



Introduction to

# BUSINESS

SESSION 3: MARKETING OVERVIEW

**BE** BACHELOR OF  
ECONOMICS  
THAMMASAT UNIVERSITY

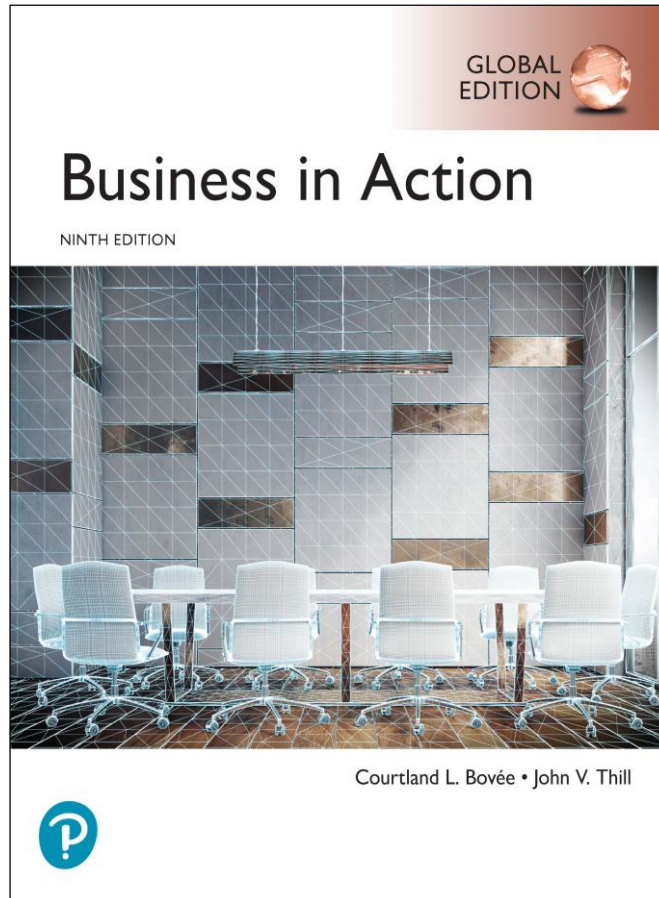
BA 291

INTRODUCTION TO BUSINESS

BY: AJARN SUWALYA K.

# Business in Action: Thriving in the Digital Enterprise

Ninth Edition, Global Edition



## Session 3

### 3. Marketing Overview

#### 3.1 The Changing Environment

#### 3.2 Product Innovation

#### 3.3 Marketing Communication



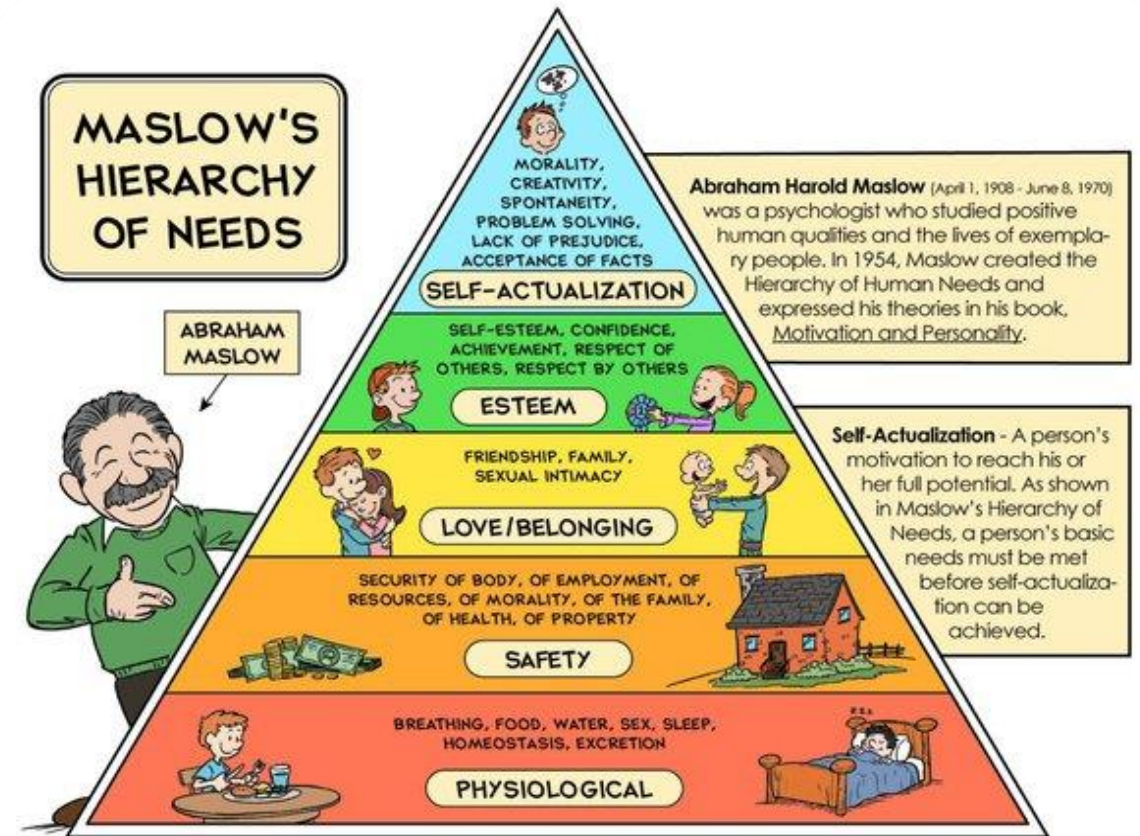
# THE ROLE OF MARKETING IN SOCIETY (1 OF 3)

## Needs

- Differences between a person's **actual state and his or her ideal state**; they provide the basic motivation to make a purchase

## Wants

- Specific goods, services, experiences, or other entities that **are desirable** in light of a person's experiences, culture, and personality



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PHYSIOLOGICAL

BREATHING, FOOD, WATER, SEX, SLEEP, HOMEOSTASIS, EXCRETION

# MASLOW'S HIERARCHY OF NEEDS

ABRAHAM MASLOW



MORALITY, CREATIVITY, SPONTANEITY, PROBLEM SOLVING, LACK OF PREJUDICE, ACCEPTANCE OF FACTS

**SELF-ACTUALIZATION**

SELF-ESTEEM, CONFIDENCE, ACHIEVEMENT, RESPECT OF OTHERS, RESPECT BY OTHERS

**ESTEEM**

FRIENDSHIP, FAMILY, SEXUAL INTIMACY

**LOVE/BELONGING**

SECURITY OF BODY, OF EMPLOYMENT, OF RESOURCES, OF MORALITY, OF THE FAMILY, OF HEALTH, OF PROPERTY

**SAFETY**

BREATHING, FOOD, WATER, SEX, SLEEP, HOMEOSTASIS, EXCRETION

**PHYSIOLOGICAL**

**Abraham Harold Maslow** (April 1, 1908 - June 8, 1970) was a psychologist who studied positive human qualities and the lives of exemplary people. In 1954, Maslow created the Hierarchy of Human Needs and expressed his theories in his book, *Motivation and Personality*.

**Self-Actualization** - A person's motivation to reach his or her full potential. As shown in Maslow's Hierarchy of Needs, a person's basic needs must be met before self-actualization can be achieved.

# THE ROLE OF MARKETING IN SOCIETY (2 OF 3)

## Exchange process

- The return

## Transaction

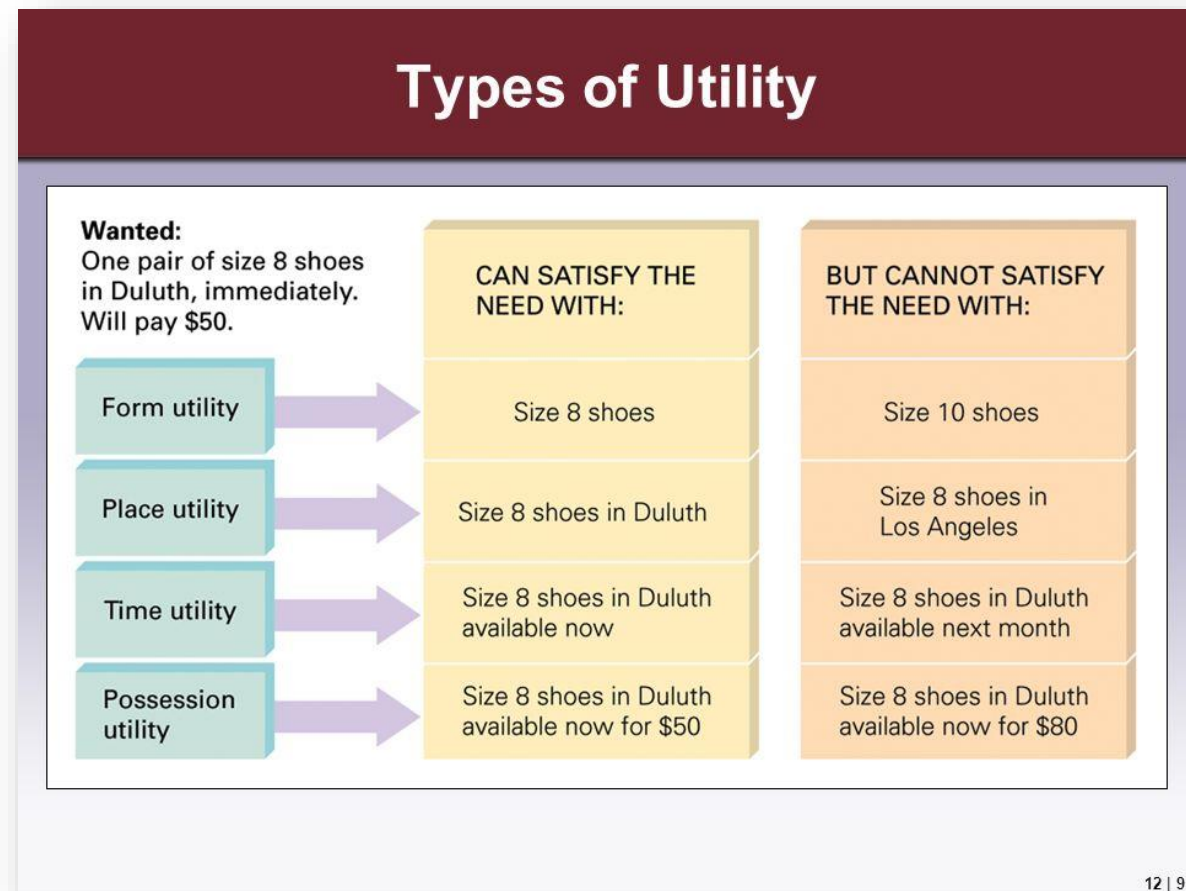
- act of obtaining a desired object or service from another party **by offering something of value** in An exchange of value between parties



# THE ROLE OF MARKETING IN SOCIETY (3 OF 3)

## Utility

- The **power of a good or service to satisfy a human need**
- Form, time, place, possession



# THE MARKETING CONCEPT (1 OF 2)

## Marketing concept

- An approach to business management that **stresses customer needs and wants, seeks long-term profitability**, and integrates marketing with other functional units within the organization



# THE MARKETING CONCEPT (2 OF 2)

## Relationship marketing

- A focus on **developing and maintaining long-term relationships** with customers, suppliers, and distribution partners for mutual benefit

## Customer loyalty

- The degree to which **customers continue to buy** from a particular retailer or buy the products of a particular manufacturer or service provider



