Marketing Concepts and Strategies 9th edition Dibb Solutions Manual

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CHAPTER 1

The marketing concept

OBJECTIVES

- To define marketing.
- To appreciate the context of marketing and marketing orientation.
- To explain the marketing process.
- To understand the importance of marketing.
- To gain insight into the basic elements of the marketing concept and its implementation.
- To understand how the marketing concept has evolved and some of the current 'hot' themes.
- To appreciate the major components of a marketing strategy and the marketing mix.
- To gain a sense of general strategic marketing issues, such as marketing opportunity analysis, target market selection and marketing mix development.
- To grasp the ethos and structure of this book.

PURPOSE AND PERSPECTIVE

The purpose of this chapter is to give students an overview of what marketing is and provide a general framework for studying the field of marketing. First, we explore several definitions of marketing and introduce some basic terminology. Next, we show why the study of marketing is important and relevant to students. Because we believe that an understanding of the marketing concept is fundamental, we devote several pages to this area. Then we discuss the basic components of the marketing concept, its evolution and its implementation. Then we provide an overview of strategic marketing management and describe in general what a marketing strategy is. We examine four generic marketing tasks: marketing opportunity analysis, target market selection, marketing mix development and marketing management. Finally, we discuss how the text is organized. We point out to students that they can use the general framework presented in Chapter 1 as an indicator of how the text is organized and as a reference for understanding how one topic fits into the total framework. Figure 1.5 depicts this framework, which is presented in the Postscript of each Part of the text. It shows (1) the central focus of that Part, (2) what has already been studied and (3) what will be studied in later Parts of the text.

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LECTURE OUTLINE

I. Marketing explained and defined
   A. Marketing orientation
      1. A **marketing-oriented** organization devotes resources to understanding the needs and buying behaviours of customers, competitors' activities and strategies, and market trends and external forces – now and as they may shape up in the future; inter-functional coordination ensures that the organization's activities and capabilities are aligned to this marketing intelligence.
      2. Not all organizations can claim to have a marketing orientation – some are sales-led – but a marketing orientation is of significant benefit to an organization, as it facilitates a better understanding of customers and helps a business to prepare for external market developments, threats and opportunities.
      3. The use of some of marketing's concepts and an understanding of the role of marketing in attracting and satisfying customers, are not enough on their own to establish a *marketing orientation.*
         a) However, failure to comprehend the core concepts of marketing will make a marketing orientation impossible to achieve – the focus of this text is on explaining the core concepts of marketing.
      4. It is possible for an organization lacking a full marketing orientation to nevertheless deploy aspects of the marketing toolkit as described in the following chapters.
         a) The definition of marketing per se is not, therefore, the same as the definition of marketing orientation.
   B. Marketing defined
      1. Various definitions are presented, including those from the Chartered Institute of Marketing, US management guru Peter Drucker and leading US marketer Philip Kotler. We define **marketing** as consisting of individual and organizational activities that facilitate and expedite satisfying exchange relationships in a dynamic environment through the creation, distribution, promotion and pricing of goods, services and ideas. This is also the definition adopted by The American Marketing Association (the AMA). We also embrace the view that marketing is an analytical process that should add value to customers and to the organization serving these customers.
   C. Understanding market trends and developments that may affect both customers' views and the activities of business operating in a particular market is a core theme of effective marketing.
      1. These factors may include social trends, technological enhancements, economic patterns and changes in the legal and regulatory area, as well as political influences and are often termed as the **marketing environment.**
   D. The A-S-P process (analysis, then strategy and finally programmes) focuses on providing customer satisfaction in a manner that leads to a business's successful performance.
   E. Marketing is not a science and there is no single definition universally in use. Irrespective of the definition adopted, it is clear that key issues are important:
      - Satisfying customers
      - Identifying/maximising marketing opportunities
      - Targeting the 'right' customers
      - Facilitating exchange relationships
      - Staying ahead in dynamic environments

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- Endeavouring to beat or pre-empt competitors
- Utilising resources/assets effectively
- Increasing market share (in core target markets)
- Enhancing profitability
- Satisfying the organization's stakeholders

These issues are further discussed in the context of our adopted definition of marketing, which is broken down into its core components and explored in detail.

