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PRINCIPLES OF MARKETING

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PRINCIPLES OF MARKETING

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PRINCIPLES OF MARKETING

DPM10013

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Abstract

The goal of the **Principles of Marketing (Part A**) eBook is to enhance students understanding of Marketing. This eBook can be used by students as a quick reference to help them grasp the topic and cases in Principles of Marketing. This edition of eBook has four chapter and for each topic, questions are accessible to show understanding of topic. It can also assist students in exercising and testing their knowledge.

Topic 1 : Overview Marketing

This topic gives an overview of Marketing in the terminologies, philosophies and concepts involve in marketing.

Topic 2 : Marketing Environment

The objective of this chapter is to explain how the marketing environment affects the micro and macro environment.

Topic 3 : Consumer and Business Market

This topic will assist students to categorize types of consumer and business markets, to analyze the characteristic between consumer and business market.

Topic 4: Market Segmentation, Targeting And Positioning

The students must understand the Market Segmentation, Targeting And Positioning before they go further in marketing. This topic can assist the marketers in effectively segment the market into narrow segments.

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(Explain market segmentation, Explain market targeting, Explain market positioning, Other information, Exercises, Discussion and Check Your Learning Outcome)

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Synopsis

PRINCIPLES OF MARKETING provides knowledge to students regarding the concepts and terminologies in marketing. This course emphasizes the marketing principles; the environment; segmentation, targeting and positioning; and marketing mix focusing on the consumer market.

PLO

PROGRAMME LEARNING OUTCOMES:

PLO 1 : Apply good understanding of concepts and theories in the field of marketing.

PLO 6 : Demonstrate the ability of being a responsible individual either as a leader or a member of a team by using social skills in delivering messages, thoughts and feelings with others.

CLO

COURSE LEARNING OUTCOMES:

Upon completion of this course, students should be able to:

CLO1 : Explain concepts and terminologies in the marketing field. (C2 , PLO 1)

CLO2 : Apply the knowledge of marketing strategies and marketing mix that are relevant to the organizations' objectives. (C3 , PLO 1)

CLO3 : Present with confidence the marketing mix strategies to show the ability as a leader and working in a team. (A2 , PLO 6)

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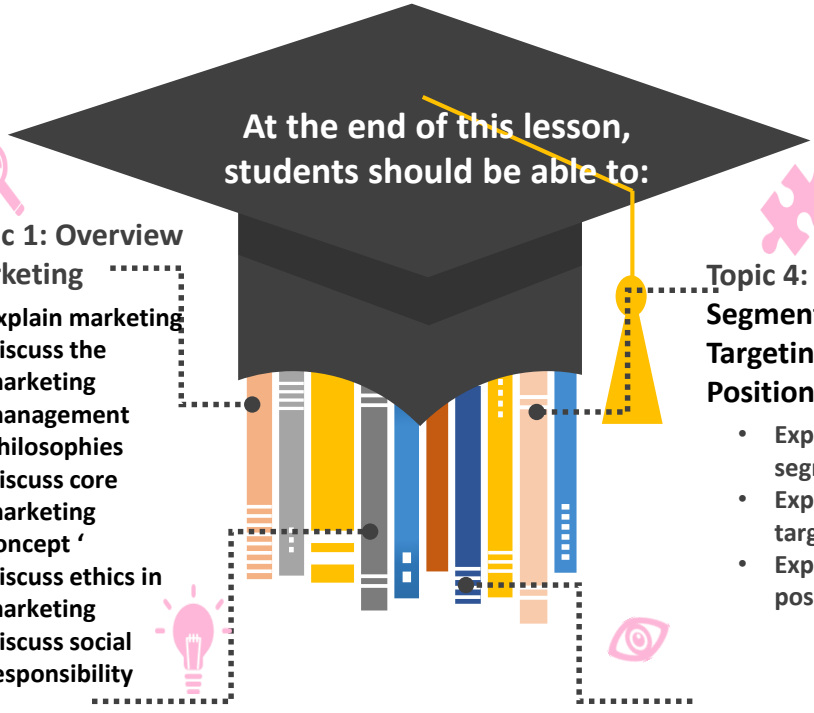
Learning Outcome



Topic 1: Overview Marketing

- Explain marketing
- Discuss the marketing management philosophies
- Discuss core marketing concept ‘
- Discuss ethics in marketing
- Discuss social responsibility

Topic 2: Marketing Environment

- Examine the company’s microenvironment
- Examine the company's macro environment

Topic 3: Consumer and Business Market

- Explain consumer and business market
- Examine the characteristic between consumer and business market

Topic 4: Market Segmentation, Targeting And Positioning

- Explain market segmentation
- Explain market targeting
- Explain market positioning .

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PART A

TOPIC 1
OVERVIEW MARKETING

What Is Marketing?

Marketing generally is the process of individuals and groups obtain their needs and wants through creating and exchanging values with others.

Definition of Marketing

CIM, 2007
The Chartered Institute Of Marketing

According to CIM (2007), Marketing is defined as the management process to identify, anticipate and satisfy customer requirement profitably.

AMA, 2007
American Marketing Association

AMA (2007), define marketing as an activity, set of institutions or processes for creating communication, delivering and exchanging offerings that have value for customers, clients, partners and society at large.

Philip Kotler
American marketing author, consultant, and professor

Philip Kotler, define marketing as the process by which companies create value for customers and build strong customer relationships in order to capture value from customers in return.

Marketing Old VS New

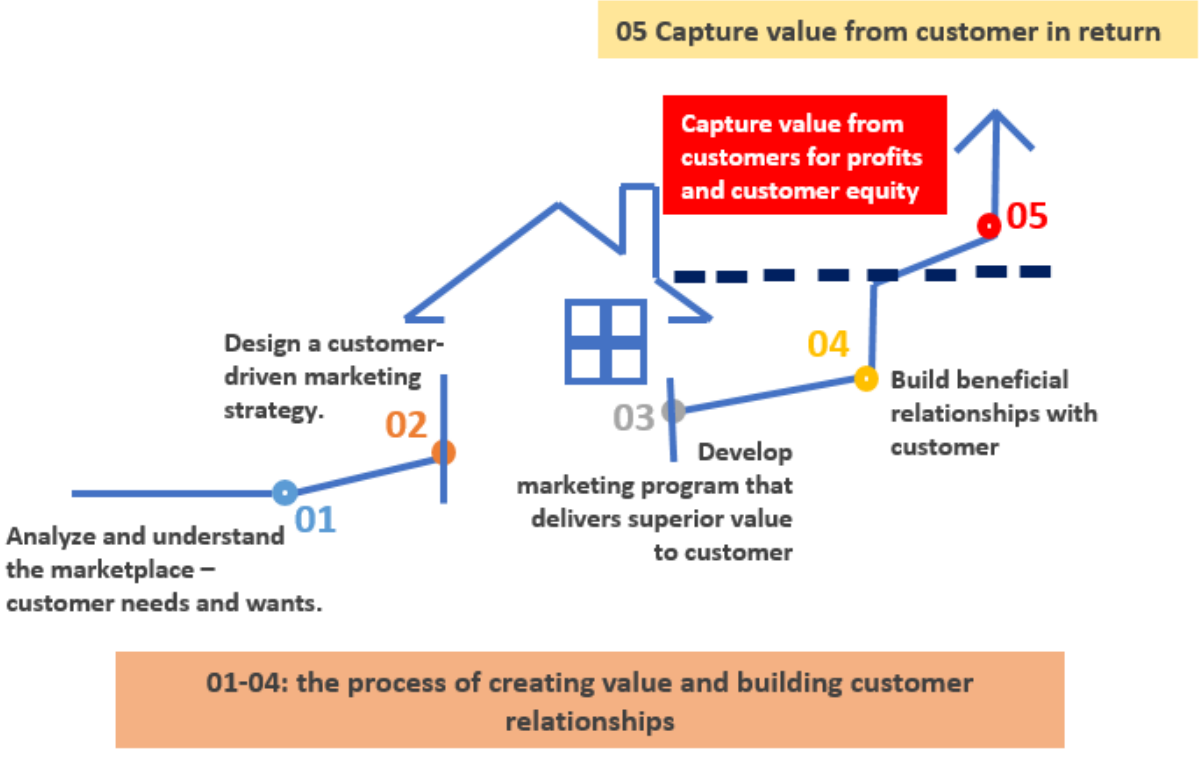
Old view of marketing

All about Making sales (strategy of Telling and Selling).

Current view of marketing

Creating values to satisfy customer needs.

Marketing Process (Five-Step Model)



Design A Customer-driven Marketing Strategy – Determines and Create Value for Customer

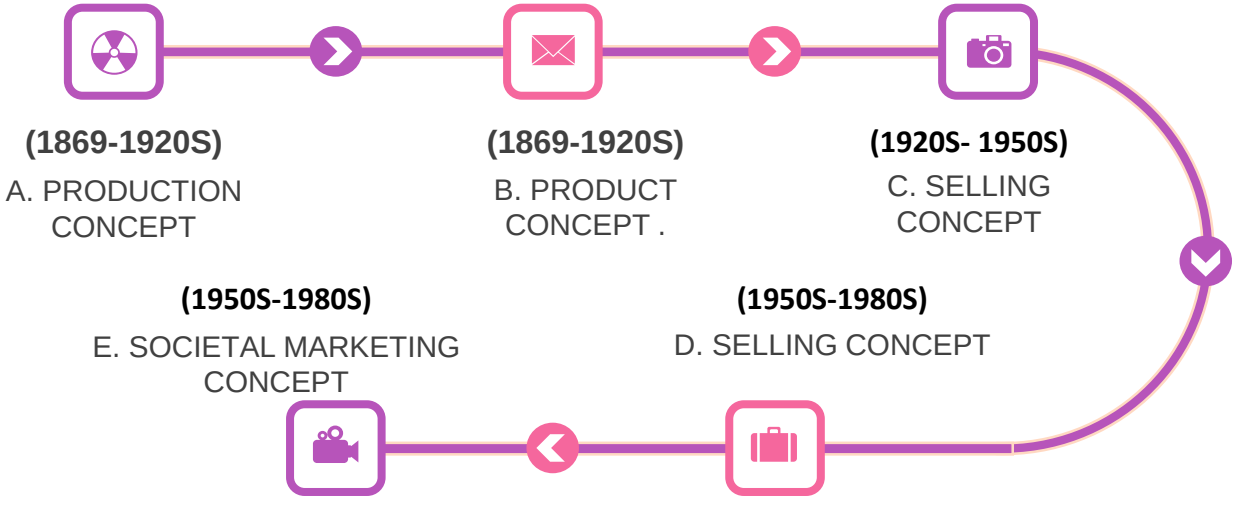
Customer Management

- ✓ Determine what type of customers to be served.
- ✓ Select profitable customers that can be served.

Value Proposition

- ✓ The best way to serve the customers.
- ✓ What are benefits or values that the company able to deliver to satisfy their customer needs.

A Customer-driven Marketing Strategy- Determines and Creating Customer Value



A) Production Concept

In Production Concept, the organization believed that consumers will choose products that are available or highly affordable. Organization should focus on improving production and distribution efficiency. People will buy a product available and affordable (or at a reasonable price). This concept is useful when demand is higher than supply (DD > SS).