**Acquiring new customers  
is 5-7 x more expensive**



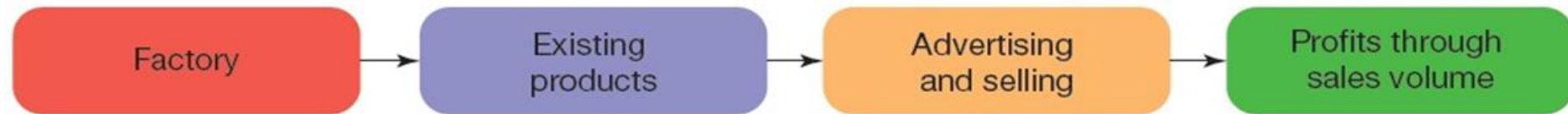
#MarketingGyan



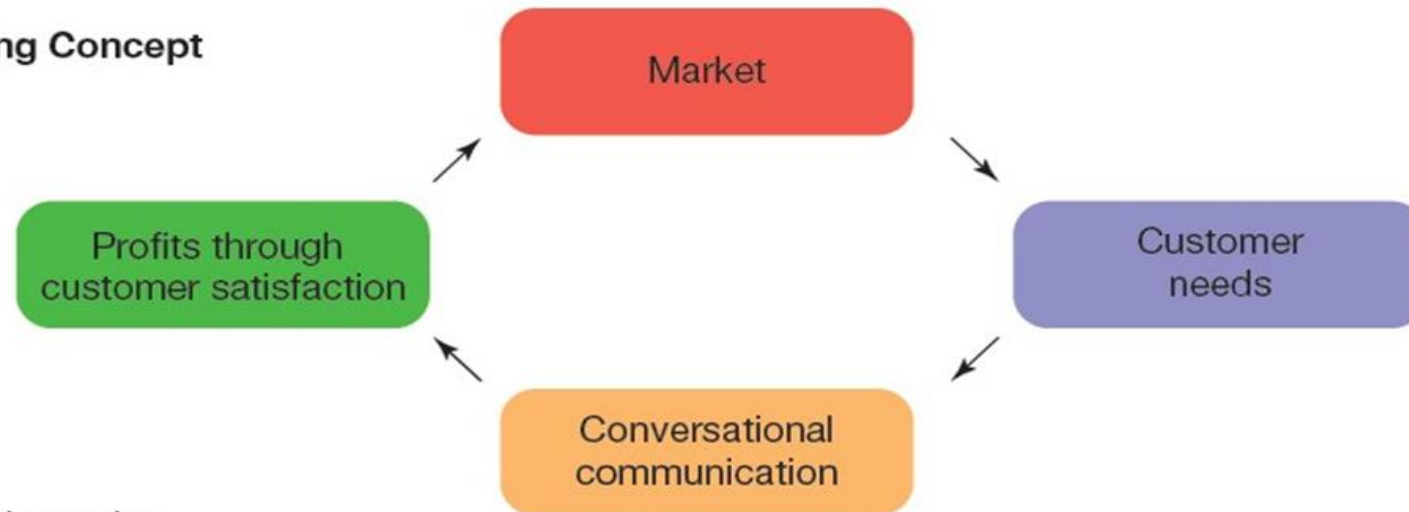
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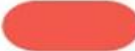



# EXHIBIT 12.1 THE SELLING CONCEPT VERSUS THE MARKETING CONCEPT

## The Selling Concept

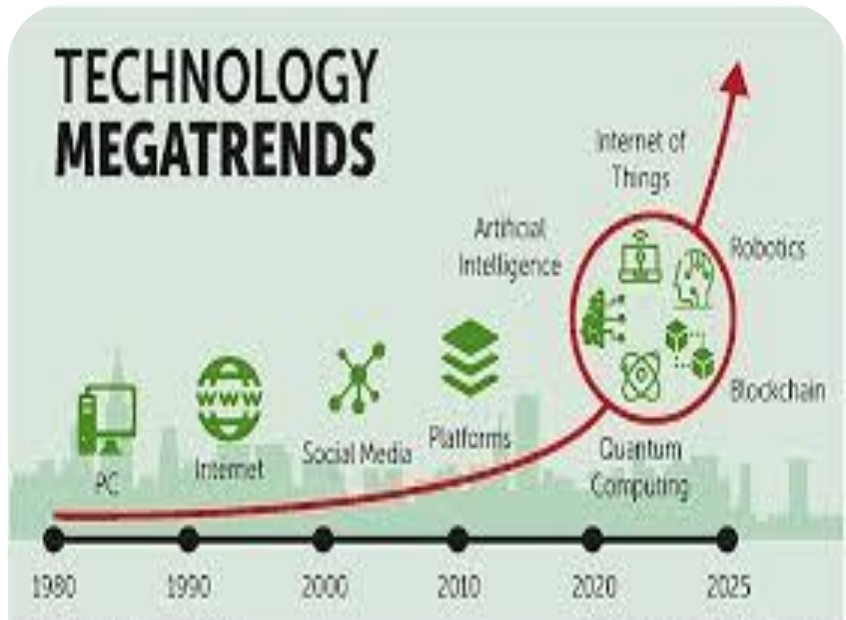


## The Marketing Concept



-  Starting point
-  Primary focus
-  Means of achieving goals
-  Desired ends

# CHALLENGES IN CONTEMPORARY MARKETING



Source: Hackermoon.com

BANGKOK POST GRAPHICS

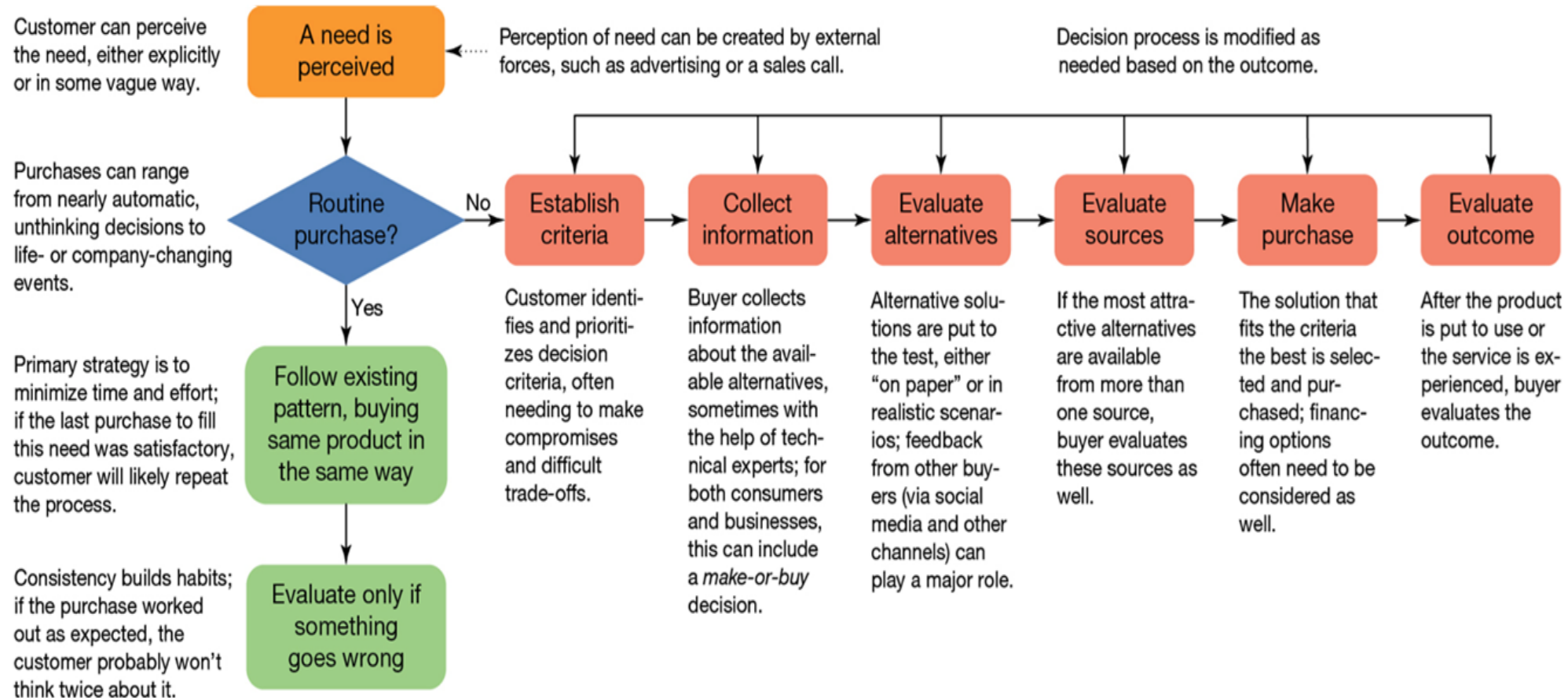
Source: Hackermoon.com

BANGKOK POST GRAPHICS



- Involving the **customer** in the marketing process
- Making **data-driven** decisions
- Conducting marketing activities with greater concern for **ethics** and **etiquette**

# EXHIBIT 12.4 BUYER DECISION-MAKING



# EXHIBIT 12.5 THE STRATEGIC MARKETING PLANNING PROCESS



# ASSESSING OPPORTUNITIES AND SETTING OBJECTIVES

(1 OF 2)

## Market penetration

- Selling more of a firm's existing products in the markets it already serves – example orange juice



## Product development

- Creating new products for a firm's current markets – example Iphone



## Market development

- Selling existing products to new markets – example Europe market



# ANSOFF GROWTH STRATEGY



## Ansoff Growth Matrix

**Market Penetration**  
Selling more of the same to the same types of people

Market Present

Lowest Risk

Medium Risk

**Product Development**  
Selling new products to existing customers

**Market Development**  
Selling the existing products to new types of consumer

Market Future

Medium Risk

Highest Risk

**Diversification**  
Selling new products to new consumer

Product Present

Product Future



Present Product

Future Product

# ASSESSING OPPORTUNITIES AND SETTING OBJECTIVES

(2 OF 2)

## Diversification

- Creating new products for new markets – CP group

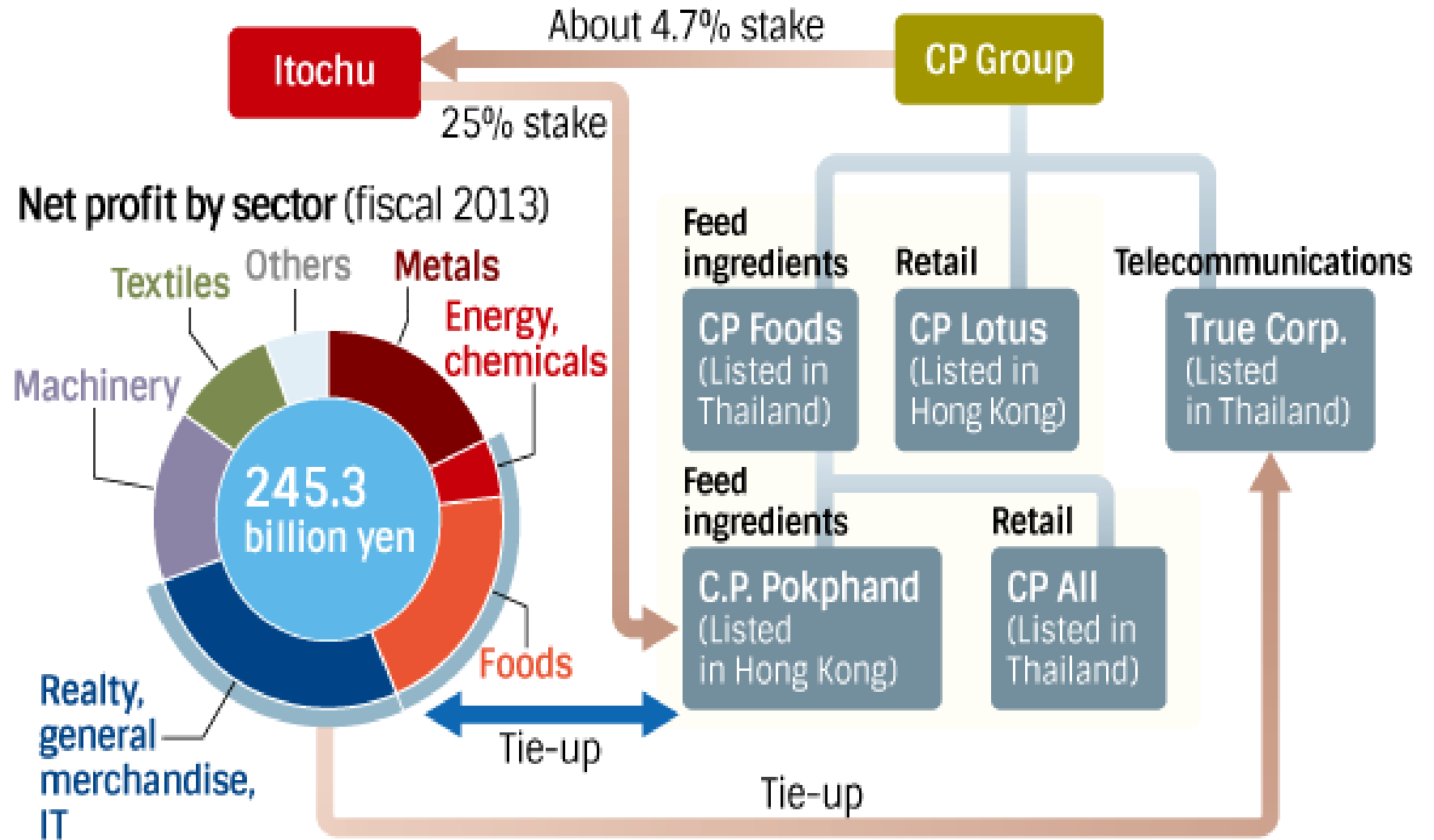
## Market share

- A firm's portion of the total sales in a market





## Overview of Itochu-Charoen Pokphand Group tie-up



# MARKET SHARE



OUR COMPANY'S  
FLAGSHIP PRODUCT  
HAS BEEN PROUDLY  
SERVED SINCE MAY 8,  
**1886**



RANKED BY INTERBRAND  
AS THE WORLD'S THIRD  
MOST VALUABLE BRAND,  
WITH 2015 VALUE OF  
**\$78.4B**



OUR BRANDS CAPTURE APPROXIMATELY  
**\$1 OUT OF EVERY \$4** CONSUMERS SPEND  
ON NONALCOHOLIC READY-TO-DRINK  
BEVERAGES WORLDWIDE.



