

MARKETING

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1. BASIC CONCEPTS, DEVELOPMENT AND DEMAND

Main Concepts

- need
- desires and wishes
- demand
- offer
- product
- exchange
- transaction
- market
- value for the customers
- customer satisfaction
- marketing and relationship marketing

Definition of Marketing

- a business philosophy, a principle of management, reference point for user orientation, competitive coexistence
- definition
 - Marketing represents the satisfaction of the needs of the customer on one side and the making of profit on the other.
 - A social and managerial process, by which individuals and groups can have their needs met and wishes fulfilled in the process of production and the exchange of products or other values.

Marketing Goals

- The primary goal of marketing is to look for new customers by promising them that they will gain exceptional value and to keep existing customers by meeting their needs while creating "profit"
- alternative goals
 - maximizing consumption
 - maximizing consumer satisfaction
 - maximizing selection
 - maximizing quality of life

Business Concept

- 1) an entrepreneurial manufacturing concept
- 2) business Product concept
- 3) business Sales concept
- 4) marketing business concept
- 5) Social marketing business concept:
 - social concept
 - socio-ecological concept
 - socio-ethical concept

Marketing Development

1) implementational marketing

2) cognitive marketing

3) communication marketing

4) strategic marketing

1) consumer goods marketing

2) marketing of industrial goods

3) nonprofit marketing

4) service marketing

5) relationship marketing

6) international marketing

7) global marketing

Current Trends in Marketing

- event marketing
- mobile marketing
- social network marketing
- product placement
- 3D marketing
- guerilla marketing
- ambient marketing
- viral marketing
- WOM (Word of Mouth) marketing
- buzz marketing

Demand and Value

- a summary of the products that customers are able to buy
- customers must be satisfied with their purchases, which must have the appropriate value for them
 - net value
 - marketing value
- sensitivity to demand
 - elastic demand (flexible)
 - inelastic demand (inflexible)
- types of demand
 - primary, derived
 - total (aggregate), market, individual

Types of Marketing Depending on Demand

Type of demand

- negative
- zero
- latent
- decreasing
- irregular
- full
- excessive
- unhealthy

Applicable marketing

- conservative
- stimulating
- developing
- remarketing
- synchronised with the market
- maintaining

- counteracting

Analysis of Demand

- demand quantification
 - size
 - suggestions
 - satisfaction
 - available market
 - barriers
- defining drivers of demand
 - finding drivers
 - the quantification of drivers

2. SEGMENTATION

Consumer Market

- primary demand
- the customer is the final consumer
- large number of customers
- low territorial concentration of consumption
- individual decision-making and individual buyer factors

Market Organization

- market demand is inflexible and dependent on consumer demand
- other companies are also customers
- fewer, but bigger customers
- there is a geographic concentration of customers
- close supplier-customer relationships
- shopping is professional, rational and grouped

The Buyers' Decision-Making Process when Purchasing in the Consumer Market

- 1) identifying the problem
- 2) searching for information
- 3) evaluating alternatives
- 4) purchase decisions
- 5) behavior after buying

Decision Making Process of Purchasing Organizations

- 1) problem recognition, emergence of need
- 2) specification of the nature of the need
- 3) search for possible suppliers
- 4) establishing contacts
- 5) the establishment of purchase criteria
- 6) evaluation of alternative offers
- 7) considering budget options
- 8) evaluation of special alternatives
- 9) negotiating contractual terms
- 10) contracting, concretization
- 11) using
- 12) feedback, satisfaction with the product, post-purchase appreciation

Segmentation

- definition
 - Segmentation represents the division of the market into smaller customer groups, so-called market segments
- segments
 - Segments show identical or similar purchasing or consumption behavior
- task segmentation
 - to track the fundamental differences between segments and to adapt marketing mix tools accordingly

Traditional Approaches to Segmentation

- *demographic*
- *geographic*
- *time*
- *factual*
- *consumer*
- *according to product properties*

New Approaches to Segmentation

- profit
- margin
- turnover
- implementation costs
- loyalty

- individual segmentation

Basic Segment Requirements

- a segment must fulfill the basic definition of segmentation
- the segment must be measurable
- the segment must be available
- the segment must be large enough
- segments must be relatively stable
- segments must be operational

