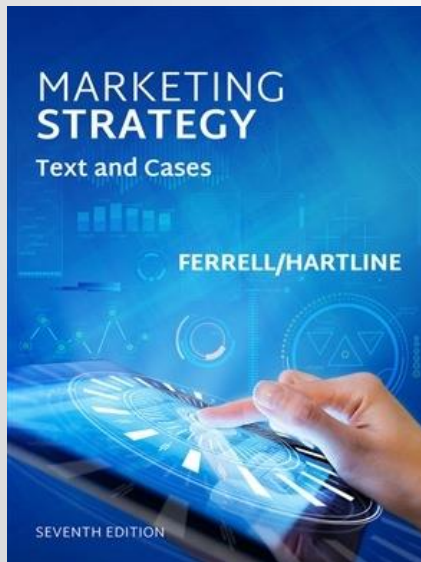


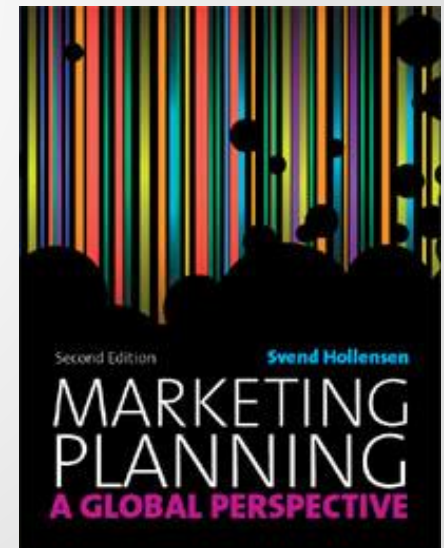


# MARKETING PLANNING 312

## CHAPTER I



By Ajarn Suwalya K.



# MARKETING STRATEGY

Text and Cases

FERRELL/HARTLINE

SEVENTH EDITION

## Chapter I Marketing in Today's Economy

# Chapter Outline

- Introduction
- The challenges and opportunities of marketing in today's economy
- Basic marketing concepts
- Major marketing activities and decisions
- Taking on the challenges of marketing strategy

# Introduction

- Commoditization
  - Consequence of mature industries **where slowing innovation, extensive product assortment, excess supply, and frugal consumers** force margins to the floor



# Introduction

- All organizations require **effective planning** and a sound marketing strategy to achieve their goals and objectives



# Introduction

- Today's economy is characterized by **rapid technological change, economic/financial anxiety, and increasing consumer skepticism**

