



# INTRODUCTION TO MARKETING

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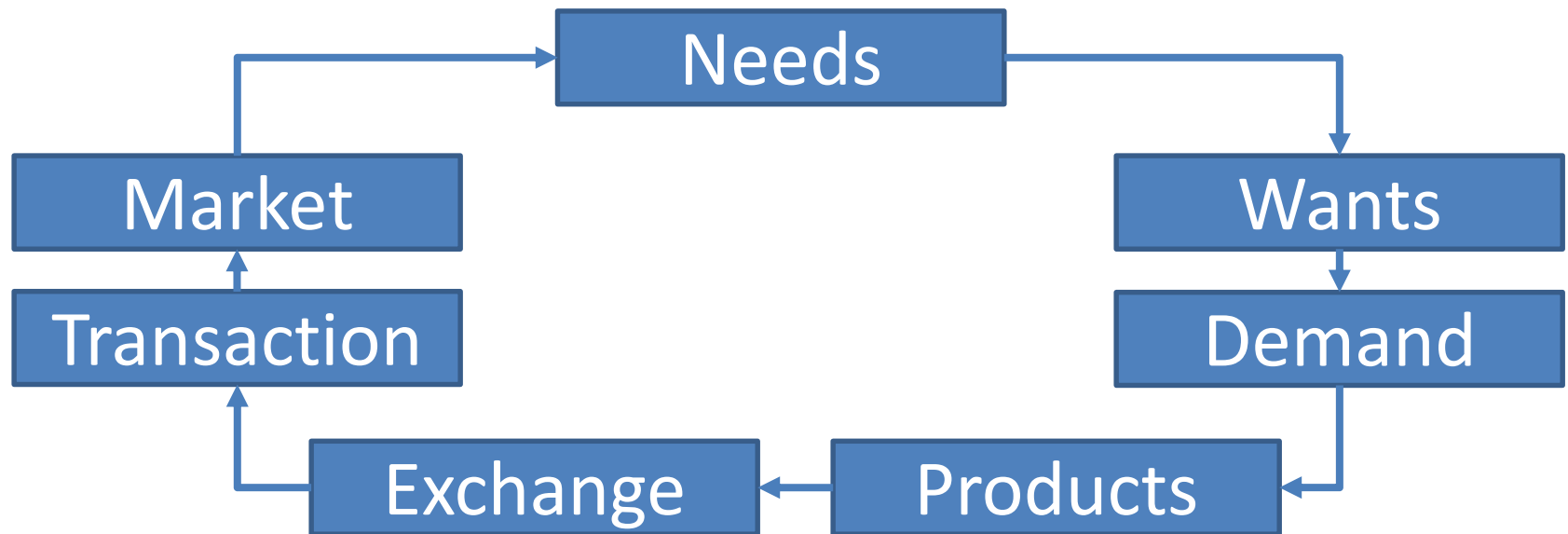
# Today's class

1. Introduction to marketing
2. Marketing mix
3. Communication mix
4. Market research
5. SWOT analysis



# Marketing

- business philosophy and a concept that is always focused on meeting customers' needs
- includes all the activities of a firm focusing on **sales**
- the essence of the concept:



# Marketing mix

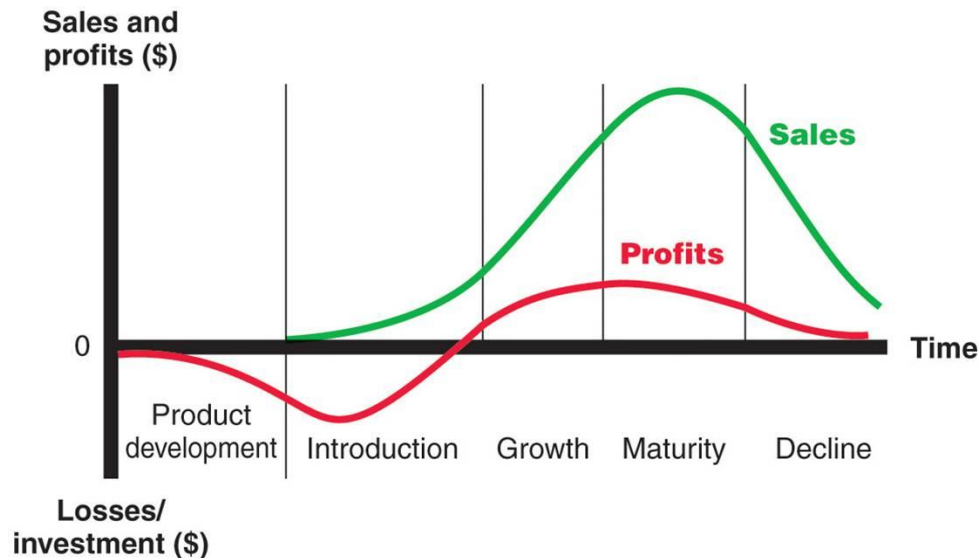
-set of marketing tools that the firm uses to pursue its marketing objectives

-4P:

1. PRODUCT
2. PRICE
3. PLACE
4. PROMOTION

# 1P: Product

-product is everything that can be offered on the market for purchase, use or consumption, and has the ability to meet customers' needs



# 1P: Product

<i>STAGE</i>	<i>I.+II.</i>	<i>III.</i>	<i>IV.</i>	<i>V.</i>
<b>Sales</b>	low	increasing	peak	decreasing
<b>Profit</b>	negative	increasing	peak	decreasing
<b>Customers</b>	innovators, early adopters	early majority	late majority	laggards
<b>Competition</b>	non-existent to small	increasing	many competitors	exit of the weakest firms
<b>Marketing goal</b>	stimulating demand, making people try the product	maximizing market share	maximizing profit, defending market share	lowering costs, „get the most“ without further investment
<b>Product</b>	basic version	improved ver., customer service	differentiation, wide product line	exit of some variants
<b>Price</b>	high	allowing gaining market share	similar to competition	decreasing
<b>Marketing emphasis</b>	product awareness	brand preference	brand loyalty	various

# 1P: Product

-product levels:

## 1. Core product

-the reason why I buy it = need, utility

## 2. Actual product –tangible aspects

a) Quality – expected lifetime,  
manipulation with product...

b) Modifications, variants, features

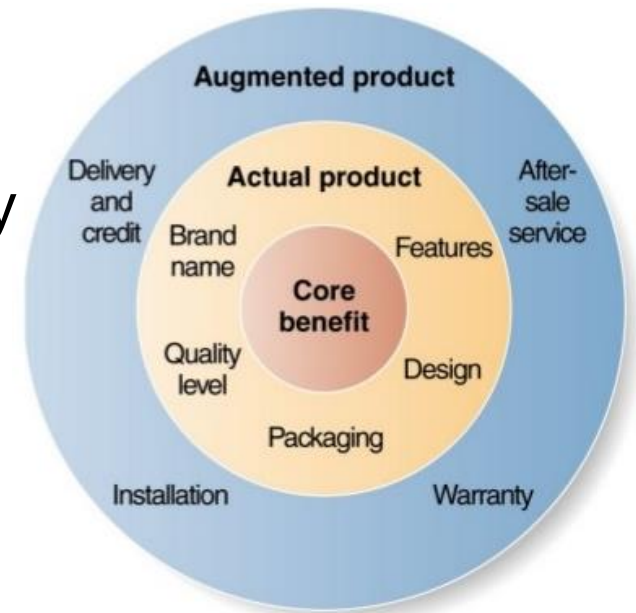
c) Design – or fashion

d) Brand – makes it possible to distinguish similar products:  
easily memorable, pronouncable, translatable,  
registered and legally protected

e) Packaging – protects the product and informs

## 3. Augmented product –intangible aspects

-customer service, warranty, finance, insurance...