Targeted Marketing

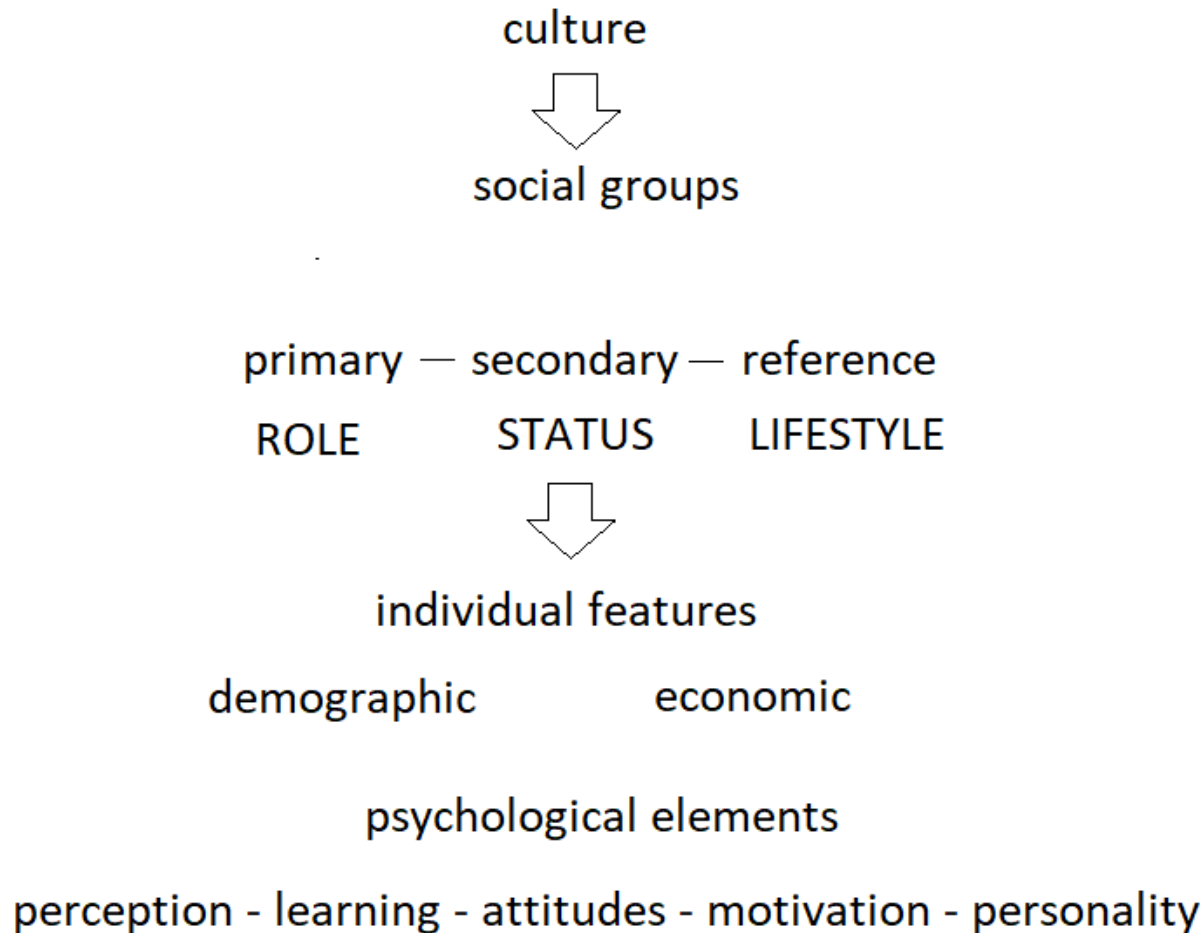
- segmentation
- market targeting
 - unrestricted marketing
 - differentiated marketing
 - concentrated marketing
- market placement
 - a way of positioning one's firm on the market
 - differentiation from the competition
 - storing information into the subconscious