II. The marketing process
   A. Continual changes in the marketing environment, competitors and their activities, as well as customer needs, expectations, perceptions and buying behaviour, mean that marketers must undertake analyses of these market conditions to ensure that marketing strategies and their associated marketing programmes are truly effective.
      1. As changes in the marketplace occur, marketers should revise their strategies accordingly.
   B. The **marketing process** is the analysis of market conditions, the creation of a marketing strategy, the development of marketing programmes designed to action the agreed strategy and, finally, the implementation and control of the marketing strategy and its associated marketing programmes.
      1. This is required not only for existing activities and markets but also whenever an organization contemplates entering new markets, launching new or replacement products, modifying the brand strategy, changing customer service practices, rethinking advertising and promotional plans, altering pricing or distribution policies and for unexpected sales patterns.
      2. Without an awareness of changes in the marketing environment it is unlikely that the specified marketing programme will be sustainable in the longer term.
      3. See figure 1.2 for details of the **marketing process.**

III. The importance of marketing
   A. The use of marketing techniques and the development of a marketing orientation should enable an organization to understand its customers and stakeholders better, address competitors' activities and market developments and effectively harness its capabilities.
   B. Marketing activities are used in many (indeed, most) organizations.
      1. Between 25 and 33 per cent of all civilian workers in Europe and the United States perform marketing activities.
      2. Whether a person earns a living through marketing activities or performs them while voluntarily participating in non-business organizations, that person is likely to need marketing knowledge and skills.
      3. Social marketing uses nudge theory to alter behaviours for the good of society and the individual, such as anti-smoking interventions, sustainable living solutions and healthier eating programmes, harnessing the marketing toolkit as explored later in this course/book.
   C. Marketing activities are important to businesses and the economy.
      1. A business organization must sell products to survive and remain healthy, and marketing activities directly or indirectly help sell the organization's products.
      2. Marketing activities help produce the profits essential not only to the survival of the individual business, but to the health and ultimate survival of the entire economy.
   D. Marketing knowledge enhances consumer awareness.

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1. Marketing activities affect many aspects of our everyday lives, and many of the improvements we wish to make in the quality of our lives can be achieved through an understanding of marketing activities.
2. Studying marketing activities helps us to weigh their costs, benefits and flaws more effectively.

E. Marketing costs consume a sizeable portion of buyers' income.
1. About half of what a buyer spends on goods and services goes to pay the costs of marketing.
2. Because the costs of marketing activities consume such a significant portion of a buyer's income, it is necessary to know how this money is used.

F. Marketing relates to business performance.
1. The aim of marketing is to satisfy the 'right' customers, taking account of market trends and competitive activity.
2. A marketing-led business should have satisfied, loyal customers, with a strong financial benefit to the business.

IIII. The marketing concept and its evolution

A. The **marketing concept** is not a second definition of marketing; it is a way of thinking—a management philosophy about an organization's entire range of activities.
1. Basic elements of the marketing concept:
a) According to the marketing concept, an organization should try to provide products and services that satisfy customers' needs through a coordinated set of activities that also allows the organization to achieve its goals.
b) Providing customer satisfaction is the major thrust of the marketing concept.
c) In attempting to satisfy customers, a business must consider not only short run, immediate needs but also broad, long-term desires.
d) A business's production, finance, accounting, personnel and marketing departments must work together to meet consumers' short- and long-term desires and needs.
2. The marketing concept stresses that a business organization can best achieve its goals by providing customer satisfaction.