# 1P: Product

- the development of new products (entirely new, modified or new brands) is an important part of a company's competitiveness:
  - a) Own research and development
  - b) Acquisition (patent, license, firm)
- the process of new product development:
  1. Idea generation
  2. Idea screening, selection
  3. Concept development
  4. Marketing strategy development (4P)
  5. Business analysis
  6. Product development (prototype)
  7. Product testing
  8. Commercialization



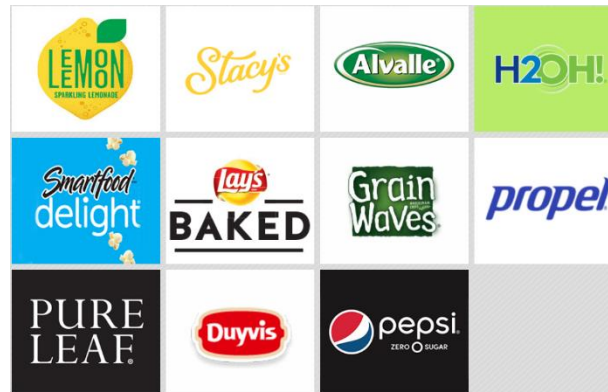
# 1P: Product

- most businesses have an entire portfolio of products at different stages of the life cycle and aiming at different market segments
- e.g. PEPSI:

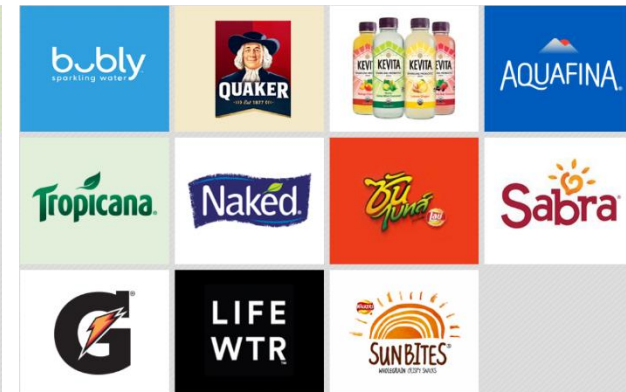
## FUN FOR YOU



## BETTER FOR YOU



## GOOD FOR YOU



# 2P: Price

- the value of the product expressed in monetary units
- the only part of the marketing mix which represents revenue
- what are the factors affecting pricing decisions?

## 1. Internal factors

- a) Costs (fixed, variable) = lower limit for the price
- b) Marketing goals (Survival? Profit maximization? Market share maximization? Leadership in quality?)
- c) Marketing strategy
- d) Pricing method (Who sets the price?)

## 2. External factors

- a) Market (suppliers, competition, customers)
- b) Legislation (e.g. in Slovakia there is Act on Prices)
- c) Inflation, interest rate
- d) Export, import
- e) Technological progress

# 2P: Price

-pricing methods:

1. **Cost-based pricing**

-costs + markup (different by industry and firm)

2. **Demand-based pricing**

-the price of a product is based on the demand (e.g. airlines)

-there can even be a survey among customers

3. **Competition-based pricing**

-higher, equal or lower prices as competitors

-special prices for public procurement...

# 2P: Price

-price adjustments:

## 1. Discounted prices

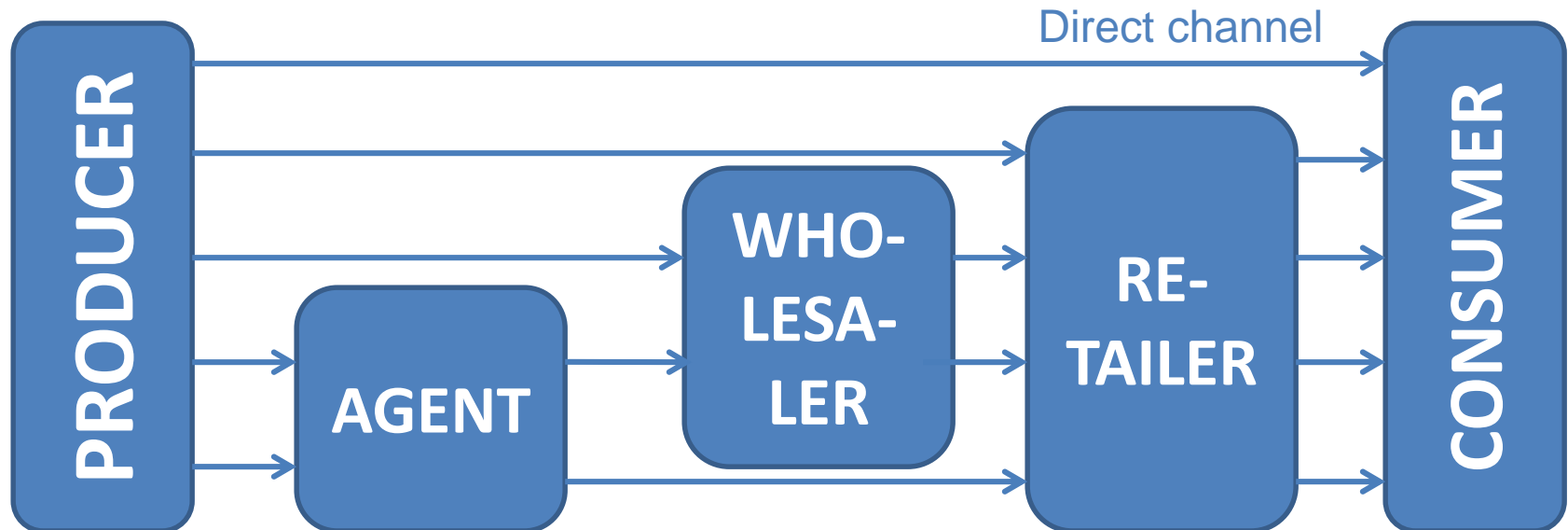
- seasonal sales, loyalty discounts, quantitative rebates, cash payment discounts, trade-in programs...

## 2. Price differentiation

- based on location,
- based on time of purchase/delivery,
- based on market segments (=group pricing, e.g. discounts for students, discounts for seniors),
- based on product modification...

# 3P: Place

- transportation and sorting of goods
- the good is transferred from production site to consumption site
- the good must get at the right time for the right price to the right customer
- the channel is called **distribution channel**



# 3P: Place

- retailers buy and sell goods to consumers, usually for their final consumption
- supermarkets, department stores, discount stores, specialty stores, boutiques...

Before purchase	After purchase	Additional services
-phone orders	-delivery	-free parking
-mail orders	-gift wrapping, adjustment of goods	-restaurant, bar, refreshments
-advertising	-cash on delivery	-children's place
-trying goods (on)	-engraving	-cheque payment
-exhibitions, fair	-returns	-card payment
-fashion shows	-installation, assembly, training	-toilets

# 4P: Promotion

-communication with the market => ensuring maximization of sales:

- a) **Internally** – marketing department, PR department
- b) **Externally** – advertising agency, PR agency

Promotion mix:

ADVERTISING

SALES PROMOTION

PUBLIC RELATIONS

PERSONAL SELLING

DIRECT MARKETING

# 4P: Promotion

## Advertising

- Any paid form of nonpersonal presentation and promotion of ideas, goods, or services by an identified sponsor.
- Examples: broadcast, print, internet, mobile

## Sales Promotion

- Short-term incentives to encourage the purchase or sale of a product or service.
- Examples: discounts, displays, coupons, demonstrations

## Personal Selling

- Personal presentation by the firm's sales force for the purpose of making sales and building customer relationships.
- Examples: sales presentations, trade shows, incentive programs

## Public Relations

- Building good relations with the company's various publics by obtaining favorable publicity, building good corporate image, and handling or heading off unfavorable rumors, stories, and events.
- Examples: press releases, sponsorships, events, web pages

## Direct Marketing

- Direct connections with carefully targeted individual consumers to both obtain an immediate response and cultivate lasting customer relationships.
- Examples: catalogs, direct-response TV, kiosks, the Internet, mobile marketing

Source: Lauren Broderick. <https://lbroderick.wordpress.com/marketing-concepts/integrated-marketing-communications/>



# 4P: Promotion

-communication mix includes the following activities:

1. Identifying the target audience

- current / potential customers
- target audience influences all the other decisions

2. Identifying the expected response

- purchase!

