

Marketing Principles

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Part 1 – Understanding Principles of Marketing

Task 1 – Definitions and Concept of Marketing

According to Philip Kotler, Marketing is a social and managerial process by which certain groups or individuals get what they need or want through the exchange of goods or services (Pride & Ferrell, 2011). Johnson, Schools, & Whittington (2002) believe marketing is the implementation of activities that can help a company to the goals it has set itself, and can anticipate the wishes of consumers and develop products or services fit for the market.

The Marketing is the activity performed in the trade. It is exchange or trade that applies when a person wants to buy a product and instead delivers a lot of money imposed. The marketing has been invented to meet the needs of the market in exchange for benefits for companies that use it to develop. This tool definitely is strictly necessary to achieve success in the markets. It is said that marketing is a social and managerial process that involved a group of people, with their concerns and needs. It needs a certain number of elements such as the organization, implementation and control for efficient development of activities (Lovelock, & Wright, 2002).

Task 2 – Marketing Process

The marketing process is defined as the logical path along which it is appropriate to make marketing decisions. It has two major phases: the analysis phase and cognitive during which the

manager collects information about the market and business skills, and decision-making in its strategic and operational dimensions that begins with the choice of the market in which operate. It narrows the field with segmentation decisions and articulates the components of the positioning of the offer.

The marketing process enters its operational phase and management when deciding on individual variables qualifying offer to the market. The marketing process, therefore, is based on two mechanisms: the information system must provide the necessary measures regarding the conditions and the way in which the market environment evolves, and the evaluation system, reporting, and monitoring the effectiveness of marketing, without which companies would measure the actual achievement of the goals and objectives of market-oriented (Johnson, Schools, & Whittington, 2002).

Task 3 – Benefits in Becoming Marketing Oriented

Marketing orientation is what makes strategic decisions depend on the company's wants and needs of customers and prospects. The corporate culture of the company is consistently committed to creating value. The marketer hopes that this process, if done correctly, give the company a competitive advantage sustainable over time. The marketing oriented companies claim that a commercial mixture is adapted to meet the needs of a particular customer (Pride & Ferrell, 2011). There are many benefits in becoming marketing oriented company. Marketing oriented companies make possible the development of innovative products. These companies help increasing new product performance and success. There is a great benefit in becoming marketing oriented as it helps reducing uncertainty about potential market size.

Task 4 – Marketing Environment of Tesco

Micro-Environmental Factors

Product: Tesco's product isn't the bits and pieces on the shelves. It is the fact that the company sells everything from crumble to credits. Price: Tesco has very effective price policy. It has been fighting price wars. Place: Firstly, it was just in high street. Then it started expanding its business and opening new outlets and stores. Promotion: it has different promotion activities, like scheme naming “computers for schools”. It uses TV commercials, social media and other tools for promoting itself (Lovelock, & Wright, 2002).

Macro-Environmental Factors

i. Political Factors

Tesco has many political factors linked with it. There is a constant decline in local authority support for charity. There is a possibility of extraction earlier the modifications in a political control. No proper management in the charity plan is there. Tesco's political factors have manipulated the rule of charity to a great extent (Wood, 2000).

ii. Economic Factors

There are many economic factors to affect the market of Tesco. These factors affect the potential purchasing power of customers. There is low deflation rate in economy, and this is

regarded as good for the effectiveness and progress of the company. Another economic factor affecting Tesco is its unemployment rate, which is not low over there.

iii. Social Factors

Internet usage is increasing gradually. It is said that approximately 29.8 million family circles use internet. This ratio of internet usage boosts the style of online marketing and purchasing, which could be supportive and useful for Tesco in a way that they can get going their online marketing movement. Approximately 99% of people pay out their time on TV and internet (Pride & Ferrell, 2011).

iv. Technological Factors

In UK, the technology and its usage are gradually increasing. There has been development in technology, which has a great affect on the retail market and companies of UK. The business process has been modified by the technological change. This can be understood by an example of the transactions, which can be offered by means of the Internet service. In the same way, payments can also be done with the help of online payment options (West, 2012).

v. Legal Factors

Legal factors affecting Tesco are different reforms, laws and legalities of different countries and regions. These different legalities have a great impact on Tesco.

vi. Environmental Factors

Tesco has to take good care of its environment. It works on very good corporate social responsibility policy to keep its environment safe from any harm.

