Marketing Principles

A Guide to Understanding the Basics of Marketing and Marketing Planning for Growth
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PREFACE

This short publication has been compiled to assist adult members of Scouting in the Asia-Pacific Region gain a greater understanding of Marketing and to be able to apply those concepts and principles in developing the Growth of Scouting in the Region.

Topics covered can be identified from the Table of Contents that follows.

An important first step in any marketing planning process is for the organisation to have a clear understanding of its internal Strengths and Weaknesses, as well as the external Opportunities and Threats that exist currently or may develop in the foreseeable future.

The analysis of this is called SWOT Analysis. It is also critical that these SWOT points be prioritised as normally such analysis will bring to light many different points for examination.

The guide includes details on how to go about this analysis.

For NSO’s any planning must also take account of World and Regional priorities already established in World and Regional strategies.

The Mission of Scouting is an established principle on which all NSO’s should be basing their programs and activities.

However the Management of individual NSO’s may find that they need to develop a Vision for the future of their NSO based on individual circumstances. Having an inspirational and relevant Vision that helps to energise management and members can be the ‘glue’ that drives cooperation and enthusiasm throughout the organisation.
Similarly, the Marketing Concept spoken of in the publication, when embraced by the NSO provides a philosophy that can generate the engine for development and growth of Scouting. The Marketing Concept is the philosophy that makes Scouting Youth Members the focal point of all its activities.

This is of course already an accepted philosophy of WOSM. So there is a natural fit between Scouting and the Marketing Concept.

This Guide can be used by APR and NSO Adult Support and Training Teams to develop Scouting specific and relevant training programs and sessions.

Richard Miller
Chairman, APR Scouting Profile Sub-Committee 2012-2015

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WHAT IS MARKETING?

Some basic definitions of marketing.

Marketing can be described as any “exchange” activity intended to satisfy human needs and wants.

There are many definitions of marketing. The more appropriate definitions are focused upon customer orientation and satisfaction of customer needs.

For example: Marketing is the social process by which individuals and groups obtain what they need and want through creating and exchanging products and value with others - Kotler.

Marketing is the management process that identifies, anticipates and satisfies customer requirements profitably - The Chartered Institute of Marketing (CIM).

The CIM definition looks not only at identifying customer needs, but also satisfying them (short-term) and anticipating them in the future (long-term retention).

The right product, in the right place, at the right time, at the right price - Adcock.

This is a snappy and realistic definition that uses McCarthy’s Four Ps.

Marketing is essentially about marshalling the resources of an organization so that they meet the changing needs of the customer on whom the organization depends - Palmer.

This is a more recent and very realistic definition that looks at matching capabilities with needs.
The Philosophy of the Marketing Concept.

The academic discipline of marketing has core schools of thought, where marketing is seen as either a philosophy or as a function. Where marketing is considered a philosophy, the marketing concept is embedded in management thought. With the alternative view, where marketing is a function within a business, marketing is seen as a department, in the same way as accounting or personnel.

Marketing is not only much broader than selling, it is not a specialized activity at all but it encompasses the entire business. It is the whole business seen from the point of view of the final result, that is, from the customer’s point of view. Concern and responsibility for marketing must therefore permeate all areas of the enterprise - Drucker.

For Scouting, it is seeing the whole of Scouting from the member’s point of view.

The marketing concept is a philosophy, not a system of marketing or an organizational structure. It is founded on the belief that profitable sales and satisfactory returns on investment can only be achieved by identifying, anticipating and satisfying customer needs and desires - Barwell.

It makes the customer, and the satisfaction of his or her needs, the focal point of all the organisation’s activities. It is driven by senior managers, passionate about delighting their customers.

Implementation of marketing has traditionally required attention to three basic elements of the marketing concept. These are: Customer orientation; An organization to implement a customer orientation; Long-range customer and societal welfare.
Now that some definitions of marketing and the marketing concept have been introduced, the important elements contained are as follows:

- Marketing focuses on the satisfaction of customer needs, wants and requirements.

- The philosophy of marketing needs to be owned by everyone from within the organization.

- Future needs have to be identified and anticipated.

- There is normally a focus upon profitability, especially in the corporate sector. However, as public sector organizations and not-for-profit organizations adopt the concept of marketing, this need not always be the case.

- More recent definitions recognize the influence of marketing upon society.
CONSUMER BUYER BEHAVIOUR

If a marketer can identify consumer buyer behaviour, he or she will be in a better position to target products and services at them. Buyer behaviour is focused upon the needs of individuals, groups and organisations.

It is important to understand the relevance of human needs to buyer behaviour (remember, marketing is about satisfying needs).

Abraham Maslow represented human motivations by his hierarchy of needs: The hierarchy is triangular. This is because as you move up it, fewer and fewer people satisfy higher level needs. We begin at the bottom level.

The model is a little simplistic but introduces the concept of differing consumer needs quite well.

Physiological needs such as food, drink, shelter, air, water, heat,
and the basic necessities of survival need to be satisfied first.

At the second level of Security needs; Needs for safety, protection and order, a place to live that protects from the elements and predators.

At the third level, Social needs; we meet our social and belongingness needs i.e. need for love, affection, belonging to a group and acceptance.

The final two levels are esteem and self-actualisation. Fewer people satisfy the higher level needs.

Esteem Needs; need for self-respect, reputation, prestige, status, achieving something that makes one recognised and gives personal satisfaction, for example writing a book.

Self-actualisation; need for self-fulfilment. Here a person is one of a small number to actually do some particular thing. For example, Neil Armstrong self-actualised as the first man to walk on the moon.

To understand consumer buyer behaviour is to understand how the person interacts with the marketing mix. The Marketing Mix inputs (or the four P’s of price, place, promotion, and product) are adapted and focused upon the target market (consumer) as represented in the model below.
The psychology of each individual considers the product or service on offer in relation to their own culture, attitude, previous learning, and personal perception. The consumer then decides whether or not to purchase, where to purchase, the brand that he or she prefers, and other choices.
THE ADOPTION PROCESS

The Adoption Process (also known as the Diffusion of Innovation) is more than fifty years old. It was first described by Bourne (1959), so it has stood the test of time and remained an important marketing tool ever since. It describes the behaviour of consumers as they purchase new products and services. The individual categories of innovator, early adopter, early majority, late majority and laggards are described below.

**Innovators** are the first to adopt and display behaviour that demonstrates that they are likely to want to be ahead, and to be the first to own new products, well before the average consumer. They are often not taken seriously by their peers. They often buy products that do not make it through the early stages of the Product Life Cycle which is discussed later in this booklet.
Early adoptors are also quick to buy new products and services, and so are key opinion leaders with their neighbours and friends as they tend to be amongst the first to get hold of items or services.

The early majority look to the innovators and early majority to see if a new product or idea works and begins to stand the test of time. They stand back and watch the experiences of others. Then there is a surge of mass purchases.

The late majority tends to purchase the product later than the average person. They are slower to catch on to the popularity of new products, services, ideas, or solutions. There is still mass consumption, but it begins to end.

Finally, laggards tend to take on board new products very late and include those that never actually adopt at all. Here there is little to be made from these consumers.

Recent examples of products that have gone through the adoption process include Ipods/Mp3 players or DVD players (and similarly video players and digital watches in earlier times). Initially only a small group of younger or informed, well off people bought into these products. Opinion leaders, or the early adopters then buy the product and tend to be a target for marketing companies wishing to gain an early foot hold. The early majority are slightly ahead of the average, and follow. Then the late majority buy into the product, followed by any laggards. New adoption process or curves begin all the time.
THE MARKETING MIX

What is the marketing mix?

The marketing mix is probably the most famous marketing term. Its elements are the basic, tactical components of a marketing plan. Also known as the Four P’s, the marketing mix elements are price, place, product, and promotion.

The concept is simple. Think about another common mix - a cake mix. All cakes contain eggs, milk, flour, and sugar. However, you can alter the final cake by altering the amounts of mix elements contained in it. So for a sweet cake add more sugar!
It is the same with the marketing mix. The offer you make to the customer/member can be altered by varying the mix elements. So for a high profile brand, a company may increase the focus on promotion and desensitize the weight given to price.

**PRODUCT AS AN ELEMENT OF THE MARKETING MIX**

The Product Life Cycle (PLC) is based upon the biological life cycle. For example, a seed is planted (introduction); it begins to sprout (growth); it shoots out leaves and puts down roots as it becomes an adult (maturity); after a long period as an adult the plant begins to shrink and die out (decline).

