

## A2: The Role of Marketing

Without marketing, customers will not be aware of the product or service that the business offers. Marketing aims to spread the word to potential customers and turn them into paying customers.

### Principles and Purposes of Marketing

#### Principles

- Identifying needs
- Promoting products
- Pricing the brand
- Promoting the brand
- Distributing the brand

#### Purposes

The purpose of marketing is to generate interest in a product or service, by:

- Anticipating demand
- Recognising demand
- Stimulating demand
- Satisfying demand

### Marketing Aims and Objectives

- Understanding customer needs and wants
- Developing new products
- Improving profitability by reducing costs
- Increasing market share
- Diversification
- Increasing brand awareness and loyalty

### Types of Market

There are two types of market:

#### Mass

Targeting products at the general population

#### Niche

Targeting products at specialist interest markets

### Market Segmentation

Businesses need to segment the market to develop their marketing strategy. See below for an example for a sleeping bag manufacturer.



### Other Points to Consider

- Brand
- Brand Personality
- Brand Image
- Unique Selling Point
- Implications of Business Size on Marketing
- Budgetary Constraints
- Availability of Specialist Staff

## A2: Influences of Marketing Activity

There are two main factors that influence marketing activity – internal and external influence.

### Internal Influences

#### Cost of the Campaign

- It is up to the business to decide how much it costs but it should be sensible compared to the scale of the project
- Costs are dependent on the methods used
- Contingency is best just in case

#### Availability of Finance

- Businesses all have a different handle on cash flow, if they have issues then this may mean the business cannot fulfil its marketing activities

#### Staff Expertise

- Internal staff may not have the expertise to carry out the marketing activity
- Business may have to seek and pay for external expertise

#### Size and Culture of the Business

- This will effect how the marketing activity is carried out



### External Influences

#### Social Factors

- Social factors may effect when and how much of the product is demanded by consumers. For example manufacturers of summer clothes may be influenced by heavy rainfall during summer.

#### Technological Factors

- Influences how and the speed of marketing activity – both can be positive or negative

#### Economic Factors

- The economic state of the market that the businesses is entering will effect the marketing activity.

#### Environmental Factors

#### Political Factors

- Legislation and government decisions will effect marketing activity
- In some cases it may restrict, in other cases it may make it easier or fairer

#### Legal Factors

- Different markets will be effected by different laws
- Legislation for all industries is available on the governments website

#### Ethical Factors

- The principles, values and standards that a business or potential customers may hold

## B1: Purpose of Researching Information to Identify the Needs and Wants of Customers

Information is required to develop the purpose for any marketing campaign and this is known as market intelligence.

### To Identify Target Markets

- This is an important area as businesses must make sure that their products/services are targeted at the right people
- A marketing campaign targeting the wrong consumer will cost money and time

### To Identify Competition

- Marketing campaigns need to consider the threats that they may face from competition
- If not aware they will not be able to have strategies to combat any threat

### To Identify Size, Structure and Trends in the Market

#### Size

- To determine whether the campaign needs to attract a mass or niche market, this will then inform the budget which needs to be sustained as a result of the sales generated

#### Structure

- The demographic of your customers, which will help define where to advertise and the language and tone to use.

#### Trends

- Knowing how, when and by what means customers are likely to buy your products or service
- This contributes to market intelligence discussed earlier

## B2: Market Research Methods and Use

There are two types of market research – primary and secondary. The classification of whether research is primary or secondary related to how the information is gathered. Market research can also be internal and external to the organisation.

### Primary Research

Data that is gathered first hand by the person.

- Internal examples of primary research:
  - sales figures for the businesses products
  - customer data held on a database
- External examples of primary research:
  - Questionnaires and surveys
  - Interviews and focus groups
  - Mystery shoppers and other observation techniques
  - Trials of prototypes

### Secondary Research

Data that has been gathered before from within the organisation or outside of the organisation.

- Internal examples of secondary research:
- Reports from sales
  - Previous market research
- External examples of secondary research:
- Trade journals and websites
  - Books and newspapers
  - Industry reports
  - Census data and public records

### Qualitative Data

Data that is subjective and often open ended. Comments and responses will give open answers.

### Quantitative Data

Data that is expressed with numbers and can be analysed mathematically and/or presented graphically

## B2: Market Research Methods and Use

### Importance of Validity, Reliability, Appropriateness, Currency and Cost

#### Validity

The process of ensuring data is valid by using original sources or tracing sources back to their original point.

#### Reliability

Reliability estimates the degree in which an instrument measure the same way every time it is used under the same conditions with the same subjects. Reliability is measure may not be valid.

#### Appropriateness

Asking questions of the data that has been collected – is the data collection ethical? Has the data been collected in the right way?

#### Currency

This refers to whether the data are up to date to ensure your results are both valid and reliable.

#### Cost

Research will have associated costs in terms of travel, time and expenses.

## B3: Developing the Rationale

All research requires a rationale. The rationale should include: the focus, methods and means for conducting the activity.

### Interpretation, analysis and use of data and other information to make valid marketing decisions

- Interpretation of data is subjective therefore rigorous steps for checking the validity must be planned

### Identification of any further sources of information that may be required

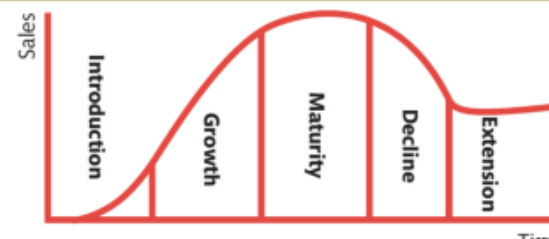
- To validate the research, businesses may need to find further sources of information to support making decisions

### Evaluation of the reliability and validity of the information obtained

- The information that has been gathered should be evaluated for its reliability and validity. This can be to say it is reliable or to dismiss it.

