

GRANDE PRAIRIE REGIONAL COLLEGE
BUSINESS ADMINISTRATION
COURSE OUTLINE

12/16
Fall
1996-97

BA 1090 - INTRODUCTION TO MARKETING

TEXT: Canadian Marketing in Action, 3rd Edition, Tuckwell, Prentice Hall, 1996.

N.B. It may be possible to share a text with a trusted fellow student.

URL Site is
<http://gpu2.srv.ualberta.ca/~slis/guides/market/guide.htm>

PREREQUISITE: Nil.

COURSE DESCRIPTION: The development of a strategic model and its implementation is the prime focus for this introductory course. Using the principles of product price, promotion and place, plus the crucial importance of the consumer, students will develop analytical skills.

COURSE OBJECTIVES:

- i) To acquaint students with terminology and fundamental concepts of marketing.
- ii) To solve business problems.
- iii) To acquaint students with techniques used in defining and selecting target markets.
- iv) To scope elements of buyer behaviour.
- v) To survey the components of the marketing mix to outline how the marketing mix relates to target markets.

GRADING:

Quizzes	3 x 10	=	30%
Group Paper		=	15%
Mid Term Exam		=	20%
Final Exam		=	25%
Attendance Bonus		=	10%

i) Stanine System

Conversion from percentages to stanines as follows:

90 - 100%	9
80 - 89%	8
72 - 79%	7
65 - 71%	6
57 - 64%	5
50 - 56%	4
45 - 49%	3
26 - 44%	2
0 - 25%	1

COURSE CONTENT: Student progress and interest will dictate pace but, in general terms, content will be:

Week #	Topic	Text Chapters	Assignment Due
1	Introduction: overview	1	
2	Introduction: environment	2	
3	Strategic Model	3	Quiz #1
4	Segmentation	4	
5	Positioning	4	Quiz #2
6/7	Consumer: Behavioral	6	Mid Term Exam
8	Product: Classes	8	Paper
9	Product: Branding, Life Cycle	9	
10	Place	12	Quiz #3
11	Promotion: Introduction	14	
12	Promotion: Advertising, Other	15	
13	Review		

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TESTS

Only those students who contact me **before** a scheduled test will be permitted to write a supplemental. In most cases, supplementals are waived and the value of the final exam is increased to compensate for the test not written. This can be risky so it is far preferable to write the test. If you are unable to write a test call me or leave a message (please make sure that the message has a time on it.)

HAND INS

My policy is to deduct 10% per school date late to a maximum of two days after which do not bother to hand in the assignment. It is my objective to get next class feedback (i.e. hand in on Friday get paper back on Monday) so once papers are returned, late papers cannot be accepted.

PUNCTUALITY/ATTENDANCE

Classes will start on time all the time and reviews of material already covered will not be provided for late students. Attendance in my courses is super important as my policy is that you will only be tested on material covered in class. **Please make arrangements with a fellow student to pick up handouts if your are absent.**

NOTES

The test of good notes is whether they are meaningful and helpful when you need them. It has been my experience that students require **MORE** than what is written on the board. I use abbreviations/acronyms/buzz words extensively so **PLEASE** seek clarification as we proceed.

ASSISTANCE

The onus is on the student to seek help as required. I shall presume satisfactory progress and comprehension unless I hear to the contrary. There is no shame whatsoever in seeking assistance and I shall happily provide it, but **YOU** must initiate the process. Please do so early as it is rather difficult to help in a significant way the day before the exam.

My office hours are only a guide to my availability. Please feel free to wander in as you see fit. I may be busy and will have to set an appointment time for you. **YOU ARE NOT BOTHERING FACULTY WHEN YOU ASK FOR HELP: YOU ARE ASKING US TO DO OUR JOBS.**

I am comfortable with calls at home before 10 p.m. and am willing to meet on weekends if necessary.

