

Marketing Management

Session3



Last Session Summary

- New Marketing Realities
 - Major Societal Forces
 - New Consumer Capabilities
 - New Company Capabilities
- Holistic Marketing Concept
- Market Oriented Strategic Planning
 - What is a Marketing Plan?
 - Levels of a Marketing Plan
 - Strategic Planning, Implementation and Control Process

Session Goals

- Ch 3- Identifying and responding to Major Macro Environment Forces
 - Marketing Research
 - Marketing Environment
 - Analysing Consumer Markets

Marketing Research- An Introduction



Marketing Research

- The American Marketing Association (AMA) redefined **Marketing Research** as: *The function that links the consumer, the customer, and public to the marketer through **INFORMATION***



Definition of Marketing Research

- **Marketing research is the systematic and objective**
 - identification
 - collection
 - analysis
 - dissemination
 - and use of information
- For the purpose of improving decision making related to the
 - identification and
 - solution of problems and opportunities in marketing



Market Research

- Specifies the information necessary to address these issues
- Manages and implements the data collection process
- Analyzes the results
- Communicates the findings and their implications
- Helps managers use this information to make decisions

Classification of Marketing Research

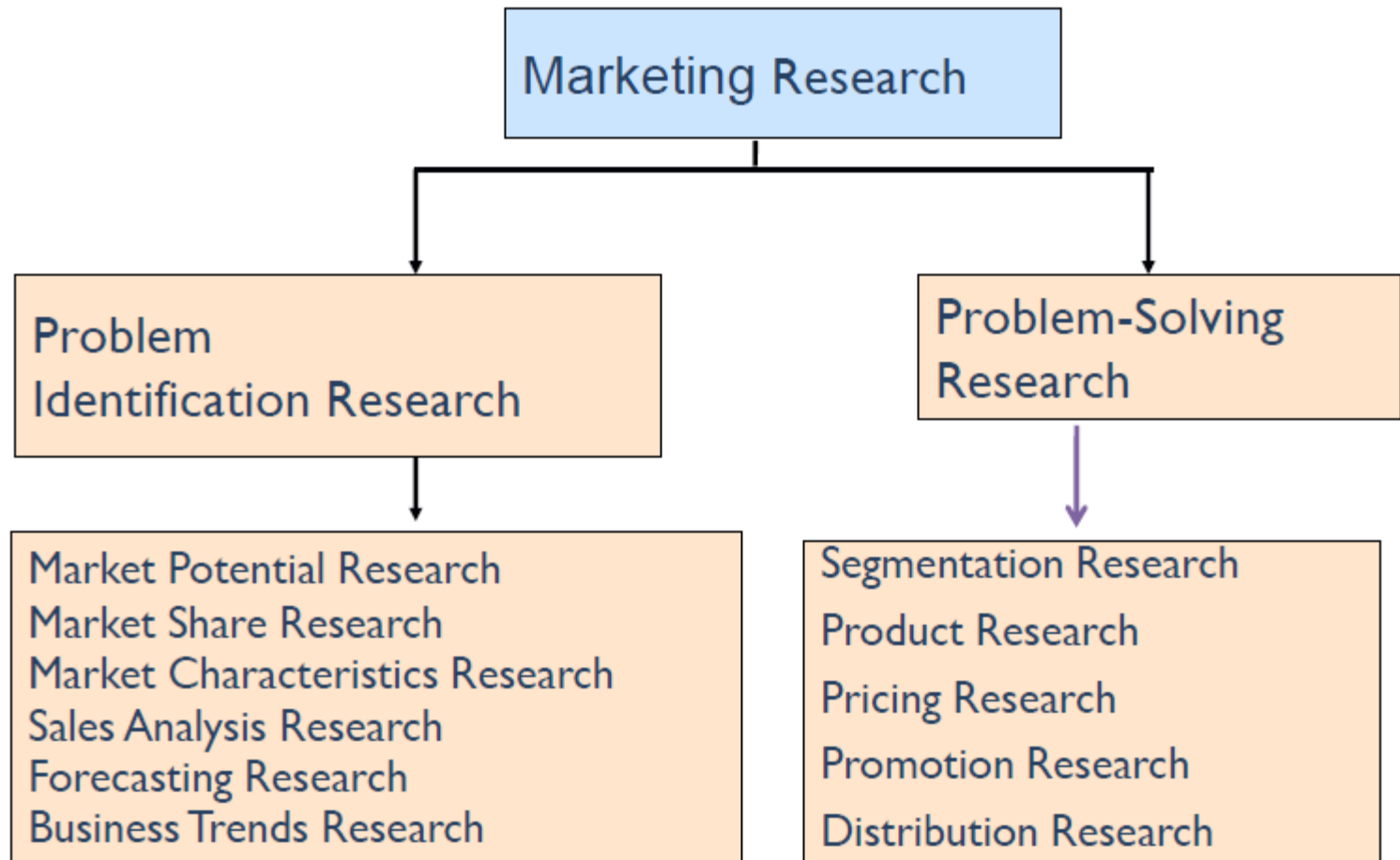
- **Problem-Identification Research**

Research undertaken to help identify problems which are not necessarily apparent on the surface and yet exist or are likely to arise in the future. *Examples: market potential, market share, image, market characteristics, sales analysis, forecasting, and trends research.*

- **Problem-Solving Research**

Research undertaken to help solve specific marketing problems. *Examples: segmentation, product, pricing, promotion, and distribution research.*

Classification of Marketing Research





Marketing Research Process

- Step 1 : Problem Definition
- Step 2 : Development of an Approach to the Problem
- Step 3 : Research Design Formulation
- Step 4 : Fieldwork or Data Collection
- Step 5 : Data Preparation and Analysis
- Step 6 : Report Preparation and Presentation

