T.C.
MİLLÎ EĞİTİM BAKANLIĞI

MEGEP

(MESLEKÎ EĞİTİM VE ÖĞRETİM SİSTEMİNİNGÜÇLENDİRİLMESİ PROJESİ)

PAZARLAMA VE PERAKENDE

MESLEKİ İNGİLİZCE 1
MARKETING

ANKARA 2007

Milli Eğitim Bakanlığı tarafından geliştirilen modüller;

- Talim ve Terbiye Kurulu Başkanlığının 02.06.2006 tarih ve 269 sayılı Kararı ile onaylanan, Mesleki ve Teknik Eğitim Okul ve Kurumlarında kademeli olarak yaygınlaştırılan 42 alan ve 192 dala ait çerçeve öğretim programlarında amaçlanan mesleki yeterlikleri kazandırmaya yönelik geliştirilmiş öğretim materyalleridir (Ders Notlarıdır).
- Modüller, bireylere mesleki yeterlik kazandırmak ve bireysel öğrenmeye rehberlik etmek amacıyla öğrenme materyali olarak hazırlanmış, denenmek ve geliştirilmek üzere Mesleki ve Teknik Eğitim Okul ve Kurumlarında uygulanmaya başlanmıştır.
- Modüller teknolojik gelişmelere paralel olarak, amaçlanan yeterliği kazandırmak koşulu ile eğitim öğretim sırasında geliştirilebilir ve yapılması önerilen değişiklikler Bakanlıkta ilgili birime bildirilir.
- Örgün ve yaygın eğitim kurumları, işletmeler ve kendi kendine mesleki yeterlik kazanmak isteyen bireyler modüllere internet üzerinden ulaşabilirler.
- Basılmış modüller, eğitim kurumlarında öğrencilere ücretsiz olarak dağıtılır.
- Modüller hiçbir şekilde ticari amaçla kullanılamaz ve ücret karşılığında satılamaz.

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YETERLİK	Yabancı dilde mesleki konuları dinlemek, konuşmak, okumak ve yazmak.
MODÜLÜN AMACI	**Genel Amaç:** Öğrenci uygun ortam sağlandığında pazarlama hizmetlerindeki işlemleri yabancı dilde eksiksiz olarak anlayabilecek ve gerçekleştirebilecektir. **Amaçlar:** **1-** Pazarlama hizmetlerindeki işlemleri yabancı dilde hatasız olarak gerçekleştirebilecektir. **2-** Pazarlama hizmetlerinde karşılaşılabilecek sorunları yabancı dilde hatasız olarak anlayabilecek ve çözebilecektir.
ÖĞRENME ORTAMLARI VE DONANIMLAR	**Ortam:** Sınıf ve/veya işletme **Donanım:** Mesleki ders kitapları, CD, DVD, Bilgisayar, Video
ÖLÇME VE DEĞERLENDİRME	Modülün içerisinde yer alan her faaliyetten sonra verilen ölçme araçları ile kazandığınız bilgileri ölçerek kendi kendinizi değerlendireceksiniz. Öğretmen modül sonunda size ölçme aracı (Test, çoktan seçmeli, doğru yanlış, klasik, uygulama, boşluk doldurma ve örnek olay inceleme) uygulayarak, modül uygulamaları ile kazandığınız bilgileri değerlendirecektir.

PREFACE

Dear Student;

Welcome to this module!

This module is intended for employees who will work at marketing departments of the companies and who need to improve their Professional English.

Persons employed in marketing business have to be guest oriented, as customers are part of the product their company is selling. How you decide your products, their brands and packages, your marketing strategy and marketing management can make the difference between satisfied guests and dissatisfied guests. This module calls upon everyone in the company to “think customers” and do all that they can to help create and deliver superior guest value and satisfaction.

The basic objective is to help marketing department staff improve their foreign language skills in order to communicate with employees and customers who speak English as well as to enable the staff to read all the documents (marketing books, magazines about their jobs, etc.) which are written in English.

This module is composed of typical explanations, pictures and, of course, some practical tips which must be known to be able to read, understand, write and speak English in your daily lives.

Warm regards.

LEARNING ACTIVITY-1

AIM

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

- Describe marketing, learn the importance and aim of marketing.
- List the marketing mix.
- List and discuss the importance of the elements of the company’s microenvironment, including the company, suppliers, marketing intermediaries, customers, and public.
- List the macro-environmental forces that affect the company’s ability to serve its customers and describe the levels of competition.
- Explain marketing strategy and marketing management process.
- Learn what marketing information system is, and how it works.

SEARCH

- Think about the shopping area near your place. Assume that you wish to start a business here, and are looking for a promising opportunity for a restaurant.
    - Is there an opportunity to open a distinctive and promising business? Describe your target market, and how you would serve it differently than current business do.
    - What sort of marketing mix would you use for your business?
- Go to a well-known fast food restaurant and order a sandwich. Note the questions you are asked, and observe how special orders are handled. Next, go to another well-known fast food restaurant or a local pizza restaurant and order a sandwich or pizza. Note the questions you are asked there, observe whether special orders are handled the same way as they are at the previous fast food restaurant.

Did you observe any significant differences in how orders are handled?

Consider the differences you saw. Do you think the restaurants have different marketing management philosophies?

Which is the closest to the marketing concept? Is one closer to the selling or production concept?

1. MARKETING

> "Marketing is so basic that it cannot be considered a seperate function. It is the whole business seen from the point of view of its final result, that is , from the customer's point of view… business success is not determined by the producer but by the customer."
>
> Peter Drucker

History of Marketing

It is hard for many to believe, but when compared to economics, production and operations, accounting and other business areas, marketing is a relatively young discipline having emerged in the early 1900s. Prior to this time most issues that are now commonly associated with marketing were either assumed to fall within basic concepts of economics (e.g., price setting was viewed as a simple supply/demand issue), advertising (well developed by 1900), or in most cases were simply not yet explored (e.g., customer purchase behavior, importance of distribution partners).

Lead by marketing scholars from several major universities, the development of marketing was in large part motivated by the need to dissect in greater detail relationships and behaviors that existed between sellers and buyers. In particular, the study of marketing lead sellers to recognize that adopting certain strategies and tactics could significantly benefit the seller/buyer relationship. In the old days of marketing (before the 1950s) this often meant identifying strategies and tactics for simply selling more products and services with little regard for what customers really wanted. Often this lead companies to embrace a "sell-as-much-as-we-can" philosophy with little concern for building relationships for the long term.

But starting in the 1950s, companies began to see that old ways of selling were wearing thin with customers. As competition grew stiffer across most industries, organizations looked to the buyer side of the transaction for ways to improve. What they found was an emerging philosophy suggesting that the key factor in successful marketing is to understanding the needs of customers. This now famous "marketing concept" suggests marketing decisions should flow from FIRST knowing the customer and what they want. Only then should an organization initiate the process of developing and marketing products and services. The marketing concept continues to be at the root of most marketing efforts, though the concept does have its own problems (e.g., doesn't help much with marketing new technologies) a discussion of which is beyond the scope of this tutorial. But overall marketers have learned they can no longer limit their marketing effort to just getting customers to purchase more. They must have an in-depth understanding of who their customers are and what they want.

1.1. Defınıtıon, Importance And Aım Of Marketıng

Definition of Marketing

Marketing is a social and managerial process by which individuals and groups obtain what they need and want through creating and exchanging products and value with others. To understand the definition, we must understand the following terms: needs, wants, and demands.

Needs. Human beings have many complex needs. These include basic physical needs for food, clothing, warmth, and safety; social needs for belonging, affection, fun, and relaxation; esteem needs for prestige, recognition, and fame; and individual needs for knowledge and self-expression.

Wants. Wants are how people communicate their needs.

Demands. People have almost unlimited wants, but limited resources. They choose products that produce the most satisfaction for their Money, when backed by buying power, wants become demands.

Marketing consists of the strategies and tactics used to identify, create and maintain satisfying relationships with customers that result in value for both the customer and the marketer.

Let's examine this definition in a little more detail by focusing on a few of the key terms.

Strategies and Tactics. Strategies are best explained as the direction the marketing effort will take over some period of time, while tactics are actionable steps or decisions made in order to follow the strategies established. For instance, if a strategy is to enter a new market, the tactics may involve the marketing decisions made to carry this out. Performing strategic and tactical planning activities in advance of taking action is considered critical for long-term marketing success.

Identify. Arguably the most important marketing function involves efforts needed to gain knowledge of customers, competitors, and markets.

Create. Competition forces marketers to be creative people. When marketers begin new ventures, such as building a new company, it is often based around something that is new (e.g., new product, new way to distribute a product, new advertising approach, etc.). But once the new venture is launched innovation does not end. Competitive pressure is continually felt by the marketer, who must respond by devising new strategies and tactics that help the organization remain successful.

Maintain. Today's marketers work hard to insure their customers return to purchase from them again. Long gone (see History below) are the days when success for a marketer was measured simply in how many sales they made each day. Now, in most marketing situations, marketing success is evaluated not only in terms of sales figures but also by how long a marketer can retain good customers. Consequently, marketers' efforts to attract customers does not end when a customer makes a purchase. It continues in various ways for, hopefully, a long time after the initial purchase.

Satisfying Relationships. A key objective of marketing is to provide products and services that customers really want and to make customers feel their contact with the marketer is helping to build a good relationship between the two. In this way the customer is made to feel as if she/he is a partner in the transaction not just a source of revenue for the marketer. In recent years this has lead to the concept of Customer Relationship Management (CRM), which has emerged as a strategic approach that insures that everyone in an organization, not just the marketer, understands the importance of customers. Maintaining close and consistent relationships with customers through all points of customer contact is crucial but difficult to do well.

Value for Both Customer and Marketer . Value refers to the perception of benefits received for what someone must give up. For customers value is most often measured by how much they feel they are getting for their money, though the value one customer feels she/he obtains may differ from the perception of value from another customer even though they purchase the same product. On the other side of the transaction, the marketer may measure value in terms of how much profit they are making for the marketing efforts and resources expended. For a successful marketing effort to take place both the customer and the marketer must feel they are receiving something worth while in return for the efforts. Without a strong perception of value it is unlikely a strong relationship can be built.

What Marketers Do

In order to reach the goal of creating a relationship that holds value for customers and for the organization, marketers use a diverse toolkit that includes (but is not limited to) making decisions regarding:

- **Target Markets –** those markets identified as possessing needs the marketer believes can be addressed by its marketing efforts
- **Products/Services –** a tangible or intangible solution to the market’s needs
- **Promotion –** a means for communicating information about the marketing organization’s solution to the market
- **Distribution –** means used to allow the market to obtain the solution
- **Pricing –** ways for the marketer to adjust the cost to the market for the solution
- **Services –** additional options that enhance the solution’s value

Each option within the marketer’s toolkit is tightly integrated with all other options so that a decision in one area could and often does impact decisions in other areas. For instance, a change in the price of a product (e.g., lowering the price) could impact the distribution area (e.g., increases shipments, generates higher store traffic).

Additionally, options within the toolkit are affected by factors that are not controlled by the marketer. These factors include economic conditions, legal issues, technological developments, social/cultural changes, and many more. While not controllable, these external factors must be monitored and dealt with since these can potentially cause considerable harm to the organization. Ignoring outside elements also can lead to missed opportunities in the market especially if competitors are the first to take advantage of the opportunities. As part of the strategic and tactical planning process discussed above it would be wise for marketers to pay close attention to the environment outside the organization.

1.2. Marketing Mıx

In popular usage, "marketing" is the promotion of products, especially advertising and branding. However, in professional usage the term has a wider meaning which recognizes that marketing is customer centered. Products are often developed to meet the desires of groups of customers or even, in some cases, for specific customers. E. Jerome McCarthy divided marketing into four general sets of activities. His typology has become so universally recognized that his four activity sets, the Four Ps, have passed into the language.

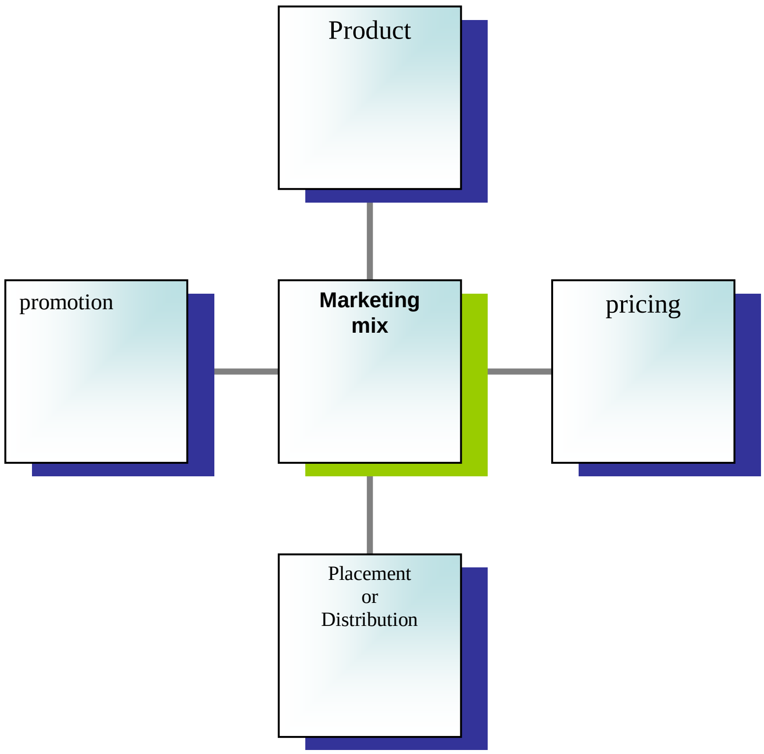


Figure 1.1: The Marketing Mix

The four Ps are:

1. **Product:** The Product Management and Product Marketing aspects of marketing deal with the specifications of the actual good or service, and how it relates to the end user's needs and wants.
2. **Pricing:** This refers to the process of setting a price for a product, including discounts.
3. **Promotion:** This includes advertising, sales promotion, publicity, and personal selling, and refers to the various methods of promoting the product, brand, or company.
4. **Placement or distribution:** Refers to how the product gets to the customer; for example, point of sale placement or retailing. This fourth P has also sometimes been called Place, referring to the channel by which a product or service is sold (e.g. online vs. retail), which geographic region or industry, to which segment (young adults, families, business people), etc.

These four elements are often referred to as the marketing mix. A marketer can use these variables to craft a marketing plan. The four Ps model is most useful when marketing low value consumer products. Industrial products, services, high value consumer products require adjustments to this model. Services Marketing must account for the unique nature of services. Industrial or B2B marketing must account for the long term contractual agreements that are typical in supply chain transactions. Relationship Marketing attempts to do this by looking at marketing from a long term relationship perspective rather than individual transactions.

1.2.1. Product

What is a Product?

In marketing, the term “product” is often used as a catch-all word to identify solutions a marketer provides to its target market. We will follow this approach and permit the term “product” to cover offerings that fall into one of the following categories:

- **Goods** – Something is considered a good if it is a tangible item. That is, it is something that is felt, tasted, heard, smelled or seen. For example, bicycles, cellphones, and donuts are all examples of tangible goods. In some cases there is a fine line between items that affect the senses and whether these are considered tangible or intangible. We often see this with digital goods accessed via the Internet, such as listening to music online or visiting an information website. In these cases there does not appear to be anything that is tangible or real since it is essentially computer code that is proving the solution. However, for our purposes, we distinguish these as goods since these products are built (although using computer code), are stored (e.g., on a computer hard drive), and generally offer the same benefits each time (e.g., quality of the download song is always the same).

- **Services** – Something is considered a service if it is an offering a customer obtains through the work or labor of someone else. Services can result in the creation of tangible goods (e.g., a publisher of business magazines hires a freelance writer to write an article) but the main solution being purchased is the service. Unlike goods, services are not stored, they are only available at the time of use (e.g., hair salon) and the consistency of the benefit offered can vary from one purchaser to another (e.g., not exactly the same hair styling each time).
- **Ideas –** Something falls into the category of an idea if the marketer attempts to convince the customer to alter their behavior or their perception in some way. Marketing ideas is often a solution put forth by non-profit groups or governments in order to get targeted groups to avoid or change certain behavior. This is seen with public service announcements directed toward such activity as youth smoking, automobile safety, and illegal drug use.

While in some cases a marketer offers solutions that provide both tangible and intangible attributes, for most organizations their primary offering -- the thing that is the main focus of the marketing effort -- is concentrated in one area.

Categories of Consumer Products

In addition to categorizing by type of offering, most products intended for consumer use can be further categorized by how frequently and where they are purchased.

- **Convenience Products** – These are products that appeal to a very large market segment. They are generally consumed regularly and purchased frequently. Examples include most household items such as food, cleaning products, and personal care products. Because of the high purchase volume, pricing per item tends to be relatively low and consumers often see little value in shopping around since additional effort yields minimal savings. From the marketer's perspective the low price of convenience products means that profit per unit sold is very low. In order to make high profits marketers must sell in large volume. Consequently, marketers attempt to distribute these products in mass through as many retail outlets as possible.
- **Shopping Products** – These are products consumers purchase and consume on a less frequent schedule compared to convenience products. Consumers are willing to spend more time locating these products since they are relatively more expensive than convenience products and because these may possess additional psychological benefits for the purchaser, such as raising their perceived status level within their social group. Examples include many clothing products, personal services, electronic products, and household furnishings. Because consumers are purchasing less frequently and are willing to shop to locate these products, the target market is much smaller than that of convenience goods. Consequently, marketers often are more selective when choosing distribution outlets to sell their products.
- **Specialty Products** – These are products that tend to carry a high price tag relative to convenience and shopping products. Consumption may occur at about the same rate as shopping products but consumers are much more selective. In

fact, in many cases consumers know in advance which product they prefer. Examples include high-end luxury automobiles, expensive champagne, and celebrity hair care experts. The target markets are generally very small and outlets selling the products are very limited to the point of being exclusive.