In theory it’s the same for a product. After a period of development it is introduced or launched into the market; it gains more and more customers as it grows; eventually the market stabilises and the product becomes mature; then after a period of time the product is overtaken by development and the introduction of superior competitors, it goes into decline and is eventually withdrawn.

However, most products fail in the introduction phase. Others have very cyclical maturity phases where declines see the product promoted to regain customers.
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**Strategies for the differing stages of the Product Life Cycle**

**Introduction**
The need for immediate profit is not a pressure. The product is promoted to create awareness. If the product has no or few competitors, a skimming price strategy is employed. Limited numbers of product are available in few channels of distribution.

**Growth**
Competitors are attracted into the market with very similar offerings. Products become more profitable and companies form alliances, joint ventures and take each other over. Advertising spend is high and focuses upon building brand. Market share tends to stabilise.

**Maturity**
Those products that survive the earlier stages tend to spend longest in this phase. Sales grow at a decreasing rate and then stabilise. Producers attempt to differentiate products and brands are key to this. Price wars and intense competition occur. At this point the market reaches saturation. Producers begin to leave the market due to poor margins. Promotion becomes more widespread and use a greater variety of media.

**Decline**
At this point there is a downturn in the market. For example more innovative products are introduced or consumer tastes have changed. There is intense price-cutting and many more products are withdrawn from the market. Profits can be improved by reducing marketing spend and cost cutting.

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**Issues with Product Life Cycle.**

In reality very few products follow such a prescriptive cycle. The length of each stage varies enormously. The decisions of marketers can change the stage, for example from maturity to decline by price-cutting. Not all products go through each stage. Some go from introduction to decline. It is not easy to tell which stage the product is in. Remember that PLC is like all other tools. Use it to inform your gut feeling.

Another marketing tool for evaluating PRODUCT is the Three Levels of a Product.

**Three levels of a product**

For many a product is simply the tangible, physical entity that they may be buying or selling. You buy a new car and that’s the product - simple! Or maybe not. When you buy a car, is the product more complex than you first thought? In order to actively explore the nature of a product further, let’s consider it as three different products - the **CORE** product, the **ACTUAL** product, and finally the **AUGMENTED** product.

These are known as the ‘Three Levels of a Product.’ So what is the difference between the three products, or more precisely ‘levels?’
The *CORE* product is NOT the tangible, physical product. You can’t touch it. That’s because the core product is the BENEFIT of the product that makes it valuable to you. So with the car example, the benefit is convenience i.e. the ease at which you can go where you like, when you want to. Another core benefit is speed since you can travel around relatively quickly.

The *ACTUAL* product is the tangible, physical product. You can get some use out of it. Again with the car example, it is the vehicle that you test drive, buy and then collect.

The *AUGMENTED* product is the non-physical part of the product. It usually consists of lots of added value, for which you may or may not pay a premium. So when you buy a car, part of the augmented product would be the warranty, the customer service support offered by the car’s manufacture, and any after-sales service.

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*Fig 6.*

**The Three Levels of a Product**

- **Core Product ‘BENEFIT’**
  - Warranties
  - Customer Care
  - Finance
  - Delivery
  - Services
  - Meditation

- **Augmented Product**

- **Actual Product**
PRICE AS AN ELEMENT OF THE MARKETING MIX

There are many ways to price a product. Let’s have a look at some of them and try to understand the best policy/strategy in various situations.

**Premium Pricing.**
Use a high price where there is a uniqueness about the product or service. This approach is used where a substantial competitive advantage exists. Such high prices are charged for luxuries such as Rolex watches, Six Star Hotel rooms, and in the past, Concorde flights.

**Penetration Pricing.**
The price charged for products and services is set artificially low in order to gain market share. Once this is achieved, the price is increased.
Economy Pricing.
This is a no frills low price. The cost of marketing and manufacture are kept at a minimum. Supermarkets often have economy brands for soups, spaghetti, etc.

Price Skimming.
Charge a high price because the organisation has a substantial competitive advantage. However, the advantage is not sustainable. The high price tends to attract new competitors into the market, and the price inevitably falls due to increased supply. Manufacturers of digital watches used a skimming approach in the 1970s. Once other manufacturers were tempted into the market and the watches were produced at a lower unit cost, other marketing strategies and pricing approaches are implemented.

Premium pricing, penetration pricing, economy pricing, and price skimming are the four main pricing policies/strategies. However there are other important approaches to pricing.

Psychological Pricing.
This approach is used when the marketer wants the consumer to respond on an emotional, rather than rational basis. For example ‘price point perspective’ 99 cents not one dollar.

Product Line Pricing.
Where there is a range of product or services the pricing reflect the benefits of parts of the range. For example car washes. Basic wash could be $2, wash and wax $4.

Optional Product Pricing.
Companies will attempt to increase the amount customer spends once they start to buy. Optional ‘extras’ increase the overall price of the product or service. For example airlines may charge for optional extras such as guaranteeing a exit row seat or reserving a row of seats next to each other.
Captive Product Pricing
Where products have complements, companies will charge a premium price where the consumer is captured. For example a razor manufacturer will charge a low price and recoup its margin (and more) from the sale of the only design of blades which fit the razor.

Product Bundle Pricing.
Here sellers combine several products in the same package. This also serves to move old stock. Videos and CDs are often sold using the bundle approach.

Promotional Pricing.
Pricing to promote a product is a very common application. There are many examples of promotional pricing including approaches such as “Buy One Get One Free”.

Geographical Pricing.
Geographical pricing is evident where there are variations in price in different parts of the world. For example rarity value, or where shipping costs increase price.

Value Pricing.
This approach is used where external factors such as recession or increased competition force companies to provide ‘value’ products and services to retain sales e.g. “Value Meals” at McDonalds.
PLACE AS AN ELEMENT OF THE MARKETING MIX

Another element of the Marketing Mix is Place. Place is also known as channel, distribution, or intermediary. It is the mechanism through which goods and/or services are moved from the manufacturer/service provider to the user or consumer.

A channel of distribution has been described as comprising a set of institutions which perform all of the activities utilised to move a product and its title from production to consumption.

There are six basic ‘channel’ decisions:

- Do we use direct or indirect channels? (e.g. ‘direct’ to a consumer, ‘indirect’ via a wholesaler).
- Single or multiple channels.
- Cumulative length of the multiple channels.
- Types of intermediary.
- Number of intermediaries at each level (e.g. how many retailers in a region or country).
- Which companies as intermediaries to avoid ‘intrachannel conflict’ (i.e. infighting between local distributors).

Selection Consideration - how do we decide upon a distributor?

- Market segment - the distributor must be familiar with your target consumer and segment.
• Changes during the product life cycle - different channels can be exploited at different points in the PLC e.g. laptops are now available in a wide variety of stores. Once they were sold via a just few specific stores.

• Producer - distributor fit - Is there a match between their polices, strategies, image, and yours? Look for ‘synergy’.

• Qualification assessment - establish the experience and track record of your intermediary.

• How much training and support will your distributor require?

Types of Channel Intermediaries.

There are many types of intermediaries such as wholesalers, agents, retailers, the Internet, overseas distributors, direct marketing (from manufacturer to user without an intermediary), and many others. The main modes of distribution will be looked at in more detail.

Channel Intermediaries - Wholesalers

• They break down ‘bulk’ into smaller packages for resale by a retailer.

• They buy from producers and resell to retailers. They take ownership or ‘title’ to goods whereas agents do not (see below).

• They provide storage facilities. For example, cheese manufacturers seldom wait for their product to mature. They sell on to a wholesaler that will store it and eventually resell to a retailer.

• Wholesalers offer to reduce the physical contact cost between the producer and consumer e.g. customer service costs, or sales force costs.
• A wholesaler will often take on some of the marketing responsibilities. Many produce their own brochures and use their own telesales operations.

**Channel Intermediaries - Agents**

• Agents are mainly used in international markets.

• An agent will typically secure an order for a producer and will take a commission. They do not tend to take title to the goods. This means that capital is not tied up in goods. However, a ‘stockist agent’ will hold consignment stock (i.e. will store the stock, but the title will remain with the producer. This approach is used where goods need to get into a market soon after the order is placed e.g. foodstuffs).

• Agents can be very expensive to train. They are difficult to keep control of due to the physical distances involved. They are difficult to motivate.

**Channel Intermediaries - Retailers**

• Retailers will have a much stronger personal relationship with the consumer.

