

# Marketing

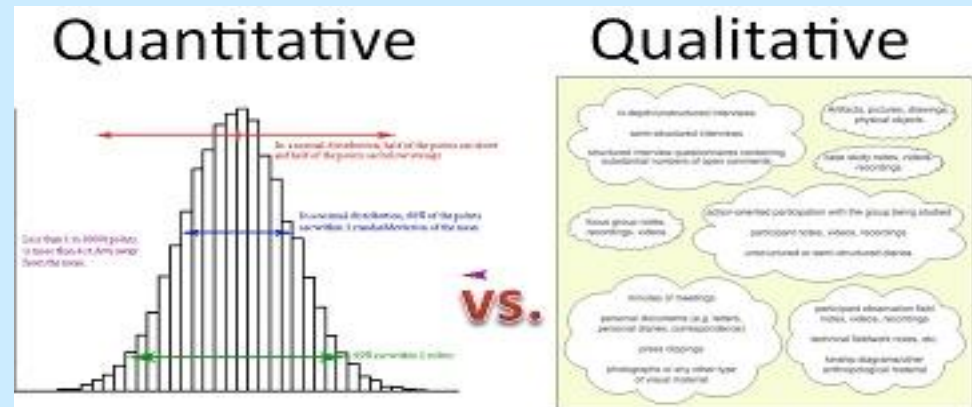
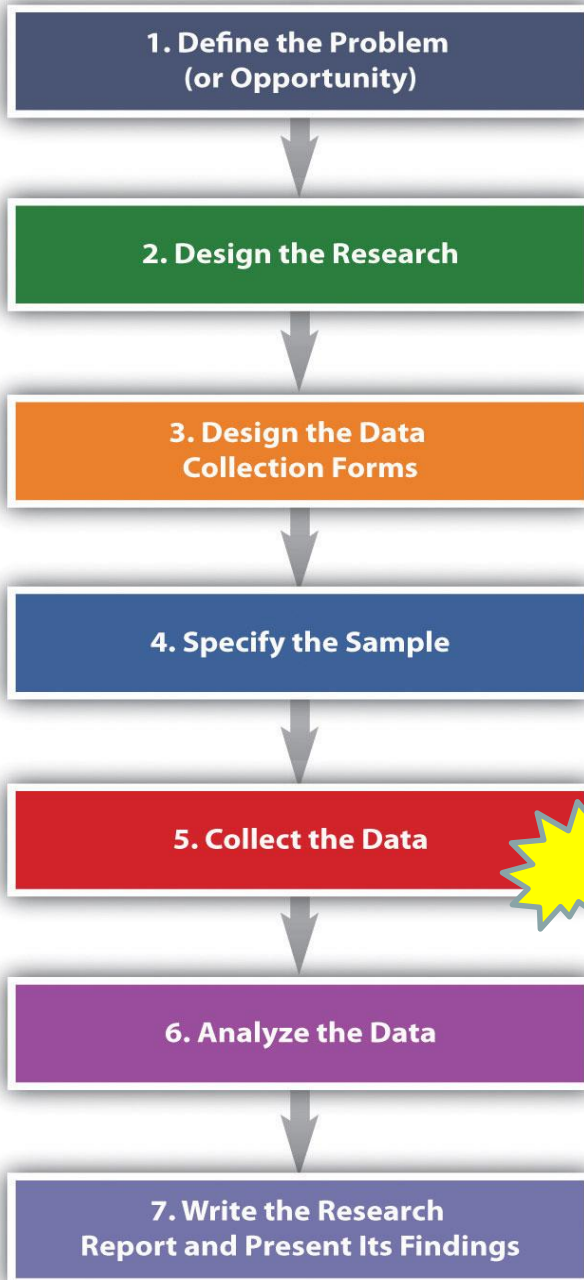


*“It’s about understanding customers, not just selling.”*

**I**dentifying needs

**A**nticipating needs

**M**eeting customer needs



# Product trial and repeat purchase

## Do you want a product for free?

We are inviting members to test out these Japan Diaper Covers. All we need is your comments.

3 members will be selected to take home one piece of diaper cover each worth \$25.

To participate, download the product trial application form, fill in the details and send it to [mail@embassyofbabies.com](mailto:mail@embassyofbabies.com).

Embassy of Babies will inform you if you are selected.

Note:  
Products are safe for use. Your comments will help our sponsor determine it's market value in Singapore.

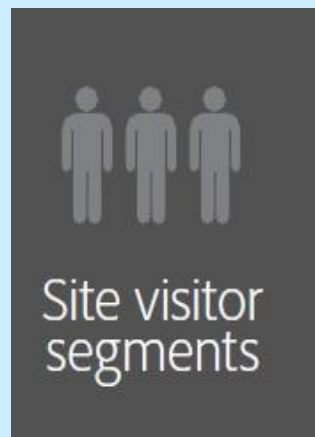
Sponsored by



## Product Trial

### Methods of product trial

- Advertising
- Free Publicity
- Free samples
- User Testing
- Low trial prices
- Targeting trade buyers

