

Marketing principles

An introduction to the ways in which marketers look at the business environment and the concepts that guide their strategies.

part one

Chapter one

Marketing in the 21st century

Meet the marketer



Accounting firm makes a real commitment to marketing

Through her occupation as a senior marketer, and in her position as NSW President of the Australian Marketing Institute, Caroline Trotman is making a strong commitment to the marketing profession.

'After ten years as a commercial lending manager in banking,' says Caroline, 'I became interested in the development and marketing of financial services, rather than simply in selling them. I worked my way into a marketing role, took every marketing course I could find, and finally completed an MBA.'

As Global Director of Marketing, Government, for the worldwide accounting and business services firm Andersen Consulting, Caroline is responsible for the development of integrated marketing strategy to the government sector, through a 75-person team in seven countries. Her team works to build and maintain the desired corporate image for the firm, to locate and gain access to government markets, and to develop specific business opportunities with government clients.

Critical marketing skills for the 21st century?

All the marketers interviewed responded to this question consistently.

Market affinity

'First, you must develop a genuine affinity with your market,' Caroline says. 'I think of this as "investing" time and effort to understand the market you are targeting. Who are your *customers*, and what are their *situations* and needs? What *changes* are happening in the marketplace, and what are your *competitors* doing?'

Accountability

'Accountability is one of the hottest issues in marketing today,' says Caroline. 'Successful marketers must understand how their particular contribution is going to be *measured*, from the largest campaign down to the smallest tactical action. Marketers cannot avoid being held accountable for their strategies. The questions are, "How will this marketing strategy improve the inherent value of the business? How will it create value for our shareholders?"'

Brand! Brand! Brand!

Caroline sees the development of an effective brand as the best means of *differentiating* a firm's product or service from those of its competitors. 'Borders between markets are being broken down. The Internet is enabling even the smallest supplier to be "global". It is becoming ever more difficult to create competitive advantage through other means. So, a well-known, respected brand that means something positive to your current and potential customers is invaluable. It leads to your product or firm being the natural choice, or the one first thought of, when a purchase is being considered.'

Professional services—a 'last frontier'

Caroline sees the marketing of professional services as one of the last marketing frontiers. 'It's relatively new compared with the marketing of cars or fast foods,' she says. 'The basic principles, however, still hold true. We have to show customers that we understand their *key needs*, identified as trust, confidence and experience. Then we position ourselves to satisfy them.'

Learning objectives

As a small business operator or student you may well be asking, 'What is marketing?' Many people new to the field believe that it is 'advertising' or 'selling', but marketing involves much more. In this chapter we will try to answer that question, and look at the **marketing plan** used to develop marketing strategies. We will also suggest some benefits you might gain through an understanding of the fundamentals of marketing.

After studying this chapter, you should be able to:

- 1 define marketing, in broad societal and narrower business system terms
- 2 trace the stages of the evolution of **marketing management**
- 3 distinguish between the marketing and selling approaches to business development
- 4 explain the meaning of the **marketing concept**
- 5 discuss the broadening of the marketing concept to include an organisation's **social responsibility**
- 6 identify several recent trends in marketing
- 7 outline the elements of a marketing plan.

Outline of important topics

These topic outlines are useful for reviewing exam material.

Definitions of marketing (p.##)

- 1 In a general sense, marketing is any *exchange activity* intended to satisfy human wants.
- 2 In a business sense, marketing is a system of business activities aimed at achieving organisational goals by developing, pricing, distributing and promoting goods, services and ideas that will satisfy customers' wants.

Differences between marketing and selling approaches (p.##)

- 1 A selling approach to business involves persuading consumers to buy goods and services that an organisation has already decided to produce or sell. Marketing involves identifying consumers' wants and developing goods and services to satisfy those wants.
- 2 In the selling approach, an organisation attempts to bend consumer demand to fit the company's supply. In marketing, an organisation bends its supply to fit consumer demand.

Stages in the development of marketing (p.##)

- 1 Marketing has evolved through several stages:
 - a The **production-orientation stage** assumes that marketing effort is not needed to make people buy products that are well made and reasonably priced.
 - b The **sales-orientation stage** calls for a substantial promotional 'hard sell' to persuade customers to buy a firm's products.
 - c The **marketing-orientation stage** sees companies adopting the twin goals of customer orientation and a profitable sales volume. The companies under this orientation shift to satisfying customer wants.
- 2 The **societal marketing approach** has also emerged, which extends the marketing concept to consider societal well being.

The marketing concept(p.##)

- 1 The marketing concept is a business philosophy that states that the satisfaction of customers' wants is the economic and social justification for an organisation's existence.
- 2 To implement the marketing concept, an organisation (and all who work in it) should:
 - a be customer-oriented in decision making and activities
 - b strive to maximise profitable sales volume, and
 - c systematically coordinate all marketing activities.
- 3 In adopting the marketing concept, an organisation thinks about its business in terms of the wants it is satisfying, rather than in terms of the products it makes or sells.

Trends in marketing (p.##)

- 1 **Relationship marketing** is an extension of the marketing concept that aims to retain customer loyalty by offering extra incentives or **added value**.
- 2 **Mass customisation** is replacing mass marketing as customer's wants and preferences become ever more specific.
- 3 **Quality management** aims to ensure producers deliver a standardised level of satisfaction by:
 - a reducing product quality variability
 - b increasing responsiveness to changing customers' needs, and
 - c reducing costs through less wastage and re-working.
- 4 **Service industries** have been increasing their use of marketing in recent years, especially the use of **loyalty marketing** and other customer-retention strategies.
- 5 Organisations in the not-for-profit sector (sometimes referred to as 'non-profit' or 'non-business') have also adopted marketing principles and practices in response to reduced funding from government and private sources.
- 6 **Technology** has been a major driver of marketing practices, especially relational databases, telecommunications and the World Wide Web.
- 7 The **integration** of advertising, promotion, direct marketing, and personal selling is also increasing.

Criticisms of marketing (p.##)

Over many years, criticisms of marketing have included its responsibility for unsafe products, deceptive packaging, excessively high prices and misleading advertising. Marketers need to analyse these criticisms coolly and respond to them positively.

The marketing plan (p.##)

This is the main document used to develop marketing strategies. It includes:

- 1 conducting an analysis of the firm's external environment and the firm itself
- 2 setting **marketing objectives**
- 3 segmenting the market and selecting particular customer groups to target
- 4 developing a **marketing mix** to appeal to each targeted group
- 5 establishing budgets and controls to monitor the marketing programs.

What is marketing?

Most people new to marketing immediately think of it as being advertising, promoting or selling, and certainly marketing covers these functions. Advertising, promoting and selling are actually some of the final steps in a marketing process that begins much earlier. To understand marketing, we need to go back to a fundamental and, on the surface, quite a simple idea.

In a general sense, marketing is any exchange activity intended to satisfy human wants.

