Marketing Management

Sessions spring 2008 semester

Damascus, February, 2008

GENERAL CONTENT AND BIBLIOGRAPHY

1. Introduction to Marketing
2. Content and principles of the marketing plan
3. Economic and cultural environment
4. Commercial investigation about purchasing behavior
5. Product and services strategies definitions and contents
6. Price strategies and activities analysis
7. Distribution channels activities and strategies
8. Main concepts and activities within the Supply Chain Management
9. How communicate and made publicity at different levels
10. Promotion products and global promotions
11. Control requirements and activities
Building the knowledge base

What is marketing research?
- Traditional view: "the function that links the consumer, customer, and public to the marketer through information."
- Redefined view: "systematic and objective identification of information, collection, analysis and dissemination of information for the purpose of improving decision making related to the identification and solution of problems and opportunities in marketing."

Research Objectives:
- Research objectives vary from firm to firm because of the views of management, the corporate mission, and the marketing situation.
- Information needs are linked closely to the level of international expertise in the firm
Marketing Research

Defining the problem and research objectives, developing the research plan, implementing the research plan, interpreting and reporting the findings.

Problem definition: Hard task: to identify the relevant cause to be analyzed when you don’t know the specific problem. What is the aim to be researched: What, How, Why (exploratory research, descriptive, causal)

Developing the research plan: define research approach, contact methods, sampling plans and research instruments

Determining Research Administration

- Centralized
  - The research specifications are designed by the home office and forwarded to market operations for implementation.
- Coordinated
  - An intermediary such as an outside research agency brings headquarters and market operations together.
- Decentralized
  - Corporate headquarters establishes the broad thrust of research and delegates design and implementation to the local markets.
Marketing Research 2

Secondary data: a way to start and address the research initiative: collecting secondary data. Usually is the faster way for some information but is not enough. Must be relevant, accurate, current, impartial.

Sources ex.: Governments, International organizations, Service organizations, Directories and Newsletters, Electronic Information Services, other firms, annual reports, magazines: Stores, Hardward Business Review, Alimarket, LSA, Points du vente, Journal of Marketing, ...

Marketing Research 3

Primary Data Collection: Conducted to fill specific information needs. Essential to strategic marketing plan formation. Useful in international market segmentation.

Many decisions on how to research.
- Observational research (mystery client, ad hoc labs).
- Survey research (Gather quantitative rather than qualitative information through personal or remote contact with the subject population descriptive, problems: accuracy of data gathered).
- Experimental research (gathering causal information: see customer reaction when price changes...)
- Interviews: Knowledge persons are a valuable information resource (personal bias must be discounted), Focus groups: Interaction within a group about a specific topic; Ideal size, 7-10.
Marketing Research 4

Contact methods: Mail, Telephone, Personal Interview (individual or by group), on line

Sampling plan: To define a group of population that represent the population as a whole. It requires three decisions:
1. what is the sample unit (who?)
2. what is the sample size (how many)
3. What is the sample procedure (how is chosen)

Probability Sample: Simple random; stratified random; cluster random
Non probability Sample: Convenience, judgment, quota

System data must be: Relevant, Timely, Flexible, Accurate, Exhaustive, Convenient

Marketing Research 5

Research instruments: Questionnaire and mechanical

Questionnaires:
• Close end questions -> easy to tabulate, less information
• Open end questions -> qualitative data, difficult to tabulate
• Care in wording and ordering questions

Question format: Structured or unstructured, Direct or indirect.
Ensure data equivalence: Question content
Consider interviewee’s ability and willingness to answer.
Adapt questions to societal constraints.

Question wording: Use simple unambiguous words, terms and questions. Check for errors using translation-re-translation approach and alternative wording for questions.
Pre-test the survey.
Marketing Research 5

Research instruments: Questionnaire and mechanical

Mechanical instruments: devices at home for measuring TV audiences or buying and consuming final goods, scanners, infrared at corridor shops, facial changes analysis, fidelity cards.

Implementing the research plan and interpreting for finding reporting: the most expensive and risky is the data collection;

CRM to manage detailed individual information to maximize loyalty.

Information systems and commercial investigation

What information companies need?: competitors, resellers, consumer, market innovations, ...

For what?: gain competitive advantage!

• The increase capacity to generate and collect information, provides an excess of data
• How to have the right kind of information? It is required not to have more information but to have the right one.

The Marketing Information System is set by people equipment and procedures to obtain, sort, analyze, evaluate, distribute the information needed at the right time and with accuracy

• But this is new: pc, scanner, ERP, data-warehouse
Marketing Information System

Huge quantity of relevant data for decisions markers can be obtained within the company system

- Accounting department keeps relevant data of sales, costs and cash flow.
- Operations have information regarding production schedules, shipments inventories.
- Sales field services obtain and keep information regarding channel attitudes, competitors activities, ordering flows
- Customer services are working with relevant data about customer satisfaction and solutions to complains (SLA)
- Marketing dpt. is able to know consumer attitudes changes, demographics
Marketing Intelligence

To improve strategic decision making, assess and track competitors’ actions provide warnings (threats and opportunities)

- Sources: internal (personnel) and external (public information, online databases, web sites, agencies, annual reports,..)
- External Information sources short list:

<table>
<thead>
<tr>
<th>Source</th>
<th>Information</th>
</tr>
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<tbody>
<tr>
<td>AC Nielsen Corporation</td>
<td>Market share, retail prices</td>
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<tr>
<td>Information Resources Inc (IRI)</td>
<td>Costumer panel,</td>
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<tr>
<td>Dun &amp; Badstreet</td>
<td>Promotions scores</td>
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<tr>
<td>TNS</td>
<td>Scanner sales info</td>
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<td>Factiva</td>
<td>Scantrack</td>
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- Ethical discussions: Data protection: where is the limit?

