

Topic Overview	
Topic	BAFS Elective Part – Business Management Module – Marketing Management M06: Role of Marketing
Level	S5 / S6
Duration	2 lessons (40 minutes per lesson)

Learning Objectives:

1. To understand the definition of 'marketing';
2. To understand the role of marketing and its core concepts;
3. To state the application of marketing in daily life; and
4. To introduce the steps in marketing process.

Overview of Contents:

Lesson 1	What is Marketing?
Lesson 2	Marketing Process

Resources:

- Topic Overview and Teaching Plan
- PowerPoint Presentation
- Student Worksheet

Suggested Activities:

- Group Discussion
- Survey in Class
- Case Study

Lesson 1	
Theme	What is Marketing?
Duration	40 minutes

Expected Learning Outcomes:

Upon completion of this session, students will be able to:

1. Understand marketing;
2. Understand the core concepts of market, consumer needs, products and exchange;
3. Differentiate marketing, selling and advertising; and
4. Explain the applications of marketing in our daily life.

Teaching Sequence and Time Allocation:

Activities	Reference	Time Allocation
Part I: Introduction		
✧ Activity 1: Opening a Japanese Trendy Shop <ul style="list-style-type: none"> ■ Purpose of this case is to help students understand the concepts of marketing. ■ Teacher begins with a case to inspire students to think of some business activities to be done when opening a Japanese trendy shop in Hong Kong. 	PPT#1-5 Student Worksheet pp.1-2	8 minutes
Part II: Content		
✧ Teacher introduces the definition of “Marketing”. ✧ Teacher further explains the important role of marketing in the company, creating students’ awareness that marketing is essential irrespective of the size of business.	PPT#6-8	2 minutes
✧ After briefly introducing the basic steps of a marketing process, teacher asks students to identify ‘needs’ by observing potential customers through day-to-day life. ✧ Using interesting product development photos, teacher illustrates the concept and relationship of “need” and “opportunity”, and asks students to design some new products to satisfy those observed needs.	PPT#9-20	7 minutes

<ul style="list-style-type: none"> ✧ Photos of unsuccessful products are shown to illustrate that many creative ideas are not launched in the market due to various reasons such as practicality 	PPT#21-24	3 minutes
<ul style="list-style-type: none"> ✧ Explain Step 2 of a marketing process. ✧ Activity 2: Mobile Phone Survey <ul style="list-style-type: none"> ■ Students are required to identify different needs existing in the mobile phone market. With this example, the concept of market segmentation is introduced. ■ Teacher explains that different customers may have different needs for the same product type (e.g. mobile phone). 	PPT#25-28	10 minutes
<ul style="list-style-type: none"> ✧ After rounding up the mobile phone survey conducted in class, the complete definition & benefits of “market segments” and “market segmentation” are explained. 	PPT#29-32	8 minutes
Part III: Conclusion		
<ul style="list-style-type: none"> ✧ Teacher concludes the lesson by highlighting the role and importance of marketing and reviewing the concepts covered in the lesson. 		2 minutes

Lesson 2	
Theme	Marketing Process
Duration	40 minutes

Expected Learning Outcomes:

Upon completion of this session, students will be able to understand and describe basic steps in the marketing process.

Teaching Sequence and Time Allocation:

Activities	Reference	Time Allocation
Part I: Introduction		
✧ Teacher begins the lesson by refreshing students' memory on the three basic steps of a marketing process and recapping the definition of market segmentation and its benefits to students.	PPT#9 PPT#31-32	5 minutes
Part II: Content		
✧ Activity 3: What are their market segments? <ul style="list-style-type: none"> ■ The activity aims to illustrate how market segmentation is used in the real business world. Teacher starts by quoting G2000 & U2 as examples for illustration. ■ Divide students into groups of 5, asking them to observe and identify the market segments of different industries / products such as newspapers, fashion retailing and shampoo etc. 	PPT#33 Student Worksheet p. 3	10 minutes
✧ Teacher briefly explains the importance and reasons for selecting product positioning for the product.	PPT#34	2 minutes
✧ Activity 4: Product positioning exercise <ul style="list-style-type: none"> ■ Show different car brand photos to students one by one, then ask students what is the first thought coming into their mind. 	PPT#35-40	7 minutes

<ul style="list-style-type: none"> ■ Teacher then explains to students the concept of product positioning. ■ Teacher emphasises that positioning requires the development of a marketing mix strategies, i.e. 4Ps. 		
<p>◇ After discussing the second step of a marketing process, teacher introduces and explains the third step, i.e. developing marketing mix strategy.</p>	PPT#41-49	12 minutes
Part III: Conclusion		
<p>◇ Teacher concludes the lesson by highlighting the key concepts covered and emphasising the importance of evaluating the marketing process remedial actions and future planning.</p>	PPT#50-51	4 minutes

BAFS Elective Part Business Management Module – Marketing Management

Topic M06: Role of Marketing

Technology Education Section
Curriculum Development Institute
Education Bureau, HKSARG
April 2009



Introduction

This session will enable students to develop fundamental knowledge of basic marketing. Through different classroom activities, students will learn about different core concepts of marketing management and realise that various marketing are applied in their day to day life environment.