• The retailer will hold several other brands and products. A consumer will expect to be exposed to many products.

• Retailers will often offer credit to the customer e.g. electrical wholesalers, or travel agents.

• Products and services are promoted and merchandised by the retailer.

• The retailer will give the final selling price to the product.

• Retailers often have a strong ‘brand’ themselves e.g. Walmart in the USA.
Channel Intermediaries – Internet/On-Line-Sales

• The Internet has a geographically disperse market.

• The main benefit of the Internet is that niche products reach a wider audience.

• There are low barriers to entry as set up costs are low.

• Use e-commerce technology (for payment, shopping software, etc)

• There is a paradigm shift in commerce and consumption which benefits distribution via the Internet
PROMOTION AS AN ELEMENT OF THE MARKETING MIX

Another one of the 4P’s is promotion. This includes all of the tools available to the marketer for ‘marketing communications’.

Marketing communications has a mix of tools. Elements of the mix are blended in different quantities in a campaign.

It is important that marketing communication mix elements are ‘integrated’.

Integrated means combine or amalgamate, or put simply the jigsaw pieces that together make a complete picture. This is so that a single message is conveyed by all marketing communications. Different messages confuse customers and damage brands. So if a TV advertisement carries a particular logo, images and message, then all newspaper adverts and point-of-sale materials should carry the same logo, images or message, or one that fits the same theme. Coca-Cola uses its familiar red and white logos and retains themes of togetherness and enjoyment throughout its marketing communications.

The marketing communications mix includes many different elements, and the following list is by no means conclusive. It is recognised that there is some cross over between individual elements (e.g. Is donating computers to schools, by asking shoppers to collect vouchers, public relations or sales promotion?) Here are the key elements of the marketing communications mix.

The Marketing Communications Mix.

- Personal Selling.
- Sales Promotion.
- Public Relations (and publicity).
- Direct Marketing.
- Trade Fairs and Exhibitions.
• Advertising (above and below the line).
• Social Media
• Sponsorship.
• EMarketing (and Web promotions).

Integrated marketing communications see the elements of the communications mix ‘integrated’ into a coherent whole/campaign. This is known as the marketing communications mix, and forms the basis of a marketing communications campaign.

The message from the marketer follows the ‘communications process’ as illustrated above. For example, a radio advert is made for a car manufacturer. The car manufacturer (sender) pays for a specific advertisement with contains a message specific to a target audience (encoding). It is transmitted during a set of commercials from a radio station (Message / media).

The message is decoded by a car radio (decoding) and the target consumer interprets the message (receiver). He or she might visit a dealership or seek further information from a web site (Response). The consumer might buy a car or express an interest or dislike (feedback). This information will inform future elements of an integrated promotional campaign. Perhaps a direct mail campaign would push the consumer to the point of purchase.
“Noise” represents the thousands of marketing communications that a consumer is exposed to everyday, all competing for attention.

The Loyalty Ladder

*Turning a prospect into an advocate.*

The loyalty ladder is a tool for marketing communicators. The idea is that consumers can be moved along a continuum of loyalty using a number of integrated marketing communications techniques (it is also referred to as a branding ladder). Essentially, consumers become loyal to a brand which has meaning to them in relation to a product, service, solution or experience.

*Fig 9.*
The loyalty ladder begins from a point where the consumer has Not Yet Purchased, then he or she buys the product for the first time (Trialist), if the trial has been a success he or she returns to buy again and again (Repeat Purchaser) and finally the consumer buys no other brand (Brand Insistent). At the Not Yet Purchased Stage the consumer is merely a Prospect. As he or she trials they become a Customer. The Repeat Purchaser is a Client since he or she is becoming loyal. Finally, the consumer becomes an Advocate (i.e. activist or campaigner) since he or she is Brand Insistent. At this point the brand is difficult to dislodge since it has so much meaning to the consumer. Great brands such as Nike, BMW, Boss, and Apple are in this highly desirable position.

The marketing manager needs to decide or select integrated marketing communications that move the consumer from Not Yet purchased to Brand Insistent (i.e. from Prospect to Advocate). Once at Brand Insistent, the marketing manager should attempt to keep the level of customer loyalty at this point, again by using integrated marketing communications.

Following is some discussion on the individual components of the promotions mix in more detail. Remember all of the elements are ‘integrated’ to form a specific communications campaign.

**Personal Selling**

Personal Selling is an effective way to manage personal customer relationships. The sales person acts on behalf of the organization. They tend to be well trained in the approaches and techniques of personal selling. However sales people are very expensive and should only be used where there is a genuine return on investment. For example salesmen are often used to sell cars or home improvements where the value and margin is high.

Personal selling occurs where an individual salesperson sells a product, service or solution to a client. Salespeople match the benefits of their offering to the specific needs of a client.
There are different kinds of salesperson. There is the *product delivery salesperson*. His or her main task is to deliver the product, and selling is of less importance e.g. fast food, or mail. The second type is the *order taker*, and these may be either ‘internal’ or ‘external.’ The internal sales person would take an order by telephone, e-mail or over a counter. The external sales person would be working in the field. In both cases little selling is done. The next sort of sales person is the *missionary*.

Here, as with those missionaries that promote faith, the salesperson builds goodwill with customers with the longer-term aim of generating orders. Again, actually closing the sale is not of great importance at this early stage. The *forth type* is the *technical salesperson*, e.g. a technical sales engineer. Their in-depth knowledge supports them as they advise customers on the best purchase for their needs. Finally, there are *creative sellers*. Creative sellers work to persuade buyers to give them an order. This is tough selling, and tends to offer the biggest incentives. The skill is identifying the needs of a customer and persuading them that they need to satisfy their previously unidentified need by giving an order.

Today, personal selling involves the development of longstanding client relationships. In comparison to other marketing communications tools such as advertising, personal selling tends to:

- Use fewer resources, pricing is often negotiated.
- Products tend to be fairly complex (e.g. financial services or new cars).
- There is some contact between buyer and seller after the sale so that an ongoing relationship is built.
- Client/prospects need specific detailed information.
- The purchase tends to involve large sums of money.

There are exceptions of course, but most personal selling takes place in this way. Personal selling involves a selling process that is summarised in the following Five Stage Personal Selling Process.
The five stages are:

1. Prospecting.
2. Making first contact.
3. The sales call.
4. Objection handling.
5. Closing the sale.

**Stage One - Prospecting.**

Prospecting is all about finding prospects, or potential new customers. Prospects should be ‘qualified,’ which means that they need to be assessed to see if there is business potential, otherwise you could be wasting your time. In order to qualify your prospects, one needs to:

- Plan a sales approach focused upon the needs of the customer.
- Determine which products or services best meet their needs.
- In order to save time, rank the prospects and leave out those that are least likely to buy.

**Stage Two - Making First Contact.**

This is the preparation that a salesperson goes through before they meet with the client, for example via e-mail, telephone or letter. Preparation will make a call more focused.

- Make sure that you are on time.
- Before meeting with the client, set some objectives for the sales call. What is the purpose of the call? What outcome is desirable before you leave?
- Make sure that you’ve done some homework before meeting your prospect. This will show that you are committed in the eyes of your customer.
- To save time, send some information before you visit. This will wet the prospect’s appetite.
- Keep a set of samples at hand, and make sure that they are in very good condition.
• Within the first minute or two, state the purpose of your call so that time with the client is maximised, and also to demonstrate to the client that you are not wasting his or her time.
• Humour is fine, but try to be sincere and friendly.

Stage Three - The Sales Call (or Sales Presentation).

It is best to be enthusiastic about your product or service. If you are not excited about it, don’t expect your prospect to be excited.

Focus on the real benefits of the product or service to the specific needs of your client, rather than listing endless lists of features.

Try to be relaxed during the call, and put your client at ease.

Let the client do at least 80% of the talking. This will give you invaluable information on your client’s needs.

Remember to ask plenty of questions. Use open questions i.e. where the prospect needs to give some explanation and closed questions i.e. questions that will only give the answer ‘yes’ or the answer ‘no.’ This way you can dictate the direction of the conversation.

Never be too afraid to ask for the business straight off.

Stage Four - Objection Handling.

Objection handling is the way in which salespeople tackle obstacles put in their way by clients. Some objections may prove too difficult to handle, and sometimes the client may just take a dislike to you (aka the hidden objection). Here are some approaches for overcoming objections:

• Firstly, try to anticipate them before they arise.
• ‘Yes but’ technique allows you to accept the objection and then to divert it. For example, a client may say that they do not like a particular colour, to which the salesperson counters ‘Yes but X is also available in many other colours.’