3. CONSUMER BEHAVIOR

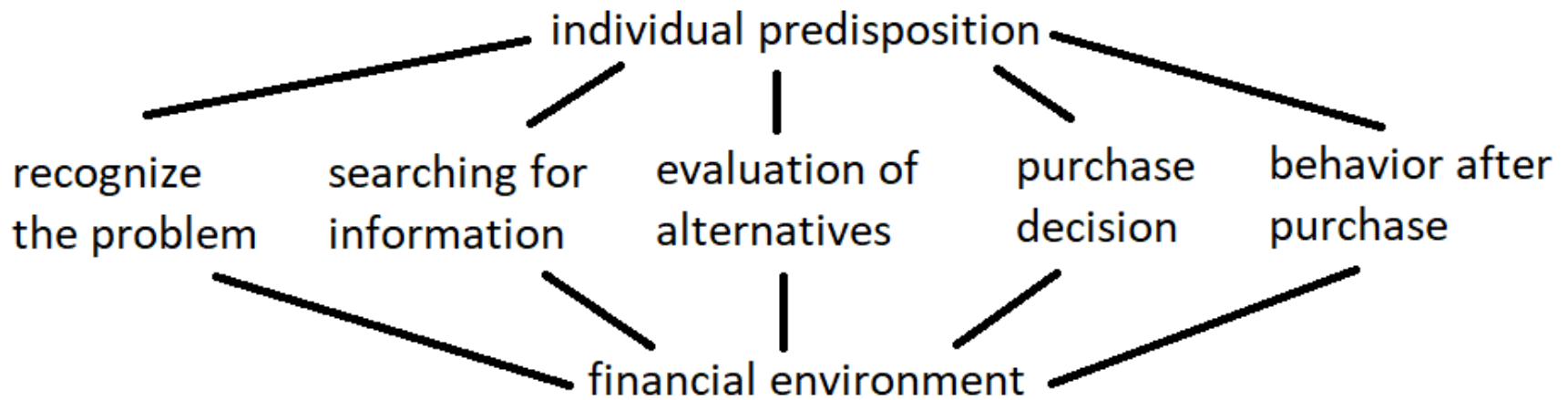
Consumer Behavior

- definition
 - It is a type of human behavior displayed in relationship to the acquisition, purchase, use or evaluation of products, services and ideas, which are expected to satisfy an individual's needs
- different people
 - have different needs, in varying contexts, under a variety of influences, or with regard to disparate phenomena, all of which together co-create consumer behavior
- approaches to consumer behavior
 - psychological approaches
 - sociological approaches
 - economic approaches

The Black Box Model of Consumer Behaviour



The Buyer's Black Box



Cultural Framework of Consumer Behavior

- Culture is everything that is around us, which is the result of the work of human hands and the thinking of human minds
- people, who live in the same culture
 - have the same standards and knowledge
 - have similar features in their consumer behavior

Cultural Features

- we learn culture
- culture is passed on from generation to generation
- culture is shared
- culture is differentiated
- culture is adaptive

Consumer cultural predisposition

- habits
- values
- language
- nonverbal communication
- religion
- images of the body
- myths
- rituals
- symbols

Social Surroundings

- social groups
 - share similar values, standards, and expectations,
 - group members maintain regular and conscious contact with each other
- main types of social groups
 - primary
 - secondary
 - reference
- terms of membership
 - formal
 - informal

Purchasing Decisions in the Family

- consumer behavior according to the life cycle stages of the family
- division of consumer behavior between spouses
- role in purchasing decisions
- the link between parents and their children and a family's consumer behavior
- children as consumers

Social Stratification

- *the inclusion of people on the imaginary social ladder, higher or lower with a view to the hierarchy of respect and prestige*
- *a social class is characterized by both a narrower as well as a broader concept*
- *social class features*
 - *are a means for the expression of status*
 - *are hierarchically arranged*
 - *create a reference framework for individual standards and norms*
 - *are dynamic*
 - *discourage contact with members of other social- classes*
 - *mutually affect each other's needs*

Psyche and Consumer Behavior

- *consumer perception*
- *consumer learning*
- *consumer attitudes*
- *consumer motivation*
- *consumer personality*

4. MACRO-ENVIRONMENT

Marketing Environment

- definition
 - all elements and influences affecting the company 's objectives in the present or in the future
- two basic features
 - variability over time
 - a higher or lower level of uncertainty
- articulation
 - macro-environment
 - micro-environment

Macro-environment

- demographic influences
- economic influences
- legislative effects and political influences
- natural influences
- innovative influences
- social and cultural effects

Demographic Influences

- composition of the population
- Population movement
- composition of families
- types of household
- ethnic and national structure
- current trends