Example:

- Festive Season – demand for traditional clothing will increase.
- School Seasons – demand for school uniform will increase.
- Rainy Season – demand for raincoat and umbrella will increase.

B) Product Concept

In Product Concept, consumers will favour products that offer the highest quality, performance, and features. Organizations should focus in making continuous product improvements. In high competitive market, customer will buy product that offer the most quality performance and features (continuous product improvement). However, too focusing on quality without knowing customers' needs will lead to marketing myopia.

Example: TV, Hand phone, Computers

C) Selling Concept

In Selling Concept, consumers will buy the product which undertakes a large scale selling and promotion effort. Therefore, the organization should focus on promotion and selling efforts. Selling Concept is most appropriate when SS > DD and for unsought products.

Example:

Encyclopedia, Life Insurance And Banking (Investments)

D) Marketing Concept

In Marketing Concept, the organizational goals is to understand the needs and wants of their target markets and how to deliver customer satisfactions better than competitors. In doing so, every unit in the organization must coordinate efforts to achieve long run profit goal.

Some well- known Marketing Concept:

- "Everyone can fly" – AIR ASIA
- "Berita terkini, hiburan sensasi" – TV3
- "Saya mesti pilih" – BANK RAKYAT

E) Societal Marketing Concept

In Societal Concept, organizations' marketing decisions must prioritize the consumers' wants, the organization's requirements as well as the consumers' and society's long-run interests. It's a concept of well preserve the society's well-being.

Portraying the positive image of firms

- Sponsorship from PETRONAS (selected person)
- The day without plastic
- Program "Bersamamu" – by Beras Faiza

Discussion

Explain five (5) Marketing Philosophies with the example. How do you really understand the marketing philosophies?.

(Please refer to notes pg. 5-7)

In conclusion: A customer-driven marketing strategy (Marketing Management Philosophies)

Production Concept	• Consumer favours products that are available and highly affordable. • Improve production and distribution efficiency.
Product Concept	• Consumers favor products that offer the most quality, performance, and innovative features.
Selling Concept	• Consumers will buy products, only if the company promotes/ sells these product.
Marketing Concept	• Focuses on needs/ wants of target markets and delivering satisfaction better than competitors.
Societal Marketing Concept	• Focuses on needs/ wants of target markets and delivering superior value. • Focus on society's well-being.

Understanding The Marketplace Customer Needs And Wants

Customer Needs

A state of lacking something necessary in a person.

Category of needs:

- Physiology needs – foods, shelter, clothing, transportation, handset.
- Safety needs (security – away from pain and discomfort) – insurance, safety box, CCTV.
- Social needs (love & sense of belonging) – family affections, making friends, celebrating birthdays and so on.
- Self-esteem needs – image, self-respect, accomplishment, prestige, fame and recognition.
- Self-actualization (self-fulfillment, self-expression) – be a first Malaysian climbing mount Everest.

Wants

Peoples' needs that shaped by culture and individual personality through learning processes and experience.

Example:

A person in Europe may want a plate of fish and chips and a glass of apple juice for lunch.

While in Malaysia people might prefered a plate of chicken rice and a glass of 'teh tarik'

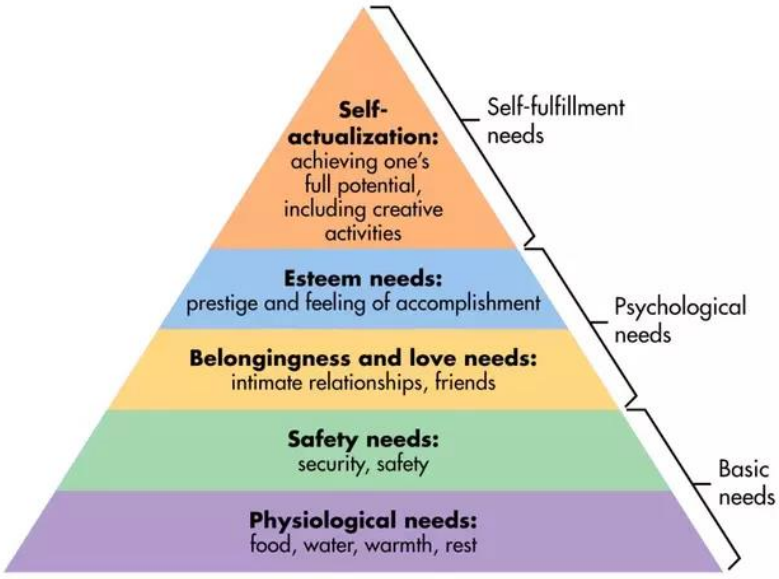
Culture (clothing):

Malay – 'Baju Kurung' and 'Baju Melayu'

Chinese – Cheong Sam

Indian – Dhoti and 'Saree'

Hierarchy Of Maslow



By Dr. Saul McLeod, updated December 29, 2020

Discussion

How does the Maslow Hierarchy of Needs affect and influence people?

(Please refer to Maslow's Hierarchy of Needs https://www.youtube.com/watch?v=O-4ithG_07Q

And any Marketing books: if you want to know in detail about the hierarchy of needs)

Demands

Created as consumers' desire supported with buying power to satisfy their needs and wants at given price.

Want + purchasing power = demand

Offerings

Offering is total products or services offer to the customer.

Products are item offered to customer for attention, acquisition or consumption that might satisfy a want and need. It can be a physical form of object such as books, magazines and machine as well as non –physical form such as services, ideas, activities, person, place.

Services are activities or benefits offered that are initially intangible and do not result in the ownership of anything. Example of services are banking, airline, insurance and other entities such as persons, places, organizations, information and idea.

Value and satisfaction

Value

Value is what customer perceived they will get when they purchase a products. Value also can be added as product delivered from producer to customer (value chain)

Example:

- CELCOM – promote value as “lebih nilai lebih menjimatkan” telco service.
- Restaurant – provide value as delicious foods, free Wi-Fi, good lighting, comfortable.
- Transportations – promote value of time savers, economically, comfortable.

Satisfaction

Satisfaction occurs after the purchase of a product. It is the difference between customer perception and actual benefit they get from the product.

- If perceived performance < buyer expectation = dissatisfied buyer
- If perceived performance =buyer expectation = satisfied buyer
- If perceived performance > buyer expectation = delighted buyer
- Satisfied customers will repeat the purchase and could turn to loyalty towards the product.
- Dissatisfied customers often switch to other brand and criticize the product to others.
- Customer value and satisfaction are key factors for developing and managing customer relationships.

Market

A set of actual and possible customers of a product who shares similar NEEDS and WANTS.

A market consist of:

- Consumer market
- Business market
- Government market
- Reseller market
- International market

Marketer

A marketers' job is to identify goods and services desired by customers and develop marketing strategies for those goods and services. Marketer is responsible to increase sales (profit) by understanding the customer behavior and create an affective marketing strategies.

Some of the jobs of marketer include:

- setting goals
- segmenting the target customer segment
- studying the competition
- addressing a target audience through modes of communication
- nurturing the relationship with customers
- creating content, budgets, setting priorities and designing campaigns.

Exchange

The act of obtaining objects between two parties by offering something to each other..

For an exchange to occur, 5 conditions must be satisfied:

- Minimum 2 parties
- Something valuable to offer
- Able to communicate and deliver needed goods or services to others
- Freedom to accept or reject the other's offer
- Interested to deal with the other party

Transaction

A transaction is agreement between buyer and seller to exchange goods and services in return for money or goods (barter system). In a transaction, at least two things of value is involved such as when person A gives X to person B, person A should get Y in return.

Example:

- for one kilogram sugar, a buyer is willing to give away RM 3.00.

Relationships

Relationship is the tie between a customer and product or the producer of the product. It's a strategy to foster brand loyalty, interaction and long-term relationship between marketers and customers, suppliers and distributors based on mutual benefits.

Through relationship building, marketers would gain from:

- Increase in customer loyalty
- Increase in customer lifetime value

What Is Marketing Myopia?

Marketing Myopia is the situation when company focuses more on sales and short term goal strategies, rather than focusing marketing from customers' point of view. They fail to understand their customers' needs and wants.

Discussion

Explain the terminologies in marketing. How to relate to the marketing aspect?

(Please refer to the notes pg. 9-15)

How we define Ethics In Marketing

Ethics in marketing means moral principles/ standards of rights and wrongs in all aspect of marketing decision making such as relationship with supplier, advertising, customer service, pricing, product development and so on. Good ethical practices are crucial for company long run sustainable marketing. Unethical marketing will hurt a company's reputation and harms customers and society as a whole. Ethical marketing application, into the marketing process will benefit society as a whole.

What is the definition of Marketing Ethics?

Marketing ethic is a basic principle and values that govern the practices of marketing process. Good marketing ethics are typically those that do not negatively impact consumer satisfaction with the goods and services provided.

What is Corporate Marketing Ethics?

Firms develop ethics policies as standards or guidelines for handling various issues in their marketing activities. The policies will be a guidelines that everyone in the organization must follow to handle those issues especially in marketing process such as:

- Supplier/ Distributor relation
- Pricing
- Advertising standards
- Product development
- Customer service
- General ethical standards

These policies goes beyond caring for the needs of today's customers, but also concern for tomorrow's customers and the broader world.

Marketing Ethics includes

Example Of Unethical Marketing

False brand comparisons – it happen when a company makes false or misleading claims about their competitors (spreading misinformation).

Discussion

Is the trick on advertising unethical Marketing?

Discuss above statement.

(Please search 10 minds manipulate in photo of advertising to know further about Tricks Advertisers Use to Manipulate Photos)

The Role Of Ethics In Marketing

- Always ask yourself, “am I doing the right thing?”
- Ethics and social responsibility must be supported by top management.
- Written codes and ethics programs do not ensure ethical behavior.
- Dealing with ethics and social responsibility helps to develop strong customer relationship that rely on honesty and trust.
- Managers need a set of guidelines to help them determine the moral importance of each situation and decide how far they can go in good conscience.
- Unethical marketing damages a company’s reputation and harms consumer and society.
- Good ethics are crucial for companys’ long run sustainable marketing

How are we define social responsibility?

Social responsibility is a company's ethical framework of an obligation for the benefit of society as a whole. Social responsibility is a duty of an individual to fulfill their civic duties towards the interests of society.

Social responsibility in marketing should focus on helping a community thru beneficial products and services. Organization can communicate and attract customers by showing respects and concerns about people and environment. These moral actions will encourage positive impact to the organization.

What are the Role Of Social Responsibility In Marketing?

Value marketing:
Companies use most of their resources into value-building marketing investments.

Customer-oriented marketing:
Companies organize their marketing activities from the consumer's perspectives.

Sense-of-mission marketing:
Companies define their mission in broad social terms.

Innovative marketing:
Companies focus on product and marketing improvements.

Societal marketing:
Companies make marketing decisions based on their requirements, consumers' long-term interest and wants as well as society's interests.

How are Social Responsibility In Marketing Works?

