper.
- Qantas uses price penetration in the form of Jetstar whereby offering no-frills, cheap airflights to passengers.

Loss Leader

- **Loss Leader** is a product that is sold at or below cost price.
- The objective of this strategy is to entice customers to purchase this product along with other products that provide beneficial profits for the business.
- This pricing strategy is often used with success when business is:
 - Overstocked or a product is slow to sell.
 - Wants to increase the traffic flow in the expectation of gaining new customers.
 - Wants to build a reputation for having low prices.
- Main danger for implementing loss leader is that a business can lose money.
- Qantas used this pricing strategy in 2004 when Jetstar was instigated offering ridiculously cheap airfares of \$16 for flight from Sydney to Melbourne.

Price Points

- Price Points is selling products only at a certain predetermined price.
- This pricing strategy makes it easier for customers to find the type of product they need.
- This strategy also makes it easier for the business to encourage the customer to 'trade up' to a more expensive model.
- Qantas selling tickets to Melbourne; first-class tickets at \$900, economy at \$200, business at \$500 means that they do not change prices regardless of excess costs.

Price and Quality Interaction

- Products superior quality □ higher prices
- Product low quality □ low prices
- Prestige/Premium Pricing is designed to encourage status-conscious consumers to buy the product.
 - Based on the tendency that expensive products are of a superior quality, hence if prices are lowered then this would damage the businesses reputation as it is inconsistent with the perceived image of the product.
- Qantas uses premium pricing in the form of first-class airfare whereby charging high prices for flights in first-class due to the high levels of quality and service the passenger receives e.g. first-class flights to Melbourne from Sydney is \$749 as opposed to \$159 in economy class.

Promotion

- Promotion describes the methods used by a business to inform, persuade and remind a target market about its products.

Elements of Promotion Mix

- Promotion Mix is the various promotion methods a business uses in its promotional campaign. Methods include:
 - Advertising
 - Personal Selling & Relationship Marketing
 - Sales Promotion
 - Publicity & Public Relations

Advertising

- Advertising is a paid, non-personal message communicated through a mass medium.
- A successful advertising campaign can result in increased sales and profit for the business.
- Purpose of advertising is to inform, persuade and remind consumers of a product.
- Main advantage of advertising is that it provides businesses with the flexibility to reach an extremely large audience or to focus on a small, distinct target market segment.

Advertising media

- Advertising Media refers to the many forms of communication used to reach an audience. Main forms of advertising media are:
 - Mass Marketing □ television, radio, newspapers and magazines
 - Direct Marketing Catalogues □ catalogues mailed to individual households.

- o Telemarketing □ use of telephones to personally contact the consumer.
- o E-marketing □ use of Internet to deliver advertising messages.
- o Social Media Advertising □ online advertising using social media platforms such as Facebook & Twitter.
- o Billboards □ large signs placed at strategic locations.
- o Type of advertising media chosen is based on:
 - Type of product & its positioning
 - Size of the target market & its characteristics
 - Business's marketing budget
 - Cost of the advertising medium
 - Product's position on the product life cycle
- o When Qantas implemented Jetstar they undertook a range of advertising media mediums to sell its new product including mass marketing, social-media advertising, billboards etc.

Personal Selling

- Personal Selling involves the activities of sales consultants directed to a customer in an attempt to make a sale; it involves the human aspect of promotion.
- Advantages of personal selling include:
 - o Message can be modified to suit the individual customer's circumstances.
 - o Individualised assistance to a customer can create a long-term relationship resulting in repeat sales.
 - o Sales consultant can provide after sales service in relation to the product.
- True Value Solar is a solar panel business that takes advantage of personal selling by going to consumer's houses and attempt to detail the consumer as to why they need solar panels.