Economic Influences

- unemployment
- pension amount
- exchange rate
- inflation
- interest rate
- credit availability
- tax issues
- current trends

Legislative Effects and Political Influences

- basic legal standards in CZ
- other standards and norms
- influence of political parties
- the influence of interest groups, associations and unions
- current or contemporary trends

Natural Influences

- petroleum
- energy
- ecology
- geograph influence
- climatic conditions
- current trends

Innovative Influences

- introducing Innovation and technology
- knowledge also in seemingly unrelated fields
- creative destruction
- regulation of technological change by the state
- the near future
- current trends

Social and Cultural Effects

- the meaning and position of the family
- national traditions
- community
- debt
- education
- religion
- women's emancipation
- changing the core values of society
- a healthy way of ifestyle
- customer expectations
- current trends

Analysis of the External Environment

- PEST(EL) analysis - Political, Economic, Social, Technological, Environmental and Legal Factors
- scenario method
- analysis of five competitive
- analysis of interest groups
- participatory methods
- panel of experts
- GE multifactoral analysis

5. MICRO-ENVIRONMENT

Market Measurement

- potential market -> available market -> competent available market
-> served (target) market -> penetrated market
- market potential
- market capacity
- degree of market saturation
- market share

Micro-environment

- suppliers
- competition
- distributors
- customers
- public
- business

Suppliers

- input into the production process
- services primarily supporting production, purchase and sale
- other sources
- risk minimisation

Competition

- within the framework of a given brand
 - forms
 - classes
 - sectoral
 - satisfying needs
-
- within the sector
 - new competition
 - competition of substitutes
 - power of suppliers
 - power of customers

Distributors

- distribution companies
- intermediaries
- traders

Customers

- consumers
- manufacturers
- businessmen
- the state
- foreign customers

- customer needs
 - motivation to buy
 - subject of purchase
 - instead of buying
 - time to buy

Public

- influence without business connections
- financial public
- mass media
- governmental public
- civic associations
- general public
- professional public
- local public
- internal public

Internal Business Environment

- resources
- processes
- organisation
- culture

Analysis of Internal Environment

- Benchmarking
- GAP analysis
- Risk analysis
- Self-assessment of performance organization (EFQM {European Foundation for Quality Management} model, CAF {Common Assessment Framework} model)
- Business life cycle analysis
- BCG {Boston Consulting Group} analysis
- Key factors, competencies analysis
- VRIO {value, rareness, imitability, organization – sic} analysis

Integrating Analysis

- SWOT analysis
 - strengths
 - weaknesses
 - opportunities
 - threats

- SPACE {Strategic **P**osition and **A**ction **E**valuation} analysis
 - environmental stability
 - attractiveness of the sector
 - competitive advantage
 - financial strength

6. MARKETING RESEARCH

Marketing Research

- definition
 - It is a system of methods and techniques used in order to obtain the information needed to make marketing decisions.
- characteristics
 - uniqueness
 - high explanatory ability
 - the information is current/relevant
 - a high degree of the complexity of the information

The Marketing Research Process

- preparatory stage
 - 1) problem definition, goals and hypotheses
 - 2) orientation analysis and piloting
 - 3) research project plan
 - 4) pre-research

- realisation stage
 - 5) data collection
 - 6) data processing
 - 7) data analysis
 - 8) data visualisation and interpretation
 - 9) presentation recommendations

Types of Marketing Research

secondary research

- cheap
- available
- usable immediately

primary research

- applicable
- exact
- current

Quantitative Research

- How often? How much?

- knowledge
- penetration
- equipment
- consumption
- costs, volumes

- satisfaction

- consciousness

Qualitative Survey

- Why?
 - causes
 - attitudes
 - motives
 - preferences
 - deep-rooted behaviour
- subconscious

Main Methods of Primary Data Collection

- observation
 - hidden
 - obvious
- questioning
 - CAPI - **C**ommon **A**pplication **P**rogramming Interface
 - CAWI – **C**omputer-**A**ssisted **W**eb Interviewing
 - CATI – **C**omputer-**A**ssisted **T**elephone Interviewing
- experimental
 - laboratory
 - terrain

Methods of Qualitative Research

- individual in-depth interview
- group interview
- projective techniques
- expert methods
- experimental approach + observation