**3,800+**  
PRODUCTS  
WORLDWIDE



SPARKLING BEVERAGES  
STILL BEVERAGES  
READY-TO-DRINK JUICE  
AND JUICE DRINKS  
READY-TO-DRINK COFFEE



**18 OF OUR TOP  
20 BRANDS**

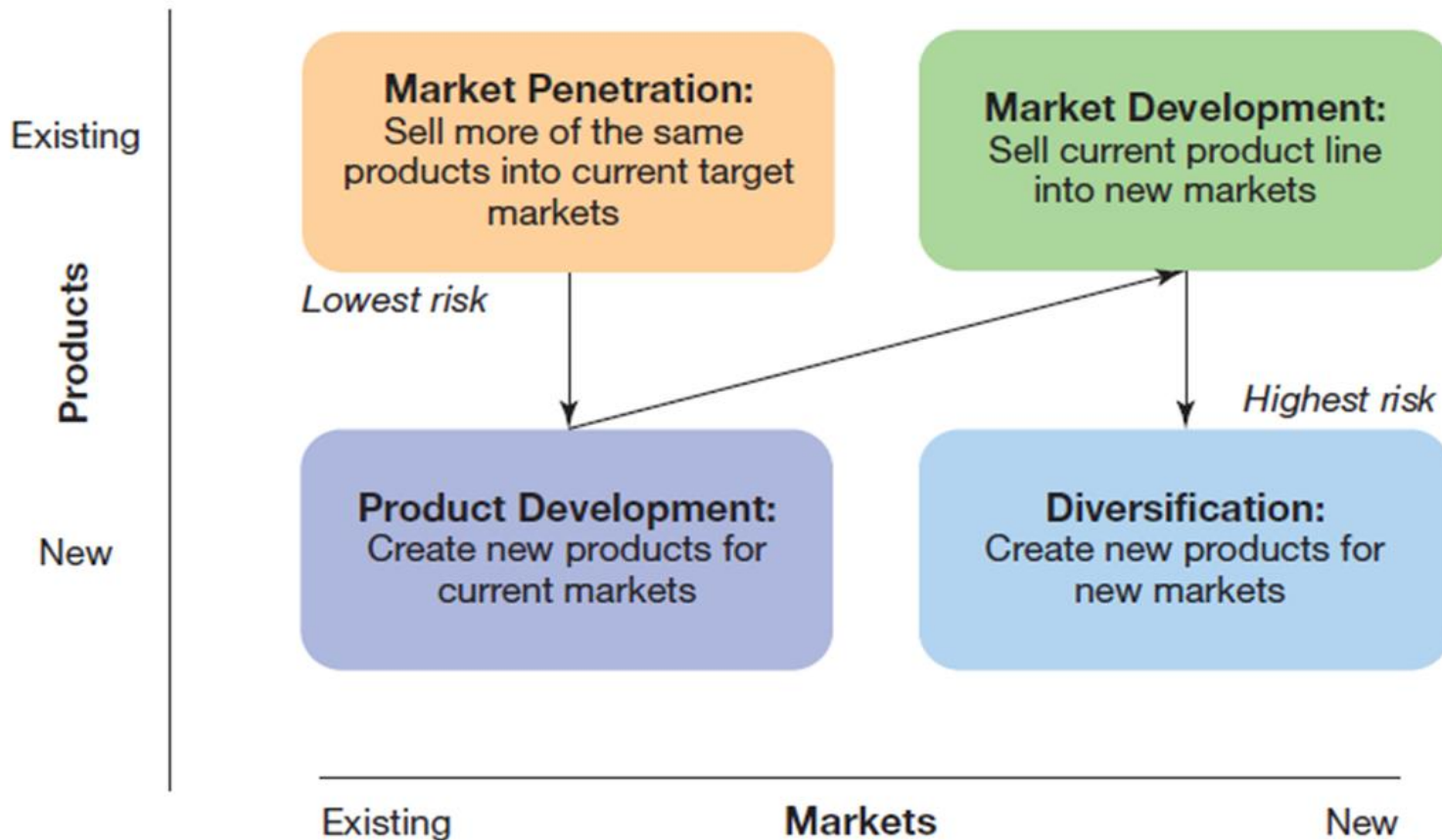
HAVE A LOW- OR NO-CALORIE ALTERNATIVE  
OR ARE LOW- OR NO-CALORIE

Our portfolio includes **20** billion-dollar brands:



NOTE: SCHWEPES IS OWNED BY THE COMPANY IN CERTAIN COUNTRIES OTHER THAN THE UNITED STATES.

# EXHIBIT 12.6 PURSUING MARKET OPPORTUNITIES



# DIVIDING MARKETS INTO SEGMENTS (1 OF 3)

## **Marketing Strategy**

- An overall plan for marketing a product; includes the identification of target market segments, a positioning strategy, and a marketing mix

## **Market**

- A group of customers who need or want a particular product and have the money to buy it

## **Market segmentation**

- The division of a diverse market into smaller, relatively homogeneous groups with similar needs, wants, and purchase behaviors

# DIVIDING MARKETS INTO SEGMENTS (2 OF 3)

## Demographics

- The study of statistical characteristics of a population

## Psychographics

- Classification of customers on the basis of their psychological makeup, interests, and lifestyles



# DIVIDING MARKETS INTO SEGMENTS (3 OF 3)

## Geographic segmentation

- Categorization of customers according to their geographical location

## Behavioral segmentation

- Categorization of customers according to their relationship with products or response to product characteristics



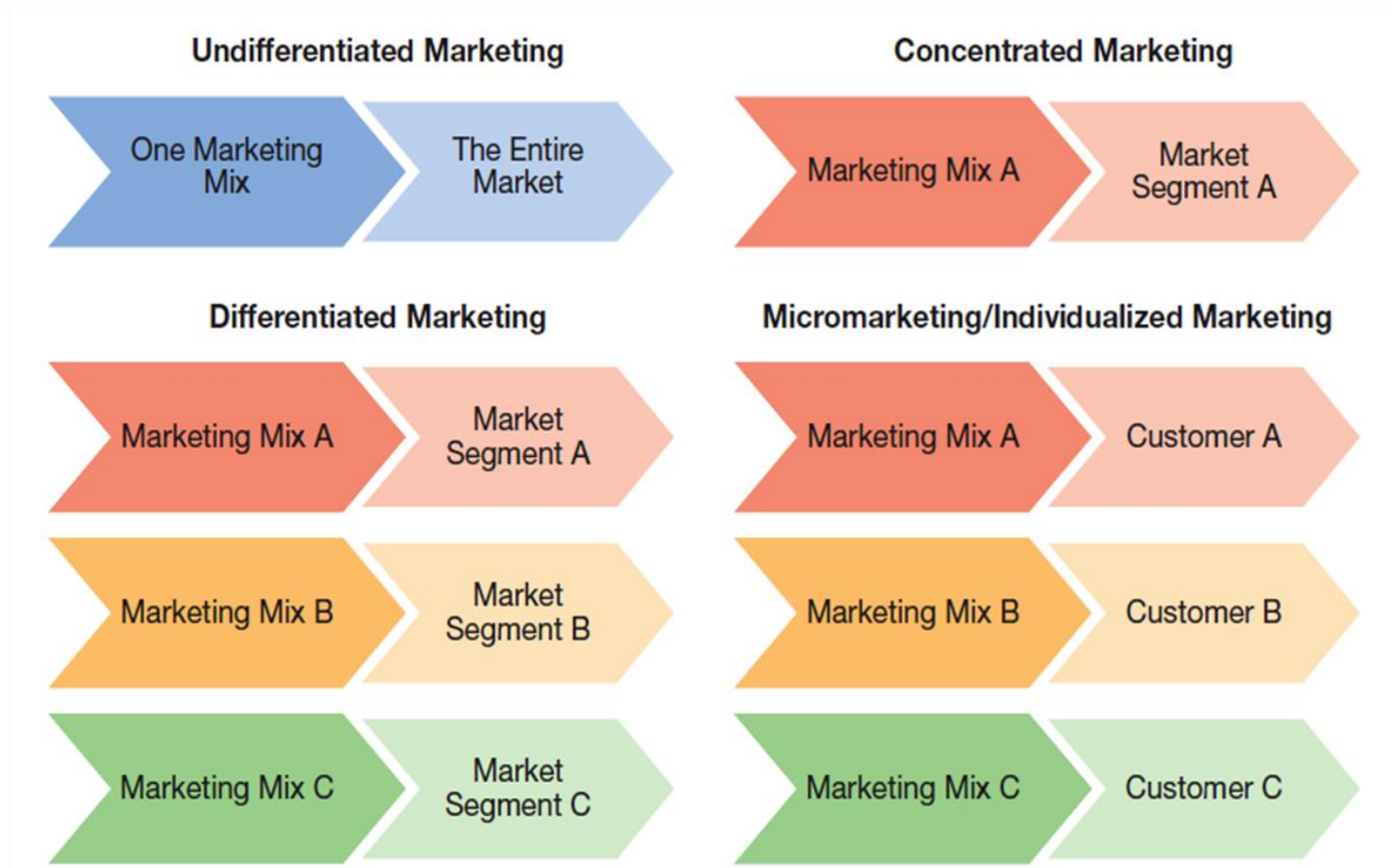
# CHOOSING YOUR TARGET MARKETS

## Target markets

- Specific customer groups or segments to whom a company wants to sell a particular product
- Undifferentiated, differentiated, concentrated, and individualized



# EXHIBIT 12.7 MARKET-COVERAGE STRATEGIES



# STAKING OUT A POSITION IN YOUR TARGET MARKETS

## Positioning

- Managing a business in a way designed to occupy a particular **place in the minds of target customers**



# STAKING OUT A POSITION IN YOUR TARGET MARKETS

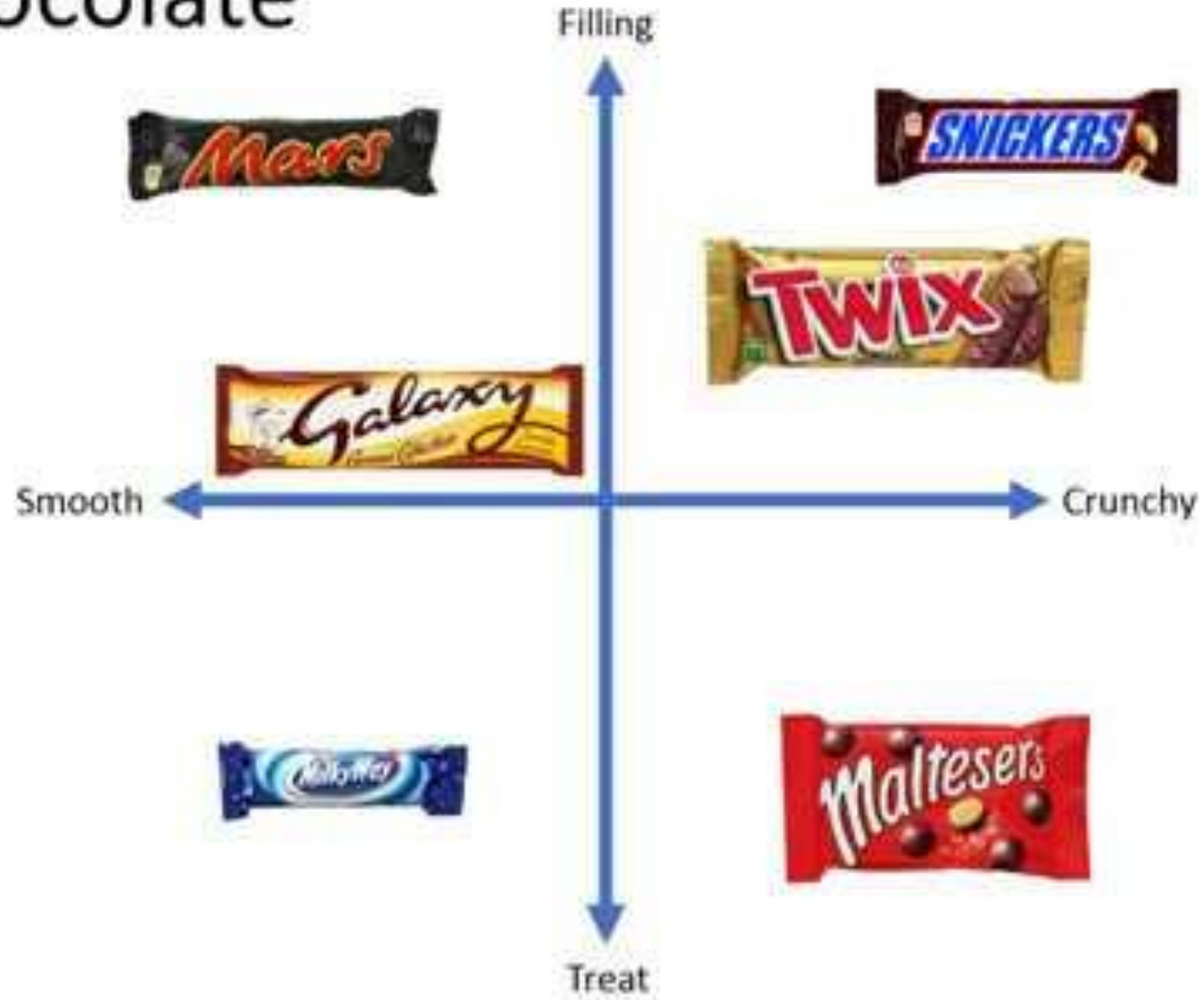
## Positioning

- Managing a business in a way designed to occupy a particular **place in the minds of target customers**