Duration

Two 40-minute lessons

Contents

Lesson 1 – What is Marketing?

Lesson 2 – Marketing Process

Activity 1: Opening a Japanese Trendy Shop - Roland Needs your Advice



Hi! My name is Roland. My sister, Eva, and I like Japanese trendy products very much!!



Eva

Roland



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Role of Marketing

2

BAFS Elective Part
Learning and Teaching Example

Lesson 1

Start the lesson with a practical marketing case. The purpose of this case is to introduce the concept of marketing activities to students.

Divide students into groups of 5 and distribute the Student Worksheet P.1, Activity 1: Opening a Japanese Trendy Shop.

Details of the case:

Roland is a 20-year-old teenager. His sister, Eva is a designer for a Japanese company in Hong Kong.

Both Roland and Eva have been very interested in Japanese trendy products such as brand named T-shirts, bags and games.

Activity 1: Opening a Japanese Trendy Shop - Roland Needs your Advice



We are thinking of buying trendy products from Japan and selling them in Hong Kong



Roland



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Role of Marketing

3

BAFS Elective Part
Learning and Teaching Example

Continue...

Recently, Eva married a Japanese in Hong Kong and will be relocating to Japan.

Taking this opportunity, Roland and Eva decided to open a trendy Japanese shop in Hong Kong.

Eva will be responsible for sourcing trendy products from Japan.

Roland will be responsible for managing the Hong Kong operations.

Activity 1: Opening a Japanese Trendy Shop - Roland Needs your Advice



We asked our father for financial assistance. He asked us a question:

“ Although you can source good products directly from Japan, what is your plan to promote your shop and products?”



Have you got any idea?



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Role of Marketing

4

BAFS Elective Part
Learning and Teaching Example

Continue.....

Roland asked his father for financial assistance. Before making any decisions, his father asked them a question,

“Although you have good products from Japan, what is your plan to promote your shop and products?”

Ask the class, “What should Roland do to attract customers to his shop?”

YES, your suggestions are fine.

- Indeed, most of your suggestions are “marketing activities”!!
- However, “marketing” should cover much more than these.
- So.....What is “marketing”?



Students may have answers like advertising, promotion, using well-known spokespersons, offering discounts, choosing a location close to teenagers, reasonable pricing, buy 3 get 1 free and a loyalty programme etc.

Teacher summarises students' answers and points out that their suggestions are in fact marketing activities.

However,

- (1) Teacher should emphasise that “marketing” covers more than their suggested activities.
- (2) There are lots of marketing activities to be done before advertising and promotion such as
 - marketing research (To be discussed in Topic 7)
 - understanding customer needs and decision making (To be discussed in Topic 8)

What is “Marketing”?

Marketing is the process of planning and executing the conception, price, promotion and distribution of ideas, goods and services to create exchange that satisfy individual and organisation objectives.



By Professor Philip Kotler

Source: P. 31, Chapter 1, Marketing Management, Philip Kotler, Kevin Keller, Pearson Prentice Hall, 2006 (12th Edition)

Teacher explains the concept of “Marketing” to students. The definition is lengthy and should be explained in blocks as underlined. It will help students understand the definition better.

Remarks:

Professor Philip Kotler is a famous marketing scholar. He is the distinguished professor of International Marketing at the Northwestern University Kellogg Graduate School of Management in Chicago.

In other words,

Marketing is a series of actions that result in the exchange of ideas, goods and services that satisfy personal & organisational goals.



These actions include research to find out what consumers want, what segments of the market exist, and how & when the products should be distributed, priced and promoted etc..



Topic M06
Role of Marketing

7

BAFS Elective Part
Learning and Teaching Example

Additional explanation to facilitate the understanding of the definition.

Teacher may review the suggested activities made by students in Activity 1 and map them to the marketing definition in slides 6 & 7.

e.g. 'Buy 3 get 1 free', 'advertisement' & 'selling' are actually activities under 'promotion'.

'Suitable location' and 'special decoration' in the shop are activities under 'distribution'.