Panel Interview

- continuous collection of data from the same subjects
- a group of representatively selected respondents who provide information over a longer period of time, regularly, on the same or a similar range of issues
- panel effect

Omnibus

- regularly scheduled personal questioning, by means of a questionnaire, that includes questions from multiple customers
- the omnibus method is used to determine the general population's views on any question or issue
- the price depends on the number of questions and the complexity of each question

7. PRODUCT

Marketing Mix

- a summary of market-place based marketing tools
- 4P Concept
 - Product
 - Price
 - Place
 - Promotion
- necessary coherence and synergy of all elements

Product

- definition
 - any offer that is intended for the market for the purpose of the satisfaction of the purpose of satisfying a particular need
- forms
 - tangible finished product
 - items at various stages of completion
 - services
 - thoughts
- function
 - for manufacturers - financial, other (non-financial) functions
 - for consumers - instrumental, expressive functions

Product Classification

- consumer goods
 - frequently consumed goods
 - occasionally consumed goods
 - luxury goods
- capital goods
 - services
 - basic means
 - assets of gradual consumption
 - non-production stocks
 - components
 - raw materials
 - processed materials

Complex Product

- core
- tangible product
- the extended concept product

Product Strategies

- product strategy
 - low cost strategy
 - differentiation strategies
 - narrow focus strategy

- the product of a marketing strategy is the market itself
 - market penetration strategies
 - market expansion strategy
 - product development strategy
 - diversification strategy

Product Mix

- product mix = assortment
- product line
 - a group of products that are focused on the satisfaction of similar needs or on satisfying similar needs
 - sold thanks to the same distribution channels
 - or they are intended for the same customers
- characteristics
 - product mix breadth
 - product line depth
 - product mix length
 - product mix consistency

New Product Development

1. creating ideas for new products
2. sorting topics
3. the development and testing of a product concept
4. business analysis
5. prototype development and testing
6. market tests
7. commercialisation

Product Analysis

- product life cycle analysis
- analysis of complex product
- product attributes analysis
- FED analysis (based on a method used by the federal government in the USA)
- ABC analysis
- portfolio analysis

Brand Management and Analysis

- two components of a brand
 - rational part
 - emotional part
- branding
- brand strength
- brand position
- brand trace (reputation)

8. PRICE

Price

- definition
 - the amount for which products are offered on the market
- features
 - it is the only part of the marketing mix that brings tangible income
 - it is the most flexible element of the mix, it can be changed very quickly
 - it is a decisive factor in the selection of goods by the customer
- function
 - it creates pressure on the efficiency of the economy
 - it supports technological development
 - it balances supply with demand

Factors Influencing Price Formation

- internal
 - they are defined by their own activity and influencable by the enterprise
 - marketing goals
 - marketing strategy
 - costs
 - organization of the enterprise
- external
 - market character
 - price flexibility
 - competition
 - customer and other players on the market and in the company's environs

Pricing Process

1. defining goals in the process of setting prices
2. choosing a price strategy
3. analysis of the pricing policy's framework
4. choosing a pricing method
5. price and its adjustment to market conditions
6. price control

Pricing Strategy

- new product price strategy
 - penetration strategy
 - price skimming strategy
 - combined price strategy
 - strategy to follow competition
- discriminatory award strategy
 - according to the customer
 - according to the products
 - according to the location
 - according to the time

Pricing Policies

- pricing of individual products
- product mix pricing
- fitness policy
- policy regarding business conditions

Product Mix Valuation

- product line pricing
- pricing of special accessories
- the pricing of “tied” products
- by-product price formation
- creating two-part prices
- the creation of product price package deals

Pricing Methods

- cost methods
 - the sources of information are internal
- market methods
 - competition
 - customer focus
 - external information sources

Tools

- withholding of a percentage
 - contra-account
 - promotional
- supplements
 - for small quantities
- allowances
 - price increase in cases of increased costs
- Discounts
 - cash, natural, quantity, functional, loyalty, seasonal, psychological

Price control / Price analysis

- cost analysis
- the analysis of competitive price comparisons
- price analysis acceptable to customers