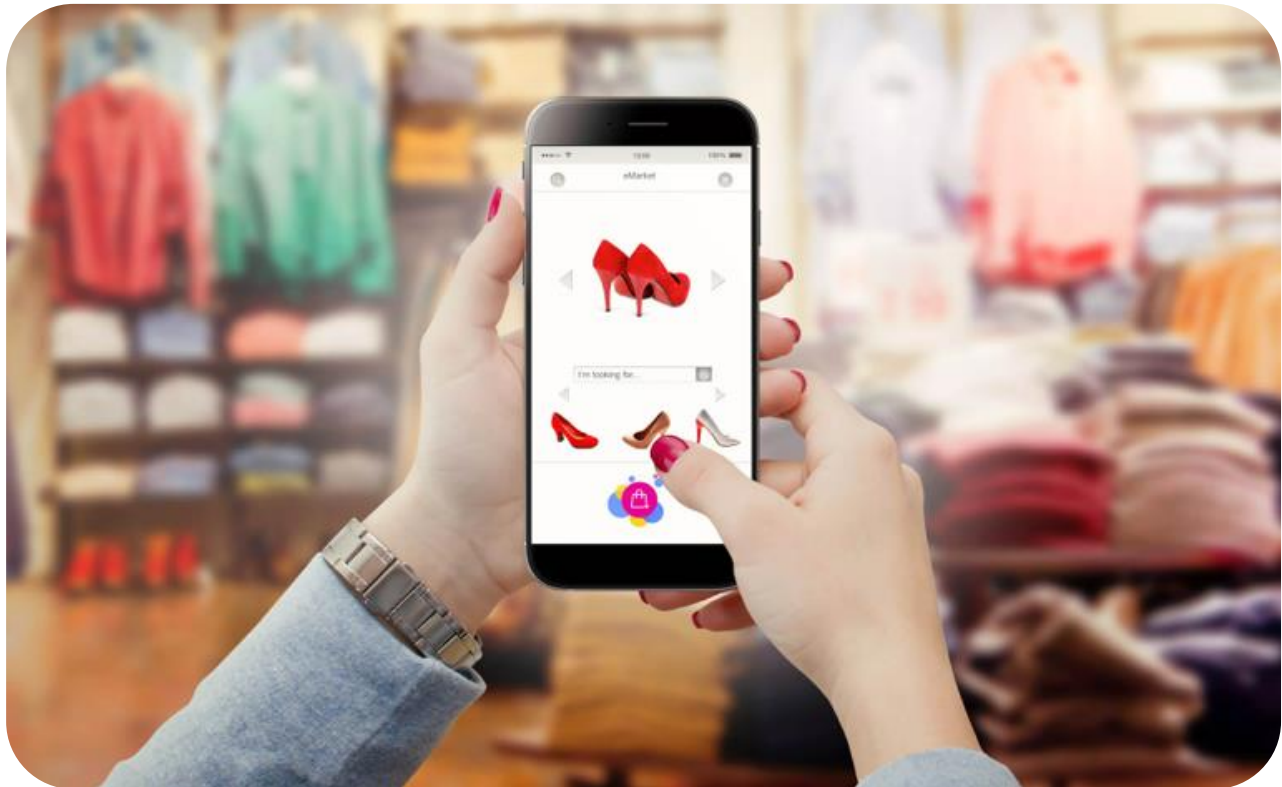


# Challenges and Opportunities of Marketing in Today's Economy

- Power shift to customers
- Massive increase in product selection
- Audience and media fragmentation
- Changing value propositions
- Shift in demand patterns
- Privacy, security, and ethical concerns
- Unclear legal jurisdiction

# Challenges and Opportunities of Marketing in Today's Economy

- Power shift to customers



# Challenges and Opportunities of Marketing in Today's Economy

- Massive increase in product selection



# Challenges and Opportunities of Marketing in Today's Economy

- Audience and media fragmentation

1 5- Media Fragmentation

Universidad Europea de Madrid  
Escuela de Estudios Universitarios Real Madrid

Nowadays companies need to be in many and in specialized Medias:  
Mass Marketing becomes Niche Marketing

The central graphic features a dense grid of logos for various media and technology companies, including YouTube, Vimeo, and many others. A large blue circle with the text "I've had enough" is superimposed over the center. Surrounding the grid are icons for a smartphone, a tablet, a television, an email icon, a stack of newspapers, and a person holding a tablet. The overall theme is the overwhelming amount of media choices available to consumers.

# Challenges and Opportunities of Marketing in Today's Economy

- Changing value propositions



# Exhibit I.1 - Change in Daily Media Usage by U.S. Adults, 2010-2014

	<b>Percent Change (%)</b>
Television	3.7
Desktop Online	-13.6
Tablets	676.2
Smartphones	235.0
Radio	-15.5
Newspapers	-9.4
Magazines	-34.9

Source: "Average Daily Media Use in the United States from 2010 to 2014," Statista (<http://www.statista.com/statistics/270781/average-daily-media-use-in-the-us/>), accessed February 18, 2015.

# Challenges and Opportunities of Marketing in Today's Economy

- Shift in demand patterns



# Challenges and Opportunities of Marketing in Today's Economy

- Privacy, security, and ethical concerns



# Exhibit 1.2 - The Children's Online Privacy Protection Act

The Children's Online Privacy Protection Act applies to operators of commercial websites and online services that attempt to collect personal information from children under the age of 13. The law explains what must be included in the firm's privacy policy, when and how to seek verifiable consent from a parent or guardian, and the firm's responsibilities to protect children's privacy and safety. Firms cannot evade the law's provisions by claiming that children under 13 cannot visit their sites, nor can they make information optional or ask the visitor's age.