BA 1090 INTRODUCTION TO MARKETING
SHORT PAPER ON CONSUMER BEHAVIOUR

VALUE = 15% OF FINAL GRADE

On page 233 in the text is a vignette entitled Peter Taylor Buys Running Shoes. The assignment asks you to analyze what happens in light of three (3) consumer behaviour tools that were discussed in class. In other words, **EXPLAIN** what happens using the tools.

Your paper should be three to four typewritten pages (double spaced), have an Introduction, Body and Conclusion, and **BE STRUCTURED**. Two marks will be deducted from unstructured papers. Each tool should have **FIVE** markable points which may consist of:

- how his behaviour followed or differed from the model
- why he behaved as he did
- the reasons why he chose Nike/Sports Experts
- other (but specify)

Logical, analytical thinking will be rewarded; a rambling story will not. Case or tool supported statements will get marks whereas gut feel and marketing babble will not.

The paper should be a group effort (2 or 3 per group) and all will get identical grades.

These are fifteen soft marks if you follow instructions.

ANALYSIS

DEFINITION: To Analyze: to take to pieces, to resolve into elements, to examine critically part by part.

In other words, analysis sheds light on and makes meaningful raw data. Qualitative or quantitative raw data are mere description and as such, worthless in terms of marks.

The following activities are a partial listing of analytical activities:

- compare and contrast (absolute and relative)
- comments, observations and insights
- judgements, conclusions and implications
- assessment of value, appropriateness
- cause/effect relations, separation of symptoms and problem
- patterns, trends, generalizations
- central tendencies
- use of theory or model to explain data
- etc.

Example:

a) **Description:**

<u>Person</u>	<u>Mark</u>
Fred	85
Joe	80
Susan	50
Max	45
Dagmar	40

b) **Analysis:**

- central tendencies - mean, median, mode, standard, deviation, skew, graph
- # or fails, % fails
- # of excellents, % excellents
- males do better than females
- those with names with last letter before "r" do better
- even increments of 0/5
- etc.

Summary

Analysis is the massaging of data with the objective of making the data meaningful and useful. Computers generate data, managers analyze it (or, at least, instruct the computer to analyze it.) It is impossible to make good decisions based on description; analysis is mandatory.

Writing Style: Hints for Students

Students have, quite legitimately, complained that my expectations pertaining to written submissions have been vague and/or unrealistic. To address this, please note the following:

1. Colloquialisms - use is discouraged but if appropriate, should be in quotes eg. "max out."
2. Spelling - buy and use a dictionary. In particular, please take note of errors identified and learn from them.
3. Grammar - at the college level, it is presumed that errors of grammar should be rare. In particular, please watch noun/verb agreement.
4. Possessives - a small but telling difference in English quality, eg. the company's assets not companies assets.
5. Recurring Errors -

<u>Correct</u>	<u>Incorrect</u>
develop	develope
definite	definate
rationale	rational
a lot	alot
6. Singular/Plural - The following are often confused by business students.

<u>Singular</u>	<u>Plural</u>
datum	data
criterion	criteria
appendix	appendices
medium	media
phenomenon	phenomena
7. Structure - Structure is key for 2 reasons:
 - i) organized writer's thinking and analysis
 - ii) eases reader's tasks

By structure, I mean a systematic and logical series of titles, subtitles and numbering scheme.

Example:

- A. INTRODUCTION
- B. ANALYSIS

1. Current Situation

- i) Sales
- ii) Competition
 - a) Domestic

The importance of structure cannot be over emphasized. Failing to do so creates problems; it does not solve them, and no manager I know of would accept a document of more than one page without coherent structure.

FINALLY: purpose or objective statements are invaluable tools and deserve frequent use.

eg. "Our purpose in examining competitive pressures is to highlight their growing intensity"

eg. "The objective of minimizing risk is best determined by verb."