• Ask ‘why’ the client feels the way that they do.

• ‘Restate’ the objection, and put it back into the client’s lap. For example, the client may say, ‘I don’t like the taste of X,’ to which the salesperson responds, ‘You don’t like the taste of X,’ generating the response ‘since I do not like garlic’ from the client. The salesperson could suggest that X is no longer made with garlic to meet the client’s needs.

• The salesperson could also tactfully and respectfully contradict the client.

**Stage Five - Closing the Sale.**

This is a very important stage. Often salespeople will leave without ever successfully closing a deal. Therefore it is vital to learn the skills of closing.

• Just ask for the business! - ‘Please may I take an order?’ This really works well.

• Look for buying signals (i.e. body language or comments made by the client that they want to place an order). For example, asking about availability, asking for details such as discounts, or asking for you to go over something again to clarify.

• Just stop talking, and let the client say ‘yes.’ Again, this really works.

• The ‘summary close’ allows the salesperson to summarise everything that the client needs, based upon the discussions during the call. For example, ‘You need product X in blue, by Friday, packaged accordingly, and delivered to your wife’s office.’ Then ask for the order.

• The ‘alternative close’ does not give the client the opportunity to say no, but forces them towards a yes. For example ‘Do you want product X in blue or red?’ Cheeky, but effective.
Sales Promotion
Sales promotion tends to be thought of as being all promotions apart from advertising, personal selling, and public relations. For example the BOGOF promotion, or Buy One Get One Free. Others include couponing, money-off promotions, competitions, free accessories (such as free blades with a new razor), introductory offers (such as buy digital TV and get free installation), and so on. Each sales promotion should be carefully costed and compared with the next best alternative.

Public Relations (PR)
Public Relations (PR) is a single, broad concept. It is broad since it contains so many elements, many of which will be outlined below. Public Relations (PR) are any purposeful communications between an organisation and its publics that aim to generate goodwill. Publics, put simply, are its stakeholders. PR is proactive and future orientated, and has the goal of building and maintaining a positive perception of an organisation in the mind of its publics. This is often referred to as goodwill.

The relationship between an organization and its publics in public relations

*Fig 10.*
Yes it is difficult to see the difference between marketing communications and PR since there is a lot of crossover. This makes it a tricky concept to learn. Added to this is the fact that PR is often expensive, and not free, as some definitions would have you believe. PR agencies are not cheap. Below are some of the approaches that are often considered under the PR banner.

**Interviews and photo-calls**

It is important that company executives are available to generate goodwill for their organisation. Many undertake training in how to deal with the media, and how to behave in front of a camera. There are many key industrial figures that proactively deal with the media in a positive way for example Bill Gates (Microsoft) or Richard Branson (Virgin). Interviews with the business or mass media often allow a company to put its own perspective on matters that could be misleading if simply left to dwell untended in the public domain.

**Speeches, presentations and speech writing**

Key figures from within an organisation will write speeches to be delivered at corporate events, public awards and industry gatherings. PR company officials in liaison with company managers often write speeches and design corporate presentations. They are part of the planned and coherent strategy to build goodwill with publics. Presentations can be designed and pre-prepared by PR companies, ultimately to be delivered by company executives.

**Corporate literature e.g. financial reports**

Corporate literature includes financial reports, in-house magazines, brochures, catalogues, price lists and any other piece of corporate derived literature. They communicate with a variety of publics. For example, financial reports will be of great interest
to investors and the stock market, since they give all sorts of indicators of the health of a business. A company Chief Executive Officer CEO will often write the forward to an annual financial report where he or she has the opportunity to put a business case to the reader. This is all part of Public Relations.

**Direct Mail**

Direct mail is very highly focussed upon targeting consumers based upon a database. As with all marketing, the potential consumer is ‘defined’ based upon a series of attributes and similarities. Creative agencies work with marketers to design a highly focused communication in the form of a mailing. The mail is sent out to the potential consumers and responses are carefully monitored. For example, if you are marketing medical text books, you would use a database of doctors’ surgeries as the basis of your mail shot.

**Trade Fairs and Exhibitions**

Such approaches are very good for making new contacts and renewing old ones. Companies will seldom sell much at such events. The purpose is to increase awareness and to encourage trial. They offer the opportunity for companies to meet with both the trade and the consumer.

**Advertising**

Advertising is a ‘paid for’ communication. It is used to develop attitudes, create awareness, and transmit information in order to gain a response from the target market. There are many advertising ‘media’ such as newspapers (local, national, free, trade), magazines and journals, television (local, national, terrestrial, satellite) cinema, outdoor advertising (such as posters, bus sides).
Advertising is an important element of the marketing communications mix. Put simply, advertising directs a message at large numbers of people with a single communication. It is a mass medium.

Advertising has a number of benefits for the advertiser. The advertiser has control over the message. The advertisement and its message, to an extent, would be designed to the specifications of the advertiser. So the advertiser can focus its message at a huge number of potential consumers in a single hit, at a relatively low cost per head. Advertising is quick relative to other elements of the marketing communications mix (for example personal selling, where an entire sales force would need to be briefed - or even recruited). Therefore an advertiser has the opportunity to communicate with all (or many of) its target audience simultaneously.

<table>
<thead>
<tr>
<th>Forms of Advertising Media</th>
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</thead>
<tbody>
<tr>
<td>Outdoor (Posters or transport)</td>
</tr>
<tr>
<td>New Media - Mobile devices and smart phones</td>
</tr>
<tr>
<td>New Media Internet – social media, websites and search engines</td>
</tr>
<tr>
<td>Newspapers (Local and National)</td>
</tr>
<tr>
<td>Television</td>
</tr>
<tr>
<td>Magazines</td>
</tr>
<tr>
<td>Radio</td>
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<tr>
<td>Cinema</td>
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<tr>
<td>Others...</td>
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</tbody>
</table>

Planning for advertising

Advertising agencies and their clients plan for advertising. Any plan should address the following stages:
MARKETING PRINCIPLES
A Guide to Understanding the Basics of Marketing and Marketing Planning for Growth

- Who is the potential TARGET AUDIENCE of the advertising?
- WHAT do I wish to communicate to this target audience?
- Why is this message so IMPORTANT to them?
- What is the BEST MEDIUM for this message (see some of the possible media above)?
- What would be the most appropriate TIMING?
- What RESOURCES will the advertising campaign need?
- How do we CONTROL our advertising and monitor success?

There are two key categories of advertising, namely ‘above-the-line’ and ‘below-the-line.’ The definitions owe a lot to the historical development of advertising agencies and how they charge for their services. In a nutshell, ‘above-the-line’ is any work done involving media where a commission is taken by an advertising agency, and ‘below-the-line’ is work done for a client where a standard charge replaces commission. So TV advertising is ‘above-the-line’ since an agency would book commercial time on behalf of a client, but undertaking a project to produce a series of promotional material such as posters, brochures and so on is ‘below-the-line’. In this case the agency charges the client a transparent fee.

**Sponsorship**
Sponsorship is where an organization pays to be associated with a particular event, cause or image. Companies will sponsor sports events such as the Olympics or Formula One. The attributes of the event are then associated with the sponsoring organization.

The elements of the promotional mix are then integrated to form a unique, but coherent campaign.

**eMarketing**
Is there a difference between eMarketing and internet or web marketing?
There is no real difference between eMarketing and internet or web marketing. However, with the arrival of mobile technologies such as Tablets and smart mobile phones using 3G and 4G, the convergence of mobile device technology, as well as Interactive Television, both terms tend to be stretched to include these new media technologies.

What are the e-Marketing tools?
The Internet has a number of tools to offer to the marketer.

- A company can distribute via the Internet e.g. Amazon.com.
- A company can use the Internet as a way of building and maintaining a customer relationship e.g. Dell.com.
- The money collection part of a transaction could be done online e.g. electricity and telephone bills.
- Leads can be generated by attracting potential customers to sign-up for short periods of time, before signing up for the long-term e.g. on-line magazine subscriptions.
- The Internet could be used for advertising e.g. Google Adwords.
- Finally, the web can be used as a way of collecting direct responses e.g. as part of a voting system for a game show, or for market research surveys.
- Social Media such as Facebook, Twitter, Instagram, Line and so on.
SERVICES MARKETING AND THE EXTENDED MAKETING MIX (7P’s)

A service is the action of doing something for someone or something. It is largely intangible (i.e. not material). A product is tangible (i.e. material) since you can touch it and own it. A service tends to be an experience that is consumed at the point where it is purchased, and cannot be owned since it quickly perishes. A person could go to a café one day and have excellent service, and then return the next day and have a poor experience. So often marketers talk about the nature of a service as:

*Inseparable* - from the point where it is consumed, and from the provider of the service. For example, you cannot take a live theatre performance home to consume it (a DVD of the same performance would be a product, not a service).