In addition to the three main categories above, products are classified in at least two additional ways:

- **Emergency Products** – These are products a customer seeks due to sudden events and for which pre-purchase planning is not considered. Often the decision is one of convenience (e.g., whatever works to fix a problem) or personal fulfillment (e.g., perceived to improve purchaser's image).
- **Unsought Products** – These are products whose purchase is unplanned by the consumer but occur as a result of marketer's actions. Such purchase decisions are made when the customer is exposed to promotional activity, such as a salesperson's persuasion or purchase incentives like special discounts offered to certain online shoppers. These promotional activities often lead customers to engage in impulse purchasing.

Components of a Product

On the surface it seems a product is simply a marketing offering, whether tangible or intangible, that someone wants to purchase and consume. In which case one might believe product decisions are focused exclusively on designing and building the consumable elements of goods, services or ideas. For instance, one might think the key product decision for a manufacturer of floor cleaners is to focus on creating a formula that cleans more effectively. In actuality, while decisions related to the consumable parts of the product are extremely important, the TOTAL product consists of more than what is consumed. The total product offering and the decisions facing the marketer can be broken down into three key parts:

1. Core Benefits

While many needs are addressed by the consumption of a product or service, some needs are not. For instance, customers may need to be perceived highly by other members of their group or need a product that is easy to use or need a risk-free purchase. In each of these cases, and many more, the core product itself is the benefit the customer receives from using the product. In some cases these core benefits are offered by the product itself (e.g., floor cleaner) while in other cases the benefit is offered by other aspects of the product (e.g., the can containing the floor cleaner that makes it easier to spread the product). Consequently, at the very heart of all product decisions is determining the key or core benefits a product will provide. From this decision, the rest of the product offering can be developed.

2. Actual Product

The core benefits are offered through the components that make up the actual product the customer purchases. For instance, when a consumer returns home from shopping at the grocery store and takes a purchased item out of her shopping bag, the actual product is the item she holds in her hand. Within the actual product is the consumable product, which can be viewed as the main good, service or idea the customer is buying. For instance, while toothpaste may come in a package that makes dispensing it easy, the consumable product is the paste that is placed on a toothbrush. But marketers must understand that while the consumable product is, in most cases, the most critical of all product decisions, the actual product includes many separate product decisions including product features, branding, packaging, labeling, and more.

3. Augmented Product

Marketers often surround their actual products with goods and services that provide additional value to the customer's purchase. While these factors may not be key reasons leading customers to purchase (i.e., not core benefits), for some the inclusion of these items strengthens the purchase decision while for others failure to include these may cause the customer not to buy. Items considered part of the augmented product include:

- **Guarantee** – This provides a level of assurance that the product will perform up to expectations and if not the company marketing the product will support the customer's decision to replace, have it repaired or return for a refund.
- **Warranty** – This offers customers a level of protection that often extends past the guarantee period to cover repair or replacement of certain product components.
- **Customer Service** – This consists of additional services that support the customer's needs including offering training and assistance via telephone or online.
- **Complementary Products** – The value of some product purchases can be enhanced with add-on products, such as items that make the main product easier to use (e.g., laptop carrybag), enhance styling (e.g., cellphone face plates) or extend functionality (e.g., portal keyboard for PDAs).
- **Accessibility** – How customers obtain the product can affect its perceived value depending on such considerations as how easy it is to obtain (e.g., stocked at nearby store, delivered directly to office), the speed at which it can be obtained, and the likelihood it will be available when needed.

Key Product Decisions

The actual product is designed to provide the core benefits sought by the target market. The marketer offers these benefits through a combination of factors that make up the actual product.

Below we discuss in detail four key factors that together help shape the actual product. These factors include:

1. Consumable Product Features

Features are characteristics of a product that offer benefits to the customer. In most cases, the most important features are those associated with the consumable product since they are the main reason a customer makes a purchase. We separate the benefits of consumable product features into two groups: functional and psychological.

Functional Benefits - Are benefits derived from features that are part the consumable product. For instance, a plasma television includes such features and benefits as:

Feature	Functional Benefit
screen size	offers greater detail and allows for more distant viewing
screen resolution	viewing provides clear, more realistic picture
surround sound	immerses all senses in the viewing experience
remote control	allows for greater comfort while viewing

These features are called functional because they result in a benefit the user directly associates with the consumable product. For marketers functional benefits are often the result of materials, design and production decisions. How the product is built can lead to benefits such as effectiveness, durability, speed, ease-of-use, and cost savings to name just few.

Psychological Benefits – Are benefits the customer perceives they receive when they use the product though these may be difficult to measure and may vary by user. These benefits address needs such as status within a group, risk reduction, sense of independence, and happiness.

In addition to determining the type of features to include in a product, the marketer faces several other decisions related to features:

- **Quantity & Quality vs. Cost -** For the marketers an important decision focuses on the quantity and quality of features to include in a product. In most cases the more features included or the higher the quality level for a particular feature, the more expensive the product is to produce and market.

- **Is More Better? –** Even if added cost is not a major concern, the marketer must determine if more features help or hurt the target market's perception of the product. A product with too many features could be viewed as too difficult to use. This was often the case when video cassette recorders (VCR) were the principle device for taping television programs and watching rented movies. Many of the higher-level features introduced in the 1990s as the product matured, such as advanced television recording, proved too difficult for the average consumer to master.

- **Who Should Choose the Features? –** Historically marketers determined what features to include in a product. Targeting Markets, technology, and especially the Internet, offer customers the opportunity to choose their own features to custom build a product. For instance, companies offering website hosting services allow website owners to choose from a list of service options that best suits their needs. Also, for traditional products, such as clothing, companies allow customers to stylize their purchases with logos and other personalized options.

2. Branding

Branding involves decisions that establish an identity for a product with the goal of distinguishing it from competitors' offerings. In markets where competition is fierce and where customers may select from among many competitive products, creating an identity through branding is essential. It is particularly important in helping position the product in the minds of the product's target market.

While consumer products companies have long recognized the value of branding, it has only been within the last 10-15 years that organizations selling component products in the business-to-business market have begun to focus on brand building strategies. The most well-known company to brand components is Intel with its now famous "Intel Inside" slogan. Intel's success has led many other b-to-b companies and even non-profits to incorporate branding within their overall marketing strategy.

- **Packaging.** Nearly all products require a packaging decision. In most cases, the product is contained in a package when purchased by the customer. In a few cases, such as with certain produce items, the final customer may purchase the product without a package but the produce marketer still faces packaging decisions when it comes to shipping to the store.
- **Labeling.** Most packages, whether consumer or channel, are imprinted with information intended to assist the customer. For consumer products, labeling decisions are extremely important for several reasons. **First**, labels serve to capture the attention of shoppers. The use of catchy words may cause strolling customers to stop and evaluate the product. **Second**, the label is likely to be the first thing a new customer sees and thus offers their first impression of the product. **Third**, the label provides customers with product information to aid their purchase decision or help improve the customer's experience when using the product (e.g., recipes). **Fourth**, labels generally include a universal product codes (UPC) and, in some cases, radio frequency identification (RFID) tags, that make it easy for resellers, such as retailers, to checkout customers and manage inventory. **Fifth**, for companies serving international markets or diverse cultures within a single country, bilingual or multilingual labels may be needed. **Finally**, in some countries many products, including food and pharmaceuticals, are required by law to contain certain labels such as listing ingredients, providing nutritional information or including usage

1.2.2. Price

What is Price?

In general terms price is a component of an exchange or transaction that takes place between two parties and refers to what must be given up by one party (i.e., buyer) in order to obtain something offered by another party (i.e., seller). Yet this view of price provides a somewhat limited explanation of what price means to participants in the transaction. In fact, price means different things to different participants in an exchange:

- **Buyers' View** – For those making a purchase, such as final customers, price refers to what must be given up to obtain benefits. In most cases what is given up is financial consideration (e.g., money) in exchange for acquiring access to a good or service. But financial consideration is not always what the buyer gives up. Sometimes in a barter situation a buyer may acquire a product by giving up their own product. For instance, two farmers may exchange cattle for crops. Also, buyers may also give up other things to acquire the benefits of a product that are not direct financial payments (e.g., time to learn to use the product).
- **Sellers' View -** To sellers in a transaction, price reflects the revenue generated for each product sold and, thus, is an important factor in determining profit. For marketing organizations price also serves as a marketing tool and is a key element in marketing promotions. For example, most retailers highlight product pricing in their advertising campaigns.

Price is commonly confused with the notion of cost as in "I paid a high cost for buying my new plasma television". Technically, though, these are different concepts. Price is what a buyer pays to acquire products from a seller. Cost concerns the seller's investment (e.g., manufacturing expense) in the product being exchanged with a buyer. For marketing organizations seeking to make a profit the hope is that price will exceed cost so the organization can see financial gain from the transaction.

Finally, while product pricing is a main topic for discussion when a company is examining its overall profitability, pricing decisions are not limited to for-profit companies. Non-profit organizations, such as charities, educational institutions and industry trade groups, also set prices, though it is often not as apparent . For instance, charities seeking to raise money may set different "target" levels for donations that reward donors with increases in status (e.g., name in newsletter), gifts or other benefits. While a charitable organization may not call it a price in their promotional material, in reality these donations are equivalent to price setting since donors are required to give a contribution in order to obtain something of value.

Questions involved in pricing

Pricing involves asking questions like:

- How much to charge for a product or service? This question is a typical starting point for discussions about pricing, however, a better question for a vendor to ask is - How much do customers value the products, services, and other intangibles that the vendor provides.
- What are the pricing objectives?
- Do we use profit maximization pricing?
- How to set the price?: (cost-plus pricing, demand based or value-based pricing, rate of return pricing, or competitor indexing)
- Should there be a single price or multiple pricing?
- Should prices change in various geographical areas, referred to as zone pricing?
- Should there be quantity discounts?
- What prices are competitors charging?
- Do you use a price skimming strategy or a penetration pricing strategy?

- What image do you want the price to convey?
- Do you use psychological pricing?
- How important are customer price sensitivity and elasticity issues?
- Can real-time pricing be used?
- Is price discrimination or yield management appropriate?
- Are there legal restrictions on retail price maintenance, price collusion, or price discrimination?
- Do price points already exist for the product category?
- How flexible can we be in pricing? : The more competitive the industry, the less flexibility we have.
- Are there transfer pricing considerations?
- What is the chance of getting involved in a price war?
- How visible should the price be? - Should the price be neutral? (ie.: not an important differentiating factor), should it be highly visible? (to help promote a low priced economy product, or to reinforce the prestige image of a quality product), or should it be hidden? (so as to allow marketers to generate interest in the product unhindered by price considerations).
- Are there joint-product pricing considerations?
- What are the non-price costs of purchasing the product? (eg.: travel time to the store, wait time in the store, disagreeable elements associated with the product purchase - dentist -> pain, fishmarket -> smells)
- What sort of payments should be accepted? (cash, cheque, credit card, barter)

1.2.3. Promotıon

Product placement (PPL) is a promotional tactic used by marketers in which a real commercial product is used in fictional or non-fictional media, and the presence of the product is a result of an economic exchange. When featuring a product is not part of an economic exchange, it is called a product plug. Product placement appears in plays, film, television series, music videos, video games and books, and is a relatively new idea (first appearing in the 1980's). Product placement occurs with the inclusion of a brand's logo, or a favorable mention or appearance of a product. This is done without disclosure, and under the premise that it is a natural part of the work. Most major movie releases today contain product placements. The most common form is movie and television placements and more recently computer and video games. Recently, web 2.0 sites have experimented with in-site product placement as a revenue model.

Forms of product placement

The most basic form of product placement is the inclusion of a product name or logo in the foreground or background of a scene. Payments are based on exposure, including the number of times the product is shown or mentioned, the duration of that exposure, and the degree of inclusion of the product in the story line. If the product is actively used (such as when a leading character can be clearly seen to take a drink from the bottle or can), placement fees may be higher.

Other times, product usage is negotiated rather than paid for. Some placements provide productions with below-the-line savings, with products such as props, clothes and cars being loaned for the production's use, thereby saving them purchase or rental fees. Barter systems (the director/actor/producer wants one for himself) and service deals (cellular phones provided for crew use, for instance) are also common practices. Producers may also seek out companies for product placements as another savings or revenue stream for the movie, with, for example, products used in exchange for help funding advertisements tied-in with a film's release, a show's new season or other event.

The most common products to be promoted in this way are automobiles. Frequently, all the important vehicles in a movie or television serial will be supplied by one manufacturer. For example, The X-Files used Fords, as do leading characters on 24. The James Bond films pioneered such placement. The 1974 film The Man with the Golden Gun featured extensive use of AMC cars, even in scenes in Thailand, where AMC cars were not sold, and had the steering wheel on the wrong side of the vehicle for the country's roads. Other times, vehicles or other products take on such key roles in the film it is as if they are another character. Examples of this practice include Bad Boys2, in which every car was made by General Motors. In Desperate Housewives all of the women drive Buicks, another example of product placement.

More recently, Apple Computer frequently places its products in films and on television, where they therefore seem much more common than in most real-world offices and homes. Apple has recently stated that it does not pay for product placement, though executives will not say how their products get into movies and onto TV. The most plausible argument may be that Apple computers appear to be more visually appealing than ordinary PCs. (Notably, recognizable Apple products have appeared in newspaper comic strips, including Opus, Baby Blues, Non Sequitar, and Fox Trot, even though paid placement in comics is all but unknown.) In a twist on traditional product placement, Hewlett-Packard computers now appear exclusively as part of photo layouts in the IKEA catalog in addition to placing plastic models of its computers in IKEA stores, having taken over Apple's similar position in the Swedish furniture retailer's promotional materials several years ago. Hewlett-Packard also put their computers in The Office (US version).

A variant of product placement is advertisement placement. In this case an advertisement for the product (rather than the product itself) is seen in the movie or television series. Examples include a Lucky Strike cigarette advertisement on a billboard or a truck with a milk advertisement on its trailer.

Product placement is also used in books (particularly novels) and video games, such as Crazy Taxi, which featured numerous real retail stores as game destinations. However, sometimes the economics are reversed, and video game makers pay for the rights to use real sports teams and players.

Quantification methods track brand integrations, with both basic quantitative and more demonstrative qualitative systems used to determine the cost and effective media value of a placement. Rating systems measure the type of placement and on-screen exposure is gauged by audience recall rates. Products might be featured but hardly identifiable, clearly identifiable, long or recurrent in exposure, associated with a main character, verbally mentioned and/or they may play a key role in the storyline. Media values are also weighed over time, depending on a specific product's degree of presence in the market.

Product placement can be seen as a modern version of the exhibit displays seen at world's fairs, concerts, sporting events, or anywhere that large numbers of potential customers gathered.

Virtual product placement uses computer graphics to insert the product into the program after the program is complete.

The film The Truman Show explores the idea of a 24-hour on-air reality television program funded entirely by product placement.

1.2.4. Placement Or Dıstrıbutıon

What are Channels of Distribution?

For marketers the distribution decision is primarily concerned with the supply chain's front-end or channels of distribution that are designed to move the product (goods or services) from the hands of the company to the hands of the customer. Obviously when we talk about intangible services the use of the word "hands" is a figurative way to describe the exchange that takes place. But the idea is the same as with tangible goods. All activities and organizations helping with the exchange are part of the marketer's channels of distribution.

Activities involved in the channel are wide and varied though the basic activities revolve around these general tasks:

- Ordering
- Handling and shipping
- Storage
- Display
- Promotion
- Selling
- Information feedback

Traditionally, distribution has been seen as dealing with logistics: how to get the product or service to the customer. It must answer questions such as:

- Should the product be sold through a retailer?
- Should the product be distributed through wholesale?
- Should multi-level marketing channels be used?
- How long should the channel be (how many members)?
- Where should the product or service be available?
- When should the product or service be available?
- Should distribution be exclusive, selective or extensive?
- Who should control the channel (referred to as the channel captain)?
- Should channel relationships be informal or contractual?
- Should channel members share advertising (referred to as co-op ads)?
- Should electronic methods of distribution be used?
- Are there physical distribution and logistical issues to deal with?
- What will it cost to keep an inventory of products on store shelves and in channel warehouses (referred to as filling the pipeline)?

1.3. Marketıng Envıronment

> "It is useless to tell a river to stop running; the best thing is to learn how to swim in the direction it is flowing."

Anonymous

A company's marketing environment consists of the outside actors and forces that affect a company's ability to develop and maintain successful transactions with its target customers. The marketing environment is made up of a microenvironment and a macroenvironment. The microenvironment consists of actors and forces close the company that can affect is ability to serve its customers, the company itself, marketing channel firms, customer markets, and a broad range of publics. The macroenvironment consists of the larger societal forces that affect the entire microenvironment, demographic, economic, naturel, technological, political, competitor, and cultural forces.