In implementing the provisions of COPPA, the FTC issued the Children's Online Privacy Protection Rule, which is designed to give parents control over the information that is collected from their children. The rule requires website operators to:

1. Determine if their company is a website or online service that collects personal information from kids under 13.
2. Post a privacy policy that complies with COPPA.
3. Notify parents directly before collecting personal information from their kids.
4. Get parents' verifiable consent before collecting information from their kids.
5. Honor parents' ongoing rights with respect to information collected from their kids.
6. Implement reasonable procedures to protect the security of kids' personal information.

Source: United States Federal Trade Commission, Bureau of Consumer Protection (<http://www.ftc.gov/tips-advice/business-center/guidance/childrens-online-privacy-protection-rule-six-step-compliance>), accessed February 18, 2015.

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# Challenges and Opportunities of Marketing in Today's Economy

- Unclear legal jurisdiction



# Challenges and Opportunities of Marketing in Today's Economy

- Power shift to customers
- Massive increase in product selection
- Audience and media fragmentation
- Changing value propositions
- Shift in demand patterns
- Privacy, security, and ethical concerns
- Unclear legal jurisdiction

# Basic Marketing Concepts: Marketing Defined

- Marketing (2005 AMA definition)
  - “... organizational function and a set of processes for creating, communicating, and delivering value to customers and for managing customer relationships in ways that benefit the organization and its stakeholders”
- Marketing (2007 AMA definition)
  - “... **activity, set of institutions, and processes for creating, communicating, delivering, and exchanging offerings that have value for customers, clients, partners, and society at large**”

# Basic Marketing Concepts: Market

- Group of individuals or institutions with similar needs that can be met by a specific product
- Marketspace
  - Electronic marketplaces unbound by time or space
- Metamarket
  - Cluster of closely related goods and services that center around a specific consumption activity

# Basic Marketing Concepts: Market

(Continued)

- **Metamediary**
  - **Provides a single access point where buyers can locate and contact many different sellers in the metamarket**



# Exhibit I.3 - Common Metamarkets and Participants

	Metamarkets		
	<u>Automotive</u>	<u>Home Ownership</u>	<u>Parenting</u>
<b>Metamediaries</b>	<a href="http://www.edmunds.com">www.edmunds.com</a> <a href="http://www.carsdirect.com">www.carsdirect.com</a> <a href="http://www.kbb.com">www.kbb.com</a>	<a href="http://www.realtor.com">www.realtor.com</a> <a href="http://www.zillow.com">www.zillow.com</a> <a href="http://www.bhg.com">www.bhg.com</a>	<a href="http://www.parenting.com">www.parenting.com</a> <a href="http://www.babycenter.com">www.babycenter.com</a> <a href="http://newparent.com">newparent.com</a>
<b>Metamarket Participants</b>	Buyers Manufacturers Car dealerships Banks Credit unions Credit reporting services Insurance firms Rating services Magazines Television programs Aftermarket parts/accessories Repair services Car rental firms Auction houses	Homeowners Builders Real estate agents Mortgage companies Insurance companies Home inspectors and appraisers Pest control services Magazines Television programs Retailers	Parents Doctors Retailers Baby supply manufacturers Insurance firms Financial planners Educational providers Toy manufacturers Television programs Movies

# Basic Marketing Concepts: Exchange

- **Process of obtaining something of value by offering something in return**
- **Conditions of exchange**
  - There must be at least two parties for the exchange
  - Each party should have something that the other party values
  - Each party must be capable of communication and delivery

# Basic Marketing Concepts: Exchange

(Continued)

- Each party must be free to accept or reject exchange
- Each party must believe it is desirable to exchange with the other party



# Basic Marketing Concepts: Product

- **Something acquired through an exchange to satisfy a need or want**
- **Examples**
  - Goods
  - Services
  - Ideas
  - Information
  - Digital products
  - People
  - Places
  - Experiences
  - Real or financial property
  - Organizations