B. The evolution of the marketing concept
1. The philosophy of the marketing concept emerged in the third major era in the history of business, preceded by the production and the sales eras.
2. The **production era**
a) During the second half of the nineteenth century, the Industrial Revolution came into its own.
b) As a result of new technology and new ways of using labour, products streamed out of factories into the marketplace, where consumer demand for the new manufactured goods was strong.
3. The **sales era**
a) From the mid-1920s to the early 1950s, businesses viewed sales as the major means of increasing profits.
b) During this era, businesspeople believed that the major marketing activities were personal selling and advertising.
4. The **marketing era**
a) By the early 1950s, businesses found that they first had to determine what customers wanted and then produce it, rather than simply making products and then trying to change customers' needs to fit what they produced.
b) As more organizations realised the importance of identifying customers' needs, businesses entered the marketing era—the era of customer orientation.

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5. The **relationship marketing era**
   a) It has been suggested that much of marketing traditionally focused on winning new business by attracting new customers. While many marketers believe long-term brand loyalty has always been an essential goal, the focus throughout the 1990s was on relationship marketing.
   b) Relationship marketing still emphasises the targeted customer, but in order to build long-term relationships the need is to convey ongoing commitment by 'looking after' the customer once the initial business has been won.
   c) **Relationship marketing** refers to 'long-term, mutually beneficial arrangements in which both the buyer and seller focus on value enhancement through the creation of more satisfying exchanges'.
      (1) Successful marketers respond to customers' needs and strive to increase value to buyers over time – eventually this interaction becomes a solid relationship that allows for cooperation and mutual dependency.
   d) Relationship marketing requires good relationships and the communication of effective marketing propositions to additional 'markets': suppliers, agents, distributors, recruiters, referral bodies (such as independent financial advisers), influencers (such as the Bank of England or the EU's Commission) and the internal – in-company – market.
6. The **digital era**
   a) The web has brought a whole new set of behaviours, both for consumers and brands, to engage, communicate, learn and share opinions.
   b) Multi-channel marketing, mobile marketing, social media, big data and CRM processes are some of the biggest consequences.
   c) A game-changer for marketers has been the emergence of **consumer-to-consumer communication** about brands, products and experiences based on social media, taking much control over brand messaging away from marketers.
7. Other developments
   a) The uptake of the marketing process and toolkit for non-commercial purposes has also been a recent phenomenon, with **social marketing** encouraging positive behavioural and attitude changes around health, wellbeing and sustainability.
   b) There has also been the growth of what has come to be termed **critical marketing**. This questions whether the actions of marketers are truly acceptable, beneficial or for the greater good.

C. Implementing the marketing concept
1. Because the marketing concept affects all types of business activities, the top management of an organization must incorporate the marketing concept so completely that it becomes the basis for all the decisions and goals set for the company.
   a) The first step management must take to implement the marketing concept is to establish an information system that will enable the company to learn about customers' needs and use the information internally to create satisfying products.
   b) Management's second major task for implementing the marketing concept is to restructure the organization to coordinate all its activities.
2. Even after establishing an information system and reorganising the company, a business's new marketing approach may not work perfectly.
   a) There is a limit to a company's ability to satisfy customers' needs for a particular product. In a mass market economy, most business organizations cannot tailor products to fit the exact needs of each customer.
   b) The company must first determine customers' needs accurately, and even when it does it often has a difficult time developing a product that satisfies those needs.

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c) Sometimes, by satisfying one segment of society, a company creates dissatisfaction within other segments.
d) In implementing the marketing concept, a company may have difficulty maintaining employee morale during any restructuring required to coordinate the activities of the various departments.

3. Adoption of the marketing philosophy takes time, resources, endurance and commitment.

IV. The essentials of marketing

A. **Marketing analyses**

1. It should be evident that marketing can enhance an organization's understanding of its customers, competitors, market trends, threats and opportunities.
2. It should, therefore, be able to direct an organization's target market strategy, product development and communication to its distribution channels and competitors.
3. To do this, marketing personnel must have marketing intelligence gleaned from marketing analysis of:
   a) Customers
   b) Competitors
   c) Marketing environment forces
   d) The organization's capabilities and marketing assets
4. These are the essential building blocks for the development of marketing strategies and the creation of marketing programmes.