Task 5 – Buyer Behaviour and Factors Affecting Buyer’s Behaviour

Companies need to identify their markets, to know their customers, understand their needs and to know how to behave to satisfy in order to guide the marketing efforts of the company. Buyer behaviour involves a set of activities that people develop when they search, purchase, evaluate, use and dispose of assets in order to satisfy their needs and desires. These activities include both mental and emotional processes and physical actions. The importance of studies on buyer behaviour is enhanced especially in highly competitive environments, as the company runs the risk that the consumer is inclined to the products of its competitors (Lovelock, & Wright, 2002).

Cultural Factors

They are engaged in the most marked influence on buyer behaviour.

i. Culture

Culture is the fundamental determinant of the desires and behaviour of people. Human beings are learning from children who are a series of behaviours, habits, values and preferences trades contact with the people around them, so for all they learned as children buying behaviour is affected.

ii. Subculture

Each culture is formed by a series of smaller subcultures, which have their own characteristics of identification as prudence be nationality, race, religion and geographical area. Then sub-cultural factors can determine the interest in a purchase or other (West, 2012).

iii. Social Class

In all societies, there is a class division in which a group of individuals sharing a common characteristic that links socioeconomically, either by social function, economic power or some position in the bureaucracy.

Examples: To explain cultural factors, consider the members of the Church of Jesus Christ of Latter-day Saints, commonly called "Mormons", they are not used to eat meat, or drink coffee, this restricts their purchasing. Throughout this example, it can be indicated that religious subcultures shape influence on the purchase decision of consumers (Wood, 2000).

Social Factors

i. Reference Groups

They are those who have a direct influence on the buyer. The groups to which the person belongs interact and are called membership groups and there is a sub-classification of them:

- Primary: these include family, friends, school, work colleagues.
- Secondary: these are a bit more formal, such as trade groups, religious and professional.

Other groups are the ones that people do not belong, but aspire to belong.

ii. Family

This is a primary reference group which is the one that has more influence on the person.

There are two types of families:

- The family of orientation: consists of the father and brothers
- The family of procreation is shaped by the spouse and children (Lovelock, & Wright, 2002).

iii. Roles and Status

These are the roles of the individual in belonging to different groups throughout his life, such as clubs, family, and work.

Personal Factors

i. Age and Life Cycle Phase

People buy different products throughout their life, depending on their age or the reason for it is needed. They also consume depending on their life cycle, such as being single, married or have children.

ii. Occupation

People make their purchases according to engaged as a designer buy a computer with certain characteristics very different from those that may require scheduled.

iii. Economic Circumstances

The purchase can be dramatically affected depending on how the economy is; buyer has income, savings or resources.

iv. Lifestyle

It refers to the way of being and acting is how a person lives as expressed activities, interests and opinions, it is also the way to interact with its environment.

v. Personality and Self

They are psychological characteristics that make a person to behave the way it does, personality is usually described as: self-confidence, dominance, autonomy, deference, sociability, defensiveness and adaptability.

Psychological Factors

i. Motivation

People may have many needs at any given time and these include: physiological, safety, social, esteem and self-actualization as a large Maslow hierarchy of needs. One reason is that person enough momentum to a person to act and fulfil this need in the person releases tension (Polonsky, et al., 2003)

ii. Perception

A person with a motive is willing to accurate but this can be influenced because they perceive the situation. The perception is defined as the process by which an individual selects, organizes and interprets information inputs to create a world-full of meaning (West, 2012).

iii. Learning

People learn through experience. Learning describes changes that arise in the conduct of a person because of the experience.

iv. Beliefs and Attitudes

People have different beliefs and attitudes that are acquired throughout their life, which are related because of what they have learned. A belief is a descriptive thought that a person has about something.

Examples: It is difficult for a company that is positioned as a low-cost retailer. Wal-Mart sells expensive clothes, once it has established its position in the market. The consumer perception is that everything that comes from that shop is cheap and subconsciously is of lower quality. Diamond dealers say their products come from Antwerp, instead of Sierra Leone, to avoid negative consumer perception (Campbell, & Stonehouse, 2002).

Task 6 – Segmenting Markets, Targeting and Positioning

Segmenting a market is full of differentiating a product or service in a number of elements (individuals or organizations) homogeneous one another and different from others, in terms of habits, needs and tastes of its components. These components are called segments, obtained using different procedures statistical power to be applied to each segment marketing strategies most appropriate to achieve the objectives set by the company. Segmenting a market is its division into relatively homogeneous subgroups, with the same profile of response to marketing actions (Wood, 2000).