# Basic Marketing Concepts: Utility

- Ability of a product to satisfy a customer's need or want
- Types
  - Form utility - Product contains distinguishing attributes
  - Time utility - Product is available when customer wants it
  - Place utility - Product is available where customers want it

# Basic Marketing Concepts: Utility

(Continued)

- Possession utility - Deals with easy transfer of ownership or title
- Psychological utility - Product provides positive experiential attributes that customers find satisfying

# Basic Marketing Concepts: Utility

- Form utility - Product contains distinguishing attributes



# Basic Marketing Concepts: Utility

- Time utility - Product is available when customer wants it



# Basic Marketing Concepts: Utility

- Place utility - Product is available where customers want it



# Basic Marketing Concepts: Utility

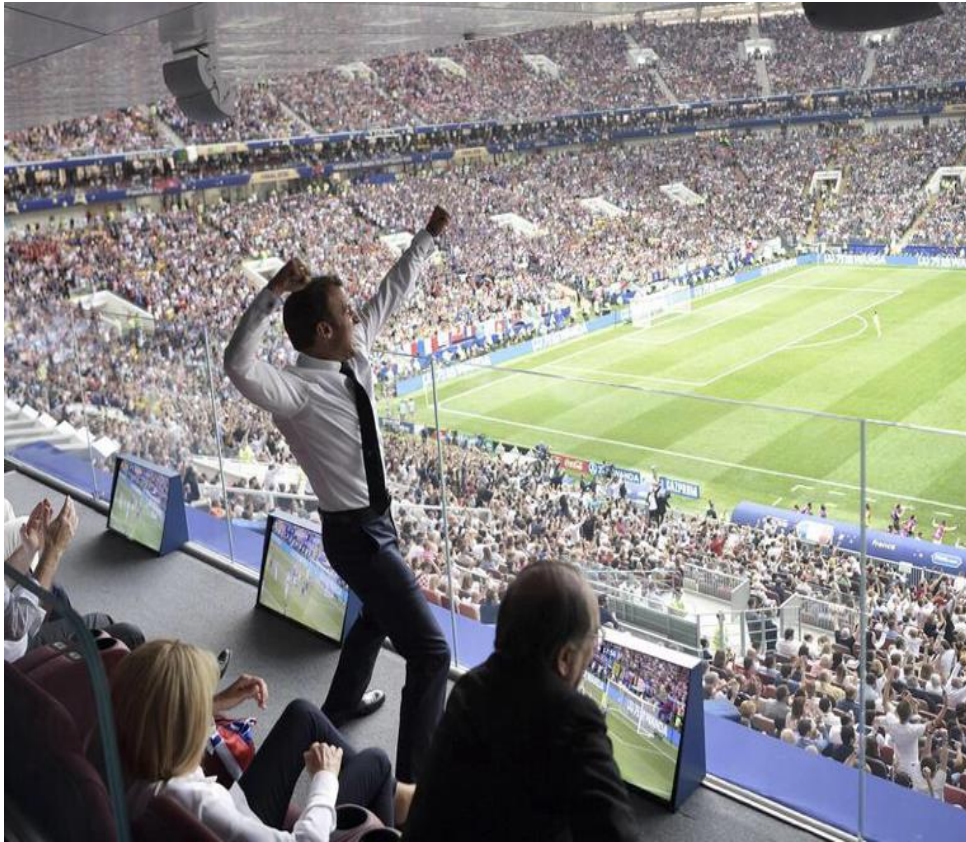
(Continued)