1. Bolster the Company's Brand

Social responsible practices can building up company image and its brand. The public perception and corporate positive image are important to customer perception and shareholder confidence towards the company marketing strategies as financially profitable, but socially conscious as well.

2. Customers engagement

Building relationships and engaging customers thru social consciousness can impact the buying decisions of customers. Some customers are willing to pay more for a product if they know a portion of the profit is going to worthy cause and lead to increase sales profits.

3. Retaining skill inventories

Many employees want to feel as a part of something bigger and meaningful rather than just work for income. Social responsibility empowers employees to use corporate resources efficiently and effectively. Employees also prioritize their work to do good and create a sense of pride in relationships with customers and fellow employees.

4. Increase Competitive Advantage

Companies will stand out from the competition thru building relationships with customers and their neighborhoods. It also helps in improve the brand's image.

Discussion

How does the Social Responsibility helps people to recognize our company?

((Please refer to this URL: https://youtu.be/HVH__5_JSiI)

More information: URL

1. Maslow's Hierarchy of Needs https://www.youtube.com/watch?v=O-4ithG_07Q
2. 10 minds manipulate in photo of advertising
3. What is SOCIAL RESPONSIBILITY? What does SOCIAL RESPONSIBILITY mean? https://youtu.be/HVH__5_JSiI

Exercise 1:
Section A: Multiple Choice

1. All of the following are accurate descriptions of modern marketing, EXCEPT?

A. Marketing is the process of creating value for customer
B. Marketing is managing profitable customer relationships.
C. Selling and advertising are marketing main activities.
D. Marketing is the process of satisfying customers' needs.

2. According to Peter Drucker, "The aim of marketing is to _____."

A. create value for customer
B. identify demands
C. make selling
D. set realistic buyer expectations

3. _____ is defined as a social and managerial process by which individuals and organizations gain their need and want through creating value and exchange process.

A. Selling
B. Advertising
C. Bartering
D. Marketing

4. Which steps of the five-step marketing process are about understanding customers, creating value for customer, and building customer relationships?

A. the first two
B. the first three
C. the first four
D. the last three

5. Which of the following concepts is most probably will lead to marketing myopia?

A. customer-driven marketing
B. customer-driving marketing
C. Selling
D. production

Answer: 1C 2C 3D 4C 5D

Exercise 2:
Section B: True/False

1.	Selling is all about managing customer relationships	True/False
2.	Human needs are shaped by individual culture and personality.	True/False
3.	An experience such as a holiday treat can be defined as a market offering.	True/False
4.	"Marketing is view as the science and art of finding, retaining, and growing profitable customers by providing them with the food they want" This is an example of societal marketing practices.	True/False
5.	'De-marketing' strategy is use when it becomes necessary to reduce demand for a product or service.	True/False
6	"This marketing concept use by a service firm to train and motivate its customer-contact employees and all the supporting service people to work as a team to provide customer satisfaction" this is example of internal marketing	True/False
7.	Institutional markets consist of people who buy products and services for personal consumptions.	True/False
8.	The main purpose of marketing activities is to facilitate and encourage exchange with potential customers.	True/False
9.	The intangible nature of services can create unique challenges for marketers.	True/False
10.	The definition or service as "any activity or benefit that one party can offer, that is essentially intangible and that does not result in the ownership of anything."	True/False

Answer: 1.false 2. false 3. true 4. false 5. true 6. true 7. false 8.true 9.true 10.true

Exercise 3:
Section C: Matching the statement to the best terms

1. Combination of products, services, information and or experiences offered to a market to satisfy need or want.	a	Exchange
2. The act of obtaining a desired object from someone by offering something in return.	b	Market offerings
3. The set of all actual and potential buyers of a product or service.	c	Product Concept
4. Consumers will favor products that are available and highly affordable. Organization should focus on improving production and distribution efficiency.	d	Production Concept
5. Consumers will not buy unless the firm undertakes a large-scale selling and promotion effort.	e	Market
6. Consumers will not buy firm's products unless the firm undertakes a large-scale selling and promotion effort.	f	Marketing concept
7. A philosophy that organizational goals will achieve when they fully understand the needs and wants of target markets and delivering the desired satisfactions better than competitors.	g	Selling Concept

Answer: 1b a2 3e 4d 5c 6g 7f

Check Your Learning Outcomes

01 Explain marketing

Definition of marketing

02 Discuss the marketing management philosophies

Production concept
Product concept
Selling concept
Marketing concept
Societal marketing concept

03 Discuss core marketing concept

Needs, wants and Demand
Offering
Value and satisfaction
Marketers and market
Exchange, transaction and relationships

04 Discuss ethics in marketing

Definition ethic in marketing
The role of ethics in marketing

05 Discuss social responsibility

Definition social responsibility in marketing
The role of social responsibility in marketing

TOPIC 2 MARKETING ENVIRONMENT

What Is Microenvironment?

Definition of Microenvironment

The microenvironment refers to the forces that are close to the company and affect its ability to conduct its marketing activities. Microenvironment factors are local, affecting the organization directly.

Factors Affecting The Ability To Serve Customers

Microenvironment – The Company

In designing marketing plans, marketing management takes other company groups into account, such as top management; finance, research and development (R&D), purchasing; manufacturing and accounting (Yusniza K. and Nor Khlidah A, 2017)

All departments in the company shares the responsibility in developing marketing plans and actions. All these interrelated groups form the company's internal environment accounting as well as the company's mission, objectives, policies set by top management.

Microenvironment - Supplier

Suppliers are providing resources needed to firms so that they can produce products and services. Any development related to supplier such as price, quality and supply will effect marketing activities.

Microenvironment - Marketing Intermediaries

Marketing intermediaries help the company to promote, sell and distribute its goods to final buyers. Partnering with the right intermediary and gain their supports is important to accomplish the business goals. Marketing intermediaries are:

- Resellers – the distribution channels that help firms find customers or make sales to firms. Example: wholesalers and retailers.

- Marketing service agencies – agencies that help firms with specific marketing activities. Example: marketing research firms, advertisement firms, media firms and marketing consulting firms.

- Physical distribution firms – companies that help firms in product distribution. They are specialize in stocking and moving products from warehouse to seller destinations..

- Financial intermediaries – help companies in financial risk management such as banks, credit and insurance companies.

Microenvironment - Customer

Customer are people who buy products and services from a company.

Customer can be divided to **five categories**:

1. Consumer markets – individuals or households who buy products for their personal usage to satisfy their basic needs. The trade in consumer market is called B2C market.

2. Business markets – consist of customer whose buying goods and services for use in their production process. The trade in business market is called B2B market.

3. Reseller markets – individuals or groups that buy products to resell to get profits.

4. Government markets - government agencies that purchase products or services to be given to the need party. For example, Military Department buying clothes for the army.

5. International markets – all buyers in other country for example consumers, producers, resellers and governments.

Customer effects the whole marketing process. To be successful, companies must establish a greater customer value and grand high customer satisfaction.

Microenvironment - Publics

Publics are the group of people with vested interest to organization and therefore can cause negative or positive effects on organizations.

Seven types of publics:

i. Financial institution – bank, investment houses and stockholders
ii. Media – public communication companies such as newspapers, magazines, radio and television stations
iii. Government – public authorities
iv. Citizen action – consumer associations, NGO's
v. Local people – community organization
vi. Internal people – staff, managers, directors of the company
vii. General public – the population at large

Companies must maintain a good relationship with publics to make sure it business flows in the marketplace. Marketing plans can be designed by focusing on these key publics and their consumer markets.

Discussion

How does the micro in marketing environment affect the company's ability to serve customers?

(Please refer to the notes pg. 31-34)

Factors	Affect ability to serve customers	Example
Company		
Suppliers		
Marketing intermediaries		
Customers		
Competitors		
Publics		

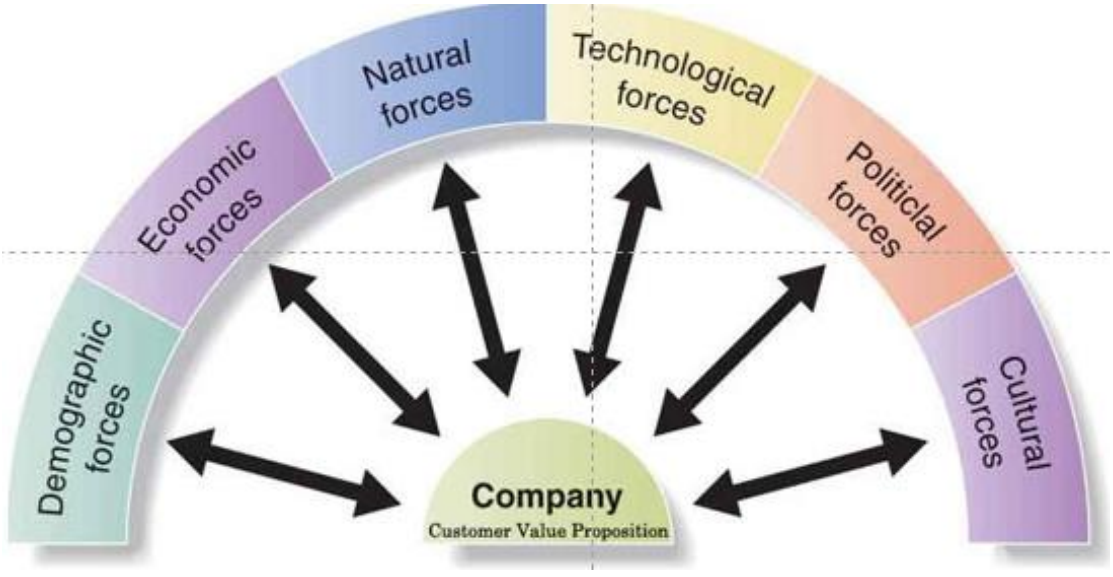
What Is Macro environment?

Definition of Macro environment

Macro-environment is the bigger societal forces that affect the microenvironment of an organization (Kotler and Armstrong, 2016). It is an uncontrollable environment and organization have no influence . Therefore organization always need to prepare for unexpected changes and be more dynamic in reaction to the changes.

For managers to remain competitive in the macro-environment, they need to up--date the potential changers forecasting. They have to analyze possible opportunities and treats for their business.

Factors Affecting The Ability To Serve Customers



Macro environment - Economics

The Economic forces relate to factors that affect consumer purchasing power and spending patterns in overall economy aspects such as business cycles, consumer income and spending patterns (Yusniza K. and Nor Khlidah A, 2017)

.

Macro environment - Demographic

Demographic is a study about people like size, density, age, gender, occupation and location.

Importance of people to marketers:

i. People is the key that creates marketplace – the existence of business comes from their needs and wants.

ii. Product and services improvements – marketers rely on their customers' buying behaviors to improve product features and quality.

iii. Opportunities and challengers – demographic size and diversity give opportunities and challengers to adjust marketing strategies.

Main demographic factors that effect organization are:

- Population growth
- Age structure
- Family structure
- Geographic population shift

Macro environment - Cultural

Cultural relates to the factors that affect society's core values, behavior, preferences and perceptions. Cultural values effects marketing and promotion activities. Thus organization must cater society values and needs in promoting their products and services. Many cultural blunders occur due to the failure of businesses to understand foreign cultures. For example, certain symbols in one culture can carry negative meanings in other cultures.