The Role of Marketing Research



Marketing Environment





Marketing Environment Audit

- Macro environment

- Demographic

- Economic

- Environmental

- Technological

- Political

- Cultural

- Task Environment

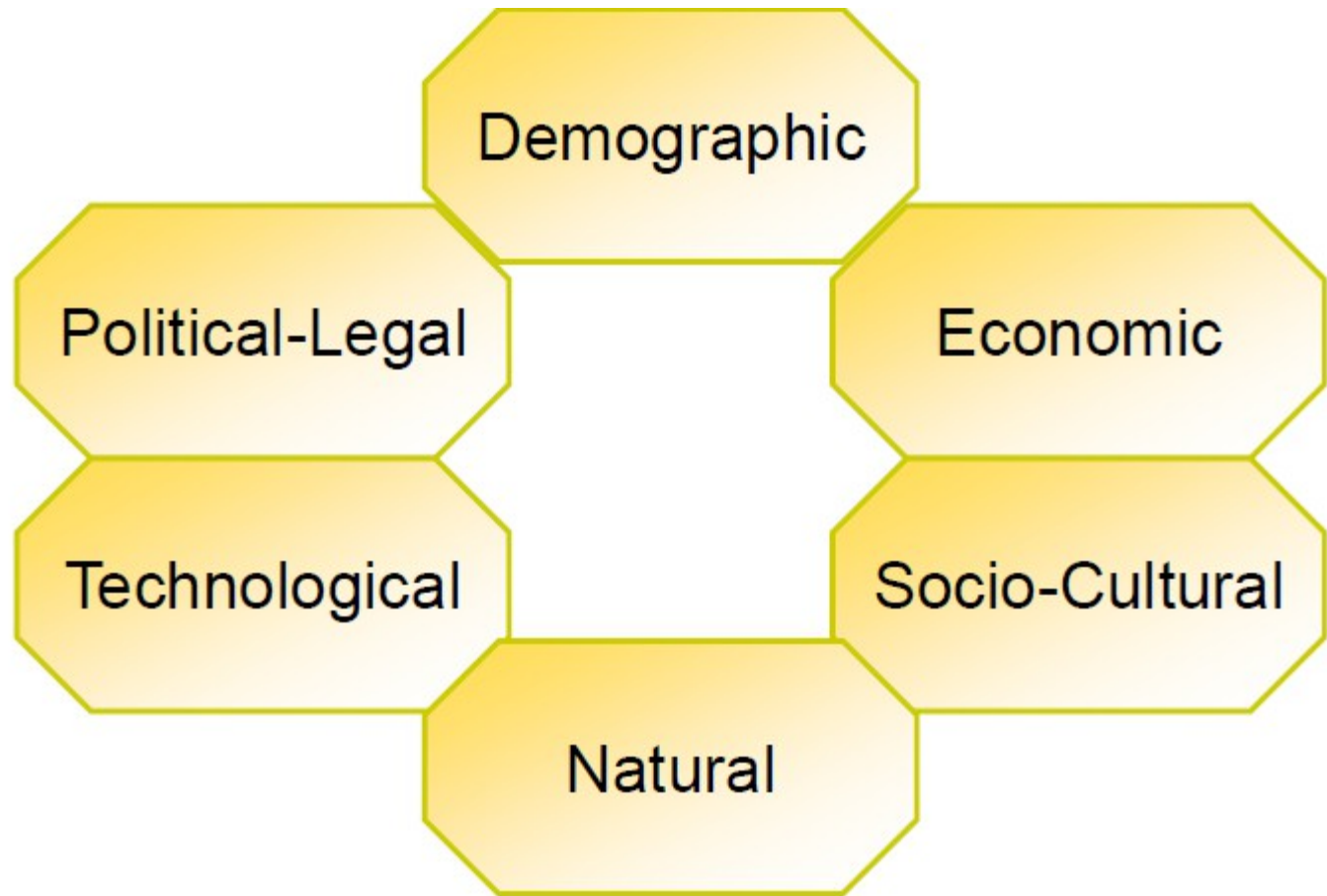
- Markets

- Customers

- Competitors

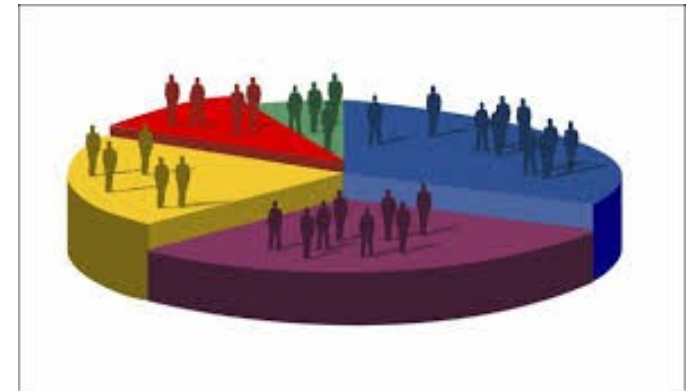
- Suppliers

Environmental Forces

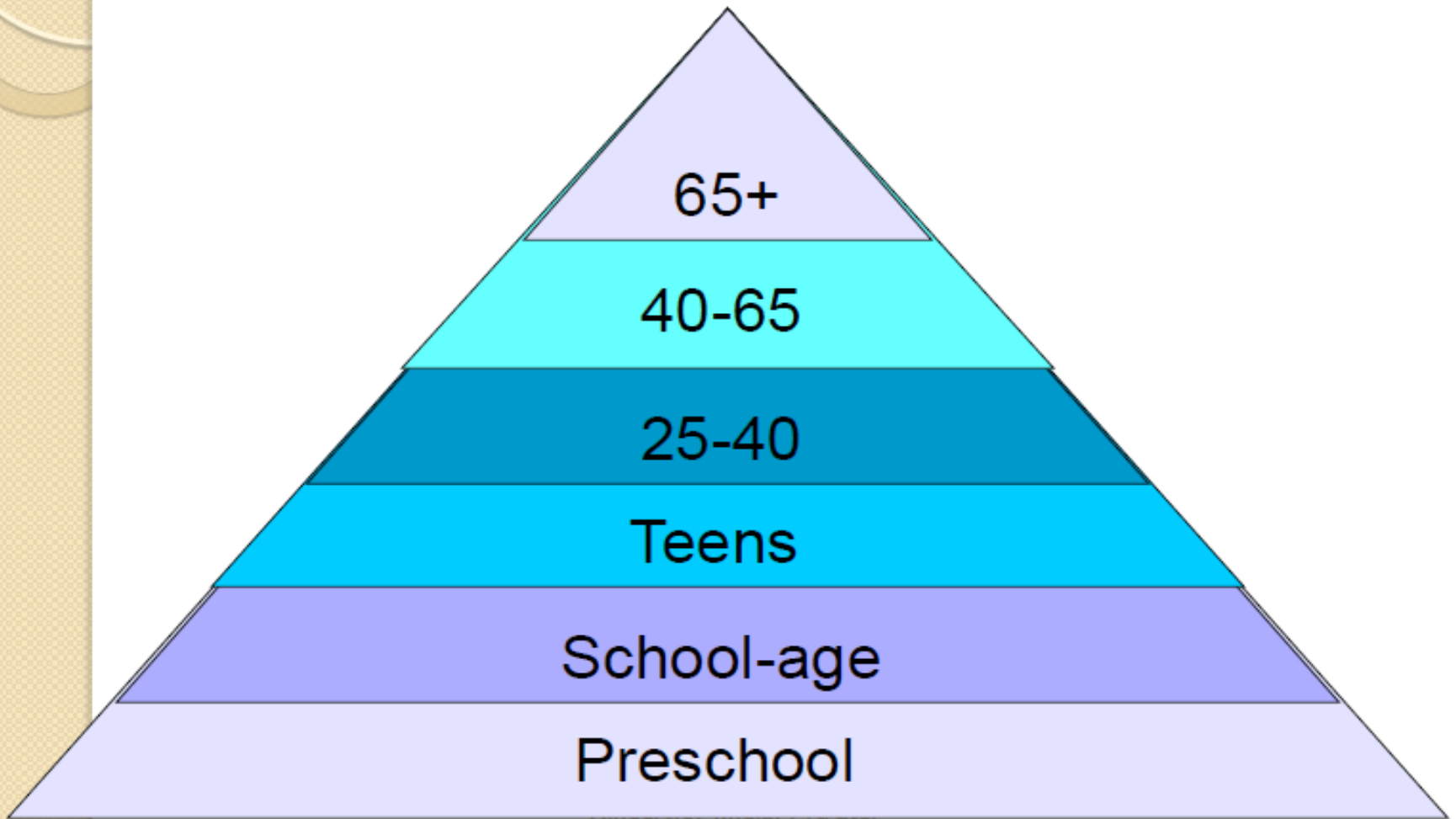


Population and Demographics

- Population growth
- Population age mix
- Ethnic markets
- Educational groups
- Household patterns
- Geographical shifts



Population Age Groups



Economic Environment

- Income Distribution
- Savings, Debt, and Credit
- *Levi's has responded to changes in income distribution by offering an upscale line and a mass market line*



Social-Cultural Environment

Views of themselves

Views of others

Views of organizations

Views of society

Views of nature

Views of the universe



The Big Mac, McDonald's signature beef burger in 119 countries, is not served in India as cows are considered sacred in Hinduism.