Relationship Marketing

- Relationship Program is the development of long-term, cost-effective and strong relationships with individual customers.
- Loyalty Program is a rewards-based program offered by a business to customers who frequently make purchases.
 - o These schemes offer rewards to those loyal customers who spend specified amounts or make repeat purchases.
- Aim of relationship marketing is to create customer loyalty by meeting the needs of customers on an individual basis □ creating reasons to keep customers coming back.
- Qantas Frequent Flyer Program offers consumers discounted prices if they continuously fly with Qantas or purchase goods and services from associated businesses such as ANZ bank.

Sales Promotion

- Sales Promotion is the use of activities or materials as direct inducements to customers.
 - o Aims:
 - Entice new customers
 - Encourage trial purchases of a new product
 - Increase sales to existing customers and repeat purchases.
- Examples of Sales Promotion is:

- o Coupons
 - Discounts of a stated amount on particular items.
 - McDonalds provides coupons for the purchase of two burgers e.g. buy two burgers get one free.
- o Premium
 - Gift a business offers to customers in return for them using the businesses product.
 - Restaurants offer cookbooks with the purchase of selected gourmet foods.
- o Refunds
 - Customers are returned full amount of money for product if they provide proof of purchase.
 - Masters Home Improvement offers consumers refunds if they do not like the product provided they have the receipt.
- o Samples
 - Free item or container of a product.
 - Costco has employees providing food samples of a particular product for free.
- o Point-of-Purchase Displays
 - Special signs, displays and racks are supplied and installed by the manufacturer in retail outlets.
 - Supermarkets have these located at end of aisles to gain consumer attention.

Publicity & Public Relations

- Publicity is any free news story about a business' products.
 - o Aims:
 - Enhance the image of the product
 - Raise awareness of the product
 - Highlight the businesses favourable features
 - Help reduce any negative image that may have been created
 - o Qantas does this by being on news channels for when they do something good □ \$250m profit first quarter 2015 or doing something bad □ \$2b debt.
- Public Relations are those activities aimed at creating and maintaining favourable relations between a business and its customers.
 - o Assists a business in achieving its objective of increased sales:
 - Promoting a positive image
 - ❖ Reinforce favourable attitudes and perceptions of the business.
 - ❖ Qantas does this by reinforcing their attitude towards being a sustainable airline.
 - Effective communication of messages
 - ❖ Using advertising, sales promotion, publicity and personal selling to convey information about the business.
 - ❖ Qantas conveys information about their service through these mediums.
 - Issues Monitoring

- ❖ Protecting sales by providing an early warning of public trends that could affect the business's sales.
- ❖ Qantas issuing a notice to passengers about a fuel levy due to increasing oil prices.
- Crisis Management
 - ❖ Protecting a business's reputation as a result of negative or unfavourable movements.
 - ❖ FedEx reaction to an employee throwing a fragile package of consumer was swift hence meaning that reputation was fully tarnished.

Communication Process

- Communication is necessary in ensuring that a business is able to increase sales and work effectively and efficiently.
- Channel is any method used for carrying a message.
 - Print
 - Electronic media advertising
- Noise is any interference or distraction that affects any or all stages in the communication process.

Opinion Leader

- Opinion Leader is a person who influences others.
- Pepsi's use of One Direction in the promotional campaign is able to convince directioners to purchase Pepsi as opposed to Coke hence providing them with a competitive advantage.

Word of Mouth

- Word of Mouth Communication occurs when people influence each other during conversations.
- Through word-of-mouth Nike is seen as a business that offers high quality goods and services.

Why a mix of promotional strategies is important in the marketing of goods and services

- The aim of promotional strategies is satisfy a vast array of customers.
- Different elements of the promotion mix may appeal differently to customers hence a business needs to use an array of promotional strategies.
- Qantas uses a majority of promotional strategies in order to get their business in the market inevitably leading to them accounting for a quarter of the domestic market share.

Place/Distribution

- Place/Distribution are activities that make the products available to customers when and where they want to purchase them.

Distribution Channels

- Distribution Channels/Marketing Channels are the routes taken to get the product from the factory to the customer.