# Positioning Map

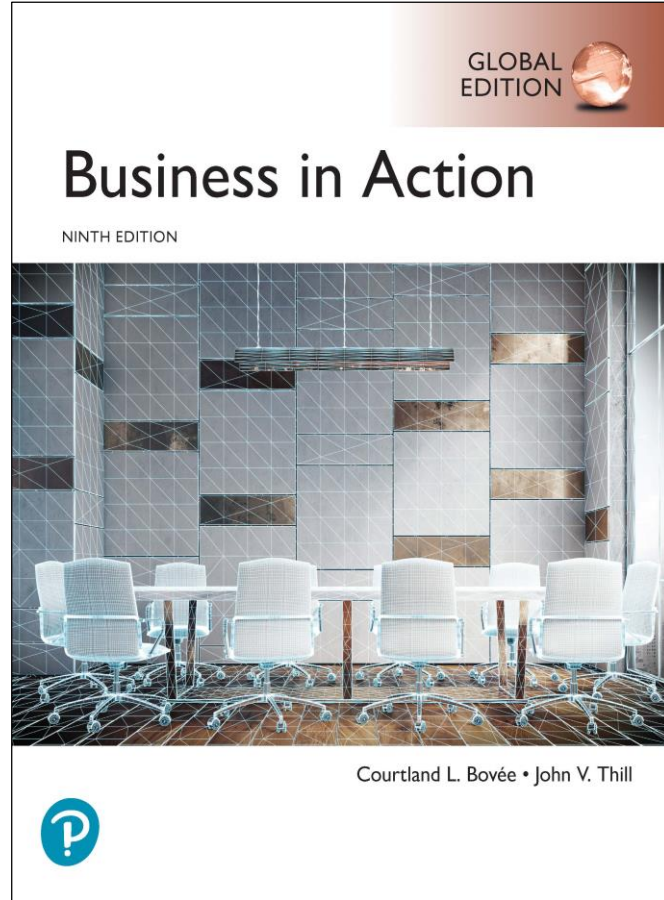
## Chocolate





# Business in Action: Thriving in the Digital Enterprise

Ninth Edition, Global Edition



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### 3. Marketing Overview

#### 3.1 The Changing Environment

#### 3.2 Product Innovation

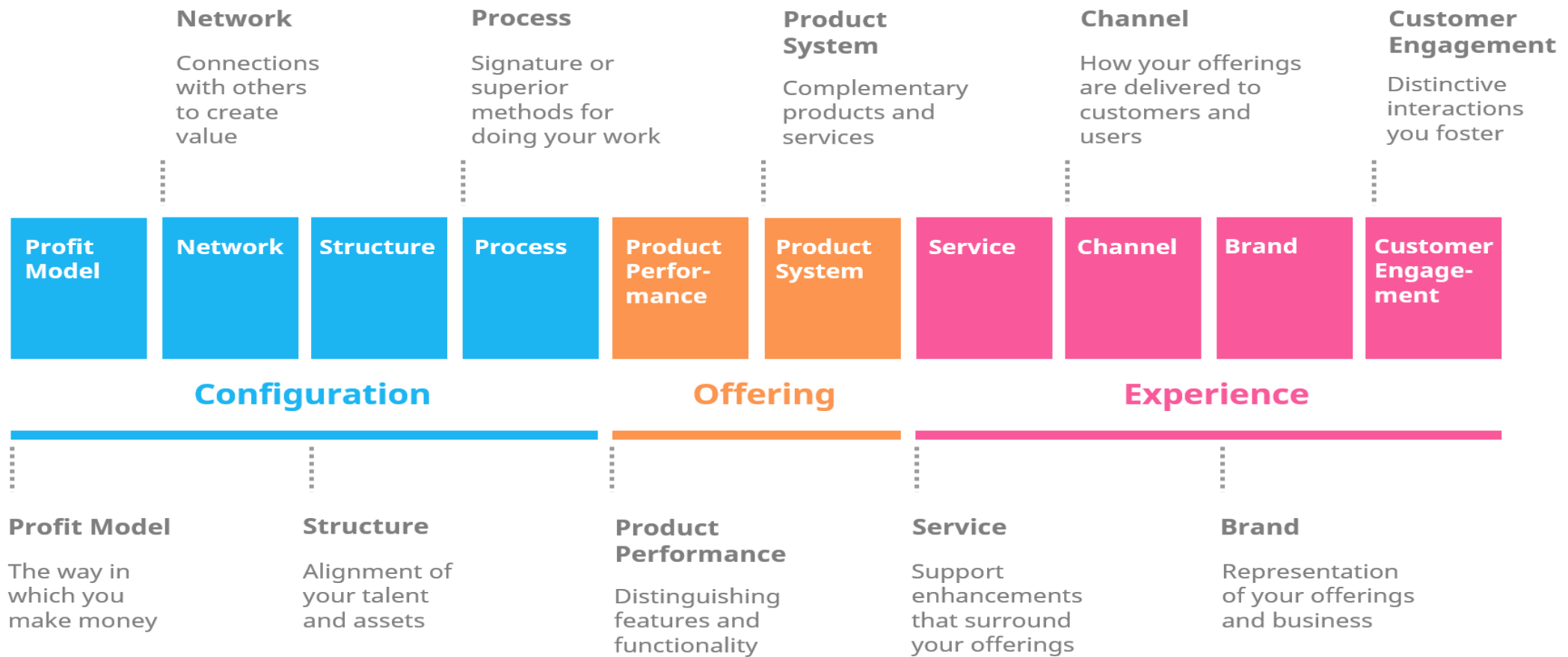
#### 3.3 Marketing Communication

# WHAT IS INNOVATION?

- Innovation can refer to **something new, such as an invention, or the practice of developing and introducing new things**. An innovation is often a new product, but it can also be a new way of doing something or even a new way of thinking.



# TYPES OF INNOVATIONS.



# CONFIGURATION



## PROFIT MODEL

The **New York Times** pivoted from its traditional ad-driven media model to digital user subscriptions.

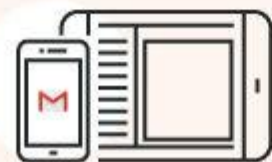
**The  
New York  
Times**



## STRUCTURE

**Google's** "20% rule", which allowed employees to work on side projects, led to the creation of Gmail and Google News.

**Google**



## NETWORK

**Henry Ford** was one of the first industrialists to control his entire supply chain, a strategy later called vertical integration.

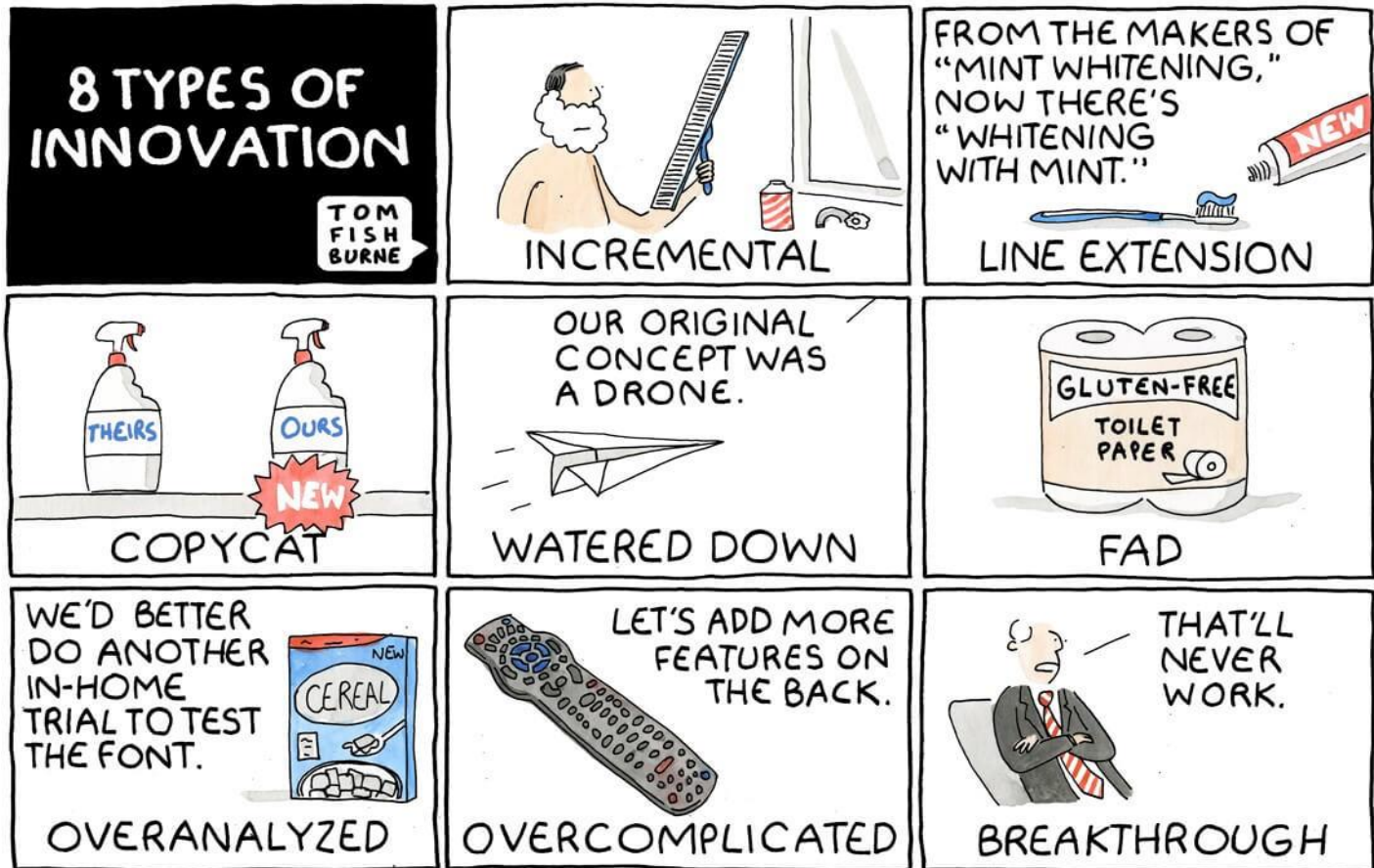


## PROCESS

**McDonald's** franchisees were encouraged to develop and launch their own new food items, leading to wins such as the Egg McMuffin.