So, before you think about advertising or selling something, marketing is firstly about uncovering and understanding 'wants'. By the way, in this text we will use the terms 'needs' and 'wants' interchangeably.

Marketing is practised by individuals, businesses and **non-profit organisations**. Goods and services, ideas and causes, images and even people are all marketed. Marketing is directed at consumers, organisational buyers and others who are interested in, or affected by, an organisation's activities. Here is a definition of marketing, then, that focuses on its role in business:

Marketing is a system of business activities aimed at achieving organisational goals by developing, pricing, distributing and promoting products, services and ideas that will satisfy customers' wants.

There are several important points about this definition:

- To be a 'marketing organisation', the firm's entire system of business activities must be customer-oriented. Customers' needs or wants must be recognised and satisfied effectively. 'Find an unsatisfied need, and fill it' is a useful way of thinking about marketing.
- The definition is a managerial, systems definition—that is, marketing is more than just ideas or methods for advertising or selling, but a complete system for guiding and running an organisation.
- Marketing is results-oriented—a marketing program starts with a product idea and does

not end until the customers' wants are completely satisfied, which might be some time after the sale.

- The definition implies that, to be successful, marketing must maximise profitable sales over the long term. Thus, customers must be satisfied so that a company can get the repeat business that ordinarily is so vital to success.

Who is involved in marketing?

Marketing is considered perhaps by most people to be an activity or function performed by business firms. But marketing is not limited to business. For example:

- Non-business (or not-for-profit) organisations also engage in marketing. They actually are in business, but don't think of themselves as business people. Their products might be holiday places they want you to visit, social causes or ideas they want you to support, people they want you to be aware of, or cultural institutions or events they want you to attend. Whatever the products are, the organisations are engaging in marketing.
- In addition to business firms, marketers might include The Salvation Army seeking donations, a political party trying to market a candidate to voters, the director of the National Gallery providing new exhibits to increase attendance, a trade union trying to persuade its members of the benefits of a new approach to setting wages and conditions, or a college trying to raise enrolments in less popular courses.

The scope of marketing then includes:

- *physical goods*—cars, clothes, machines, books
- *services*—banks, theatres, tax return preparation
- *ideas*—pollution reduction, road safety
- *people*—John Howard, Cathy Freeman
- *places*—'Daintree', a new business estate
- *experiences*—bungee jumping, meditation.

In much the same way, markets themselves can include more than just the direct consumers of a product. The markets that a charity such as the Smith Family is concerned with include

current and potential contributors, government departments and politicians, as well as the families in need who benefit from the charity's services. Newspapers will be concerned both with advertisers and with readers.

So, marketing is diverse, complex and involves almost all of us!

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Explore Europe in Spring. Accompanied by expert lecturers from the Art Gallery of New South Wales, the Society's exciting tours offer in-depth explorations for travellers with a love of art, history and culture.

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The Po Valley
20 APRIL - 13 MAY 2000

Join Terence Maloon through Northern Italy. Enjoy the rich legacy of painting, sculpture and architecture in romantic and historic towns of the Po Valley including Bergamo, Pavia, Parma, Bologna, Verona, Venice and more.

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For details please contact
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This is an ad for European tours to be run by the Art Gallery Society the Friends of the Art Gallery of New South Wales. Why would a gallery be getting involved in the travel and tourism market?

Courtesy of the Art Gallery Society of New South Wales. Copyright Sydney International Travel

Development of marketing

Since the Industrial Revolution, management thinking about marketing in most Western economies, including Australia, has evolved through three stages of development, and a fourth one is emerging (see Fig. 1.1). However, many companies are still in the earlier stages,

and as yet only a few firms could claim to be comprehensively using the managerial philosophies and practices of the most advanced stage.

FIGURE 1.1 ■ Stages in the evolution of marketing



Production-orientation stage

Organisations in this stage were predominant until around the start of the Great Depression in the 1930s. In this first stage:

- The focus is on increasing production: production and engineering staff have control of the organisation; there is a sales department, but its function is simply to sell the company's output at a price set by the production and financial managers.
- The underlying assumption is that people will naturally seek and buy products that are well made and reasonably priced. So, marketing effort is not really needed.
- During this period, manufacturers have sales departments—marketing is not yet recognised. Sales managers, whose main jobs are to coordinate sales teams, run the sales departments.

Marketing in a small business

Vertical Innovations

This feature throughout the text will follow the marketing efforts of Vertical Innovations International Pty Ltd (VII). You will have the opportunity to consider marketing principles as they apply to VII, and to suggest marketing strategies they might adopt.

VII was formed by Matt Scott and Peter Rix in 1997 to design and supply equipment to the outdoor education market. The firm's main customers are the camps and resorts owned by private operators, schools, community groups, and the military. These camps offer outdoor recreation and training programs for students, business people and other groups.

VII's initial main product line is high-ropes challenge courses. These are used by the camps instructors to help participants to develop communication, problem solving, teamwork and leadership skills. VII's ropes courses have common elements such as climbing walls, balancing ropes, swings and flying foxes, but each has to be designed and built according to the particular site and to meet the needs of individual customers.



Challenge courses are used to achieve learning outcomes for clients of all ages and abilities.

Courtesy Vertical Innovations International Pty Ltd

Sales-orientation stage

Organisations in this stage were typical in post-Depression Australia. The 'sales era' in Australia generally extended from the 1930s into the 1960s. In this stage:

- The supply of goods exceeds demand. Simply having a good product is no guarantee of success, because many other similarly good products are now on the market.

- The firm's emphasis now shifts to selling its output.
- Selling and sales managers are given new respect and responsibilities.
- Promotional efforts and activities are dramatically increased.

It was during the post-Depression period that selling acquired something of a bad reputation

because it was the age of the 'hard sell'—the unscrupulous used-car salesman or the door-to-door encyclopaedia sales person. What is more unfortunate is that even today, many organisations still believe that to prosper they must operate with a hard-sell philosophy. And, as long as there are companies operating with a hard-sell philosophy, there will be continued criticisms of selling and marketing.

Marketing-orientation stage

- Companies embrace the concept of coordinated marketing management.
- A firm's two main goals become customer orientation and profitable sales volume.
- Attention is focused on marketing rather than on selling.
- Several activities that were previously under the control of other executives become the responsibility of the marketing manager; for instance, inventory control, warehousing and aspects of product planning are now often turned over to the marketing manager.
- Marketing guides, or at least influences, all short-term and long-range company planning.

In this stage, the firm's top management plays a vital role in the implementation of the marketing in the organisation. This does not mean that marketing executives should always hold the top positions in a company, but rather they are marketing-oriented.

Accordingly, many organisations today ensure that managers from other departments such as accounting and engineering are given marketing training.

Societal-marketing stage

Social and economic conditions over the past two decades led to the fourth stage in the evolution of marketing management; a stage characterised by its societal orientation. In this stage:

- Marketing managers see that they should act in a socially responsible manner in order to succeed, or even survive.