Natural Environment

Shortage of
raw materials

Increased
energy costs

Anti-pollution
pressures

Governmental
protections



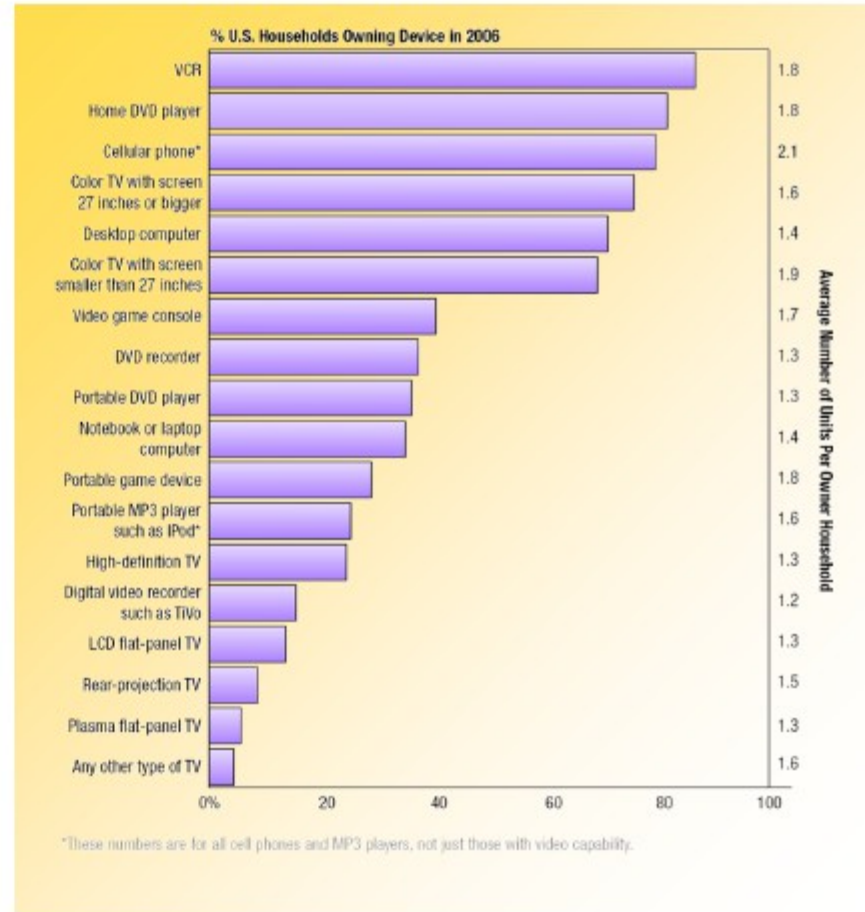
Technological Environment

Pace of change

Opportunities
for innovation

Varying R&D
budgets

Increased regulation
of change



Political-Legal Environment



Increase in
business legislation

Growth of special
interest groups

Analysing Consumer Markets



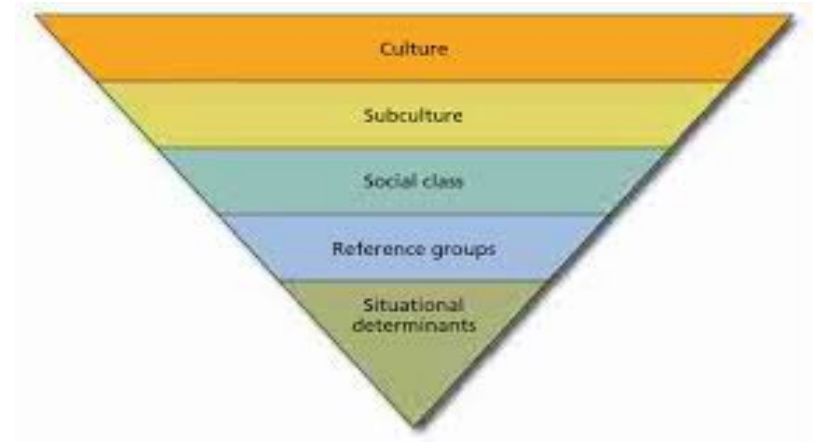
What is Consumer Behaviour?

- Need to understand:
 - why consumers make the purchases that they make?
 - what factors influence consumer purchases?
 - the changing factors in our society.
- *Study of how people behave when obtaining, using, and disposing of products and services.*



What Influences Consumer Behavior?

- Cultural factors
- Social factors
- Personal factors
- Psychological



Cultural Factors

- What is Culture?

The fundamental determinant of a person's wants and behaviours acquired through socialization processes with family and other key institutions.



Sub-cultures

- Nationalities
 - Religions
 - Racial groups
 - Geographic regions
 - Special interests
-
- **How does this interest marketers?**



Fast Facts About Indian Culture

- Wrigley sells 10 million gum sticks a day
- Indian gum market comprises of 46% chewing gums and 55% bubble gums
- 11 million watched the IPL T20 semi finals