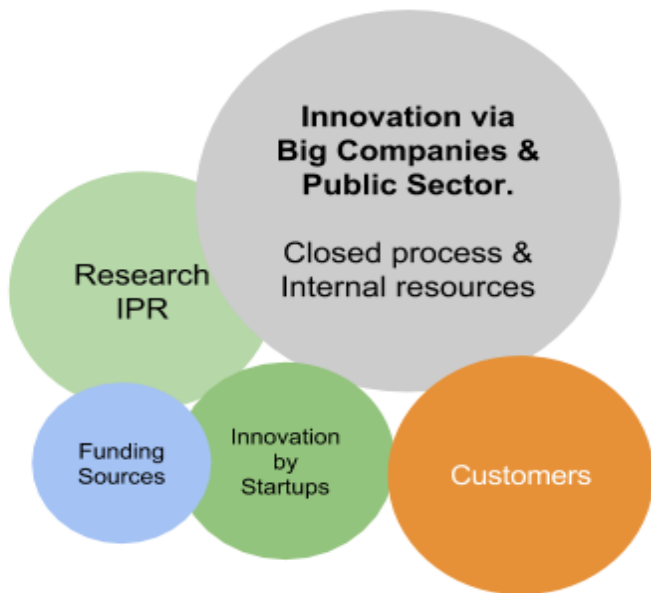


# PRODUCT INNOVATIONS ...



# INNOVATION FOR STARTUPS

## Innovation Ecosystem



## Startup Ecosystem



# Most successful startups...



Nike Hyperdunk+ Sensor



Nike+ FuelBand



Nike+ SportBand

Nike+ Sportwatch



Nike+ GPS



NikeFuel

NikeFuel



# The Innovation Landscape Map

When creating an innovation strategy, companies have a choice about how much to focus on technological innovation and how much to invest in business model innovation. This matrix, which considers how a potential innovation fits with a company's existing business model and technical capabilities, can assist with that decision.

<p>REQUIRES <b>NEW</b> BUSINESS MODEL</p>	<p><b>DISRUPTIVE</b></p> <ul style="list-style-type: none"><li>• Open source software FOR SOFTWARE COMPANIES</li><li>• Video on demand FOR DVD RENTAL SERVICES</li><li>• Ride-sharing services FOR TAXI AND LIMO COMPANIES</li></ul>	<p><b>ARCHITECTURAL</b></p> <ul style="list-style-type: none"><li>• Personalized medicine FOR PHARMACEUTICAL COMPANIES</li><li>• Digital imaging FOR POLAROID AND KODAK</li><li>• Internet search FOR NEWSPAPERS</li></ul>
<p>LEVERAGES <b>EXISTING</b> BUSINESS MODEL</p>	<p><b>ROUTINE</b></p> <ul style="list-style-type: none"><li>• A next-generation 3 series FOR BMW</li><li>• A new index fund FOR VANGUARD</li><li>• A new 3-D animated film FOR PIXAR</li></ul> <p>LEVERAGES <b>EXISTING</b> TECHNICAL COMPETENCES</p>	<p><b>RADICAL</b></p> <ul style="list-style-type: none"><li>• Biotechnology FOR PHARMACEUTICAL COMPANIES</li><li>• Jet engines FOR AIRCRAFT MANUFACTURERS</li><li>• Fiber-optic cable FOR TELECOMMUNICATIONS COMPANIES</li></ul> <p>REQUIRES <b>NEW</b> TECHNICAL COMPETENCES</p>

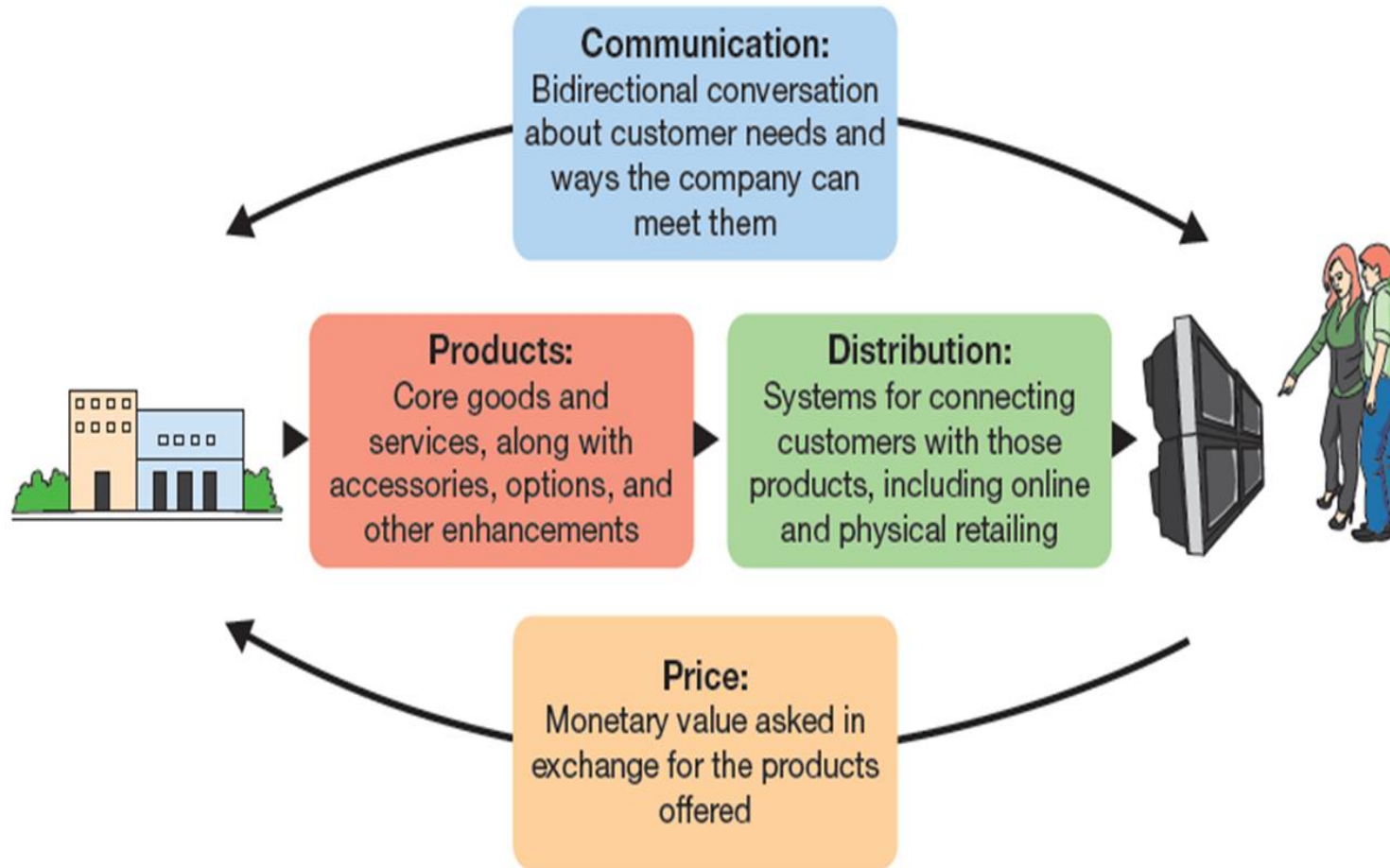
# THE MARKETING MIX

## Marketing mix

- The four key elements of marketing strategy: product, price, distribution, and customer communication



# Exhibit 12.8 The Marketing Mix



# Marketing Mix Example – iPhone6

## Product

Advanced smartphone  
Leading-edge performance  
High-res camera  
Vast App ecosystem

## Price

£539-£789 depending on configuration  
Discounted if bought with data tariffs

## Place

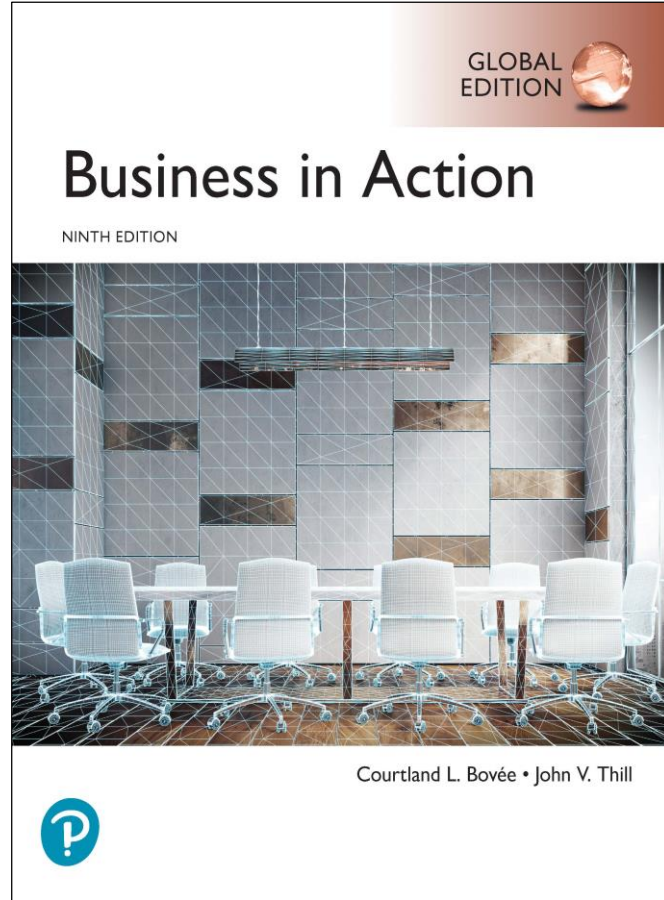
Direct from Apple  
Sold by mobile phone networks  
most electronic retailers / e-tailers

## Promotion

Widespread launch PR  
Social media  
Extensive online & other media advertising  
Product placement

# Business in Action: Thriving in the Digital Enterprise

Ninth Edition, Global Edition



## Session 3

### 3. Marketing Overview

3.1 The Changing Environment

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**3.3 Marketing Communication**

**- Customer Communication**

**- Product Distribution**

# CUSTOMER COMMUNICATION



## Social communication model

- An approach to communication based on interactive social media and conversational communication styles

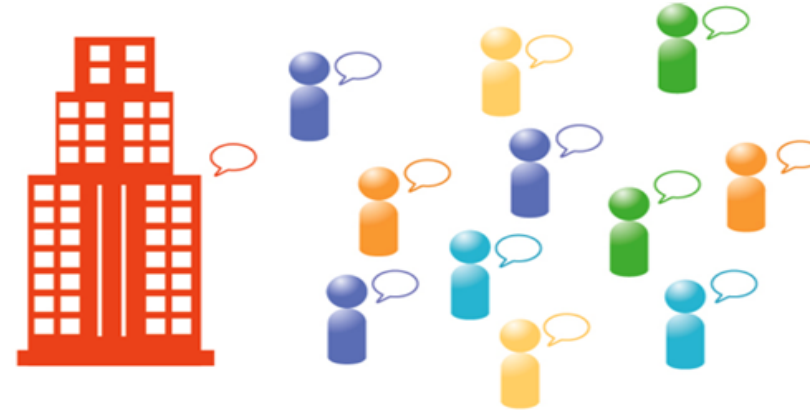
# EXHIBIT 14.1 THE SOCIAL MODEL OF CUSTOMER COMMUNICATION



## Conventional Promotion: “We Talk, You Listen”

### Tendencies

Publication, broadcast  
Lecture  
Intrusion  
Unidirectional  
One to many; mass audience  
Control  
Low message frequency  
Few channels  
Information hoarding  
Static  
Hierarchical  
Structured  
Isolated  
Planned  
Resistive



## The Social Model: “Let’s Have a Conversation”

### Tendencies

Conversation  
Discussion  
Permission  
Bidirectional, multidirectional  
One to one; many to many  
Influence  
High message frequency  
Many channels  
Information sharing  
Dynamic  
Egalitarian  
Amorphous  
Collaborative  
Reactive  
Responsive

# CUSTOMER COMMUNICATION: CHALLENGES, STRATEGIES, AND ISSUES

1. Establish clear communication goals
2. Define compelling messages to help achieve those goals
3. Outline a cost-effective media mix to engage target audiences



