

SOUTH PACIFIC COMMISSION

NINETEENTH REGIONAL TECHNICAL MEETING ON FISHERIES
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INTRODUCTION TO MARKETING

by

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INTRODUCTION

I appreciate the opportunity to come here today to discuss a subject that I feel is fundamental to all business.

Those who ignore MARKETING do so at their own risk as every company's success is dependent on good and effective marketing. And while many businesses seem to ignore marketing a close analysis of the reasons for their success will always show that this results from MARKETING even though it will often be referred to by many other names.

All of us here today will have used the term marketing on many occasions within the last few months as it is one of the "in" words of our society. However we will each mean something slightly different when we use this term.

COMMON FALLACIES

MARKETING IS	----	SELLING
		ADVERTISING
		PROMOTION
		MERCHANDISING
		RESEARCH

MARKETING is none of these and all of these.

In order to draw together all of our concepts of marketing I have brought along a few definitions of this term.

DEFINITION 1

MARKETING IS A TOTAL SYSTEM OF BUSINESS ACTIVITIES DESIGNED TO PLAN, PRICE, PROMOTE, AND DISTRIBUTE WANT SATISFYING GOODS AND SERVICES TO PRESENT AND POTENTIAL CUSTOMERS (Stanton 1978)

The important points of this definition are :-

- 1) It is a managerial, systems definition.
- 2) The system of business action is market or consumer oriented. ie The customers wants must be recognised and satisfied.
- 3) Marketing is a dynamic integrated process. The result of the interaction of many business activities.
- 4) The program starts with the product idea and ends when the customers wants are completely satisfied.
- 5) The definition implies that marketing must maximise profitable sales in the long-term.

DEFINITION 2

MARKETING IS THE FRAMEWORK THAT DRAWS TOGETHER ALL THE ACTIVITIES OF A BUSINESS TO MEET THE NEEDS OF A CUSTOMER.

Again the definition emphasizes the co-ordinatory role of and the all embracing nature of marketing.

I have found that the best way to view marketing is that it is a business philosophy that needs to be followed by all members of the company and this definition clearly encompasses this requirement.

DEFINITION 3

MARKETING INVOLVES :- CONSUMER ORIENTATION

REWARD FOR THE COMPANY

APPRECIATION AND USE OF MARKETING RESEARCH

CO-ORDINATION OF ELEMENTS OF THE MARKETING
MIX

APPRECIATION AND USE OF DISCIPLINED

PLANNING (Bridges 1981)

KEY POINTS

1) Consumer orientation requires a company to:-

Study and identify what people want, and

analyse its own resources to determine whether or not it can
make and offer that product or service at a reasonable profit.

2) All businesses require profits in order to sustain their
operations and this is one of the most important functions of
marketing to provide these profits.

The first 2 elements have another message beyond the obvious in
that it is important to beware of being too oriented towards
either the customers needs or your own corporate needs. Either
extreme is dangerous and a long-term relationship requires a
balance to be maintained.

3) MARKETING RESEARCH - I would like to spend a short time
discussing this aspect of the definition as it is an area where
there are a lot of misconceptions.

When we talk about Marketing research we are referring to all
those techniques available to the Marketer that enable him to
learn about the activities or requirements of his existing or

potential customers. The most effective Market Research is carried out in house by evaluating the sales reports and other information generated by every company. The imaginative use of the information available from your own records is both cheap and suprisingly useful. In addition there is a substantial volume of information available from publicly collected statistics either freely available at no cost or available at minimal cost.

The other very effective form of market research is that carried out by the Marketer in direct interaction with the market. I can not emphasize enough the necessity for Marketers to frequently visit the marketplace. This is even more important if you are working in export markets where there are often significant cultural or other differences that cloud the communication channels.

Only when these sources are exhausted should we contemplate carrying out some specific/commissioned research of the kind I am sure you all thought of when I first mentioned it.

This kind of research is carried out for only 2 reasons:-

- a) To establish some kind of theory or picture of the "average consumer"
- b) To obtain some specific information required to make a specific decision in relationship to an element of the marketing mix.

Most of the money wasted on Market research goes on research being done for the first reason. Research to produce a theory in order to be able to make total marketing mix decisions is generally a waste of time and money.

Mr James Crossland's paper on the "Market opportunities for Pacific Bottom Fish in Japan " is a very good example of productive and imaginative research which I understand resulted from a personal visit to the market and Discussions with the trade. However Market Research is only useful to the extent that it is utilized and I would like you to consider just how much his work has been used and whether more could have been done as a result of this work.

