FEEDBACK TUTORIAL LETTER

1st SEMESTER 2017

ASSIGNMENT 1

INTRODUCTION TO MARKETING AND ITS ENVIRONMENT

IME511S
Dear Students,

I am grateful that you have shown your seriousness in answering assignment questions. Many students still don’t know how to tackle assignment questions. First of all, check the marks allocated. As assignment is treated as an open book test, you have to copy answers from the study guide, internet etc. make sure that you also give practical examples so that you can gain more marks. Your work must contain 80% practical examples and then 20% referenced work.

Every one of you, try to read your individual feedback or comments which enable you to do better in your second assignment. Please don’t ignore your returned assignment 1 so that you can update yourself with.

Below is the memo for your assignment questions:

ASSIGNMENT 1

Question 1

Five Marketing Concepts Explained with Examples

The marketing concept is the strategy that firms implement to satisfy customers’ needs, increase sales, maximize profit and beat the competition. There are five marketing concepts that organizations adopt and execute.

Marketing is a department of management that tries to design strategies that will build profitable relationships with target consumers. But what philosophy is the best for a company in setting marketing strategies?

There are five alternative concepts under which organizations design and carry out their marketing strategies.
5 Marketing Concepts

1. Production Concept,
2. Product Concept,
3. Selling Concept,
4. Marketing Concept,
5. Societal Marketing Concept.

Production Concept
The idea of production concept – “Consumers will favor products that are available and highly affordable”. This concept is one of the oldest Marketing management orientations that guide sellers. Companies adopting this orientation run a major risk of focusing too narrowly on their own operations and losing sight of the real objective. Most times; the production concept can lead to marketing myopia. Management focuses on improving production and distribution efficiency.

Product Concept
The product concept holds that the consumers will favor products that offer the most in quality, performance and innovative features. Here; under this concept, Marketing strategies are focused on making continuous product improvements. Product quality and improvement are important parts of marketing strategies, sometimes the only part. Targeting only on the company’s products could also lead to marketing myopia.

For example;
Suppose a company makes the best quality CDs. But a customer does really need a CD? She or he needs something that can be used to store the data. It can be achieved by a USB Flash drive, SD memory cards, portable hard disks, and etc. So that company should not look to make the best CDs. They should focus to meet the customer’s data storage needs.
Selling Concept
The selling concept holds the idea- “consumers will not buy enough of the firm’s products unless it undertakes a large-scale selling and promotion effort”. Here the management focuses on creating sales transactions rather than on building long-term, profitable customer relationships.

*In other words;*
The aim is to sell what the company makes rather than making what the market wants. Such aggressive selling program carries very high risks.
In selling concept the marketer assumes that customers will be coaxed into buying the product will like it, if they don’t like it, they will possibly forget their disappointment and buy it again later. This is usually very poor and costly assumption.
Typically the selling concept is practiced with unsought goods. Unsought goods are that buyers do not normally think of buying, such as insurance or blood donations.
These industries must be good at tracking down prospects and selling them on a product’s benefits.

Marketing Concept
The marketing concept holds- “achieving organizational goals depends on knowing the needs and wants of target markets and delivering the desired satisfactions better than competitors do”.
Here marketing management takes a “customer first” approach.
Under the marketing concept, customer focus and value are the routes to achieve sales and profits.
The marketing concept is a customer-centered “sense and responds” philosophy. The job is not to find the right customers for your product but to find the right products for your customers.
The marketing concept and the selling concepts are two extreme concepts and totally different from each other.

Societal Marketing concept
Questions whether the pure marketing concept overlooks possible conflicts between consumer short-run wants and consumer long-run welfare. The societal marketing
concept holds “marketing strategy should deliver value to customers in a way that maintains or improves both the consumer’s and society’s well-being”.

It calls for sustainable marketing, socially and environmentally responsible marketing that meets the present needs of consumers and businesses while also preserving or enhancing the ability of future generations to meet their needs.

The Societal Marketing Concept puts the Human welfare on top before profits and satisfying the wants.