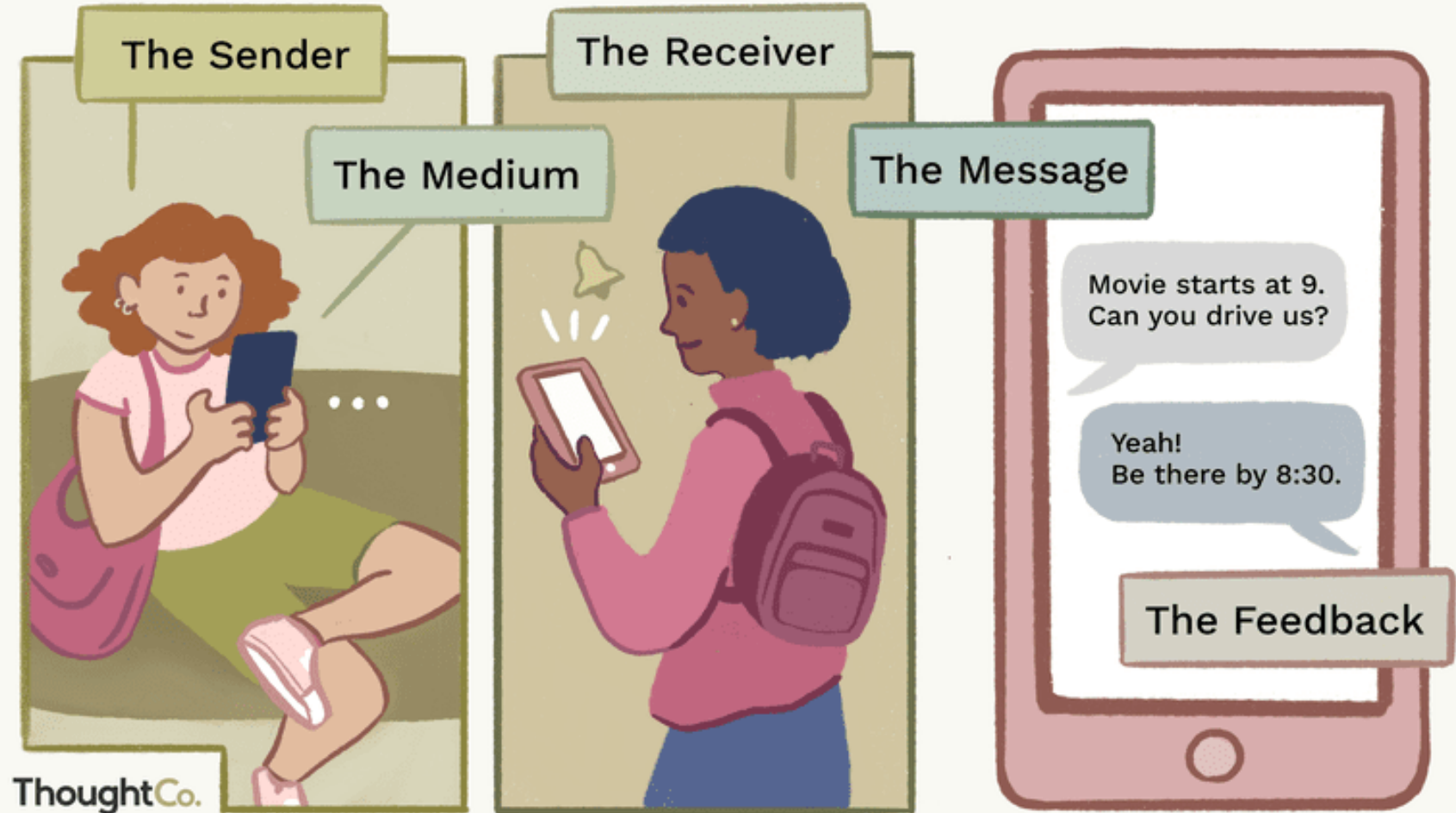
# ESTABLISHING CLEAR COMMUNICATION GOALS

- Generating awareness
- **Providing information** and creating positive emotional connections
- Building preference
- **Stimulating action**
- Reminding past customers

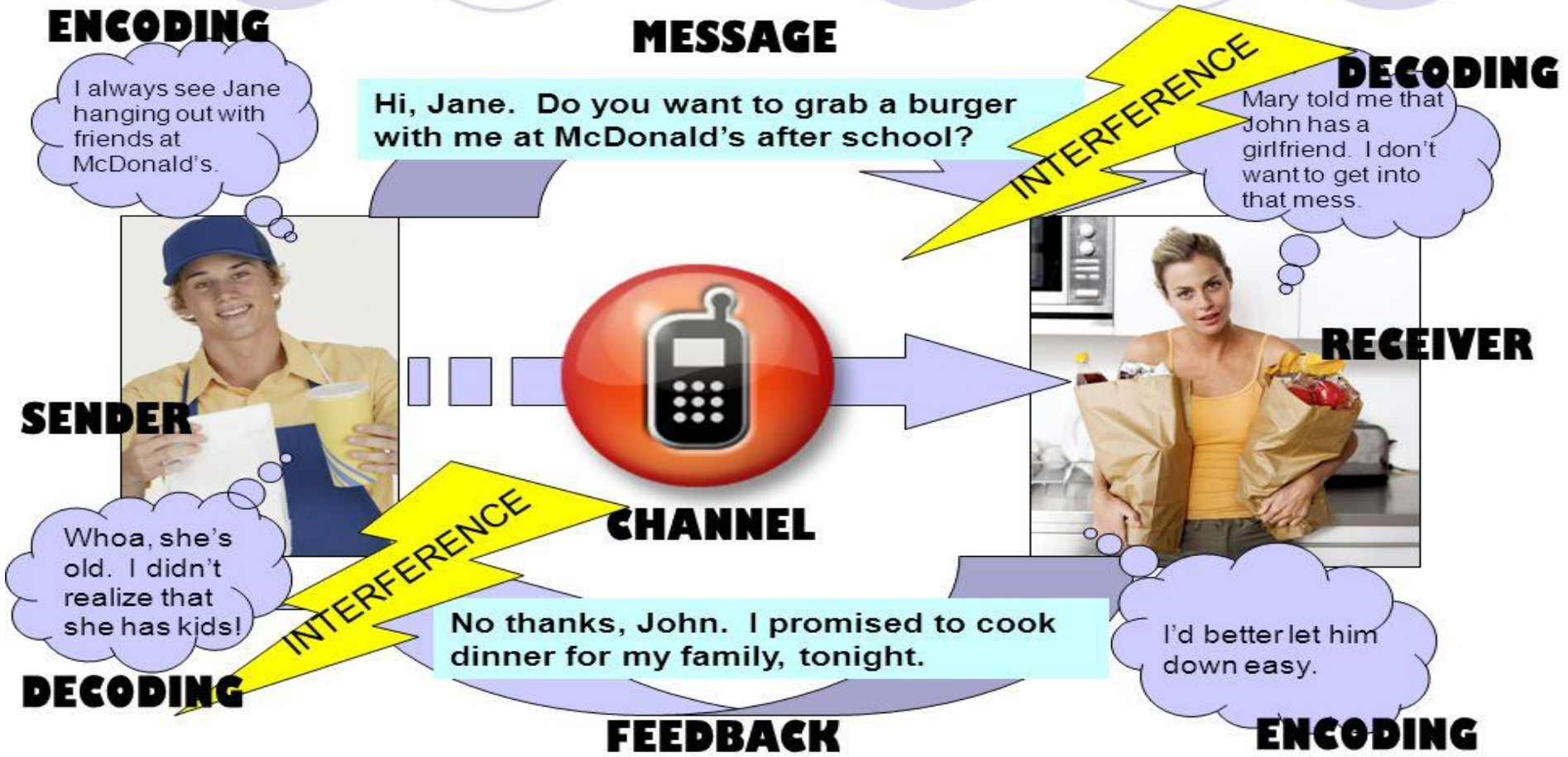


# DEFINING CUSTOMER MESSAGES

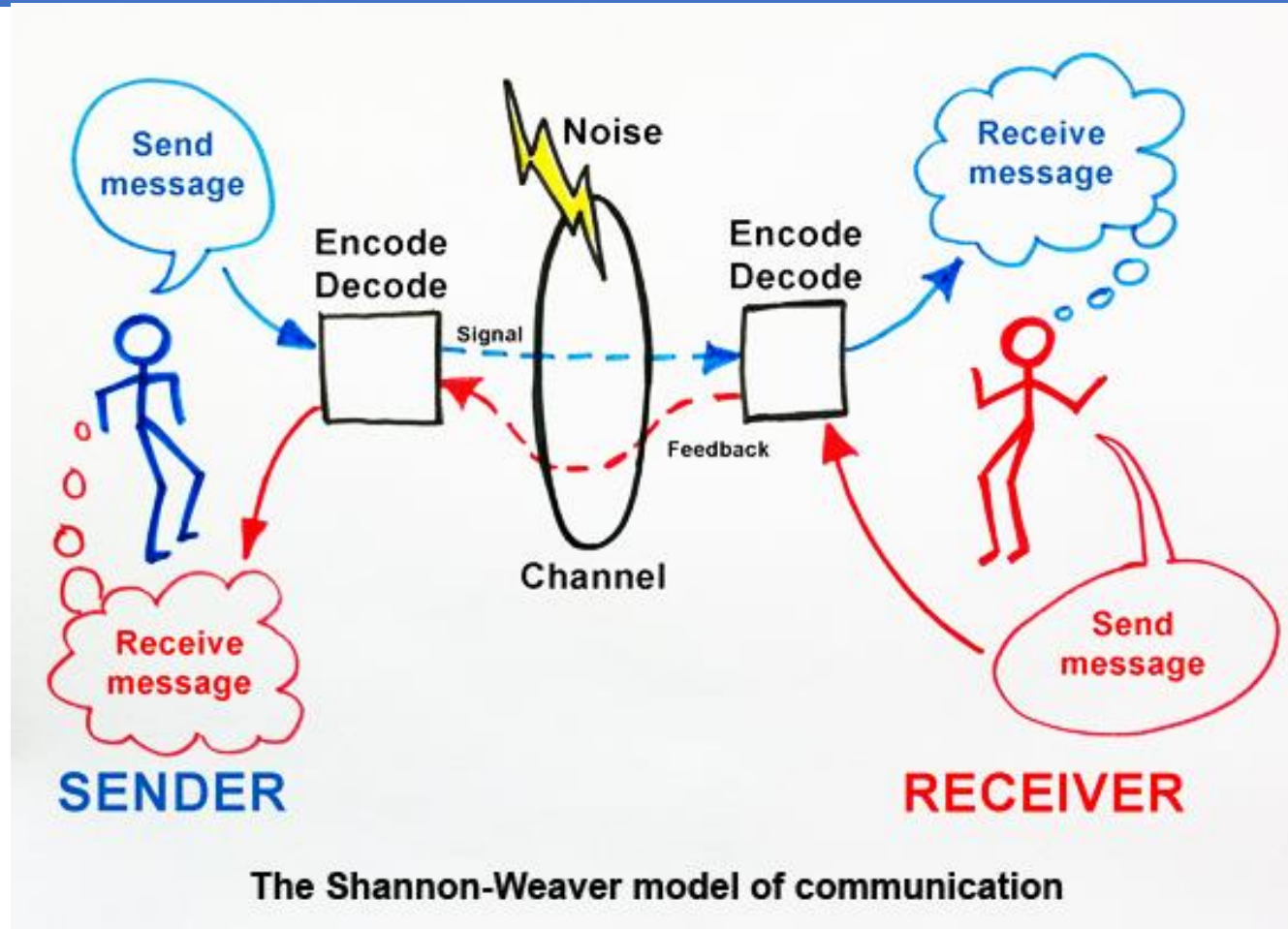
## Elements of the Communication Process



# The Communication Process



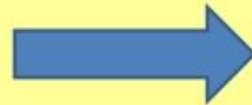
# DEFINING CUSTOMER MESSAGES



# DEFINING CUSTOMER MESSAGES

## The Encoding – Decoding Model

- The Media **ENCODE** ideologies into the media texts



The audience **DECODE** the Messages – an active process – they think!