- External pressures need to be resolved—consumer discontent, a concern for environmental problems, and political-legal forces begin to influence the marketing programs of the firm. The strategic problems of the woodchip industry, and the oil spills in Sydney Harbour and the Swan River, illustrate the complex range of issues that must be considered.
- Realisation comes that there are finite limits to natural resources. (We have already experienced shortages of several resources such as fossil fuels and some hardwood timbers.) Marketers become supply-oriented—whether it is the supply of raw materials, of energy resources, of clean air and water, or of the good life in general.
- There is an increasing concern for the management of human resources. Firms sense a change in emphasis from materialism to humanism in our society. One mark of an affluent society is a shift in consumption from products to services, and management must be concerned with creating and delivering a better quality of life rather than just a material standard of living.

Marketing approach versus the selling approach

The stages outlined above show that there are quite important differences in the various ways of running an organisation. Perhaps it is most critical for new marketers to appreciate clearly the difference between the marketing and selling approaches, especially as the differences might not be apparent on the surface. Two organisations might each think of themselves as 'marketing companies' and have staff with marketing titles and backgrounds. Yet they might be quite different in their actual application of the fundamental ideas behind marketing.

Many people, including some business managers, still do not understand the difference between selling and marketing approaches as methods of business activity. They think the terms are synonymous. In reality, these concepts have opposite meanings.

Table 1.1 contrasts the selling and marketing approaches.

Marketing in a small business

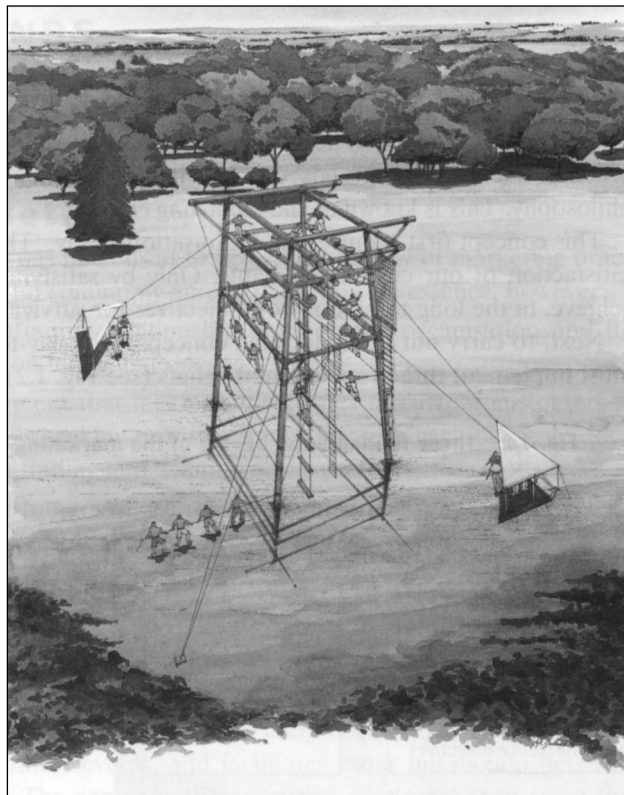
The launch of VII was planned around a product Matt Scott had been working on for some time. Known as the Trapezium, it offered two main advantages over other ropes courses. First, it occupied comparatively little space for the number of separate challenge activities that could be offered on it. More importantly, the advantage that Matt felt would be sure to attract buyers was a unique safety feature. With other ropes courses, participants have to detach and re-attach safety harnesses as they move around on the activities (often 15 metres above the ground). The Trapezium was designed, however, so that the harness could be attached on the ground and not changed until the participant had completed all the activities.

Matt showed the Trapezium design to several camp operators and also to ropes course builders in the United States and Europe. They were all impressed with the design features. The product was rather more costly than camps in Australia were used to but VII felt this would not be a barrier to purchase.

VII was very confident as it presented its new line to Australia's major outdoor camps. And why not? VII was an exciting new venture and was offering the market a brand new product with significant technical advantages over the competition.

The development of the Trapezium by VII was a good example of a production-orientation approach to marketing. The focus was on the product and its features, rather than on customers' needs. VII has been very successful in the challenge course market over the past four years, but it has not built even one Trapezium. The lesson to be learned? Regardless of how technically well designed a product is, or how well it performs, if it does not meet customers' needs better than other alternatives, it will not succeed.

Under the selling approach, a company makes a product and then uses various selling methods to persuade customers to buy it. In effect, the company is bending consumer demand to fit the company's supply. Just the opposite occurs under the marketing approach the company finds out what the customer wants and then tries to develop a product that will satisfy that want and still yield a profit. Now the company is bending its supply to the will of consumer demand.



This is the Trapezium developed by VII. At what stage of the marketing management process was VII when it launched the Trapezium?

Courtesy Vertical Innovations International Pty Ltd

TABLE 1.1 ■ Selling approach and the marketing approach to business management

Selling	Marketing
1 Emphasis is on the product	1 Emphasis is on customers wants
2 Company first makes the product and then works out how to sell it	2 Company first determines customers wants and then works out how to make and deliver a product to satisfy those wants
3 Management is sales-volume oriented	3 Management is profit-oriented
4 Planning is short-run oriented, in terms of today s products and markets	4 Planning is long-run oriented, in terms of new products, tomorrow s markets and future growth
5 Stress is on needs of seller	5 Stress is on wants of buyers

The marketing concept

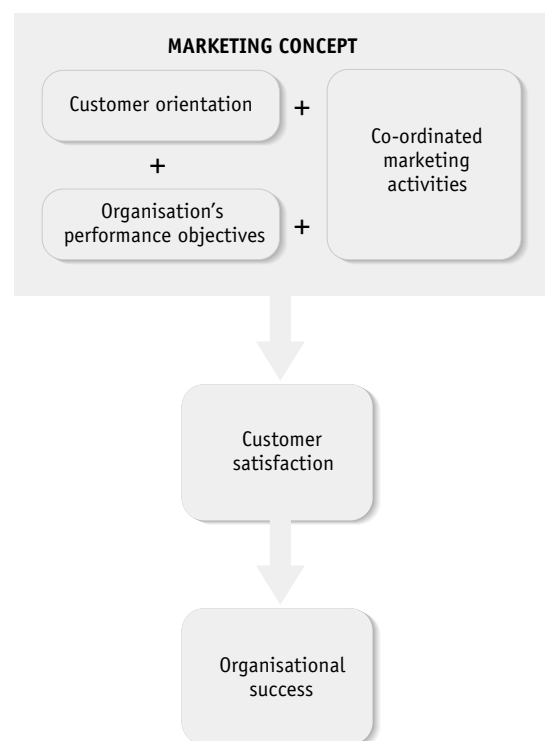
So far we have looked at definitions of marketing and traced the evolution of marketing practice. Now these threads can be drawn together into a statement of marketing philosophy. This is known as the **marketing concept**.