Targeting is a policy of selecting people and products on which to focus efforts of the company. The step of determining the population that will be affected by the product or service offered by the company is called "targeting". It is a method by which goods and / or services are provided to a group of people or households with specific characteristics (Lovelock, & Wright, 2002). Once the target is defined, the company must develop and promote positioning of its product or point of sale. The concept of positioning has its origin in the fact that consumers always have a certain perception of the products and brands available on the market. This concept is also valid for the outlets (Polonsky, et al., 2003).

Task 7 – Target Market and Positioning Strategy for the Product

The new product has been developed in the market, i.e. XYZ sports cars. Target market for this product is people who are interested in sports car and people who spend more on luxurious things. UK is the first place to be targeted for this product. A basic strategy of positioning a product is called "competitive advantage", which is an advantage over competitors who are offering consumers get lower prices or by providing more benefits that justify higher prices. This will be used definitely while positioning these sports cars. The strategy of application /user will be used to position this product in UK market. It involves associating a product with a particular type of user (Campbell, & Stonehouse, 2002). The product will be associated (luxury cars, sports racing), with affluent users, famous collectors or brokers. In this strategy, the product will be associated with A1 class people and people who appreciate luxury and speed.

Part 2 – Marketing Led Approach

This report aims to look at some critical issues of marketing to make Mrs. Rice's business "Beauty not expensive" a competitive advantage and marketing oriented to make position.

Competitive Advantage

"Beauty not expensive" can gain competitive advantage through different means. One way is to gain competitive advantage through differentiation, to offer something different and new. For example, if an innovative product offering in hairdressing saloon, it becomes successful, the business could gain a competitive advantage in product design. On the other hand, the business must always strengthen and maximize the competitive advantages they have. For example, not have the advantage of having a strategic partner, they leverage this partnership and strive for new agreements that benefit both of them and allow them to be more competitive. Finally, it is worth noting that the concept of competitive advantage can also help her to find an idea or business opportunity (Campbell, & Stonehouse, 2002).

Product Life Cycle

The product life cycle is a management tool of marketing that allows to know and track the stage where there is a certain category or class of product, which is a prerequisite to properly secure the objectives marketing for "x" product, and also to plan strategies that will achieve those goals. The stages of product life cycle are as follows:

Introduction: This first stage of the product life cycle, it starts when people launch a new product to market, it can be something innovative (and at the time was the TV, or the reproductive cell videocassettes) or may have a characteristic novel results in a new product category (as in the microwave oven and colour TV) (Chaffey, Mayer, Ellis-Chadwick, & Johnston, 2006).

Growth: If a product category satisfies the market and survives the introduction stage, enters the second stage of the product life cycle is known as the growth stage, in which sales begin to increase rapidly. In the growth stage, sales usually increase at increasing rates, many competitors enter the market, large companies can begin acquiring small business pioneers and profits are healthy (Polonsky, et al., 2003).

Maturity: It is in this third stage of the product life cycle, sales growth is reduced and / or stopped. This stage usually lasts longer than the previous stages and presents significant challenges to marketing management. Most of the products are in the mature stage of its life cycle, so that most of the marketing management deals with mature products.

Decline: In this fourth stage of the product life cycle, demand decreases. Therefore, there is a long-term decline in sales, which could drop to zero, or fall to its lowest level in which they can continue for many years.

Distribution Strategies

Distribution strategies are one of the 4 Ps of Marketing Mix and consist of commercial actions aimed to attract more customers, boost sales, achieve greater coverage and display of

products or services, etc. Distribution options for the convenience of customers can be many. Some of the distribution strategies are based on the coverage people want to give the distribution of products or services (Polonsky, et al., 2003).

Intensive distribution strategy: Is to provide services in all outlets. The company is looking for as many outlets as possible to ensure maximum distribution coverage and achieve a high number of sales. It is suitable for staples and commodities.

Selective distribution strategy: They are located only in those products selected outlets. Dispatched to a lower number of intermediaries and is used for products or services where the buyer compares prices to get higher quality and price (Smith, 2000).

Exclusive distribution strategy: Products and services are located in a single outlet exclusively. The distributor has the exclusive right to sell the brand, provide services and not sell products of other competitive brands in the same category.

Pricing in Different Market Conditions

“Beauty not expensive” must make an initial price when developing a new service, when the normal service introduces a new channel of distribution or geographic area as bids to get new contracts. The business must decide where to position about service quality and price. It will be good and effective for “Beauty not expensive” to adapt pricing based on value, by which confer a low price for a high quality supply (pricing philosophy more for less). The pricing based on the value is not the same as pricing based on perceived value (Chaffey, Mayer, Ellis-Chadwick, &

Johnston, 2006). The latter, in fact, is a pricing philosophy "more for more" indicates that the company should set prices at a level that captures what the buyer thinks the product is worth.