1.3.1. External Macroenvironment

The external macroenvironment consists of all the outside institutions and forces that have an actual or potential interest or impact on the organization's ability to achieve its objectives: competitive, economic, technological, political, legal, demographic, cultural, and ecosystem. Though noncontrollable these forces require a response in order to keep positive actions with the targeted markets. An organization with an environmental management perspective takes aggressive actions to affect the forces in its marketing environment rather than simply watching and reacting to it.

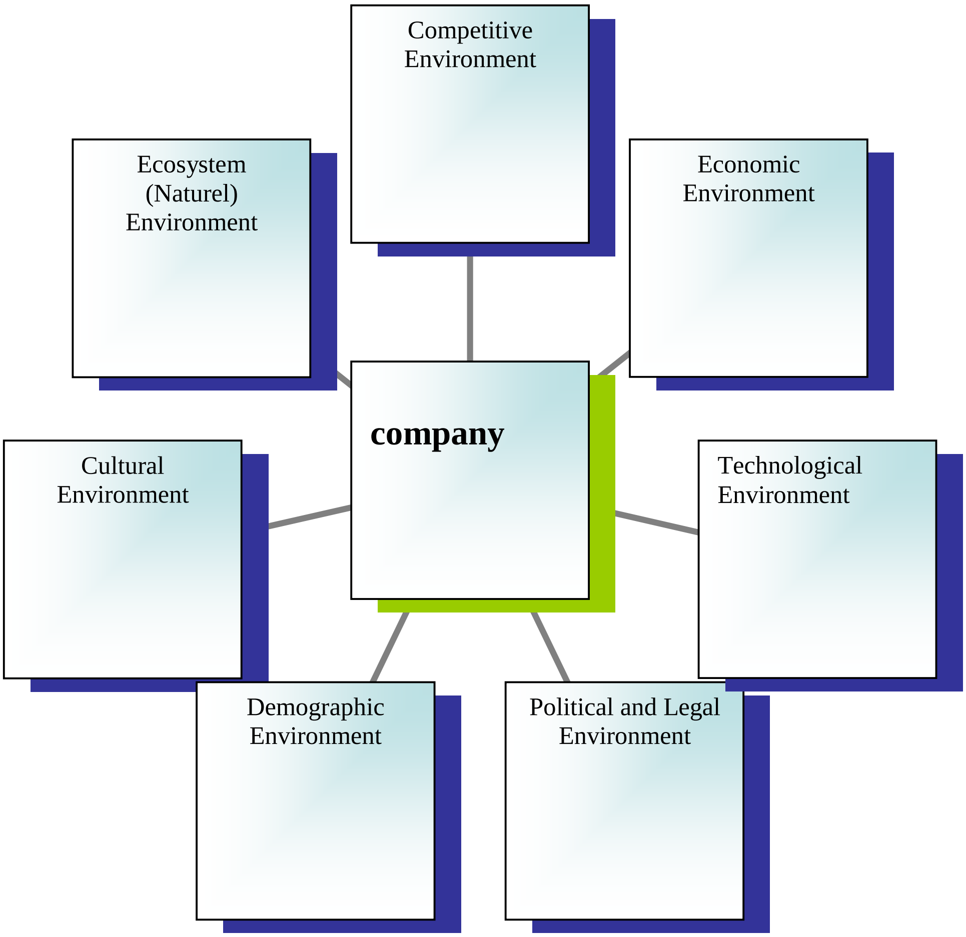


Figure 1.2: Major forces in the company's macroenvironment

Competitive Environment

Adopting the marketing concept means that an organization must provide greater customer value than its competitors. Being good is not good enough if a competitor is better. It is impossible for an organization to develop strong competitive positioning strategies without a good understanding of its competitors and the strengths and weaknesses of the competitors.

Three levels of competition exist.

- Direct competitors are firms competing for the same customers with the similar products (ex. grocery stores).
- Competition exists between products that can be substituted for one another (ex. margarine for butter).
- Competition exists among all organizations that compete for the consumer's purchasing power (ex. entertainment).

Pure competition has many firms, all selling identical products, and no one firm is powerful (ex. wheat farmers). Monopolistic competition has a large number of firms selling slightly differentiated products (ex. fast food - product differentiation). Oligopoly is a small number of firms selling that can act collusively (ex. long distance telephone). Monopoly is a single firm selling in the market for which there is no close substitute.

Economic Environment

The economic environment consists of factors that affect consumer purchasing power and spending patterns. Economic factors include business cycles, inflation, unemployment, interest rates , and income. Changes in major economic variables have a significant impact on the marketplace. For example, income affects consumer spending which affects sales for organizations. According to Engel's Laws, as income rises, the percentage of income spent on food decreases, while the percentage spent on housing remains constant.

People spend, save, invest and try to create personal wealth with differing amounts of money. How people deal with their money is important to marketers. Trends in the economic environment show an emphasis on global income distribution issues, low savings and high debt, and changing consumer-expenditure patterns. If you consider access to telephones, clothes washers, dryers, microwaves, etc., there is little visible difference between the poor and nonpoor. Indeed, recent figures indicate that the affluent are shopping at discount stores, having adopted some of the shopping habits of those with less income.

Marketers can't control the problems that have cropped up, and that may continue to develop, at various hot spots across the global economy. But they can -- and should -- take proactive steps to shelter their organizations from unwanted consequences of a worldwide downturn. When an organization's underlying financials are strong, it is able to capitalize on competitors' weaknesses, prosper, and continue to grow, even in adverse economic times.

Technological Environment

The technological environment refers to new technologies, which create new product and market opportunities. Technological developments are the most manageable uncontrollable force faced by marketers. Organizations need to be aware of new technologies in order to turn these advances into opportunities and a competitive edge. Technology has a tremendous effect on life-styles, consumption patterns, and the economy. Advances in technology can start new industries, radically alter or destroy existing industries, and stimulate entirely separate markets. The rapid rate at which technology changes has forced organizations to quickly adapt in terms of how they develop, price, distribute, and promote their products.

Political and Legal Environment

Organizations must operate within a framework of governmental regulation and legislation. Government relationships with organizations encompass subsidies, tariffs, import quotas, and deregulation of industries.

The political environment includes governmental and special interest groups that influence and limit various organizations and individuals in a given society. Organizations hire lobbyists to influence legislation and run advocacy ads that state their point of view on public issues. Special interest groups have grown in number and power over the last three decades, putting more constraints on marketers. The public expects organizations to be ethical and responsible. An example of response by marketers to special interests is green marketing, the use of recyclable or biodegradable packing materials as part of marketing strategy.

The major purposes of business legislation include protection of companies from unfair competition, protection of consumers from unfair business practices and protection of the interests of society from unbridled business behavior. The legal environment becomes more complicated as organizations expand globally and face governmental structures quite different from those within the United States.

Demographic Environment

Demographics tell marketers who current and potential customers are; where they are; and how many are likely to buy what the marketer is selling. Demography is the study of human populations in terms of size, density, location, age, sex, race, occupation, and other statistics. Changes in the demographic environment can result in significant opportunities and threats presenting themselves to the organization. Major trends for marketers in the demographic environment include worldwide explosive population growth; a changing age, ethnic and educational mix; new types of households; and geographical shifts in population.

Cultural Environment

Social/cultural forces are the most difficult uncontrollable variables to predict. It is important for marketers to understand and appreciate the cultural values of the environment in which they operate. The cultural environment is made up of forces that affect society's basic values, perceptions, preferences, and behaviors. U.S. values and beliefs include equality, achievement, youthfulness, efficiency, practicality, self-actualization, freedom, humanitarianism, mastery over the environment, patriotism, individualism, religious and moral orientation, progress, materialism, social interaction, conformity, courage, and acceptance of responsibility. Changes in social/cultural environment affect customer behavior, which affects sales of products. Trends in the cultural environment include individuals changing their views of themselves, others, and the world around them and movement toward self-fulfillment, immediate gratification, and secularism.

Ecosystem (Naturel) Environment

The ecosystem refers to natural systems and its resources that are needed as inputs by marketers or that are affected by marketing activities. Green marketing (the greening of America) or environmental concern about the physical environment has intensified in recent years. Environmental consciousness has a strong presence in Western Europe and Japan, as well as in the United States. To avoid shortages in raw materials, organizations can use renewable resources (such as forests) and alternatives (such as solar and wind energy) for nonrenewable resources (such as oil and coal). Organizations can limit their energy usage by increasing efficiency. Goodwill can be built by voluntarily engaging in pollution prevention activities and natural resource.

1.3.2. External Microenvironment

The external microenvironment consists of forces that are part of an organization's marketing process but are external to the organization. These microenvironmental forces include the organization's market, its producer-suppliers, and its marketing intermediaries. While these are external, the organization is capable of exerting more influence over these than forces in the macroenvironment.

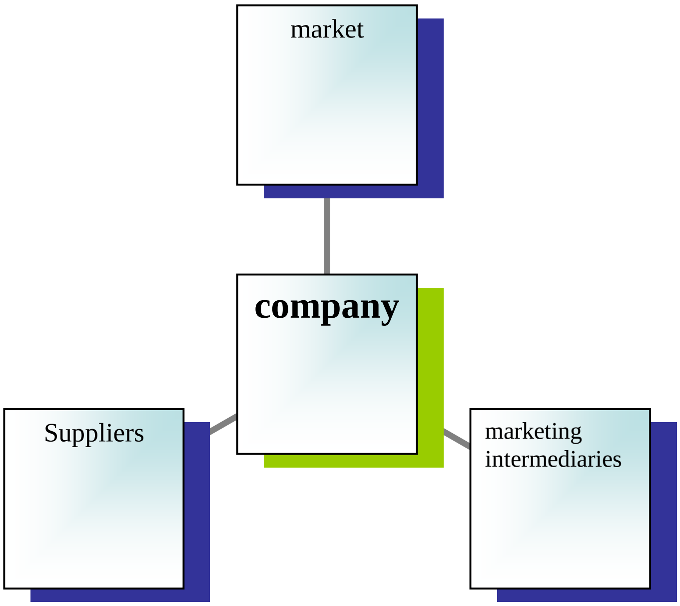


Figure 1.3 : The company's microenvironment

The Market

Organizations closely monitor their customer markets in order to adjust to changing tastes and preferences. A market is people or organizations with wants to satisfy, money to spend, and the willingness to spend it. Each target market has distinct needs, which need to be monitored. It is imperative for an organization to know their customers, how to reach them and when customers' needs change in order to adjust its marketing efforts accordingly. The market is the focal point for all marketing decisions in an organization.

Consumer markets are individuals and households that buy goods and services for personal consumption. Business markets buy goods and services for further processing or for use in their production process. Reseller markets buy goods and services in order to resell them at a profit. Government markets are agencies that buy goods and services in order to produce public services or transfer them to those that need them. The federal government is the largest buyer in the United States. International markets consist of buyers in other countries.

Suppliers

Suppliers are organizations and individuals that provide the resources needed to produce goods and services. They are critical to an organization's marketing success and an important link in its value delivery system. Marketers must watch supply availability and monitor price trends of key inputs. If there is a breakdown in the link between the organization and its suppliers, the result will be delays and shortages that can negatively impact the organization's marketing plans. On the other hand, positive and cooperative relationships between the organization and its suppliers can lead to enhanced service and customer satisfaction.

Marketing Intermediaries

Like suppliers, marketing intermediaries are an important part of the system used to deliver value to customers. Marketing intermediaries are independent organizations that aid in the flow of products from the marketing organization to its markets. The intermediaries between an organization and its markets constitute a channel of distribution. These include middlemen (wholesalers and retailers who buy and resell merchandise). Physical distribution firms help the organization to stock and move products from their points of origin to their destinations. Warehouses store and protect the goods before they move to the next destination. Marketing service agencies help the organization target and promote its products and include marketing research firms, advertising agencies, and media firms. Financial intermediaries help finance transactions and insure against risks and include banks, credit unions, and insurance companies.

Marketing Information

External environmental sources provide raw data for marketers to develop into actionable, marketing information. Environmental forces create challenges and opportunities for the organization. Marketers must react and adapt to changes in their external environment. Globalization is an example of an opportunity for an organization. Improving technologies, such as transportation and communications, have enabled companies to expand into global or worldwide markets. Marketers must learn to deal effectively with multiple cultures and political systems in the midst of rapidly changing markets and technology. They must be able to anticipate this changing environment and develop the competencies at all levels in their organizations to embrace this dynamic future.

1.4. Marketıng Strategy And Marketıng Management Process

1.4.1.Marketing Strategy

Marketing strategy is a powerful process that gives an organization a competitive advantage in the marketplace. While just defining a marketing strategy will not automatically create a competitive advantage, it will allow the organization to concentrate its (always limited) resources on the greatest opportunities to increase sales and achieve a sustainable competitive advantage.

The word strategy comes from the Greek word strategos meaning general. Strategy is what generals use to win battles. Thus properly understood, marketing strategy is a high-level exercise involving the "generals" of the organization in determining how to build on the firm's strengths while (ethically) taking advantage of competitors' weaknesses. Marketing strategy is most effective when it is a vital component of corporate strategy, defining how the organization will engage customers, prospects and the competition in the market arena for consistent success.

A marketing strategy also serves as the foundation of a marketing plan. A marketing plan contains a set of specific actions required to successfully implement a specific marketing strategy. For example: "Use a low cost product to attract consumers. Once our organization, via our low cost product, has established a relationship with consumers, our organization will sell additional, higher-margin products and services that enhance the consumer's interaction with the low-cost product or service."

A strategy is different from a tactic. While it is possible to write a tactical marketing plan without a sound, well-considered strategy, it is not recommended. Without a sound marketing strategy, a marketing plan has no foundation. Marketing strategies serve as the fundamental underpinning of marketing plans designed to reach marketing objectives. It is important that these objectives have measurable results.

A good marketing strategy should integrate an organization's marketing goals, policies, and action sequences (tactics) into a cohesive whole. The objective of a marketing strategy is to provide a foundation from which a tactical plan is developed. This allows the organization to carry out its mission effectively and efficiently.

Marketing strategies are partially derived from broader corporate strategies, corporate missions, and corporate goals. They should flow from the firm's mission statement. They are also influenced by a range of microenvironmental factors.

Marketing strategies are dynamic and interactive. They are partially planned and partially unplanned.

Every marketing strategy is unique, but if we abstract from the individualizing details, each can be reduced into a generic marketing strategy. There are a number of ways of categorizing these generic strategies. A brief description of the most common categorizing schemes is presented below:

Strategies based on market dominance- In this scheme, firms are classified based on their market share or dominance of an industry. Typically there are four types of market dominance strategies:

- Leader
- Challenger
- Follower
- Nicher

Porter generic strategies - Michael Porter assessed strategy on the dimensions of strategic scope and strategic strength. Strategic scope refers to the breadth of market penetration while strategic strength refers to the firm’s sustainable competitive advantage. He felt three types were important:

- Cost leadership
- Product differentation
- Market segmentation

Innovation strategies - This deals with the firm's rate of new product development and business model innovation. It asks whether the company is on the cutting edge of technology and business innovation. There are three types:

- Pioneers
- Close followers
- Late followers

Growth strategies - In this scheme we ask the question, "How should the firm grow?". There are a number of different ways of answering that question, but the most common gives four answers:

- Horizontal integration
- Vertical integration
- Diversification (or conglomeration)
- Intensification

Aggressiveness strategies - This asks whether a firm should grow or not, and if so, how fast. One scheme divides strategies into:

- Building
- Holding
- Harvesting

A more detailed schemes uses the categories:

- Prospector
- Analyzer
- Defender
- Reactor

Warfare based strategies - This scheme draws parallels between marketing strategies and military strategies. There are many types of marketing warfare strategies, but they can be grouped into:

- Offensive marketing warfare strategies
- Defensive marketing warfare strategies
- Flanking marketing warfare strategies
- Guerilla marketing warfare strategies

1.4.2.Marketing Management

Marketing management is a business discipline focused on the practical application of marketing techniques and the manegement of a firm's marketing resources and activities. Marketing managers are often responsible for influencing the level, timing, and composition of customer demand in a manner that will achieve the company's objectives.

Most people think of a marketing manager as someone who finds enough customers to buy the company's current output. But this is too limited a view. The marketing manager is interested in shaping the level, time, and composition of demand for the company's products and services. At any time, there may be no demand, adequate demand, irregular demand, or too much demand.

There are five concepts under which organizations conduct their marketing activity: the production, product, selling, marketing, and societal marketing concepts.

Manufacturing Concept (also called Production Concept) : The manufacturing concept holds that consumers will favor products that are available and highly affordable, and therefore management should focus on production and distribution efficiency. The problem with the manufacturing concept is that management may become so focused on manufacturing systems that they forget the customer.

Product Concept : The product concept, like the manufacturing concept, has an inward focus. The product concept holds that consumers prefer existing products and product forms, and the job of management is to develop good versions of these products. This misses the point that consumers are trying to satisfy needs and might turn to entirely different products to better satisfy their needs, such as motels instead of hotels or fast-food outlets in student centers instead of cafeterias.

Selling Concept : The selling concept holds that consumers will not buy enough of the organization's products unless the organization undertakes a large selling and promotion effort. The aim of selling focus is to get every possible sale, not to worry about satisfaction after the sale or the revenue contribution of the sale.

The selling concept does not establish a long-term relationship with the customer, since the focus is on getting rid of what one has rather than creating a product to meet the needs of the market.

Marketing Concept : The marketing concept is a more recent business philosphy. The marketing concept holds that achieving organizational goals depends on determining the needs and wants of target markets and delivering the desired satisfaction more effectively and efficiently than competitors.