- Possession utility - Deals with easy transfer of ownership or title



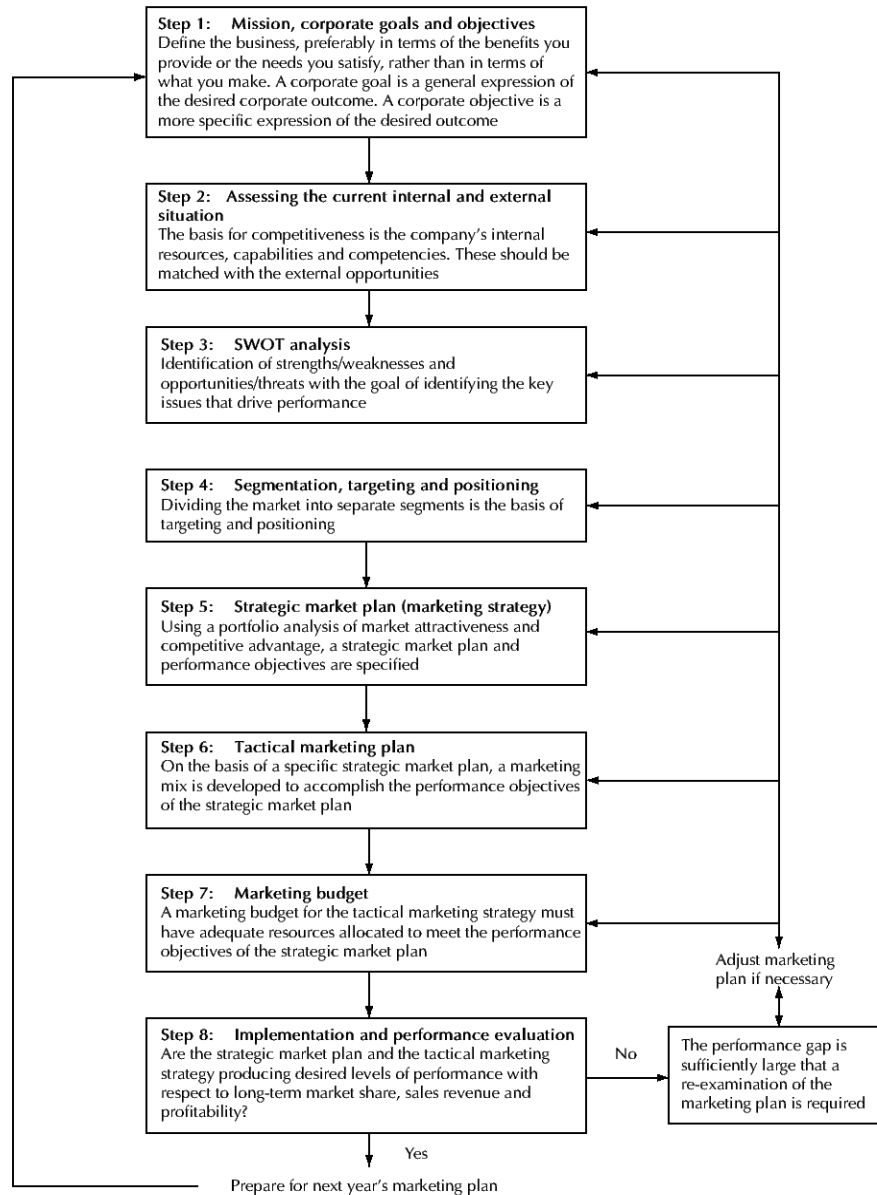
# Basic Marketing Concepts: Utility

(Continued)

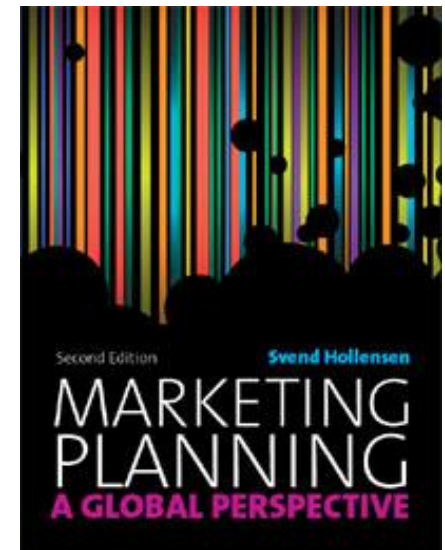


- Psychological utility - Product provides positive experiential attributes that customers find satisfying