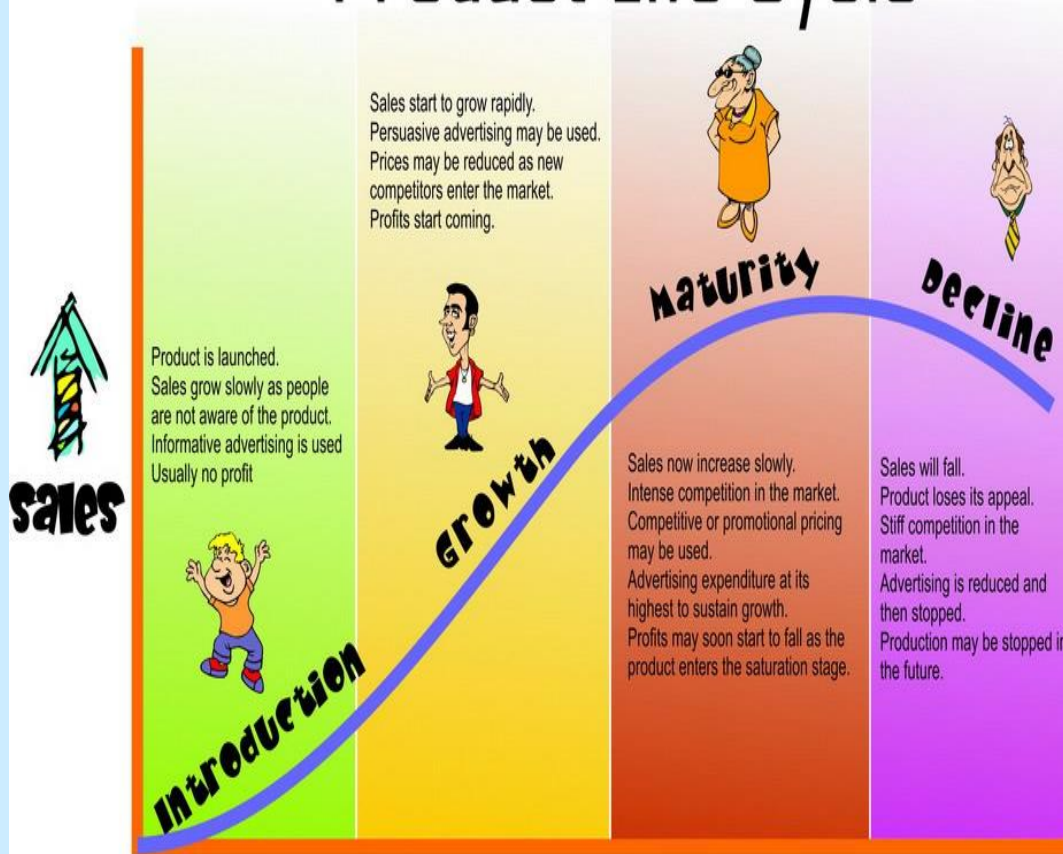


### Repeat purchase through:

- Promotion
- Price
- Product
- Place

# Product Life Cycle

## Product Life Cycle



downloaded from [www.dineshbakshi.com](http://www.dineshbakshi.com)  
interactive crosswords, quizzes,  
mindmaps, flash games.



High

Low

High



**STARS**



**QUESTION MARKS**

Low



**CASH COWS**

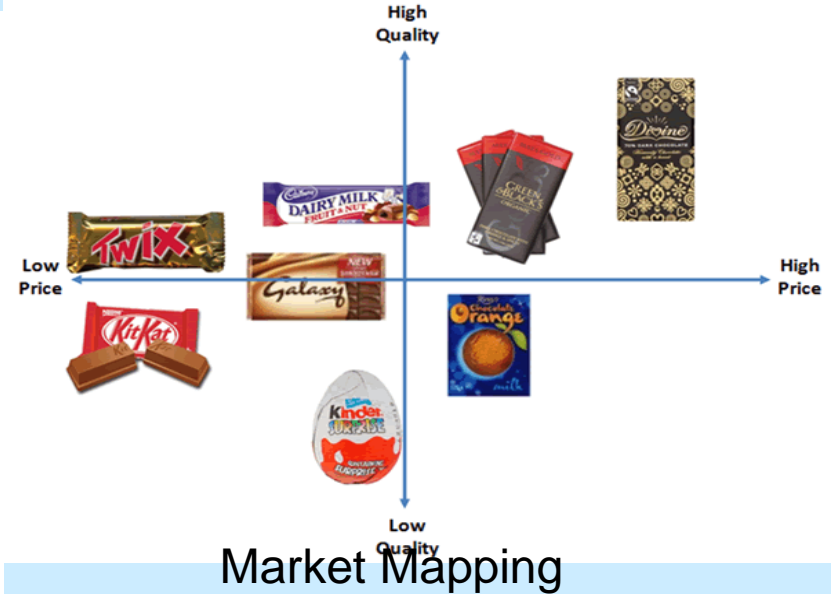


**DOGS**





# Branding and Differentiation



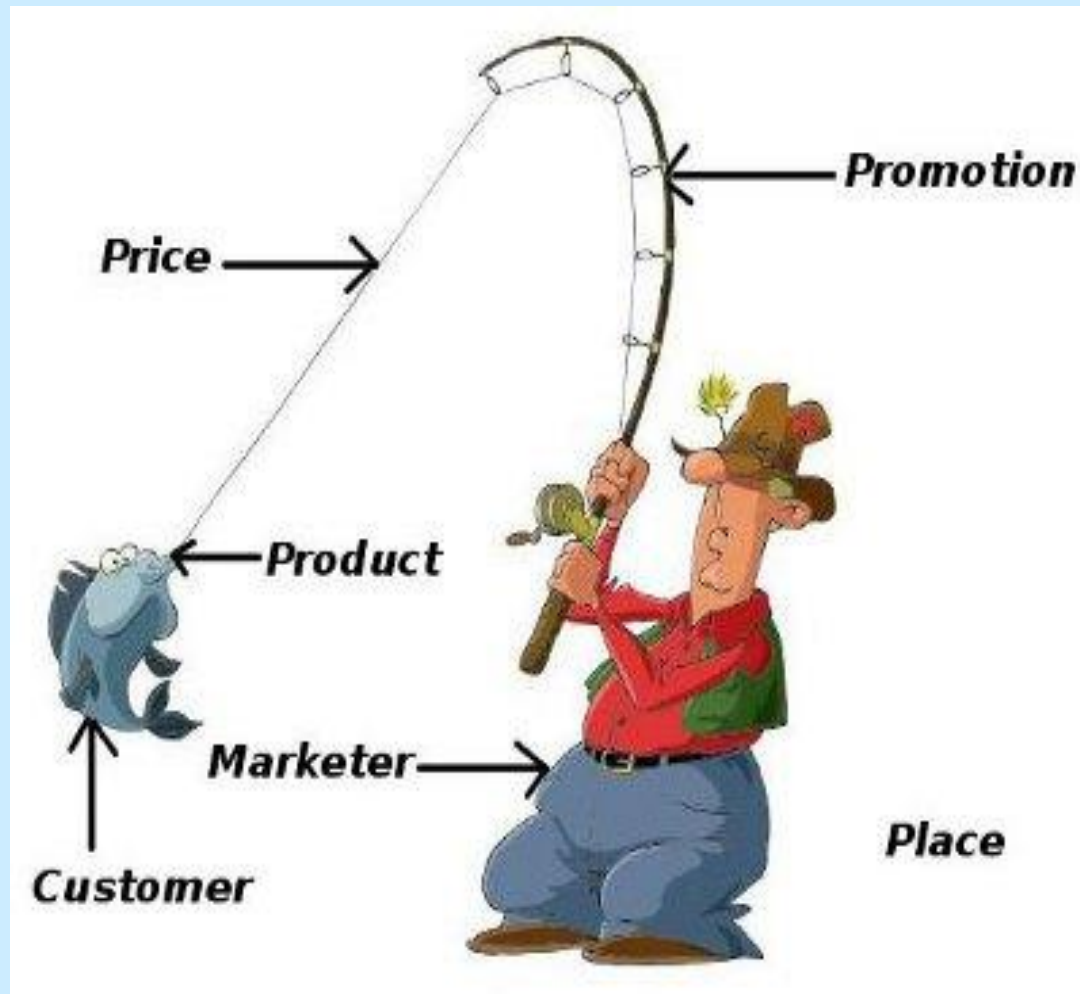
## Differentiation

- Design
- Formulation
- Function
- Name
- Packaging



Product Range

# Building a successful marketing mix



## *Remember...*

- **I**dentifying needs
- **A**nticipating needs
- **M**eeting customer needs









### *What the syllabus says...*

- The four phases of the life cycle,
- extension strategies,
- cash flow and the life cycle,
- product portfolio analysis through the Boston Matrix”
  
