

# **MARKETING Basics**

# Overall Purpose of Marketing

*Marketing defined ...*

***'The management process responsible for identifying ,  
anticipating, stimulating and satisfying consumer / customer  
requirements profitably'***

***Putting the right product in the right place, at  
the right price, at the right time***

# Overall Purpose of Marketing

- ***Marketing involves ...***
  - **Analysing market and competitive dynamics**
  - **Providing meaningful consumer / customer insights for the organisation**
  - **Using market and marketing research to identify:**
    - **Dynamics operating in and / or impacting a market or market segment**
    - **Needs and wants of consumers/ customers**
    - **Unique or competitive opportunities to deliver consumer / customer benefits**
    - **Marketing investment effectiveness**
  - **Establishing commercial objectives, goals, targets, strategies, and activities which must in turn be:**
    - **Monitored / regularly reported**
    - **Demonstrate effectiveness and return on investment**
  - **Managing market offerings both proactively and reactively**
  - **Supporting sales function / customers in managing distribution expectations and consumer touch points**
  - **Delivering healthy financial and market position results for the business**
    - **E.g. Sales/ profit / market share**

# Overall Purpose of Marketing

*The most EFFECTIVE Marketing within an organisation is when:*

- **The philosophy of marketing is owned and supported by everyone from within the organization, if not at the forefront of operating culture**
  - Established culture within FMCG
  - Not quite the 'operating norm' within Services or non FMCG sectors, but evolving
- **Brands and brand equity are recognised as adding value to an organisation's worth**
- **Ongoing investment made in current and future consumer / customer insights**

# Overall Purpose of Marketing

*The most EFFECTIVE Marketing within an organisation is when:*

- **Marketing focuses on satisfaction of consumer /customer needs, wants and requirements but still within a commercially viable context**
- **Marketers operate with a constant mindset of investment focus ... i.e. Return on Investment - both top line revenue & profitability**
  - Especially true within the corporate sector
  - However some public sector organizations and not-for-profit organizations whilst adopting the concept of marketing, this mindset is not always the case.
- **The long term influence of marketing upon society / consumer attitudes, behaviours & lifestyle trends is recognised**

# The Marketing Mix

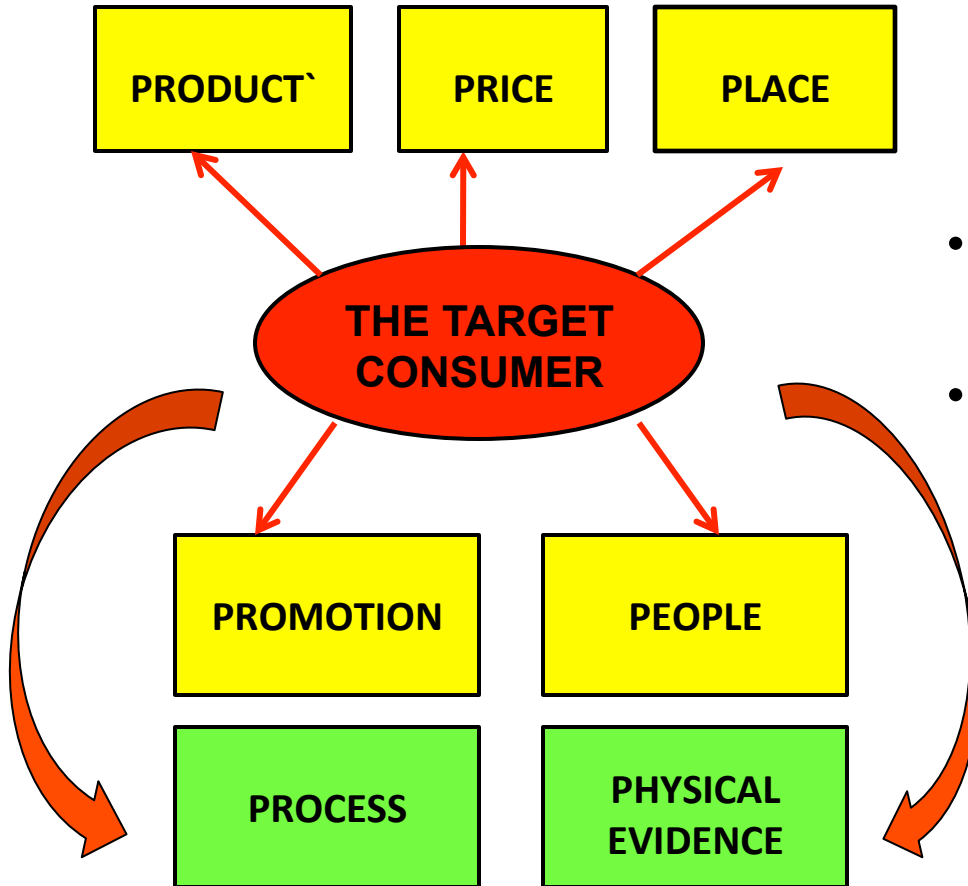
## 4 P's Model Classic FMCG model



- Primary areas of Marketing functional responsibility which drive Marketing activities
- The most famous term in Marketing
- Helps define the marketing elements for successfully positioning your market offer