Social Classes



- Divisions in society, mostly **homogenous**, which are **hierarchically** ordered and whose members share similar values, interests and behaviour.
- In India, marketers use socio-economic classification. It uses combination of education and occupation of chief wage earner of household, to classify urban buyers

Characteristics of Social Classes



- Within a class, people have different characteristics.
- Social class conveys perceptions of inferior or superior position.
- Class may be indicated by a cluster of variables (occupation, income, wealth).
- Class designation is mobile over time.

Social Factors

- *Reference Groups – all groups that have direct or indirect influence on the persons attitudes and behaviour.*
- Family
- Social Roles
- Status



Personal Factors

- Age
- Life cycle stage
- Occupation
- Wealth
- Personality-*set of distinguishes psychological traits*
- Values
- Lifestyle
- Self-concept



Key Psychological Processes

- Motivation
- Perception
- Learning
- Memory

Influence consumer responses

Motivation

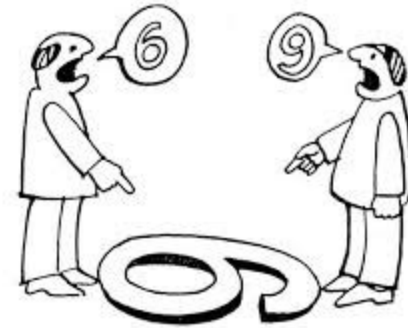


- **Freud's** theory – psychological forces shaping behaviour largely unconscious.
Person cannot understand his motivations.
- **Maslow's** hierarchy of needs



Perception

- Selective attention
- Selective retention
- Selective distortion
- Subliminal perception (messages in ads)