Promotional Activities for “Beauty not Expensive”

Promote an act of information, persuasion and communication, which includes several aspects. Advertising could be designed for “Beauty not expensive” as a main promotional activity. Advertising involves a series of activities required to deliver a message to the target market. Its main objective will be to create a direct impact on the customer to get service, with the consequent increase in sales (Coulter, 2001). Ads in newspapers and magazines will be designed to reach people from almost all economic strata. It is necessary, to select hereby identify which newspaper or magazine is read by a particular stratum and which section of it. Social media, like Facebook and Twitter will be used to promote the saloon.

Additional Elements of Extended Marketing Mix

Physical evidence: The decor of the areas where it receives or grants experience or service should receive treatment as well analyzed and processed exercises a strong impact on the impression of what will be the service experience, given the enormous need tangible client at all stages of the service experience (Ailawadi, & Keller, 2004).

Personnel: The people receiving the service have given the interaction with others service providers. Training and motivation are distinguished as key elements to ensure efficient service delivery, customer satisfaction making the experience more intense.

Process (and quality): both elements are considered together as productivity seeks the best outcome at the lowest cost and cost reduction should not affect the quality of service delivered which should always be evaluated from the perspective of the customer (Smith, 2000).

Difference between Consumer Markets and Organisational Markets

Consumer markets consist of all persons who purchased certain goods and services to meet their needs and desires. On the other hand, organisational markets are trade relations between organizations; every organization needs other services or products for different purposes:

- Incorporate into the production process to produce other goods.
- Use it to develop exercise without incorporating it into the production process.
- For resale to other organizations or other customers.

The organizational market is much more important than the consumer market, as the marketing of any consumer goods involves a large set of claims arising.

Service and Its Characteristics

A service is a set of activities that seek to meet the needs of a customer. Services include a variety of activities performed by a large number of officials working for the state (public services) or private companies (private services). The characteristics that differentiate core services of the goods (and the marketer must take into account) are mainly four (Ailawadi, &

Keller, 2004). These characteristics are present in “Beauty not expensive” and make it a service organisation. These characteristics are as follows:

Intangibility: This feature means that services cannot be seen, taste, touch, hear or smell before buying, therefore, they cannot be stored or placed in the window of a store to be purchased and carried by buyer (as with goods or physical products).

Inseparability: Goods are produced, sold and then consumed. Instead, services are often produced, sold and consumed at the same time, in other words, their production and consumption are inseparable activities. For example, if a person needs or wants a haircut should be at a barber or someone else (Smith, 2000).

Heterogeneity: O variability means that the services tend to be less standardized or uniform than the property. This means that each service depends on who pays, when and where, due to the human factor, which participates in the production and delivery.

Perishability: O perdurability means that services cannot keep, store or save inventory. The perdurability is not a problem when demand for a service is constant, but if demand fluctuates can cause problems. For this reason, the perishable nature of the services and the resulting difficulty of balancing supply with fluctuating demand pose challenges of promotion, product planning, scheduling and pricing services to executives (Ailawadi, & Keller, 2004).

Cultural Differences in Globalisation

Globalization shortens distances thanks to technological advances. Indigenous cultures of a particular region learn from other cultures, which impose overlapping values to their own. The

world becomes more efficient, and that having better communications technology is shorter, the transactions are faster and learning methods are faster. But sometimes, cultural differences create problems in international markets. People and companies lose the tradition of each culture, as new cultures are inserted (Melewar, & Wooldridge, 2001).

Undoubtedly, globalization is a process existing world, in the case of the marketing discipline, offers basic weapons for a better and fairer marketing process. In fact, the thing runs in a circle, the marketing generates yet more globalization is the product of it, so it is much easier to ensure the promotion of the products in a much more massive and in a really small amount of time and with minimal costs. The most common example of this is the Internet. Through the web, people can then perform many diffusion of product to customers quickly and much cheaper than if they would use any other means of communication (Coulter, 2001).

For example, today the fact that most of the world can recognize the Nike swooshes or the Coca cola without looking at the label is a product of globalization on marketing. People can assure that with the organization that prints globalization is the effect that marketing ventures with enterprises are increasingly interconnected, but implies the need to transmit information all the time, and also to keep up as a receiver because the consequent is increasing competition (Melewar, & Wooldridge, 2001).

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