The global warming panic button is pushed and a revelation is required in the way we use our resources. So companies are slowly either fully or partially trying to implement the societal marketing concept.

**Question 2**

**Marketing Mix Example**

A simple understanding of marketing is basically taking the right product, putting it in the right place, for the right price exactly at the right time frame. At first, this might sound simple and effortless but there is a lot of work and research involved. If one of the elements mentioned above doesn’t follow the line, the company can accrue lots of losses.

Using a marketing mix is the best way to guarantee all the four elements mentioned above. It is an important tool that helps you understand the benefits of your product as well as how to plan ahead for the benefits. A good marketing mix usually follows the important 4p’s which are place, promotion, price and product.

**Elements of a Marketing Mix**

1. **Product**
   
   This is either a service or a good that has been manufactured to meet specific customer needs or demands. During development, products follow through a specific lifecycle and that’s why it’s important for marketers to plan for the product every step of the way. This starts by understanding what sort of problem the product is trying to solve. The potential and target customers need to be identified and understood perfectly in order
2. **Price**
This is the amount the consumer is expected to pay for using the product. The pricing of a product will impact greatly how the product sells in the market. Basically, it’s the perceived value of any product to a customer rather than placing any price on it and expecting it to sell. In most cases, if the product is priced according to customer value, it might even sell higher than its obvious value. On the other hand, if the product is undervalued by the customers, the price needs to be lower for the product to sell. Other factors that affect the overall price of a product include value chain costs, markups, distribution plans and also competitor pricing.

3. **Promotion**
This involves all the marketing techniques and strategies out there. These include sales promotions, advertising, public relations, special offers etc. Every marketing channel used needs to be suitable for the product, the price of the product as well as the consumer the product is being marketed to. Basically, promotion is the communication part involved in the whole marketing equation.

4. **Place**
This refers to how the product is availed to the end consumer. A key element of placement is distribution of the product. A good placement strategy will help you assess the most appropriate channel to be used for the product. Depending on how a customer accesses the product, it will also determine the entire marketing strategy.

*A Marketing Mix Example*
Of course, all the above terms might not be easy to understand, if you don’t have a good marketing mix to study. This article will go through a marketing mix example of a popular beauty and skin care company. At first, the company targeted older individuals who need to keep their skin looking younger forever. However, after an intense research, they later discovered that young people need to be catered for too. That led to the development of a beauty and skin care product catered to young people. In accordance to all the elements of the marketing mix strategy, the company identified
the product, priced it correctly, did tremendous promotions and availed it to the customers. This marketing mix example belongs to Nivea, one of the most renowned companies in the beauty and skin care niche. Following these rules clearly has managed to make the company untouchable by all the other competitors in the market. This makes Nivea, the giant we know and love today!

**Question 3**

**The steps of conducting a marketing research project.** While these stages are presented in order, you can be creative and adapt the stages to meet your business needs. Some stages can be completed in parallel to speed the project as it begins to develop.

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**Stage 1: Formulating the Marketing Research Problem**

Formulating a problem is the first step in the research process. In many ways, research starts with a problem that management is facing. This problem needs to be understood, the cause diagnosed, and solutions developed.

However, most management problems are not always easy to research. A management problem must first be translated into a research problem. Once you approach the problem from a research angle, you can find a solution. For example, “sales are not growing” is a management problem.

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**Stage 2: Method of Inquiry**

The scientific method is the standard pattern for investigation. It provides an opportunity for you to use existing knowledge as a starting point and proceed impartially.

However, there are subtle differences in the way the steps are performed. For example, the scientific method is objective while the research process can be subjective.
Stage 3: Research Method

In addition to selecting a method of inquiry (objective or subjective), you must select a research method.

There are two primary methodologies that can be used to answer any research question: experimental research and non-experimental research.

Experimental research gives you the advantage of controlling extraneous variables and manipulating one or more variables that influences the process being implemented. Non-experimental research allows observation but not intervention.

Here, a researcher can simply observe and report on your findings.

Stage 4: Research Design

The research design is a plan or framework for conducting the study and collecting data. It is defined as the specific methods and procedures you use to acquire the information you need.