### Product Life Cycle

- Introduction – only a few organisations in the market, product/service is establishing itself
- Growth – product is accepted in the market and sales grow rapidly which means profits grow.
- Maturity – product sales stable and is generally the longest period
- Decline – products reach a stage where sales decline, lots of businesses then decide to leave the market
- Extension –
  - Line extension – extending the product with a new colour or flavour etc
  - Brand extension – where a well known brand name extends into a different product or service range



## C1: Marketing Campaign Activity

The purpose of a marketing campaign is to increase the businesses position in the marketplace.

### SWOT

#### Strengths

The internal features of an organisation which may provide competitive advantage

#### Weaknesses

Internal aspects of the organisation which may not work as well as those competition or are not performing effectively

#### Opportunities

Events and developments external to an organisation

#### Threats

Developments external to the organisation which could damage overall performance

SWOT analysis aims to discover:

- What the business does better than the competition
- What competitors do better
- Whether it is making the most of the opportunities available
- How a business should respond to changes in its external environment

### PESTLE

**Political** – anything to do with the government, factors to consider: Competition policy, Industry regulation, Govt. spending & tax policies and Business policy & incentives

**Economic** – aspects of the national or international economy which will go through prosperity, recession and recovery, factors to consider: Interest rates, Consumer spending & income, Exchange rates and Economic growth (GDP)

**Social** – factors that relate to the values and beliefs of society, factors to consider: Demographic change, Impact of pressure groups Consumer tastes & fashions and Changing lifestyles

**Technological** – ways in which developments in technology would effect marketing activity, factors to consider: Disruptive technologies, Adoption of mobile technology, New production processes, Big data and dynamic pricing

**Legal** – businesses will need to take into account legal developments for the markets they operate in, factors to consider: Employment Law, Minimum / Living Wage, Health & Safety Laws, Environmental legislation

**Environmental and Ethical** – factors that relate to the environment, factors to consider: Sustainability, Tax practices, Ethical sourcing (supply chain) and Pollution & carbon emissions

## C2: Marketing Mix

The extended marketing mix provide a framework for developing marketing plans.

### Product Development

A product is anything that can be offered to a market to satisfy a need or want.

- Form and Function – a product is either designed for form (what it appears like) or function (what it does)
- Packaging – this refers to how a product is promoted, not just the physical wrapper around the product
- Branding – the colours, shapes and fonts used to represent a brand

### Pricing Strategies

- Penetration – the product is sold at an initially low price to generate sales and then the price is increased
- Skimming – at the launch of the product the price will be set high.
- Competitor based – setting the price based on what competitors charge
- Cost plus – using the wholesale price the business then adds to the this price to get the final price

### Promotional Advertising

How the product is communicated to potential customers

- Public Relations
- Sponsorship
- Social and other Media
- Guerilla Marketing
- Personal Selling
- Product Placement
- Digital Marketing
- Corporate Image

### Place, Distribution Channels

How the product reaches the consumer

- Direct to end users
- Retailers
- Wholesale

### People

This refers to the of customer service from colleagues who are involved in the before, during and after sales service. Successful businesses will invest in training of their people to ensure they have the right skills to represent their business.

### Physical Environment

This refers to where the customer makes the purchase. Often the physical environment is representative of the product or service that is being offered.

### Processes

This refers to the process of buying the product. This could involve incorporating technology into the process to make it a better experience for the customer.

The 'Extended Marketing Mix' is made up of the below 7 parts:



## The Marketing Campaign

A marketing campaign involves planning a series of strategies and events which result in the marketing activity.

### Content of the Marketing Message

This should convey the key message and be the core of the marketing campaign. The content of this must catch attention quickly.

### Selecting an Appropriate Marketing Mix

A successful marketing campaign will focus on all elements of the marketing mix and select it correctly.

### Selecting Appropriate Media

This is important for the campaign but also for the budget. This should be determined by the marketing mix whilst considering the target market.

### Allocation of the Campaign Budget

budget is set to prevent overspending. This must be monitored regularly. The budget should have been calculated based on the potential for return for the investment.

### Timelines for the Campaign Including Monitoring

These should be set right at the start of deciding to conduct a marketing campaign. Timelines should be set for every activity and it is a good idea to have milestones attached to the times. Each timeline should have a success measure attached to them.

### How the Campaign is to be Evaluated

The evaluative process should be ongoing and ask questions such as:

- Brand idea – is it clear?
- Main message – was it conveyed clearly?

## C4: Appropriateness of Marketing Campaign

Internal and external factors need to be considered when deciding how appropriate the campaign is.

### How far the Marketing Activity Reinforces and supports the Brand Activity

Has all marketing activity represented the brand fully? How?

### The Sustainability of Marketing Activities

The business must keep an eye on the future of demand, for example:

- How might social trends effect demand?
- How might an introduction of legislation effect marketing activities?

### Flexibility of the Campaign to Enable Response to Internal and External Change

If the campaign has been regularly monitored and evaluated it will have been able to adapt to unexpected changes.

- Internal example: financial issues within the business
- External example: government restrictions when they are responding to local, national or global issues

### Relevance to Organisational Goals

A marketing campaign must be flexible but it must also represent the aims and objectives of the business – does it do this?

### Appropriateness to Target Market

- Does the marketing activity reach the target market?
- Is the media used relevant to the target market?

### Legal and Ethical Considerations

These can have an effect on marketing activity, all aspects should be considered for example:

- Is there any misrepresentation?
- Have hard to interpret messages been conveyed properly?