B. Marketing strategy

1. A **marketing strategy** encompasses the selection of which marketing opportunities to pursue, analysis of target market(s), and the creation and maintenance of an appropriate marketing mix that will satisfy those people in the target markets.
2. **Marketing mix** is the tactical 'toolkit' of the marketing programme; product, place/distribution, promotion, price and people variables that an organization can control in order to appeal to the target market and facilitate satisfying exchange.
3. An organization's marketing managers are responsible for developing and managing marketing strategies.
   a) Marketing managers must deal with three broad sets of variables when developing and managing marketing activities: those relating to the marketing mix, those inherent in the accompanying target market strategy and those that make up the marketing environment.
      (1) Marketing mix decision variables and target market strategy variables are factors over which an organization has control.
      (2) Marketing environment variables are subject to less control by an organization.
4. Marketing opportunity analysis
   a) A **marketing opportunity** exists when circumstances allow an organization to take action towards reaching a particular group of customers.
   b) Most new products or services reflect the identification by marketers of a marketing opportunity.
   c) To ensure growth and survival as products diminish, an organization must find new products and markets.
      (1) Modifying existing products, introducing new ones or deleting undesirable ones are ways to ensure survival.
      (2) Marketing the product to a greater number of individuals in the existing market, convincing current customers to use more of a product and expanding geographic market boundaries help improve organizational security and stability.

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5. **Internal organizational factors**
   a) Organizational objectives, financial resources, managerial skills, organizational strengths and weaknesses and cost structures are the primary internal factors to consider when analysing marketing opportunities and organizational objectives.
      (1) An organization should pursue opportunities that are consistent with its organizational objectives.
      (2) Financial resources constrain the type of marketing opportunities an organization can pursue.
      (3) Management's skills and experience can limit the types of opportunities pursued – most organizations at some time are limited in their growth plans by a lack of sufficient managers with suitable skills and market insights.
      (4) Specialized skills and technological expertise can be strengths in some situations but weaknesses in others.
      (5) An organization's cost structure can be affected by geographic location, employee skills, access to raw materials, and type of equipment and facilities.
      (6) The cost structure of an organization may provide a competitive advantage over rivals or may place a business at a competitive disadvantage.
6. **Marketing environment forces**
   a) A business that fails to monitor the forces of the marketing environment is likely to miss out on emerging opportunities at the expense of rivals with the foresight to examine these market drivers.
   b) There are six major forces in the **marketing environment**. (These forces are discussed extensively in the next two chapters.)
      (1) Political forces
      (2) Legal forces
      (3) Regulatory forces
      (4) Societal/green forces
      (5) Technological forces
      (6) Economic and competitive forces
   c) Marketing environment forces affect a marketer's ability to facilitate and expedite exchanges in four general ways.
      (1) These forces influence customers' lifestyles, living standards and product preferences and needs.
      (2) These forces influence whether marketing managers can perform certain marketing activities and, if so, how.
      (3) These forces may influence buyers' reactions to the company's marketing mix.
      (4) These forces may provide an organization with a window of opportunity over rivals that fail to notice the market development or that take no action themselves.
         a) Equally, market drivers may provide competitors with such an opportunity ahead of a marketer's own organization.
   d) Rapid fluctuation of the various forces and their interrelatedness can present many challenges to marketing managers.
   e) Changes in the marketing environment can create uncertainty but can also result in new marketing opportunities.
7. **Target market selection**
   1. A **target market** is a group of people (if a consumer market) or other businesses (if a business-to-business market) for whom a company creates and maintains a marketing mix that specifically fits that group's needs and preferences.
   2. Marketing managers evaluate possible target markets to determine the following:

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a) How entry into a market would affect the company's sales, costs and profits
b) Whether the organization has the resources to produce a marketing mix that will meet the needs of a particular target market and whether satisfying those needs will be consistent with the company's overall objectives
c) The size and number of competitors already marketing products in possible target markets

3. The target market can be defined narrowly or broadly.
4. A business may focus marketing efforts on one or several target markets.
5. The identification and analysis of a target market provide a foundation on which a marketing mix can be developed.