3. Designing the message

- content, structure, place, design...
- 3 types of appeals: rational, emotional, moral

4. Selecting the media

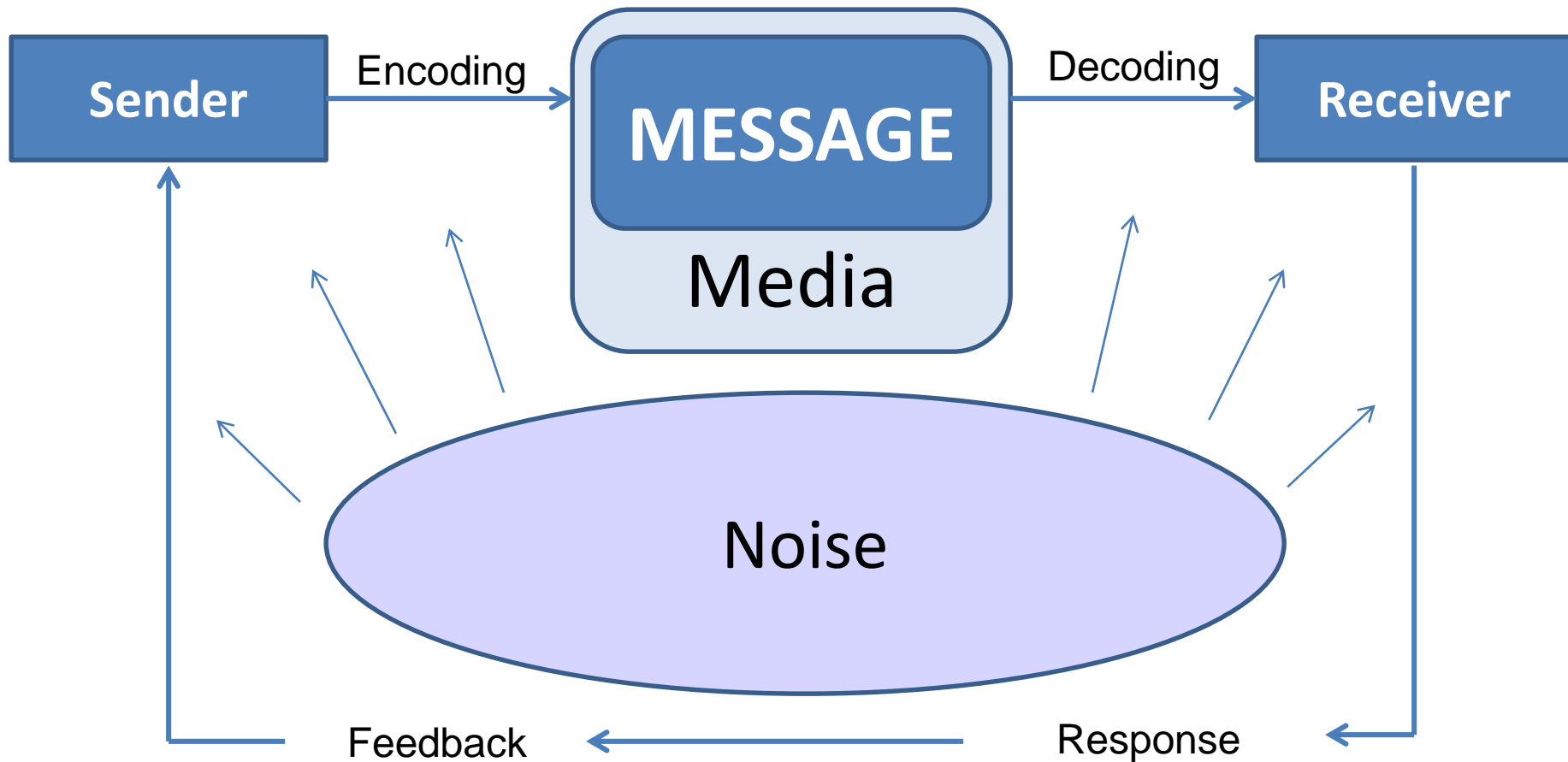
5. Selecting the message source

- well-known, trusted celebrities

6. Feedback

# 4P: Promotion

-communication process:



# 4P: 1. Advertising

- impersonal communication with the market by an identified sponsor
- the goal is to influence the purchase behavior
- informs, persuades, reminds; it creates awareness
- product advertising vs. image advertising
- advertising tools:
  1. Classifieds
  2. Flyers
  3. Leaflets
  4. Posters (billboards...)
  5. TV ads
  6. Radio ads
  7. Internet ads

...

# 4P: 2. Sales promotion

- short-term incentives to encourage the purchase or sale of a product
- it focuses either on customers or on retailers / dealers
- sales promotion tools:
  1. Samples
  2. Coupons
  3. Rebates
  4. Price bundling
  5. Loyalty discounts
  6. Competitions
  7. Displays
- ...free delivery, 2 for 1...

# 4P: 3. Public relations

- mass communication with the public
- building/maintaining good corporate image, obtaining favorable publicity, increasing market share...

1. PR department
2. Marketing department
3. Spokesman

-it includes various tools:

press releases, annual reports...

press conferences

corporate magazines, circulars...

corporate clothing, cars, promotional items

sponsorships

web pages, social media pages

# 4P: 4. Personal selling

- face-to-face selling
- a seller attempts to persuade a buyer to make a purchase by personal communication
- sales representatives
- tasks: searching for customers  
communication with customers  
persuading, signing contracts