9. DISTRIBUTION/PLACE

Distribution

- Definition
 - represents a whole complex of activities aimed at selecting a sales network to serve as a distribution channel. It also concerns all processes related to the movement of products from the producer to the final consumer
- function
 - the purchase and sale of goods and the takeover of risks
 - storage, sorting and packaging
 - negotiating delivery conditions
 - transport at the right place to the right time
 - collecting information about customers and competitors

Distribution Decisions

- distribution strategy
- distribution policy
- distribution channels
- sales organization
- the selection, motivating and monitoring or inspection of sales articles and the stimulation of the sales thereof
- organization of external and internal services
- logistics

Distribution Strategy

- strategy based on motivation
 - pull strategy
 - push strategy
- strategy by market coverage
 - intensive strategy
 - selective strategy
 - exclusive strategy

Distribution Policy

- selection of forms of distribution
- distribution channel selection
- channel structure design
- distribution organisation

Distribution Channel

= business, sales way

- chain, along which the product goes from producer to consumer
- forms of distribution channels
 - straight (without any level)
 - indirect (single level)
 - indirect (two-level)
 - indirect (three-level)

Factors influencing the choice of distribution channel

- customer characteristics
- market characteristics
- product characteristics
- characteristics of the distribution channel
- competition characteristics
- company resources
- requirements and methods for monitoring the conditions of sale

The Procedure for Designing the Structure of a Distribution Channel

1. customer wish analysis
2. specification of distribution objectives
3. creation of distribution channel alternatives
4. evaluation of distribution channel
5. choosing the best distribution channel variant
6. distribution channel implementation
7. functionality check

Participants in the Distribution Channel

- manufacturers
 - the mining industry
 - primary producers
 - processors
- distributors
 - wholesale
 - retail
 - agents
- support organizations
 - advertising agencies
 - insurance companies
 - banks

Distribution Analysis

- analysis of appropriate distribution intensity
- distribution path analysis
- analysis of distribution participants
- analysis of points of sale

10. PROMOTION

Promotion - Marketing Communication

- definition
 - it includes all types and forms of communication by which an enterprise seeks to influence customer knowledge, attitudes and behavior in relation to the products it offers
- model AIDA
 - Attention
 - Interest
 - Desire
 - Action
- forms
 - mass communication, personal communication

Goals of Marketing Communication

1. provide information
2. create and stimulate demand
3. distinguish a product from others (product differentiation)
4. create preferences, emphasize value
5. stabilize turnover
6. create a positive image
7. build and cultivate a brand

Marketing Communication Concept

- In a narrower sense
 - MK is identified with the marketing communication mix
- in a broader sense
 - it is an integrated MC (Marketing Concept)
 - the communication unit is formed by the marketing mix and all of the communication aspects of the organization's activities

Communication Strategy

- strategy based on motivation
 - pressure strategy (push)
 - thrust strategy (pull)
- strategy in relation to price
 - intensive marketing strategy
 - selective penetration strategy
 - broad penetration strategies
 - passive marketing strategies

Communication Policies

- decision-making about the communication mix
- communicative message
- communication style
- decisions about medias
- timing of action
- intensity of deployment
- budget

Communication Mix

- advertisement
- sales promotion
- P.R. (publicity/Public Relations)
- personal sales
- direct marketing
- sponsoring

Communication Mix

Communication mix on B2C (business to consumer)

Communication mix on B2B (business to business)

1. advertisement

2. sales promotion

3. personal sales

4. PR (Public Relations)

1. personal sales

2. sales promotion

3. advertisement

4. Public Relations

Marketing Communication Analysis

- communication media analysis
- analysis of advertising messages
- knowledge analysis
- image analysis

Campaign Research

- visual testing
 - understanding, emotional message, slogan recording, the appeal of suggestions, ... overall impression
- post-tests
 - brand knowledge, knowledge of advertising, diagnostics of advertising
- key indicators
 - knowledge, penetration, popularity, loyalty, ...