- Phases of the life cycle can be related to product trial and repeat purchase;



## Topic 3.1: Branding and Differentiation

### *What the syllabus says...*

- The importance of brands as an aid to product trial and repeat purchase
- The need to differentiate a product/service from others, given the level of Competition
- Useful to analyse brand images using a market map





# Design and Research Development



**Prototypes:** A working model of a possible finished product

The Design Mix –is made up of 3 factors:

**Appearance**

Stylish, elegant, beautiful products are more like to sell than products that have no style



The cheaper the cost of producing an item the better

**Cost**

How well a product works and the extent to which it does what it is supposed to do.

**Function**



- 3 main types of stocks:
1. Materials to be assembled into products
  2. Semi-finished products
  3. Finished products

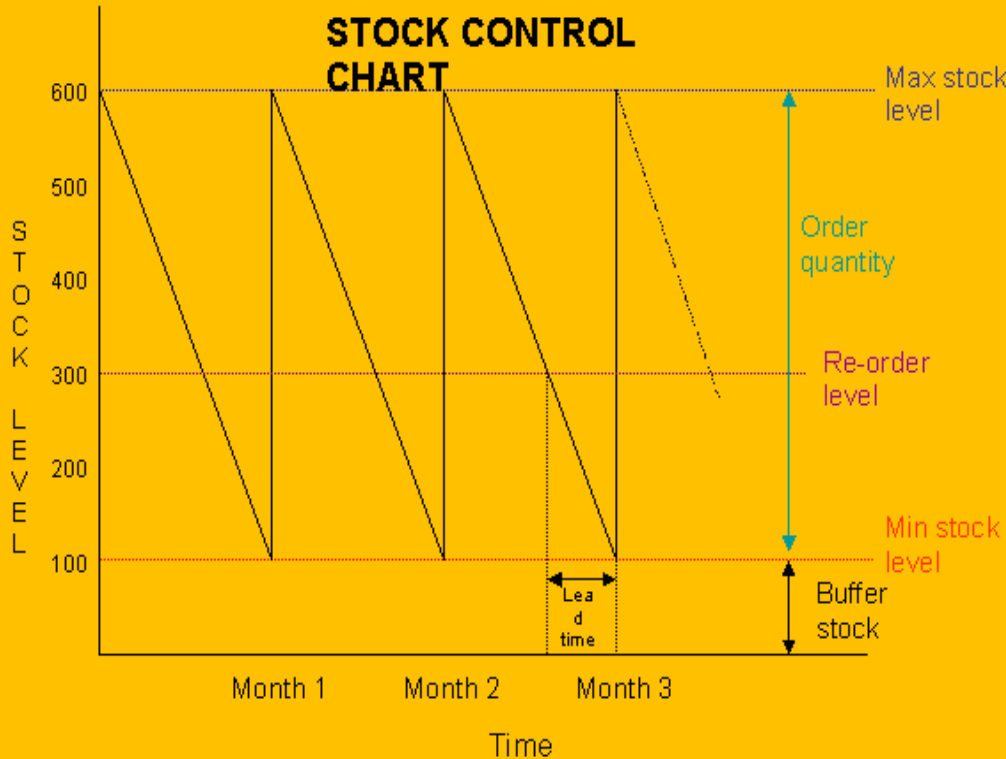
# Managing stock



Business holds no stocks, stocks delivered when they need them

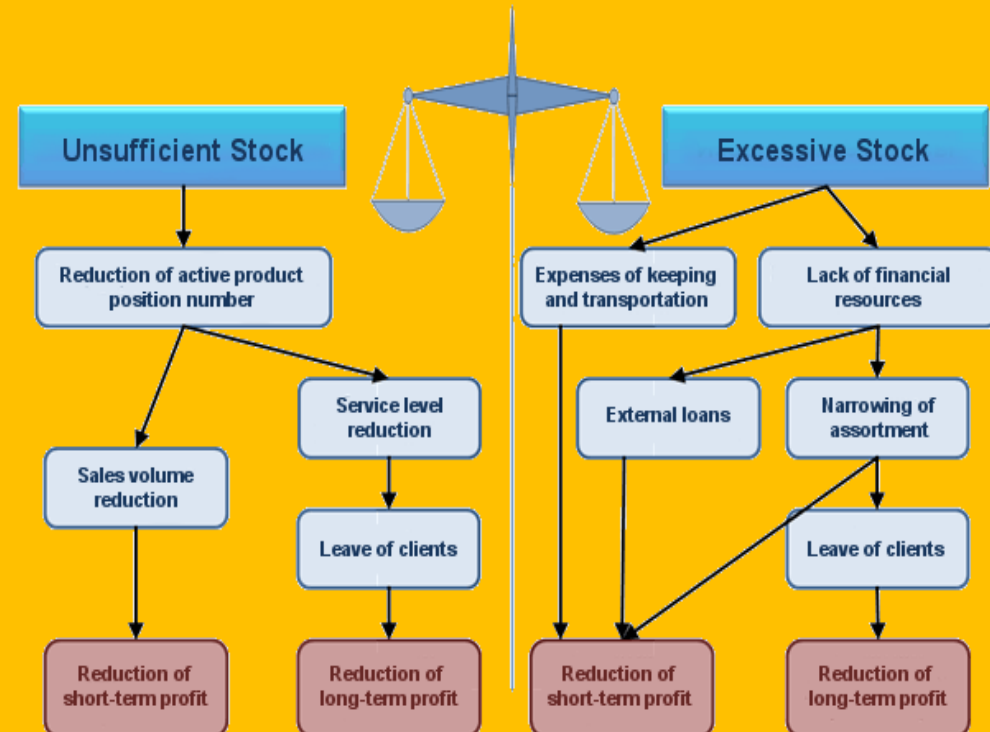


Business holds stocks, in the hope people will buy them!



What is the minimum level of stock a business should hold? Should it hold any stock at all? When should stock be reordered? **ANSWER:** "it depends..."

