

## What is marketing?

Marketing is the management process of identifying the needs of consumers, producing and selling products to satisfy those needs in a profitable way. It is based on two important principles: firstly, all company policies and activities should be directed toward satisfying customer needs and, secondly, profitable sales volume is more important than maximum sales volume.



Every business should:

1. Determine customer needs through **market research**
2. Analyse the competitive advantages to develop a **marketing strategy**
3. Select specific markets to serve by **target marketing**
4. Determine how to satisfy customer needs by identifying a **marketing mix**

### 1 MARKET RESEARCH and MARKETING RESEARCH

**Market research** and **marketing research** are often confused. 'Market' research is simply research into a specific market and therefore it is a very narrow concept. 'Marketing' research is much broader because it not only includes 'market' research, but also areas such as research into new products, or modes of distribution such as via the Internet. But these two terms can be often considered synonyms.

According to the American Marketing Association, marketing research is the systematic gathering, recording and analysing of data relating to the transfer of goods from the producer to the consumer; it comprises all activities that enable a business to obtain information about market conditions, products and potential customers.

There are numerous ways to conduct marketing research because it is not a perfect science. In fact, it deals with people and their constantly changing feelings and behaviour, which are influenced by countless subjective factors.

To conduct marketing research you must gather facts and opinions in an orderly, objective way, to find out what people want to buy, not just what

you want to sell them. Learning what customers want, and how to present it attractively, drives the need for marketing research.

Large businesses engage experts to study the mass market, while small-scale entrepreneurs are close to their customers and can learn much more quickly about their buying habits. Small business owners have a sense of their customers' needs from years of experience, but this informal information may not always be relevant to the current market.

#### DESK RESEARCH

This type of research is based on information which has already been assembled and published by others: for this reason it is often called secondary research. This information can be taken from a variety of sources, both internal and external. The internal sources include sales and marketing records, previous company reports and customer feedback. External sources are media reports or specialist journals, Internet access to published researches, trade associations, the information office of the European Parliament and government publications.

**FIELD RESEARCH**

Also known as primary research, field studies are used to find out information that is not available from desk research. This kind of marketing research involves going out into the market place and finding directly information you require.

Consumer surveys are carried out face-to-face, by mail or by telephone.

Questionnaires are one of the main tools in the use of field research and they need to be carefully designed in advance.

The design of the questionnaire depends on the following:

1. **Objectives** of the questionnaire – what information is needed from customers who complete the questions.
2. The **type of person** who is going to be asked – questions need to be easy to understand and also easy to answer.
3. **How the questionnaire is going to be given** – A face-to-face questionnaire probably uses different questions from an email questionnaire. An interviewer will be filling in a face-to-face questionnaire, and the person may be able to ask for the question to be rephrased if they do not understand it the first time.

The types of questions that can be asked can be split into four groups:

- Simple yes/no answers – e.g. have you seen the new advert for cornflakes?
- Multiple choice – a number of options are available to the answer
- Open-ended questions – the respondents supply their own answer
- Sliding scale – a value is placed on an answer e.g. how do you rate the performance of this product – less than satisfactory, satisfactory, excellent (or a scale of 1-10 with 10 being excellent and 1 being very poor).



**1. Read the previous passage “What is marketing?” and answer these questions.**

1. Define market research and marketing research.

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2. What are the factors that influence market research?

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3. What is the difference between market research made by a large company and a small company?

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4. What is field research?

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5. Why is the questionnaire important in primary research?

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6. What is secondary research?

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## 2 MARKETING STRATEGY

A **marketing strategy** is a plan to identify consumer needs and bring together the resources needed to satisfy those need while still allowing the company to make a profit. A good strategy helps a business focus on the target markets it can serve best.

Once a strategy has been identified, the business must act to turn the strategy into reality.