*Intangible* - and cannot have a real, physical presence as does a product. For example, motor insurance may have a certificate, but the financial service itself cannot be touched i.e. it is intangible.

*Perishable* - in that once it has occurred it cannot be repeated in exactly the same way. For example, once a 100 metres Olympic final has been run, there will be not other for 4 more years, and even then it will be staged in a different place with many different finalists.

*Variability* - since the human involvement of service provision means that no two services will be completely identical. For example, returning to the same garage time and time again for a service on your car might see different levels of customer satisfaction, or speediness of work.

*Right of ownership* – does not apply to the service, since you merely experience it. For example, an engineer may service your air-conditioning, but you do not own the service, the engineer or
his equipment. You cannot sell it on once it has been consumed, and do not take ownership of it.

**The 7P’s of the Services Marketing Mix**

Western economies have seen deterioration in their traditional manufacturing industries, and a growth in their service economies.

Therefore the marketing mix has seen an extension and adaptation into the extended marketing mix for services, also known as the 7P’s and adds the following to the 4p’s of the Marketing Mix: People, Process, and Physical Evidence.

![Diagram of the 7P's of Services Marketing Mix](image-url)

*Fig 11.*
‘People’ as part of the Marketing Mix.

People are the most important element of any service or experience. Services tend to be produced and consumed at the same moment, and aspects of the customer experience are altered to meet the ‘individual needs’ of the person consuming it. Most of us can think of a situation where the personal service offered by individuals has made or tainted a tour, vacation or restaurant meal. Remember, people buy from people that they like, so the attitude, skills and appearance of all staff need to be first class. Here are some ways in which people add value to an experience, as part of the marketing mix - training, personal selling and customer service.

Training.

All customer facing personnel need to be trained and developed to maintain a high quality of personal service. Training should begin as soon as the individual starts working for an organization during an induction. The induction will involve the person in the organization’s culture for the first time, as well as briefing him or her on day-to-day policies and procedures. At this very early stage the training needs of the individual are identified. A training and development plan is constructed for the individual which sets out personal goals that can be linked into future appraisals. In practice most training is either ‘on-the-job’ or ‘off-the-job.’ On-the-job training involves training whilst the job is being performed e.g. training of bar staff. Off-the-job training sees learning taking place at a college, training centre or conference facility. Attention needs to be paid to Continuing Professional Development (CPD) where employees see their professional learning as a lifelong process of training and development.

Customer Service

Many products, services and experiences are supported by customer services teams. Customer services provide expertise (e.g. on the selection of financial services), technical support(e.g.
offering advice on IT and software) and coordinate the customer interface (e.g. controlling service engineers, or communicating with a salesman). The disposition and attitude of such people is vitally important to a company. The way in which a complaint is handled can mean the difference between retaining or losing a customer, or improving or ruining a company’s reputation. Today, customer service can be face-to-face, over the telephone or using the Internet. People tend to buy from people that they like, and so effective customer service is vital. Customer services can add value by offering customers technical support and expertise and advice.

**Process as an element of the Marketing Mix**

There are a number of perceptions of the concept of process within the business and marketing literature. Some see processes as a means to achieve an outcome, for example - to achieve a 30% market share a company implements a marketing planning process.

Another view is that marketing has a number of processes that integrate together to create an overall marketing process, for example - telemarketing and Internet marketing can be integrated. A further view is that marketing processes are used to control the marketing mix, i.e. processes that measure the achievement of marketing objectives. All views are understandable, but not particularly customer focused.

For the purposes of the marketing mix, process is an element of service that sees the customer experiencing an organisation’s offering. It’s best viewed as something that your customer participates in at different points in time. Here are some examples to help your build a picture of marketing process, from the customer’s point of view.
Going on a cruise - from the moment that you arrive at the dockside, you are greeted; your baggage is taken to your room. You have two weeks of services from restaurants and evening entertainment, to casinos and shopping. Finally, you arrive at your destination, and your baggage is delivered to you. This is a highly focused marketing process.

Booking a flight on the Internet - the process begins with you visiting an airline’s website. You enter details of your flights and book them. Your ticket/booking reference arrive by e-mail or post. You catch your flight on time, and arrive refreshed at your destination. This is all part of the marketing process.

At each stage of the process, markets:

- Deliver value through all elements of the marketing mix. Process, physical evidence and people enhance services.

- Feedback can be taken and the mix can be altered.

- Customers are retained, and other serves or products are extended and marked to them.

- The process itself can be tailored to the needs of different individuals, experiencing a similar service at the same time.

Processes essentially have inputs, throughputs and outputs (or outcomes). Marketing adds value to each of the stages.

**Physical Environment as an element of the Marketing Mix**

*Physical environment* includes the physical evidence and is the material part of a service. Strictly speaking there are no physical attributes to a service, so a consumer tends to rely on material cues. There are many examples of physical evidence, including some of the following:
• Packaging.
• Internet/web pages.
• Paperwork (such as invoices, tickets and dispatch notes).
• Brochures.
• Furnishings.
• Signage (such as those on aircraft and vehicles).
• Uniforms.
• Business cards.
• The building itself (such as prestigious offices or scenic headquarters).
• Mailboxes and many others . . . . .

A sporting event is packed full of physical evidence. Your tickets have your team’s logos printed on them, and players are wearing uniforms. The stadium itself could be impressive and have an electrifying atmosphere. You travelled there and parked quickly nearby, and your seats are comfortable and close to restrooms and store. All you need now is for your team to win!

Some organisations depend heavily upon physical evidence as a means of marketing communications, for example tourism attractions and resorts (e.g. Disney World), parcel and mail services (e.g. Freight company trucks), and large banks and insurance companies.
SEGMENTATION

To get a product or service to the right person or company, a marketer would firstly *segment* the market, then *target* a single segment or series of segments, and finally *position* within the segment(s).

Segmentation is essentially the identification of subsets of buyers within a market who share similar needs and who demonstrate similar buyer behavior. The world is made up from billions of buyers with their own sets of needs and behavior. Segmentation aims to match groups of purchasers with the same set of needs and buyer behavior. Such a group is known as a ‘segment’.

An Example of Segmentation

![An Example of Segmentation](image)

*Fig 12.*

Of course you can segment by all sorts of variables. The diagram above depicts how segmentation information is often represented as a pie chart diagram - the segments are often named and/ or numbered in some way.
Segmentation is a form of critical evaluation rather than a prescribed process or system, and hence no two markets are defined and segmented in the same way. However there are a number of underpinning criteria that assist us with segmentation:

- Is the segment viable? Can we make a profit from it?
- Is the segment accessible? How easy is it for us to get into the segment?
- Is the segment measurable? Can we obtain realistic data to consider its potential?

There are many ways that a segment can be considered. For example, the auto market could be segmented by: driver age, engine size, model type, cost, and so on. However the more general bases include:

- by geography - such as where in the world was the product bought.
- by psychographics - such as lifestyle or beliefs.
- by socio-cultural factors - such as class.
- by demography - such as age, gender, and so on.

An organisation will evaluate each segment based upon potential business success. Opportunities will depend upon factors such as: the potential growth of the segment the state of competitive rivalry within the segment how much profit the segment will deliver how big the segment is how the segment fits with the current direction of the organisation and its vision.
TARGETING

Targeting is the second stage of the SEGMENT “Target” POSITION (STP) process. After the market has been separated into its segments, the marketer will select a segment or series of segments and ‘target’ it/them. Resources and effort will be targeted at the selected segments.

The first is the single segment with a single product. In other word, the marketer targets a single product offering at a single segment in a market with many segments. For example, British Airway’s Concorde was a high value service aimed specifically at business people and tourists willing to pay more for speed.