4)MARKETING MIX

There are 16 tools available to the marketer to help him satisfy consumer needs.

These are normally grouped into the "4 Ps" PRODUCT, PRICE, PLACE and PROMOTION.

MARKETING MIX VARIABLES

PRODUCT	--	PRODUCT
		PRODUCT NAMES (GENERIC and BRAND)
		PACKAGING
		BRAND IMAGE
PRICE	--	PRICE
		SERVICE
		CREDIT
PLACE	--	DISTRIBUTION - CHANNELS & PHYSICAL
PROMOTION	--	CONSUMER ADVERTISING
		CONSUMER PROMOTION

PUBLIC RELATIONS

MERCHANDISING

PERSONAL SELLING

TRADE ADVERTISING

TRADE PROMOTION

LEGAL

For some reason many people believe that the product itself and the price are the only important factors in a purchase decision. The reality is of course that they are only two of a number of factors that are taken into account in the decision making process. If you think about the last purchase that you have made I am sure that you will find that even for a relatively simple purchase there were several important factors that you took into account in reaching your decision.

THE MARKETING PLAN FLOW CHART

Finally I would like to introduce a tool that I have found very useful in developing marketing strategies. The Marketing plan flow chart was developed by Professor Steve Bridges of Massey University some years ago and is designed for use as a wall chart to provide a framework to permit the cohesive development of a strategic plan.

The chart is broken up into 6 sections. The first section requires the analysis of all available information on the Market, the marketing environment, the consumer and the company. As well the reasons/objectives in carrying out the analysis are clearly stated.

In section 2 the information gathered in section 1 is used to establish the target market segment, size and benefit you are going to try to satisfy. Especially important is to clearly identify the actual requirement/need of the consumer - the end. The product or service you are going to supply is only the means to the end.

Section 3 entails the setting of realistic marketing and financial objectives. To be useful these objectives must be specific, measurable, realistic and have a time frame.

Based on sections 2 & 3 the next stage is to formulate the overall marketing strategies that will be pursued.

Within the context of the overall strategies, the 5th section involves the manipulation of the 16 elements of the marketing mix identified above in order to achieve the financial and marketing objectives set in section 3.

The final stage of the plan involves the on going monitoring of the activities in order to allow for prompt modifications as is necessary to ensure the meeting of objectives.

In summary, Marketing is a business philosophy which ensures the co-ordination of all business activity towards the goals of consumer satisfaction and the ongoing profitability of the company. The marketing plan flow chart is a useful tool to achieve the goals of marketing. The marketer has available to him 16 tools that he can manipulate in order to achieve the joint satisfaction and profit goals.

Section 1: INFORMATION INPUTS

(Note: You will be making decisions in Sections 2, 3, 4 and 5 based upon the information you have gathered, analysed and summarised in Section 1. Hence the quality of your plan (decisions outputs) will be very much determined by the quality of the research presented in this Section (information inputs.)

ORIGIN AND OBJECTIVES OF THIS PROJECT:
THIS is an "introduction" to the MPFC and describes its reason for being. (For example, it may be time to update the MPFC for an existing product; or the Company may have developed the technology for a new product; or a new product idea may have been revealed by research; etc.).
ANY objectives, guidelines or constraints imposed by Management should also be identified here.

MARKET SIZE:
IF the market being analysed is an existing one, state the size in terms of units and dollars. If helpful, show historical sales. Predict future sales for whatever period is most helpful. (Show figures in chart form).
ONE way to define your "market" is to identify the type(s) of product(s) that the consumer described in Section 2 is (are) currently buying to achieve the desired END. These are your competitors and their collective sales represent the total size of the market.
PROVIDE breakdowns of the total market size in ways that are illuminating (possibly, for example, by month or season, region, customer size, etc.).

ANALYSIS OF MARKETING ENVIRONMENT:
YOU should be alert to any trends in the environment at large (i.e. beyond your control) that could affect either the magnitude of the business potential or the strategy you might adopt. Trends that could be usefully monitored include:
• DEMOGRAPHIC trends (i.e. trends revealed in census statistics (e.g. birth rate down, increased size of older age groups, etc.);
• ECONOMIC trends; and/or
• SOCIAL AND CULTURAL trends (e.g. health and fitness boom, increase in working women, etc.).
YOU should indicate how POLITICAL and LEGAL forces could impinge on your business (if relevant).
YOU should summarise vitally important information concerning your major COMPETITOR(S) (e.g. share of market, main elements of marketing strategy, advertising budget and message, etc.).
FINALLY, indicate how developments in TECHNOLOGY could affect this business (if relevant).