# DEFINING CUSTOMER MESSAGES

## Core message



- The single most important idea an advertiser hopes to convey to the target audience about its products or the company

BRAND PROMISE	BRAND TAGLINE
The value proposition in one sentence. Clearly states the specific benefit.	A bigger, holistic, state of being. A philosophy.
Simple and easy to understand	Can have deeper, layered meanings
Indicates a solution to a problem	Inspires a feeling

# Defining Customer Messages

## Brand Tagline Examples

- Core message

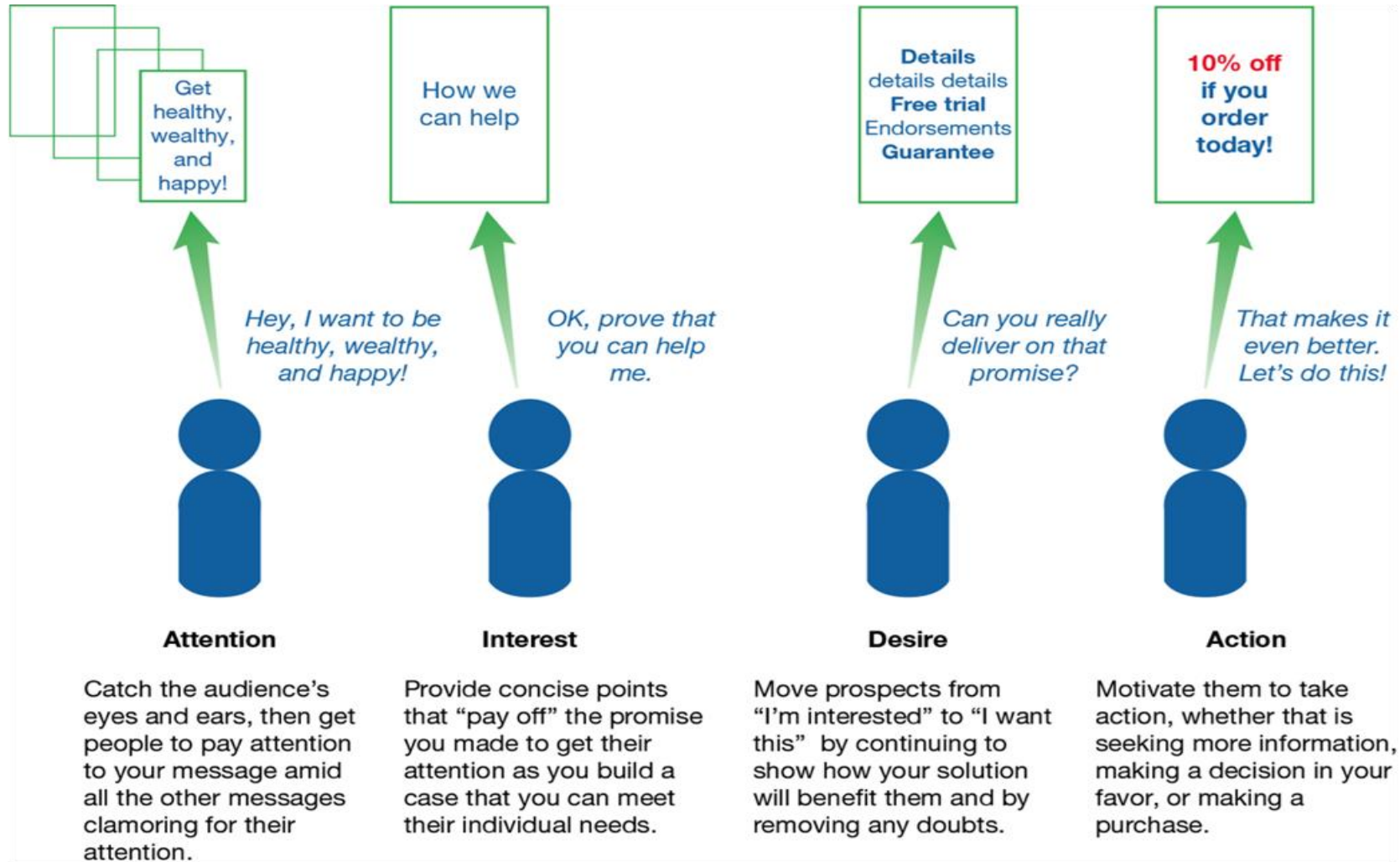
BRAND	TAGLINE	THE FEELING THE BRAND INSPIRES
	Think different	Don't follow the crowd, be a trendsetter. Be new, fresh.
	Just do it	Be energized. You can achieve anything.
L'ORÉAL	Because you're worth it	Love and pamper yourself. You're special.

# Defining Customer Messages

- Core message

BRAND	BRAND PROMISE	BRAND VALUE PROPOSITION
	The World on Time	On-time deliveries
	Eat Fresh	Fresh food
	The citi never sleeps	24-hr banking

# EXHIBIT 14.2 THE A I D A MODEL OF PERSUASIVE COMMUNICATION- IN GENERAL



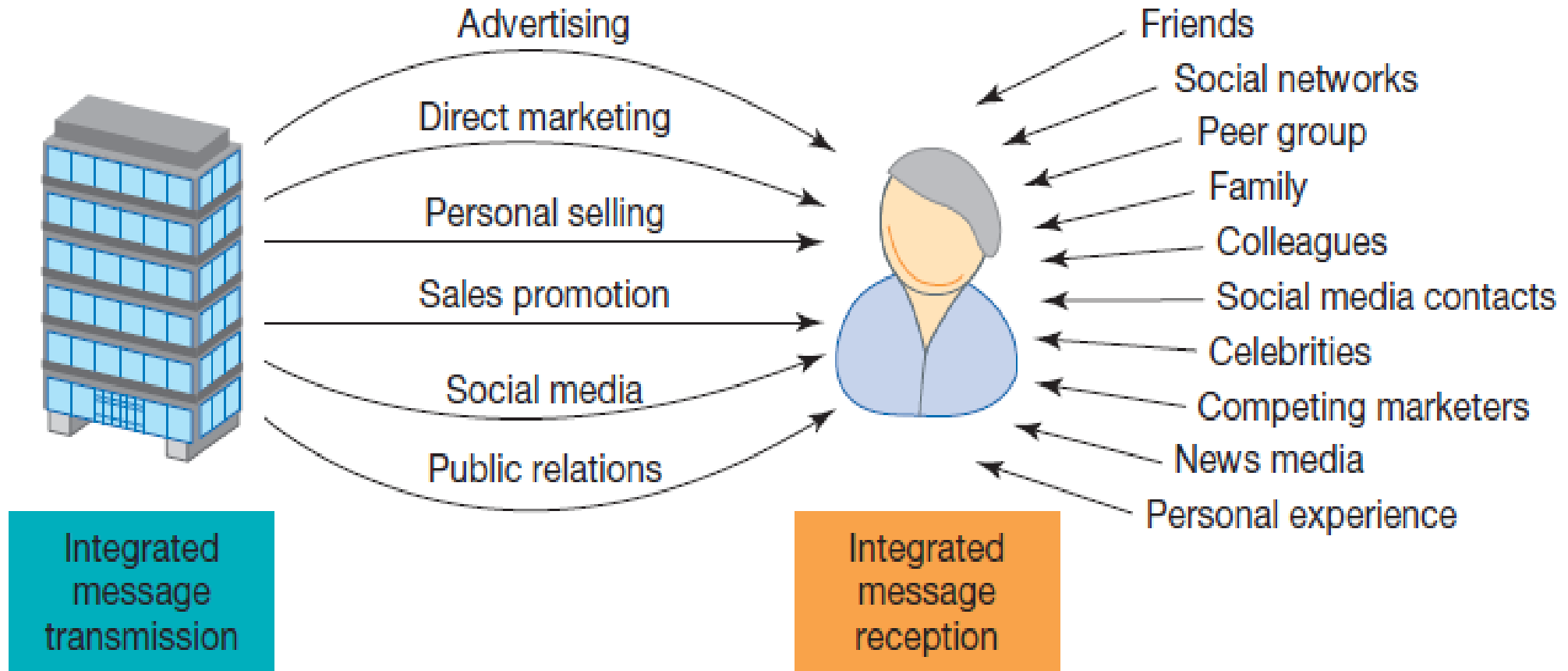
# COMMUNICATION

## Communication mix

- **A blend of communication vehicles**— advertising, direct marketing, personal selling, sales promotion, social media, and public relations—that a company uses to reach current and potential customers



# EXHIBIT 14.3 MESSAGE INTEGRATION IN CUSTOMER COMMUNICATION



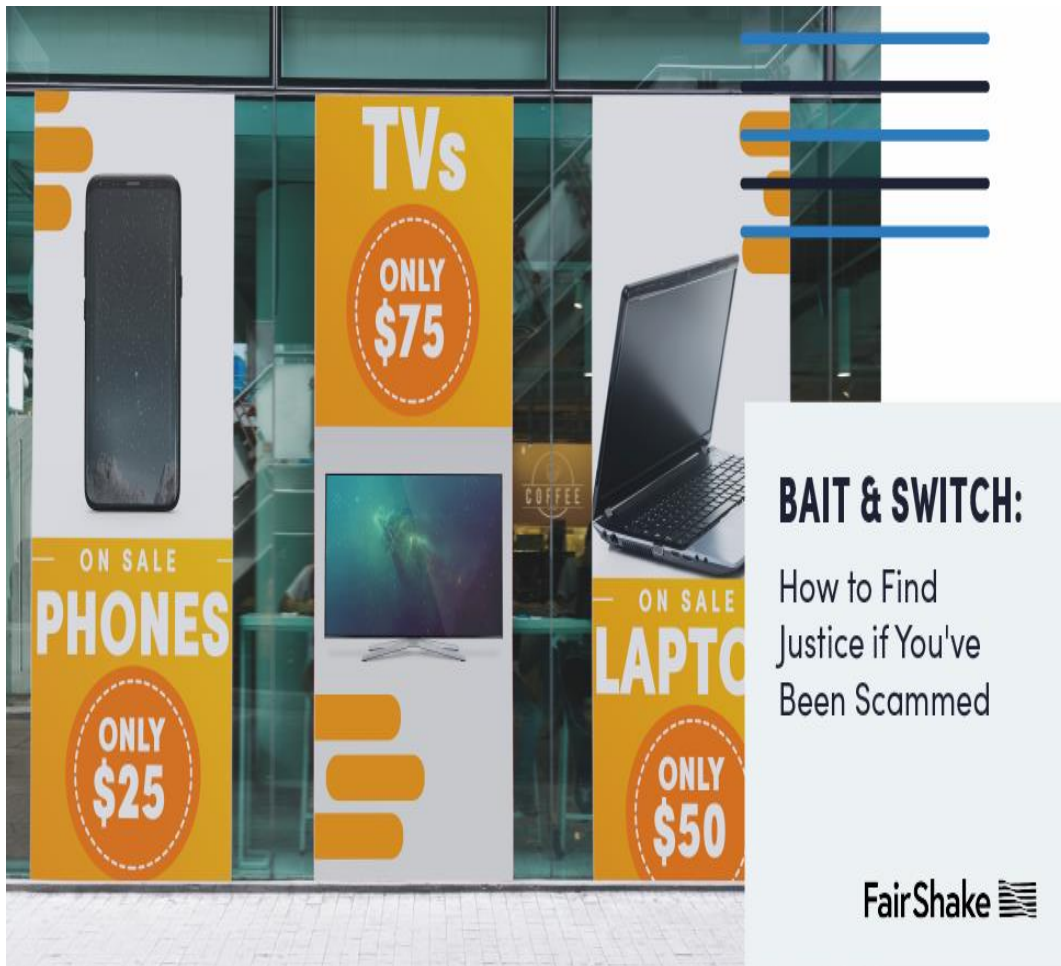
# ASSEMBLING THE COMMUNICATION MIX

## Integrated Marketing Communications (IMC)

- A strategy of coordinating and integrating communication and promotion efforts with customers to ensure greater efficiency and effectiveness



# COMMUNICATION LAWS AND ETHICS



- Marketing and sales messages must be truthful and non-deceptive
- You must back up your claims with evidence
- Marketing messages and websites aimed at children are subject to special rules
- **Bait and switch” advertising is illegal**

One of the most common examples of bait and switch advertising appears in **offers from car dealerships**. For instance, the car dealership will typically run an ad that says they have a limited supply of a specific model of motor vehicle that they will sell at an unusually rare and low price.

# ADVERTISING



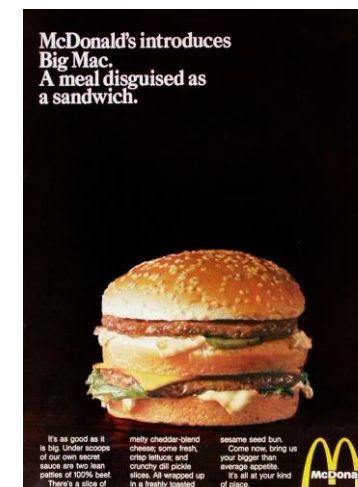
## Advertising

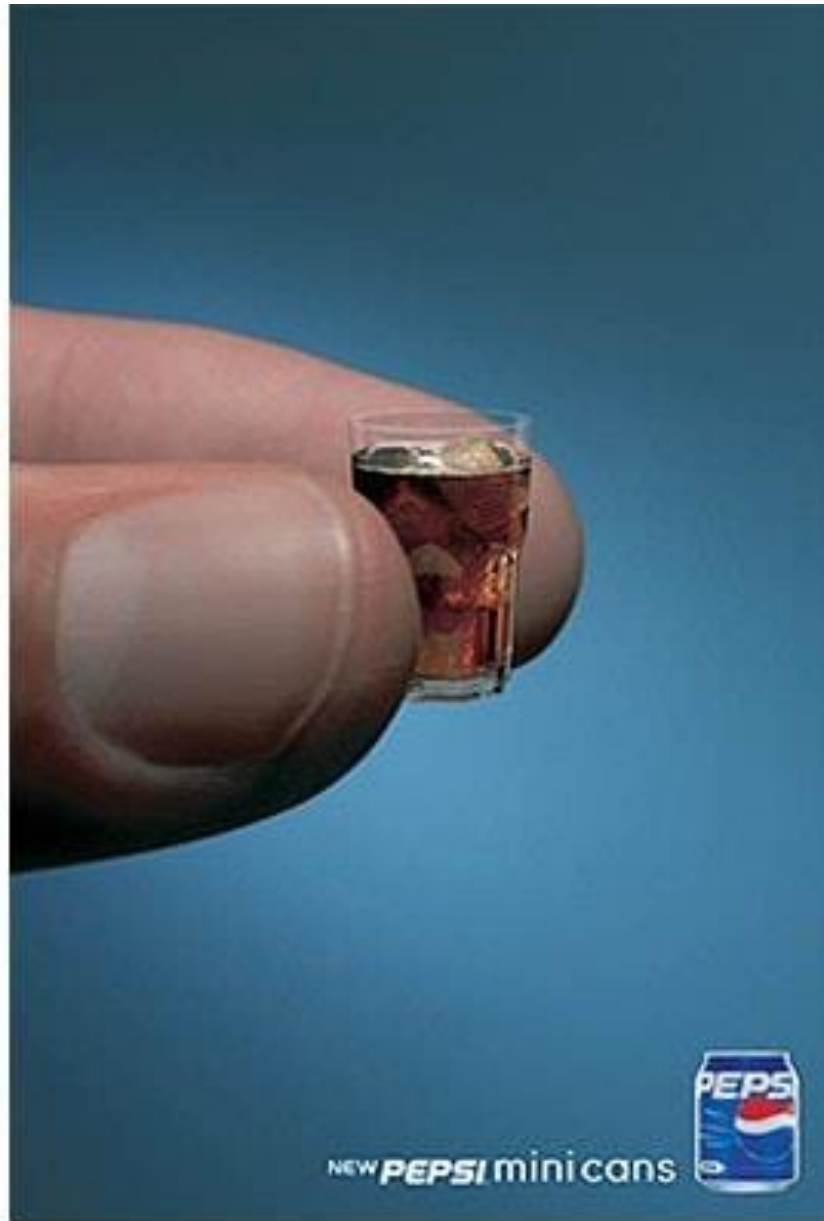
- The delivery of announcements and promotional messages via time or space purchased in various media