Stage 5: Data Collection Techniques

A research design will develop as you select techniques to use. There are many ways to collect data. Two important methods to consider are interviews and observation. Interviews require you to ask questions and receive responses.

Common modes of research communication include interviews conducted face-to-face, by mail, by telephone, by email, or over the Internet. This broad category of research techniques is known as survey research.

These techniques are used in both non-experimental research and experimental research.

Another way to collect data is by observation. Observing a person’s or company’s past or present behavior can predict future purchasing decisions. Data collection techniques
for past behavior can include analyzing company records and reviewing studies published by external sources.

In order to analyze information from interview or observation techniques, you must record your results. Because the recorded results are vital, measurement and development are closely linked to which data collection techniques you decide on.

The way you record the data changes depends on which method you use.

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**Stage 6: Sample Design**

A marketing research project will rarely examine an entire population. It’s more practical to use a sample which means a smaller but accurate representation of the greater population. In order to design your sample, you must find answers to the selected sample, the method (process) for sample selection and the size of the sample.

The final stage of the sample design involves determining the appropriate sample size. This important step involves cost and accuracy decisions. Larger samples generally reduce sampling error and increase accuracy, but also increase costs.

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**Stage 7: Data Collection**

Once the first six stages established, then you can move on to data collection.

Depending on the mode of data collection, this part of the process can require large amounts of personnel and a significant portion of your budget. Personal (face-to-face) and telephone interviews may require you to use a data collection agency (field service).

Internet surveys require fewer personnel, are lower cost, and can be completed in days rather than weeks or months.

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**Stage 8: Analysis and Interpretation**

In order for data to be useful, you must analyze it.
Analysis techniques vary and their effectiveness depends on the types of information you are collecting, and the type of measurements you are using. Because they are dependent on the data collection, analysis techniques should be decided before this step.

**Stage 9: The Marketing Research Report**

The marketing research process culminates with the research report.

This report will include all of your information, including an accurate description of your research process, the results, conclusions, and recommended courses of action. The report should provide all the information the decision maker needs to understand the project.

It should also be written in language that is easy to understand. It’s important to find a balance between completeness and conciseness. You don’t want to leave any information out; however, you can’t let the information get so technical that it overwhelms the reading audience.

One approach to resolving this conflict is to prepare two reports: the technical report and the summary report. The technical report discusses the methods and the underlying assumptions. In this document, you discuss the detailed findings of the research project.

Another way to keep your findings clear is to prepare several different representations of your findings. PowerPoint presentations, graphs, and face-to-face reports are all common methods for presenting your information.

Along with the written report for reference, these alternative presentations will allow the decision maker to understand all aspects of the project.

**Question 4**

*Environmental Forces Affecting a Company’s Ability to serve its Customers*
Microenvironment

The company’s microenvironment consists of actors close to the company that combine to form its value delivery network. It includes the company’s internal environment, which influences the marketing decision.

- **The Company:** All departments in the company share the responsibility of understanding the needs of the customer and creating value for them.
- **Suppliers:** Supplies form an important link in the overall customers’ values creation cycle. Supply shortage, labor strike, increased cost of supplier goods and other factors can impact sales in short run and influence customer satisfaction in the long run.
- **Marketing intermediaries:** They help the company promote, sell and distribute goods to the end consumers. Partnering with the right intermediary and supporting them in making sale is critical for success of the business.
- **Competitors:** to be successful, your product should provide greater satisfaction to the consumer than your competitors’
- **Publics:** A group that has an actual or potential interest in or impact on an organization’s ability to achieve its objectives. These can be classified as financial, government, media, citizen-action, local, general and internal. Marketing plans can be designed focusing on these major publics and its customer markets.
- **Customers:** Customers are the most important actors in the marketing environment. The customer market could be any/all of the following - consumer, business, reseller, government or international. Each market type has a specific use case which the seller must research well.

**Exam preparation**

Please prepare past question papers so that will do exercises together.

Don’t hesitate to contact your Tutor/Marker in order to look for assistance any time.

Yours in Business
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• ALL THE BEST!!