11. SERVICES

Services

- definition
 - any activity or advantage that one side can offer to another is essentially intangible and does not create any acquired ownership
- service as an element of the marketing mix
 - service offerings
 - elements of services
 - forms of services
 - level of services
- types of marketing in services
 - external company - customers
 - internal company - employees
 - interactive employees - customers

Properties of Services

- immateriality
- inseparability
- variability
- transience
- impossibility of ownership

Marketing Mix in 7P Services

- product
- price
- place (location)
- promotion

- people (the human factor)
- physical evidence
- processes

Price

- customers' their expectations of a service's quality are based on (comparing it with) price
- public services generally have no price, or the price is subsidized (UK subsidised)
- classification of services for price purposes
 - services subject to public regulation
 - services subject to self-regulation
 - services regulated by the market

Place

- the place where services are provided services
 - the customer goes to the service provider
 - the service provider goes to the customer
 - the transaction takes place remotely
- ways of selling
 - direct sales
 - representative and broker
 - both sellers and shoppers have representatives and brokers
 - suppliers providing services based on duty or license

Communication

- bringing the intangible product closer to the consumer, thereby reducing her/his uncertainty when choosing and purchasing the service
- aligning promises delivery
 - management of promises
 - management of customer expectations
 - improvement of awareness
 - management of internal communication

People

- two categories
 - employees
 - customers
- relationship between the employee – and the customer
- the intensity of mutual contacts and the amount of contact time
- the role of employees and their impact on customers
 - relationship to M mix and contact frequency
 - contact, serving, conceptual, support workers

Environment

- the role of the material environment
 - the environment surrounds, encloses and absorbs
 - it affects multiple senses at once
 - the environment provides more information than can be processed
 - the environment includes a motivational message
 - the environment implies aesthetic, social and systemic quality
- material environment management
 - creating an exterior
 - creating an interior
 - creating a service atmosphere

Processes

- all the procedures, tasks, schedules, mechanisms, and routines through which the service is provided
- division of processes
 - the degree of contact aspect
 - aspect of the continuity of each individual step with other steps
 - diversity aspect
 - complexity aspect

12. SELECTED MARKETING APPLICATIONS

Tourism Marketing

- basic features of tourism
 - temporary change of residence
 - needs are met outside the customer's permanent residence
 - the satisfaction of needs occurs in the customer's free time
- tourism participants
 - tourist
 - visitor
 - tripper
 - permanent resident

Marketing Mix CR (8P)

- product
- price
- place (distribution)
- marketing communication
- people
- partnerships and cooperation between providers
- package deals
- the programmed or programmatic specification of services

Marketing of Non-Profit Organizations (NO)

- The main goal is to satisfy the specific needs of a certain group of people
 - social, cultural, and educational needs
- characteristics of a NO
 - profit is not the main goal
 - the provisi of public services
 - focus on the outcome of the activity
 - meaning, reputation, image
 - responsibility for the efficient use of resources

Marketing Mix NO (7P)

- product
- price
- place
- marketing communication
- people
- environment
- processes

Marketing Education

- based on
 - nonprofit marketing
 - relationship marketing
- main educational markets
 - markets of customers
 - markets of suppliers
 - internal markets
 - markets of potential employees
 - reference markets
 - influencing markets
- The 7P marketing mix (Price, Place Product, Promotion, Physical evidence, People, Process)

Health Service Marketing

- the essence of health care are the services it provides
 - these are medical performances that are intangible in nature
 - it cannot be tested beforehand, it is not transferable to other patients and it will take some time before the result can be seen, there are quality fluctuations
- The marketing task is to provoke and maintain citizens' trust, which is based on quality health care
 - based on the marketing of services
 - quality and communication are crucial
- the 7-P marketing mix

Political Marketing

- The political marketing process is seen as a communication process between voters and political entities, overlooking organizational components
- specifics
 - there is total penetration
 - on the political market, there is exclusivity
 - a minimal percentage forms the borderline for election, and for paying costs
 - essential for the success of one's image
 - unlike classical marketing, political marketing works more with skepticism and the mistrust of voters
 - publicity is important

Territorial Marketing (TM)

- it focuses on achieving the goals of municipalities and regions by meeting the needs of the population, visitors and potential investors
- TM subsystems
 - inner city marketing
 - city district marketing
 - marketing of investment opportunities
 - tourism marketing
 - marketing of events

Sports Marketing

- in particular, funding from sponsors towards the sponsored entity
- sponsors = manufacturers (producers) of products
 - 1st-tier products, 2nd-tier products. 3rd-tier products, 4th-tier products
- sponsoring
 - sponsoring individual athletes
 - sponsoring sports teams
 - sponsoring sports events
 - sponsoring sports clubs
 - sports sponsorship