This concept first requires an organisation to say, ‘The reason for our existence is the satisfaction of our customers’ wants. Only by satisfying these wants can we expect to achieve, in the long term, our own objectives for survival and profit.’

Next, to carry out the marketing concept in its day-to-day activities, the organisation must implement three fundamental beliefs (see Fig. 1.2).

- 1 *All company planning and operations should be customer-oriented.* This means that every department and employee—from sales reps to fork lift drivers, from chemists to accountants—should be focused on contributing to the customers’ want satisfaction. Marketing then becomes not so much a functional department but a way of operation for the entire firm.
- 2 *All marketing activities in a firm should be co-ordinated.* Product planning, pricing, distribution, and promotion activities should be consistent, and under one authority. Without this coordination—or if, as happens in some organisations, the different functions are actually in conflict—it is unlikely that customer satisfaction will be achieved.

FIG. 1.2 ■ Three fundamental beliefs of the marketing concept, and their outcomes



- 3 *Customer-oriented, coordinated marketing activities are seen as the means of achieving the firm’s own objectives.* In other words, firms should operate only in markets in which they can profitably or effectively ‘compete’ with other suppliers of similar goods and services. The goal of the firm should be profitable sales volumes—if a firm cannot satisfy customers’ wants in this market and make a profit doing so, they should vacate that market.

Marketing trends

The marketing concept is not a static philosophy. As the world changes, so too does the way in which the marketing concept is being applied by organisations. Let's look at some of the most relevant developments.

Relationship marketing

The term **relationship marketing** has been used to describe a variety of marketing practices in recent times, but there is no commonly agreed definition.

- It means focusing on the continuing relationship between the organisation and its customers, rather than merely on individual sales to them.
- It is based on the acknowledgment that making repeat sales to current customers is more profitable than continually seeking new customers, because each new sale does not need to absorb the costs of finding and winning new customers.
- It recognises that providing customers with a reliable commercial relationship, rather than simply a core product, will result in long-term satisfied customers.

Relationship marketing takes many forms:

- The NRMA has expanded its products from roadside service to motorists to insurance, travel advice and financial services—extending the ways in which it can serve its customers.
- The Harley-Davidson Motor Company sponsors its own division, the Harley Owners' Group (HOG International), which distributes news and information of interest to its Chapter (club) members, organises events, and facilitates other interaction between Harley-Davidson bike owners. The company therefore acts as a catalyst to assist the development of relationships between HOG members and the firm, and between the members themselves. The club, and many like it, offers valuable and varied tangible benefits to its members, plus a feeling of 'belonging'. In turn, the firm can use these channels of communication to learn

more about its customers' wants.

- Your local coffee shop might be one of those businesses that operate a simple stamped-card system to give regular customers every 'nth' cup free.

Loyalty marketing schemes

One popular application of relationship marketing is known as **loyalty marketing**. The largest of these schemes in Australia is Fly Buys operated by Coles-Myer, National Australia Bank and Shell. This scheme has attracted well over 500 000 members, all of whom are given incentives to purchase from these organisations. This type of program is known as loyalty marketing, because customers are rewarded for remaining loyal to (continuing to buy from) the organisers. You will see other examples in airlines' frequent flyer schemes and many suppliers' preferred customer clubs. Several points can be made here:

- The number of firms using these schemes has risen dramatically in recent years, almost to the point in some industries (e.g. the airline market) where the benefits to the firms are questionable.
- The schemes are sometimes complex and might appear to offer more benefit to loyal customers than is likely to eventuate. Customers can become confused or even disappointed.
- But, of course, once the schemes are part of the requirements of doing business in that market, they are difficult to avoid.

Value adding

Many relationship marketing programs recognise that today's informed, sophisticated customers need to be rewarded with extra benefits—often called **added value**—if they are to continue to patronise this firm rather than switch to the many alternative suppliers also trying to win their business. At its best, relationship marketing seeks to add these benefits and does so in a way that creates a feeling of partnership between the firm *and* its customers.

As more and more companies adopt these approaches, however, there is inevitably some

'burnout'. How many 'relationships' might a customer want with organisations that supply goods and services?

Another problem is that many of these programs are relatively easy to start but quite difficult—in terms of skill, time and resources—to operate effectively. The marketing task here is to ensure that the scheme is excellently managed—the information is clear and simple, inquiries and problems and other communications are efficiently dealt with and, most importantly, customers are treated in a way that will make the promise of the relationship a reality. It is one thing to tell a customer 'We really care', and quite another to demonstrate this attitude through your actions. For example, 'If my phone call "is very important" to you, why have I been holding on for twenty minutes?'

When it is conceived and operated with customer benefits at its core, relationship marketing is a natural and worthwhile extension of the marketing concept.

Mass customisation

A further development on the ideas behind relationship marketing is **mass customisation**. Traditional 1960s–1970s marketing, which could be thought of as **mass marketing**, produced large quantities of standardised products at relatively low prices, then promoted them to large markets using the mass media.

Mass customisation, however, recognises that many former mass markets have fragmented into small groups of customers, or even individuals—people who want and will pay for variations on the standard product:

- There are examples of this approach on every supermarket shelf. Check the proliferation of flavour, size and even production-method variations in many previously standardised lines.
- Travel products, mobile phones, bank loans—in these markets, too, there appears to be a variant to suit each individual.
- The key to mass customisation is the capacity of organisations to learn more about their individual customers' wants. Sophisticated data-gathering and analysis help in product design.

- New media such as direct mail, telemarketing, pay-TV and e-mail enable marketers to target quite specific groups of customers with offers that are specially designed to meet their preferences.

Quality and marketing

While quality has always been important to customers, the management of quality is a recent development, beginning in Japan after World War II. With Japan's global success, a new management movement, often known as **total quality management (TQM)** has evolved, based on the aims of:

- 1 *reducing product quality variability*—customers should receive the same 'experience' each time they purchase a particular good or service
- 2 *increasing responsiveness to changing customer needs*—firms must be organised so that they can quickly adjust their offerings to meet the inevitable changes in preferences
- 3 *reducing costs through less wastage or re-working*—reducing the number of 'mistakes' can significantly reduce the total cost of supplying products.

The ultimate objective, and the reason for the natural alignment of TQM and marketing, is to meet consistently and reliably the expectations of the customer.

Quality management seeks to achieve its aims by 'building in' the processes that lead to quality assurance, because quality is defined by the customer. This can be contrasted with earlier approaches that tried to 'check' quality *after* the product had been produced. Building in quality involves:

- creating genuine partnerships between employers and employees, and especially empowering employees to make independent decisions
- creating partnerships between suppliers and their customers, so that they work together to improve quality, rather than each being interested only in their own specific issues, and

- constantly measuring the firm's processes—production, distribution and **customer service**—and the satisfaction levels of its customers. Only by measuring can the firm know where it needs to improve.