Secondly the marketer could ignore the differences in the segments, and choose to aim a single product at all segments i.e. the whole market. This is typical in ‘mass marketing’ or where differentiation is less important than cost. An example of this is the approach taken by budget airlines.
Finally there is a multi-segment approach. Here a marketer will target a variety of different segments with a series of differentiated products. This is typical in the motor industry. Here there are a variety of products such as diesel, four-wheel-drive, sports saloons, and so on.
POSITIONING

Positioning is undoubtedly one of the simplest and most useful tools to marketers. After segmenting a market and then targeting a consumer, the marketer would proceed to position a product within that market.

Remember this important point. Positioning is all about ‘perception’. As perception differs from person to person, so do the results of the positioning map e.g. what one person perceives as quality, value for money, etc, is different to another’s perception. However, there will be similarities.

Products or services are ‘mapped’ together on a ‘positioning map’. This allows them to be compared and contrasted in relation to each other. This is the main strength of this tool. Marketers decide upon a competitive position which enables them to distinguish their own products from the offerings of their competition (hence the term positioning strategy).

See the basic positioning map template below.

**A Positioning Map Template**

![Positioning Map Template](image)

*Fig 16.*
The marketer would draw up the map and decide upon a label for each axis. They could be price (variable one) and quality (variable two), or Comfort (variable one) and price (variable two). The individual products are then mapped out next to each other. Any gaps could be regarded as possible areas for new products.

The term ‘positioning’ refers to the consumer’s perception of a product or service in relation to its competitors. The marketer needs to ask, *what is the position of the product in the mind of the consumer?*

Marketing writers Trout and Ries have suggested a six-step question framework for successful positioning:

1. What position do you currently own?
2. What position do you want to own?
3. Whom you have to defeat to own the position you want.
4. Do you have the resources to do it?
5. Can you persist until you get there?
6. Are your tactics supporting the positioning objective you set?

See the example below using the auto market.

Product: Ferrari, BMW, Kia, Range Rover, Saab, Hyundai.

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**Theoretical Positioning Auto Market**

<table>
<thead>
<tr>
<th>High</th>
<th>Low Price</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ferrari</td>
<td>BMW Saab</td>
</tr>
<tr>
<td>Range Rover</td>
<td>Product C</td>
</tr>
<tr>
<td>Fuel Economy</td>
<td>Hyundai KIA</td>
</tr>
</tbody>
</table>

*Fig 17.*
The six products are plotted upon the positioning map. It can be concluded that products tend to bunch in the high price/low economy sector and also in the low price/high economy sector. There is an opportunity in the low price/low economy sector. However, remember that it is all down to the perception of the individual.

**Example of Scout Positioning Map**

![Scout Positioning Map](image-url)

*Fig 18. Scouts Australia, 2001 Dangar Research, looking for the new positioning*

The above positioning map was developed as a part of extensive market research undertaken by Scouts Australia in 2001.

The lower left quadrant shows where Scouts stood in Australian adults’ minds at the time. That is largely Ordinary and Static/Reactive in nature.

The ideal positioning quadrant being the upper right side where the two key competitors were positioned, Outward Bound and Duke of Edinburgh Award (International Award). The objective became to move Scouts into this new positive positioning (as Dynamic/Proactive and Inspirational).
INRODUCTION TO MARKETING RESEARCH

Market research and marketing research are often confused. ‘Market’ research is simply research into a specific market. It is a very narrow concept. ‘Marketing’ research is much broader. It not only includes ‘market’ research, but also areas such as research into new products, or modes of distribution such as via the Internet.

A simple definition is that it is marketing research into the elements of the marketing mix, competitors, markets, and everything to do with the customers.

Marketing research is gathered using a systematic approach. An example follows:

1. Define the problem. Never conduct research for things that you would ‘like’ to know. Make sure that you really ‘need’ to know something. The problem then becomes the focus of the research. For example, why are sales falling in Hong Kong?

2. How will you collect the data that you will analyze to solve your problem? Do we conduct a telephone survey, or do we arrange a focus group? The methods of data collection will be discussed in more detail later.

3. Select a sampling method. Do we use a random sample, stratified sample, or cluster sample?

4. How will we analyze any data collected? What software will we use? What degree of accuracy is required?

5. Decide upon a budget and a timeframe.

6. Go back and speak to the managers or clients requesting the research. Make sure that you agree on the problem! If you gain
approval, then move on to step seven.

7. Go ahead and collect the data.

8. Conduct the analysis of the data.

9. Check for errors. It is not uncommon to find errors in sampling, data collection method, or analytic mistakes.

10. Write your final report. This will contain charts, tables, and diagrams that will communicate the results of the research, and hopefully lead to a solution to your problem.

Watch out for errors in interpretation.

**Sources of Data - Primary and Secondary**

There are two main sources of data - primary and secondary. Primary research is conducted from scratch. It is original and collected to solve the problem in hand. Secondary research, also known as desk research, already exists since it has been collected for other purposes.

**Primary Marketing Research**

Primary marketing research is collected for the first time. It is original and collected for a specific purpose, or to solve a specific problem. It is expensive, and time consuming, but is more focused than secondary research. There are many ways to conduct primary research. Some to consider are:

- Interviews
- Mystery shopping
- Focus groups
- Projective techniques
- Product tests
- Diaries
- Omnibus Studies
Interviews
This is the technique most associated with marketing research. Interviews can be telephone, face-to-face, or over the Internet.

Telephone Interview
Telephone ownership is very common in developed countries. It is ideal for collecting data from a geographically dispersed sample. The interviews tend to be very structured and tend to lack depth. Telephone interviews are cheaper to conduct than face-to-face interviews (on a per person basis).

Advantages of telephone interviews
- Can be geographically spread
- Can be set up and conducted relatively cheaply
- Random samples can be selected
- Cheaper than face-to-face interviews

Disadvantages of telephone interviews
- Respondents can simply hang up
- Interviews tend to be a lot shorter
- Visual aids cannot be used
- Researchers cannot observe behavior or body language

Face-to-face Interviews
Face-to-face interviews are conducted between a market researcher and a respondent. Data is collected on a survey. Some surveys are very rigid or ‘structured’ and use closed questions. Data is easily compared. Other face-to-face interviews are more ‘in depth,’ and depend upon more open forms of questioning. The research will probe and develop points of interest.

Advantages of face-to-face interviews
- They allow more ‘depth’
MARKETING PRINCIPLES
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• Physical prompts such as products and pictures can be used
• Body language can emphasize responses
• Respondents can be ‘observed’ at the same time

Disadvantages of face-to-face interviews

• Interviews can be expensive
• It can take a long period of time to arrange and conduct.
• Some respondents will give biased responses when face-to-face with a researcher.

The Internet
The Internet can be used in a number of ways to collect primary data. Visitors to sites can be asked to complete electronic questionnaires. However responses will increase if an incentive is offered such as a free newsletter, or free membership. Other important data is collected when visitors sign up for membership.

Advantages of the Internet

• Relatively inexpensive
• Uses graphics and visual aids
• Random samples can be selected
• Visitors tend to be loyal to particular sites and are willing to give up time to complete the forms

Disadvantages of the Internet

• May only survey one’s current, not potential customers.
• Needs knowledge of software to set up questionnaires and methods of processing data
• May deter visitors from the organisation’s website.

Mail Survey
In many countries, the mail survey is the most appropriate way to gather primary data. Lists are collated, or purchased, and a
pre-designed questionnaire is mailed to a sample of respondents. Mail surveys do not tend to generate more than a 5-10% response rate. However, a second mailing to prompt or remind respondents tends to improve response rates. Mail surveys are less popular with the advent of technologies such as the Internet and telephones, especially call centers.

**Mystery Shopping**
Companies will set up mystery shopping campaigns on an organizations behalf. Often used in banking, retailing, travel, cafes and restaurants, and many other customer focused organizations, mystery shoppers will enter, posing as real customers. They collect data on customer service and the customer experience. Findings are reported back to the commissioning organization. There can be issues surrounding the ethics of such an approach to research.

**Focus Groups**
Focus groups are made up from a number of selected respondents brought together in the same room. Highly experienced researchers work with the focus group to gather in depth qualitative feedback. Groups tend to be made up from 6 - 10 participants. Discussion, opinion, and beliefs are encouraged, and the research will probe into specific areas that are of interest to the organisation commissioning the research.

**Advantages of focus groups**

- Commissioning marketers often observe the group from behind a one-way screen
- Visual aids and tangible products can be circulated and opinions taken
- All participants and the research interact
- Areas of specific interest can be covered in greater depth
Disadvantages of focus groups

- Highly experienced researchers are needed. They are rare.
- Complex to organize
- Can be very expensive in comparison to other methods

Product tests
Product tests are often completed as part of the ‘test’ marketing process. Products are displayed in a mall of shopping center. Potential customers are asked to visit the store and their purchase behavior is observed. Observers will contemplate how the product is handled, how the packing is read, how much time the consumer spends with the product, and so on.