THE TRADE:
MIDDLEMEN such as wholesalers and retailers often have a material bearing on a manufacturer's success.
IDENTIFY those middlemen which are potentially important for this project and conduct research to generate the information you need (e.g. their needs or wants, problems, desired profit margins, attitudes to competitors, etc.).
YOUR research may be done by an independent market research firm or by you. It is likely to include a "store check" in key markets.

THE CONSUMER:
IN the final analysis, your success or failure will depend on the extent to which you understand your consumer.
THIS understanding can normally be best achieved by marketing research conducted by independent research companies.
SUMMARISE here the key information concerning any qualitative and/or quantitative research conducted by, or for, you. This should include: date(s) of research, who did it, type of research project, and key findings. (Present each research project's information separately.)

COMPANY ANALYSIS:
THIS is the place to summarise key factors emerging from the popular "SWOT" analysis, i.e. STRENGTHS, WEAKNESSES, OPPORTUNITIES and THREATS - unless, of course, they have been covered elsewhere.

OTHER RESEARCH:
THE purpose of Section 1 is to provide the knowledge and illumination required to make sensible decisions (Sections 2 through 5).
IF the foregoing has not generated all the knowledge required, then undertake more research and summarise it here.

OTHER POINTS:
NO matter how much research has been done, a marketer will usually have to make some assumptions. Key - or critical - assumptions should be stated so that they are not forgotten.
PRIORITIES regarding future research activities (to fill current information, or knowledge, gaps) should be listed here, together with cost estimates.

PRODUCT OR SERVICE:
DATE:

Section 2: CONSUMER BENEFIT & MARKET SEGMENT

CONSUMER BENEFIT: what is the END which the consumer is seeking? It may be a benefit, fulfilment of a need or want, solution to a problem, elimination of an irritation or frustration, etc. It usually has both rational and emotional components and can/should be stated succinctly. Your product or service (Section 3) is merely the MEANS to the END.
MARKET SEGMENT: describe the group of people who are seeking this end in ways that differentiate them from all other people. This should be done in terms of life-style, activities, interests, attitudes, opinions, and their demographic characteristics (i.e. census-type data such as age, sex, income, marital status, etc.).
MARKET SIZE: estimate the number of people who are in your market segment, i.e. who are seeking the end you have identified. Also, state the size in terms of sales (units and/or dollars).

Section 3: FINANCIAL & MARKETING OBJECTIVES

STATE the objectives which are relevant for this project for whatever period is important to you (one year, two years, three years, etc.).
TO be useful, the objectives must be specific, measurable, realistic, and have a time frame.
FINANCIAL objectives (which must be consistent with corporate objectives) may include dollar sales, gross profit, net profit, return on investment etc.
MARKETING objectives may include unit sales, share of market, trial level, repeat purchase level, rate of repeat purchases, awareness or recall levels, distribution levels, etc.

Section 4: MARKETING STRATEGY

DEFINITION OF COMPETITION:
IF not already clear, identify the type(s) of product(s) - if any - which you consider to be directly competitive. These may be all or just some of those identified in Section 1 (See "Market Size").

MARKET DEMAND:
STATE whether you intend to achieve your sales target mainly by expanding the total market ("primary" demand) or by gaining a share of the existing market ("secondary" demand).

DESIRED IMAGE:
STATE the image that you will endeavour to establish. All your marketing mix decisions in Section 5 (e.g. product, pricing, packaging, product names, etc.) must be consistent with that image.

PROMOTIONAL STRATEGY:
INDICATE whether you will use a PULL strategy, a PUSH strategy or a combination of the two. (Essentially, you promote heavily to the end consumer to implement a Pull strategy and give middlemen special incentives to sell or feature your product to implement a Push strategy).

COMMUNICATION THEME:
STATE the theme or message that you wish to communicate to your consumer via your advertising, packaging, promotion, point-of-sale material, public relations activity, etc.

OTHER:
STATE any other marketing strategies that are relevant to your particular business or situation. Examples: will you focus on trial or repeat purchases? will you focus on selected regions of the country? etc.

Section 6: AUDIT ACTIVITIES

STATE the research activities that will be undertaken to determine whether or not you reached the objectives specified in Section 3.
STATE other research to be undertaken that is important but was not conducted in preparation of this plan.
ESTIMATE the costs of the various research projects and activities stated above.

Section 5: ELEMENTS OF MARKETING MIX

(Note: The following marketing mix is appropriate for a consumer product. A different mix of elements would be required of course, for a consumer service, an industrial product and an industrial service.)