As discussed, TQM and marketing should go hand in hand—they both focus ultimately on satisfying customers. Unfortunately, this has not always been the case, and marketers must take part of the blame:

- marketing departments have often isolated themselves from other departments in many organisations
- the quality movement grew out of the technical and production disciplines and marketers have often been reluctant to become involved in the development of the processes of quality management.

As an example, the quality certification system developed by the Geneva-based International Standards Organisation (ISO) has become a necessary part of business for many industries. ISO 9000 is an example of these Standards—many government and private organisations will buy only from ISO 9000-accredited suppliers. Marketers in many supplier organisations, however, saw the Standards created by the ISO as obstacles to be overcome, rather than as opportunities for competitive advantage.

To be fair, it is perhaps a valid criticism of the TQM movement that the implementation of ISO 9000 sometimes became bogged down in superficial measurement of processes, rather than concentrating on the desired outcome—actual customer satisfaction.

In recent times a new movement, customer service, has developed a set of principles and practices that attempt to bridge some of the gaps between TQM and marketing. This movement has focused on conducting research to identify those elements of service that are most important to customers, measuring the extent to which the firm is satisfying customers on these specific elements, and then modifying the firm's services to improve customer satisfaction. In the future, all three 'disciplines' will, hopefully, work together to create a 'whole-of-firm' approach to creating customer satisfaction.

Marketing in services industries

All Western societies have now well and truly moved beyond the manufacturing stage of economic development to become services-based. In Australia, service industries such as finance and insurance, telecommunications and media, travel and tourism, entertainment, education and training, health and well being, and government services now employ more than three-quarters of the workforce. They also account for over half of all consumer expenditure.

Some sections of the **services industry** were initially slow to adopt marketing as a guiding influence for their businesses. A major issue was how to ensure that customers received satisfaction each time they interacted with the service provider. Unlike physical goods, which can be standardised in the factory, services are often 'produced' by individual staff members, and therefore the customers' satisfaction can vary according to the experience, skill and even the mood and attitude of the personnel who serve them.

More recently, firms in the accounting, banking, health care and other industries have combined the principles of marketing with the techniques of customer service. Many have also adopted the relationship-marketing techniques discussed earlier in this section.

Marketing in the not-for-profit sector

During the past few years, many government departments and instrumentalities, charities, arts companies, educational and health care institutions realised that they needed effective marketing programs to make up for shrinking government funding, decreases in contributions from the private sector, and unfavourable economic conditions. Some examples include:

- universities have introduced full-fee-paying students, many from overseas, to offset declining payments from governments
- museums and art galleries import and promote special exhibitions to raise funds
- government departments are held accountable for meeting their clients' needs
- charities such as The Salvation Army and Royal Blind Society employ professional marketers

to develop campaigns that will cut through community reluctance to donate.

Many of these organisations have, until recently, rejected the idea of marketing. Now they see it as a means of growth, or even survival.

Use of technology

As in almost every other aspect of our lives today, marketing increasingly uses new technologies to achieve its aims:

- Relational databases that can store and sort large amounts of information are major tools in product development, and in the management of loyalty marketing schemes and direct marketing programs. The use of databases is mentioned in several sections of this book.
- Communications technologies such as telemarketing call centres, fax streams, and e-mail are marketing methods used for locating new customers and maintaining contact with existing clients.
- The Internet, specifically the World Wide Web, is also being used increasingly by marketers of goods and services to promote their offerings and to conduct transactions. Online retailing and electronic commerce (or e-commerce) is being used by marketers in insurance firms and supermarkets—even in car dealerships—as well as by the more traditional Web marketers such as amazon.com for books and compact discs (CDs).
- Although the use of the Internet by Australians has increased enormously, the major growth in e-commerce is still to come. In 2001, for example, less than 10 per cent of Australian adults purchased goods and services on the Net. Organisations in the industry such as IBM and Dell Computer believe that the e-commerce growth will primarily involve businesses conducting trade with other businesses.
- In consumer marketing, the prospect of linked television sets and personal computers (PCs) operating in multi-channel digital environments is tantalising marketers. Certainly the 'big players' such as Time Warner/America Online, the News Corporation, and the Packer-owned PBL group are preparing to be part of

this revolution of information, entertainment and consumer purchasing.

Integration of marketing functions

A final trend is that of the increasing combining and overlapping of various marketing functions such as advertising and promotion, direct marketing, personal selling, and customer service.

In the past, many such functions were carried out by departments or separate agencies that often had little contact with one another; nor did they have great understanding of one another's aims and constraints. Marketing and sales departments, for example, often had an 'us and them' attitude towards each other. Similarly, main media advertising agencies had little contact with direct marketing and promotional firms.

Increasingly, management is insisting on better integration of all the marketing functions, and many of these barriers are being removed. This is in line with the marketing concept's requirement that all activities be coordinated.

ADVERTISEMENT

NOKIA
CONNECTING PEOPLE

THE PHONE OF THE FUTURE, IS HAPPENING SOONER THAN YOU THINK.

E-card from John
Mobile equipment

If you think the mobile phone you own today is already a technological marvel, then get set to have the rule book rewritten. The next generation of wireless technology will take us all into a new realm of truly personalised communications. A world which you had once merely dreamt of.

And it's all starting to happen now. Called 3rd Generation technology, it's the most big thing in mobile communications. In short, the real difference is that data will soon travel hundreds of times faster than it does at the present rate of today's mobile network.

For companies like Nokia, this improvement in speed opens the door to a new world of innovative products and services for consumers.

For instance once upon a time, the mobile phone was mainly used for conversations and sending text messages, that was about it. As demand for mobile data and personal information services increase with 3rd Generation technology, pretty soon people will be able to see the person they're talking to, thanks to Nokia's mobile video conferencing.

Mobile phones will also give users high speed mobile access to the Internet, to virtually any real-time information they need.

Already Nokia has created the world's first integrated communication device (the Nokia 9000) and its successor (the Nokia 9110), the world's first cellular data card, and the world's first software based data solution for GSM phones called the Nokia Data Suite.

In addition, Nokia has been instrumental in creating 3rd Generation technology. They have also undertaken successful trials of a 3rd Generation mobile system. Most recently the world's first 3rd Generation WCDMA calls were made through a public network in Finland.

It's all happening so rapidly, technology like video mobile phones will be with us sooner than you think. So don't be surprised, if you find yourself straightening your tie or brushing your hair, next time you answer your mobile phone.

You're simply experiencing the future of mobile technology which Nokia is turning into reality. You might call this amazing. At Nokia, they call this *future technology*.

Video conferencing

Personalized newspaper

Mobile video conferencing

Video phone

*The launch dates, technical specifications, features and specifications of 3rd Generation products are subject to change without notice as this is currently being developed.

Nokia are acknowledged leaders in third-generation mobile phone technology. What other marketing applications of this technology can you list?

Courtesy of the Campaign Palace

Criticisms of marketing

For many years, critics of our marketing system have raised a variety of thought-provoking questions and generated many lively discussions. Let us examine some of their criticisms to try to determine the true nature of these charges.

