

Lecture Notes:

- An organisation should have a purpose and direction called a **mission** that can be converted into goals & objectives.
- People should know what they are trying to achieve and it's your role to tell them.
- **Marketing** is the business function concerned with planning and organizing the creation of a product, determining a price people will pay, making the product known and making it available to customers.
- **Marketing concept** is a business philosophy that stresses that the business' resources should primarily be directed toward serving customer needs. It is also called customer focus.
- A business must satisfy customers to make a profit, but at the same time, a business must make a profit to satisfy customers.
- Every business has a **target market**, a group of similar people who have similar needs and wants, and are most likely to buy a product.
- Marketers divide populations into groups or categories of similar people. These groups have people with similar characteristics, habits, attitudes, needs and/or wants. This is called **market segmentation**.
- Some ways markets can be segmented are:
 1. **Geographic:**
 - Where people live.
 - E.g. Rural vs Urban, Climate, Country
 2. **Demographic:**
 - A person's external traits. Demography also includes a person's socioeconomic status.
 - E.g. Age, Gender, Race, Income, Education
 3. **Psychography:**
 - A person's internal traits.
 - E.g. Religious or Atheist or Agnostic, Liberal or Conservative
 4. **Behavioural:**
 - Research has found that human beings behave differently based on certain special occasions.
 - E.g. Wedding, Funeral, Graduation

Textbook Notes:

- **Turning a Concept Into Satisfied Customers:**
- A business must satisfy customers to make a profit, but at the same time, a business must make a profit to satisfy customers.



- The business function concerned with planning and organizing the creation of a product, determining a price people will pay, making the product known and making it available to customers is called **marketing**.
- The purpose of marketing is to create exchanges so that customers get what they need and want and the business owner makes a sale.
- **The Marketing Concept:**
- When an organization focuses its energy on selling what it has, this is an orientation known as **product focus**.
- If a business is product focused, it pours the greater part of its resources into making existing goods and services look better, perform better and achieve better results.
- A product focused business assumes that it understands the market's needs and strives to meet them as effectively as possible by building on its proven expertise.
- Alternatively, a business can focus its resources on selling customers what they want, an orientation known as **customer focus**.
- The idea that a business should focus its energies on customer needs is often attributed to American professor Philip Kotler.
- Kotler argued that the business' resources should primarily be directed toward serving customer needs. He called this the **marketing concept**.
- The marketing concept suggests that if a business provides customers with what they want, those customers will respond by making a purchase from which will spring the business' revenues and profits.
- **Target Market:**
- Business will need to recognize a lot of people will have a reason to not buy their product.
- For example, bald people don't need to buy shampoo and vegans don't need to buy meat.
- A **target market** is a group of similar people who have similar needs and wants, and are most likely to buy a product.
- **Market segmentation** is dividing a total population into groups or categories of people who share common characteristics, habits or behaviours which give them common needs.
- There are 3 different types of market segmentation:
 1. Demographic segmentation
 2. Geographic segmentation
 3. Psychological segmentation
- **Demographic segmentation:**
- **Demographic segmentation** is identifying people based on some external characteristics that they share such as age, gender, race or ethnicity.
- Additionally people can be identified based on social and economic characteristics such as marital status, income, education, religion and other determinants of social class.
- **Geographic segmentation:**
- **Geographic segmentation** is distinguishing people according to where they live.
- For example, people in British Columbia will be more likely to buy skis while people in Newfoundland or Nova Scotia will buy sailboats.
- **Psychological segmentation:**
- **Psychological segmentation** is identifying people according to their internal traits, such as their attitudes, beliefs, values, and motivations.
- A specific list of psychological traits includes:
 - Religion or non-religious
 - Extroverted or introverted
 - Sentimental or unemotional