Every small business owner-manager must ask the following questions to devise effective marketing strategies:



- A. Who are my customers and potential customers?
- B. What kind of people are they?
- C. Where do they live?
- D. Can and will they buy my products?
- E. Am I offering the kinds of goods or services they want - at the best place, at the best time and in the right amounts?
- F. Are my prices consistent with what buyers see as the product's value?
- G. Are my promotional programs working?
- H. What kind of promotion will be most effective?
- I. What do customers think of my business?
- J. How does my business compare with my competitors?

### 2. What do the previous questions refer to? Put the letters A - J in the right column.

TARGET	PRODUCTS	PRICES	ADVERTISING	COMPETITORS

### 3. Read this description of the marketing research process and match these sentence halves.

1. Make sure you know what you are	A. you have to work out what they are telling you.
2. You have to decide which are going	B. because it is cheaper and quicker.
3. You would usually do desk research first,	C. to be the best ways to gather this information.
4. Then supplement this with field research,	D. conducting the surveys takes place during this phase.
5. Designing the questionnaires and	E. so that you don't duplicate your findings.
6. Now that you have the findings,	F. trying to find out, and how it will help you.

1	2	3	4	5	6
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**4. The marketing research process includes seven basic steps. Copy them in the right order.**

- Design research instruments
- Present and use market research findings
- Select research types, methods, and techniques
- Collect data
- Define marketing problems and opportunities
- Organise and analyse the data
- Set marketing objectives, budget and timetables

1. ....
2. ....
3. ....
4. ....
5. ....
6. ....
7. ....

**5. Now compare your order with your partner and discuss the usefulness of each step.**

**3 TARGET MARKETING**

Owners of small businesses usually have limited resources to spend on marketing and concentrate their efforts on one or a few key market segments. Target marketing gets the most return from small investments.

There are two methods used to segment a market:

**1. GEOGRAPHICAL SEGMENTATION -**

Specialising in serving the needs of customers in a particular geographical area. For example, a neighbourhood small shop may send advertisements only to people living within one-half mile of the store.

**2. CUSTOMER SEGMENTATION -** Identifying those people most likely to buy the product or service and targeting those groups. For example, a luxury perfume manufacturer will send advertisements only to people in a high socio-economic group.



## 4 MARKETING MIX

Every marketing program contains four key components: the “Four Ps”. These define the marketing strategy.

**PRODUCT** - the product (or service) that the customer obtains.

**PLACE** - how the product is distributed to the customer.

**PROMOTION** - how the customer is found and persuaded to buy the product.

**PRICE** - how much the customer pays for the product.

The marketing mix is the way in which the marketing strategy is put into action - in other words, the actions arising from the marketing plan. It is known as a “mix” because each element affects the other and the mix must overall be suitable to the target customer.

For instance, high quality materials used in a product can mean that a higher price is obtainable. An advertising campaign carried out in one area of the country requires distribution of the product to be in place in advance of the campaign to ensure there are no disappointed customers. Promotion is needed to emphasise the new features of a product.



6. Match each question in column A with a short paragraph from column B. There is one paragraph you do not need.

A	B
1. What is the <b>product</b> I intend to market?	A. Marketing research is a more general concept than market research, as it includes research into new products.
2. What is the <b>place</b> it will be sold?	B. The promotion strategies include advertising, direct customer interaction and all those activities by which the firm tries to influence the target market to purchase its product.
3. How will I implement the <b>promotion</b> of my product/service?	C. The right price is crucial for maximizing total revenue. Generally, higher prices mean lower volume and viceversa; however, small businesses can often command higher prices because of their personalized service.
4. What is the right <b>price</b> including the cost of marketing and sales?	D. The product strategies include concentrating on a narrow product line, developing a highly specialized product or service, or providing a product-service package containing high-quality service.
	E. The manufacturer and wholesaler must decide how and where to distribute their products. They must ensure that the product is distributed in the right place at the right time, when the consumer wants them.

7. Your company wants to sell a new product. Decide what your product is and write a short paragraph on how you will market it.