C. **Marketing Programmes**

1. In order to make the devised marketing strategy a reality, marketers must specify a set of marketing mix ingredients that, collectively, become the marketing programme designed to implement the agreed marketing strategy.
2. **Marketing mix development**
   a) The marketing mix consists of four components that can be varied by type and amount: product, place/distribution, promotion and price. Increasingly, a fifth component—people—is also being included.
   b) The **product variable** is the aspect of the marketing mix that deals with researching consumers' product wants and then designing a product with the desired characteristics.
      (1) Creating and altering packages and brand names and thinking about guarantees and repair services are product variable decisions.
      (2) Product variable decisions and related activities are important because they directly involve creating products and services that satisfy consumers' needs and wants.
   c) In dealing with the **place/distribution variable**, marketing managers seek to make products available in the desired quantities to as many customers as possible and to hold total inventory, transport and storage costs as low as possible.
      (1) A marketing manager may become involved in selecting and motivating wholesalers, retailers and dealers, establishing and maintaining inventory control procedures, and developing and managing transport and storage systems.
      (2) Marketers increasingly must manage multiple channels and digital with traditional channels.
   d) The **promotion variable** relates to communication activities used to inform one or more groups of people about an organization and its products.
      (1) Promotion is used to increase public awareness of an organization, to make consumers aware of a new brand, to educate consumers about a product's features and to urge people to adopt a particular position regarding a political or social issue.
      (2) Marketers increasingly refer to the promotion variable in the marketing mix as 'marketing communications'.
   e) The **price variable** relates to activities associated with establishing pricing policies and determining product prices.
      (1) Consumers are interested in product prices because they are concerned about the value obtained in an exchange.
      (2) Price is often used as a competitive tool.
      (3) Price is also used to establish a product's image.

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f) The **people variable** provides contact with customers and channel members, and reflects the level of customer service, advice, sales support and after-market back-up required.
(1) The right people must be recruited, trained, motivated and retained.
(2) For many products and services, personnel are perceived by consumers as part of the product offering.
g) Developing and maintaining an effective marketing mix is a major requirement for a strong marketing strategy.
h) It is the marketing mix that readers, as consumers, will most frequently have experienced for products and services purchased.

D. Marketing management
a) **Marketing management** is a process of planning, organizing, implementing and controlling marketing activities to facilitate and expedite exchanges effectively and efficiently
(1) **Marketing planning** is a systematic process of assessing opportunities and resources.
(2) Organizing marketing activities involves developing the internal structure of the marketing unit to direct marketing activities.
(3) Implementing the marketing plan involves the coordination of marketing activities, employee motivation and effective communication within the marketing unit.
(4) The marketing control process consists of establishing performance standards, evaluating actual performance by comparing it with these standards and reducing differences between desired and actual performance.

VI. The organization of this book
A. The book's Parts

The first Part of *Marketing: Concepts and Strategies* provides an explanation of the marketing concept, presents the marketing process and overviews the principles of marketing strategy. Part One also examines the concept of the marketing environment and the nuances of marketing in international markets:

- Part One: Marketing Defined and Marketing in Context

The second Part explores the essential marketing analyses for developing an understanding of consumers and business customers, while producing a target market strategy:

- Part Two: Understanding and Targeting Customers

Having explored the core marketing analyses and requisites for developing a marketing strategy, Part Three provides an examination of the ingredients of the marketing mix, starting with product, branding and service issues; then exploring place and channels; promotion and marketing communications; digital marketing; pricing decisions; and concluding with modifying the marketing mix in international markets and for the marketing of services and business-to-business markets:

- Part Three: Marketing Programmes – Products and Services, Brands, Place and Channels, Promotion and Marketing Communications, Digital and Pricing

The focus switches in Part Four to the execution of marketing strategies and operationalization of marketing programmes:

- Part Four: Marketing Management

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ANSWERS TO DISCUSSION AND REVIEW QUESTIONS

1. **What is meant by marketing orientation?**

   A marketing-oriented organization devotes resources to understanding the needs and buying behaviour of customers, competitors' activities and strategies, and market trends and external forces – now and as they shape up in the future; inter-functional coordination ensures that the organization's activities and capabilities are aligned to this marketing intelligence.