- Adventurous or cautious
- Proud or humble
- Disciplined or uninhibited
- Generous or uncharitable
- While political parties and charities are not businesses, these types of not-for-profit organizations will make use of psychological segmentation. They will address themselves to people who are for gay marriage or against.
- **Market Research:**
- **Market research** is the systematic study of what buyers need and how best to meet those needs.
- It can be performed at any point of the product's existence and is used to improve business competitiveness.
- **Secondary market research** is collecting information from already published sources, such as a book or website.
- It is the quickest and easiest way to collect information on a subject.
- It helps to learn from what others have learned.
- Answers questions such as:
 - Is there a market for these goods and services elsewhere?
 - What did consumers buy last year?
 - What were the rival's sales?
- This will not answer these questions:
 - Is there a market for your product?
 - Will consumers buy this specific product?
 - Will consumers pay this price?
 - Will consumers buy it this year?
- **Primary market research** is original research conducted or commissioned by the business itself.
I.e. You do the research yourself.
- Answers the following questions:
 - What features do customers want?
 - What price are they willing to pay?
 - What promotional media will reach them?
 - Where do they want to get it?
- **Research Methods - Observation and Communication:**
- The 2 basic types of methods used by market researchers are observation and communication.
- Probably the oldest form of research is to simply observe what is happening.
- **Observation** is a market research technique that involves viewing or otherwise monitoring consumers' behaviour.
I.e. Watching peoples' habits and behaviour.
- The advantages of observation as a research methodology are that it can be done easily and at very little cost.
- Furthermore, observation as a research method avoids the problem of **interviewer bias**.
- **Interviewer bias** is the risk that an interviewer will plead with, flatter or intimidate a respondent thus influencing the response to a question.
- However, with observation, you only see what they do but not why they did it. The deficiency of observation as a research method is that you can't probe the subject's motivation. You can't ask "why". Observation also has limited use if the proposed good or service is new.
- The other way to obtain information from customers is to **communicate** with them. This can be done in writing or by talking.

- **Communication** is asking consumers directly about their needs and preferences.
- Because no firm can interview/communicate with everyone, marketers must be careful to get a representative group of respondents when they do surveys. They must also carefully construct the survey questions so that they get honest answers that address the specific issue being researched.
- One drawback of communication is interviewer bias.
- **Research Methodology - Sampling:**
- It would be extremely time consuming, expensive and difficult for a business to talk to every member of the target market. Research that involves collecting data from every member of a population is called a **census**.
- While researchers who try to collect data from everyone in a population will obtain an accurate picture of that population, trying to do so is extremely hard, time consuming and costly. Most research therefore involves collecting data from selected members of a population. This is known as a **sample**.
- When market researchers are selecting a sample to survey, they must be careful to ensure that it is a **random sample**. That is, each person in the population must have an equal chance of being selected.
- Random samples help reduce bias.
- **Quantitative and Qualitative Research Data:**
- Ideally, market research should collect 2 kinds of data: quantitative and qualitative.
- **Quantitative data** is data that consists of facts and numbers which can be analysed statistically.
- Quantitative research is designed to collect facts and numbers and data which can be analyzed statistically.
- **Qualitative data** is data that consists of opinions, ideas and impressions.
- Qualitative research is intended to collect opinions, ideas and impressions. While these are subjective, they allow researchers insight into the consumer's thought processes and their emotional responses to a product's features or benefits.
- Qualitative research answers the question "why".
- Qualitative data is important for the business that is segmenting its target market on psychological grounds. In this case, it's particularly important for marketing managers to understand the consumers' thoughts, beliefs, motivations and emotions.
- **Market Research Techniques:**
- To collect quantitative data, researchers can choose between various types of surveys.
- A **survey** is an investigation about the characteristics of a given population by means of collecting data from a sample of that population.
- With most surveys, the questionnaires are structured. This means that the questions are asked in the same order, the same way, and only the pre-defined answer choices can be given.

- Types of surveys:

Type	Explanation	Advantages	Disadvantages
Postal Survey	Sending surveys through mail.	Low cost. Can be sent anywhere. Avoids interviewer bias.	Low response rate. Inability to follow up. Slow turnaround time.
Telephone Survey	A researcher will call people and ask questions from the survey.	Low cost. Possibility of asking deeper questions. Wide geographic coverage. Ensures the correct respondent.	Labour intensive. Low response rate. Answers may be superficial due to the lack of time given to answer questions.
Man in the street Survey	A person in a mall, airport station, train station or bus station asks people to do a survey.	Can observe the respondent. Possibility of asking deeper questions.	Labour intensive. Geographically limited. Interviewer bias.
Internet Survey	Is the most common form of surveys.	Low cost. Ease of completion. Increased response.	No follow up questions. Only needs respond.