PRODUCT:
LIST briefly the main features and characteristics that the product must have if it is to be perceived as a viable MEANS to the consumer's END (Section 2).
SPECIFY the maximum permissible production cost per unit (frequently the variable cost).
BRAND NAME:
YOU may not have the freedom to develop a Brand name as this may be dictated by Management.
IF you do have the freedom, however, briefly describe what you want the Brand name to accomplish (e.g. convey a benefit, be easy to pronounce or remember, etc.).
THEN state the name you believe best fits your stated criteria.
GENERIC PRODUCT NAME:
YOU may not have flexibility in this area as your product type may already have a well established name (e.g. "ball point pen").
IF you do have flexibility, however, briefly describe what you want the generic name to accomplish.
THEN state the name you believe best fits your stated criteria (e.g. "orange juice egg nog").

PACK:
LIST the key structural and graphic criteria to which the pack design must adhere. This will guide the creative effort of your pack designer.
STATE any constraints that must be accepted (e.g. cost of the pack, transportation costs, retailer realities, etc.).
ESTIMATE total cost of the pack for the period of this plan. \$

PACKAGING OUTER AND/OR INNER:
STATE how many units will be contained in an inner and, if applicable, how many inners to an outer.
LIST the graphic and structural criteria to which the design of the outer and/or inner must adhere.
STATE any constraints that must be accepted, particularly maximum permissible cost.
ESTIMATE total cost of packaging for the period of this plan. \$

DISTRIBUTION:
STATE the type of retail outlets - and the area within those outlets - in which your consumer would expect to buy the product.
IDENTIFY the type of middlemen (e.g. wholesalers and/or distributors) you require - if any - to gain distribution in those retail outlets. Also, specify the normal mark-up taken at each level required.
STATE the criteria which these middlemen must fulfil for appointment as your wholesalers and/or distributors.
IDENTIFY specific companies which you will appoint or have appointed because they meet your criteria.

PRICING:
PREDICT what retail price you believe the consumer will pay to achieve the END (Section 2), bearing in mind factors such as the competitive situation, desired image, etc.
THEN determine your selling price by subtracting middleman mark-ups. In going through this process, use mark-ups that are consistent with your Promotional Strategy (Section 4). (IF the selling price arrived at does not return a satisfactory profit margin, re-consider this project as you may have set your price too high to be competitive.)
IF you give your middlemen higher mark-ups than they normally take (Push Strategy), estimate the total differential cost. \$

CREDIT:
STATE whether or not you will grant better credit terms than is standard industry practice (Push Strategy).
IF so, specify what you will offer and estimate extra cost. \$

CONSUMER ADVERTISING (OPTIONAL):
SPECIFY media that will be used to reach your consumer (e.g. television, radio, newspapers, etc.).
STATE the weight of advertising required (e.g. TARPS or Reach and Frequency, etc.).
ESTIMATE production costs for the period. \$
ESTIMATE media costs for the period. \$
(MESSAGE, or theme, is specified in Section 4.)

CONSUMER PROMOTION (OPTIONAL):
FOR each promotion, briefly state the objective(s), type of promotion, timing and estimated cost.
ESTIMATE total cost of all promotions for the period. \$

POINT-OF-SALE MATERIAL (OPTIONAL):
LIST types of P.O.S. material to be produced and state the design criteria in order to guide creative development.
ESTIMATE total costs for all P.O.S. material produced in this period. \$

TRADE ADVERTISING (OPTIONAL):
STATE the objectives for advertising in trade journals.
STATE the strategy (message to be communicated, which journals to be used, timing, size of ads, etc.).
ESTIMATE total costs (production & media) for the period. \$

TRADE PROMOTION (OPTIONAL):
FOR each promotion, briefly state the objective(s), type of promotion, timing, and estimated cost.
ESTIMATE total cost of all promotions for the period. \$

SELLING:
IDENTIFY who/how many company employees will sell the product.
IF they sell other company products, identify the periods when they will focus on this product and what they will do. (Costs to be apportioned to this product.)
ESTIMATE total selling costs in this period (salaries, expenses, costs of meetings, etc.). \$

PUBLIC RELATIONS (OPTIONAL):
STATE what you intend to achieve via public relations and any constraints that must be observed.
SPECIFY specific actions and activities that will be undertaken, together with the cost of each.
ESTIMATE total costs for the period. \$

LEGAL (OPTIONAL):
STATE the legal protection that will be obtained to prevent/minimise competition.
ESTIMATE the costs of obtaining that protection. \$

TOTAL MARKETING MIX EXPENDITURES \$ PERIOD: From To