The marketing concept is frequently confused with the selling concept. The selling concept takes an inside-out perspective. It starts with the company's existing products and calls for heavy selling and promoting to achieve profitable sales. The marketing concept starts with the needs and wants of the company's target customers. By contrast, The marketing concept takes an outside-in perspective. It starts a well-defined market, focusing on customer needs. Second, marketing activities must be coordinated through the organization. Third, the marketing activities must wrk toward achieving the goals and objectives of the organization. The marketing concept is summarized in the following statement : 'The company coordinates all the activities that will affect customer satisfaction and makes its profits by creating amd maintaining customer satisfaction.'

Socieatal Marketing Concept : The Socieatal Marketing Concept is the newest marketing concept. The Socieatal Marketing Concept holds that the organization should determine the needs, wants, and interests of target markets and deliver the desired satisfaction more efficiently and effectively than competitors in a way that maintains or improves the consumer's and society's well-being.

The Socieatal Marketing Concept questions whether the marketing concept is adequate in an age of environmental problems, resource shortages, rapid population growth, worlwide inflation, and neglected social services. It asks if the firm that senses, serves and satisfies individual wants is always doing what's best for consumers and society in the long run. The pure marketing concept ignores possible conflicts between short-run consumer wants and long-run societal needs.

1.5. Marketıng Informatıon System And Marketıng Research

A marketing information system (MIS) is intended to bring together disparate items of data into a coherent body of information. An MIS is, as will shortly be seen, more than raw data or information suitable for the purposes of decision making. An MIS also provides methods for interpreting the information the MIS provides. Moreover, as Kotler's definition says, an MIS is more than a system of data collection or a set of information technologies:

"A marketing information system is a continuing and interacting structure of people, equipment and procedures to gather, sort, analyse, evaluate, and distribute pertinent, timely and accurate information for use by marketing decision makers to improve their marketing planning, implementation, and control".

In international marketing, the marketer is faced with a dilemma of having too much data and too little information. There is plenty of global data from sources like the World Bank, but often a lack of specific information on countries and markets. In helping to reduce uncertainty around decision making, precise information is the key, getting it is quite another thing.

Whilst searching for opportunities globally, uncertainties will arise due to four main factors: lack of knowledge of the existence of possible new market alternatives, the conditions internal and external to the firm which will determine the consequences of a new alternative, what consequences these conditions when known may have for the firm, and how these consequences may be expressed in relevant terms of goal fulfilment. Uncertainty arises due to the time lapse between the decision and the outcome of the action decided on. Carlson (1975) also believes that uncertainty increases with the degree of "foreignness" of the place of outcome, the cost of information and the learning effect, that is, when entering a foreign market knowledge of it builds slowly, usually by experience and its attendant uncertainty.

When marketing domestically the system is fairly easy to learn. When crossing global boundaries the whole process is exaggerated by necessary paperwork, exchange rates, cash flows and transportation problems to name but a few. This uncertainty gives rise to the need for information.

Table 1 : Specific information

Marketing decision	Marketing intelligence
Go international or remain domestic	Assessment of global market and firm's potential share in it, in view of local and international competition, compared to domestic opportunities.
Which markets to enter	A ranking of world markets according to market potential, local competition and the political situation.
How to enter target markets	Size of markets, international trade barriers, transport costs, local competition, government requirements and political stability.
How to market in target markets	For each market, buyer behaviour, competitive practice, distribution channels, media, company experience

1.5.1. Elements of the information system

The following constitute the elements of the global information system. Data may be specific or general or both and used for decisions on whether to enter markets or not, in what degree and what emphasis in terms of the marketing mix. General information includes data on the following:

- Economic - rate of growth of GNP, level of inflation, incomes
- Social - people, demographics, culture, subculture
- Political - risk, instability, attitudes to "foreigners"
- Technology - current, rate of change, infrastructure
- Resources - money, manpower, materials, acquisitions, joint ventures
- Fiscal - taxes, exchange rates
- Institutions - money markets
- Managerial - funds

Specific information may include the following

Table 2 : Categories for a global intelligence system

1. Market information	
Market statistics and potential	Consumer attitudes and behaviour, spending power, per capita income
Physical features - infrastructure, communications, money markets, banks etc.	Channels of distribution - type, availability, effectiveness
Media - availability, effectiveness and cost	Information sources - quality, availability and cost
Resources - money, human, materials (availability, cost, quality, development)	
2. Environmental factors **Economic factors**	
Economic - rate of growth, structure, conduct, capital, economic blocs, (SADC), GNP, GDP, Nl	Social - customs, culture, attitudes, preferences
Political/Legal - laws, regulations, investment, "climate", government ideology, stability.	Technology - state, trends development
Competition - type, structure, operations, strategy plans, programmes, acquisitions, mergers	Trading partner(s)
Management capability	Foreign embassies, NGOs and other developmental thrust
3. Financial/Exchange **Balance of payments**	
Terms of access - quotas, tariffs, duties etc	Inflation rates
Monetary and fiscal policy	Expectations - economists, bankers, business people
Commodity exchanges	Currency alterations and movements, controls and regulations
International competitors	Taxes - inflation, incentives, dividends tax rules, earnings, repatriation of profits
Spot, forward market	Intervention by outside bodies e.g. IMF or World Bank and their effect on policy

The information required could be put into a subject agenda list with specific data requirements.

Once the agenda has been set, data collection or scanning can be done by two methods: surveillance or search. In surveillance the scanner is geared to collect relevant information which crosses his/her scanning attention field, in search the scanner is deliberately seeking information either informally or formally. Most organisations collect information through surveillance, primarily due to time restraints.

Because detailed market scanning can be expensive, many writers suggest the process be split into two stages, a preliminary screen to assess basic alternatives, then, once through this test, more detailed treatment. Hibbert (1985) calls the first phase an assessment of market ecology giving general data about a country - its political and demographic stance for example. This may lead to the avoidance of costly mistakes. A micro assessment, for example, of Zimbabwe may reveal an opportunity for imported South African wines, but the scope may be limited when one looks at the big picture of population and disposable income. Albaum et al (1989) describe an approach to the preliminary screening of foreign markets - the "expansive" and "contractible" methods.

The first gives a gradual expansion from those markets which approximate in cultural and geographic terms to one's own market. "Contractible" methods are more extensive in scope. This approach scans all markets, then narrows them down through applying various criteria. The most attractive are then subject to detailed analysis. Criteria can be self developed or using the methods like the Business Environment Risk Index (Haner, 1972). This assesses over forty countries on dimensions like political stability, monetary inflation, legal system etc. on a scale of 0 (unacceptable) to 4 (superior conditions).

Contractible scanning methods are superior to expansive methods as they are less likely to overlook market opportunities and to employ standard evaluation instruments. They are, however, very resource intensive and a compromise may be worked out between the two methods. Expansive methods have the advantage of flexibility, the burden of market acceptability rating and are less risky. However, their main disadvantages are "complacency" and missed opportunities to competitors.

Whichever method of data collection is employed, it will affect the global strategy adopted, for example, "contractible" methods favour global strategies. The outcome of the first phase (market screening) will serve to eliminate the two risk markets, then those which are selected after screening will be subjected to a product/market screening phase. This will entail more detailed research on market size, trends, prices etc. Wind and Douglas (1981) suggest that market attractiveness should be assessed at two levels - on a stand alone basis and in the light of other elements of the company's activities. A "portfolio" approach would be useful here. Also the company should assess its own strengths and weaknesses and the risk/returns decisions should transcend the focus on absolute costs and look at opportunity costs of servicing this product market rather than other product markets. (Attention is drawn to the reference section where general surveillance data is exemplified and specific information on products markets is given in an agricultural context).

1.5.2. Sources of global information

Sources of information include documented sources, human resources or perceived sources.

Documented sources

In recent years there has been an information explosion, especially in the documented, or "secondary" source area. Various sources of documented data are available including:

i) Governments

- Central office of information (UK)
- Central Statistical Office (Zimbabwe)
- EU documentation centres
- Boards of trade, or Ministry of Commerce

ii) International bodies

- The UN Statistical Yearbook
- World Bank - general statistics
- OECD - general statistics
- ITC - Geneva (information service)

iii) Business, trade, professional

- Chambers of Commerce
- Institute of Marketing
- American Management Association
- The Market Research Society

iv) Foreign embassies, trade missions

- Commercial newspapers
- Financial agencies - Price Waterhouse
- Kompass Register of companies
- Economist Intelligence Unit (UK)

v) Other

- Libraries, universities, colleges.

There are excellent sources of overseas data, in the horticultural industry, giving information on markets, prices and produce required for those wishing to sell into Europe. An example of these are given below:

- International Trade Centre (ITC) Geneva
- COLEACP, Paris
- Natural Resource Institute (NRI) UK
- GTZ, Germany

- CBI, Netherlands
- IMPOD, Sweden
- Chambers of commerce
- Food and Agriculture Organization of the United Nations

Secondary data from such sources are relatively cheap to obtain and readily available. However the disadvantages are legion.

- The data may have been collected and manipulated for a specific use, therefore it may be incomplete, ambiguous or out of context.
- Data may be compiled in different ways in different countries making comparability difficult., For example, in Germany consumer expenditures are estimated largely on the basis of turnover tax receipts, in the UK they are measured on tax receipts plus household surveys and production sources. Similarly with GNP measures, it only reflects average health per head of population and not how it is dispersed. GNP may be understated for political reasons and may not reflect education (i.e. wealth based on minerals). Also infrastructure may reflect channelled funds, say for tourism, rather than society as a whole - typical of many African countries.
- Data may be corrupted by methodological and interpretive problems, for example, definitional error, sampling error, section error, non response error, language, social organisations, trained workers, etc.
- Data may be nonexistent, unreliable or incomplete thus making inter country comparisons very difficult
- Data may be inflated or deflated for political purposes

Data from documented sources must, therefore, be treated with care and caution.

Human sources

These include executives based abroad, specific "look see" missions which are very important, and sales people, customers, suppliers, distributors, and government officials. This information is "internal" to the firm as opposed to documentary sources which are generally external. Most of the information is gathered on a face to face basis.

Perception sources

These are "sensory" sources of information, for example, if one heard of the construction of a new cold store at an airport, it could mean that the industry which produces products for airport store is planning to export in quantity. This could give rise to a market opportunity for another potential exporter of the same produce. Direct perception could be achieved by in country visits, where it would be possible to exercise all the sensory receptors sight, taste, touch, intuition, hearing and smell. Often there is no substitute to "feeling out" a situation. Participation in exhibitions, discussions with importing organisations and participation in Government working parties can all be useful sources of data.

Marketing research

Should secondary data be insufficient to meet all needs (it seldom is!!) then it may be necessary to conduct marketing research (the "search" scanning mode). There are three modes of search:

- Investigation - short term, specific data search
- Research - formally organized effort to acquire specific information
- Continuous - formally gathering longitudinal data on a continuous basis using panels of respondents

Whilst there are differences in approach, which will be discussed shortly, as in domestic research one has to be clear on the following:

a) Objectives - why is the data being gathered, for what purpose and what are the proposed sources

b) Development of ideas or hunches on the procedure

c) Hypothesis development

d) Research designs, experiments, observations, simulations, descriptive research

e) Questionnaire design

f) Data collection method - mail, telephone, interview, observations

g) Sample size and selection

h) Data collection methodology and supervision

i) Analysis and report writing

There is also the problem of assessing demand. Market demand can be existing - served by existing supplies, latent -demand which would be expressed if a product was offered to customers at an acceptable price, or incipient - demand which will emerge if present trends continue. The skill is in assessing which demand type is current or about to break.

Assessing market opportunity requires a measure of both the overall size of a market and the competitive conditions in the market. In assessing existing demand it is a question of finding out a differential advantage for your product and marketing that differential. In the latent demand situation it is a question of identifying opportunity and launching products rather than competitiveness. In incipient demand situations it is a question of looking at the market and matching products to potential. This could be the case in say exotic fruit marketing to developed countries. It is on seeing the product that the market reacts.

The research process

In international marketing research the following should be kept in mind.

a) Basic rules

Before beginning research ask some basic questions like what information is needed, where can it be obtained, when, why and at what cost? Start with desk research, identifying the type of overseas sources, know where to look and do not assume that the information is comparable or accurate if secondary in nature.

b) Primary surveys

In carrying out primary surveys it is essential to be familiar with the process involved. Of paramount importance are the time and cost elements. It may be very desirable to obtain data to the n'th degree, but in doing so, it is all too easy to run up a large bill, especially in international research.

Attention has to be paid to:

The research design: The design can be descriptive, experimental, observational or simulation. International research is of a descriptive nature or observational. The ability to conduct simulations or experiments depends on the sophistication of the market and the research facilities available.

Questionnaire design: Whilst in domestic research, questionnaires can be "closed" or "open ended". Unless trained staff can be found, and the nuances of translation can be mastered, "closed" questionnaires are mainly the norm in international research. The form of data gathered by "closed" questionnaire is mainly of a behavioural or quantitative nature. The form of data gatherered by "open ended" research is qualitative.

Attention has to be paid to length, translation, ease of response and method of questionnaire return. The rate of return in international research is often as low as 6% as it is very difficult to give incentives to the respondent. Covering letters should be succinct and written in the language and idiom of the country of destination. Marketers can often use clever devices to increase the response rates, for example in France, a red dot on the envelope denotes an "official" letter.

Questionnaires may contain ranking and rating questions (scaled questionnaires) and these can only be used if the respondent is fully aware of what is being asked. Often, in translation, the nuances and differences of interpretation may make scaling techniques difficult to utilise.

Data collection method: Data collection can be done in a variety of ways including personal interview, mail, telephone and observation (either mechanical or human.) Each method has its own merits and demerits. Personal interview allows the building of a relationship between interviewer and interviewee, and allows the "explanation" and "showing".

This is particularly important when conducting group discussions or carrying out in depth-research rather than one to one personal interviews. The gathering of "motivational" or "qualitative" data by group discussions will depend to a large extent on the availability of trained interviewees in the researched country.

Mail methods allow a longer questionnaire with considered response, but suffers from non response and interpretive problems. The telephone is quick but expensive and in many countries getting to the respondent may be difficult due to lack of a telephone infrastructure. Observation may not be always possible due to cultural blockages. In the end, time and cost elements often dictate the method, but generally mail and personal methods are the most widely used.

Sample size and selection: Samples can either be probabilistic or non probabilistic (random and non-random). Random samples can either be simple non-random or multi-random (stratified). Non random samples include quotas, selective or judgemental methods.

With probabilistic samples it is possible to be more sophisticated in the analysis by using parametric methods of analysis or project results with greater statistical reliability. With non random sampling techniques, descriptive statistics are more appropriate. In agricultural marketing, rapid rural surveys are a well used method, which are basically a mix of the two sampling techniques. In international research random sampling can be very expensive.

Another important decision is the size of sample. Again, the larger the sample size and more difficult it is to obtain (if randomly chosen) the higher the cost will be. Whilst quota sampling may be cheaper there is the possibility that bias may exist in the sample because of inaccurate prior assumptions concerning population or because the field workers select the respondents, unwittingly, in a biased way.

A quota sample is chosen by taking known characteristics of a universe and including in the sample respondents as they proportionately occur in the known universe. For example if the quota was on a male/female age basis, it is possible to stratify and select the quota as follows:

Population 20,000													
Male 45% (9000)							**Female 55% (11000)**						
	15%	10%	10%	15%	10%	40%		15%	10%	10%	15%	10%	40%
Age	0-16	17-24	25-34	35-44	45-54	55+	**Age**	0-16	17-24	25-34	35-44	45-54	55+
Number	1350	900	900	1350	900	3600	**Number**	1650	1100	1100	1650	1100	4400

The sample would firstly include 45% male and 55% female. The male and female split will then be in proportion to the age groupings, according to the actual population percentages. So the final quota sample will be according to sex and age.

Suppose a seller of tractors wishes to measure a population with respect to the percentage. It wishes the sample to be accurate to within 5% points and to be 95% confident of this accuracy.

- **Analytical techniques for researching international market**: Besides the usual descriptive data analysis methods, there are a number of other techniques which can be used in analysing market potential. "Usual" methods include univariate methods (mean, median, mode, standard deviation), bivariate methods (regression, correlation, cross tabulations), and multi variate methods (including multiple regression, cluster analysis, multiple factor indices and multidimensional scaling).
- **Industrial growth patterns**: may give an insight into market demand. Statistics can be obtained from in country sources.
- **Income elasticity measurements**: Describe the relationship between demand for goods and changes in income. This could, for example, show what could happen to the demand for basic agricultural products, if income rises. In theory, it should decline.
- Regional lead-lag analysis predicts what could happen to the pattern of demand in a considered country based on the pattern of demand in a leading country. If

Zimbabwe, for example, introduces a new form of tobacco drying, it is likely the other tobacco producing countries around it will do the same.

- When it is difficult to obtain data, resourceful ways are needed to estimate demand. One of these methods is analogy. There are two ways of using this technique, one is by cross sectional comparison, the other by time series analysis. Cross sectional analysis assumes that a factor which correlates with demand in country A could be translated to country B. Time analysis is a similar technique but adds the time dimension, very similar to the estimate of the stage in the international life cycle. One USA chemical company found that soup consumption was the only reliable index forecasting sales in Asia. There are limitations to the analysis. These include whether the two countries can really be compared, whether technical or social developments have led to a leapfrogging of the product under consideration, and whether the difference between potential and actual demand (which could depend on other factors like price, adaptability etc.) may subsume analogy.

