Marketing Paper Essay, Research Paper

Marketing Midterm

March 22, 2000

1. The World Wide Web is a very effective marketing tool for many reasons. It provides companies with an affordable and powerful way to reach people at ant time of day. The World Wide Web has basically four techniques that enable companies to market their products. There are interactive brochures, which range from simple one-page electronic flyers to multimedia presentations. Virtual storefronts take the interactive brochures one step further and allows customers to view and order merchandise. Information clearinghouses provide in depth product information where consumers can ask questions and get online answers. The customer service tool allows consumers to order catalogs and refer to lists of frequently asked customer questions with answers. Technological advances will affect the way we select and purchase goods in the future in many ways. It should in the future prove to be a powerful tool in promoting, connection, building associations, delivering information, and creating online communities. Technology will increase the speed at which consumers can purchase items and make it more convenient because people will be able to shop at any time of day and even negotiate the price.

2. Quality is defined as the degree of excellence or superiority of an organizations goods and services. Customer satisfaction is the result of a good or service meeting or exceeding the buyer’s needs and expectations. Customer satisfaction fits into the definition of quality. The true measure of quality determines whether a business has satisfied its customers. A.V. Feigenbaum says “Quality is what you customer says it is-not what you say it is. To find out about your quality, ask your customer.” A typical business loses half of it’s customers every five years and the underlying reason for many customer defections is simple: the customers were not satisfied with the value they received from the firm.

3. The five components of the marketing environment are competitive, political-legal, economic, technological, and social-cultural environments. The competitive environment is the interactive exchange in the marketplace as organizations vie with one another to satisfy customers. Marketers actually face three types of competition. Their most direct competition occurs among marketers of similar products. A second type involves products that users can substitute for one another. The final type of competition occurs among all other organizations that compete for consumers’ purchases. The political-legal environment is the laws and their interpretations that require firms to operate under certain competitive conditions and to protect consumer rights. Regulations enacted at the Federal, state and local levels affect marketing practices, as do the actions of independent regulatory agencies. At the federal level, the Federal Trade Commission wields the broadest powers of any agency to influence marketing activities. The economic environment consists of forces that influence consumer buying power and marketing strategies. They include the stages of the business cycle, inflation, unemployment, resource availability, and income. There is also the international economic environment. This is important because changes in foreign currency rates affect marketing decisions.

4. The international marketplace differs from the domestic marketplace for many reasons. In the international marketplace marketers must pay close attention to economic, social-cultural, and political-legal influences when they venture abroad. A country’s infrastructure is a very important characteristic. It refers to a nations basic transportation network, communications systems, and energy facilities. Changes in exchange rates can also complicate international marketing. For example, Japans traditional price advantage over domestic competitors in the U.S. eroded during the early 1900’s primarily because of increasingly competitive U.S. companies and the rising value of the yen in comparison to the U.S. dollar. The international social-cultural environment is also important because respect for cultural beliefs and religious customs is an essential precaution for marketers. Political conditions often influence international marketing. The legal environment for U.S. firms operating abroad results from three forces: international law, U.S. law, and legal requirements of host nations.

5. The steps in the marketing process begin at the corporate level. It begins with activities to define the firm’s mission, which is the essential purpose that differentiates the company from others. Then an organization lies out it’s basic objectives, or goals; in it’s mission statement. These objectives in turn guide development of supporting marketing objectives and plans. The third step of the marketing process involves a back-and-forth assessment of strengths, risks, and available opportunities. Organizational resources include the capabilities of the firm’s production, marketing, finance, technology, and employees. The SWOT analysis is an important strategic planning tool. SWOT analysis helps planners to compare internal organizational strengths and weaknesses with external opportunities and threats. Formulating a marketing strategy is the next step. A marketing strategy is an overall company wide program for selecting a particular target market and then satisfying consumers in that market through a careful; balance of the elements of the marketing mix. The last step is to implement a strategy through the marketing plans. The overall strategic marketing plan serves as the basis for a series of operating plans necessary to move the organization toward accomplishment of its objectives.