# The Marketing Mix

## 5 & 7 P's Models



- An expanded Marketing Mix model
- Common Services Sector model

# The Marketing Mix

## **PRODUCT**

- The physical product or service offered to the consumer.
- Also refers to any services or conveniences that are part of the offering.
- Product /service decisions include brand, function, appearance, packaging, service, warranty, etc.



## **PRICE**

- Establishing the pricing consumers will pay
- Reflects perceived value of product or service
- Relativity to competition and probable competitive responses
- Takes into account customer / distributor margin requirements
- Deliver against profit hurdle rates
- Pricing is primarily the list price and target consumer price, but also discounts

# The Marketing Mix



## PLACE

- Strategies determining channels of distribution
- The means for getting the product to the target customers
- Place drives market coverage, channel selection, logistics, and levels of service.



# The Marketing Mix

## PROMOTION

- Communicating and selling to potential consumers
- Mainstream advertising, media investment, PR
- Consumer promotion, sampling, Loyalty programs
- Direct marketing, web marketing, viral marketing
- Sponsorships, causal marketing
- Often the largest cost in proportion to price



# The Marketing Mix

## **PEOPLE**

- Customer service
- How your workers appear to your customers
- Service profiles / personality / bring brand to life
- People present an appearance, an attitude, etc



# The Marketing Mix

## ***PHYSICAL EVIDENCE***

- An essential ingredient of the service mix
- Impacts consumer perception of the service and organisation based on sight of the service provision



**Singapore Airlines First Class**



**Baker's Delight**

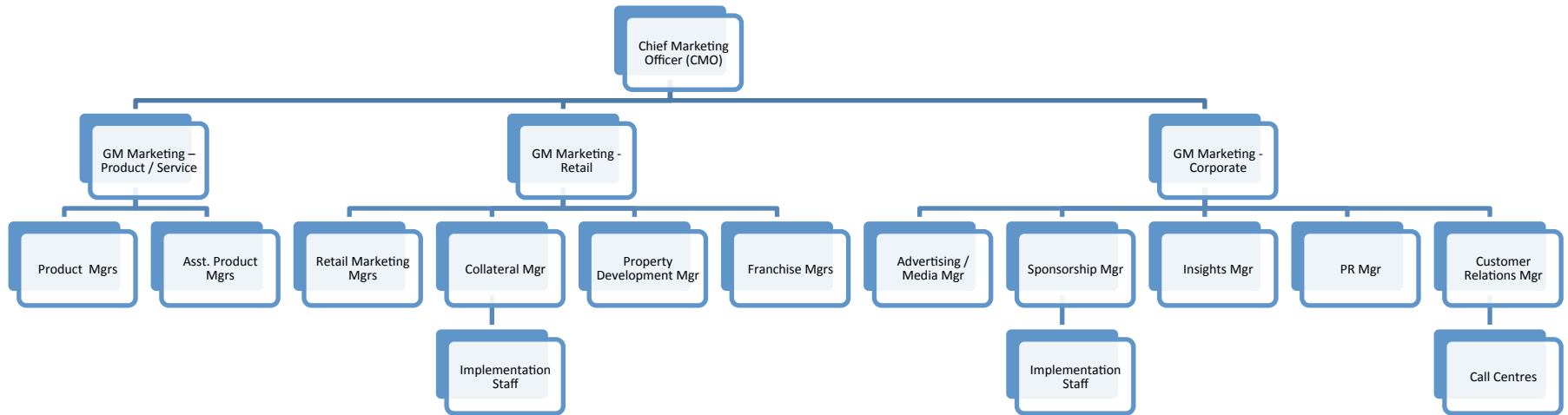
# Marketing Structures

## *Classic FMCG structure*



# Marketing Structures

## *Example Service Structure*



# Relationship Responsibilities

*Why it's so hard to get a hold of the client ....*

- **Media & advertising are likely the largest investment areas of marketing**

**HOWEVER**

- **They represent only *ONE* component of their diversified responsibilities & critical relationships**