**FIGURE 1.1: The stages of building a marketing plan**



**Figure 1.1: The stages of building a marketing plan**



# Marketing Activities and Decisions

- Strategic planning
  - Strategy - Firm's game plan for success
  - Tactical planning - Focusing on specific markets or market segments and the marketing programs that meet their needs
  - Marketing plan - Outlining the marketing program

# Marketing Activities and Decisions

(Continued I)

- Research and analysis
  - Internal analysis - Analyzing the firm's current and future performance and sustainability strategies
  - Competitive intelligence - Analyzing competing businesses
  - Environmental scanning - Analyzing the external environment
  - Situation analysis - Collecting and interpreting internal, competitive, and environmental information

# Discussion Questions

- How concerned are you about privacy and security in today's economy? Why do so many people, particularly younger people, seem to be unconcerned about privacy? Will these issues still be important in ten years? Explain.

# Marketing Activities and Decisions

(Continued 2)

- Developing competitive advantage
  - Competitive advantage - **Advantage a firm has over competitors**
  - Serves as an edge to serve customer needs and maintain relationships with important stakeholders
  - Helps set a strategic focus to the entire marketing program

# Marketing Activities and Decisions

(Continued 3)

- Marketing strategy decisions
  - Market segmentation and target marketing
  - Marketing program decisions
    - Creating a link between product benefits and customer needs
    - Pricing decisions
    - Distribution and supply chain management

# Marketing Activities and Decisions

(Continued 4)

- Integrated marketing communication (IMC) or promotion
- Branding and positioning
  - Product positioning - **Establishing a mental image of the product in the minds of target buyers**

# Marketing Activities and Decisions

(Continued 5)

- Social responsibility and ethics
  - Social responsibility - Firm's obligation to maximize positive impact on society while minimizing negative impact
  - Marketing ethics - Principles and standards that define acceptable conduct in marketing activities

# Marketing Activities and Decisions

(Continued 6)

- Implementation and control
  - Marketing implementation - **Process of executing the marketing plan**
    - Should be controlled to ensure that the strategy stays on course
- Developing and maintaining customer relationships
  - Involves shifting from transactional marketing to relationship marketing

# Exhibit 1.4 - Major Characteristics of Transactional and Relationship Marketing

	Transactional Marketing	Relationship Marketing
Marketing Focus	Customer Acquisition	Customer Retention
Time Orientation	Short-Term	Long-Term
Marketing Goal	Make the Sale	Mutual Satisfaction
Relationship Focus	Create Exchanges	Create Value
Customer Service Priority	Low	High
Customer Contact	Low to Moderate	Frequent
Commitment to Customers	Low	High
Characteristics of the Interaction	Adversarial, Manipulation, Conflict Resolution	Cooperation, Trust, Mutual Respect, Confidence
Source of Competitive Advantage	Production, Marketing	Relationship Commitment