8. Data -

Charts and lengthy calculation should be in appendices. A suggested format for dealing with charts is:

eg. TITLE: Question 10

Raw #	$\frac{1}{6}$	$\frac{2}{4}$	$\frac{3}{5}$	$\frac{4}{2}$	$\frac{5}{4}$	<u>Total</u>
						21
%	28.6	19.0	23.8	9.5	19.0	99.9
Mean (weighted):	2.71					

Conclusions: i) Wide spread suggests . . .

Also, histograms (bar charts) are useful visual tools, but should not replace sound analysis.

9. Sundry:

- Street language is never acceptable
eg. sort of, kinda, try and do something, a lot
- Point form is acceptable as long as it doesn't approach "punchiness":
eg. Advantage
- Cheap
- Bullet format (such as sundry section) is another valuable structure tool.
- Unless warranted MUSH words (such as may, perhaps, could, might, etc.) are not acceptable.

HOPE THIS HELPS, (ALOT).

BA1090 REVIEW (for BA2190)

Product Concept: Sell what we've got

Marketing Concept: Get what we can sell
Satisfy customers at a profit.

Definition: Marketing

- Planning and executing the conception, pricing, promotion and distribution of ideas, goods and services that satisfy consumer objectives.
- Demand Management.
- Attention to services produced by the product rather than the product.

Marketing Mix: 4 P's and C

Market:

- Set of all present and potential buyers for a product or service
- \$, need, motivation to spend. _

Product:

- "bundle of satisfactions."

Innovation Strategies:

1.

	PRESENT PRODUCTS	NEW PRODUCTS
PRESENT MARKETS	Penetration	Product Development
NEW MARKETS	Market Development	Diversification

2. Innovator/Imitator

3. Segmenter (satisfy one slice very well) vs. Aggregator (satisfy more than one slice pretty well) NB. Combine segments not products.

4. Marketing Warfare: leader, challenger, follower, nicher (defense, offense, flanker, guerrilla.)

5. Porter Model

Demographics - necessary but not sufficient.

Psychographics - not required.

PRODUCT LIFE CYCLE - VITAL - USE IT!!! (see attached)

CONSUMER BEHAVIOUR

1. Economic Needs (man as utility maximizer)
 - economy of purchase/use
 - convenience
 - efficiency in operation/use
 - dependability in use
 - improvement of earnings
 - reliability of service
 - durability
 - enhancement of productivity

2. Maslow's Hierarchy of Needs: re: bundle of satisfaction
 Physiological (survive), Physical Safety/Emotional Security (overtime), Social (fitting in), Ego/Self Esteem (sticking out) and Self Actualization (growth and creativity.)

3. Perceptions: In the battle for the mind, confusion is the enemy!
 - selective exposure-what interests us
 - selective perception-screen out irrelevancies
 - selective retention-don't remember-why ads are repeated
 - i) Interest level vital-are they in the market? AIDA
 - ii) Adoption curve
 - iii) Perceptions from customer's point of view-what are their problems, info needs and choice criteria?

4. Learning-where on adoption curve-different message to different level of learning.
 - impact of trial
 - degree of brand awareness (rejection, ignorance, indifference, awareness, interest, preference, insistence)
 - education requires deep pockets

5. Attitudes
 - word of mouth
 - intention to buy
 - +, -, or neutral leads to very different strategies
 - "Go with what's there and shape it."

6. Personality
 - Activities, Interests, and Opinions (AIO)
 - Psychographics

7. Family: who decides?
Consumer, Customer, Influencer, Decision Maker, Agent, Financier, Initiator.
Stages in consumption patterns - link to demographics.
8. Social Class = F (education, occupation, place of residence, and source of income) not income

Class is a state of mind not a state of bank book. i.e. two consumers with the same # of \$ will consume profoundly differently. Targeting class impacts each part of mix as a package. Where is your TV and do you pay off your credit card?