While the students are happy to know their suggested activities are partially right, teacher should emphasise that

- marketing does not just cover 'advertising' and 'selling' as many people think.
- There are many skills and techniques to be learnt in each area.
- While the company's profit relies largely on 'income generation' and 'cost controls', 'marketing' is very important to generate income. Because "marketing activities" create 'sales turnover' which generates 'income' to the company.

No matter the business is big or small, "marketing" is essential.

Examples

Supermarket chain stores place massive advertisement in the media such as TV.



Small restaurants stick posters on their windows to promote special dishes or set dinners.



Topic M06
Role of Marketing

8

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Learning and Teaching Example

Teacher should emphasise that marketing is not only used by large companies. Even a small shop needs marketing strategies to attract customers and promote their products. The difference in the scale of their marketing campaigns is largely due to capital constraints and potential sales turnover.

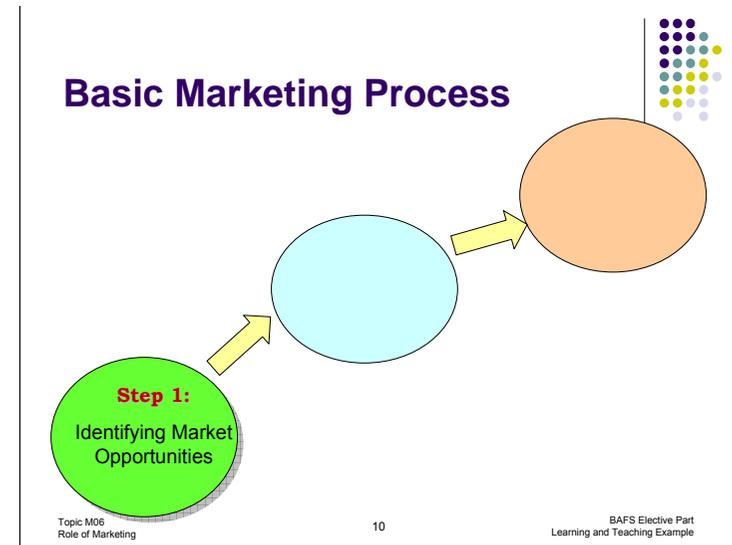
Other examples of marketing strategies,

- Local small café gives stamps to customers to encourage repeat purchases.
- In the local market, 1 catty of carrot is \$8/catty. To encourage shoppers to buy more, 2 catties at \$6/catty may be offered simultaneously.



Introduce the three basic steps of marketing process.

Teacher should emphasise that in the real business world there are many strategies in each step and to be further discussed in the lesson.



First, we will look at the 1st step in a marketing process, that is, 'identifying market opportunities'



Marketing starts with identifying the **needs** of potential customers.

Because “**needs**” causes “**opportunities**” for companies.

Topic M06
Role of Marketing

11

BAFS Elective Part
Learning and Teaching Example

The teacher makes clear to students about the relationship between 'Need' and 'Opportunity'.

Since customers only buy what they 'need', knowing the needs will result in '**opportunities**' for companies.

What are their needs?



In 1970, you were a marketer and observed people carrying and listening to large radios even when walking around or jogging....

Could you tell me:

- what their **need** was.
- what **product** you would launch in the market to satisfy their need.

Topic M06
Role of Marketing

12

BAFS Elective Part
Learning and Teaching Example

This question will explain that 'needs' can be identified and observed in our daily lives.

In 1970s, the people in China wanted to listen to radio while they were going out but they did not want to hold it by their hands. As a result, some people even tightened a small radio next to their ears (as shown on the next page).

Will this product satisfy their "NEED"?



OR ...

Topic M06
Role of Marketing

13

BAFS Elective Part
Learning and Teaching Example

Marketers need to be able to identify customers' needs. In the above case, their need was a handy system allowing people to listen to radio/tape while they were away walking. A marketer should help find/create 'products' that 'satisfy' their 'need'.

Can a marketer simply offer transparent tape to the market and expect customers to buy to satisfy their need?

Teacher may ask students to suggest or even invent a product that can satisfy the above need.

The next slide shows the products already invented to satisfy such need.

Will these products satisfy their "NEEDS"?



1980's

Walkman



1990's

CD Walkman,
MD



2000's

MP3, MP4

Topic M06
Role of Marketing

14

BAFS Elective Part
Learning and Teaching Example

Identifying customer needs could result in huge income. As in the above case, some companies had

- observed a need (i.e. a 'handy radio') of the potential customers, so they
- developed products (i.e. walkman) to satisfy the customers' need.
- With suitable promotional, pricing and distribution methods, (referring to definition of 'marketing' in slides 6 & 7).
- these companies could become unique and generate strong income.