# Challenges of Marketing Strategy

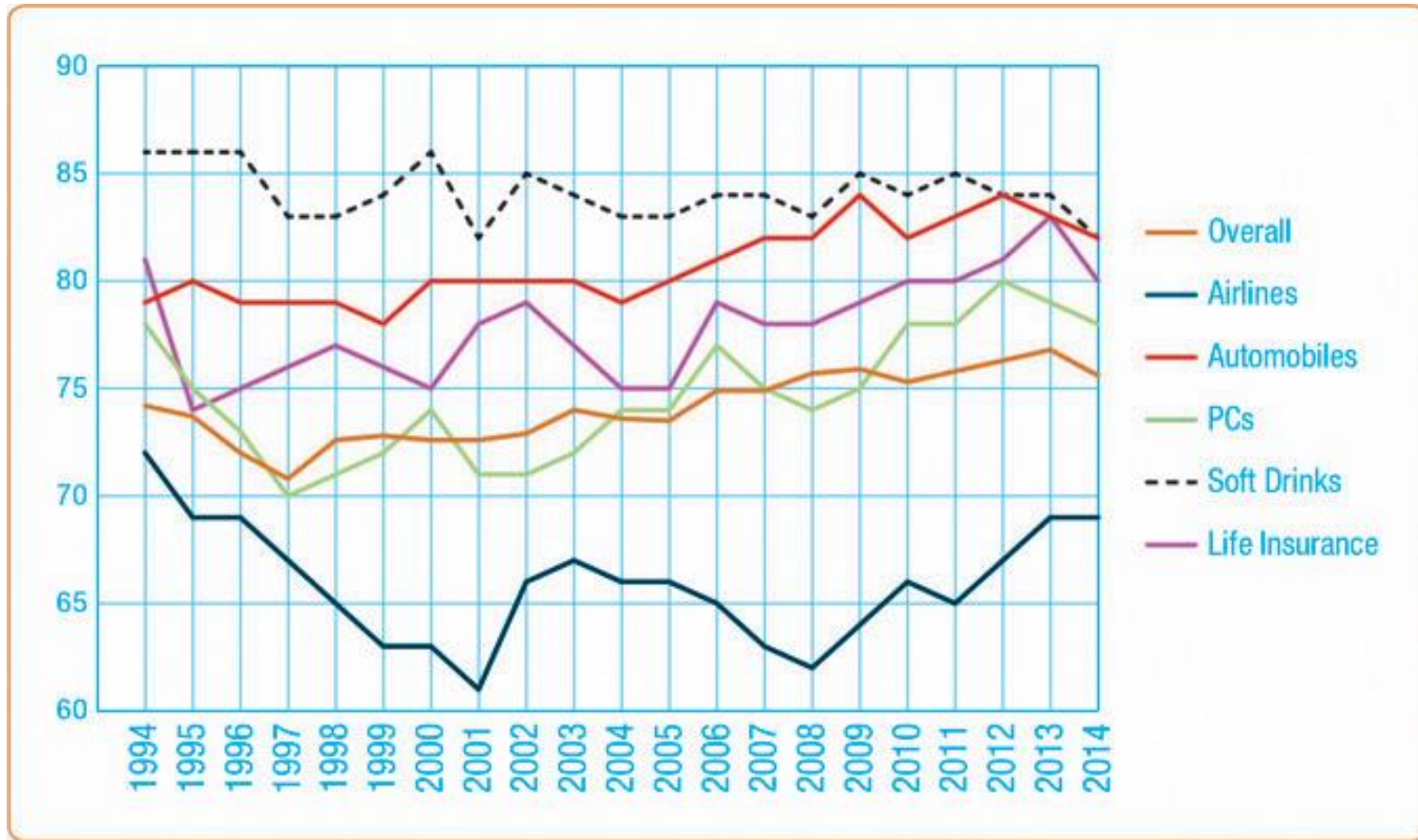
- Constant change
- People-driven nature of marketing
- Lack of rules for choosing marketing activities
- Societal evolution of marketing and business practices
- Increasing customer expectations
- Declining customer satisfaction and brand loyalty
- Increasing price sensitivity

# Challenges of Marketing Strategy

(Continued)

- Change in customer attitudes toward business and marketing activities
- Competition in mature markets
- Increase in expansion into foreign markets
- Aggressive cost-cutting measures