Regardless of class 20% are price minimizers (the cheapest)
60% are value maximizers
& 20% are quality maximizers (the best)

9. Reference Groups - for visibly consumed products and services.
 - impact of others - inner vs. other directed
 - which peers?
 - endorsements and word of mouth
 - innovators/opinion leaders and early adopters critical.
 - degree of involvement Pages 149/150
10. Culture and Sub culture - nichemanship
11. Problem Solving Consumer

Awareness, Information Gathering, (High or low involvement). Evaluation of Alternatives, Decision, Evaluation of Decision (Post purchase reinforcement).

HOW FAST?

Consumer: Extensive, Limited and Routine
Industrial: New Task, Modified Rebuy, Straight Rebuy.

Segmentation - Required in every case

- homogeneous within
- heterogenous among
- useable, accessible and big enough to be profitable.

YOUR PERCEPTION OF MARKET.

Positioning - Required in most cases

- location in the mind
- niches in the mind

- unique selling proposition
- who the real competitors is.

THEIR PERCEPTION OF YOU AND OF COMPETITION.

N.B. Marketing warfare position is a different concept to this in that it looks at competitive roles within a market.

- PRODUCT**
- Product Life Cycle (for industry)
 - Goods Class - Convenience (impulse, staple, emergency)
 - Shopping (Hetero, Homo)
 - Specialty
 - Unsought (New and Regularly)
 - Branding Continuum (differentiation)
 - loyalty
 - purpose

- PLACE**
- = Channel of Distribution - draw a map!
 - Intensity - intensive, selective, exclusive
 - Vertical Integration - Forward - closer to customer
 - Backward - closer to raw material
 - Channel Captaincy - who calls the shots
 - Co-operation Opportunities - partnerships
 - push to channel, pull to consumers
 - care and feeding of middlemen is **VITAL**
 - direct vs. indirect

PROMOTION

- = Blend of Mass Advertising, Personal Selling, Publicity, and Sales Promotion.
- f (PLC, S, competition, adoption curve, target <channel or consumers>, product class)

Cannot judge a piece of communication without knowing Target Market (TM) and objectives. AIDA

Ad types - Pioneer, Competitive (Direct and Indirect), Comparative, and Reminder.

- PRICE**
- consumer oriented
 - profit oriented
 - cost oriented
 - competition oriented

The lazy way to market share is the cut price.

Break even analysis $B/E = \text{Fixed Costs} \div \text{Contribution Margin}$
 An excellent reality test!!!!

MARKETING WARFARE STRATEGIES

DEFENSIVE: LEADER

- only leader plays defense
- best defense is a good offense, therefore, be aggressive against nibblers
- block strong competitive moves quickly and overwhelming (no more Mr. Nice Guy!)

OFFENSIVE: CHALLENGER

- main consideration is the strength of the leader
- attack weaknesses of leader (where vulnerable)
- attack on a narrow front (where you are strong)
- requires enormous and sustained effort - no half measures

FLANKING: FOLLOWER

- move into uncontested areas
 - tactical surprise - no testing or telegraphing
 - pursuit is as critical as the attack itself-keep pushing
- Trap - do not emulate leader if successful ie no long thin lines; continue to concentrate forces in overpowering mass.

GUERRILLA: NICHER

- find niche small enough to defend (take crumbs too small for others to care about)
- be ready to "bug out" at a moments notice to conserve forces to fight again
- 94% of market fighters ought to be guerrillas

5 QUESTIONS

1. What position do we own in the mind? Via research.
2. What position do we want?
3. Whom must we outgun? What strengths and weaknesses? Who leads?
4. Do we have enough ammunition and **WILL?** (to get mind share)
5. Can we stick it out for the long term?

AXIOMS

Start with what's in the mind.

Product ladders-leader gets twice business as 2nd who gets twice 3rds. Only 7 brands in a HIGH interest area.

Cherchez les creneux - available "holes" in the minds.

PLAGIARISM

Plagiarism is the taking of ideas and exact words of another and the offering of them as one's own. Plagiarism specifically consists of copying verbatim from a book, magazine, etc. using someone else's ideas (theory, interpretation, etc.); handing in a paper written by someone else.