Traditional Distribution Channels

1. Producer □ Customer
 - a. Simplest channel involving no intermediaries.
 - b. Consumers buying chicken from a farm
2. Producer □ Retailer □ Customer
 - a. Apple Producer sells to Woolworths who sells to consumers.
3. Producer □ Wholesaler □ Retailer □ Customer
 - a. Apple sells product to wholesaler who buys in bulk whom sells individually to JB-Hi-Fi whom sells to consumer.
4. Producer □ Agent □ Wholesaler □ Retailer □ Customer
 - a. Rolls Royce commissions an agent to sell their planes to the Car industry whom sells it to Car Yards who sells to customer.

Innovative Distribution Methods – non-store retailing

- Non-store retailing is retailing activity conducted away from the traditional store.
- Two of the most rapidly growing innovative distribution methods are:
 - Telemarketing
 - Allow customers to purchase products over the television or phone.
 - Freelance Telemarketers sell products to consumers over the phone.
 - Internet Marketing
 - Easy for a business to make a website and market its products to consumers online.
 - Qantas instigation of their website enable consumers to book flights online hence making it easier for consumers to fly Qantas.

Channel Choice – intensive, selective and exclusive

- Market Coverage refers to the number of outlets a firm chooses for its product.
- Intensive Distribution
 - Occurs when a business wishes to saturate the market with its product.
 - Convenience Stores whom sell milk, lollies etc. saturate the market.
- Selective Distribution
 - Involves using only a moderate proportion of all possible outlets.
 - Fantastic Furniture uses this to sell its furniture.
- Exclusive Distribution
 - Use of only one retail outlet for a product in a large geographic area usually for expensive products.
 - Rolls Royce only having one distribution centres for planes.

Physical Distribution

- Physical Distribution is all those activities concerned with the efficient movement of the products from the producer to customer.

Transport

- Intricate network of transportation allows products to be delivered to retailers efficiently.
- Most common methods of transportation are:
 - Air □ fresh fruit to Tokyo within 24 hours due to transportation advancements.

- o Road □ Pepsi to the supermarket as distribution centres are usually close to retailers.
- o Sea □ Coal to Japan as ship is the cheapest and can carry the most load in one trip.
- o Rail □ Iron ore from mine to port.

Warehousing

- Warehousing is a set of activities involved in receiving, storing and dispatching goods.
- Acts as a central organising point for the efficient delivery of products.
- Bunning's has a large array of stock that is received, stored and dispatched to retailers in a warehouse.

Inventory

- A business that continues to repeatedly have low stock will acquire low sales.
- Inventory Control is a system that maintains quantities and varieties of products appropriate for the target market.
- Goal of inventory is to find the correct balance these two situations.
- IKEA has a program that conveys to managers when a particular set of stock is low hence ordering that stock in effect of immediately thus always finding the correct balance between inventory.

People, Processes and Physical Evidence

- The three P's applicable for SERVICES include:
 - o People
 - o Processes
 - o Physical Evidence.
- The three additional P's play an unassuming yet important role in ensuring the success of a product/service is attained.

People

- People refer to the quality of interaction between the customer and those within the business who will deliver the service.
- Consumers make their judgment about a business based on how a businesses employee treats them.
- How staff interacts with the customer in all business facets are critical in ensuring profit maximisation is achieved through extensive customer service.
- Scandinavian Airway Service has implemented the CRM program which focuses on making the business and its marketing practices customer-oriented leading to first impressions by customers being positive and hence cause the consumer to return to the business.

Physical Evidence

- Physical Evidence refers to the environment in which the service will be delivered. It also includes the location of where the service is being provided and the materials needed to carry out the service e.g. signage, brochures, business cards, business logos and websites.

- Customers make educated judgements about the business based on features of the service.
- Customers initially buy services on trust.
- Businesses should provide high-quality physical evidence in order to create an image of value and excellence.
- Emirates provides exceptional physical evidence that displays quality within the business through having stainless steel utensils for passengers to use when eating on-board meals.