6. The four bases for segmenting consumer markets are geographic segmentation, demographic segmentation, psychographic segmentation, and product-related segmentation. Geographic segmentation is dividing an overall market into homogenous groups on the basis of population locations. A look at the worldwide population distribution illustrates why so many firms are pursuing customers outside the United States. While population numbers indicate the overall size of a market, other geographic indicators, such as job growth, can also give useful guidance to marketers. Demographic segmentation divides consumer groups according to characteristics such as sex, age, income, occupation, education, household size, and stage in the family life cycle. When segmenting by age many sociologists talk about the cohort effect, which is the tendency for members of a generation to be influenced by the same events. There are the Generation X’ers, which include 21% of the U.S. population. The Baby Boomers consist of 42% of all U.S. adults. Seniors also take up 26% of the American population. When segmenting by ethnic groups people must be aware that Americas ethnic make-up is changing because of comparatively high immigration and birthrates among some minority groups. The census bureau projects that by the year 2050; nearly half of the population will belong to non-white minority groups. The three largest and fastest growing racial/ethnic groups are African-American, Hispanics, and Asian Americans. The family life cycle is the process of family formation and the dissolution, which affects market segmentation because life stage, not age, is the primary determinant of many consumer purchases. As people move from one life stage to another, they become potential consumers for different types of goods and services. Psychographic segmentation is dividing a population into homogenous groups on the basis of psychological and lifestyle profiles. A lifestyle refers to people’s decisions about how to live their daily lives, including family, job, social, and consumer activities. The most common method for developing psychographic profiles of a population is to conduct a large-scale survey that asks consumers to agree or disagree with a collection of several hundred AIO statements. Product-related segmentation can take several forms. Segmenting by the benefits that people seek when they buy a product. Segmenting according to consumer brand loyalty to a product. Under segmenting by usage rates, there is the 80/20 principal which is an idea that a big percentage of a products revenue roughly 80%-comes from a relatively small percentage of total customers-around 20%.

7. Organizational buying behavior and consumer buying behavior have many similarities but also many differences. Buyer behavior is a process by which consumers and business buyers make purchase decisions. Consumer behavior is buyer behavior of ultimate consumers. There are many determinants of consumer behavior. Cultural influences are very important. Each culture includes numerous subcultures. Another important determinant are social influences. Family influences are also a factor. Needs and motives lead a purchaser to buy things as well. Under Maslow’s hierarchy of needs there are physiological, safety and social belongingness, esteem, and self-actualization needs. Perceptions include the five senses and result from the interaction of stimuli and individual factors. Another determinant is attitude. Learning is another component of consumer behavior because consumer behavior is a result of experience. There is also the self-concept theory which a person’s conception of himself/herself, composed of the real self, self-image, looking glass self, and ideal self. The consumer decision process includes problem opportunity recognition, search, alternative evaluation, purchase decision, purchase act, and the post purchase evaluation. Organizational buying behavior has many influences. Some influences on purchase decisions are environmental factors, organizational factors, and interpersonal influences. There are a few stages in the organizational buying process. Stage one is to anticipate or recognize a problem/need/opportunity and a general solution. Stage two is to determine the characteristics and quantity of a needed good or service. Stage three is to describe characteristics and quantity of a needed good or service. Stage four is to search for and qualify potential sources. Stage five is to acquire and analyze proposals. Stage six is to evaluate proposals and select an order routine and the final stage is to obtain feedback and evaluate performance.

8. Relationship marketing is the development and maintenance of long-term, cost effective relationships with individual customers, suppliers, employees, and other partners. The four dimensions of relationship marketing are bonding, empathy, reciprocity, and trust. Bonding is mutual interests or dependencies between the parties that must be strong enough to tie them together. Empathy is the ability to see situations from the perspective of the other party. Reciprocity is the give and take process between the parties in a relationship; one makes an allowance and grants favors to the other in exchange for the same treatment when it’s own need arises. Trust is ultimately the glue that holds a relationship together over time. Trust reflects the extent of one party’s confidence that it can rely on another’s integrity.

9. There are three categories of consumer products. The three categories are convenience products, shopping products, and specialty products. Convenience products are a good or service that consumers want to purchase frequently and immediately and with minimal effort. Some examples of convenience products are chewing gum, newspapers, candy, and most vending machine products. Convenience products also include impulse products and emergency items. Shopping products are goods or services purchased only after the consumer compares competing offerings from competing vendors on such characteristics such as price, quality, style, and color. Some examples are clothing, furniture, jewelry, and shoes. Several important features distinguish shopping products such as physical attributes, service attributes, prices, styling, and the places of purchase. Specialty products are goods or services with unique characteristics that cause the buyer to prize it and make a special effort to obtain it. Some specialty products include Gucci handbags, Ritz-Carlton resorts, Tiffany jewelry, and Rolls-Royce automobiles. Purchasers of specialty products know exactly what they want and they are willing to make special efforts to satisfy those wants.