# 4P: 5. Direct marketing

- the business of selling products or services directly to the public, e.g. by mail order or telephone selling, rather than through retailers
- no middlemen
- various types:
  - brochures
  - catalogs
  - newsletters
  - coupons
  - e-mails
  - targeted online display ads (Facebook...)
  - phone calls
  - text messages

# Market research

-the action or activity of gathering information about consumers' needs and preferences to successfully run business

1. Formulating the research problem / question

2. Designing research method

-information sources used, research methods and procedures, selection of respondents, methods of contacting...

3. Collecting data

-the key stage of market research, mostly using IT

4. Analysing and interpreting data

-qualitative and quantitative methods

5. Presenting results

-report for management, marketing head...



# Market research methods

## QUALITATIVE

Market  
observation  
Focus groups  
In-depth interview

## QUANTITATIVE

Direct  
measurement  
Survey

# Survey / questionnaires

- often used as a form of feedback, e.g. the customer can express his / her satisfaction with the service
- however, it is not easy to design a questionnaire correctly!
- types of questions: **factual** (objective), **attitude** (subjective)
- types of questions: **open-ended**, **closed-ended**, **semi-closed**
- it is important to use a correct scale
- reliability (internal consistency) and validity of the questionnaire (depending on the target group and return rate)
- it is always recommended to test the first version of the questionnaire on a few respondents to find the mistakes, e.g. unclear questions, questions with multiple meanings...