- Cost
- Production needs
- Price





# Quality



**Quality Assurance:** checked throughout production process

Advantages & Disadvantages

**Quality Control:** checked once product made



# Cost effective operations and competitiveness

**Productivity** =  $\frac{\text{Total Output}}{\text{Number of workers}}$

## Ways to raise productivity...

- Training
- Better equipment
- Motivation
- Better communication



## Ways to reduce costs...

- Improved purchasing (buy better e.g. bulk buying)
- Relocation
- Better design
- Cut overhead costs

# Effective Customer Service



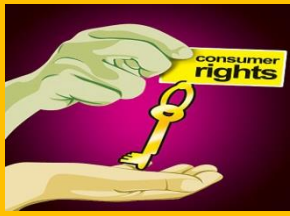
“The methods a businesses uses to enhance or improve the experience that a customer has in using the goods and services of a business”



- Meeting the needs of the customer
- Quality
- On time service
- Innovation
- Collaboration (working with other companies)
- Spotting problems
- Listening to customers
- Dealing with complaints
- Staff training
- Going beyond what is expected

## When your Customer Service Drops:





# Consumer Protection Laws



The Sale of Goods Act – *Helps consumers get their money back*

Trade Descriptions Act – *make different actions illegal and businesses breaking these actions can be taken to court and fined if they...*



- Give false information
- Fail to give important information
- Acting aggressively

The **SELLER** has to make sure that **PRODUCTS** have 3 characteristics...

1. Match the description
2. Merchantable quality
3. Fit for purpose



These laws can have a number of **effects** on businesses such as...

- Companies having to know the law
- Compliance costs
- Revenues and profits





### ***What the syllabus says...***

- Design as a key approach to product differentiation
  
- Be able to appreciate the design mix (Function, cost, appearance)
  
- Show the need for scientific research to provide the basis for development



# Topic 3.2 Quality



## ***What the syllabus says...***

- Quality control versus a culture of quality assurance



### *What the syllabus says...*

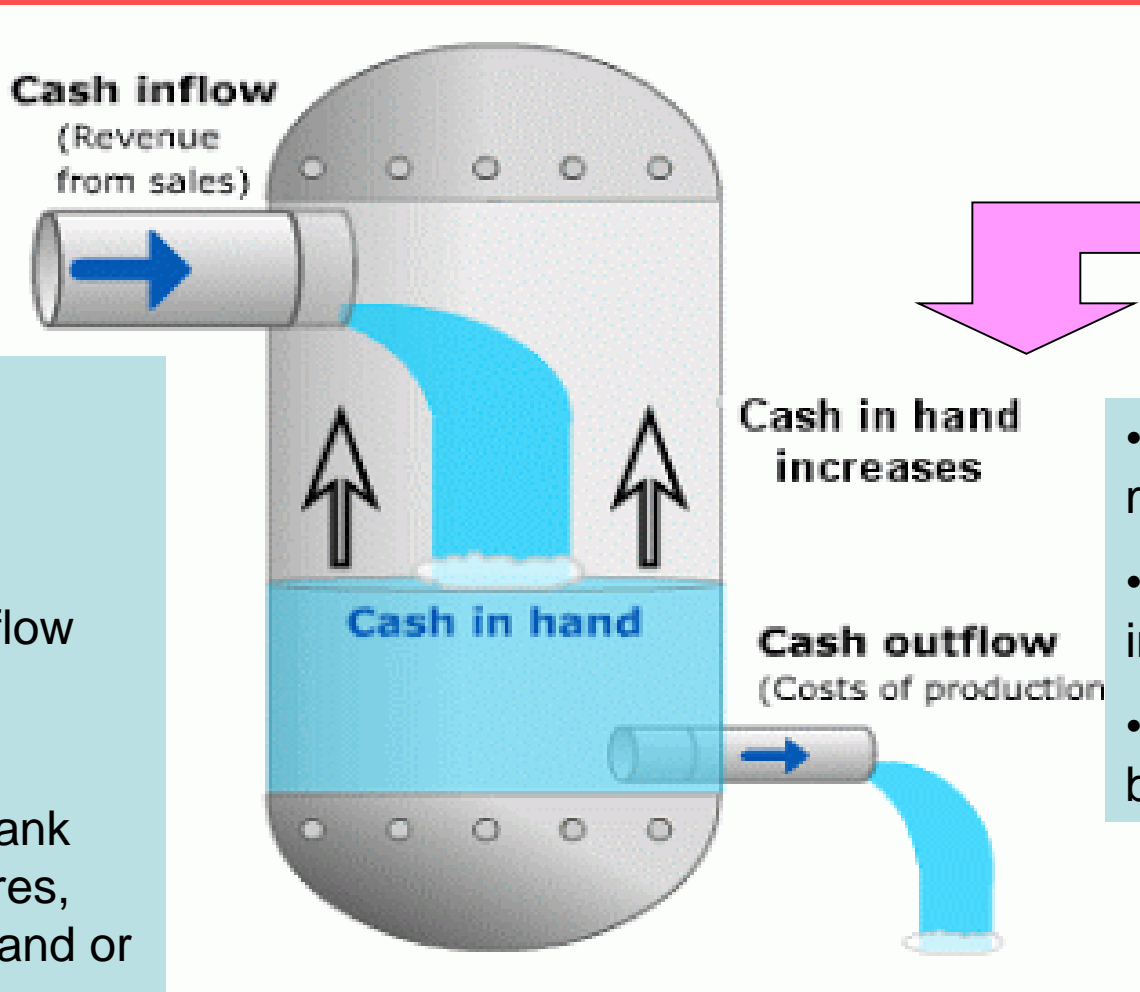
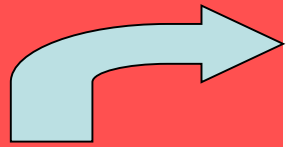
- keeping productivity **up** and costs **down** to ensure low costs and allow for **competitive prices**
- managers must always keep an eye on costs.







# Improving cash flow



- De-stocking
- Increase sales revenue
- Improve cash flow from customers
- Longer term solutions e.g. bank loan, issue shares, sell assets i.e. land or property.