- **In-depth Interviews and Focus Groups:**

- An **In-depth interview** is a method of collecting qualitative data, in which the researcher sits down for an extended, open-ended discussion with the respondent.
- The interviewer needs to take notes or record the conversation.
- In-depth interviews are usually done face to face, but can also be done over the telephone.
- In-depth interviews are different from surveys in the sense that they are less structured. The interviewer will normally have a general plan of inquiry, however, they have no specific set of questions that must be asked with particular words and in a particular order. Ideally, the respondent does most of the talking and the interviewer listens, takes notes, and guides the conversation in the direction it needs to go.
- This research method is most appropriate when the business is offering sophisticated or complex products with many features.
- The respondent must be chosen carefully.
- In-depth interviews are labour intensive because one interviewer will devote several hours to planning, scheduling and conducting a single interview.
- The means of data collection also runs the risk of interviewer bias.
- A **focus group** is a small group of people brought together to discuss the selected issues in depth.
- It typically consists of a small group, 6 to 10, of participants that do not know each other.
- The participants are selected because they are members of the target market or they are considered by the researchers to be well informed about the product, business or industry.
- Focus groups are led by a moderator who encourages everyone to speak and offer their thoughts or point of view.

- The focus group is intended to get people talking and to generate information about how groups of people think and feel about a topic or product and to provide insight on why people feel as they do.
- The purpose of a focus group is to learn by listening. Often, focus group discussions are taped, recorded or filmed. Sometimes, focus groups are observed from behind a one way glass.
- Focus groups are particularly useful for generating qualitative data about how participants might react to a product or offering or what they hope to obtain from a product.
- Focus groups may help the researchers discover new/different points of view. This is particularly useful in helping the business improve the planning or design of the good or service.
- However, focus groups require a great amount of time. First, we need to find 6-10 willing participants. Then, we need to transport them to the interview site and provide compensation, like money or a small gift, for their time. After, the interview process might take hours. Lastly, if the interview was recorded, researchers may need to go back and watch the recording.
- **The Marketing Mix:**
- The purpose of all of the market research is to give the business' managers the information they need to create a plan to meet the target market's needs and wants.
- Therefore, marketing begins when a company identifies a consumer need and develops a product to meet it.
- In the 1960s, marketing theorist Jerome McCarthy encapsulated the marketing function into 4 essential elements that the business needs to perfect. The 4 P's of marketing, collectively known as the **marketing mix**, are:
 1. Product
 2. Price
 3. Promotion
 4. Place



Textbook Definitions:

- **Census:** Research that involves collecting data from every member of a population.
- **Communication:** Asking consumers directly about their needs and preferences.
- **Customer focus:** An orientation toward determining the needs and wants of the customers in the market and developing the goods and services that meet those needs.
- **Demographic segmentation:** Identifying people based on some external characteristics that they share such as age, gender, race or ethnicity.
- **Focus group:** A small group of people brought together to discuss the selected issues in depth
- **Geographic segmentation:** Distinguishing people according to where they live.
- **In-depth interview:** A method of collecting qualitative data, in which the researcher sits down for an extended, open-ended discussion with the respondent.
- **Interviewer bias:** The risk that an interviewer will plead with, flatter or intimidate a respondent thus influencing the response to a question.
- **Market research:** The systematic study of what buyers need and how best to meet those needs.
- **Market segmentation:** Dividing a total population into groups or categories of people who share common characteristics, habits or behaviours which give them common needs.
- **Marketing:** The business function concerned with planning and organizing the creation of a product, determining a price people will pay, making the product known and making it available to customers.
- **Marketing concept:** A business philosophy that stresses that the business' resources should primarily be directed toward serving customer needs.
- **Marketing mix:** The specific combination of product features and benefits, price, promotional and distribution methods used to sell a product to a target market.
- **Observation:** A market research technique that involves viewing or otherwise monitoring consumers' behaviour.
- **Primary market research:** Original research conducted or commissioned by the business itself.
- **Product focus:** An orientation toward producing improved goods and services for which an organization has proven expertise.
- **Psychological segmentation:** Identifying people according to their internal traits, such as their attitudes, beliefs, values, and motivations.
- **Qualitative data:** Data that consists of opinions, ideas and impressions.
- **Quantitative data:** Data that consists of facts and numbers which can be analysed statistically.
- **Random sample:** A sample taken from a larger population where each person has an equal chance of being selected.
- **Sample:** Research that involves collecting data from a selected number of the members of a larger population.
- **Secondary market research:** Collecting information from already published sources.
- **Survey:** An investigation about the characteristics of a given population by means of collecting data from a sample of that population.
- **Target market:** A group of similar people who have similar needs and wants, and are most likely to buy a product.