# ADVERTISING APPEALS

## Advertising appeal

- A creative tactic designed to capture the audience's attention and promote preference for the product or company being advertised
- **Logic, emotion, humor, celebrity, sex, music, scarcity**





# the Days of the Laziness



webneel.com

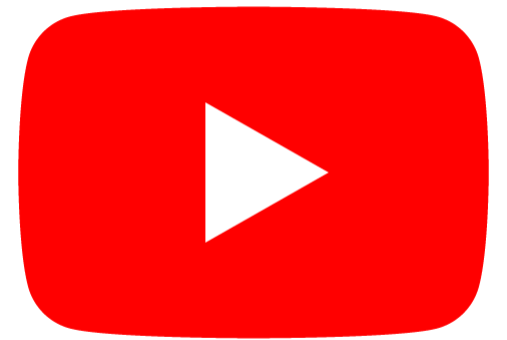
We meet there all.

**BUT**



### IKEA creative ad

Best Ads Channel · 1.4M views · 6 years ago



# EXHIBIT 14.4 EMOTIONAL AND LOGICAL APPEALS

## Balancing Emotion and Logic

Example: promoting an electronic security system



Consumers

Businesses



Emotion

Logic



Emotion

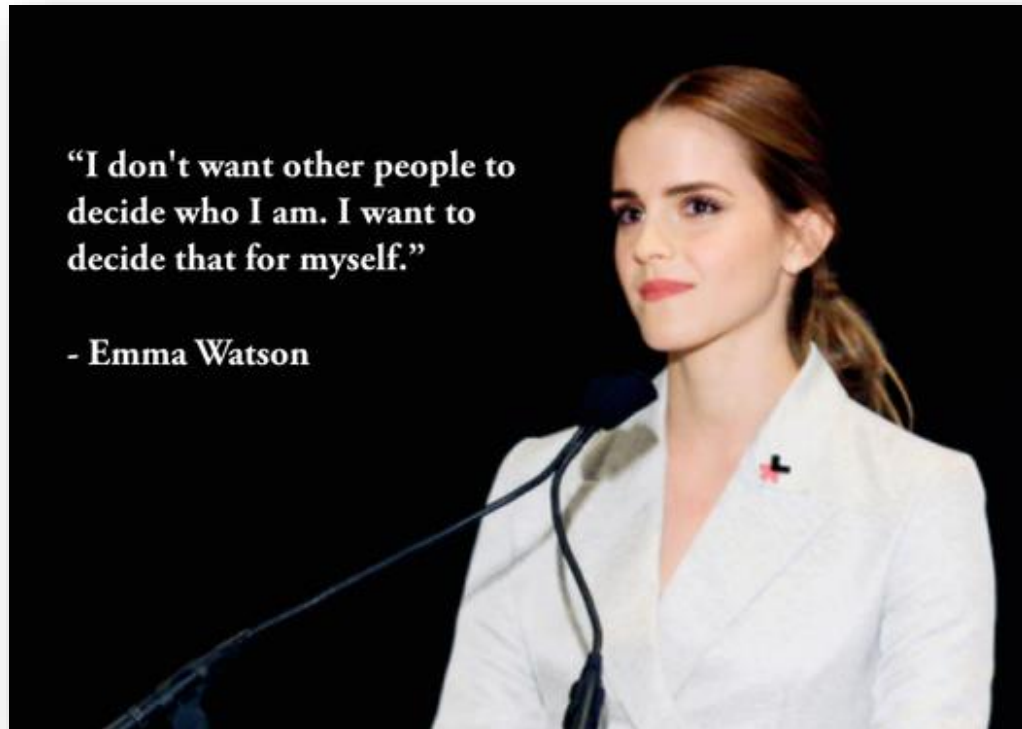
Logic

“Are your loved ones and your most precious possessions safe from intruders?”

“Reduce inventory loss and property damage—and get a better deal on your facilities insurance”



# EMOTIONAL APPEAL



# RATIONAL APPEAL

## RATIONAL APPEAL

The functional benefits of a product is highlighted. Industrial buyers are most responsive to rational appeal. This is generally product oriented appeal.

Types:-

- High quality appeals
- Low price appeals
- Long life appeals
- Performance minted appeals
- Scarcity appeals
- Economy appeal
- Ease to use oriented appeals



# ADVERTISING MEDIA



They just can't click with the new generation.  
**the** **INTERNSHIP**

## Advertising media

- Communication channels, such as newspapers, radio, television, and the World Wide Web

## Product Placemat

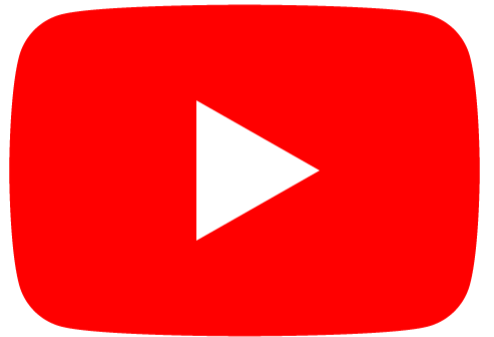
- The paid display or use of products in television shows, movies, and video games



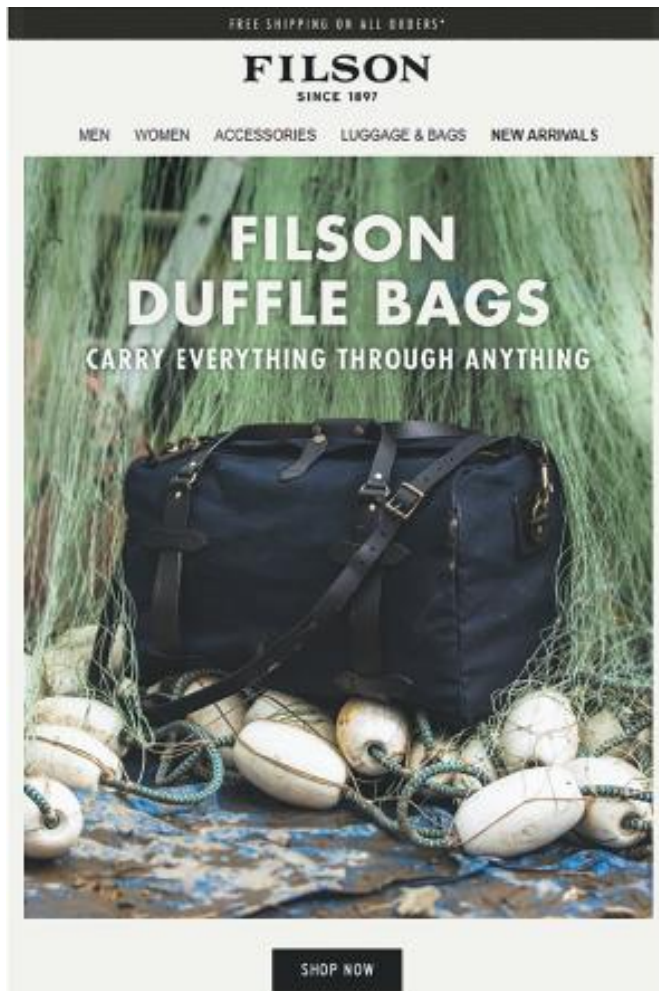
INSIDER

## Netflix Shows Are Full of Brands – But Is It Product Placement? | Movies Insider

Insider · 482K views · 2 years ago



# EXHIBIT 14.5 COMBINING ADVERTISING APPEALS



This is a heavy cotton canvas that is not only **super durable**, but also has a nice and soft hand feel and wears magically over time. Rugged Twill is simply amazing, and so much better than nylon for a bag like this that it is hard to quantify.

# EXHIBIT 14.6 ADVANTAGES AND DISADVANTAGES OF MAJOR ADVERTISING MEDIA (1 OF 3)

Medium	Advantages	Disadvantages
Television	Great impact; broad reach; appeals to senses of sight, sound, and motion; creative opportunities for demonstration; high attention; entertainment carryover; low cost per contact	High cost for production and air time; less audience selectivity; long preparation time; commercial clutter; short life for message; vulnerable to being skipped or muted; losing ground to new media options
Radio	Low cost; high frequency; immediacy; highly portable; high geographic and demographic selectivity; creative potential with sound and music	No visual possibilities; short life for message; commercial clutter; lower attention and narrower reach than television; declining audience share; low level of engagement



# EXHIBIT 14.6 ADVANTAGES AND DISADVANTAGES OF MAJOR ADVERTISING MEDIA (2 OF 3)



## Medium

## Advantages

## Disadvantages

Print (magazines and newspapers)

Newspapers: Extensive market coverage; low cost; short lead time for placing ads; good local market coverage; geographic selectivity; credibility.

Newspapers: Poor graphic quality; short life span; cluttered pages; visual competition from other ads; printed newspapers have rapidly declining readership in many cities; declining readership, particularly among younger consumers

Magazines: Good production quality; long life; selective market selectivity; authority and credibility; multiple readers extend reach of each issue; close bond with readers

Magazines: Limited demonstration possibilities; long lead time between placing and publishing ads; a lot of ad clutter; high cost; declining readership for many titles

# EXHIBIT 14.6 ADVANTAGES AND DISADVANTAGES OF MAJOR ADVERTISING MEDIA (3 OF 3)



Medium	Advantages	Disadvantages
Out-of-home	Low cost per impression; high contact frequency on busy routes; digital billboards command attention; geographic Targeting	Short exposure time for many messages; limited content potential; significant clutter in many environments
Digital	Rich media options and interactivity can make ads more compelling and more effective; changes and additions can be made quickly and easily in most cases; webpages can provide an almost unlimited amount of information; can be measured and personalized through tracking and targeting capabilities; instant links to online retailing and influence on store-based retail sales; social media connections can spread marketing messages through word of mouth	Low click-through rates; extreme degree of audience fragmentation (millions of websites); increasing clutter; not as portable as magazines or newspapers (except for mobile use); ad-blocking software can prevent ads from being displayed; risk of being displayed next to inappropriate Content



# 10 Types of Digital Marketing Channels You Need to Use



# Apps



# Digital Magazine

A digital magazine — otherwise known as an online magazine or, once upon a time, an e-magazine — is **a magazine that has been published digitally using the web or an app**. Unlike print magazines, digital magazines can include links, more high-resolution images, video, audio, and web animations.

**Digital magazines can reach readers on a global scale because they have become an intensely engaging way** to hold a reader's interest while at the same time maintaining loyalty even if readers move to another location. Digital magazines permit publishers to send content to readers no matter where they are



# Digital Magazine

## Benefits of Publishing Digital Magazines

- Easy access to content. The most important reason as to why digital magazines are preferred is that we spend a lot of our time online. ...
- Instantaneous Access. ...
- Portable and Convenient. ...
- Global Presence. ...
- Interactivity. ...
- Cost-Efficient. ...
- Analytics. ...
- Sustainability.





## Why all 35 L'Oreal brands are using influencers



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