Processes

- Processes refer to the flow of activities that a business will follow in its delivery of service.
- Businesses to ensure that processes and procedures satisfy consumer needs and are customer friendly.
- Businesses that have inefficient processes will lose customers and damage its reputation.
- Qantas processes involved in booking a flight:
 - a. Qantas website is used to enter details
 - b. Confirmation e-mail is automatically generated and sent to passenger with a booking reference
 - c. Electronic boarding pass can be downloaded and printed
 - d. Seating allocation can be commenced after ticket purchase
 - e. Delivery system that allows this to happen is part of the process element of marketing.

E-Marketing

- E-marketing (electronic marketing) is the practice of using the Internet to perform marketing activities.
- Big risk for Australian businesses is that consumers seeking the convenience of online shopping will purchase from overseas retailers and completely bypass local businesses.

E-Marketing Technologies

Web Pages

- Web Page is a display of information accessible on the web through a web browser.
- Website is a collection of related web pages, usually associated with a particular business or organisation.
- Qantas □ Qantas.com.au □ enables passengers to book flights, research information about Qantas etc.

Podcasts

- Podcasting involves the distribution of digital audio or video files over the Internet.
- Business's main use of podcasts is for marketing and advertising purposes.
- If a particular podcast is aimed at the same audience as the target market, podcasting will effectively attract customers.
- Qantas podcasts on board their flight selling their business to consumers usually pre-flight.

SMS

- Short-Message-Service (SMS) is the means by which text messages can be sent between mobile phones.
- SMS's are delivered automatically to one or more recipients without the need for the consumer to log-on or dial up.
- Text messages can also be used to alert regular customers of any special deals on offer and notify suppliers of the arrival of goods.
- Turbo Turtle Dry Cleaning sends customers SMS when their clothes are clean therefore saving customers the hassle of calling the business and asking if its done.

Blogs

- Weblog is an online journal that can be added to by readers.
- External Blogs:
 - Allow for communication between the business and its existing and potential customers.
 - Used to announce new products or changes in trading hours, and to gather feedback and comments from stakeholders.
 - Advantages:
 - Allows the business owner and employees to establish a reputation for expertise by providing detailed information on goods and services.
 - New ideas for goods and services can be put to the public to gain comment and feedback.
 - A blog by its nature is informal, so it can present a human face to the public and build trust with customers.

Web 2.0

- Web 2.0 refers to the transformation of the World Wide Web into a more creative and interactive platform for information sharing.
- Development of social networking sites has made it easier for individuals and businesses to create and share many different types of content on the web.
- Benefit is the low cost.
- MAS Taekwondo advertises their business on Facebook in order to appeal to people online in a cost-effective manner.

Social Media Advertising

- Social Media Advertising (SMA) is a form of online advertising using social media platforms such as Facebook, YouTube and Twitter to deliver targeted commercial messages to potential customers.
- Reach of an advertisement measures the number of people exposed to the message.
- Frequency of an advertisement measures the average number of times someone is exposed to the message.
- Advantages of SMA:
 - Inexpensive in comparison to traditional advertising tools.
 - Easy to use and monitor.
 - Effective method to gain exposure.
- Disadvantages of SMA:
 - A marketer does not have control over what online consumers write about the business's product. Bloggers have the freedom to discuss, review, criticise and even ridicule a product or a specific business.

- o Difficult for a marketer to accurately measure reach and frequency of SMA.
- In 2010 Twitter unveiled their new website twitter.com to form a new platform, which carried sponsor tweets hence creating a richer media.
- SMA will expand rapidly over the next few years as new, highly interactive mobile platforms and networks increasingly gain consumer acceptance.