We can summarise the major charges against marketing by grouping them in relation to the

components of the **marketing mix**. (This is the combination of product, price structure, distribution system and promotional activities employed by marketers to attract specific **target markets**.)

Some criticisms of marketing, in terms of the elements of the marketing mix, are outlined in Table 1.2.

TABLE 1.2 ■ Criticisms of marketing some examples, in terms of the elements of the marketing mix

Mix element	Possible criticisms
<i>Product</i>	
Quality	Parts fall off cars, zips jam, trains run late
Packaging	Insufficient information on labels, deceptive graphics, poor operating instructions
Services	Confusing or worthless warranties, inadequate repair services
Range	Too many brands and varieties with few real differences
<i>Price structure</i>	
Levels	Prices are too high, prices are controlled by large firms
Discounts	Quoted discounts are not genuine, some buyers are not able to get special deals, little real price competition between firms
<i>Distribution system</i>	
Intermediaries	Too many middlemen, each taking a cut
Delivery	Inflexible and slow, lack of care in storage and handling
<i>Promotional activities</i>	
Personal selling	Poor-quality retail sales people, high-pressure tactics, poorly informed and trained sales people, insufficient attention to customer service
Advertising	Overemphasis on a material standard of living, manipulative, causes people to buy things they don't really need and can't afford, ads deceptive and misleading, over-emphasis on sex, ads play on fear, too many ads (especially on TV), advertising adds too much to the cost of products, advertising helps big firms to dominate markets

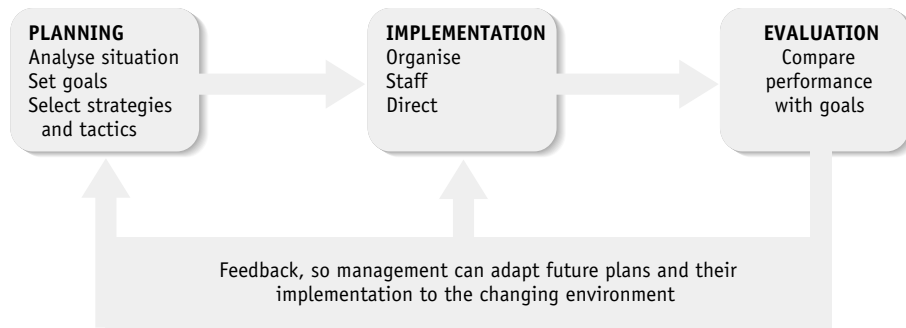
In some cases, the criticisms of marketing are fully warranted. They point out the weaknesses and inefficiencies in the system and call for improvement. By most people's standards, there are instances of deceptive packaging and of misleading and objectionable advertising. There are weaknesses in marketing, just as there are in any system developed and operated by human beings.

Marketing management

The marketing concept requires marketers to organise the firm's activities so as to satisfy

the wants of its customers. This seems a worthwhile, logical and, on the surface, straightforward business strategy. In practice, however, it is much more difficult than at first appears. Marketing management aims to make the marketing concept an operational reality, rather than simply an ideal to which the firm pays lip service. It involves a three-step process—one of planning, implementation and evaluation (see Fig. 1.3).

FIG. 1.3 ■ Marketing-management process



Planning

In this step we ask:

- Which markets should we be operating in?
- Which customers should we be trying to attract?
- How do we identify them?
- How can we understand their wants?
- Which of their wants should we be attempting to satisfy?
- With which goods and services should we do this?
- How many products can we sell?

Implementation

The implementation step converts the plans into action:

- How should the business be structured and organised?
- Which departments should perform which tasks?
- Who are the right people to do the job?
- How do we find them?
- What direction and guidance is needed to enable the tasks to be carried out?

Evaluation

The evaluation step monitors the organisation's actual performance as it carries out the marketing programs:

- How many of each product did we sell?
- How much did we sell to each market sector or customer?
- How much did it cost us to make these sales?

- How much *profit* did we make from particular products, areas or customers?
- Were our *promotional programs* effective?

The benefits of planning

The document that contains the outcomes of these processes is known as the **marketing plan**.

Although many business people believe that there can be an overemphasis on planning (especially in organisations where planning becomes an alternative to action), there is little dispute that planning can reduce business risk. For example:

- planning allows for the coordination of activities between departments and within the marketing department
- planning provides individuals with a clear sense of the overall goals of the organisation, and their role in achieving them.

The marketing plan

While most marketing plans follow similarly structured outlines, they do vary significantly in the depth and breadth of analysis employed. For instance:

- An *annual plan* for a well-established product in a stable market, for example, might require only a summarised and updated **situation analysis**, and details of the specific activities to be undertaken during the year.
- A *plan* for the *launch* of a brand new product range, however, will require considerably more research analysis and strategy development. The elements of a marketing plan are outlined in Table 1.3.

TABLE 1.3 ■ Elements of the marketing plan

Marketing plan section	What s involved
Situation analyses	Analysis of the firm s external environment
	Analysis of the specific market
	Analysis of the company (SWOT)
	Analysis of the competitive situation
Marketing objectives	Developing clearly expressed statements of what the plan is to achieve
Target markets and positioning strategy	Identification of groups of people or organisations at whom to direct marketing strategies
	Selection of a particular image to be used for the product or brand
Marketing mix	Specific tactical action plans for the product, its pricing, distribution and promotion
Budgets and controls	Forecasts for sales, costs, expenses and profit
	Other measurements against the set objectives

The marketing plan is the central planning tool around which all marketing strategy is developed, and it is therefore essential to your understanding of the marketing process. Let's look at its elements.

Situation analysis

Marketers do not, of course, carry out their activities in isolation. Their actions are influenced by many other individuals, firms, governments and products.

Marketers monitor their 'environments' to detect changes, threats and opportunities. They collect information from various sources, and analyse it so that they can make informed decisions for their firm and products.

The environments faced by marketers, both external (outside the organisation) and internal (within the organisation itself), are previewed in Chapter 2.

Methods used by marketers to gather information about their marketing environment and situation are the subject of Chapter 3.

Marketing objectives

Objectives or goals are desired outcomes—what you are trying to achieve.

- **Marketing objectives** flow from the firm's financial goals. These goals in turn are derived from the organisation's *corporate mission*, a

statement of what the organisation aims to achieve, and for what purpose it exists.

- Marketers want to achieve a consumer awareness of, and favourable attitude to, their products. They want to achieve certain levels of sales, market share, distribution, realised prices, and gross profit margins and expenses. Each of these desired levels of awareness can be expressed as an objective.

In order to be worthwhile, objectives should be *specific, measurable* and *realistic*. Table 1.4 demonstrates these principles.

Target markets and positioning strategy

Most organisations cannot hope to sell to all the individuals or organisations in their marketplace. Therefore, marketers seek to identify particular groups of customers whose wants they feel they can most completely and accurately satisfy.