# Relationship Responsibilities

## *Examples of critical cross-functional relationships for the client*

### *External - e.g.:*



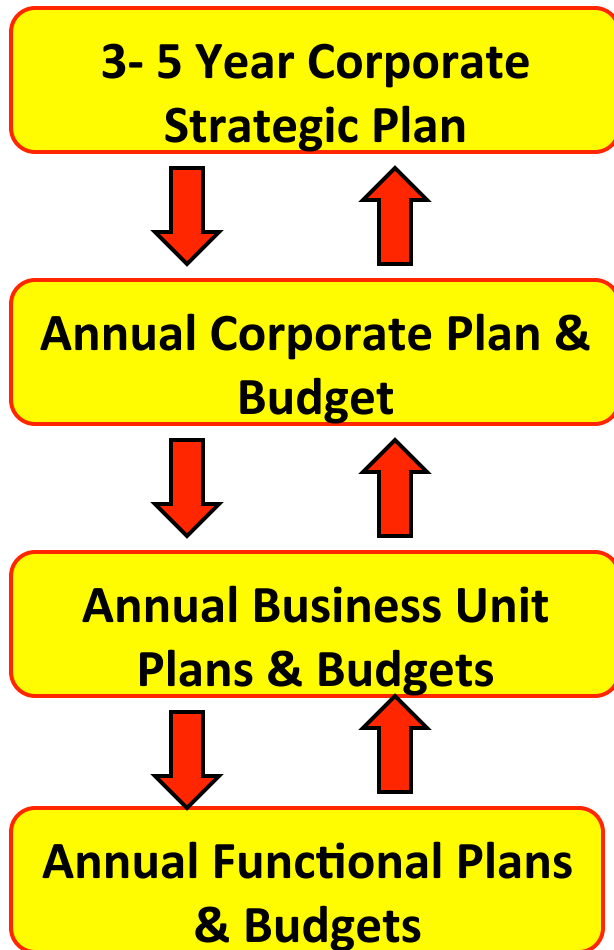
- Advertising Agencies
  - Creative, Media, Digital
- The media
- Sales Promotion agencies
- Market Research companies
- Designers
  - Packaging, collateral
- Sponsorship parties
- Product suppliers
- Customers

### *Internal - e.g.:*

- Executive Teams / Boards / Shareholders
- Sales / Merchandising / Branch Management / Franchise Managers
- Trade Marketing / Channel Marketing
- Category Development
- Market Research / Insights
- Innovation / Product Development / R&D
- Operations / Logistics / Manufacturing / HR / Demand Planning / Supply Chain / Purchasing
- Finance
- Export / Commercial / International
- Legal
- Business Development / Corporate Strategic Planning / M&A
- Corporate

# **Marketing Budget Mysteries Unlocked**

# Overview of Marketing Plan Development Process



- Company Mission & Vision
- Future strategic direction & high level targets
- Corporate guidelines and portfolio priorities
- Reviewed annually