- Reduce orders for new materials and stocks
- Delaying paying invoices
- Leasing rather than buying

# How to improve profit

$$\text{Profit} = \text{Revenue} - \text{costs}$$



## Cutting costs

- Materials costs
- Labour
- Investment
- Marketing

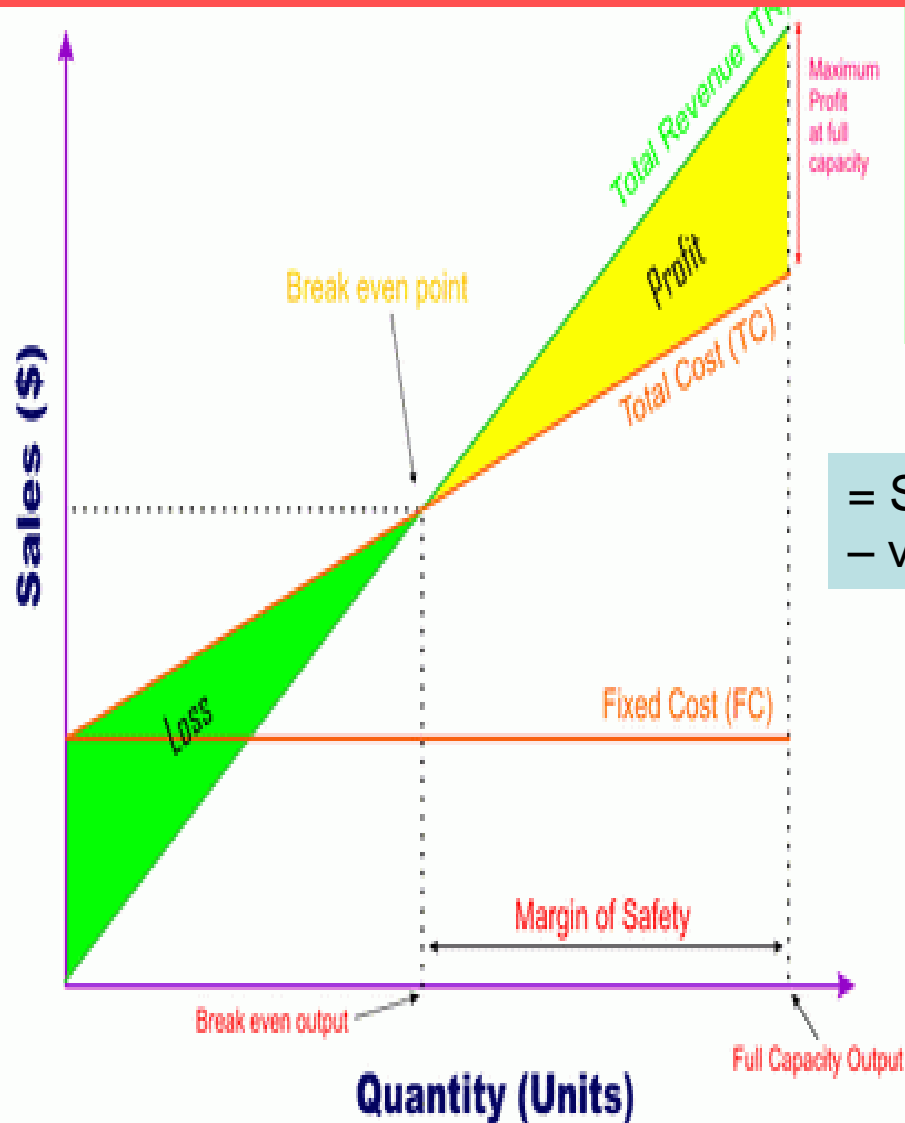
## Increasing revenue

$$\text{Revenue} = \text{number of products sold} * \text{average price}$$

- Improved marketing
- Better products



# Break-even analysis



## Break even analysis

Fixed Cost  
Contribution

= Sales revenue per item  
– variable cost per item

Total revenue

= Quantity sold \*  
average price

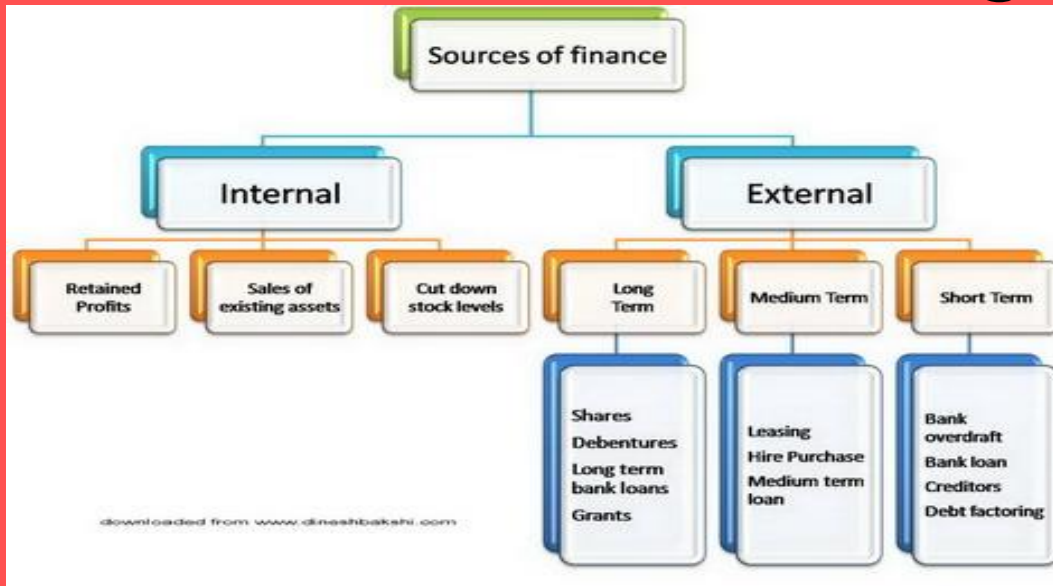
Total cost

= fixed cost + variable  
cost

**Break even analysis has a variety of uses, therefore:**

- Understanding the past
- Achieving future targets
- Launching a new product
- Starting a new business
- Business plans

# Financing growth



Advantages & Disadvantages of different types of finance:

- Cost
- Risk
- Availability of finance



- Overdraft
- Loan
- Bond
- Trade Credit





***What the syllabus says...***

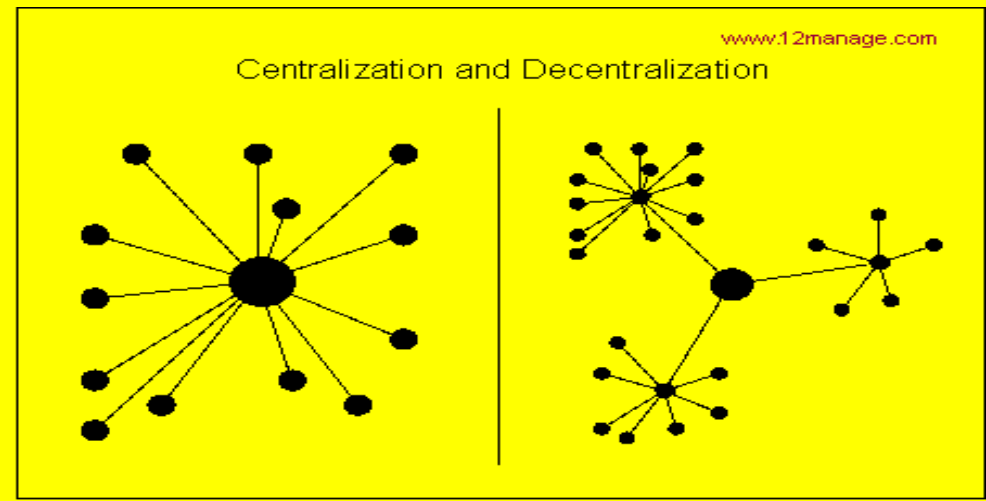
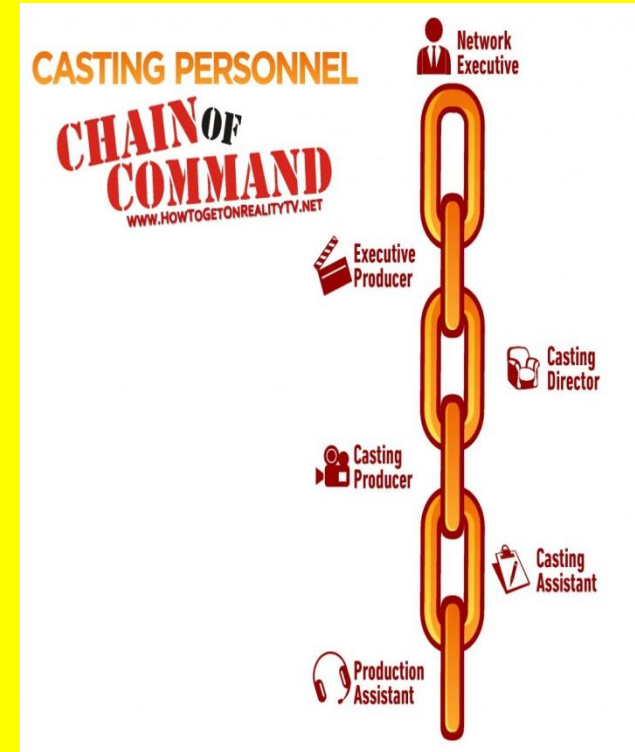
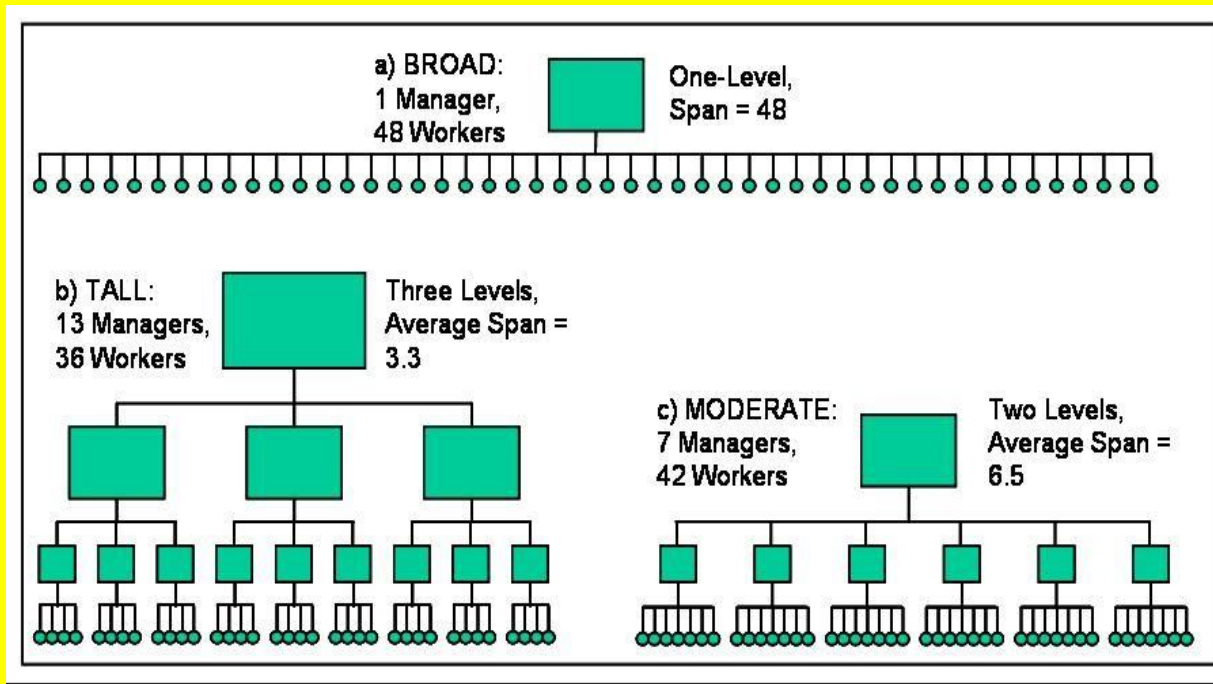
- Cutting costs and increasing revenues
- The impact of price changes on profit
- Important for students to think beyond the immediate effect, e.g. that staff cuts may save money at the cost of lower motivation.



