



Marketing

3.1 – The Role of Marketing

SETTING THE SCENE


McDonald's – marketing does not stand still

What food do you think of when you hear 'McDonald's? Most people would still say 'burger and chips'. But the multinational fast-food business is working hard to change its brand image. There are several reasons for this but two stand out:

- The global economic downturn between 2008 and 2010 has created market opportunities for 'premium products' aimed at consumers who are short of cash and cannot afford a meal in a three-star restaurant.
- Increasing concern about the bad health effects of fast food – especially the youth obesity problem of today – means that healthier menu options are becoming much more popular.


McDonald's claims: 'We are constantly researching consumer wants, and as many people cannot now afford full restaurant meals, we are revising our menu to appeal to them with luxury beef and chicken products in specialist ciabatta bread. The company is also committed to increasing its range of salads and other healthy options.' At the same time, McDonald's is also aware of the cash limits on its traditional customers and is targeting them with a new 'dollar-saver' menu.

No business can afford to stand still – there are always competitors to worry about. Burger King is also trying new ingredients, such as Spanish sausage and tiger prawns. It promoted its new upmarket menu with a world record-breaking £60 burger with the most expensive beef in the world! It captured the newspaper headlines, but it will not become a regular product.



The Market

The place or process whereby customers and suppliers trade.




Market Size

The total level of sales of all produces in the market.

Why is measuring market size important?
Can market size be measured by other means?




Market Growth

The percentage change in the total size of a market over a period of time.

$$\% \text{Change} = \frac{\text{difference}}{\text{original}}$$



Marketing Maths

Look at these figures for Instant Pot Snacks

Rank	Brand	Producer	2006 sales	2007 sales
1.	Pot Noodle	Unilever	£73.8m	£70.6m
2.	Super Noodles	Batchelors	£24.7m	£27.4m
3.	Noodles To Go	Batchelors	£6.1m	£6.2m
Total sales within the category			£129.1m	£132.6m
Total own label sales (by value)			£12.0m	£11.8m

Calculate the % change in market size in 2007 compared with 2006



Market Share

The percentage of sales in the total market sold by one business.

$$\text{Market Share} = \frac{\text{firm's sales}}{\text{total market sales}} \times 100\%$$

Why does market share matter to a firm?



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Calculate the market share held by Pot Noodle in 2007.

Calculate the % change in sales of Pot Noodle in 2007.





Changes in the Market

Cause	Effect
1 Price rises throughout a market lead to small reductions in demand	A. Rise in market size by value
2 Rival firms launch new products that revitalise sales within a market	B. Market size rising by value, but falling in volume
3 Sales volumes rise due to greater demand, not price cutting	C. Growth in market share
4 A brand becomes trendy, having been worn by the star of a TV soap	D. Sales decline for a year, though the market may still be set for long term growth
5 A sharp recession cuts sales of luxury goods	E. Your own brand's sales are static, but market share is declining

- ### Aims
- Define marketing and describe its relationship with other business activities.
 - Describe the difference between market and product orientation.
 - Explain the difference between the marketing of goods and services.

Marketing

The management role of predicting, identifying and meeting the needs and wants of customers in a profitable manner

Marketing departments form strategies around four key areas...

Cross-departmental links

In what way is marketing linked to the following departments? Use 388-9

Operations Finance Human Resources



Orientation

What came first, the product or the customer need?



Product- v -Market Orientation

Product Orientation – an inward-looking approach focused on making products that the business believes the customer will want/need.

Market Orientation – an outward-looking approach basing product decisions on consumer demand established through market-research.

Use pages 389-90 to complete worksheet 51




Evaluation

- If a firm tries an market-orientated approach to respond to every single need and want, they will overstretch resources
- Customers may have 'latent' needs that only arise once a product-orientated business spends resources on researching and developing new products.
- Firms are probably best using a combination of both.



Aims today

- Extend your knowledge of 'orientation' by looking at 'asset-led' and 'social' marketing
- Explain the difference between the marketing of goods and services.
- Analyse the marketing techniques of non-profit organizations.



How can Coca Cola so easily launch a new product?

The amazing WORLD of Coca-Cola

facts about the world's biggest brand

It has about **450** brands with more than **3,000** beverage products

With 11 other brands with annual retail sales exceeding \$1 billion




Asset-led Marketing

An approach to marketing that bases strategy on the firm's existing strengths and assets, for example launching new products of diversifying




Asset-led Marketing

- Enjoys benefits of product and market orientation by emphasising/using key strengths whilst making decisions based on the needs of the market
- Helps achieve competitive advantage, enter new/expand existing markets, extend product/brand 'life'




Social Marketing

Using mainstream marketing methods to achieve beneficial social change.



Activity 4.1.3, page 392 - discussion

Marketing Goods and Services

Good or Service?

Decide whether each of the items pictured is a good or a service, and then drag them into the correct heading.

Good

Service

Score So Far: 0 out of 0

Marketing Services



Copy the diagram and add bullet points based on pages 393-4