Plagiarism is a deceitful practice which is unbecoming of any professional business person. And it is not to be tolerated.

The Department of Business Administration is concerned about plagiarism within our program. As instructors we encourage students to use resources whether primary or secondary to support or refute positions they may take. If resources are used, if ideas are borrowed, if someone's exact words are used, the students should document their sources.

If an instructor suspects a student of plagiarism, he or she may:

1. wish to discuss the situation with the student
2. try to find the original source

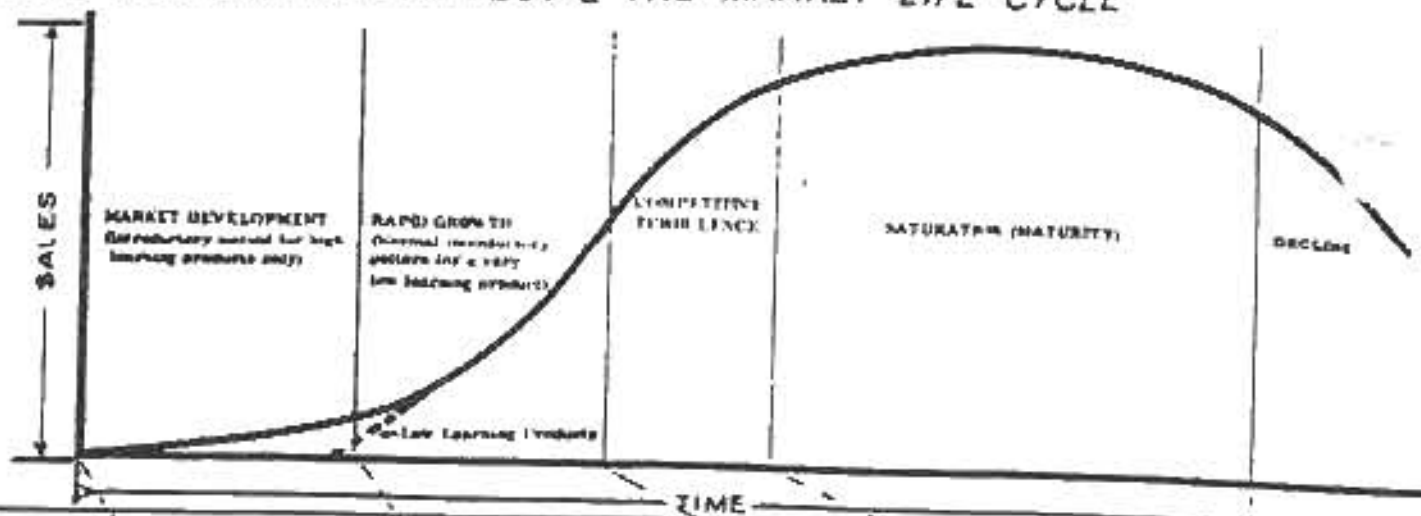
If an instructor accuses a student of plagiarism, he or she may assign:

1. a "0" for the assignment
2. a "1" for the course

If a student accused of plagiarism wishes to contest the charge he/she should

1. discuss the problem with the instructor
2. discuss the situation with the Chairperson of the department
3. appeal to the Executive Committee of Academic Council