Need → Opportunity → Suitable strategies → Income for the company

Remarks:

Need-satisfying is a continual process. Once 'walkman' was invented it satisfied a need for a 'portable radio', customers expected a smaller walkman with more functions. So, companies continuously improve the product (Walkman -> handy CD player -> MD player -> MP4 player) to suit the changing needs of the market and hence, continuously generate more income.

Think about it.....

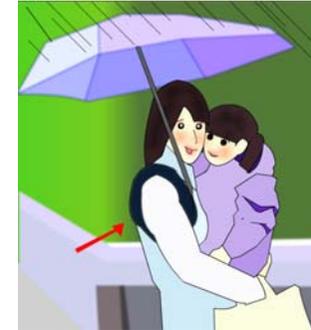
Case 1:

Your mother must shop everyday for your family. Her hands are full holding bags of groceries making it impossible for her to hold the umbrella on rainy days!

- (1) What is her “need”?
- (2) Could you design a product to satisfy her need?



Can it satisfy her “need”??



Use daily life examples to encourage students to identify marketing opportunity through ‘observation’.

Case 1

She needs a product to cover herself and her belongings on a rainy day without requiring her hands.

Ask students to think about a possible product to satisfy the observed need.

Give students time to think and encourage feedback.

After receiving possible feedback from students, teacher may show the next slide of a specially designed umbrella which was invented to satisfy the observed need.

The picture shows a specially-designed umbrella with two stretchable handles. The product was invented in Japan. Users could hold the umbrella like carrying a backpack.

This product actually sold well in the Japanese market.

It is better than traditional raincoats as it can also be used in sunny days while it could conveniently cover customers’ bodies as well as belongings.

It is a good example to explain how “need” creates “opportunities”.

Think about it..... Case 2:



Problem with eye drops landing on the right spot?

Could you design a product which can solve this problem?



Case 2

Teacher asks students if they have experienced the problems with using eye drops and landing on the right spot.

Ask students to design a product to solve the problem.

Give students time to think and encourage feedback before showing the next slide.

Can it satisfy your need?



Then, teacher shows a specially designed product that could solve the problem.

Think about it.....
Case 3:

Do you prefer the traditional way of spreading butter



OR.....



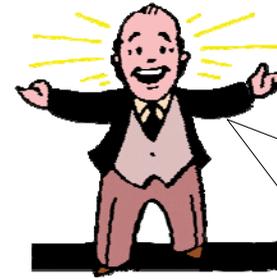
Case 3

People want a fast and convenient way to spread butter on bread.

Teacher asks students to create a product to make 'spreading butter on bread' fast and convenient.

Then show the product designed by a Japanese designer to serve this purpose:

It is a 'glue-stick' like butter, which makes spreading butter on bread like spreading glue on a piece of paper.



Needs



Consumption

**(i.e. opportunities
for companies)**

Repeat the message in slide 11 to reinforce students' understanding about the relationship between need and opportunity.

Marketing starts with identifying the customer's needs because "need" causes "opportunities" for companies.

The following statement shows the relationship between customers and income:

-- Customers will buy products that satisfy their needs.

In reality, not all 'needs' could be easily observed. In many cases, 'marketing research' is required to identify needs / opportunities.

Marketing research will be discussed in Topic 7.

Think about it..... Case 4:

If you are holding an umbrella during a big storm, you will surely get wet!

To avoid getting wet, would the following product satisfy your "need"?



The following few slides are intended to make students realise that

- companies try to satisfy the identified needs by creating new products through the 'product development process'.
- however, many creative ideas/products could not be launched in the market due to various reasons.



It will satisfy your need....

BUT ...

*Will you buy it?
Why? & Why Not?*

Teacher may show this product idea to students. That is a normal umbrella surrounded with PVC transparent film so that the body of the user could be fully covered.

Teacher may point out that the product may not be practical in Hong Kong's crowded environment.

Teacher asks students to design a product which is more than simply "satisfying needs", but also practical.

More Examples:
Though the following products can satisfy certain needs, are they practical?

*Will you buy it?
Why? & Why Not?*



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Role of Marketing

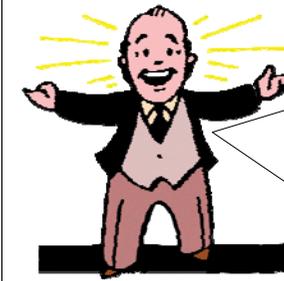


23



BAFS Elective Part
Learning and Teaching Example

Teachers should also point out that many product designs could not be eventually sold / launched in the market due to various reasons, such as customers' perception, cost being too high or the potential market being too small etc.