- **Comparative analysis**: Comparative analysis, say between countries on intracompany, intercompany, national - subnational markets can be useful for estimating potential demand. It is not unreasonable, say, to compare Zambia and Tanzania.

- **Cluster analysis**: Computer packages exist to cluster similarities and differences between countries which may show factors which could be common and therefore potential markets. Such packages include multidimensional or clustering techniques.

- **Multiple Factor Indices**: MFIs indirectly measure potential demand, using variables that either intuition or statistical analysis suggest can be closely correlated with the potential demand for the product under review. Variables should be restricted to those which relate to product demand and these may be GNP, net national income or total population. In assessing the demand for coffee appliances, for example, an index which includes coffee drinkers and type of coffee consumed would be useful.

- **Regression analysis**: A very useful and powerful tool. The procedure selects the independent variable that accounts for the most variance in the dependent variable, then the variable that accounts for the remaining variance etc. Often multiple regression is needed as a single variable will not do. Predictions are often made on market demand for products based on what would happen if GNP were increased. As seen earlier, an increase in GNP could be good for luxury or durable goods but not basic commodities. However, high GNP per capita, may be a good predictor of, say, exotic high value horticultural produce, out of season produce or technological advanced agricultural machinery.

Special problems in international marketing research

As well as the difficulties associated with secondary data described earlier, there are a number of other problems connected with obtaining data in the global context. These are as follows:

- Multiple markets need to be considered each with unique characteristics, availability of data and research services
- Many markets are small and do not reflect the cost of obtaining data for such a small potential
- Methodological difficulties may be encountered like nuances of language, interpretation, difficulty of fieldwork supervision, cheating, data analysis difficulties (lack of computer technology)
- Infrastructure difficulties - lack of telephones, roads, transport, respondent locations and,
- Cultural difficulties - reluctance to talk to strangers, inability to talk to women or children, legal constraints on data collection/transmission.

Many of these facets apply more to developing than developed countries.However using a variety of methods, outlined in the section, a lot of them can be ingeniously overcome.

Whilst the gathering of information in the international context is fraught with difficulties, without it the marketer would be planning in the dark. The two most important modes of scanning are surveillance and search, each giving data of a general or specific kind, invaluable to the strategy formulation process. In all decisions whether to obtain data or not, costs versus benefits have to be considered carefully.

1.5.2. Forms of Sale Activity

The term sales includes many activities. Some of the various modes of selling include:

- Direct Sales - involving face-to-face contact

  1. retail or consumer
  2. door-to-door or travelling salesman
  3. party plan

- Industrial/Professional Sales - selling from one business to another

  1. business-to-business

- Indirect - human-mediated but with indirect contact

  1. telemarketing or telesales
  2. mail-order

- Electronic

  1. web B2B, B2C
  2. EDI

- Agency-based
    1. consignment
    2. multi-level marketing sales agents (real estate, manufacturing)

Types of sales include:

- Transaction sales
- Consultative sales
- Complex sales

1.5.3. Types of marketing research

Marketing research techniques come in many forms, including:

- **test marketing** - a small-scale product launch used to determine the likely acceptance of the product when it is introduced into a wider market
- **concept testing** - to test the acceptance of a concept by target consumers
- **mystery shopping** - An employee or representative of the market research firm anonymously contacts a salesperson and indicates he or she is shopping for a product. The shopper then records the entire experience. This method is often used for quality control or for researching competitors' products.
- **store audit** - to measure the sales of a product or product line at a statistically selected store sample in order to determine market share, or to determine whether a retail store provides adequate service
- **demand estimation** - to determine the approximate level of demand for the product
- **Commercial eye tracking research** - examine advertisements, package designs, websites, etc by analyzing visual behavior of the consumer
- **sales forecasting** - to determine the expected level of sales given the level of demand. With respect to other factors like advertising expenditure, sales promotion etc.
- **customer satisfaction studies** - exit interviews or surveys that determine a customer's level of satisfaction with the quality of the transaction
- **distribution channel audits** - to assess distributors' and retailers' attitudes toward a product, brand, or company
- **price elasticity testing** - to determine how sensitive customers are to price changes
- **segmentation research** - to determine the demographic, psychographic, and behavioural characteristics of potential buyers
- **consumer decision process research** - to determine what motivates people to buy and what decision-making process they use

- **positioning research** - how does the target market see the brand relative to competitors? - what does the brand stand for?
- **brand name testing** - what do consumers feel about the names of the products?
- **brand equity research** - how favorably do consumers view the brand?
- **advertising and promotion research** - how effective are ads - do potential customers recall the ad, understand the message, and does the ad influence consumer purchasing behaviour?
- **Internet Strategic Intelligence** - searching for customer opinions in the internet: chats, forums, web pages, blogs... where people express freely about their experiences with products, becoming strong "**opinion formers**"

All of these forms of marketing research can be classified as either problem-identification research or as problem-solving research.

A company collects primary research by gathering original data. Secondary research is conducted on data published previously and usually by someone else. Secondary research costs far less than primary research, but seldom comes in a form that exactly meets the needs of the researcher.

A similar distinction exists between exploratory research and conclusive research. Exploratory research provides insights into and comprehension of an issue or situation. It should draw definitive conclusions only with extreme caution. Conclusive research draws conclusions: the results of the study can be generalized to the whole population.

Exploratory research is conducted to explore a problem to get some basic idea about the solution at the preliminary stages of research. It may serve as the input to conclusive research. Exploratory research information is collected by focus group interviews, reviewing literature or books, discussing with experts, etc. This is unstructured and qualitative in nature. If a secondary source of data is unable to serve the purpose, a convenience sample of small size can be collected. Conclusive research is conducted to draw some conclusion about the problem. It is primary, structured and quantitative research, and the output of this research is the input to Management Information Systems (MIS).

Retailing consists of the sale of goods/merchandise for personal or household consumption either from a fixed location such as a department store or kiosk, or from a fixed location and related subordinated services. In commerce, a retailer buys goods or products in large quantities from manufacturers or importers, either directly or through a wholesaler, and then sells individual items or small quantities to the general public or end-user customers, usually in a shop, also called a store. Retailers are at the end of the supply chain. Marketers see retailing as part of their overall distribution strategy.

Shops may be on residential streets, or in shopping streets with little or no houses, or in a shopping center. Shopping streets may or may not be for pedestrians only. Sometimes a shopping street has a partial or full roof to protect customers from presipitation. On-line retailing (e-commerce) is the latest form of non-shop retailing (cf. mail order).

Shopping generally refers to the act of buying products. Sometimes this is done to obtain necessities such as food and clothing, sometimes it is done as a recreational activity.

Recreational shopping often involves window shopping (just looking, not buying) and browsing and does not always result in a purchase.

Consumer sales promotion techniques

- Price deal: A temporary reduction in the price, such as happy hour
- Loyalty rewards program: Consumers collect points, miles, or credits for purchases and redeem them for rewards.
- Cents-off deal: Offers a brand at a lower price. Price reduction may be a percentage marked on the package.
- Price-pack deal: The packaging offers a consumer a certain percentage more of the product for the same price (for example, 25 percent extra).
- Coupons: coupons have become a standard mechanism for sales promotions.
- Loss leader: the price of a popular product is temporarily reduced in order to stimulate other profitable sales
- Free-standing insert (FSI): A coupon booklet is inserted into the local newspaper for delivery.
- On-shelf couponing: Coupons are present at the shelf where the product is available.
- Checkout dispensers: On checkout the customer is given a coupon based on products purchased.
- On-line couponing: Coupons are available on line. Consumers print them out and take them to the store.
- Rebates: Consumers are offered money back if the receipt and barcode are mailed to the producer.
- Contests/sweepstakes/games: The consumer is automatically entered into the event by purchasing the product.
- Point-of-sale displays:

1. Aisle interrupter: A sign into the aisle from the shelf.
2. Dangler: A sign that ways when a consumer walks by it.
3. Dump bin: A bin full of products dumped inside.
4. Glorifier: A small stage that elevates a product above other products.
5. Wobbler: A sign that jiggles.
6. Lipstick Board: A board on which messages are written in crayon.
7. Necker: A coupon placed on the 'neck' of a bottle.
8. YES unit: "your extra salesperson" is a pull-out fact sheet.

Trade sales promotion techniques

- Trade allowances: short term incentive offered to induce a retailer to stock up on a product.
- Dealer loader: an incentive given to induce a retailer to purchase and display a product.
- Trade contest: a contest to reward retailers that sell the most product.
- Point-of-purchase displays: extra sales tools given to retailers to boost sales.
- Training programs: dealer employees are trained in selling the product.
- Push money: also known as "spiffs". An extra commission paid to retail employees to push products.

1.6. Market Segmentatıon And Target Market

A key factor to success in today's market place is finding subtle differences to give the business a marketing edge. A business that targets specialty markets will promote its products more effectively than a business aiming at the "average" customer. What makes the business unique? How can these unique features be promoted to "targeted" customers?

Undifferentiated Marketing

Some businesses treat the market as a whole, focusing on what is common to the needs of customers, rather than on what is different. Often called undifferentiated marketing, this technique relies on mass advertising and is implemented on the basis of cost savings to the business. Undifferentiated marketing is successful when the competition is scarce or the product has mass appeal.

Differentiated Marketing

Differentiated marketing builds greater loyalty and repeat purchasing by considering customer needs and wants. Differentiated marketing creates more total sales with a concentrated marketing effort in selected areas. Concentrated or target marketing gains market position with specialized market segments. Target marketing of products or services reduces the cost of production, distribution, and promotion. With differentiated marketing, there is the risk of the market going sour or a competitor entering the same market.

Market Segments

Marketing opportunities increase when customer groups with varying needs and wants are recognized. Markets can be segmented or targeted on a variety of factors including age, gender, location, geographic factors, demographic characteristics, family life cycle, desire for relaxation or time pressures. Segments or target markets should be accessible to the business and large enough to provide a solid customer base. A business must analyze the needs and wants of different market segments before determining its niche.

Market segmentation is dividing a larger market into submarkets based upon different needs or product preferences. A key factor in competitive success is focusing on little differences that give a marketing edge and are important to customers. Market segmentation matches consumer differences with potential or actual buying behavior. It may prove more profitable to develop smaller market segments into a target segment.

Profile Customers

Analyze market segments. Where do customers differ? Is it geographic area, demographic characteristics, social class, stage in family life cycle, personality, self-image or benefits sought (such as convenience, time saving, independence from chores or buying behavior)?

Also, consider frequency or regularity of purchase, amount of purchase, brand loyalty, attitudes toward the product or brand, use of cash, check or credit card, or customer's desire for personal friendship with business personnel.

Use a customer profile form to identify potential target markets (see sample form on page 3). A customer profile form might ask age (18-24, 25-35, 36-49, 50-65, over 65), approximate income (less than $20,000, $20,000-$29,999, $30,000-$44,999, more than $45,000), gender (female-male), occupation (clerical, professional, retired, not employed) how the customer learned about the business (newspaper, direct mail, word of mouth, chance), children at home (under 6 years, 6-12, 13-18, over 18), in college, in military, married, employed outside home and sports enthusiasts. Ask questions important to your business interests. Try to identify types of customers and the benefits they need and want.

Profile of Industry

What does the product or service industry look like? Is the trend toward growth or decline? What other businesses are in the industry? If the new business is in the entertainment field, what related businesses exist? Search the reference section of the local library for information on industry trends, including sales figures, size of firms and number of employees.

Who is the Competition?

Identify and evaluate the competition, their number, size, location, strengths and weaknesses. How will the business overcome competitors' strengths and take advantage of their weaknesses?

In most cases, seek a market segment not being well served that shows potential for growth. Remember, many factors influence actual sales volume, including economic conditions and advertising effort. Develop alternative markets, such as additional market segments, or a wider distribution area.

Constantly review marketing strategies to determine if the customer needs are being met, and analyze sales trends, customer comments, number of returns, requests for unavailable merchandise, repeat customers, customer surveys, etc. Decide whether to offer new products, seek new markets or further penetrate current markets.

Segmenting Markets

One way to segment markets is by product or service benefit sought by the customer. What benefits are customers seeking? Quality? Low price? Convenience? Identify the benefits customers want and create the product or service to meet the need. Direct marketing efforts toward increasing customer awareness of those benefits. Sometimes it is difficult to accurately estimate the size of the customer group. Some customers are interested in two or three benefits, not just a single one. Knowing customers needs and wants is basic to successful marketing.

Markets can be divided by customer use of products or services, such as: nonusers, ex-users, potential users, first-time users and regular users of a product. Other markets may be segmented by usage rate. Are customers light, medium or heavy users of the product or service? Heavy users may constitute a small portion of the market but a major percentage of sales volume. Each target group requires a separate marketing plan. One marketing effort will probably not cover all the bases. Potential users and regular users require different types of marketing efforts.

At any point in time customers are in various stages of readiness for a product or service. Some are unaware of the product, some aware, some informed, some interested, some desirous and some intend to purchase. The customer's stage of readiness makes a significant difference in designing a marketing program.

Factors that influence the potential for future markets include changes in:

- population, such as an increase in older people or an increased diversity in the population;
- available income due to changes in employment;
- supply of natural resources, such as energy or water;
- laws, such as child restraint systems or 65 mile-per-hour speed limit;
- institutions, such as the deregulation of the banking industry; weather;
- consumer tastes and preferences;
- competition, such as a new super store.

Market Strategy

Market strategy is defined as an action plan for influencing customer choices and obtaining a market share. Market strategy should entice customers to buy the product or service. Market strategy encompasses customer perception of the relationship between price and quality. Is the quality of the product or service worth the price? Is the price too low for the quality the customer desires? Is the price higher than the customer's perception of quality? Market research identifies the price and quality relationship customers perceive to be important. Remember, customer perception is the bottom line.

Market strategy also includes the distribution channels for the product, pricing and terms of sale, promotion and advertising plan, marketing budgets, inventory selection and management, visual merchandising, customer relations and an evaluation of the marketing strategy.

The marketing plan provides information on what the market will be (retail, wholesale) and what specific customer groups will be targeted, what will be sold, where it will be sold, and how wide the area of distribution will be.

Picture 1.1.: Two important elements of marketing:Time and money

Ideally, market segments with a potential for high sales, profits, growth and a minimum of competition are the most attractive.

A Word of Caution

Price is a function of both cost and marketing. Price should be determined in relation to fixed and variable cost and should reflect a profit. Profit is the reason to be in business! For more information on determining price, refer to Home Business Fact Sheet, Pricing, CDFS-1326. Price is also a function of marketing. What the customer perceives to be a just price may not be sufficient to cover the costs of the business. Be sure to consider both functions of price before determining what price to charge.

Summary

Target marketing or market segmentation based on customer needs and wants can increase profits. Target marketing identifies customer groups and the reasons they purchase. Market segmentation helps a business be more responsive to changing customer needs. An overall marketing plan or strategy visually shows how all aspects of a marketing effort work together. Remember, the ultimate goal of any business is to sell the product or service.

Customer Profile Form

Use the customer profile form shown below as an example only. Develop your own customer profile based on the type of business you operate. Think carefully about what you would like to know about your customers. How will you use the information you collect? What will it tell you about customers or potential customers? What else would be helpful to know? Do you want to know if customers buy particular products similar to yours or which compliment the purchase of your product? Do you think that customers who live a certain lifestyle such as people who ski or take vacations are more likely to buy your product? Are people who own certain appliances more likely to buy your product? Spend time watching customers in settings similar to your business setting. How do they act? What questions are asked? What do they purchase? Then, develop your customer profile to learn more about who are your potential customers. Use the information learned to make decisions concerning store location, hours of operation, choice of advertising to reach your target market.

Age :18-24 / 25-35 / 36-49 / 50-65 / over 65

Approximate Income : less than $20,000 / $20,000-$29,999 / $30,000-$39,999 / more than $45,000

Gender: female / male

Occupation: clerical / professional / retired / not employed

How the customer learned of the business: newspaper / direct mail / word of mouth / chance

Children: children at home / children in college / children in military under 6 years / 6-12 / 13-18 / over 18

Employment: employed away from home / employed at home

Market segmentation is the process in marketing of dividing a market into distinct subsets (segments) that behave in the same way or have similar needs. Because each segment is fairly homogeneous in their needs and attitudes, they are likely to respond similarly to a given marketing srtategy. That is, they are likely to have similar feeling and ideas about a marketing mix comprised of a given product or service, sold at a given price, distributed in a certain way, and promoted in a certain way.

Broadly, markets can be divided according to a number of general criteria, such as by industry or public versus private sector. Small segments are often termed niche markets or specialty markets. However, all segments fall into either consumer or industrial markets. Although it has similar objectives and it overlaps with consumer markets in many ways, the process of Industrial market segmentation is quite different.

The process of segmentation is distinct from targeting (choosing which segments to address) and positioning (designing an appropriate marketing mix for each segment). The overall intent is to identify groups of similar customers and potential customers; to prioritise the groups to address; to understand their behaviour; and to respond with appropriate marketing strategies that satisfy the different preferences of each chosen segment.

The requirements for successful segmentation are:

1. homogeneity within the segment
2. heterogeneity between segments
3. segments are measurable and identifiable
4. segments are accessible and actionable
5. segment is large enough to be profitable

These criteria can be summarized by the word **SADAM**:

1. **S**ubstantial: the segment has to be large and profitable enough
2. **A**ccessible: it must be possible to reach it efficiently
3. **D**ifferential: it must respond differently to a different marketing mix
4. **A**ctionable: you must have a product for this segment
5. **M**easurable: size and purchasing power can be measured

Currently a college student studying the marketing mix is introduced to the Four Ps of the Marketing Mix; Product, Place, Promotion, Price.