2. **What is marketing? How did you define marketing before you read this chapter?**

   Marketing consists of individual and organizational activities that facilitate and expedite satisfying exchange relationships in a dynamic environment through the creation, distribution, promotion and pricing of goods, services and ideas. Second, marketing does not begin *after* goods and services have been produced but *before* production activities. Third, marketing deals not only with goods and services but with ideas, issues, concepts and people. Therefore, our definition attempts to incorporate these ideas. The second part of this question can be used to stimulate class discussion about how the average person views marketing. Marketing is not 'just advertising', 'selling' or 'conning people'. It is a process of ensuring customer satisfaction and long-term loyalty while achieving a business's goals. Marketing is a guiding philosophy that puts the customer first and ensures that decision-makers in a business are fully aware of market forces.

3. **Why should someone study marketing?**

   The study of marketing is important because marketing costs consume a sizeable portion of buyers' income, and a knowledge of how such money is used helps consumers understand why products cost what they do. As a result, consumers may be able to stretch their income more effectively in the marketplace. Many organizations other than businesses use marketing activities, and approximately 25 to 33 per cent of all European and US civilian workers perform marketing activities. Whether or not a person is directly employed in marketing functions, the knowledge of such functions is beneficial.

   Our industrial society depends on marketing activities to generate profits that are essential for the survival of the whole economy. Marketing activities also affect our own everyday lives. Many of the improvements we desire in the quality of our lives can be achieved through an understanding of marketing activities.

   Studying marketing activities enables consumers to weigh the costs, benefits and flaws associated with marketing activities and to evaluate laws, regulations and industry guidelines intended to stop unfair, misleading and unethical marketing practices.

   Marketing is an everyday part of most organizations and is every bit as important as understanding other core business functions such as finance, production, human resources or selling.

4. **What is the marketing process? Why should the process be so sequenced?**

   The marketing process is an analysis of market conditions, the creation of an appropriate marketing strategy, the development of marketing programmes designed to action the agreed strategy and finally, the implementation and control of the marketing strategy and its associated marketing programmes. This process is necessary because there are continual changes in the marketing environment, competitors and their activities, as well as in customers' needs, expectations, perceptions and buying behaviour. Without first having a sound understanding of these issues, marketing strategies and their associated marketing programmes cannot be truly

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effective. Once analysis of the market conditions has been undertaken, more informed decisions on marketing strategy are possible. The marketing strategy then provides the foundations for the marketing programmes which are subsequently implemented.

5. **Discuss the basic elements of the marketing concept. Which organizations use this concept? Have these organizations adopted the marketing concept? Explain your views.**

   The marketing concept is an organizational philosophy. It states that an organization should try to satisfy customers' needs through a coordinated set of activities that will also allow the organization to achieve its goals. The major thrust is customer satisfaction. If the company co-ordinates its activities to achieve customer satisfaction, it is practising the marketing concept.

   The answers to the remaining parts of this question are based on local examples. The tutor should judge the degree to which such examples are more 'product first, customer later' and whether such businesses appear to properly analyze their markets.

6. **Identify several business organizations that obviously have not adopted the marketing concept. What characteristics of these organizations indicate non-acceptance of the marketing concept?**

   The answers to this question centre on local examples. An emphasis on production or aggressive selling would be expected with products lacking a competitive edge or loyal customer base.

7. **What is digital marketing and why is it now so important to marketers?**

   How do you chat with your friends or find out about what's on? Probably as much via Facebook, Twitter or other web-based options as face-to-face chatting. When you are actively seeking product information or reviews about a particular brand, do you go in-store, read a brochure, talk to a salesperson or search online? The web and in particular social media provide us with immediate access to so much information, helping steer our purchasing and certainly giving us access to much positive or negative comment about a product or brand. Previously, marketers could largely control messages about their products, but now we can easily find the views of many other consumers, experts and pundits. Marketers have to recognize this change and seek to convey their messages via social media. They have access to more channels of distribution and online trading. With digital comes a wealth of new market insights and the world of 'big data', providing greater opportunity to fine-tune offerings and to develop one-to-one relationships.