Macro environment - Natural

Natural resources are all inputs that organizational needs to create or market products. Example of natural inputs such as mineral materials and natural infrastructure. It can be influence by the changes in weather, shortages or surpluses of materials, or even government intervention through laws.

Organization must response to global environmental concerns and consumer demands, by producing environmental friendly and save products. They also need to practice social conscience by promoting messages of environmental preservation. Things like recyclable and biodegradable product or packaging will boost organizational image and cost saving to organization. By the way, using renewable resources to support the maintenance of green planet has become the important ecological environment trends nowadays. The failure to respond to this trend, will jeopardies organization and their business sustainability.

Macro environment - Technological

Technology is the vast changing factor that effects the macro environment in marketing activities. Company must keep up with the market and constantly under pressure to innovate their products.

Technology is associated with continuous quality improvement and innovation of products and services. Most of the time technology can create new opportunities to the organization. However, the failure to keep tract with technology will cause a product outdated and lead in losing the market opportunities. Example of high technological force in current business is telecommunications and smartphones industry.

Macro environment - Political

Political forces involves laws, government agencies, regulations and social pressure. Many marketing decisions depend on the political environment such as packaging, pricing, advertising and minority rights. These factors will influence and restrict organizations and individuals in a society.

An organization should analyze the legal and political environment especially in foreign investment decision. The legislation and enforcement of laws will definitely effects the business. The political stability also play important roles as it will influence economic growth and foreign investment protection. For example, environmental protection, product safety, packaging or other product related regulations require the firm to adapt certain aspects and strategies.

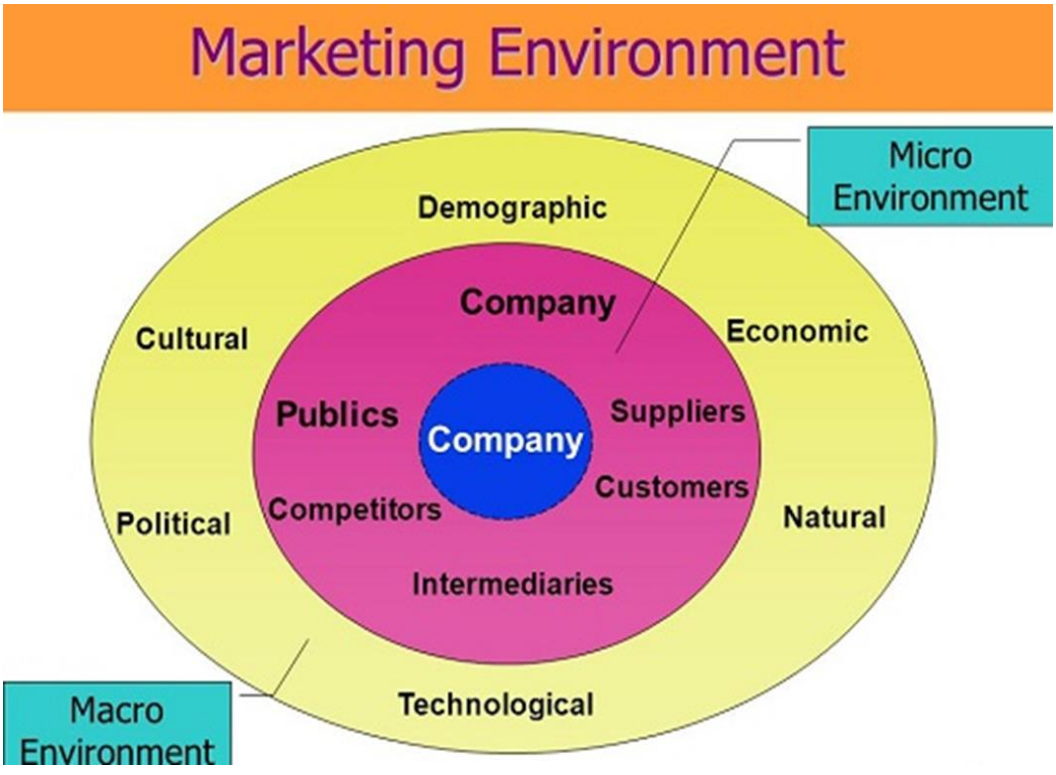
Discussion

Constantly watching and adapting to the changing marketing environment is important because the marketing environment offers both opportunities and threats.

- **Identify the opportunities of the marketing environment.**
- **Identify the threats of the marketing environment**

(Please refer to the notes pg. 38-40)

Scope of discussion:



More information: URL

1. The Micro Environment - https://youtu.be/d1QUX2AFjz0
2. The Macro environment - https://youtu.be/y9RDg_JMmPc
3. Category: Marketing Environment http://www.marketingteacher.com/marketing-environment/

Exercise 1: Multiple Choice

1. In microenvironment, ' customer markets' consist of _____ types.

A. 5
B. 4
C. 3
D. 2

2. Markets in which market offerings are bought from sellers for reselling purposes are known as _____ markets.

A. business
B. reseller
C. government
D. international

3. 'pressure groups' and 'government agencies' are part of macro-environment _____.

A. cultural environment
B. demographic environment
C. economic environment
D. political environment

4. In company's microenvironment, 'general publics' refers to _____.

A. minority groups
B. stockholders
C. Community organizations
D. public image

Continue.. Exercise 1

5. A company's microenvironment consist all below **EXCEPT** _____.

A. The company
B. The marketing intermediaries
C. Demographic forces
D. The organization's suppliers

6. Forces and factors that shape customers preferences and behaviours are known as_____ environment.

A. cultural
B. demographic
C. economic
D. political

7. All factors affecting the purchasing power of consumers are included in _____.

A. cultural environment
B. demographic environment
C. economic environment
D. political environment

8. Macro environment includes _____.

A. Demographic factors
B. Technological factors
C. The suppliers
D. Both a and b

9. According to the text, the most dramatic of the environments that affect marketing and appears to be now shaping our world is the environment.

A. a. natural
B. b. demographic
C. c. economic
D. d. technological

10. Which of the subsequent terms best describes the environment that includes the forces getting ready to the corporate that has an effect on its ability to serve its customers—the company, suppliers, promoting channel companies, client markets, competitors, and publics?

A. Macro environment
B. Microenvironment
C. Both A and B
D. global environment

Answer: 1.A 2.B 3.D 4.D 5.C 6.A 7.C 8.D 9.D 10.B

Check Your Learning Outcomes

Company
Supplier
Marketing Intermediaries
Customer
Competitors
Publics

Conte nts

Examine the company's microenvironment ✓

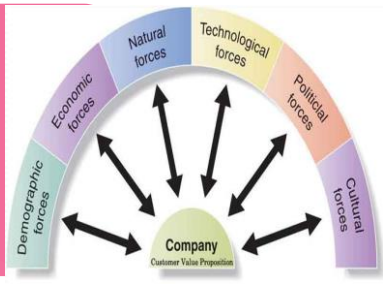
Factors in Micro environment

Demographic forces
Economic forces
Natural forces
Technological forces
Political forces
Cultural forces

Conte nts

Examine the company's macro environment ✓

Forces in Macro environment



TOPIC 3
CONSUMER and BUSINESS MARKET

Who is our customer market?

Definition of Consumer Market

Consumer

A person who purchase goods and services for themselves or household consumption.

Consumer buying behavior

Refer to the buying behavior or how consumers make buying decisions and use the product and services.

Consumer market

All the individuals and households who purchase goods and services for own consumption.

Example:

Mother buys biscuits or cakes for their children, Anita feels thirsty so she buys a tin of soft drink.

Who is our business market?

Definition of Business Market

Business Market

Buy goods and services for further processing or use in their production processes. An organization entity engaged in commercial, industrial, or professional activities. Customers in the business market can be classified into commercial enterprises, government and public organizations, and institutional organizations. It can be defined as "all organizations that buy goods and services for further production of other goods and services, reselling, renting or supplying to others." (Kotler and Armstrong, 2008).

Business buying process

Is the process where business buyers determine which products and services are needed to purchase, and then find, evaluate, and choose among alternative brands.

Business buyer behavior

Refers to the concept of understanding organization intention and buying behavior in making purchases of their product materials. The product materials will be use in production of other products and services that are sold, rented, or supplied to other business market or consumer market.

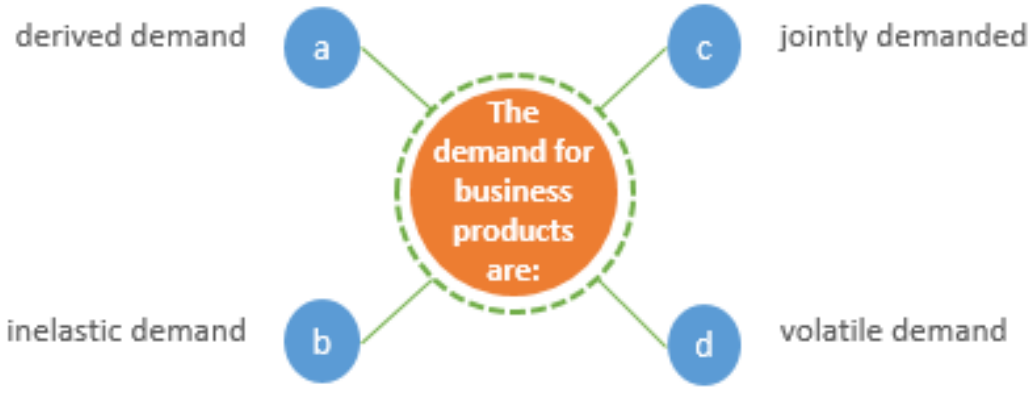
Example:

Various suppliers sell steel and other goods needed by the Goodyear company in production of vehicle tires. The company then sells the tires to retailers and consumers.

What are the Characteristics between consumer and business market?

CHARACTERISTICS	BUSINESS MARKET	CONSUMER MARKET
a) Demand	Business	Individual
b) Distribution structure	More Direct	More Indirect
c) Nature of buying unit	More professional	More personal
d) Type of decisions and decisions Process	More complex and formalized	Simpler and Informal
e) Use of reciprocity	Yes	No
f) Use of leasing	Greater	Lesser
g) No of customers	Few but large buyers	Large but small buyers

a) Demand



a. Derived demand

Business product is influenced by the consumers. The changes in consumer demand will affects the firms total demand for the production of that product. Thus, derived demand is influenced by the demand of final product.

Example:

- When the demand for automobiles is high, the derived demand for steel and all other products used to make automobiles is also high. On the other hand, when demand for automobiles drop, so will the demand for the products used to make the automobiles.
- Demand for aluminum cans is derived from consumption of soft drinks.

Continue.. Demand

b. Inelastic demand

Refers to demand of the product that is not sensitive to the changes of price. In inelastic demand the changes of price is higher than the changers in demand

Example: A decrease price of leather will not cause shoes manufacturers to buy more leather. The price of leather is inelastic with the demand of shoes (demand for shoes will only increase if the price of shoes is decrease)

c. Jointly demanded

The demand for good or service that is dependent to demand for another good or service. Joint demand when two or more products are used together. Join demand also known as complementary goods.