Product (service) is whatever it may be that is being sold/marketed.

Price refers to not only the actual price but also price elasticity.

Place has evidently replaced distribution simply by where or what area the marketing campaign is going to cover, as well as what types of distribution channel (retail, wholesale, online, etc) will be used. Today the idea of place is not limited to geographic profiling but also demographics and other categorizing variables. This has only occurred over the last ten years with the expansion of internet use and its ability to target specific types of people and not just people in a geographic area.

Promotion simply refers to what medium will deliver the message and what the overall marketing strategy is offering as a benefit.

The variables used for segmentation include:

- Geographic variables
  - region of the world or country, East, West, South, North, Central, coastal, hilly, etc.
  - country size/country size : Metropolitian Cities, small cities, towns.
  - Density of Area Urban, Semi-urban, Rural.
  - climate Hot, Cold, Humid, Rainy.

- Demographic variables
  - age
  - gender Male and Female
  - sexual orientation
  - family size
  - family life cycle
  - Education Primary, High School, Secondary, College, Universities.
  - income
  - occupation
  - Education
  - socioeconomic status
  - religion
  - nationality/race
  - language

- Psychographic variables
    - personality
    - life style
    - value
    - attitude
- Behavioural variables
    - benefit sought
    - product usage rate
    - brand loyalty
    - product end use
    - readiness-to-buy stage
    - decision making unit

When numerous variables are combined to give an in-depth understanding of a segment, this is referred to as **depth segmentation**. When enough information is combined to create a clear picture of a typical member of a segment, this is referred to as a buyer profile. When the profile is limited to demographic variables it is called a demographic profile (typically shortened to "a demographic"). A statistical technique commonly used in determining a profile is cluster analysis.

1.7. Internatıonal Marketıng

Global Marketing

Companies sometimes assume that what works in their home country will work in another country. They take the same product, same advertising campaign, even the same brand names and packaging, and with virtually no chance to try to market it the same way in another country. The result in many cases is failure. Why? Well, the assumption that one approach works everywhere fails to consider differences that exist between countries and cultures. While many companies who sell internationally are successful following a standardized marketing strategy it is a mistake to assume this approach will work without sufficient research that addresses this question. In this section resources are provided to assist companies in their global marketing efforts.

International Market Research and Statistics

For many marketers selling products and services in their own country is easy when compared to the efforts needed to gain sales in other countries. One reason for this has to do with the lack of knowledge and understanding of international markets. In this topic area find global market research resources that can help provide information needed to improve the chances of success in international marketing.

EVALUATION

A-QUESTIONS

1. A company's microenvironment consists of all of the following except:

A) Marketing intermediaries
B) Competitors
C) Suppliers
D) Publics

2. ....are firms and individuals that provide the resources needed by the company to produce its goods and services.

A) Publics
B) Marketing intermediaries
C) Companies
D) Suppliers

3. A company's macroenvironment consists of all of the following except:

A) Competitors
B) Technological environment
C) Demographics
D) Customers

4. Which of the following is not one of the three reasons that legislation and regulation affects business?

A) It protects companies from each other
B) It protects consumers from each other.
C) It protects consumers from unfair business practices.
D) It protects society's interests against unrestrained business behavior.

5. When Disney shreds its paper products and sends the shredded paper to the gift shops to use as packing material it is responding to .... an environmental factor.

A) Economic
B) Technological
C) Natural
D) Demographic

6. .... is a social and managerial process by which individuals and groups obtain what they need and want through creating and exchanging products and value with others.

A) Marketing **B)** Need **C)** Demand **D)** Strategy

7. These are products a customer seeks due to sudden events and for which pre-purchase planning is not considered

A) Unsought Products
B) Emergency Products
C) Specialty Products
D) Shopping Products

8. Items considered part of the augmented product don't include:

A) Guarantee **B)** Warranty **C)** Accessibility **D)** Convenience

9. .... is defined as an action plan for influencing customer choices and obtaining a market share.

A) Market strategy
B) Market research
C) Market segment
D) Target Market

10. .... is the process in marketing of dividing a market into distinct subsets that behave in the same way or have similar needs.

A) Market strategy
B) Market research
C) Market segmentation
D) Target Market

EVALUATION CRITERIA

Evaluate yourself with a friend of yours. If you need, go to the learning objective and repeat the subject that you believe you couldn't learn.

The Student's	**The examination's**
Name-Surname:	Starting Time :
Class :	Finishing Time :
Number :	Used Time :
CRITERIA	

LEARNING PROCESS	**YES**	**NO**
Did you remember definition, importance and aim of marketing?		
Did you remember marketing mix?		
Did you remember types of products?		
Did you remember important points in pricing?		
Did you remember promotion decision process?		
Did you remember distribution methods?		
Did you remember macroenvironment of a company?		
Did you remember microenvironment of a company?		
Did you remember marketing strategy?		
Did you remember marketing management?		
Did you remember components of a marketing information system?		
Did you remember forms of a sale activity?		
Did you remember types of marketing research?		
Did you remember market segmentation and target market?		
Did you remember global marketing?		

LEARNING ACTIVITY-2

AIM

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

- Types of promotion objectives
- The communication process
- Factors affecting promotions choice
- Public relations
- Tracking customer satisfaction
- Explain consumer types, consumer buying process, what affects consumer buying decision.

SEARCH

- An advertising agency president says, ‘Perception is reality.’ What does he mean by this? How is perception important to marketers?
- Draw a chart to show Maslow’s hierarchy of needs. Discuss with your friends its importance in cunsomer buying process.

2. IMPORTANT POINTS AND PROBLEMS IN MARKETING

2.1. Consumer Markets And Consumer Buyıng Behavıour

Marketers must exercise care in analyzing consumer behaviour. Consumers often turn down what appeares to be a winning offer. As soon as managers believe that they understand their customers, buyer decisions are made that appear to be irrational. But what looks like irrational behaviour to a manager is completely rational to the consumer. Buying behaviour is never simple. It is affected by many different factors, yet understanding it is essential task of marketing management.

Chambers, Chacko, and Lewis have summarized the basic beliefs about consumer behaviour into five premises. These premises provide a good basis on which to start a discussion of consumer behaviour.

- **Premise 1 :** Consumer behaviour is purposeful and goal oriented. What looks like irrational behaviour to a manager is completely rational to a consumer.

- **Premise 2 :** The consumer has free choice. Consumers do not have to pay attention to your marketing communications. Messages are processed selectively. In most cases the consumer has several products from which to choose.
- **Premise 3 :** Consumer behaviour is a process. Marketers need to understand the process.
- **Premise 4 :** Consumer behaviour can be influenced. By understanding the purchase decision process and the influences on this process, marketers can influence how consumers behave.
- **Premise 5 :** There is a need for consumer education. Consumers may act against their own interests because of a lack of knowledge. For example, some people think they handle their alcohol and drive safely after excessive drinking. Marketers have a social responsibility to educate consumers.

The Importance of Good Customers

Today, most successful marketers know that building customers for the long term holds more value to the marketer than short term sales. They also are aware that current customers who are satisfied with the purchases they have made in the past are the best source for future sales. Why? Because they have first-hand experienced with the organization and, if they have been satisfied with past purchases, they probably trust the organization. Thus, convincing these customers to make more purchases requires significantly less effort (i.e., marketing expenditures) when compared to efforts and costs needed to attract new customers. This philosophy is at the heart of the previously discussed CRM and this approach to managing customers has attracted much interest in the last few years. Under CRM the key driver for marketing success is to treat good customers in a way that will increase the probability they will stay good customers.

The fact that we place the descriptive term “good” in front of “customers” should not be taken lightly. Not all customers are the same. Some consistently spend large sums to purchase products from an organization; others do not spend large sums but hold the potential to do so; and still others use up a large amount of an organization’s resources but contribute little revenue. Clearly there are lines of demarcation between customers. As we will see later, identifying this line is critical for marketing success.

Possibly the most challenging concept in marketing deals with understanding why buyers do what they do (or don’t do). But such knowledge is critical for marketers since having a strong understanding of buyer behavior will help shed light on what is important to the customer and also suggest the important influences on customer decision-making. Using this information, marketers can create marketing programs that they believe will be of interest to customers.

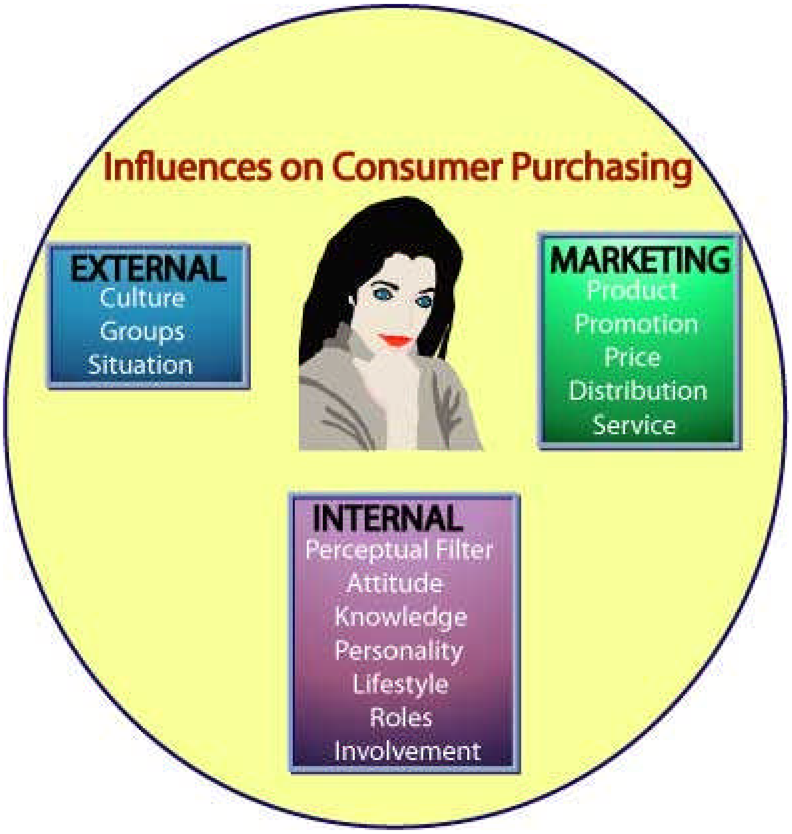
As you might guess, factors affecting how customers make decisions are extremely complex. Buyer behavior is deeply rooted in psychology with dashes of sociology thrown in just to make things more interesting. Since every person in the world is different, it is impossible to have simple rules that explain how buying decisions are made. But those who have spent many years analyzing customer activity have presented us with useful “guidelines” in how someone decides whether or not to make a purchase.

In fact, pick up any textbook that examines customer behavior and each seems to approach it from a different angle. The perspective we take is to touch on just the basic concepts that appear to be commonly accepted as influencing customer behavior. We will devote two sections of the Principles of Marketing tutorial to customer behavior. In this section we will examine the buying behavior of consumers (i.e., when people buy for personal reasons) while in section 4 we will examine factors that influence buyer's decisions in the business market.

2.1.1. Personal Characterıstıcs Affectıng Consumer Behavıour

What Influences Purchasing

The decision-making process for consumers is anything but straight forward. There are many factors that can affect this process as a person works through the purchase decision. The number of potential influences on consumer behavior is limitless. However, marketers are well served to understand the KEY influences. By doing so they may be in a position to tailor their marketing efforts to take advantages of these influences in a way that will satisfy the consumer and the marketer (remember this is a key part of the definition of marketing).



We will break these influences down into three main categories: Internal, External and Marketing. However, those interested in learning more about customer buying activity may want to consult one or more consumer behavior books where they will find additional methods for explaining consumer buying

Internal Influences

We start our examination of the influences on consumer purchase decisions by first looking inside ourselves to see which are the most important internal factors that affect how we make choices.

Perceptual Filter

Perception is how we see ourselves and the world we live in. However, what ends up being stored inside us doesn't always get there in a direct manner. Often our mental makeup results from information that has been consciously or unconsciously filtered as we experience it, a process we refer to as a perceptual filter. To us this is our reality, though it does not mean it is an accurate reflection on what is real. Thus, perception is the way we filter stimuli (e.g., someone talking to us, reading a newspaper story) and then make sense out of it.

Perception has several steps.

- Exposure – sensing a stimuli (e.g. seeing an ad)
- Attention – an effort to recognize the nature of a stimuli (e.g. recognizing it is an ad)
- Awareness – assigning meaning to a stimuli (e.g., humorous ad for particular product)
- Retention – adding the meaning to one's internal makeup (i.e., product has fun ads)

How these steps are eventually carried out depends on a person's approach to learning. By learning we mean how someone changes what they know, which in turn may affect how they act. There are many theories of learning, a discussion of which is beyond the scope of this tutorial, however, suffice to say that people are likely to learn in different ways. For instance, one person may be able to focus very strongly on a certain advertisement and be able to retain the information after being exposed only one time while another person may need to be exposed to the same advertisement many times before he/she even recognizes what it is. Consumers are also more likely to retain information if a person has a strong interest in the stimuli. If a person is in need of new car they are more likely to pay attention to a new advertisement for a car while someone who does not need a car may need to see the advertisement many times before they recognize the brand of automobile.

<u>Marketing Implication:</u>

Marketers spend large sums of money in an attempt to get customers to have a positive impression of their products. But clearly the existence of a perceptual filter suggests that getting to this stage is not easy. Exposing consumers to a product can be very challenging considering the amount of competing product messages (ads) that are also trying to accomplish the same objective (i.e., advertising clutter). So marketers must be creative and use various means to deliver their message . Once the message reaches consumer it must be interesting enough to capture the their attention (e.g., talk about the product's benefits). But attending to the message is not enough. For marketers the most critical step is the one that occurs with awareness. Here marketers must continually monitor and respond if their message becomes distorted in ways that will negatively shape its meaning. This can often happen due in part to competitive activity (e.g., comparison advertisements). Finally, getting the consumer to give positive meaning to the message they have retained requires the marketer make sure that consumers accurately interpret the facts about the product.

Knowledge

Knowledge is the sum of all information known by a person. It is the facts of the world as he/she knows it and the depth of knowledge is a function of the breadth of worldly experiences and the strength of an individual's long-term memory. Obviously what exists as knowledge to an individual depends on how an individual's perceptual filter makes sense of the information it is exposed to.

<u>Marketing Implications:</u>

Marketers may conduct research that will gauge consumers' level of knowledge regarding their product. As we will see below, it is likely that other factors influencing consumer behavior are in large part shaped by what is known about a product. Thus, developing methods (e.g., incentives) to encourage consumers to accept more information (or correct information) may affect other influencing factors.

Attitude

In simple terms attitude refers to what a person feels or believes about something. Additionally, attitude may be reflected in how an individual acts based on his or her beliefs. Once formed, attitudes can be very difficult to change. Thus, if a consumer has a negative attitude toward a particular issue it will take considerable effort to change what they believe to be true.

<u>Marketing Implication:</u>

Marketers facing consumers who have a negative attitude toward their product must work to identify the key issues shaping a consumer's attitude then adjust marketing decisions (e.g., advertising) in an effort to change the attitude. For companies competing against strong rivals to whom loyal consumers exhibit a positive attitude, an important strategy is to work to see why consumers feel positive toward the competitor and then try to meet or beat the competitor on these issues. Alternatively, a company can try to locate customers who feel negatively toward the competitor and then increase awareness among this group.

Personality

An individual's personality relates to perceived personal characteristics that are consistently exhibited, especially when one acts in the presence of others. In most, but not all, cases the behaviors one projects in a situation is similar to the behaviors a person exhibits in another situation. In this way personality is the sum of sensory experiences others get from experiencing a person (i.e., how one talks, reacts). While one's personality is often interpreted by those we interact with, the person has their own vision of their personality, called self concept, which may or may not be the same has how others view us.

Marketing Implication:

For marketers it is important to know that consumers make purchase decisions to support their self concept. Using research techniques to identify how customers view themselves may give marketers insight into products and promotion options that are not readily apparent. For example, when examining consumers a marketer may initially build marketing strategy around more obvious clues to consumption behavior, such as consumer's demographic indicators (e.g., age, occupation, income). However, in-depth research may yield information that shows consumers are purchasing products to fulfill self-concept objectives that have little to do with the demographic category they fall into (e.g., senior citizen may be making purchases that make them feel younger). Appealing to the consumer's self concept needs could expand the market to which the product is targeted.

Lifestyle

This influencing factor relates to the way we live through the activities we engage in and interests we express. In simple terms it is what we value out of life. Lifestyle is often determined by how we spend our time and money.

Marketing Implication:

Products and services are purchased to support consumers' lifestyles. Marketers have worked hard researching how consumers in their target markets live their lives since this information is key to developing products, suggesting promotional strategies and even determining how best to distribute products. The fact that lifestyle is so directly tied to marketing activity will be further examined as we discuss developing target market strategies

Roles

Roles represent the position we feel we hold or others feel we should hold when dealing in a group environment. These positions carry certain responsibilities yet it is important to understand that some of these responsibilities may, in fact, be perceived and not spelled out or even accepted by others. In support of their roles, consumers will make product choices that may vary depending on which role they are assuming. As illustration, a person who is responsible for selecting snack food for an office party his boss will attend may choose higher quality products than he would choose when selecting snacks for his family.