# Scales

-respondents use a rating scale to express their opinion or behavior; choosing from pre-determined options or from an interval

**Nominal scale:** -non-numeric (e.g. male / female)

**Ordinal scale:** -ranking and ordering of the data without actually establishing the degree of variation between them  
-i.e. it tells us the respondent prefers A to B, but not how much

**Interval scale:** -point scale with verbal descriptions

*Likert scale:* odd number of options, from which the respondent chooses his/her level of (dis)agreement

*Bipolar scale:* antonyms on different ends of the scale

# Scales

Likert:

**Customer satisfaction is key to organizational growth.**

- ☐ 1- Completely agree
- ☐ 2- Somewhat agree
- ☐ 3- Neutral
- ☐ 4- Somewhat disagree
- ☐ 5- Completely disagree

Bipolar:

What do you think of the dress?

	Left Anchor					Right Anchor
	Very Much	Somewhat	Neither	Somewhat	Very Much	
Itchy	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Super Soft
Dull	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Vibrant
Casual	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Formal

# Survey – a bad example

Please indicate your level of agreement with each of the following statements

	Very satisfied	Somewhat satisfied	Neutral	Somewhat dissatisfied	Very dissatisfied	N/A
Salary	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Benefits	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Frequency and amount of bonuses	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Connection between pay and performance	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

1. Why are you going online today?

- ☐ Work activities
- ☐ Check email
- ☐ Leisure/entertainment
- ☐ All of the above

Responses must contain a unique answer from 1 to 7

4. Please rank the following items from 1 to 7 with 1 being the most desired and 7 being the least desired feature you would like to see added to the United Wi-Fi Home Page.

	Rank
a) Movies/TV shows	<input type="text" value="7"/>
b) Additional games	<input type="text" value="6"/>
c) More United information (ie- customs, arrivals lounges, etc)	<input type="text" value="1"/>
d) More destination content	<input type="text" value="5"/>
e) Music/audio books	<input type="text" value="4"/>
f) Shopping sites/deals	<input type="text" value="3"/>
g) Inflight food ordering capabilities	<input type="text" value="2"/>

5. Have you used another airline's in-flight Wi-Fi service?

- ☐ Yes
- ☐ No

10. Additional comments/feedback?

# Questionnaire reliability

- verification of internal consistency (of respondent's answers)
- can be done by using a number of similar questions  
(it is recommended to put them in different places in the questionnaire)

When buying flight tickets to USA, how important it is for you that the flight is direct?	How much are you willing to pay extra to have a direct flight to USA compared to indirect flight? (average of answers)
Very important	80.36 EUR
Important	45.99 EUR
Neither important nor unimportant	37.69 EUR
Unimportant	29.81 EUR
Very unimportant	16.07 EUR

# SWOT analysis

- a study undertaken by an organization to identify its internal strengths and weaknesses, as well as its external opportunities and threats
- updated frequently to maintain competitiveness!



# SWOT analysis

## SWOT analysis of TESLA



### Swot Analysis

### Tesla Swot Analysis

According to all data gathered and exposed before we can do the next Tesla SWOT analysis:

Strengths	Opportunities
<ul style="list-style-type: none"><li>• Product: fastest and most energy-efficient electric car on the market</li><li>• Innovative technology</li><li>• Brand image</li><li>• Positive strategic partnerships</li></ul>	<ul style="list-style-type: none"><li>• Growing market</li><li>• Increasing oil &amp; gas prices</li><li>• Rising consumers sentiment</li><li>• Government support</li><li>• Young industry with no set standards</li><li>• Large International market potential</li><li>• Increasing awareness and support for environmentalist</li></ul>
Weaknesses	Threats
<ul style="list-style-type: none"><li>• Scale of operations, no economies of scales, low sales volume</li><li>• Dependent on continuing innovation</li><li>• Financial profile</li><li>• Deep pocket competition</li></ul>	<ul style="list-style-type: none"><li>• Large motor companies devoting more resources to developing electric cars and cars fuelled by other alternatives</li><li>• Increasing Internal Combustion Engine efficiency</li><li>• Limited EV support Infrastructure</li><li>• Concentrated industry</li><li>• Auto buying dynamics</li><li>• Loss of government subsidies</li></ul>

Source: Darden School of Business. <https://www.slideshare.net/joseangeldf/darden-school-of-business-tesla-strategic-analysis>