Consumer analysis and purchasing behavior

- Consumers around the world vary tremendously in age, income, education level, tastes, and have different cultures, social attitudes with different personal way of act and psychology dependences.
- Thousands of millions of decisions are taken every day and from the marketing analysis perspective, it is important to learn the reasons why those decisions are in place today. To try to discover the future ones is also a plus. This is not an easy task because consumer behavior depends on what is in his mind (a very deep question that is influenced by driving and unknown forces)
- What are the characteristics of the buyer that influence the behavior attitude and how can the marketer act in those characteristics?
- Anybody being able to provide a right answer of above questions has the clue for the marketing activities. Let’s see what are the main factors that affect to consumer mind. Be careful. Shopper and Buyer are not the same
Cultural Factors

- Growing up in a community, all child learns basic values, perceptions, wants and acquired specific behavior of this cultural environment.
- Many examples show how culture differences are link to territories and behavior change when moving from one territory to another. (Mountain - sea; city - countryside; occidental - oriental; etc)
- To identify in advance any cultural shift would be a success (go to fitness and have healthy habits, go to informal furniture or casual clothing,...etc)
- Many subcultures appear (US: Hispanic, african-american, asian-american, mature consumers). What are the identity clues? language, nationality, origin, religion, activities, income, social class, etc

Social Factors

- Small groups. To belong to a group means that you are membership. Reference groups refers to a set of points that define an attitude or behavior:
  - Family, friends, neighbors are our primary small groups
  - Professional associations, unions, church, cultural associations,... are our secondary small groups
- Opinion leaders provide big influence to costumers that belong to his group. This is well used in sports, tv people, etc
- Family; who is taken care of the weekly buying? Or car buying decisions? Or prepared meal? Or ...
- Different roles appear in the same person: professional, father or mother, fan of a sport club, etc. How it is the influence on them in the buying process?
Personal Factors

- Age and Live Cycle stage. People changes goods and services to buy over their lifetimes
- Levels defined by Sony: 1) Gen Y (under 25); 2) Young Professionals or DINKS (double income no kids, 25 to 34) 3). Families (35 to 54) 4) Zoomers (55 and over)
- Occupation: Blue collars - executives, etc.
- Income level: personal and social
- Lifestyle: Activities, interest, opinion
- Interest in lifestyle segmentation to be success on promoting or introducing new products.
- Personality and self-concept: Unique psychological characteristics that lead to response to the one’s own environment

Psychological Factors

1. Motivation
   - Should it be biological (hunger, thirst, discomfort)
   - Should be psychological (to be recognized or belonged).
   - Freud analysis of conscience - decisions are affected by subconscious
   - Maslow analysis: needs arranged in hierarchies: From most pressing to least
     - Self development needs (realization)
     - Esteem needs (recognition)
     - Social needs (sense of belonging, love)
     - Safety needs (security, protection)
     - Physiological needs

2. Perception: sight, hearing, smell, touch, taste. Reality is perception: thousands of ads per day, selective distortions, retentions, subliminal advertising

3. Learning: drivers (call for action), stimuli (pay back), responses (complementary values), reinforcement (satisfaction confirmation)

4. Beliefs and attitudes: descriptive thought of something you have; consistent feelings and acts toward an idea or object
**Buying decision behavior**

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<thead>
<tr>
<th>High Involvement</th>
<th>Low Involvement</th>
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<tbody>
<tr>
<td>Significant differences between brands</td>
<td>Complex buying behavior</td>
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<tr>
<td>Few differences between brands</td>
<td>Dissonance reducing behavior</td>
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- **Complex buying behavior.**
  - Need to help buyers learn about product attributes and their importance. Brand choice need to recognize not only brand features but also brand benefits.

- **Dissonance reduction buying behavior:**
  - Highly buyer involvement in a infrequent purchase with little differences on brands. After purchase, dissonance could occurs when experiencing new product. Customer service!

- **Habitual buying behavior**
  - Commodities and low customer implication on the product. Brand familiarity more than brand conviction.

- **Variety buying behavior**
  - Brand switching. High response on marketing actions (lower prices, free samples, etc).

**Decision process when buying**

- Need recognition: internal or external stimuli
- Information search: personal, commercial, public, experiences
- Evaluation alternatives: brand importance, attributes of the product, expectation to be covered, specific features
- Purchase decision: intention and decision: what are the attitude of the others? There are any unexpected factor
- Post- Purchase behavior: good experiences are much less mentioned than bad ones. Any purchase have cognitive dissonance. Any purchase has compromise
New product introduction and consumer decisions

- Stages in the adoption process: awareness, interest, evaluation, trial, adoption. How to accelerate all process? Can leaders adopt it, as an example for the rest?
- Individual differences: innovators, early adopters, early majority, late majority, laggards
- Product characteristics and adoption rate
  - Relative advantage
  - Compatibility
  - Complexity level
  - Divisibility
  - Communicability
- Globalization: Kellogg focuses in different countries. Sports