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24

BAFS Elective Part
Learning and Teaching Example

After showing cases 1 - 4 & other examples on slide 23, teacher concludes that customers make a purchase only when the product is practical and able to satisfy their needs.

Basic Marketing Process



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Role of Marketing

25

BAFS Elective Part
Learning and Teaching Example

Step 2

After identifying market opportunities, marketers must select target markets:

- Market Segmentation divides the market into different customer groups with similar preferences/features.
- Market Targeting focuses on specific customer groups.
- Market Positioning builds the brand image and perception in the minds of the targeted customers.

Details of market segmentation, market targeting and market positioning will be explained in the next few slides.

Activity 2: Mobile Phone Survey

- ABC company is a well known mobile phone manufacturer.

- A customer will have a survey to better understand the **colour & design preferences** of mobile phones.



Topic M06
Role of Marketing

26

BAFS Elective Part
Learning and Teaching Example

Activity 2:

This is a very simple survey intended to enhance students' understanding of the concept of market segmentation.

First of all, teacher explains the reason for conducting this survey to the class.

Think about it! Which design do you prefer?



1. Traditional black colour with mature and executive look?
2. Silver colour with cyber look?
3. colourful and could be treated as fashion accessories?



Next, teacher informs students that the company has identified three types of mobile phones that may have good market potential. Now, they would like to conduct a survey to see the market response to the three designs.

How many of you would choose ...



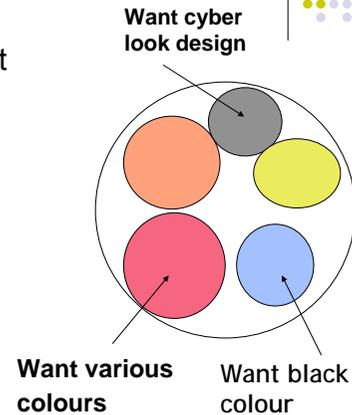
Traditional black colour with mature and executive look?	
Silver colour with cyber look?	
colourful and could be treated as fashion accessories?	

Teacher conducts the survey in class by asking students to raise their hands to indicate their preferences.

Teacher records responses for each option on the board.

From this survey, you can see:

- Mobile phone market consists of many groups of customers having different product needs and requirements.
- Each group forms a market segment.



Topic M06
Role of Marketing – Process of Marketing

29

BAFS Elective Part
Learning and Teaching Example

Teacher should use the survey result of Activity 2 to illustrate the concept of market segmentation:

Different students (consumers) have different preferences. Hence, their needs are different. Consumers having similar preferences / needs form a group. (i.e. 'market segment').

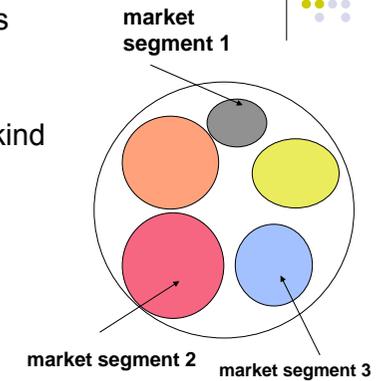
Apart from colour & design, students' preferences as well as needs on mobile phones, also vary with price range, functions and brands etc.

Age, gender, family size, income, occupation, education level, religion, race, nationality, social class, lifestyle, personality, occasions & located regions are also factors for forming different market segments for a kind of product.

Market Segment

In fact, in most markets

- Different customers may have different needs for the same kind of product.
- Customers having similar needs form a group.
- We call the group as **“market segment”**.



Topic M06
Role of Marketing – Process of Marketing

30

BAFS Elective Part
Learning and Teaching Example

A group of customers having similar needs forms a “market segment”.

Companies select the segment(s) with higher potential to serve.

Taking the mobile phone survey as an example, a large company may choose to serve market segment 2 (Red segment in the slide) as it constitutes the largest market share. A smaller company may choose to serve market segment 1 (Grey segment in the slide) as this segment has fewer competitors though its market share is smaller than market segment 2.

Market Segmentation

A process to classify customers into different groups of:

- similar needs,
- characteristics or
- behavior.



In order to identify different market segments in any particular product market, marketers may classify customers into different groups of similar needs, characteristics or behavior based on different variables such as age, gender, occupation or others as mentioned previously. This process of dividing the market into different groups is called “market segmentation”.

What are the benefits of market segmentation?