8. **Give an overview of what is meant by social marketing.**

   Programmes and targeting strategies behind healthier eating, giving up smoking, the Big Society, improving carbon footprints and enhancing sustainability, are just some of the more mainstream executions of marketing in non-profit markets.

9. **Briefly outline some issues of importance to critical marketers.**

   Some critical marketers seem to verge on being anti-consumerism and appear to be opposed to the very practice of marketing. Others merely question the likely outcomes of pursuing certain marketing strategies and programmes. For example, they might question whether it is 'right' to encourage certain consumers to purchase more of a particular product or service. They are interested in better understanding the consequences of marketers' activities and ploys.

10. **Describe the major components of a marketing strategy. How are these major components related?**

    A marketing strategy is the core of successful marketing efforts: it is the means for accomplishing the marketing objectives. Marketing strategy encompasses choosing a target market and

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developing a marketing mix that will satisfy the people in that market. The needs of target market members provide the foundation on which a marketing mix is built.

11. Identify the tasks involved in developing a marketing strategy.

The tasks in developing a marketing strategy include marketing opportunity analysis and selection, target market selection, marketing mix development and overall management of marketing activities.

12. What are the primary issues that marketing managers consider when conducting a marketing opportunity analysis?

The marketing manager must consider various alternatives through which the organization can grow and sustain itself. This can be done through product modification, introduction of new products and deletion of products consumers no longer want. Managers may attempt to increase the number of customers for the company's products, to convince current customers to use more of a product or to expand the geographic boundaries of the company's marketing efforts. Diversification into new product offerings may be a viable option. The success of any of these options depends on the organization's internal characteristics and the forces in the marketing environment.

13. What are the variables in the marketing environment? How much control does a marketing manager have over environmental variables?

The variables in the macro marketing environment include political, legal, regulatory, societal/green, economic/competitive and technological forces. All these variables affect marketing activities and decisions. These forces are sometimes called 'uncontrollables', but they are not totally uncontrollable and some can be lobbied against. Even when such external forces are uncontrollable, to be forewarned is to be forearmed.

The marketing environment surrounds both consumers and the marketing mix. Marketers have little control over these environmental forces, but they must be aware of them, adapt to them and capitalise on the opportunities they provide. At times, marketers attempt to influence environmental forces, such as by supporting certain political candidates. Chapters 2 and 3 explore these forces in more detail, including the micro marketing environment forces popularised by Michael Porter.

14. Why is the selection of a target market such an important issue?

Target market selection is crucial to generating productive marketing efforts. If management does not identify the specific customer group to which it is directing its products and marketing efforts, the business may fail. The identification and analysis of a target market form a foundation for developing a marketing mix. Not all market segments are equally attractive or potentially viable: only some should become priority target markets.

15. **Why are the elements of the marketing mix known as variables? What are these variables?**

The marketing mix is the combination of marketing variables used to perform various activities to facilitate and expedite exchanges. These variables are product, price, place/distribution and promotion. They are called *variables* because marketing managers can vary the type and amounts of these components used in developing and maintaining a marketing mix. People are now widely held to constitute an additional marketing mix element.

16. **What type of management activities are involved in marketing management?**

Managing marketing activities involves planning, organizing, implementing and controlling. Planning is a systematic process that focuses on assessing opportunities and resources,

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determining marketing objectives, developing marketing strategy and developing plans for implementing and controlling. Organizing marketing activities involves developing the internal structure of marketing units. Implementing entails coordinating marketing activities, motivating marketing personnel and effectively communicating within the marketing unit. Controlling consists of establishing performance standards, evaluating actual performance by comparing it with these standards and reducing the difference between desired and actual performance.

17. **Why is it important to adhere to the principle of analyses first, then marketing strategy development, followed ultimately by programmes for implementing the recommended marketing strategy?**

    Strategies cannot be determined without a sound understanding of the marketplace, notably customer needs and behaviour, marketing, opportunities, market trends and competitive forces. Marketing programmes (the marketing mix and implementation controls) *must* be designed specifically to achieve the recommended marketing strategy, and the target market strategy must be decided before such tactical executions are determined.