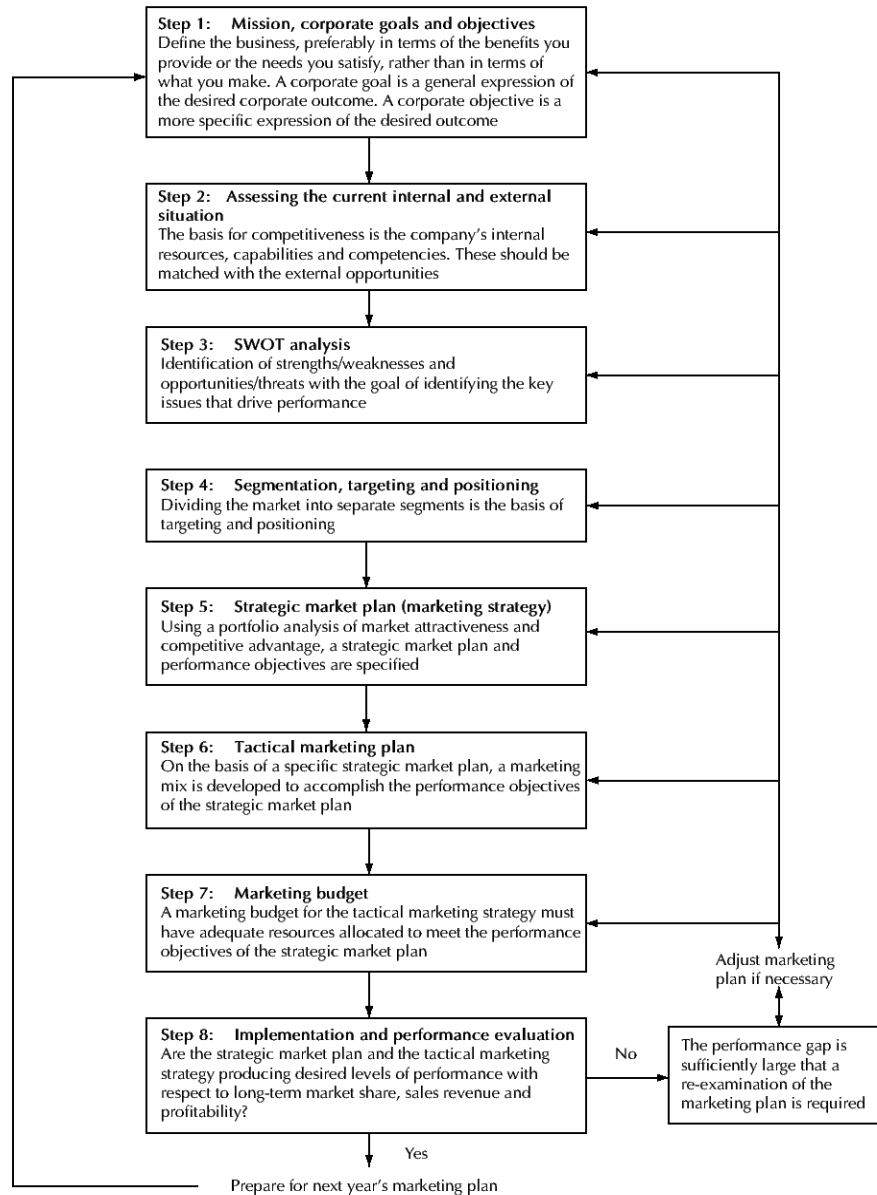
# Exhibit I.5 - American Customer Satisfaction Index



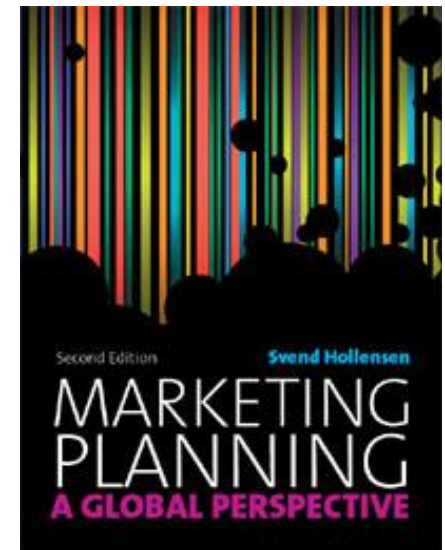
# Discussion Questions

- The text argues that marketing possesses very few rules for choosing appropriate marketing activities. Can you describe any universal rule of marketing that can be applied to most products, markets, customers, and situations?

**FIGURE 1.1: The stages of building a marketing plan**



**Figure 1.1: The stages of building a marketing plan**



# Individual Assignment –due next class

- Increasing customer power is a continuous challenge to marketers in today's economy
  - Have you experienced this shift in power, either as a customer or a business person, and in what ways have you experienced it? Is this shift in power uniform across industries and markets? How is it so?
- Please note: no more than one A4 page, please feel free to include charts, graphs or illustrations

LOONEY TUNES



*"That's all Folks!"*