Firms direct their marketing efforts towards these groups or target markets, even if this means not selling to other groups or market segments. Diners Club, for example, targets international business travellers—they will, of course, accept business from tourists or any other person who can pay for the card, but their services, pricing and promotional programs are specifically targeted to travelling business people.

TABLE 1.4 ■ Making objectives specific, measurable and realistic

Poorly expressed objectives	Objectives that are worthwhile
Improve our sales position (Non-specific)	Increase our market share, measured by units sold (Specific)
significantly (Non-measurable)	by 5 percentage points, by year end (Measurable)
and double our net profit. (Unrealistic)	and improve net profit by 10 per cent. (Realistic)

Once a firm has selected particular markets to target, it must decide how to ‘present’ itself and/or its products to those customers. The development of a particular image or perception for a product or organisation is called positioning.

- Telstra positions itself as the complete telecommunications supplier—a one-stop shop for telephone services.
- Optus’s positioning, on the other hand, suggests to users that it is the firm that brought competition to the telecommunications market and brought prices down, so this is a good reason to support it.
- AAPT is positioned as the innovator, the one who is continually coming up with new ideas and benefits for phone users.

Each organisation is hoping to attract customers by creating a specific and definite perception in people’s minds as to what the company does, and what it stands for.

The means that marketers use to select target markets and to develop positioning is analysed in Chapter 4.

Chapter 5 examines the two main customer groups—consumer markets and business markets.

Marketing mix

A marketing mix is the combination of the four major elements that make up a company’s tactical marketing program—production, pricing, distribution (or place of availability) and promotion. The ‘four Ps’, as they are known, are described below.

The marketing mix is also shown in Figure 1.4, together with the decisions involved for each element of the marketing mix.

FIG. 1.4 ■ Marketing mix



- 1 Product:** developing the right goods and/or services for the target market, changing existing products and deleting unsuccessful product lines, and developing branding, packaging, and other product features. See Chapter 6.
- 2 Pricing:** selecting the right base-price level, setting special prices, and deciding on discounts, allowances, and whether and how to charge delivery costs. See Chapter 7.
- 3 Placement (distribution):** selecting distribution channels to make the product available to customers, selecting and negotiating with intermediaries, and arranging physical handling, storage and delivery. See Chapter 8.

4 Promotion: informing and persuading the market about the company's products, using advertising, personal selling, public relations and sales promotion. See Chapter 9.

For ease of learning, the four elements are examined separately in this book. In practice, however, they are interrelated—decisions in one area inevitably affect other areas.

Budgets, evaluation measures and controls

Businesses undertake marketing programs to make a profit. Other organisations—non-profit organisations—are required to operate within certain financial constraints. In both situations, budgets are established to guide the programs and provide a means of measuring their success.

Budgets are usually set annually. The marketing budget begins with sales forecasts—how many units the organisation is going to sell that year, and at what price. The costs of achieving these sales—sales costs, advertising expenses, etc.—are also budgeted. The marketing department will usually be held accountable for achieving a certain level of profit contribution, or profit from the sales it makes.

During the year, comparisons will be made between the budgets and actual performance. Other controls will also be in place to help marketers assess their progress against the marketing plan—measures of the effectiveness of distribution, personal selling, advertising and other promotional activities.

These measurement and control of marketing programs are discussed in Chapter 10.

Marketing in a small business

For the first couple of years, VII did not prepare a formal marketing plan. The firm did, however, conduct several planning workshops during this time. The workshops involved key staff, were usually of one day's duration and were held away from VII's offices. A typical agenda might include:

Where are we now?

Market developments, competition, our resources and skills.

What do we want to achieve over the next six to twelve months?

New potential markets/customers, sales of existing products, new product development.

What are we going to do?

Detailed plans and forecasts.

The outcomes from these meetings were mixed. Participants felt the important issues had been properly discussed and particular strategies were confirmed or re-set. But there was sometimes a feeling that the firm was mainly responding to current conditions and apparent opportunities rather than setting a definite business direction. And, of course, there was never quite enough resources—money, people, time—to carry out properly all the plans.

How would you assess VII's marketing planning at this stage of its development? Do you think this is typical of small businesses? What would you say is the ideal balance between formal marketing planning and entrepreneurial action in a small business?

Why should you study marketing?

Finally in this chapter, here are some suggestions as to why you, as a small business operator or a

student of other business disciplines such as accounting, might benefit from an understanding of marketing:

- Marketing provides the contact with an organisation's customers. Without customers the

organisation cannot survive and prosper. So, it is important that all departments and individuals in the organisation understand what marketing is trying to achieve.

- Marketing generates revenue for the organisation through sales. Managers, accountants and staff from other operational departments are of course, vitally interested in the amount and timing of the cash flows provided by those sales. They need to understand therefore the influences on sales—changes in the marketing environment, seasonal or cyclical factors, competitive activity and so on.
- Marketing is also a major user of the firm's resources—marketing research, sales team expenses, advertising, and so on. Managers and accountants often have the responsibility for ensuring that resources are used wisely and within company policy. A knowledge of marketing can help to make informed decisions and recommendations.
- Marketing is seen by many modern organisations as the key to long term success. Individuals who are able to take a marketing (or customer oriented) approach, are highly valued. There are very few senior management staff today who do not have a marketing orientation.

By the way, as an accountant myself before turning to a career in marketing, and as a current operator of small business, I also believe that marketers should study accounting. Organisations would surely benefit if both sets of practitioners better understood each other.



A marketing strategy might be well planned, but if the product never makes it on to the shelf, through poor implementation, it cannot succeed. What could go wrong between planning the strategy to launch a new confectionary product, and actually making sales?

Courtesy of Franklins Ltd

Test your learning

A question of ethics

In developing a new snack food product, a company's food laboratory staff test several flavour-enhancing ingredients. One of these in particular significantly improves the taste and mouth-feel of the product.

The company's management has recently heard, however, that tests in the United States have linked this ingredient with cancer in laboratory animals. The tests were inconclusive, even though apparently massive doses of the ingredient were used, and it will be several years before any implications for human consumption are likely to be established. Moreover, from past experience, the firm knows that most of these scares are later found to be without foundation.

What should the company's management do?

Questions and problems

- 1 Describe some of the ways in which non-business organisations that you have encountered are engaging in marketing activities.
- 2 One way of explaining the importance of marketing in our economy is to consider how we would live if there were no marketing facilities. Describe some of the ways in which your daily activities would be affected under such a situation.
- 3 Explain the three steps an organisation should follow to implement effectively the marketing concept.
- 4 Explain the difference between the marketing and selling approaches to business management.
- 5 Explain the relationship between planning, implementation and evaluation in the management process.

- 6 Using a marketing approach (i.e. seeing business in terms of benefits provided or wants satisfied), answer the question, What business are you in? for each of the following organisations:
- Flag Choice Hotels (motels)
 - Adidas (shoes)
 - Apple (computers)
 - Hoyts (cinemas)
 - Goodyear (tyres and brakes).