Marketing Implication:

Advertisers often show how the benefits of their products aid consumers as they perform certain roles. Typically the underlying message of this promotional approach is to suggest that using the advertiser's product will help raise one's status in the eyes of others while using a competitor's product may have a negative effect on status.

Motivation

Motivation relates to our desire to achieve a certain outcome. Many internal factors we have already discussed can affect a customer's desire to achieve a certain outcome but there are others. For instance, when it comes to making purchase decisions customers' motivation could be affected by such issues as financial position (e.g., can I afford the purchase?), time constraints (e.g., do I need to make the purchase quickly?), overall value (e.g., am I getting my money's worth?), and perceived risk (e.g., what happens if I make a bad decision).

Marketing Implication:

Motivation is also closely tied to the concept of involvement, which relates to how much effort the consumer will exert in making a decision. Highly motivated consumers will want to get mentally and physically involved in the purchase process. Not all products have a high percentage of highly involved customers (e.g., milk) but marketers who market products and services that may lead to high level of consumer involvement should prepare options that will be attractive to this group. For instance, marketers should make it easy for consumers to learn about their product (e.g., information on website, free video preview) and, for some products, allow customers to experience the product (e.g., free trial) before committing to the purchase.

External Influences

Consumer purchasing decisions are often affected by factors that are outside of their control but have direct or indirect impact on how we live and what we consume.

Culture

Culture represents the behavior, beliefs and, in many cases, the way we act learned by interacting or observing other members of society. In this way much of what we do is shared behavior, passed along from one member of society to another. Yet culture is a broad concept that, while of interest to marketers, is not nearly as important as understanding what occurs within smaller groups or sub-cultures to which we may also belong. Sub-cultures also have shared values but this occurs within a smaller groups. For instance, sub-cultures exist where groups share similar values in terms of ethnicity, religious beliefs, geographic location, special interests and many others.

Marketing Implication:

As part of their efforts to convince customers to purchase their products, marketers often use cultural representations, especially in promotional appeals. The objective is to connect to consumers using cultural references that are easily understood and often embraced by the consumer. By doing so the marketer hopes the consumer feels more comfortable with or can relate better to the product since it corresponds with their cultural values. Additionally, smart marketers use strong research efforts in an attempt to identify differences in how sub-culture behaves. These efforts help pave the way for spotting trends within a sub-culture, which the marketer can capitalize on through new marketing tactics (e.g., new products, new sales channels, added value, etc.)

Other Group Membership

In addition to cultural influences, consumers belong to many other groups with which they share certain characteristics and which may influence purchase decisions. Often these groups contain opinion leaders or others who have major influence on what the customer purchases. Some of the basic groups we may belong to include:

- Social Class – represents the social standing one has within a society based on such factors as income level, education, occupation
- Family – one's family situation can have a strong effect on how purchase decisions are made
- Reference groups – most consumers simultaneously belong to many other groups with which they associate or, in some cases, feel the need to disassociate

Marketing Implication:

Identifying and understanding the groups consumers belong to is a key strategy for marketers. Doing so helps identify target markets, develop new products, and create appealing marketing promotions to which consumers can relate. In particular, marketers seek to locate group leaders and others to whom members of the group look for advice or direction. These opinion leaders, if well respected by the group, can be used to gain insight into group behavior and if these opinion leaders accept promotional opportunities could act as effective spokespeople for the marketer's products.

Situation

A purchase decision can be strongly affected by the situation in which people find themselves. Not all situations are controllable, in which case a consumer may not follow their normal process for making a purchase decision. For instance, if a person needs a product quickly and a store does not carry the brand they normally purchase, the customer may choose a competitor's product.

Marketing Implications:

Marketers can take advantage of decisions made in uncontrollable situations in at least two ways. First, the marketers can use promotional methods to reinforce a specific selection of products when the consumer is confronted with a particular situation. For example, automotive services can be purchased that promise to service vehicles if the user runs into problems anywhere and at anytime. Second, marketers can use marketing methods that attempt to convince consumers that a situation is less likely to occur if the marketer's product is used.

Types of Consumer Purchase Decisions

Consumers are faced with purchase decisions nearly every day. But not all decisions are treated the same. Some decisions are more complex than others and thus require more effort by the consumer. Other decisions are failry routine and require little effort. In general, consumers face four types of purchase decisions:

- **Minor New Purchases –** these purchases represent something new to a consumer but in the customer's mind is not a very important purchase in terms of need, money or other reason (e.g., status within a group).
- **Minor Re-Purchases –** these are the most routine of all purchases and often the consumer returns to purchase the same product without giving much thought to other product options (i.e., consumer is brand loyalty).
- **Major New Purchases –** these purchases are the most difficult of all purchases because these are important to the consumer but the consumer has little or no previous experience making the purchase AND is important. This type of

decision often (but not always) requires the consumer to engage in an extensive decision-making process.

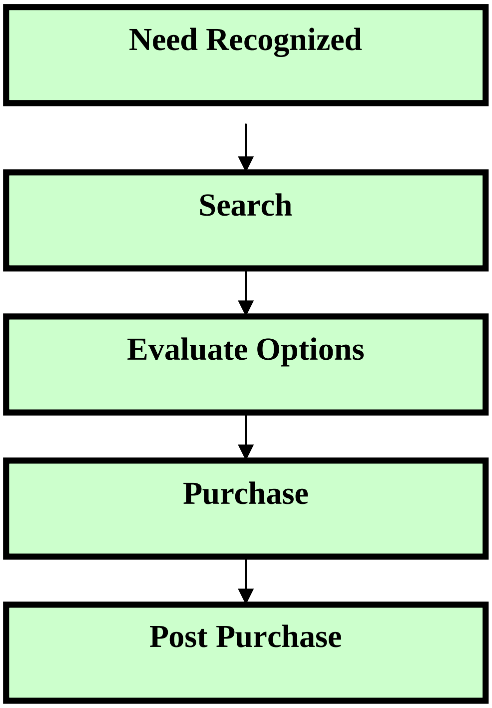
- **<u>Major Re-Purchase</u>** - these purchase decisions are also important to the customer but the customer feels more confident in making the decision since they have experienced purchasing the product in the past.

For marketers it is important to understand how consumers treat the purchase decisions they face. If a company is targeting customers who feel a purchase decision is difficult (i.e., Major New Purchase), their marketing strategy may vary greatly from a company targeting customers who view the purchase decision as routine. In fact, the same company may face both situations at the same time; for some the product is new, while other customers see the purchase as routine. The implication of buying behavior for marketers is that different buying situations require different marketing efforts.

2.1.2. Consumer Buyıng Decısıon Process

How Consumers Buy

So now that we have discussed the factors influencing a consumer's decision to purchase, let's examine the process itself. This process is presented in a sequence of 5 steps as shown below.



However, whether a consumer will actually carry out each step depends on the type of purchase decision that is faced. For instance, for minor re-purchases the consumer may be quite loyal to the same brand, thus the decision is a routine one (i.e., buy the same product) and little effort is involved in making a purchase decision. In cases of routine, brand loyal purchases consumers may skip several steps in the purchasing process since they know exactly what they want allowing the consumer to move quickly through the steps. But for more complex decisions, such as Major New Purchases, the purchasing process can extend for days, weeks, months or longer. So in presenting these steps marketers should realize that, depending on the circumstances surrounding the purchase, the importance of each step may vary.

1. Need/Want/Desire is Recognized

In the first step the consumer has determined that for some reason he/she is not satisfied (i.e., consumer's perceived actual condition) and wants to improve his/her situation (i.e., consumer's perceived desired condition). For instance, internal triggers, such as hunger or thirst, may tell the consumer that food or drink is needed. External factors can also trigger consumer's needs. Marketers are particularly good at this through advertising, in-store displays and even the intentional use of scent (e.g., perfume counters). At this stage the decision-making process may stall if the consumer is not motivated to continue (see Motivation above). However, if the consumer does have the internal drive to satisfy the need they will continue to the next step.

2. Search for Information

Assuming consumers are motivated to satisfy his or her need, they will next undertake a search for information on possible solutions. The sources used to acquire this information may be as simple as remembering information from past experience (i.e., memory) or the consumer may expend considerable effort to locate information from outside sources (e.g., Internet search, talk with others, etc.). How much effort the consumer directs toward searching depends on such factors as: the importance of satisfying the need, familiarity with available solutions, and the amount of time available to search. To appeal to consumers who are at the search stage, marketers should make efforts to ensure consumers can locate information related to their product. For example, for marketers whose customers rely on the Internet for information gathering, attaining high rankings in search engines has become a critical marketing objective.

3. Evaluate Options

Consumers' search efforts may result in a set of options from which a choice can be made. It should be noted that there may be two levels to this stage. At level one the consumer may create a set of possible solutions to their needs (i.e., product types) while at level two the consumer may be evaluating particular products (i.e., brands) within each solution. For example, a consumer who needs to replace a television has multiple solutions to choose from such as plasma, LCD and CRT televisions. Within each solution type will be multiple brands from which to choose. Marketers need to understand how consumers evaluate product options and why some products are included while others are not. Most importantly, marketers must determine which criteria consumers are using in their selection of possible options and how each criterion is evaluated. Returning to the television example, marketing tactics will be most effective when the marketer can tailor their efforts by knowing what benefits are most important to consumers when selecting options (e.g., picture quality, brand name, screen size, etc.) and then determine the order of importance of each benefit.

4. Purchase

In many cases the solution chosen by the consumer is the same as the product whose evaluation is the highest. However, this may change when it is actually time to make the purchase. The "intended" purchase may be altered at the time of purchase for many reasons such as: the product is out-of-stock, a competitor offers an incentive at the point-of-purchase (e.g., store salesperson mentions a competitor's offer), the customer lacks the necessary funds (e.g., credit card not working), or members of the consumer's reference group take a negative view of the purchase (e.g., friend is critical of purchase). Marketers whose product is most desirable to the consumer must make sure that the transaction goes smoothly. For example, Internet retailers have worked hard to prevent consumers from abandoning online purchase (i.e., online shopping carts) by streamlining the checkout process. For marketers whose product is not the consumer's selected product, last chance marketing efforts may be worth exploring, such as offering incentives to store personnel to "talk up" their product at the check out line.

5. Post -Purchase Evaluation

Once the consumer has made the purchase they are faced with an evaluation of the decision. If the product performs below the consumer's expectation then he/she will re-evaluate satisfaction with the decision, which at its extreme may result in the consumer returning the product while in less extreme situations the consumer will retain the purchased item but may take a negative view of the product. Such evaluations are more likely to occur in cases of expensive or highly important purchases. To help ease the concerns consumers have with their purchase evaluation, marketers need to be receptive and even encourage consumer contact. Customer service centers and follow-up market research are useful tools in helping to address purchasers' concerns.

Marketing starts with the product since it is what an organization has to offer its target market. As we've stressed many times in this tutorial, organizations attempt to provide solutions to a target market's problems. These solutions include tangible or intangible (or both) product offerings marketed by an organization.

In addition to satisfying the target market's needs, the product is important because it is how organizations generate revenue. It is the "thing" that for-profit companies sell in order to realize profits and satisfy stakeholders and what non-profit organizations use to generate funds needed to sustain itself. Without a well-developed product strategy that includes input from the target market, a marketing organization will not have long-term success.

2.2. Marketıng And Promotıon Problems

Types of Promotion Objectives

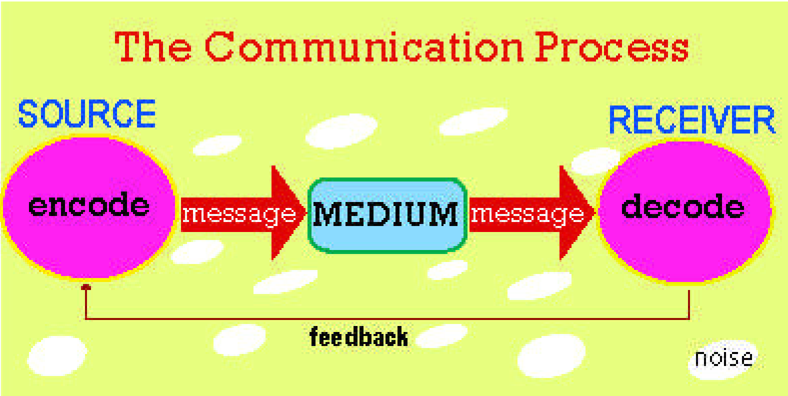
The possible objectives for marketing promotions may include the following:

- **Build Awareness –** New products and new companies are often unknown to a market, which means initial promotional efforts must focus on establishing an identity. In this situation the marketer must focus promotion to: 1) effectively reach customers, and 2) tell the market who they are and what they have to offer.

- **Create Interest –** Moving a customer from awareness of a product to making a purchase can present a significant challenge. As we saw with our discussion of consumer and business buying behavior, customers must first recognize they have a need before they actively start to consider a purchase. The focus on creating messages that convince customers that a need exists has been the hallmark of marketing for a long time with promotional appeals targeted at basic human characteristics such as emotions, fears, sex, and humor.
- **Provide Information –** Some promotion is designed to assist customers in the search stage of the purchasing process. In some cases, such as when a product is so novel it creates a new category of product and has few competitors, the information is simply intended to explain what the product is and may not mention any competitors. In other situations, where the product competes in an existing market, informational promotion may be used to help with a product positioning strategy. As we discuss in Part 5: Target Markets, marketers may use promotional means, including direct comparisons with competitor's products, in an effort to get customers to mentally distinguish the marketer's product from those of competitors.
- **Stimulate Demand –** The right promotion can drive customers to make a purchase. In the case of products that a customer has not previously purchased or has not purchased in a long time, the promotional efforts may be directed at getting the customer to try the product. This is often seen on the Internet where software companies allow for free demonstrations or even free downloadable trials of their products. For products with an established customer-base, promotion can encourage customers to increase their purchasing by providing a reason to purchase products sooner or purchase in greater quantities than they normally do. For example, a pre-holiday newspaper advertisement may remind customers to stock up for the holiday by purchasing more than they typically purchase during non-holiday periods.
- **Reinforce the Brand –** Once a purchase is made, a marketer can use promotion to help build a strong relationship that can lead to the purchaser becoming a loyal customer. For instance, many retail stores now ask for a customer's email address so that follow-up emails containing additional product information or even an incentive to purchase other products from the retailer can be sent in order to strengthen the customer-marketer relationship.

The Communication Process

The act of communicating has been evaluated extensively for many, many years. One of the classic analyses of communication took place in the 1940s and 1950s when researchers, including Claude Shannon, Warren Weaver, Wilbur Schramm and others, offered models describing how communication takes place. In general, communication is how people exchange meaningful information. Models that reflect how communication occurs often include the elements shown below:



Obstacles to Effective Communication

While a message source may be able to deliver a message through a transmission medium, there are many potential obstacles to the message successfully reaching the receiver the way the sender intends. The potential obstacles that may affect good communication include:

- **Poor Encoding –** This occurs when the message source fails to create the right sensory stimuli to meet the objectives of the message. For instance, in person-to-person communication, verbally phrasing words poorly so the intended communication is not what is actually said, is the result of poor encoding. Poor encoding is also seen in advertisements that are difficult for the intended audience to understand, such as words or symbols that lack meaning or, worse, have totally different meanings within a certain cultural groups. This often occurs when marketers use the same advertising message across many different countries. Differences due to translation or cultural understanding can result in the message receiver having a different frame of reference for how to interpret words, symbols, sounds, etc. This may lead the message receiver to decode the meaning of the message in a different way than was intended by the message sender.
- **Poor Decoding –** This refers to a message receiver's error in processing the message so that the meaning given to the received message is not what the source intended. This differs from poor encoding when it is clear, through comparative analysis with other receivers, that a particular receiver perceived a message differently from others and from what the message source intended. Clearly, as we noted above, if the receiver's frame of reference is different (e.g., meaning of words are different) then decoding problems can occur. More likely, when it comes to marketing promotions, decoding errors occur due to personal or psychological factors, such as not paying attention to a full television advertisement, driving too quickly past a billboard, or allowing one's mind to wonder while talking to a salesperson.
- **Medium Failure –** Sometimes communication channels break down and end up sending out weak or faltering signals. Other times the wrong medium is used to communicate the message. For instance, trying to educate doctors about a new treatment for heart disease using television commercials that quickly flash highly

detailed information is not going to be as effective as presenting this information in a print ad where doctors can take their time evaluating the information.

- **Communication Noise –** Noise in communication occurs when an outside force in someway affects delivery of the message. The most obvious example is when loud sounds block the receiver's ability to hear a message. Nearly any distraction to the sender or the receiver can lead to communication noise. In advertising, many customers are overwhelmed (i.e., distracted) by the large number of advertisements they encountered each day. Such advertising clutter (i.e., noise) makes it difficult for advertisers to get their message through to desired customers.