Diaries
Diaries are used by a number of specially recruited consumers. They are asked to complete a diary that lists and records their purchasing behavior of a period of time (weeks, months, or years). It demands a substantial commitment on the part of the respondent. However, by collecting a series of diaries with a number of entries, the researcher has a reasonable picture of purchasing behavior.

Omnibus Studies
An omnibus study is where an organisation purchases a single or a few questions on a ‘hybrid’ interview (either face-to-face, telephone or on-line). The organisation will be one of many that simply want to a straightforward answer to a simple question. An omnibus survey could include questions from companies in sectors as diverse as healthcare and tobacco. The research is far cheaper and commits less time and effort than conducting one’s own research.
Secondary Marketing Research, or “Desk” Research

The data or information already exists in one form or another. It is relatively cheap, and can be conducted quite quickly. However, it tends to have been collected for reasons other than for the problem or objective at hand. So it may be untargeted, and difficult to use to make comparisons (e.g. population data gathered on Australian youth will be different to data on Philippine youth). There are a number of such sources available to the marketer, and the following list is by no means conclusive:

- Trade associations
- National and local press Industry magazines
- National/international governments
- Websites
- Informal contacts
- Trade directories
- Published company accounts
- Business libraries
- Professional institutes and organisations
- Omnibus surveys
- Previously gathered marketing research
- Census data
- Public records

The above is a general introduction to marketing research. Marketing research is a huge topic area and has many processes, procedures, and terminologies that build upon the points above.
INTRODUCTION TO BRANDS

Brands and Branding.

Branding is a strategy that is used by marketers. Pickton and Broderick (2001) describe branding as Strategy to differentiate products and companies, and to build economic value for both the consumer and the Brand owner. Brand occupies the “mind” space in the perceptions of the consumer, and is what results from the totality of what the consumer takes into consideration before making a purchase decision (Pickton and Broderick 2001).

So Branding is a strategy, and Brand is what has meaning to the consumer.

There have been a number of interpretations of the term Brand (De Chernatony 2003). They are summarized as follows:

• A brand is simply a logo e.g. McDonald’s Golden Arches.
• A brand is a legal instrument, existing in a similar way to a patent or copyright.
• A brand is a company e.g. Coca-Cola.
• A brand is shorthand - not as straightforward. Here a brand that is perceived as having benefits in the mind of the consumer is recognised and acts as a shortcut to circumvent large chunks of information. So when searching for a product or service in less familiar surroundings you will conduct an information search. A recognised brand will help you reach a decision more conveniently.
• A brand is a risk reducer. The brand reassures you when in unfamiliar territory.
• A brand is positioning. It is situated in relation to other brands in the mind of the consumer as better, worse, quicker, slower, etc.
• A brand is a personality, beyond function e.g. Apple’s iPod versus just any MP3 player.
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• A brand is a *cluster of values* e.g. Google is reliable, ethical, invaluable, innovative and so on.

• A brand is a *vision*. Here managers aspire to see a brand with a cluster of values. In this context vision is similar to goal or mission.

• A brand is *added value*, where the consumer sees value in a brand over and above its competition e.g. Audi over Volkswagen, and Volkswagen over Skoda - despite similarities.

• A brand is an *identity* that includes all sorts of components; depending on the brand e.g. Body Shop International encapsulates ethics, environmentalism and political beliefs.

• A brand is an *image* where the consumer perceives a brand as representing a particular reality e.g. Rolex watches Timeless luxury.

• A brand is a *relationship* where the consumer reflects upon him or herself through the experience of consuming a product or service.

**Four Key Pillars of Branding.**

*Differentiation*: Setting the brand apart from others in the market. It can’t simply be the same as other products.

*Relevance*: Appropriateness, meaningfulness and the value of the point of difference.

*Esteem*: Customers will respond with high esteem for the product when relevant differentiation is built in.

*Understanding*: How well customers understand and believe in the point of difference.

A brand’s intrinsic value will depend on a number of factors.
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- It must stand for something larger than just a “product benefit” and must represent a “value proposition”.

- Consumers will choose one brand over another because of this intrinsic value.

- It must incorporate the consumers’ viewpoint.

*Brand Equity* is the worth of the brand. That is the totality of the consumers’ perceptions and how the consumers feel about the brand - its attributes including reputation, symbols, associations and name. The brand is a valuable tool for consumers faced with a myriad of alternatives. The “signals” a brand sends out reflect the intangible associations with the quality it represents. However the brand promises must meet the consumer’s needs and deliver each and every time.

NOTE: Information specific to the Scout Brand can be found on the WOSM website at www.scout.org as well as WOSM publication “Scout Boom Comm” and APR’s booklet “Guidelines for the Protection of Intellectual Property”.

*In addition Scouts Australia’s Brand Manual is available on its website at www.scouts.com.au

The Scout Association of the UK and the Boy Scouts of America also have significant documentation regarding their Brand Positioning in their respective countries.
SWOT ANALYSIS

SWOT analysis is a tool for auditing an organization and its environment. It is the first stage of planning and helps marketers to focus on key issues. SWOT stands for strengths, weaknesses, opportunities, and threats. Following are some of the key questions that need to be asked when conducting the SWOT analysis.

![Key SWOT Questions Diagram]

**Fig 19.**
**Strengths and Weaknesses are Internal Factors.**

Strengths could be:

- The organisation’s specialist marketing expertise.
- A new, innovative product or service.
- Location of the business.
- Quality processes and procedures.
- Any other aspect of the business that adds value to the product or service.

Weakness could be:

- Lack of marketing expertise.
- Undifferentiated products or services (i.e. in relation to competitors).
- Location of the business.
- Poor quality goods or services.
- Damaged reputation.

**Opportunities and Threats are External Factors.**

Opportunities could be:

- A developing market such as the Internet.
- Mergers, joint ventures or strategic partnerships.
- Moving into new market segments that offer membership growth.
- A new international market.
- A market vacated by an ineffective competitor.

Threats could be:

- A new competitor in the organisation’s home market.
- Price wars with competitors.
- A competitor has a new, innovative product or service.
- Competitors have superior access to channels of distribution.
- Taxation is introduced on the product or service.
A word of caution, SWOT analysis can be very subjective. Two people rarely come-up with the same final version of SWOT.

The diagram below illustrates how a SWOT analysis may look with the various elements allocated to the relevant quadrants of a SWOT matrix.
**Simple Rules for Successful SWOT Analysis.**

- Be realistic about the strengths and weaknesses of the organization when conducting SWOT analysis.
- SWOT analysis should distinguish between where the organization is today, and where it could be in the future.
- SWOT should always be specific. Avoid grey areas.
- Always apply SWOT in relation to the competition i.e. better than or worse than the competition.
- Keep the SWOT short and simple. Avoid complexity and over analysis
- SWOT is subjective.

Once key issues have been identified with the SWOT analysis, they feed into marketing objectives. So SWOT is a very popular tool because it is quick and easy to learn. During the SWOT exercise, list factors in the relevant boxes. It’s that simple.

**A more advanced SWOT analysis**

**Why is there a need for an advanced approach to SWOT Analysis?**

SWOT analysis is a marketing audit that considers an organization’s strengths, weaknesses, opportunities and threats. The basics of how to complete the SWOT has been covered.

Some of the problems that may be encountered with SWOT are as a result of one of its key benefits i.e. its flexibility. Since SWOT analysis can be used in a variety of scenarios, it has to be flexible. However this can lead to a number of anomalies. Problems with basic SWOT analysis can be addressed using more critical analysis. Factors that should be taken into account will include:
**Personal experience.**
How does the marketing manager fit in relation with the SWOT analysis? They bring their experiences, skills, knowledge, attitudes and beliefs to the audit. Their perception or simple gut feeling will impact the SWOT.

**Clearly defining strengths or weaknesses, opportunities or threats.**
Often marketing managers will inadvertently reverse opportunities and strengths, and threats and weaknesses. This is because the line between internal strengths and weaknesses, and external opportunities and threats is sometimes difficult to spot. For example, in relation to global warming and climate change, one could mistake environmentalism as a threat rather than a potential opportunity.