In the workplace

Think about the company you currently work for and the way it markets its products or services (or interview your parents about their employers).

- At what stage of marketing development do you think your company is? Is it following the production, the selling or the marketing concept?
- How well is the marketing concept understood across the organisation?
- Discuss some specific examples to illustrate whether the company focuses on itself and its products, or on its customers and their wants.

- 4 In what ways do you think the organisation could become more customer-oriented?

Internet exercises

- Visit the Membership Rewards page of the American Express web site at <www.americanexpress.com>.

Relationship marketing is trying to increase the scope and complexity of the interaction between firms and their customers. What specific suggestions does American Express make to members to help to build the relationship between its members and the organisation?

- Visit the Norwegian Capricorn Line's web site at <www.ncl.com.au>.

An important part of the marketing process is identifying the specific groups of customers for whom you can construct an attractive and viable marketing mix. Can you identify the different groups of customers (target markets) the Norwegian Capricorn Line's web site is aimed at?

Case study 1 | A 'Fyne' piece of marketing?

As he strode purposefully into the board room to make his presentation to the firm's monthly directors' meeting, Fred Fahr, General Manager of Fyna Foods Ltd, felt just great. His confidence was that of someone who knows he has faced a problem and come up with the right answers.

'Ladies and gentlemen,' he began, 'as you are aware, two months ago we were given the opportunity to supply the Beefies Hamburger Chain with their new Supa-Long French fries. At the time, we all agreed this was great potential business for Fyna Foods, but that it also posed a major problem for us—what to do with the excess potato left over after we supply Beefies with the extra-length fries. Unfortunately, we still haven't been able to come up with a perfectly square potato! To dump this excess material would mean almost certainly making a loss on the Supa-Long fries business. I am very pleased to be able to report to you today, however, that my team has come up

with what we feel is a pretty fine solution.'

Fred deliberately paused as he sensed the increased air of anticipation around the table. Even old Thomas Fynaski, the firm's octogenarian founder, seemed to rouse himself from his doze.

'We found the answer by combining the excess potato material with other vegetables to create a breakfast burger,' Fred went on. 'I have to say the lab boys have done a really good job and created a product that Fyna Foods can be proud of. My family doesn't usually eat hot breakfasts, but we all tried some the other morning and agreed they were really quite nice. Once we had the product developed I gave it to our marketing people and they've decided to call it "Bubble and Squeak"—it's what we used to call leftovers back in the 1960s. I'm sure we all remember when we were kids,' he joked, 'how good leftovers used to taste the next morning. We've decided to advertise it as "The delicious breakfast alternative to bacon and eggs".'

‘What about the factory?’ one of the directors asked. ‘This product doesn’t look like anything we produce at the moment.’

‘Well, you know how our Production Department’s managers are,’ replied Fred. ‘If the factory had its way, we’d never produce anything that wasn’t quick and cheap to run through the machines. Anyway, we’ve agreed to pack the new line in boxes of 24 burgers, which nicely fits our packaging machinery. The factory was pleased with that.’

‘How do the numbers stack up, Fred?’ asked Daphne Green, the Finance Director.

‘Pretty good, actually,’ Fred replied as he flicked up a chart. ‘See, we start with the excess potato tonnage from the Supa-Long contract. That’s equivalent to sales of about 400 000 packs of Bubble and Squeak in the first year. We think the Supa-Long contract is going to grow at about 10 per cent per annum, so we also need to budget to increase Bubble and Squeak’s sales by that amount each year. We do have a bit of a problem with price, which I’m still working on. The Sales Department is concerned it won’t be able to move these volumes of product at the price the accountants have given us. I’m not too worried about that, though, because the product development people, in their normal way, have produced a super premium quality product in the test kitchen—a bit too good, really, for the market we’re aiming at. I’m confident that we can play around with some of the ingredients and quantities and get the product

costs down to a level that Sales can live with.

‘We’ve got a few rough edges to smooth off,’ concluded Fred. ‘But, overall I think we’ve come up with an excellent solution that lets us take on the Supa-Long contract and gives us a great new product for Fyna Foods.’

There was a general murmur of approval around the table. As it subsided, however, Fred noticed that Bill Wyse, the recently retired Marketing Director of a large transnational food business had his hand raised waiting to catch the chairman’s eye. As silence returned to the room he spoke for the first time during the meeting.

‘Well, Fred,’ he said quietly. ‘You’ve obviously put a lot of work into this. I can tell you feel you’ve done a great job. But in my humble opinion, you don’t seem to appreciate what marketing is all about.’

Questions

- 1 Collect three descriptions of marketing, one from a text, one from a marketing practitioner, and one from someone who does not work in the marketing field. Which perception seems the closest to the Fyna Foods team’s activities on the Bubble and Squeak project? Justify your choice.
- 2 From the perspective of Bill Wyse, what differences are there between the production stage, the selling stage and the marketing stage of marketing management evolution?
- 3 In what areas might a food manufacturing company such as Fyna Foods be subject to societal criticisms?

Key terms and concepts

added value

broadening the marketing concept

customer service

four Ps product, pricing, placement and promotion

integration (of marketing activities)

loyalty marketing

marketing (broad definition)

marketing (micro, business definition)

marketing concept

marketing management

marketing mix

marketing objectives

marketing plan

marketing-orientation stage

mass customisation

mass marketing

non-profit organisations

positioning strategy

production-orientation stage

quality management

relationship marketing

sales-orientation stage

services industry

situation analysis

social responsibility

societal marketing approach

target markets

technology

total quality management (TQM)

Marketing plan workbook

The aim of this section is to help you to prepare a Marketing Plan for a good or service you have selected. You will find a similar Workbook section at the conclusion of each chapter; so that, by the time you have worked your way through the text, you will have all the elements of your Marketing Plan ready for compiling into a single document.

Your task for this chapter is simply to describe the product you have selected: remember, a product may be a physical good, a service, an idea, even a person or event.

To develop your description, think about this fundamental idea that we examined in Chapter 1.

Marketing is about identifying and satisfying customer wants.

In your description therefore, try to include a reference to the particular wants that your product might satisfy. And whose wants? Marketing deals with customers, so we should also include a general description of the market our product might serve. By the way, you might well change aspects of these elements as you develop your Plan. That's OK, one useful outcome of planning is that it enables us to re-assess our ideas as we go (and we've allowed plenty of room for this!)

Write your product description below.

- Product type or category: (e.g. motor vehicle, restaurant, tax return service):

- Product name (if it is an existing product what is the name or brand? If it is a new product, leave this section blank at present):

- General description of the market (e.g. motorists of a particular age, people wanting to hold a large function, or employees at the top end of the income scale):

- General description of the wants that your product might satisfy (e.g. a luxury status symbol, good food in a relaxed atmosphere and at reasonable prices, legal minimisation of income tax payable):

That's all for now. You should have at least a general vision of your product, its market, and its capacity for satisfying customer wants. In the next section we will analyse the situation further.