Example:

- The demand for certain software is directly related to the demand for computers.
- The demand on inks depends on the demand on printers.

d. Volatile demand

A small decrease in consumer demand will lead much larger changes in demand for other products. Sometimes, an increase of only 10% in consumer demand can cause as much as a 200% increase in business demand during the next period.

Example: When the demand for cars decrease, the demand for tires reduces in larger proportion.

b) Distribution Structure

For the Business Market, direct channel means no intermediaries involve. This happen in business products that customized, sold in large quantities and highly technical in nature (high maintenance and need skill knowledge on the way to handle it, products need good service, very costly).

Example: Manufacturers buy raw materials and major equipment that supply directly from other manufacturers.

c) Nature of Buying Unit

Refers to purchase that involves more professional approach. Sometimes, professional purchasers are hired for better purchases because they are professionally trained in purchasing methods and strategies. Moreover, such activities involve and take a more formal approach.

d) Type of Decisions and Decision Process

The purchase decisions tend to be more complex in business. Decisions and negotiations are made on the price, product specifications, delivery dates, payment terms and other conditions.

e) Use of Reciprocity

Business buyers select their purchases from their own customers (customer turn to supplier). Usually this happen because they are familiar and have more trust with each others.

f) Use of Leasing

Business buyers often lease products for use. It can be machines, equipment and transportation, which are more costly or no economical to purchase. The advantages are more economical, better services, better tax advantage, less budget, monthly/annually payment and any damages can share with the lease company.

g) Number of Customers

BUSINESS MARKET

Few but large buyers

- The business market has small customers but purchase in large volume
- They prefer buying in bulk to keep inventory and save transportation costs and placing order costs as well as minimize risk of disruption in their work if a supplier failed to supply on time.

CONSUMER MARKET

Large but small buyers.

- Consumer market has large customers.
- Each customer in the consumer market buys in small quantity.

Roles in the business purchasing process

Dominant People	Roles
a) Users	People in the organization who uses the product. (example: production operators)
b) Deciders	The person who has the final (formal and informal) power to make purchase. (example: CEO, purchase department managers)
c) Gatekeepers	Members who control the information related to purchases. (example: secretary)
d) Influencers	People who influence the buying decision – provide information to evaluate available product choices. (example: engineers and technicians)
e) Buyers	Members who have formal authority to select the vendors and negotiate the purchases. (example: purchasing officers, top-level executive)

Conclusion

A simple method of identifying the difference between 2 markets is to address the following questions

- Who is buying the goods?
- Why is the purchase being made?

Discussion 1

What are the differences between Consumer and Business Market?

Suggestion Answer:

Consumer Market	Business Market
Purchase or acquire goods and services for personal use.	Purchase goods and services for further processing or use in their production processes
More individual buyers	Fewer and larger buyers
Create demands for products and services	Demand derived from consumer goods
Geographically disbursed, mass markets and standardized.	Geographical concentrated
Involve family members	Involve more buyers
Purchase decisions based on physiological and social needs	More decision participants
Non-complex individual decision	More complex buying decisions
Non –professional	More professional purchasing effort
Informal	Formal
Buyer and seller are not working closely more on relationship marketing	Buyers and sellers work closely together through long-term close relationships with each other.

More information: URL

1. What is Consumer Market? - Definition and Example

https://study.com/academy/lesson/what-is-consumer-market-definition-example.html

2. What Is B2B Marketing? - Definition and Examples

https://study.com/academy/lesson/what-is-b2b-marketing-definition-examples-quiz.html

3. Consumer Market Vs Industrial Market

https://www.youtube.com/watch?v=k2eq9GkElJ4

Exercise 1:
Section A: Multiple Choice

1. Business buyer behaviour refers to _____.

A. Consumer buying behaviour who buy goods and services for personal consumption
B. Company buying behaviour that buy goods and services for use in the production of other products and services and gain profit from it.
C. Consumer buying behaviour who rely on small retailers for the regular supply
D. Business buyer decision process to determine which products and services their organizations need to purchase

2. Consumer purchases as a reflection and extension of _____.

A. the consumer's action
B. the consumers
C. the consumer's own personality
D. the consumer's own habits

3. Business markets and consumer markets share similarity in _____.

A. buying unit is the same for both
B. decision processes involved
C. involve people who assume buying roles and make purchase decisions to satisfy needs
D. market structure

4. Which of the following is part of the business market EXCEPT

A. The company which provide interior security systems to resorts.
B. A Hotel buys safety equipment for its swimming pool.
C. Sofea purchase her family's groceries at the local hypermarket store.
D. Polytechnic buys PCs from Dell for office use.

5. Since business market have fewer buyer than consumer market, they often face _____ .

A. less complex buying decisions than consumer buyers.
B. shorter buying processes than consumer buyers.
C. informal buying processes than consumer buyers.
D. more complex buying decisions than consumer buyers.

6. The following is NOT differences between business markets and consumer markets.

A. nature of buying unit
B. market structure and demand
C. number of buyers
D. people who make purchase decisions

Discussion 2

Consumer buyer behaviour refers to the buying behaviour of final consumers. Describes the process on how consumers make their purchase decisions.

a) Using appropriate examples, briefly explain what is a consumer market.

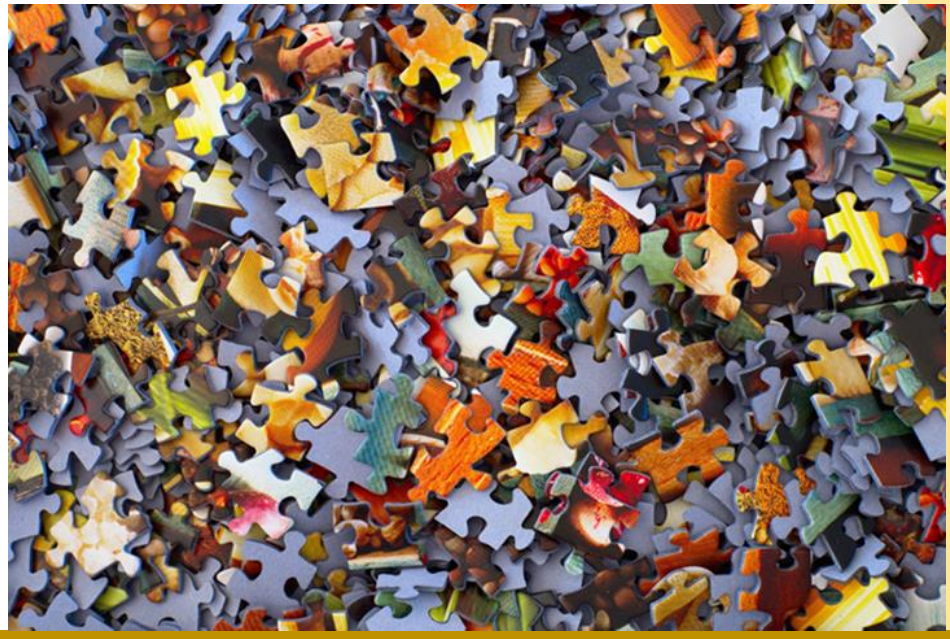
b) Explain any TWO (2) of social factors and any TWO (2) of personal factors that affect consumer behaviour.

Answer: 1B 2C 3C 4C 5D 6D Discussion 2: please refer to pg. 50-54

Check Your Learning Outcomes

1. Explain consumer and business market ✓

2. Examine the characteristic between consumer and business market ✓



TOPIC 4
MARKET SEGMENTATION, TARGETING and POSITIONING

What is Market Segmentation?

Segmentation is the process of dividing a market into distinct groups with similar characteristic of needs or behaviors, that might require separate product, marketing mix and strategies. After completing the segmentation, companies able to reach their market more efficiently and effectively with products and services that match their unique needs.

Definition of Market Segmentation

The process of dividing a market into distinct groups with similar characteristic or behaviors that might require separate product, marketing mix and strategies.

Before go further you should know:

Definition of market:

- ❑ The group of all actual and potential buyers of a product or service (Kotler, 2009).

Market Segment:

- ✓ A subgroup of people or organizations shares identical characteristics of needs and wants.

Designing a Customer-Driven Marketing Strategy

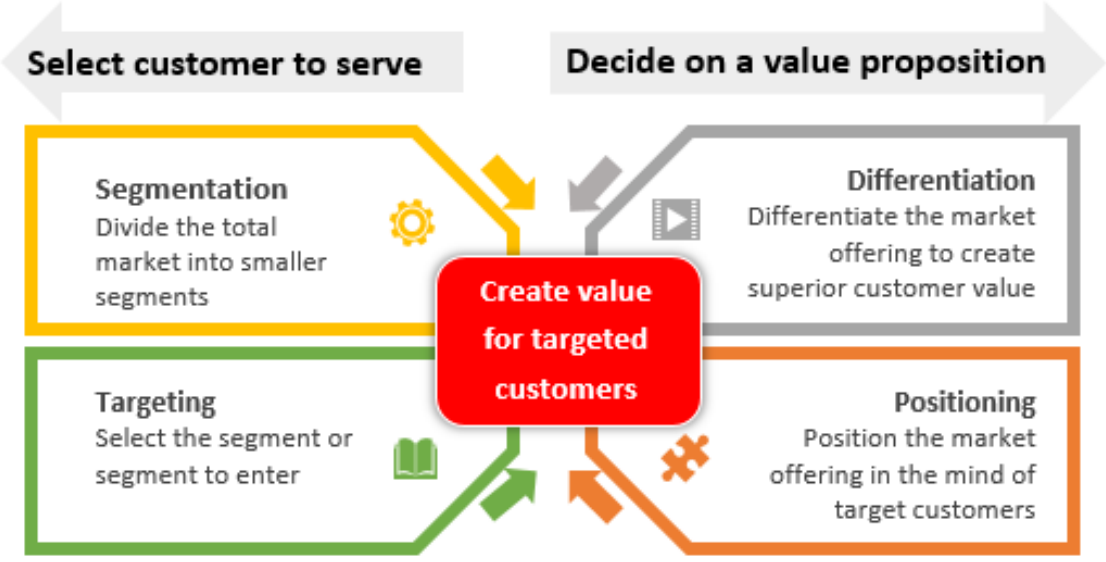


Illustration on Market Segmentation

Segment A

Segment B

Segment C

Characteristic of Broad market:

1. More people.
2. Difference in terms of taste, resource, location, attitudes and purchase activities.
3. Difference perception toward products and services.

What is the Purpose of Segmentation?

The purpose of segmentations are:

- Able to develop marketing mixes to meet segments specific needs.
- Able to identify the customers' needs more accurately and precisely;
- Able to upgrade firms performances (effective and efficient)
- Able to define marketing objective more definitely
- Better allocation of resources.

What are The Major Bases for Segmenting Consumer Market?

The major bases for segmentation consumer market are divided into 4 segments.