**Emphasise detail.**
Detail, reasoning and justification are often omitted from the SWOT analysis. What one tends to find is that the analysis contains lists of single words. For example, under opportunities one might find the term ‘Technology.’ This single word does not tell a reader very much. Ensure you clearly define what you mean by each item on the list.

What is really meant is:

‘*Technology enables marketers to communicate via mobile devices close to the point of purchase. This provides the opportunity of a distinct competitive advantage for the organisation.*’

This will greatly assist when deciding upon how best to score and weight each element.

**Weighting.**
Too often elements of a SWOT analysis are not weighted. Naturally some points will be more controversial than others. So weight the factors. For example, using a rating scale of 1 – 9, weight the various SWOT elements in the following way so the ranking can be plotted on a matrix. Lowest rating is 1 and highest is 9.
Strengths and Weaknesses: Relative Scouts’ Strength or Weakness/How Critical the Strength or Weakness is from the Customer/Member’s point of view.

![SWOT Prioritisation of Strength and Weaknesses](image1)

**Fig 21.**

Opportunities: Size of the Opportunity or Benefit/Organisational Capability to Exploit.

![SWOT Assessment of Opportunities](image2)

**Fig 22.**

Threats: Impact on Organisation/Immediacy of Issue. See diagram below.
Rank and prioritise.

Once detail has been added, elements have been reviewed using the 1 – 9 scale and plotted in the relevant matrix, the marketer can then progress to give the SWOT analysis some strategic meaning i.e. those factors can be selected that will most greatly influence the marketing strategy albeit a mix of strengths, weaknesses, opportunities and threats. Essentially you rank them highest to lowest, and then prioritize those with the highest rank which would be addressed first.

Normally those elements in the top right box of the matrix will be the most important elements to address. In preparing strategies, build on strengths, minimize weaknesses, exploit opportunities and prepare for threats.

It is important to address opportunities primarily since the organisation should be market oriented. Then match strengths to opportunities and look for a fit. Address any gaps between current strengths and future opportunities. Finally attempt to rephrase threats as opportunities (as with global warming and climate change above), and address weaknesses so that they become strengths. Gap analysis would be useful at this point i.e. where we are now, and where do we want to be? Strategies would bridge the gap between them, i.e how do we get there?
THE MARKETING AUDIT

The *marketing audit* is a fundamental part of the marketing planning process. It is conducted not only at the beginning of the process, but also at a series of points during the implementation of the plan. The marketing audit considers both internal and external influences on marketing planning, as well as a review of the plan itself.

There are a number of tools and audits that can be used, for example SWOT analysis for the internal environment, as well as the external environment. Other examples include PEST and Five Forces Analyses, which focus solely on the external environment – but are not discussed in this publication.

In many ways the marketing audit clarifies opportunities and threats, and allows the marketing manager to make alterations to the plan if necessary.

The following considers the basics of the marketing audit, and introduces a marketing audit checklist. The checklist is designed to answer the question, what is the current marketing situation? The marketing audit can be considered under three key headings:

- The Internal Marketing Environment.
- The External Marketing Environment.

**The Internal Marketing Environment**

What resources does the organisation have at hand?

- Human resources
- Financial resources
- Capital resources
- Time resources
- Material resources

In addition:

- How is the marketing team organised?
- How efficient is the marketing team?
- How effective is the marketing team?
- How does the marketing team interface with other organisations and internal functions?
- How effective is the organisation at Customer Relationship Management (CRM)?
- What is the state of the marketing planning process?
- Is the marketing planning information current and accurate?
• What is the current state of New Product Development?
• How profitable is the product portfolio?
• Is the organisation pricing in the right way?
• How effective and efficient is distribution/place/accessibility?
• Is organisation getting the marketing communications right?
• Does the organisation have the right people facing the customers?
• How effective are the customer facing processes?
• What is the state of the organisation’s physical evidence?

The External Marketing Environment

As a market orientated organisation, one must start by asking - What is the nature of the ‘customer?’ Such as:

• Their needs and how the organisation satisfy them.
• Their buyer decision process and consumer behaviour.
• Their perception of the brand, and loyalty to it.
• The nature of segmentation, targeting and positioning in the markets.
• What customers ‘value’ and how the organisation provides that ‘value?’

What is the nature of competition in the target markets?

• The competitors’ level of profitability.
• Their number/concentration.
• The relative strengths and weaknesses of competition.
• The marketing plans and strategies of the competition.

What is the cultural nature of the environment(s)?

• Beliefs, Mores and Religion/Faith.
• The standards and average levels of education.
• The evolving lifestyles of the target consumers.
• The nature of consumerism in the target markets.

What is the demography of the consumers? Such as average age, levels of population, gender make up, and so on. How does technology play a part?

• The level of adoption of mobile and Internet technologies.
• The way in which goods are manufactured/services developed.
• Information systems.
• Marketing communications uses of technology and media.

What is the economic condition of the markets?
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- Levels of average disposable income.
- Taxation policy in the target market.
- Economic indicators such as inflation levels, interest rates, exchange rates and unemployment.

Is the political and legal landscape changing in any way?
- Laws, for example, copyright and patents.
- Levels of regulation such as quotas or tariffs.
- Labour/labour laws such as minimum wage legislation.

A Review of the Current Marketing Plan
- What are the current objectives for marketing?
- What are the current marketing strategies?
- How should the marketing mix be applied?
- Is the marketing process being controlled effectively?
- Is the marketing budget being achieved?
- Are SMART objectives being realised?
- Is the marketing team implementing the marketing strategy effectively?
- Levels of staffing.
- Staff training and development.
- Experience and learning.

What is the organisation’s market share? (Total sales/trends/sales by product or customer or channel/membership participation rates).

Are financial targets being achieved? (profit and margins/ liquidity and cash flow/ debt: equity ratio/ using financial ratio analysis).
MARKETING PLANNING

Marketing plans are vital to marketing success. They help to focus the mind of organisations and marketing teams on the process of marketing i.e. what is going to be achieved and how they intend to do it. There are many approaches to marketing plans. This section has focused upon the key stages of the plan. It is contained under the popular acronym AOSTC.

ANALYSIS
OBJECTIVES
STRATEGIES
TACTICS
CONTROLS

Stage One - Situation Analysis (and Marketing Audit)

- Marketing environment.
- Laws and regulations.
- Politics.
- The current state of technology.
- Economic conditions.
- Socio-cultural aspects.
- Demand trends.
- Media availability.
- Stakeholder interests.
- Marketing plans and campaigns of competitors.
- Internal factors such as organisation’s own experience and resource availability.

Stage Two - Set “Smart” Marketing Objectives

- Specific - Be precise about what is to be achieved.
- Measurable - Quantify objectives.
- Achievable - Trying to attempt too much?
- Realistic – Does organisation have the resource to make the objective happen (men, money, machines, materials, minutes)?
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- Timed - State when organisation will achieve the objective (a date).

If the marketer doesn’t make the objective SMART, it will be too vague and will not be realized. The rest of the plan hinges on the objective.

If it is not correct, the plan may fail.

Stage Three - Describe the Target Market

- Which segment? How will the segment be targeted? How should the organisation/product/service be positioned within the segment?

- Why this segment and not a different one? (This will focus the mind).

- Define the segment in terms of demographics and lifestyle. Show how organisation intends to ‘position’ the product or service within that segment.

Stage Four - Marketing Tactics

Convert the strategy into the marketing mix (7P’s for Services). These are the marketing tactics.

- Price How much will customers/members pay

- Place How to make product/service accessible

- Product Clearly defining the product/service in terms of benefits to customer/member

- Promotion Which media will you use? e.g sponsorship, radio advertising, sales force, point-of-sale, etc

- People Putting a “face” to the service, what training needed, induction programs, selling and interpersonal skills needed
• Physical Environment/Evidence Tangible part of the service, tangible clues to nature, quality of service, uniforms, badges, awards, signage on buildings, internet/website

• Process What processes will customer/member participate in, how to add value to each stage, consider processes from customer/member point of view not from perspective of organisation’s processes, how will processes be tailored to individual needs

Stage Five - Marketing Controls

There should be no planning without control. Control is vital.

• Monthly budgets.
• Income.
• Expenditure.
• New customers/members
• Retention of customers/members
• Market share/participation data.
• Consider the cycle of control/measurement.

Finally, write a short summary (or synopsis) which is placed at the front of the plan. This will help others to get acquainted with the plan without having to spend time reading it all. Place all supporting information into an appendix at the back of the plan.
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