COMMENTS ON THE WEB TASK AND CASES

WEB TASK

As this is an introductory chapter, the emphasis of this exercise is to focus on how an organization attempts to reflect customer needs. In this instance, leading Spanish car producer, Seat, part of the German VW group, has been selected because users of *Marketing: Concepts and Strategies* will have specific requirements from a car choice, based on brand image, functionality, style, performance, features, third-party endorsement and price.

While not perfect – what website is? – the selected site for Seat is easy to navigate, links with the motoring press plaudits for specific models and offers prospective buyers and current owners a wealth of attractively presented information. While students may suggest improvements, most will quickly appreciate how customer-orientated this web site is and thereby the effective manner in which Seat is communicating with its customer base.

Marketing research indicates that most private buyers (not fleet business customers) take around four months from deciding to switch vehicle to purchasing. This high involvement buying process generally necessitates an extensive searching for information, during which motoring magazines and TV programmes are consulted, more attention than normal is devoted to car advertisements, and peer comments are sought from family, friends and colleagues, particularly via social media… many car buyers now blog about their adventures and Facebook at each stage in their purchasing journey. The Seat website offers the required product information and pricing data, plus financing options, but it does so in a zappy fashion designed to reflect the sporty brand positioning adopted by this erstwhile value-led marque.

APPLIED MINI-CASE

It is likely that Salty Dog is practising a ‘scatter-gun’ approach to target marketing, reacting to emerging sales opportunities. This is quite common in smaller, quickly growing companies. A marketing manager should appraise the consumption patterns and trends for this type of product, carefully select the most relevant consumers to target, and assess competition also serving these consumers. As a result of these analyses, it would emerge that certain geographic areas were better targets than others, that some apparently attractive consumer targets in practice were not really worthwhile priorities, and that only specific retail brands would be applicable as stockists. Certain consumer types and behaviours will be more successful for Salty Dog to chase, so more work in

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refining customer insight will be necessary. The owners of Salty Dog would need to see evidence from the analyses and clearly defined recommendations, both in a presentation and in a written report.

CASE STUDY: SWEDEN'S IKEA MARCHES ON

The global success of furniture retailer IKEA is phenomenal, with a seemingly endless queue of potential customers eagerly awaiting the opening of each new store. The unique trading concept – a consumer-focused cash and carry store with a mix of self- and assisted selection – has proved successful in Europe, North America and Asia Pacific.

Question 1 explores the reasons behind this success: a differentiated concept; clear brand positioning and identity; quality merchandise attractively displayed at a keen price, with additional amenities (including creche, restaurant, café, toilets, ample parking, customer service and home-delivery sub-contractors) making a trip to IKEA a 'day out experience'. The merchandise is innovative, stylish and constantly updated. The unique concept is not alone responsible for IKEA's success: the company maximises consumer awareness of its trading philosophy in a sector of retailing not known for innovation, style or customer service. IKEA has a clearly defined target market strategy, brand positioning and differentiation over rivals.

Question 2 examines why IKEA continually revisits its trading concept and launches new or modified formats. This is in response to continually changing consumer preferences and behaviours, along with responding to the moves of competitors. Coventry's vertical store, the boutique *Outposts* in Manhattan, IKEA *Cook*, IKEA business solutions and now a full-on digital presence are all examples.

Question 3 revisits the marketing concept and asks how IKEA deploys the principles of marketing. There is an emphasis on differentiating the offer from competitors and striving to satisfy customers in an ever changing, dynamic marketplace. Products, services and ideas are part of the IKEA offer, which is conveyed through an ever evolving, tightly controlled marketing mix targeted at a very specific group of consumers. Ask consumers waiting in lengthy queues at in-store customer collection points whether they are satisfied and their answer will be in the negative! Nevertheless, they come back repeatedly for more. The 'package' is not perfect, but in the target market's view, it clearly has much to offer over rival homeware and furniture retailers.

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