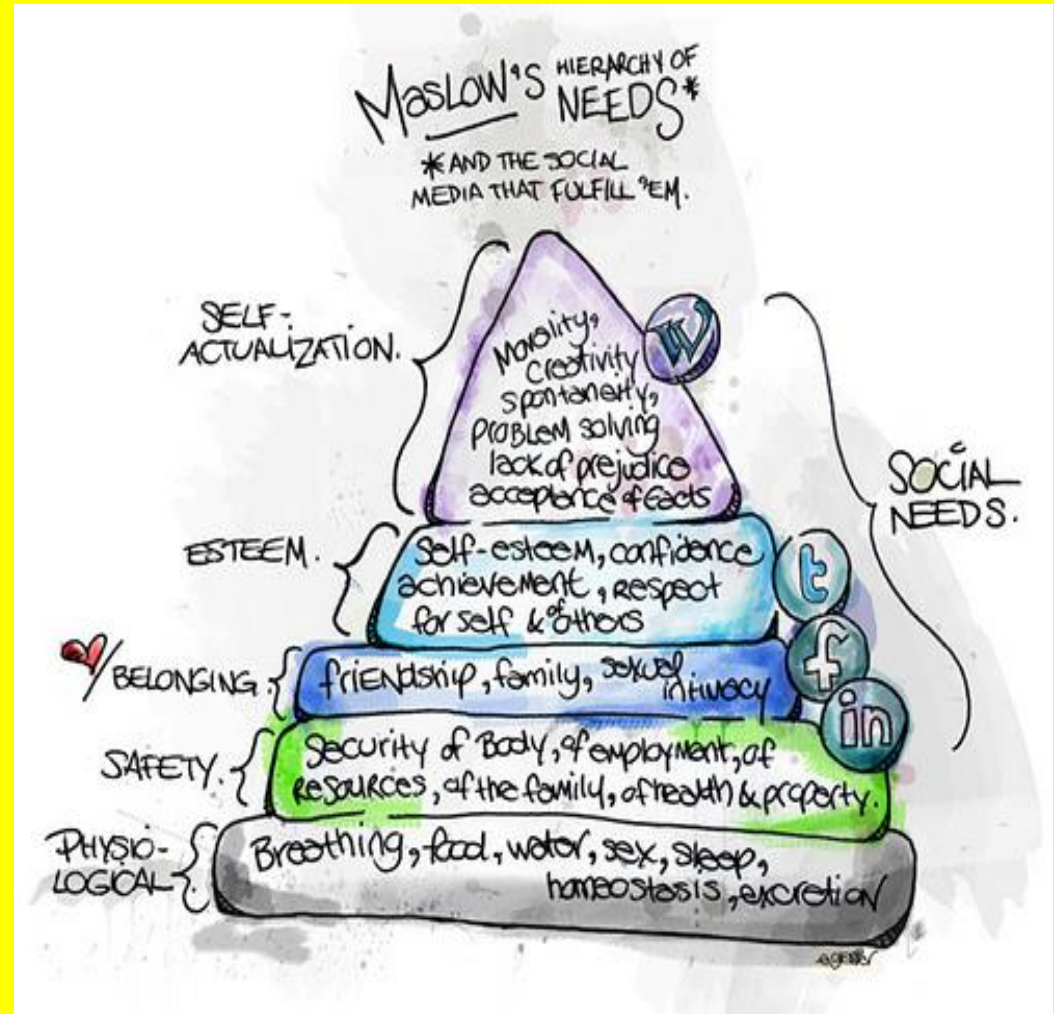




# Organisational Structures



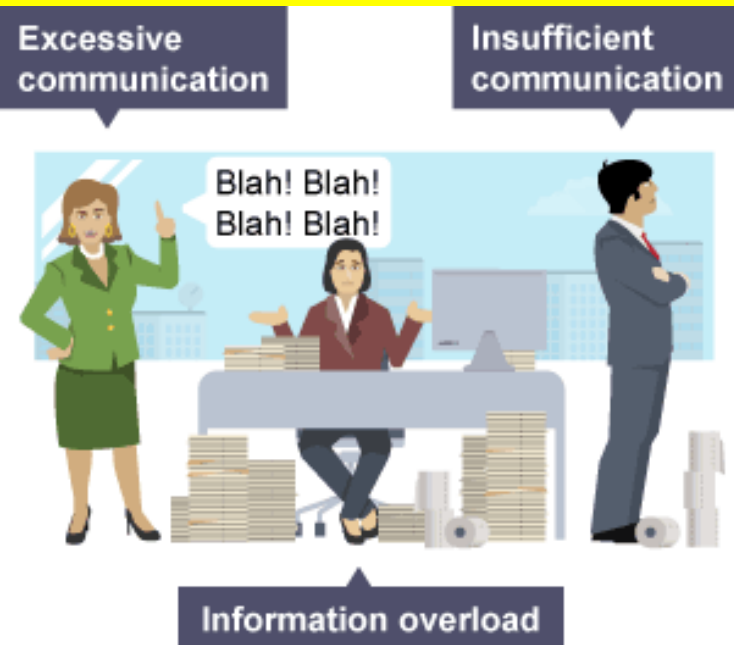
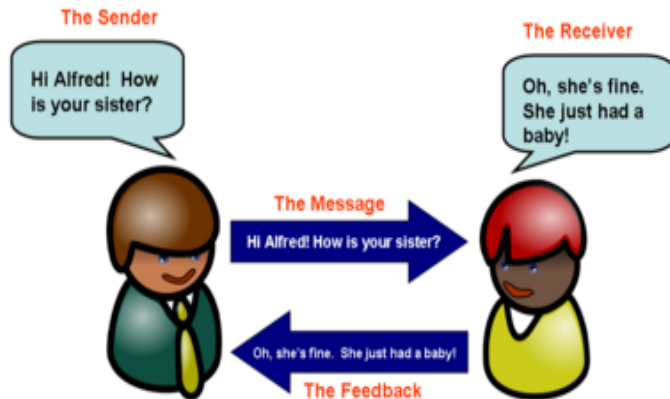
# Motivation Theory





# Communication

## The Communication Process



- Internal V External Communication
- Channels of communication
- Communication skills
- Barriers to communication
- The importance of good communication

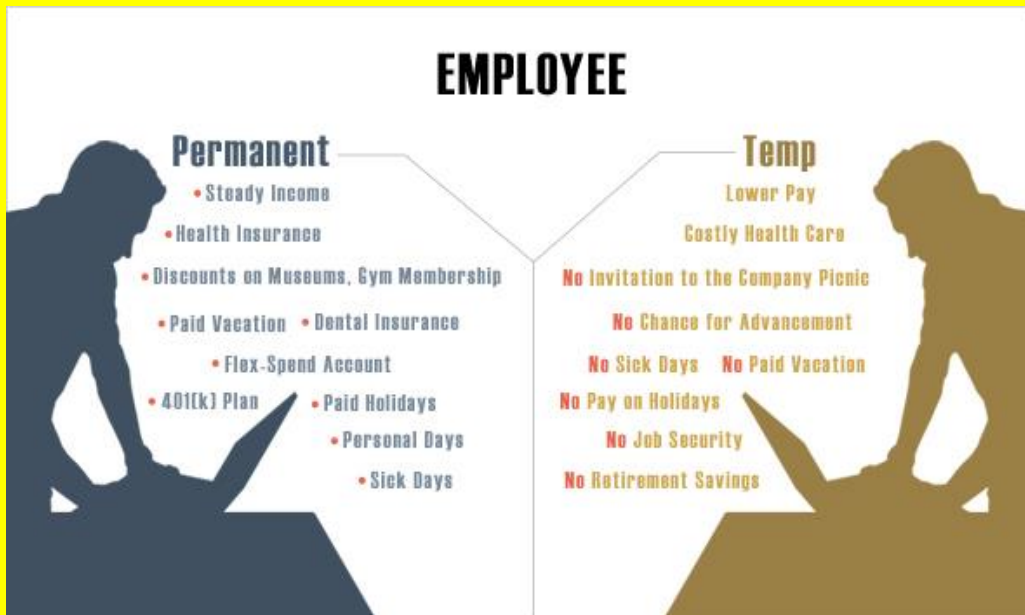
# Remuneration

## Which payment system?

- What is possible?
- Tradition
- Tax & other employment costs
- Motivation

## Different types of payment systems:

- Manual (blue collar worker)
- Office (white collar worker)
- Salaries (yearly) /Wages (hourly)
- Payment method
  - Overtime
  - Basic Pay
  - Commission
  - Bonus
  - Piece rate
  - Fringe benefits e.g. car, health care