Keys to Effective Communication

For marketers understanding how communication works can improve the delivery of their message. From the information just discussed, marketers should focus on the following to improve communication with their targeted audience:

- **Carefully Encode –** Marketers should make sure the message they send is crafted in a way that will be interpreted by message receivers as intended. This means having a good understanding of how their audience interprets words, symbols, sounds and other stimuli used by marketers.
- **Allow Feedback –** Encouraging the message receiver to provide feedback can greatly improve communication and help determine if a marketer's message was decoded and interpreted properly. Feedback can be improved by providing easy-to-use options for responding, such as phone numbers, Internet chat, and email.
- **Reduce Noise –** In many promotional situations the marketer has little control over interference with their message. However, there are a few instances where the marketer can proactively lower the noise level. For instance, salespeople can be trained to reduce noise by employing techniques that limit customer distractions, such as scheduling meetings during non-busy times or by inviting potential customers to an environment that offers fewer distractions, such as a conference facility. Additionally, advertising can be developed in ways that separates the marketer's ad from others, including the use of whitespace in magazine ads.
- **Choose Right Audience –** Targeting the right message receiver will go a long way to improving a marketer's ability to promote their products. Messages are much more likely to be received and appropriately decoded by those who have an interest in the content of the message.

Factors Affecting Promotions Choice

With four promotional methods to choose from how does the marketer determine which ones to use? The selection can be complicated by company and marketing decision issues.

Company Issues:

- **Promotional Objective –** As we discussed, there are several different objectives a marketer may pursue with their promotional strategy. Each type of promotion offers different advantages in terms of helping the marketer reach their objectives. For instance, if the objective of a software manufacturer is to get customers to try a product, the use of sales promotion, such as offering the software in a free downloadable form, may yield better results than promoting through Internet advertising.
- **Availability of Resources –** The amount of money and other resources that can be directed to promotion affects the marketer's choice of promotional methods. Marketers with large promotional budgets may be able to spread spending among all promotion options while marketers with limited funds must be more selective on the promotion techniques they use.
- **Company Philosophy –** Some companies follow a philosophy that dictates where most promotional spending occurs. For instance, some companies follow the approach that all promotion should be done through salespeople while other companies prefer to focus attention on product development and hope word-of-mouth communication by satisfied customers helps to create interest in their product.

Marketing Decision Issues:

- **Target Market –** As one might expect, customer characteristics dictate how promotion is determined. Characteristics such as size, location and type of target markets affect how the marketer communicates with customers. For instance, for a small marketer serving business markets with customers widely dispersed, it may be very expensive to utilize a sales force versus using advertising.
- **Product –** Different products require different promotional approaches. For the consumer market, products falling into the convenience and shopping goods categories are likely to use mass market promotional approaches while higher-end specialty goods are likely to use personalized selling. Thus, products that are complex and take customers extended time to make a purchase decision may require personal selling rather than advertising. This is often the case with products targeted to the business market. Additionally, as we briefly discussed in Part 7: Managing Products and will later see when we discuss marketing strategy, products pass through different stages in the Product Life Cycle. As a product moves through these stages the product itself may evolve and also promotional objectives will change. This leads to different promotional mix decisions from one stage to the next.
- **Distribution –**Marketing organizations selling through channel partners can reach the final customer either directly using a pull promotion strategy or indirectly using a push promotional strategy. The pull strategy is so named since it creates demand for a product by promoting directly to the final customer in the hopes that their interest in the product will help "pull" more product through the distribution

channel. This approach can be used when channel partners are hesitant about stocking a product unless they are assured of sufficient customer interest. The push strategy uses promotion to encourage channel partners to stock and promote the product to their customers. The idea is that by offering incentives to channel members the marketer is encouraging their partners (e.g., wholesalers, retailers) to "push" the product down the channel and into customer's hands. Most large consumer products companies will use both approaches while smaller firm may find one approach works better.

- **Price –** The higher the price of a product the more likely a marketer will need to engage in personalized promotion compared to lower priced products that can be marketed using mass promotion.

2.3. Determining a product

In addition to determining the type of features to include in a product, the marketer faces several other decisions related to features:

- **Quantity & Quality vs. Cost -** For the marketers an important decision focuses on the quantity and quality of features to include in a product. In most cases the more features included or the higher the quality level for a particular feature, the more expensive the product is to produce and market.
- **Is More Better? –** Even if added cost is not a major concern, the marketer must determine if more features help or hurt the target market's perception of the product. A product with too many features could be viewed as too difficult to use. This was often the case when video cassette recorders (VCR) were the principle device for taping television programs and watching rented movies. Many of the higher-level features introduced in the 1990s as the product matured, such as advanced television recording, proved too difficult for the average consumer to master.
- **Who Should Choose the Features? –** Historically marketers determined what features to include in a product. However, as we discussed in Part 5 – Targeting Markets, technology, and especially the Internet, offer customers the opportunity to choose their own features to custom build a product. For instance, companies offering website hosting services allow website owners to choose from a list of service options that best suits their needs. Also, for traditional products, such as clothing, companies allow customers to stylize their purchases with logos and other personalized options.

2.4. Public Relatıons

What is Public Relations?

Public relations involves the cultivation of favorable relations for organizations and products with its key publics through the use of a variety of communications channels and tools. Traditionally, this meant public relations professionals would work with members of the news media to build a favorable image by publicizing the organization or product through stories in print and broadcast media. But today the role of public relations is much broader and includes:

- building awareness and a favorable image for a company or client within stories and articles found in relevant media outlets
- closely monitoring numerous media channels for public comment about a company and its products
- managing crises that threaten company or product image
- building goodwill among an organization's target market through community, philanthropic and special programs and events.

Advantages of PR

Public relations offers several advantages not found with other promotional options.

First, PR is often considered a highly credible form of promotion. One of PR's key points of power rests with helping to establish credibility for a product, company or person (e.g., CEO) in the minds of targeted customer groups by capitalizing on the influence of a third-party -- the media. Audiences view many media outlets as independent-party sources that are unbiased in their coverage, meaning that the decision to include the name of the company and the views expressed about the company is not based on payment (i.e., advertisement) but on the media outlet's judgment of what is important. For example, a positive story about a new product in the business section of a local newspaper may have greater impact on readers than a full-page advertisement for the product since readers perceive the news media as presenting an impartial perspective of the product.

Second, a well-structured PR campaign can result in the target market being exposed to more detailed information than they receive with other forms of promotion. That is, media sources often provide more space and time for explanation of a product.

Third, depending on the media outlet, a story mentioning a company may be picked up by a large number of additional media, thus, spreading a single story to many locations.

Finally, in many cases public relations objectives can be achieved at very low cost when compared to other promotional efforts. This is not to suggest public relations is not costly, it may be, especially when a marketer hires PR professionals to handle the work. But when compared to the direct cost of other promotions, in particular advertising, the return on promotional expense can be quite high.

Disadvantages of PR

While public relations holds many advantages for marketers, there are also concerns when using this promotional technique.

First, while public relations uses many of the same channels as advertising, such as newspapers, magazines, radio, TV and Internet, it differs significantly from advertising in that marketers do not have direct control over whether a message is delivered and where it is placed for delivery. For instance, a marketer may spend many hours talking with a magazine writer, who is preparing an industry story, only to find that their company is never mentioned in the article.

Second, while other promotional messages are carefully crafted and distributed as written through a pre-determined placement in a media vehicle, public relations generally conveys information to a member of the news media (e.g., reporter) who then recrafts the information as part of a news story or feature. Thus, the final message may not be precisely what the marketer planned.

Third, while a PR campaign has the potential to yield a high return on promotional expense, it also has the potential to produce the opposite if the news media feels there is little value in running a story pitched (i.e., suggested via communication with the news outlet) by the marketer.

Fourth, with PR there is always a chance that a well devised news event or release will get "bumped" from planned media coverage because of a more critical breaking news story, such as wars, severe weather or serious crime.

Finally, in some areas of the world the impact of traditional news outlets is fading forcing public relations professionals to scramble to find new ways to reach their target markets.

Objectives of Public Relations

Like other aspects of marketing promotion, public relations is used to address several broad objectives including:

- **Building Product Awareness –** When introducing a new product or relaunching an existing product, marketers can use a PR element that generates consumer attention and awareness through media placements and special events.
- **Creating Interest** – Whether a PR placement is a short product article or is included with other products in "round up" article, stories in the media can help entice a targeted audience to try the product. For example, around the holiday season, a special holiday food may be promoted with PR through promotional releases sent to the food media or through special events that sample the product.
- **Providing Information** – PR can be used to provide customers with more in depth information about products and services. Through articles, collateral

materials, newsletters and websites, PR delivers information to customers that can help them gain understanding of the product.

- **Stimulating Demand** – A positive article in a newspaper, on a TV news show or mentioned on the Internet, often results in a discernable increase in product sales.
- **Reinforcing the Brand** – In many companies the public relations function is also involved with brand reinforcement by maintaining positive relationships with key audiences, and thereby aiding in building a strong image. Today it is ever more important for companies and brands to build a good image. A strong image helps the company build its business and it can help the company in times of crises as well.

2.5. Trackıng Customer Satısfactıon

Tools for tracking and measuring customer satisfaction range from the primitive to the sophisticated. Companies use the following methods to measure how much customer satisfaction they are creating.

1. **Complaint and suggestion systems :** A customer centered organization makes it easy for customers to make suggestions or complaints. Restaurants and hotels provide forms on which guests can check off their likes and dislikes. Such systems not only help companies with many good ideas for improved products and service.
2. **Customer satisfaction surveys :** Simply running complaint and suggestion systems may not give the company a full picture of customer satisfaction and dissatisfaction. Studies show that one of every four purchases results in customer dissatisfaction, but that less than 5% of dissatisfied customers bother to complain- most customers simply switch suppliers. As a result, the company loses customers needlessly.

Responsive companies take direct measures of customer satisfaction by conducting regular surveys. They send questionnaries or make telephone calls to a sample of recent customers to find out how they feel about various aspects of the company's performance. They also survey buyers' views on competitor performance.

A company can measure customer satisfaction in a number of ways. It can measure satisfaction directly by asking: ' How satisfied are you with this product? Are you highly dissatisfied, some-what dissatisfied, neither satisfied or dissatisfied, somewhat satisfied, or highly satisfied?' Or it can ask respondents to rate how much they expected or certain attributes and how much they actually experienced. Finally, the company can ask respondents to list any problems they have had with the offer and to suggest improvements.

While collecting customer satisfaction data, companies often ask additional useful questions. They often measure the customer's repurchase intention; this will usually be high if customer satisfaction is high. Companies also might ask about the customer's likelihood or willingness to recommend the company and brand to other people. A strongly positive word-of-mouth rating suggest high customer satisfaction.

- **Ghost shopping :** Another useful way of assesing customer satisfaction is to hire people to pose as buyers to report their experiences in buying the company's and competitior's products. These 'ghost shoppers' can even present specific problems to test whether the company's personel handle difficult situations well. For example, ghost shoppers can complain about a restaurant's food to see how the restaurant handles this complaint. Not only should companies hire ghost shoppers, but managers themselves should leave their Office from time to time and experience first hand the treatment they receive as 'customers'.
- **Lost customer analysis:** Companies should contact customers who have stopped buying, or those who have switched to a competitior, to learn why this happened. Not only should the company conduct such exit interviews, it should also monitor the customer loss rate. A rising loss rate indicates that the company is failing to satisfy its customers.

Some Cautions in Measuring Customer Satisfaction

Customer Satisfaction ratings are sometimes difficult to interpret. When customers rate their satisfaction with some elements of the company's performance, say delivery, they can vary greatly in how they define good delivery. It might mean early delivery, on-time delivery, order completeness, or something else.Yet if the company tried to define every element in detail, customers would face a huge questionnaire.

Companies also must recognize that two customers can report being 'highly satisfied' for different reasons. One might be easily satisfied most of the time, whereas the other might be hard to please but was pleased on this occasion. Further, managers and salespeople can manipulate their ratings on customer satisfaction. They can be especially nice to customers just before the survey or try to exclude unhappy customers from being included in the survey. Finally, if customers know that the company will go out of its way to please customers, even if they are satisfied, some customers may express high dissatisfaction in order to receive more concessions.

EVALUATION

QUESTIONS

1. Which isn't an external influence on consumer purchasing?

A) Culture **B)** Price **C)** Groups **D)** Situation

2. Which isn't an internal influence on consumer purchasing?

A) Service **B)** Attitude **C)** Lifestyle **D)** Roles

3. ....these purchases represent something new to a consumer but in the customer's mind is not a very important purchase in terms of need, money or other reason (e.g., status within a group).

A) Major Re-Purchase
B) Major New Purchases
C) Minor Re-Purchases
D) Major Re-Purchase

4. Choose the correct consumer buying process.

A) need recognized – evaluate options – search – purchase – post purchase
B) need recognized – search – evaluate options– post purchase– purchase
C) need recognized – search – purchase– evaluate options– post purchase
D) need recognized – search –evaluate options– purchase – post purchase

5. Which isn't a potential obstacle that may affect good communication?

A) Poor Encoding
B) Poor Decoding
C) Medium Failure
D) Receiver's ability

6. Which is an advantage of Public Relations?

A) In some areas of the world the impact of traditional news outlets is fading forcing public relations professionals to scramble to find new ways to reach their target markets.

B) A well-structured PR campaign can result in the target market being exposed to more detailed information than they receive with other forms of promotion.

C) While a PR campaign has the potential to yield a high return on promotional expense, it also has the potential to produce the opposite if the news media feels there is little value in running a story pitched by the marketer.

D) While other promotional messages are carefully crafted and distributed as written through a pre-determined placement in a media vehicle, public relations generally conveys information to a member of the news media.

7. .... is how we see ourselves and the world we live in.

A) Perception **B)** Retention **C)** Impression **D)** Knowledge

8. ………………… is the sum of all information known by a person.

A) Exposure **B)** Attention **C)** Knowledge **D)** Impression

9. .... refers to what a person feels or believes about something and may be reflected in how an individual acts based on his or her beliefs.

A) Knowledge **B)** Attitude **C)** Personality **D)** Lifestyle

10. An individual's .... relates to perceived personal characteristics that are consistently exhibited, especially when one acts in the presence of others.

A) Personality **B)** Lifestyle **C)** Knowledge **D)** Exposure

EVALUATION CRITERIA

Evaluate yourself with a friend of yours. If you need, go to the learning objective and repeat the subject that you believe you couldn't learn.

The Student's	**The examination's**
Name-Surname:	Starting Time :
Class :	Finishing Time :
Number :	Used Time :
CRITERIA	

LEARNING PROCESS	**YES**	**NO**
Did you remember consumer markets and consumer buying behaviour?		
Did you remember the importance of good customers?		
Did you remember what influences purchasing?		
Did you remember internal influences?		
Did you remember external influences?		
Did you remember types of consumer purchase decisions?		
Did you remember consumer buying decision process?		
Did you remember types of promotion objectives?		
Did you remember the communication process?		
Did you remember obstacles to effective communication?		
Did you remember keys to effective communication?		
Did you remember what Public Relations is ?		
Did you remember advantages of Public Relations?		
Did you remember disadvantages of Public Relations?		
Did you remember tracking customer satisfaction?		

ANSWER KEY

LEARNING ACTIVITY-1

A. QUESTIONS

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

LEARNING ACTIVITY-2

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

EVALUATION OF THE MODULE

1- Food Day Format

Students are divided into groups, preferably with four members or less. The assigned task is to select a snack food and bring enough to feed eight students. The group members are to analyze the marketing mix and each individual member is to be prepared to speak for one to two minutes on a marketing mix element with respect to that product, so that the full marketing mix of the product is explained.

A student coordinator for the entire class may be used to avoid duplicates (and generate good ideas such as one group bringing napkins or paper towels).

Objectives

The exercise is valuable in getting students to consider the marketing mix elements of specific products. The exercise encourages student interaction in small groups and presentation skills. (The sharing of the food also enhances class members' interaction.)

Evaluation

The project may be graded in terms of the presentation. A written analysis may also be added. An upgraded exercise is also possible and in view of the chaotic sharing of food and chewing, may be most appropriate.

One of the more beneficial aspects of the exercise is that in sampling the range of available products, the students are directly exposed to the pricing and place elements, elements which do not have the pizzaz of promotion and the product itself. Further, student awareness of the competing products and their marketing mix is enhanced.

2- Logo Win Lose or Draw

To illustrate the importance of logos/labels, students are divided into two groups (usually male/female) and a group member goes to white board (I provide colored pens) and draws the selected logo (I cut them out of old magazines and glue to index cards). As with the game, "Win, Lose or Draw" the object is to correctly guess the company trademark. The team drawing gets one minute and the opposing team gets an opportunity (10 seconds) to guess if time expires. Students drawing are not allowed to talk, draw numbers or letters, etc. The game continues until the end of class or run out of logos or when each member of the group has had an opportunity to draw. This has successfully been utilized in the retailing (except use store logos) and advertising.

International Brand Name Translation Quiz

This game is to illustrate that some familiar brand names in the United States translate into awful/embarrassing things in other languages. Although it becomes a guessing game (since the majority of the students are not familiar with the material), many of the examples have logical translations (i.e., Nova in Spanish is "no go" or "it doesn't go"). Students are divided into groups of three or four and have five minutes to match the brand with its translation. The main value of the exercise is to illustrate quite dramatically the importance of checking the meaning of the name before introducing the brand to the international market.

Scavenger Hunt

Extremely popular and successful "product" exercise, but requires a small class and participation of a large retailer. Students are divided into groups of three and are given a list of products to find (i.e., a licensed product, a generic product, an industrial good, a convenience good, a product with a warranty statement, a Procter and Gamble brand, a product with a patent number or patent pending, a product in the decline stage, a product with a certain UPC code, etc.). The group which finds the most (correct) in the allotted time (usually 10-15 minutes) wins. It should be noted that students should be cautioned to be careful running around the store and that all collected merchandise be returned.

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