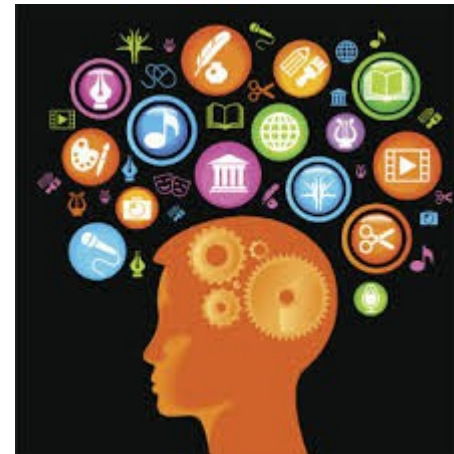
Learning



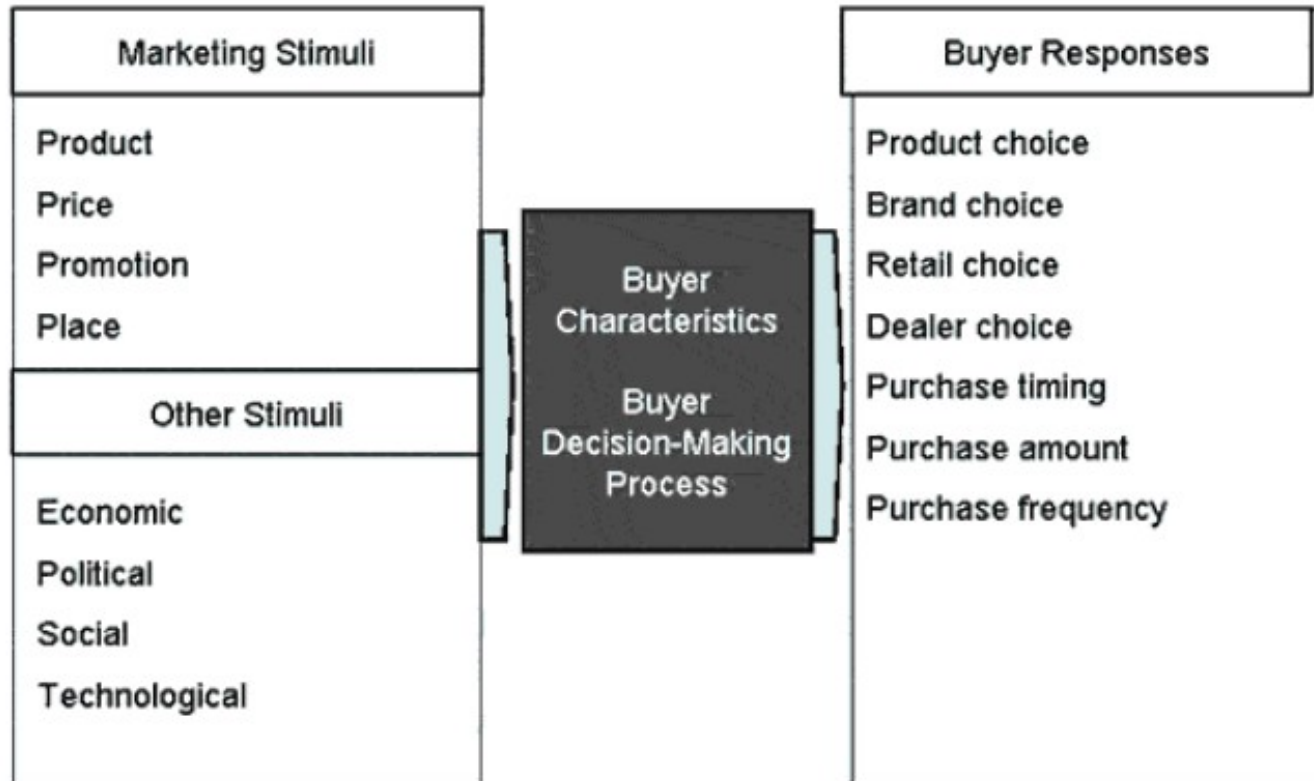
- Change in behavior
- Drives –*strong internal stimuli calling for action*
- Cues –*minor stimuli that determine when, where and how person responds.*

Memory

- A constructive process. Information stored in bits and pieces. Assembles into meaningful whole when recalled. Involves:
 - *Memory encoding*
 - *Memory retrieval*



Stimulus-Response Model of Buyer Behaviour





Thank You