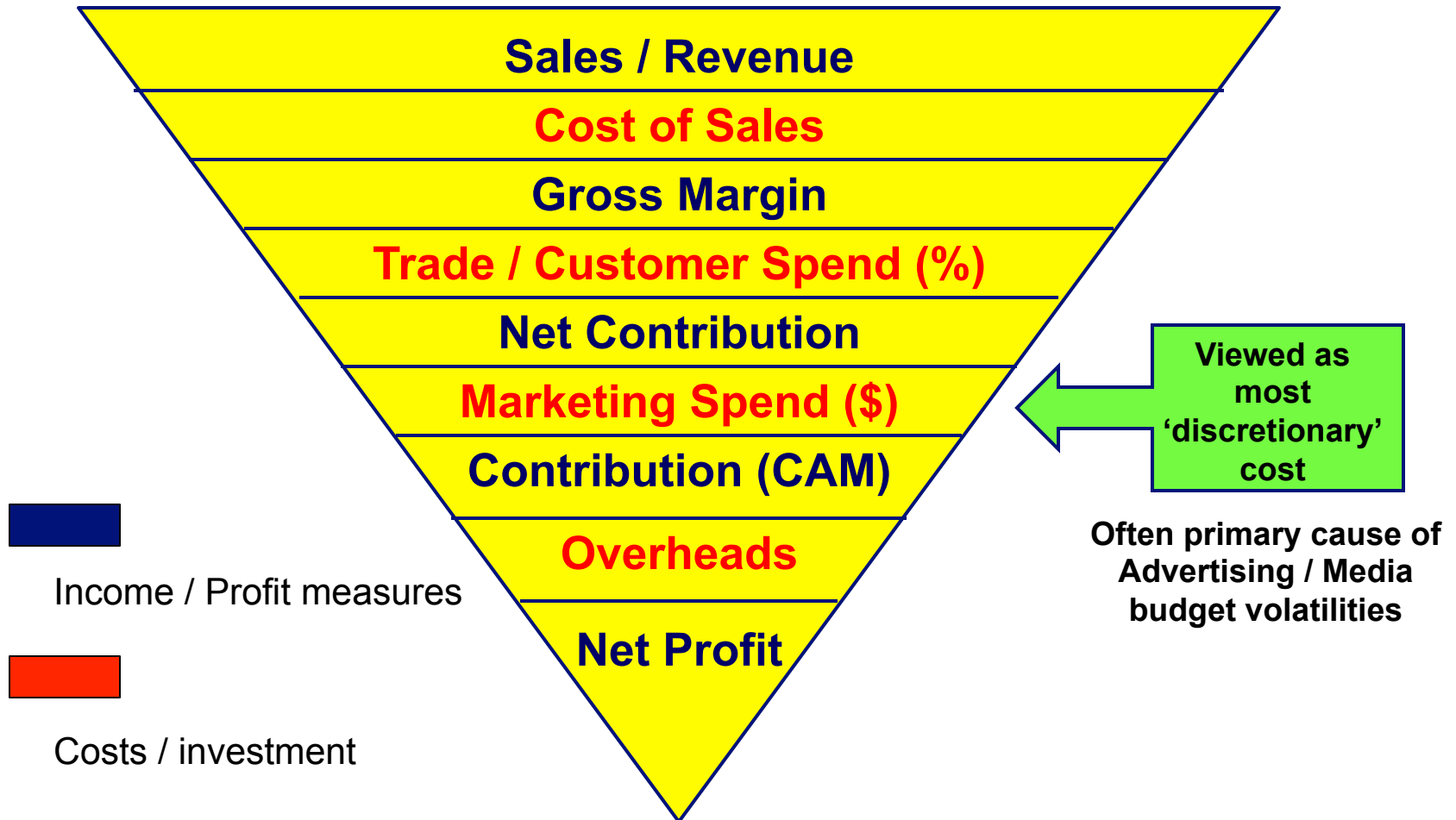
- Immediate 12 month overall performance targets
- Strategic and operational priorities
- Monthly monitoring & adjustments

- Divisional / category performance targets
- Business unit strategies & portfolio priorities
- Monthly monitoring & adjustments
- Opportunity & risk management

- Marketing & brand strategies
- Performance targets (e.g. Sales, profit, market share, distribution, brand equity, innovation, etc.)
- Monthly monitoring & adjustments
- Budget generally **'discretionary'**

# Marketing Budgets

*The basic P&L (fundamental financial reporting)...*



# Marketing Budgets

## *Guideline of spend levels by sector*

	<u><i>% of Revenue</i></u>
• <i>Industrial / business-to-business</i>	<i>1 – 3 %</i>
• <i>Consumer Service</i>	<i>4 – 15 %</i>
• <i>Retail</i>	<i>2 – 6 %</i>
• <i>FMCG</i>	
– <i>Year 1 launches</i>	<i>30 – 50 %</i>
– <i>On-going business</i>	<i>7 – 10 %</i>
• <i>Health &amp; beauty</i>	<i>7 – 30 %</i>

### *Considerations*

- *Absolute \$ turnover*
- *High vs. low margin businesses*
- *Market competitiveness*
- *Strategic direction , e.g. growth s. sustaining*
- *Consumer pull role vs. customer power*
- *Willingness to invest*

# Marketing Spend 'Buckets'

- **Advertising**

- Media
- Creative / production
- Agency fees



**50 – 80 %**

- **Consumer promotion**

- Sales promotion
- Sampling / demonstrations
- Point-of-Sale / collateral
- Sales support material



**15 - 20 %**

- **Sponsorships & events**

**5 - 15 %**

- **Market Research**



**5 - 10 %**

- **Packaging**

- Design
- Artwork
- Write-off's



**3 – 5 %**

- **Miscellaneous**



**1 - 3 %**

# Advertising Budget Considerations

## *Critical questions ....*

- **What role is advertising expected to play in the Marketing Mix? E.g. –**
  - **Build brand health & equity measures**
    - **Awareness**
    - **Pre-disposition to purchase**
    - **Trial**
    - **Purchase**
    - **Generate sales / market share**
    - **Convey market positioning**
  - **Provide customer / distribution leverage**
  - **Support tactical opportunities**
- **What will the return on investment be? Creative / Production vs. media?**
- **What type & level required to be competitively effective?**