- Once market segments are identified, company selects a target of one or more groups (segments) offering the best opportunities.
- The group / segment being selected is called “target market” and the customers within the target segment are called “target customers.”
- By only focusing on the **target segment(s)**, it will significantly **save company resources** and **increase the chance of success.**

Teacher explains how market segmentation can help save resources and increase the chance of success:

Market segmentation allows a company to select its target market and target customers.

Resources on marketing activities could be more focused to target customers.

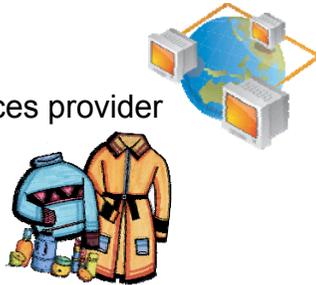
e.g. Rolls Royce never wastes huge money on TV advertisement as most of the TV viewers are not its target market.

End of Lesson 1

Activity 3: What are their market segments?

Name any two brands in the following product markets and describe their target markets.

- Newspaper
- Mobile telecom services provider
- Fashion retailing
- Shampoo



Topic M06
Role of Marketing

33

BAFS Elective Part
Learning and Teaching Example

Lesson 2

The purpose of this exercise is (1) to make students realise that market segmentation actually occurs in real business world and (2) further enhance their observation skills. Students are divided into groups of 5 students.

Teacher may start by quoting G2000 & U2 (as examples). Students may know the 2 companies are actually owned by the same businessman, Mr. Tien Puk-sun, who (1) used market segmentation on fashion retailing industry, (2) selected teenager and young executives to be his target segments and (3) opened G2000 and U2 using different strategies in terms of prices, products & promotion to serve the two different segments. e.g. Prices for shirts at U2 are lower than those in G2000 in order to suit the purchasing power of teenagers.

Distribute Student Worksheet (P.3) to students and ask them to observe & identify the market segments of other industries.

The following are some of the answers for reference:

"The Sun" & "Oriental Daily" newspapers (price, age etc.) (These are managed under the same Oriental Press Group Ltd.)

"Ming Pao" vs "Apple Daily" (formal vs entertainment/variety).

"Hong Kong Economics Times" vs "Apple Daily" (Financial focused vs entertainment/variety focused)

"1010" vs "One-2-free" (business/quality focus vs youth/price focus)

"Episode": Mature look, "Jessica": Trendy, "Excursion": Casual/free, "colour 18": colourful, young single & free

"Pentene Pro-V" vs "Head & Shoulder" (for healthy & shiny hair vs for hair with dandruff problem) (both are P & G products)



What is "product positioning"?

Topic M06
Role of Marketing

34

BAFS Elective Part
Learning and Teaching Example

Having learnt the concept of 'target market', teacher moves on to 'product positioning'.

Instead of giving a definition to students directly, teacher may prompt students to think about this question:

"If the company's product is perceived by the customers to be exactly the same as the competitors' products, why should customers buy yours?"

e.g. TCBY is positioned itself as "Ice-cream that will not make you fat". This differentiates TCBY from other ice-cream competitors.

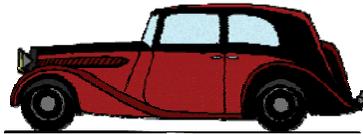
The example explains the reason for 'product positioning', that is, to create an image of a product in customers' mind, making it different from other products in the same product market.

Activity 4: Product positioning exercise



1. What is the first thing you envision when you see a Rolls Royce?

Luxury & Identity



Topic M06
Role of Marketing

35

BAFS Elective Part
Learning and Teaching Example

Activity 4:

To explain the concept of 'product positioning', teacher can show some car photos of different brands to the class and ask students what is the first thing that immediately comes into their mind.

Taking a British Rolls Royce as an example, students will probably come up with the following descriptions:

-- *Luxury, expensive, showing identity etc.*

Remarks

To arouse interest, teacher is advised to collect some car photos of different brands to show to the class when teaching this part.

Activity 4: Product positioning exercise



2. What is the first thing coming into your mind when you see a Porsche or Ferrari?

Stylish, Speedy, Young



Topic M06
Role of Marketing

36

BAFS Elective Part
Learning and Teaching Example

Teacher shows the picture of a sports car and asks what they think of.

Students will probably come up with the following descriptions:

-- *Sporty, fast, young & expensive*

Activity 4: Product positioning exercise



3. What is the first thing coming into your mind when you see a Mini Cooper or a Smart car?



Economy, Easy to park

Topic M06
Role of Marketing

37

BAFS Elective Part
Learning and Teaching Example

Teacher then shows the two other pictures of small cars to students and asks what they think of when seeing these cars. Teachers may use Mini Coopers, Jazz or Smart car as example to facilitate students' thinking.