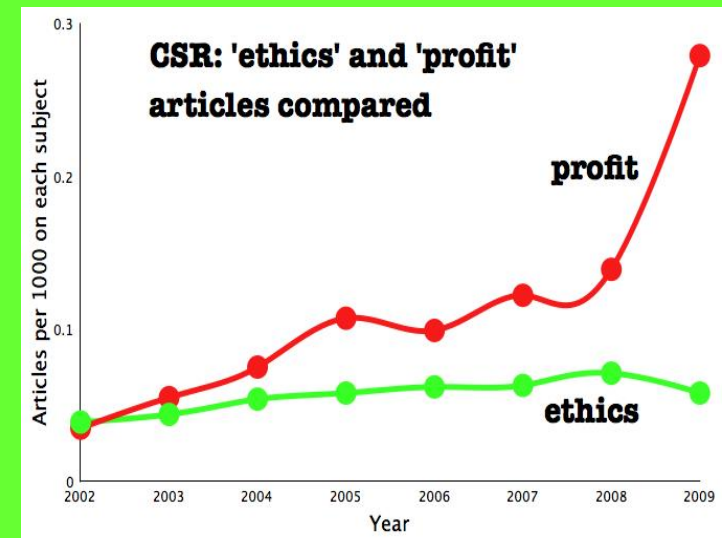




# Ethics in Business

Ethical issues can affect...

- Production
- Suppliers
- Workers
- Customers
- Competitors
- The Product
- The environment
- Local communities
- Possible trade offs
- Pressure Groups



# Environmental Issues

Short term effects

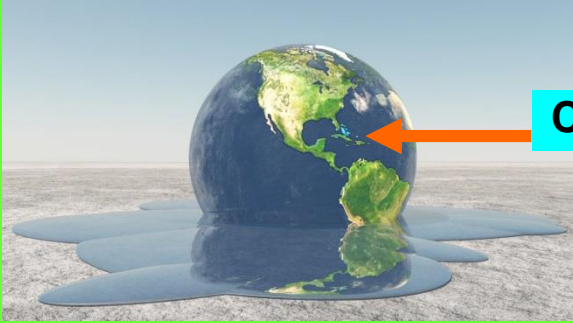
Long term effects



Traffic Congestion



Air pollution



Climate Change



Noise pollution



Smell pollution



Water pollution

Recycling

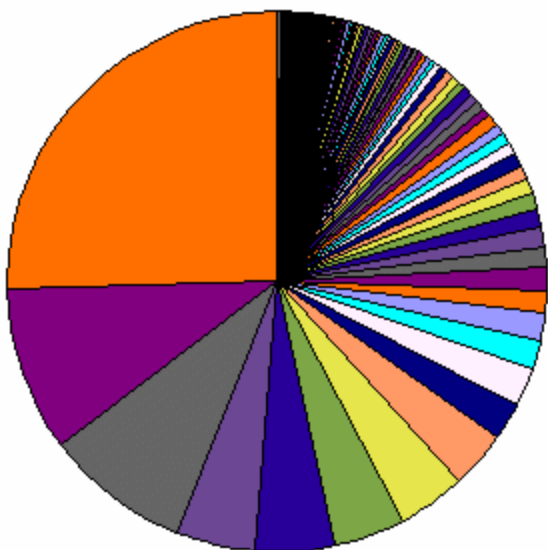


Resource Depletion



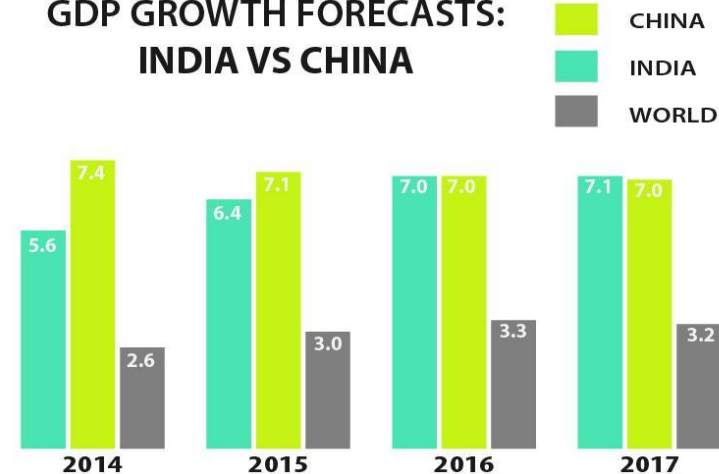


# Economic issues affecting International Trade



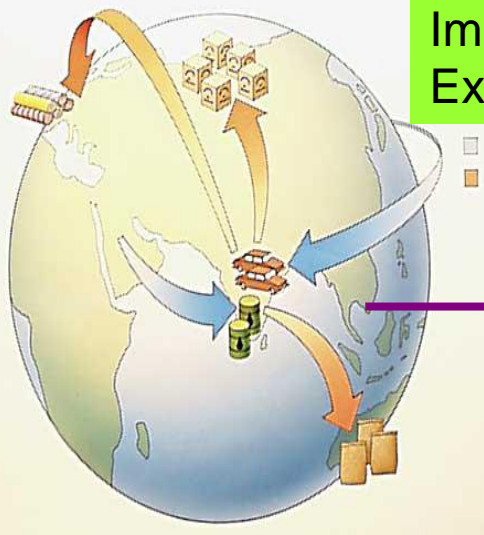
Unequal distribution of income

## GDP GROWTH FORECASTS: INDIA VS CHINA



Source: World Bank

## Imports and Exports



- Import Protection – Tariffs or custom duties
- Quotas
- Export Subsidies – (firms given money to help reduce costs)

The level of development of an economy affects its imports and exports:

- Average incomes
- Wages & prices
- Quality and technology of products



# The impact of Government and the EU on Business



**You need to be able to discuss the benefits and drawbacks to businesses of...**

- Tax rates set by individual Governments
- Regulations (red tape)
- Minimum wage (not fixed, each government decides)
- Maternity and Paternity rights
- Health and Safety regulations