DYNAMIC COMPETITIVE STRATEGY & THE MARKET LIFE CYCLE



STRATEGIC OBJECTIVE	MARKET DEVELOPMENT (Low learning products only)	RAPID GROWTH (Normal manufacturing plants in a very low learning product)	COMPETITIVE TURBULENCE	SATURATION (MATURITY)	DECLINE
STRATEGIC OBJECTIVE	Minimize learning requirements, become and remain offering devices quickly, derive widespread awareness of benefits, and gain trial by early adopters	To establish a strong brand market and distribution network as quickly as possible	To maintain and strengthen the market with preferred through dealer and customer loyalty	To defend brand position against competing brands and product category against other potential products, through creative attention to product improvements opportunities and (from primary level) and distribution structures	To milk the offering out of all possible profit
OUTLOOK FOR COMPETITION	None is likely to be offered in the early, marketable stages	Rapid entrance of numerous aggressive competitors	Price and volume fluctuations appear in the industry, shaking out the weaker competitors	Competitive stabilized. Few or no new entrants. Market leader positively decides when a brand gains substantial added perceived value through product improvements or more positioning	Similar competitive declining and dropping with because of decrease in customer interest
PRODUCT DESIGN OBJECTIVE	A limited number of models with physical product and offering design both focused on satisfying learning requirements. Through mail- and non-engineered in appeal to most consumers segments. Unfused attention to buildity control and work elimination of market-proven devices in design	Multiple design to facilitate distribution of variables to appeal to industry segments and non-segmentation to that as unsegmented	Innovation attention to product improvements, tightening up of line to eliminate lower-cost marginal lines with high market speed	A constant shift to market (repositioning) opportunities through other line and product modifications of new markets or usage product changes. Introduction of <u>higher products</u> . Constant attention to possibilities for product improvements and cost cutting. Maximization of capacity of strength competitors	Constant offering of line to stimulate low brand not performing a direct profit
PRICING OBJECTIVE	To increase the maximum of value perception learning and to match the value reference perception of the most receptive segments. High trade discounts and delivery advantages	A price line for every scale, from low-end to premium models. Consistent trade discounts. Aggressive promotional pricing with prices cut as fast as value decline due to accumulated production experience. Minimization of spending	Increased attention to market-repositioning and promotional pricing opportunities	Price repositioning whenever demand shifts and competitors' strategies permit. Deliberate offering to specific product category branches. Search for incremental pricing opportunities, including price level controls, to boost volume and gain an economic advantage	Maintenance of (low) pricing with complete disregard of any effect on market share
PROPOSITIONAL GUIDELINES <i>Conspicuous</i> <i>Unobtrusive</i> <i>High value</i> <i>High mix</i>	1) Create widespread awareness and understanding of offering benefits in early trial by early adopters in order of value. Patency Primary sales Mass communications	1) Price and advertising from introduction through trial and final users. Minimize overall cost. Mass media Personal sales Sales promotion, including sampling Ability	1) Multiple channel structure and aggressive sales force Mass media In-store price and promotional selling to dealers Sales promotion Influencers	1) Maintain consistency and focus benefits with selected products on selected and distribution. Minimization of product mix (inventory) Price control In-store promotion programs	1) Price cut, keeping just enough to maintain profitable distribution Low price all models in the line except for price premiums on key line
DISTRIBUTION POLICY	Extensive or selective, with distributor margins high enough to justify heavy promotional spending	Intensive and vigorous, with dealer margins and high enough to keep them interested. Close attention to rapid assembly of distributor network and heavy involvement in all levels	Intensive and vigorous, and a strong emphasis on selected dealer with maximum involvement and to him	Intensive and vigorous, with strong emphasis on selected dealer with maximum involvement and to him	Price cut unless an they become marginal
INTELLIGENCE FLUID	To identify actual developing competitors and to uncover any product weaknesses	Extensive attention to brand imitation, to gaps in model and market coverage, and to opportunities for market segmentation	Close attention to product improvements needs, in market-benchmarking phases, and to possible fresh promotion themes	Close analysis of competitors' strategies. <u>Product repositioning of brands in the market and available product improvements</u> . Many eyes for potential new technological and new manufacturer competition or other signs of beginning product decline	Information helping to identify the point at which the product should be phased out

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 NOTE: Strictly speaking, this is the cycle of the category market, and only a high learning introduction passes through all phases indicated above. The term, product life cycle, is sometimes applied indiscriminately to both brand cycles and category cycles. Most new brands are only emulative of other products already on the market, have a much shorter life cycle than the product category, and must follow a strategy similar to any low-learning product.