Geographic Segmentation

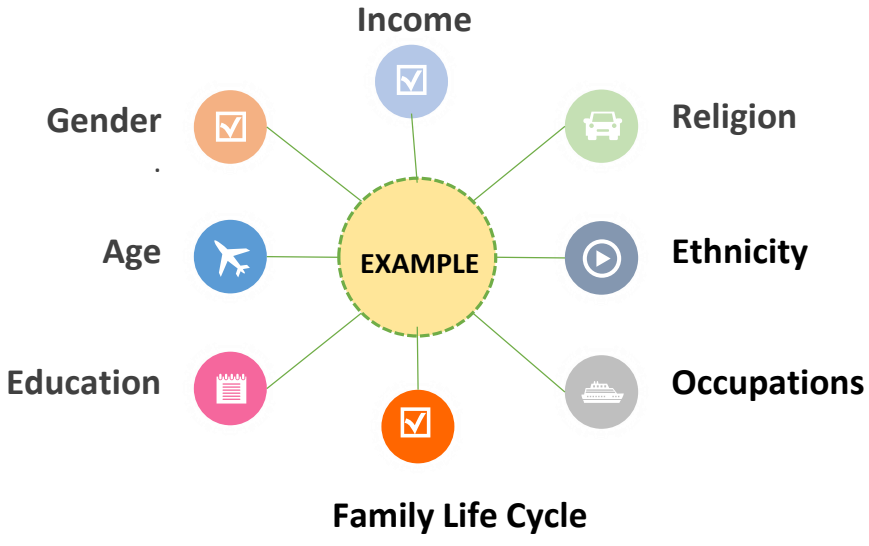
Classify the market into geographical units such as nations, regions, states, counties, cities, neighborhoods and climates. It helps to better understanding of cultures, norms, practices and local sensitivity or inspiration.

Example of products:

- snow blowers
- air conditioners
- heaters
- clothes
- foods (tom-yam taste for North Asia)

Demographic Segmentation

Justify markets based on demographic variables, such as age, gender, income, ethnic background and family life cycle. These variables are highly related to consumers' purchasing and consuming behavior.



Continue .. Demographic Segmentation

1. **RELIGION**

It is crucial for marketers to understand cultures and norms of a particular places they operate. Local sensitivity and aspirations must be taken into account.

Example: Travel agencies offer package holidays to Muslims to fulfill their needs such as halal food.

2. **INCOME**

Income level affects consumer wants and their buying power. Certain products are designed and priced according to customers purchasing power.

Example:

- Luxury designer brands like Louis Vuitton and Hermes are placed in exclusive malls to target the higher income groups.

3. **GENDER**

This type of segmentation is essential and often associated especially in clothing, cosmetics and magazines.

Example: Coach has venture its market into men product range such as wallets, bags and backpacks and belts to target medium to high income males.

Continue .. Demographic Segmentation

4. **ETHNICITY**

Products offers on the needs of the ethnic groups. Some packaging choices are also different between ethnic.

Example: Little India in Kuala Lumpur

5. **AGE**

Needs and wants are vary across age groups. Different age group needs different product.

Example: GAP brand segments their product based on age. They have introduced separate stores for different age groups such as baby Gap and Gap kids, Gap boutiques (ordinary customers), Gap Maternity, Gap-Body and Gap Fit.

Psychographic Segmentation

Divide the market based on the way people think. Usually used with other variables such as personality, motives, lifestyles and social class to provide more detailed descriptions of each market segment.

1. PERSONALITY

Personality is an individual characteristics which reflect traits, attitudes and habits that affect consumer behavior and purchase decisions. Different brands target different personalities. Requires an in-depth study of consumers as this factor is of an intangible nature.

Example:

- Pro-environment consumers will be more likely to buy products with recyclable packaging.
- Harley Davidson Bikes, targets personalities that are masculine, tall and love to lead a rough lifestyle.

2. **MOTIVE**

There are reasons that motivate a purchaser to buy certain products. Marketers try to appear with motives such as safety, status and rationality when marketing their products.

Continue.. Psychographic Segmentation

Example:

- CELCOM advertisements promote an appealing motive of being able to be connected with family members regardless of the location.

3. **LIFESTYLE**

Is a segmentation of dividing individuals into groups based on their activities, interests and opinions.

Example:

VW polo to appeal young and active trend-setters.

4. **SOCIAL CLASS**

Social class will shape how people spend their money and how they value things. Many companies designed products and services to appeal to different social class groups.

Example:

- Hotel Seri Malaysia target middle-class individuals and families
- Hilton or Sheraton Hotel target upper-class groups

Behavioral Segmentation

Divide customers into groups based on their reactions, responses, knowledge and attitudes towards a product based on several variables. Example of variables are:

1. Occasions
2. Benefits sought
3. Applications
4. User status
5. Usage rate
6. Brand loyalty

1. OCCASION

Marketers use this to design and promote the product suit with occasions.

Example:

Birthday

Convocation Day

2. BENEFITS

Dividing markets based on benefits consumers seek from the product.

Example:

Diet coke: reduce the amount of calories.

Whitening teeth gel: to get rid of the caffeine effects on teeth.

Whitening cream: ladies who wish to look fairer.

Continue.. Behavioral Segmentation

3. APPLICATIONS

Product may be used by different people for different purposes.

Example: essential uses of cotton wools - baby care, cosmetic use, children care

4. **USER STATUS**

Refer to types of user, for example non-users, first-time users, ex-users, e-regular users or potential users.

Example:

- A beauty center advertisement that appeals to be safe to potential users and attracting current users to stay loyal.

5. USAGE RATE

Refers to dividing a market based on the volume of product purchased or consumed. The marketer able to identify different groups of users such as light, medium or heavy users so that marketers may develop the appropriate promotional campaigns for each group.

Continue.. Behavioural Segmentation

6. BRAND LOYALTY

Dividing markets based on the buyers' degree of loyalty.

Types of buyers' loyalty:

a-Absolutely loyal: choose to one brand all the time.

b-Rotators: choose to one or more brand.

c-Deal sensitive: easily influenced with the price and promotion.

d-Price sensitive: buyers who bought the cheapest product available to them. They do not looking for a specific brand.

What is Target Market?

Purpose of Target Market

When company identify market segmentation, its easier for them to develop effective marketing strategies to fulfill the needs of those groups.

Definition Target Market

Is a group of buyers who shares similar characteristics or needs that company identified as its potential customer.

Market Targeting

Market targeting is the process of analyzing the market segment attractiveness. After the evaluation, the company will choose which segment/ segments to penetrate.

A. **EVALUATING MARKET SEGMENT**

1. Size and growth potential
2. Level of attractiveness
3. Company objectives and resources

B. **SELECTING TARGET MARKET STRATEGY** (Target Market Segment Selection)

There are 4 strategies on selecting Target Market. There are:

FOUR STRATEGIES:

A. Evaluating Market Segment

1. Current segment size and growth potential

- To anticipate potential sales, growth rate and profitability.
- To analyze whether short term or long term growth potential
- To evaluate its attractiveness to fulfill the company marketing strategy

Example:

- If the market is too small, then the market is less attractive to justify investment.
- If the cost of developing and launching a product is high and the market size is small, then the market is less attractive.

2. **Segment Attractiveness**

- Evaluate size of competitors. High competitive segment will reduce the market attractiveness
- Evaluate threat of substitutes. High actual and potential substitute products may reduce the market attractiveness.
- Evaluates the power of buyers and supplies.

Example:

It may be risky for a local company to invest in fast-food industry in Malaysia as they need to compete with well-established brands such as KFC, MC Donald's, Texas Chicken and A and W who offer a similar menu.

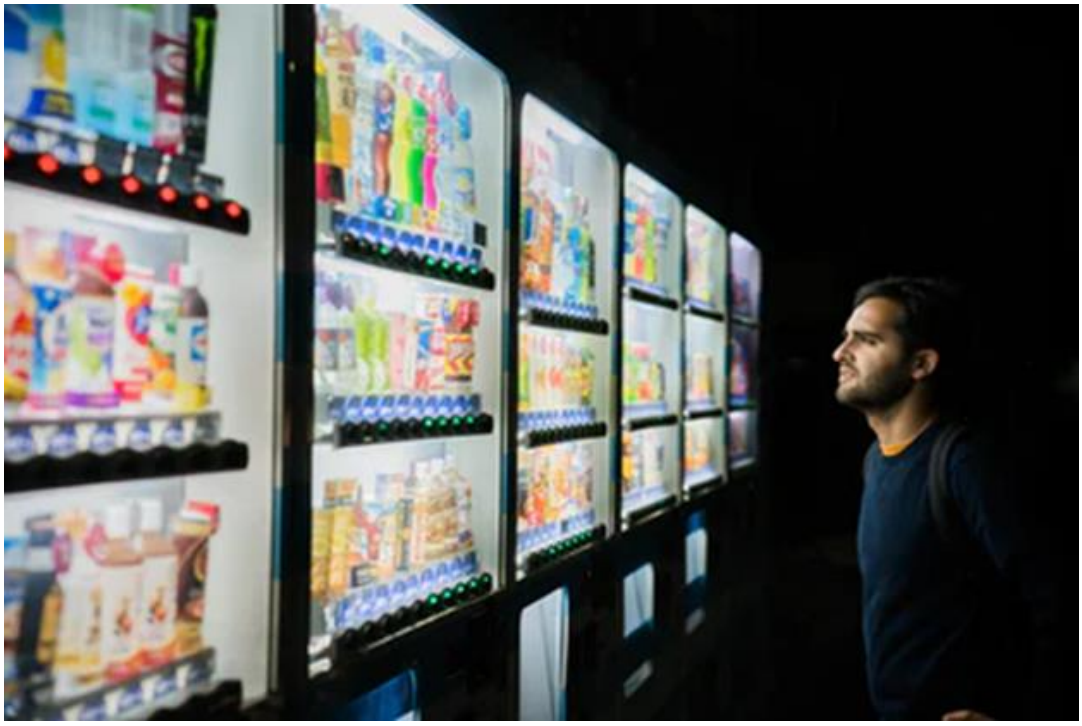
A. Continue.. Evaluating Market Segment

3. Company Objectives And Resources

Company objective and resources are important to support marketing activities expenses. The company compatibility is depends on its resources to achieve competitive advantage.

Example:

- Pepsi was firmly entrenched in the Russian cola market since 1972 and hold 100% market share. Thus to capture the market share, Coca-Cola used its resources and paid high investment and focus on skillful execution advantage and gain 50% of market share in 1996.

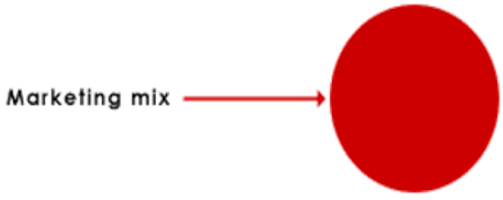


B. Selecting Target Market Strategy

1. Undifferentiated Marketing

Also known as mass marketing. In undifferentiated strategy, marketers will use the same marketing mix to the whole market. This strategy focus on common similarities of consumers needs. Advantages of this strategy are:

- higher sales volume
- lower production costs
- high profitability



Example: early coca cola, ford cars (black)

2. Differentiated Marketing

Also known as segmented marketing. The company will choose two or more distinct segments to penetrate and developing different marketing mixes and strategies for each segments.

