WHAT’S INSIDE:

• Core marketing concepts!
• An innovative approach to teaching and learning marketing principles
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2ND ASIA–PACIFIC EDITION

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Chapter One
An overview of marketing

3. Finding out what benefits people want the organisation to deliver and what they want the organisation to satisfy (market opportunity analysis – see Chapters 3, 4 and 6).

4. Developing a marketing strategy to satisfy the desires of selected target markets by deciding exactly what wants, and whose wants, the organisation will try to satisfy (target market strategy – see Chapter 5); by setting marketing objectives; and by developing appropriate marketing activities (marketing mix – see Chapters 7 to 13) to satisfy the desires of selected target markets.

5. Looking at the impact on marketing when dealing with international and global markets (see Chapter 14).

6. Understanding the organisation’s mission and the role that marketing plays in fulfilling this vision; implementing the strategy; and periodically evaluating marketing efforts and making changes if needed (see Chapter 15).

As we can see in Exhibit 1.2, most of the emphasis in marketing theory is placed on the organisation. However, when you study marketing your base for understanding is couched in your own experiences (we all like to buy things).

Why study marketing?

Now that you have been introduced to the meaning of the term marketing and to how the elements of marketing are put into effect by organisations, you may be asking, ‘What’s in it for me?’ or ‘Why should I study marketing?’ These are good questions.
Learning Objective 1 >>

The market uses of branding

The success of any business or consumer product depends in part on the target market’s ability to distinguish one product from another. Branding is the main tool marketers use to distinguish their products from those of competitors.

A brand is a name, term, symbol, design or combination thereof that identifies a seller’s products and differentiates them from competitors’ products. A brand name is that part of a brand that can be spoken, including letters (GMH, YMCA), words (Ford) and numbers (WD-40, 7-Eleven). The elements of a brand that cannot be spoken are called the brand mark – for example, the well-known Mercedes-Benz and Qantas Airlines symbols.

Benefits of branding

Branding has three main purposes: product identification, repeat sales and new-product sales. The first and most important purpose is product identification. Branding allows marketers to distinguish their products from all others. Many brand names are familiar to consumers and indicate quality. In addition, strong brands also have value to company boards and accountants, where, like other commodities, they can be bought and sold. Brands are becoming increasingly valuable in an attempt to increase their potential markets and eventual profits.

The term brand equity refers to the value of company and brand names. A brand that has high awareness, perceived quality and brand loyalty among customers has high brand equity. A brand with strong brand equity is a valuable asset.

What constitutes a good brand name? Most effective brand names have several of the following features. They:

• are easy to pronounce (by both domestic and foreign buyers)
• are easy to recognise
• are easy to remember
• are short
• are distinctive, unique
• describe the product
• describe product use
• describe product benefits
• have a positive connotation
• reinforce the desired product image
• are legally protectable in home and foreign markets of interest
• are translatable into other languages.

Obviously, no brand exhibits all of these characteristics. The most important issue is that the brand can be protected for exclusive use by its owner.

Tiger Airways: more a kitten than a king

Tiger Airways Group was launched in 2004 into the Australian market as a low-cost option for Singapore Airlines in direct competition to Qantas. In 2011 the airline reported a $27.2 million operating loss mainly due to the grounding of the airline for much of the 2011 year due to problems with the air safety regulator in Australia. While the airline initially seemed to meet a need in the market with the low-cost strategy, the lack of attention to the requirements of CASA (the Australian safety regulator) not only saw the airline grounded for two months, but also a loss of market share with customers unwilling to take the risk even with low fares. Indeed, the limited services offered by Tiger, along with the poor performance of its website and customer service, has relegated the airline to the bottom of the list when it comes to market share. What remains to be seen is how this tarnish on Tiger’s brand might transfer to its mother company, Singapore Airlines.

“Branding is the main tool marketers use to distinguish their products from those of competitors.”
Marketing strategy and plans

It should now be apparent that the marketing strategies and plans must be drawn from the organisational strategy. In the same way, financial, information technology, human resource management and any other key element of an organisation must be aligned to the organisational strategy. This section will look specifically at marketing strategy and the subsequent marketing plan. Marketing strategy is the longer-term view of the marketing effort for an organisation. The marketing plan provides the application planning tools and responsibilities necessary to ensure that marketing activities are conducted at the appropriate time by the appropriate person in order to achieve the marketing strategy.