Global Marketing

How globalisation has affected marketing management

- Transnational Corporation is any business that has production facilities in 2+ countries and operates on a worldwide scale.
- TNC's adopt a global marketing approach that involves developing marketing strategies as if the world was a large market □ standardised approach.
- Some TNC's believe marketing mix should be customised to account for differences amongst countries in relation to region, culture, religion etc.
- Degree of uncertainty and increased risk is imposed in developing global marketing strategies as TNC's believe overseas markets are different to domestic markets.
- TNC's marketing on a global scale need to rely on R&D in order to understand complexities of global environment.
- TNC's have failed to enter global markets due to inadequate market intelligence.
- Coca-Cola has a marketing plan that operates across many nations, cultures, distribution channels and targets diverse markets. Coca-Cola is sold in every single African country and differs in marketing approach on a global scale. The only main constant about Coca-Cola is the uniform signage and colour.

Global Branding

- Global Branding is the worldwide use of a name, term, symbol or logo to identify the seller's products.
- Businesses are increasingly using global branding because:
 - o It can be cost effective as one advertisement can be used for an array of locations.
 - o Provides a uniform worldwide image.
 - o Successful brand name can be linked to new products being introduced into the market.
- Global Branding = global recognition irrespective of language barrier as consumer associate a brand with the product.
- Once a business establishes its name it usually attempts to market the brand.
- McDonalds implementation of golden arches that form the letter 'M' associate directly to the fast food chain enabling consumers worldwide to determine whether or not it is McDonalds □ global branding.

Standardisation

- **Standardised Approach** is a global marketing strategy that assumes the way the product is used and the needs it satisfies are the same worldwide.
- Marketing mix will be the same in all markets □ 'one marketing plan fits all'
- Production runs longer □ economies of scale □ R&D costs are reduced □ spare parts & after sales service are simplified □ promotion strategies are standardised □ cost saving advantages.
- Apple has standardised their iPhone 6 making them all the same for every consumer worldwide.

Customisation

- **Customised or local approach** is a global marketing strategy that assumes the way the product is used and the needs it satisfies are different between countries.
- Marketing plan is customised based on economic, political and sociocultural characteristics of the target country.
- McDonalds has adopted customisation of their goods and services based on their country of production e.g. selling beer in France & Germany, sake in Japan and noodles in the Philippines.

Global Pricing

- **Global Pricing** is how businesses coordinate their pricing policy across different countries.

Customised Pricing

- **Customised Pricing** occurs whenever consumers in different countries are charged different prices for the same product.
- **Tariff** is a tax on imported goods and services.
- In determining the price for an overseas market, businesses practise the cost-plus method to cover the added costs of exportation.
- Germany's production of BMW's will mean that the price of a BMW X5 in Germany will be the equivalent of AU\$69 999 however in Australia will be AU\$89 999 due to exportation costs and tariffs.

Market Customised Pricing

- **Market-Customised Pricing** sets prices according to local market conditions.
- To avoid domestic competition from a domestic business, global businesses may need to adopt a market-customised pricing strategy allowing marketers to vary the price depending on level of demand and competition.
- Exchange rate fluctuations can also cause prices to differ across different countries.
- Due to high levels of competition in USA in the fast-food industry McDonalds have been forced to lower prices relative to prices for the same product in other countries in order to maintain a competitive advantage over other businesses and ensure customer loyalty and business sales.

Standard Worldwide Price

- Standardised Pricing is the practice of charging customers the same price for a product anywhere in the world.
- It will only succeed if foreign marketing costs are low enough not to affect overall costs.
- Two major risks associated with this strategy are:
 - Domestic business may undercut the standardised price
 - Changes in the exchange rate may negatively impact on the exported price.
- The sale of gold for global corporations e.g. Bullion will be standardised as the net worth of gold remains constant on a global scale.

Competitive Positioning

- Competitive Positioning relates to how a business will differentiate its products.
- Global businesses must clearly depict how its products are better than competitors.
- Businesses should strive to develop product leadership, positive customer relationships and operational excellence in order to differentiate their business successfully.
- Businesses must gain a deep understanding of their dynamic environments in which they operate and form their strategies according to evolving conditions in order to maintain a competitive position.
- Volkswagen has been able to adapt their business according to their environment and enforce marketing strategies accordingly in order to increase global market share to 12%.