Students will probably come up with the following descriptions:

-- ***Economy, small, convenient, etc.***



The image / identity of a product in your mind is actually a result of “**product positioning**” or the ‘**perception**’ by the market.



Topic M06
Role of Marketing

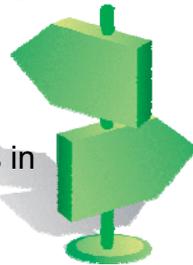
38

BAFS Elective Part
Learning and Teaching Example

Teacher acknowledges student feedback before moving on and explains to students that the first thing coming into mind when seeing the car pictures are actually the images/identities of those cars created in their mind. And it is the result of ‘product positioning’.

Product positioning is:

- the way the product is defined and perceived by consumers on important features.
- the place the product occupies in consumers' minds relative to competing products.



After doing the exercise, teacher explains the definition of product positioning. i.e.

- the way the product is defined by consumers on important features.
- the place the product occupies in consumers' minds relative to competing products.

Teacher may refer back to the car examples in slides 35 – 37 and reinforce students' understanding of the concept.

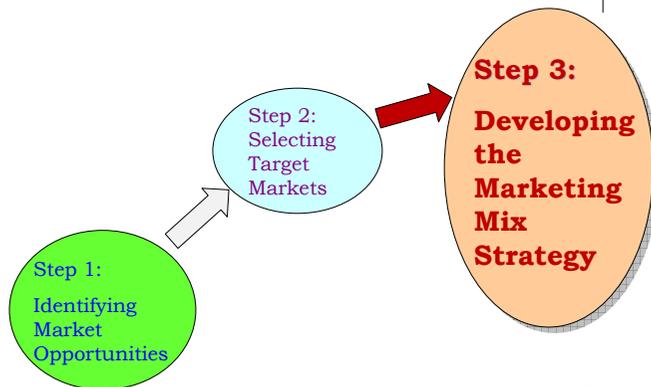
Product positioning

- is the product attributes **marketers want** to place in the target customers' mind.
- But, how to achieve this?



To establish the desired product positioning in customers' mind, marketers must develop a suitable marketing mix strategy (i.e. step 3 of basic marketing process) to project the desired position of a product.

Basic Marketing Process



Topic M06
Role of Marketing

41

BAFS Elective Part
Learning and Teaching Example

Marketing mix is a set of controllable, tactical marketing tools that the company blends to produce the customers' response(s) it wants in the target market.

The following slides briefly explain what is involved in each activity (sub strategy) within the marketing mix by using a luxury & expensive car as an example. (Details of marketing strategies are to be discussed in Topic 9)

What is marketing mix?

4 Ps basic elements of marketing mix:



Topic M06
Role of Marketing

42

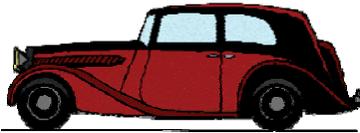
BAFS Elective Part
Learning and Teaching Example

The marketing mix consists of many activities that the company does to increase the demand for its products.

And all these activities could be classified into 4 groups which are commonly known as the "4Ps", namely, "product, price, place, and promotion".

Let's take a luxury car as an example:

Luxury & Identity



Teacher may use Rolls Royce as an example and illustrate how marketing mix elements are applied in the following slides.

Developing the marketing mix strategy:



The first consideration in the marketing mix is 'product strategy'.

Product is the good & related service combination that the company offers to the target market.

e.g. Rolls Royce company offers luxury cars (product) with many optional features to the market. All its cars come with a comprehensive warranty (service). Some examples of these features are:

- The sunroof of Phantom model has a starlight magical effect that creates the illusion of a dazzling sky at night.
- Two 12 inch monitors with 6 disc DVD system are located on the back.
- LCD screen with access to navigation and entertainment etc.

Other considerations under the product strategy including warranty, brand, after-sale services & quality etc., are listed in the slide.

Developing the marketing mix strategy

Low price? High Price?

Economy

Pricing Strategy

Luxury & Identity

Costing?

Demand & Supply?

Competitors' prices?

Topic M06
Role of Marketing

45

BAFS Elective Part
Learning and Teaching Example

The second consideration in the marketing mix is '**pricing strategy**'.

Price is the amount of money customers need to pay to obtain the product.

e.g. Based on its cost models and economy situation, Toyota calculates the suggested retail prices for its Corolla in the market. At the same time, it offers discounts, trade in allowances, and credit terms to adjust for the current competitive market situation. This brings its price in line with the buyer's perception of the car's value.