Advantages:

- Greater sales volume
- Enhance positions in each segment.

Disadvantages:

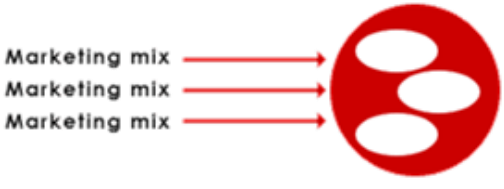
- Increase costs because each segment require different marketing research, forecasting, sales analysis, promotion, planning and channel management.
- However greater sales volume will cover the cost.

Example:

Ford: Laser, Falcon, Capri

Coca-Cola: Diet Coke, Caffeine Free Coke.

POLIMAS: DAT, DPR, SUB, DET, DPW etc.



B. Continue.. Selecting Target Market Strategy

3. Concentrated Marketing

Also known as niche marketing. It is highly differentiated marketing, which the firm focuses on a single segment. Company focus on achieve a strong market position in that segment.

Disadvantages:

Involves higher than the normal risk

Advantages:

Strong market position due to specialty and greater knowledge of consumer needs. Company earns high reputations for its niche product.

Example: Rolls Royce, Harley Davidson, Ferrari, Secret Recipes.

B. Continue.. Selecting Target Market Strategy

4. Micromarketing

Refers to products and marketing programs to suit and satisfy specific individuals and locations. It can divide into two, there are:

A. LOCAL MARKETING

Marketing mix and promotions are customs to the needs and wants of local consumer and specific stores.

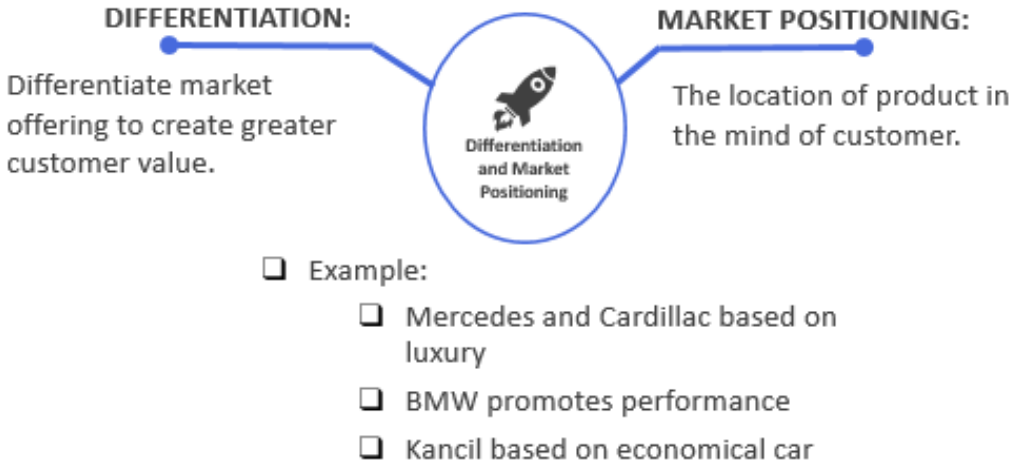
Example: Family Store, YAWATA, etc.

B. INDIVIDUAL MARKETING

Marketing mix and promotions specific to the needs and preferences of individual customers such as one-to-one marketing, mass custom marketing and markets-of-one marketing.

Example: tailors-clothes/ fashion design, shoes or furniture makers.

Differentiation and Market Positioning

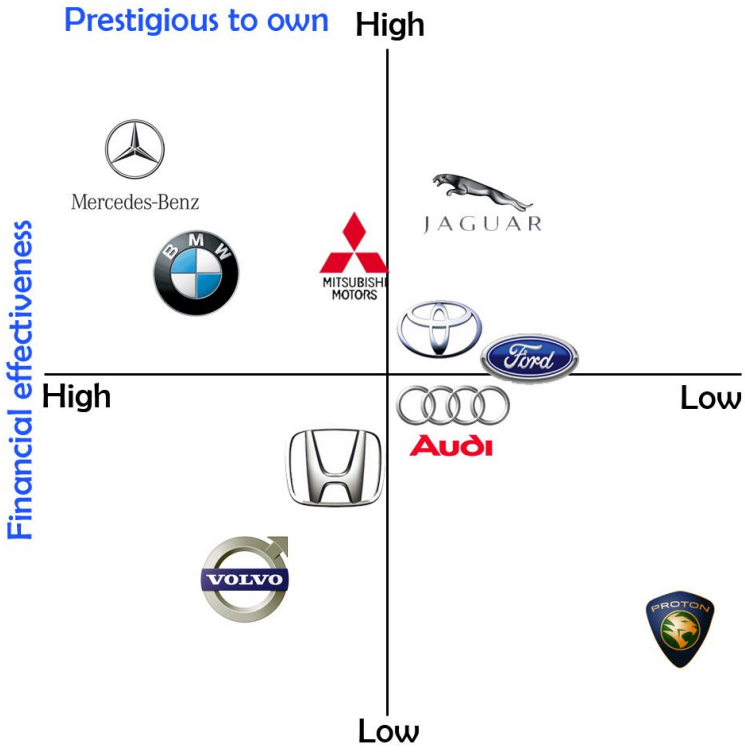


What is Positioning?

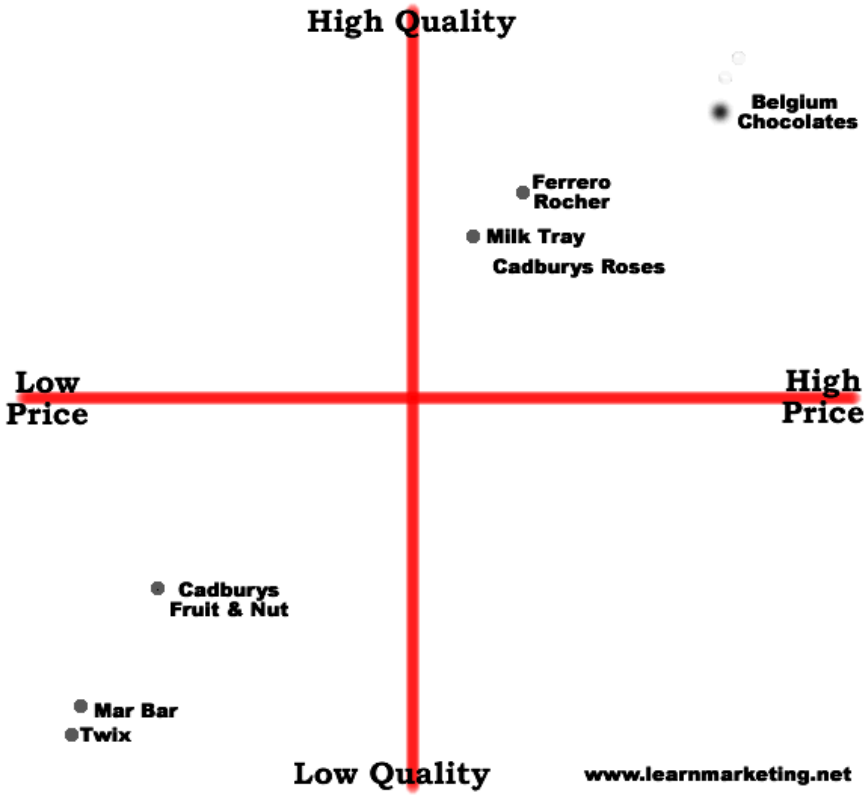
Positioning will guide organization identifies and choosing a positioning strategy. It is plotted based on one's perceptions, therefore evaluation from one person might be different than another.

Positioning/ Perceptual Map

The following graph represents the perceptions of prestige cars held by senior managers earning $80,000+.



Spectator perceptions of chocolate



The following graph represents the perceptions of the brand name of chocolate by the customer who love the chocolate bar in the market.

Discussion

How to read your perception of burgers preferred by customers in Malaysia?

(Please refer to this URL: https://www.youtube.com/watch?v=xJUrBylld7I to get the idea how to do the perception map)

Selecting an Overall Positioning Strategy

Benefits \ Price	More	The same	Less
More	More for more	More for the same	More for less
The same			The same for less
Less			Less for much less

Value proposition is the full mix of benefits upon which a brand is positioned

Continue.. Selecting an Overall Positioning Strategy

More for more

- Is a strategy for upscale product or service that charge at higher price to cover the higher cost
- Offer high quality, gives prestige to consumer symbolized high status and luxurious lifestyle

Example: Lexis Hibiscus Hotel, Range Rover, BMW, Channel cosmetic

More for the same

It is the positioning strategy that calls more benefit for the same price or at a lower price.

Example: Lexus offer luxury values for its cars, but at lower price compare to its rivals Mercedes Benz

The same for less

This strategy applied by discounters given to the customers. It a simple but give very powerful value to consumer.

Example:

- Discount stores such as MYDIN, Giant, Tesco, AEON, Lazada.com, Zalora.com etc.

Less for much less

This strategy fulfill consumers requirements for much lower price product and willingly accept less benefit.

Example: Ten-Ten, Kedai 2 Ringgit, Budget hotel

More for less

Offer the most benefits but at a less price also considered as the winning value propositions strategy.

Example: Courts Mammoth, Home Depot, Harvey Norman

Checklist - Positioning Strategy

1. What is our position in the prospect mind?
2. What is our target position?
3. Whom must we pursue to obtain the position?
4. How much is resources available?
5. Can we endure the process till the end/ successful?
6. Does our advertising support the outcome?

Positioning Strategy

1. Product features	a. Product differentiation
2. Price/ quality	b. Services differentiation
3. Usage occasion	c. Channel differentiation
4. Product class dissociation	d. People differentiation
5. User	e. Image differentiation
6. Competitor	
7. Benefits	
8. Cultural heritage	

Positioning Strategy

1. Product Features

The product that can be differentiate or distinctive from competitors based on attributes, features or benefits.

Example:

BMW – promote high performance.

MILO – strong and healthy

ANLENE – strong bones

COLGATE – tartar control

2. Price/Quality

The most effective strategy.

A high price indicates a higher quality

A low price associated to lower quality.

Example: Rolex watch – high price for high premium quality

3. Usage Occasion

Position the product based on its usage or how it can be used.

Example:

Coco-crunch – can use not only for breakfast but also making cookies and snacks

Baby Shampoo JandJ – Head To Toe

Nescafe Gets You Talked

Continue.. Positioning Strategy

4. Product Class Dissociation

Indicates that a company's product can be positioned as superior or so different from its competitors.

Example: #COLGATE, #PAMPERS

5. User

Company clearly identify and know the customer with all their desire and requirements.

Example:

JandJ - Baby, kids and adults

ANLENE GOLD MILK - Women age above 45 years.

6. Competitors

Position a product against or away from competitors' position to express more value/ benefits of their product.