Specifically, it can be said that marketing strategy management addresses several long-term decisions that will affect the organisation’s long-term performance, its allocation of resources and, ultimately, its success. These issues include:

1. What is the organisation’s main marketing activity at a particular time?
2. How will it reach its goals?
3. What are the appropriate target market(s)?
4. What are the most appropriate marketing objectives for the organisation for each of the target market(s)?
5. What is the appropriate marketing mix for each product in each market such that satisfactory exchanges of value occur for the organisation and the customer?

In contrast, operating decisions, such as those made in the development and implementation of the marketing plans, probably won’t have a big impact on the long-run profitability of the company. For example, deciding to change the supplier of cardboard boxes for packaging cornflakes won’t impact directly on the long-term goals of the organisation and are the sorts of decisions that corporate management doesn’t need to be involved in.

Marketing planning involves designing activities relating to marketing objectives and the changing marketing environment. Marketing planning is the basis for all marketing strategies and decisions. Issues such as product lines, distribution channels, marketing communications and pricing are described in...
Learning Outcomes

LO1 Discuss the external environment of marketing and explain how it affects an organisation

The external marketing environment consists of sociocultural, economic, technological, political and legal, and competitive variables. Marketers generally cannot control the elements of the external environment. Instead, they must understand how the external environment is changing and the impact of these changes on the target market. Then, marketing managers can choose a marketing mix to effectively meet the needs of target customers.

LO2 Describe the sociocultural factors that affect marketing

Within the external environment, sociocultural factors are perhaps the most difficult for marketers to anticipate. Several major social trends are currently shaping marketing strategies. First, people of all ages have a broader range of motivations or needs across ethnic groups. A second strategy is to seek common interests, rather than conforming to a single, traditional lifestyle. People born between 2000 and present. A third strategy is to seek common interests, rather than conforming to a single, traditional lifestyle. People born between 2000 and present.

LO3 Explain the importance to marketing managers of multiculturalism and growing ethnic markets

Multiculturalism is the recognition and celebration of ethnic groups that add diversity to society. Growing multiculturalism makes the marketer's task more challenging, as niches within ethnic markets may require micromarketing strategies.

LO4 Identify consumer and market reactions to the state of the economy

Marketers are currently targeting the increasing number of consumers with higher discretionary income by offering higher-quality, higher-priced goods and services. During a time of inflation, marketers generally attempt to maintain level pricing in order to avoid losing customer brand loyalty. During times of recession, many marketers maintain or reduce prices to counter the effects of decreased demand; they also concentrate on increasing production efficiency and improving customer service.

LO5 Identify the impact of technology on an organisation

Monitoring new technology is essential to keeping up with competitors in today's marketing environment. Often an organisation can develop a myopic view of the world because it is constantly dealing with day-to-day activities and not considering how things can change.

key terms

LO1 environmental scanning Collection and interpretation of information about forces, events and relationships in the external environment that may affect the future of the organisation or the implementation of the marketing plan.

environmental management When a company implements strategies that attempt to shape the external environment within which it operates.

SWOT analysis Identifying internal strengths (S) and weaknesses (W) and also examining external opportunities (O) and threats (T).

LO2 baby boomers People born between 1943 and 1963.

personalised economy Delivering goods and services at a good value on demand.

Generation X People born between 1964 and 1981.


Generation Z People born between 2000 and present.

component lifestyle The practice of choosing goods and services that meet one's diverse needs and interests rather than conforming to a single, traditional lifestyle.

LO3 multiculturalism When a society has more than one ethnic culture, the society receives benefits as a result of this diversity.

LO4 inflation The overall general upward movement of goods and services as measured by the Consumer Price Index. Over time, as the costs of goods and services increase, the value of the dollar falls because people won’t be able to purchase as much with a dollar.

recession A period of general economic decline; specifically, a decline in GDP for two or more consecutive quarters.

LO5 primary research Pure research that aims to confirm an existing theory or to learn more about a concept or phenomenon.

applied research Attempts to develop new or improve products.

global competition The strategy an organisation adopts to provide the same product in all markets around the world.

international competition The strategy an organisation adopts to provide products that are usually different or modified in some way to different countries.