Other than offering discounts, allowances & credit terms, other considerations under pricing strategy are listed in the slide, including costing, economy, competitors' prices and demand & supply etc.

Developing the marketing mix strategy

Mode of distribution channel?

Luxury & Identity

How many channel members?

Place (Distribution) Strategy

How to select?

How to motivate?

How to evaluate?

Topic M06
Role of Marketing

46

BAFS Elective Part
Learning and Teaching Example

The third consideration in the marketing mix is '**place strategy**'. It is also called 'distribution strategy'.

It includes activities that make the product available to target market(s). e.g. Rolls Royce appointed different distributors in different markets. It selects its distributors carefully. The selected distributors keep an inventory of its cars, promote them to potential customers, negotiate prices, close sales, and provide after sale services.

The following activities are other examples of place strategy

-- Deciding mode of distribution channel: e.g.

(a) Direct from Manufacturer → Consumer (e.g. Amway)

(b) Manufacturer → Retailer → Consumer (Vita Soy milk-->Park'n shop → consumer)

(c) Manufacturer → Wholesaler → Retailer → Consumer etc.

-- Deciding number of channel members: For Rolls Royce, limited number of distributors (members) is used to enhance the car's image and generate distributors' support.

Selecting reliable distributors:

- Motivating them to push your products;
- Evaluating their performance; and
- Deciding locations, inventory level, transportation, and logistics, etc.



The fourth consideration in the marketing mix is '**promotion strategy**'.

'Promotion' activities communicate the merits of the product and persuade customers in the target market to buy. It includes:

Advertising: It is the way to inform customers. It covers decisions on setting objectives, budgets, messages, ways to execute, media and campaign evaluations.

Sales promotion: To encourages purchase action. It covers many methods such as buy one get one free, coupon, premiums, cash refund etc. For example, Rolls Royce offers trade-in services to encourage new purchase.

Public relations: Activities included press relations, product publicity, public affairs, lobbying & investor relations. e.g. Rolls Royce invited media to participate in the grand opening of new Rolls-Royce showroom, which is strategically located in Central, Hong Kong with a floor space of over 5,000 sq.ft, in August 2008.

Personal selling: Some newly created products rely more on personal selling so customers are better informed about the products. e.g. Personal Insurance.

An effective marketing mix programme blends all of the marketing mix elements into a coordinated program designed to achieve product positioning and company's marketing objectives.



The four groups of variables are commonly known as the "four Ps".

However, teacher should stress that these are only the 4 basic strategies we must consider in Step 3 of the marketing process. Some other considerations are equally important. e.g. government policies to increase import duty will significantly increase the price of the product.

Companies commonly use these strategies to achieve product positioning and to develop the customer response it wants in the target market.



Marketing mix strategy will be further elaborated in Topic 9



Conclusion of this topic: Basic Marketing Process



To conclude, teachers may summarise the 3 steps of basic marketing process again by using appropriate example as follows:

The distributor of Rolls Royce in China

- (1) identified the market opportunities for the product due to the economic boom in China for the past decades.
- (2) they selected a high income group as their target market who were brought up in a poor environment and like to enjoy luxury products & show off their wealth.
- (3) they then use "luxury and image" as their product positioning and develop marketing mix strategies to produce the desired customer response.

Teacher should also emphasise the importance of evaluating the result of the marketing process for remedial actions and future planning.



The End

Topic M06
Role of Marketing

51

BAFS Elective Part
Learning and Teaching Example

End of Lesson 2

BAFS Elective Part - Business Management Module - Marketing Management
Topic M06: Role of Marketing

Activity 1: Opening a Japanese Trendy Shop - Roland needs your advice



Roland is 20 years of age. His sister, Eva, is a designer for a Japanese company in Hong Kong.

Both Roland and Eva have been very interested in Japanese trendy products such as name brand T-shirts, bags and games.

Recently, Eva married a Japanese national in Hong Kong and will be relocating permanently to Japan. Seizing this great opportunity, Roland and Eva decided to open a Japanese trendy shop in Hong Kong.

Eva will be responsible for sourcing trendy Japanese products and Roland will be responsible for the Hong Kong operations. Roland asked his father for financial assistance. Before making any decision, his father asked them a question:

"Although you have good products from Japan, what is your plan to promote your shop and products?"



Roland has not studied business management courses. **He needs your advice!**

Write your suggestion in the space provided below:

1.	
2.	
3.	

Activity 3: What are their market segments?

Name TWO brands in the following product markets and describe their targeted market segments.

Product Markets	Brand 1 and its target market segment	Brand 2 and its target market segment
Newspapers		
Mobile telecom services provider		
Fashion retailing		
Shampoo		