

Understanding Marketing



1. Discuss the role marketing plays in the operations of a business.

Marketing plays a central role in the operations of the business. Marketing refers to satisfying consumer's needs and wants. In order to satisfy consumers the operations of a business need to reflect the satisfaction of needs and wants through product, price, promotion and place strategies. The most obvious role that marketing plays in the business is that it links the customer to the product, and therefore the business. As a result, the operations of the business must be focused on providing a product that customers wish to buy, at a price they are willing to pay, in an accessible location and promoted in such a way that customers are aware of the product and its advantages.

2. Consider a tile manufacturer and distributor selling tiles from a shop attached to its manufacturing plant. Outline which markets this business is most likely to be operating in.

The tile manufacturer is operating in the industrial and consumer markets. The tile manufacturer operates in the consumer market through the shop to households and businesses. The tile manufacturer may also sell products to tile retailers.

3. A store selling only 'gothic' clothing opens up in Sydney's CBD. Justify whether this business is targeting a niche or mass market.

The store is targeting a niche market, segmented according to geographic and psychographic factors. The store is geographically located in the Sydney CBD and the clothing appeals to a specific lifestyle and personality. The business has identified that it has a product that appeals to a specific customer who may be geographically dispersed, and by locating in a central place, the shop has made itself accessible to these customers.

4. Briefly examine how the focus of marketing has changed for business over the last century.

The focus of marketing has changed from production and selling orientations to consumer orientations. Initially, the role of marketing was to produce maximum output irrespective of consumer needs or wants. The transition to the selling orientation refers to the increased focus on promoting the products to consumers. The most contemporary marketing orientation is consumer-orientated and is focused on finding out what customers want, and providing them with the product that most satisfies this want.

5. Explain what is meant by the marketing concept and explain how relationship marketing relates to the marketing concept.

The marketing concept refers to the role of a business to satisfy the needs and wants of the consumer. Relationship marketing has many links to the marketing concept, as it is based on the premise of a consumer-orientated approach to marketing and values customer loyalty. Relationship marketing processes include building a client base and centralising the marketing mix around satisfying the needs and wants of consumers. For example, a department store that provides loyalty incentives to customers such as cards, discounts and special shopping events is engaged in relationship marketing.

6. Identify the first step in the marketing planning process and the role of the product life cycle in the planning process.

The first step in the marketing planning process is to conduct a situational analysis as this allows the business to identify its current situation, including such things as customers and competitors. The product life cycle represents a significant model to analyse a product. The objective of the product life cycle is to identify which stage the product has passed through and situate the product in the introduction, growth or maturity or decline stage. Analysis of the product in the product life cycle has implications on the selection of marketing strategies, as each stage comes with specific issues and strategies.

7. Dave has just opened a new skateboard retail store in Wollongong. List FOUR possible marketing objectives for Dave's first year of operations.

Dave needs to make sure that his objectives are realistic, achievable and have time limits. Examples of marketing objectives in the next twelve months include increasing product awareness by 10% of the target market, 7% profit margin on all skateboards, \$500 000 sales revenue and open four skateboard retail stores in NSW.

8. List TWO internal factors and TWO external factors that could influence Dave's marketing strategies.

Two internal factors that could influence Dave's marketing strategies are an innovative skateboard product range and strong sales team. Two external factors that could influence Dave's business are an increasing level of competition and a downturn in the economy.

9. Explain the role of financial forecasts in the marketing planning process.

The role of financial forecasts in the marketing planning process is to predict the costs, revenue and products associated with a particular marketing plan. Financial forecasts are critical to the marketing plan. Forecasts can reveal the potential strengths, weaknesses, opportunities and threats of a situational analysis in financial terms. Forecasts are useful quantitative measures of a marketing plan's effectiveness by measuring actual revenue, costs and profits against the marketing objectives. If a business starts a marketing campaign without developing or referring to a financial forecast, it may find that it will not have enough funds to cover all stages of its marketing plan.

10. Distinguish between primary and secondary data, and discuss whether there is likely to be any difference to a business in the efficiency of either form of data.

Primary data is collected by the business and secondary data is initially collected by an external source. Typically, primary data collection is a timely and expensive process that provides specific information. Generally, secondary data is characterised as generic data for an industry or market. Secondary data is commonly, less expensive and can be easily accessed. In terms of efficiency, secondary data is efficient for the purposes of identifying and analysing opportunities and threats in the market. Primary data is an efficient market research process for the purposes of gathering specific information about consumers or products and, as a result, relevant to the actual customers of a business.

11. Outline TWO types of customers and identify which markets those consumers would purchase from.

Households and firms are two common types of customers. Households refer to the individuals who are involved in making purchasing decisions for themselves or their households. Firms purchase products as inputs into the production process and other operational reasons. Households purchase products and services in the consumer market. Firms purchase products and services in the resource or industrial markets, dependent upon the products which are produced by the firm.

12. Summarise the key factors influencing consumer choice.

The key factors influencing customer choice are psychological, socio-cultural, government and economic factors. Psychological factors refer to an individual's personality, self perception, personal motivations and attitudes. Socio-cultural factors are features of a person's background or culture and their social status. Psychological and socio-cultural factors influence the consumers' choice of products which are consistent with their background and attitudes. Economic factors refer to a customer's income, which influences their capacity to purchase products and services. Government factors refer to the regulation of business activities and can affect a product's features, price, distribution channel and promotional strategies.