Example:

Position Directly Against Competitors

CITIBANK VS AMERICAN EXPRESS

"Better carry VISA card because we do not accept American Express card"

Position Away from Competitors

FAB DETERGENT VS "X" DETERGENT

Continue.. Positioning Strategy

7. Benefits

The advantage that customer will get/ experience when consume product or services.

Example:

FEBREEZE - perfume for rooms and antibacterial for fabrics.

ANLENE - avoid osteoporosis

SAFI RANIA GOLD - soft skin

8. Cultural Heritage

The expression of ways of living or tradition of the company or its home country that passed on thru product.

a. Product Differentiation

The differences delivered by a brands or product based on features, performances, styles, designs or technologies applied.

Example:

-Differentiated as the healthy fast-food choice.

-Differentiated as the products is a greener product.

b. Services Differentiation

The differences of services or after sales service that customer will gain when buy the product. For example, design fast, convenient, careful delivery or high-quality customer care, friendly and persistence customer service.

Example:

An airlines company not only focus on safety and comfortable flying experience but also differentiate their services through extraordinary customer care or loyalty programs such as food and beverage, beautiful and friendly flight attendants and other airline perks.

Continue.. Positioning Strategy

c. Channel Differentiation

Gain competitive advantages by developing their own channel's coverage, applications, expertise and performance.

Example:

Amazon.com – develop smooth functioning direct channels and sales database.

Shoppee.com – design sales transaction system to protect and gain buyers trust.

d. People Differentiation

Acquire high qualification and well trained customer-contact people to satisfy their customer.

Example:

Disney theme park hire and trained each employees to be competent, courteous and friendly to all their customers and honor their theme park tag-line "to make people happy" in all their actions.

e. Image Differentiation

Create different customer perception through company or brand image. This image should deliver a product's distinctive benefits and positioning. It must be communicated through advertising.

Example:

- Symbols such as the Nike swoosh or apple's "bite mark" logo, portrays company or brand recognition. Usually use famous person such as celebrities or sport legend to enhance the recognition.
- Colors such as Coca-Cola (red), IBM (blue) or Digi (yellow).

Positioning Differences

1. Important	High value benefits given to the target customers.
2. Distinctive	The difference that company can offer compare to competitors.
3. Superior	Customer obtain more or higher quality benefits compare to competitors' product or service do.
4. Communicable	Able to communicate product benefits and differences to customers
5. Pre-emptive	Company offer value that competitors cannot easily imitate
6. Affordable	Ability of buyers to pay the difference.
7. Profitable	The process of delivering product differences thru communications, product experience, pricing and other marketing strategy to customers.

Repositioning

A process to change customer perceptions to a product or services.

Example:

- Johnson and Johnson company have transform from baby products to family products.
- These repositioning strategy has change company image, product and services in order target a new and wider market

Check Your Learning Outcomes

At the end of this lesson, students should be able to:

✓	✓	✓
Explain market segmentation	Explain market targeting	Explain market positioning

More information: URL

1. Segmentation - https://youtu.be/EQ2pgHbvK0A
2. Marketing segmentation targeting and positioning - https://youtu.be/0srjdRDh99Y
3. market segmentation: geographic, demographic, psychographic and more https://study.com/academy/lesson/market-segmentation-geographic-demographic-psychographic-more.html
4. Market segmentation: Why market segments are important to marketers https://study.com/academy/lesson/market-segmentation-why-market-segments-are-important-to-marketers.html
5. Marketing: segmentation-targeting-positioning https://www.youtube.com/watch?v=0srjdRDh99Yandfeature=youtu.be
6. Perceptual Mapping and Product Positioning Explained https://www.youtube.com/watch?v=xJUrBylId7I

Exercise 1:
Section A: Multiple choice

1. Which of the following is NOT the category of psychographic segmentation

A. social class.
B. occupation.
C. lifestyle.
D. personality.

2. _____ is the process of dividing a market into distinct groups of buyers who has similarities needs, characteristics and behavior.

A. Product differentiation
B. Market segmentation
C. Market targeting
D. Market positioning

3. _____ is the process of evaluating market segment's attractiveness and then choosing one or more segments to penetrate.

A. Mass marketing
B. Market segmentation
C. Market targeting
D. Market positioning

4. _____ are the most popular base factor in segmentation.

A. Geographic
B. Demographic
C. Psychographic
D. Behavioral

5. The study of human populations in terms of size, density, location, age, gender, race and occupation is called:

A. Topography
B. Demography
C. Ethnography
D. Palatography

Answer: 1B 2B 3B 4B 5B

Exercise 2:
Section B: Match the correct answers

1. Market segmentation
2. Market segment
3. Market targeting
4. Target market
5. Market

a. The process of evaluating market attractiveness and selecting one or more segments.
b. A subgroup of people or organizations which share one or more characteristics that cause them to have similar needs and wants.
c. A group of buyers whose share similar needs or characteristics that the company decides to serve.
d. The process of dividing a market into groups according to similarities or identifiable characteristics.
e. Actual and potential buyers of a product or service.

Exercise 3:
Section B: Match the correct answers

Variables of segmentation	Match the correct answer
1. Benefit sought	a. Identification the timeline when a purchaser gets the idea or decide to buy the product until actual time of getting it.
2. Brand loyalty	b. The process of dividing a market based on the total sales.
3. Occasions	c. Dividing markets based on buyer's degree of loyalty.
4. Usage Rate	d. The process of dividing markets based on benefits that required by consumer.

Answer: Exercise 2 - 1.d 2.b 3.a 4.c 5.e Exercise 3 – 1.d 2.c 3.a 4.b

Discussion 1

Give an example for Behavioral Segmentation based on the variables below:

1. Occasions
2. Benefits Sought
3. Applications
4. User status
5. Usage rate
6. Brand loyalty

Discussion 2

Create the segments

The marketer will combines few variables to create specialization and differentiated the segments.

Segment name/ Characteristic	Segment 1	Segment 2	Segment 3	Segment 4
Demographical				
Lifestyle				
Benefits				
Usage rate				
Brands				
Loyalty				

Answer: Discussion 1: please refer to the notes pg. 71-73

Discussion 2

Suggestion answer: other suggestions must refer to suitable variables to explain the specialized and differentiate of segment and products. .

Please refer to your group's segment, products or any variables before discuss further in this matter.

SNACKS MARKET SEGMENTATION

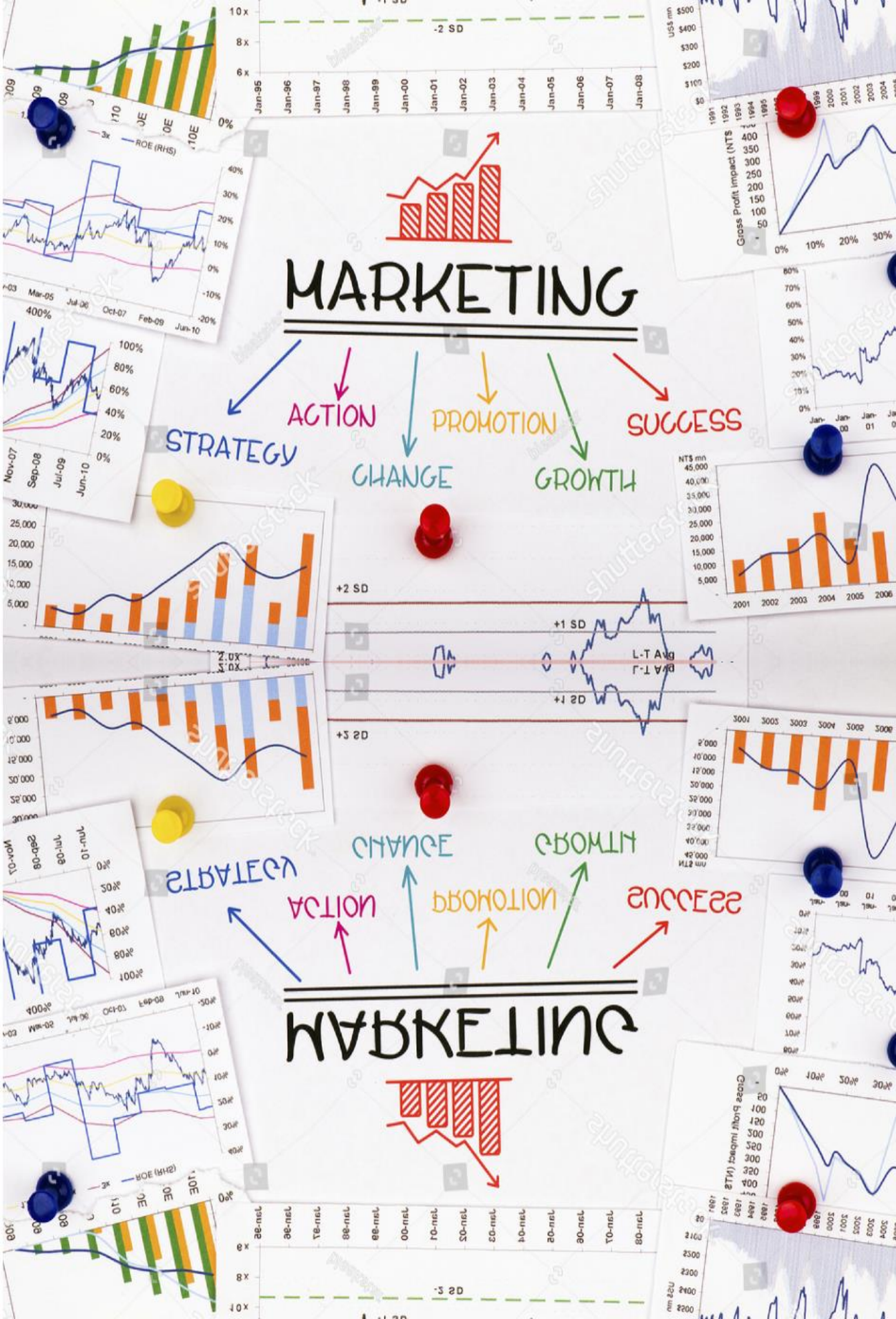
	Nutritional snackers	Weight watchers	Guilty snackers	Party snackers	Indi crime snackers	Economical snackers
% Snackers	22%	14%	9%	15%	15%	18%
Demographic characteristics	• Better educated • Have younger children	Younger	Single	Female sosioeconomic	Teens	• Larger families • Better educated
Lifestyle characteristics	Self-assured/ controlled	Outdoor types/ venturesome	Highly anxiety/ isolate	Social able	Hedonistic	Self- assured/ price-oriented
Consumption level	Light	Light	Heavy	Average	Heavy	Average
Snacks usually eaten	• Fruits • Vegetables • High fiber cookies	• Low fat Yoghurt • Vegetables	• Ice cream • Cake • Chocolate	• Nuts • Chips • Pretzels	• Everything	• no specific products
Benefit sought	• Nutrition • Organic	• Low calories • Low carbs	• Low calories • Taste good	• Entertaining • Taste good	• Taste good • Satisfies hunger	• Lower price • Combo value

PRINCIPLES OF MARKETING

DPM10013

PART B

(will be coming soon)


MARKETING
STRATEGY
ACTION
CHANGE
PROMOTION
GROWTH
SUCCESS