

D7 Marketing overview – Solutions

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- a An enterprise is in contact with the procurement and sales markets. However, marketing considers only the sales market.
- b Three conditions must be met for generating demand for a good or service: First, a deficiency must be perceived. Secondly, the desire must be present to overcome this deficiency by purchasing a good. Finally, the financial resources must be available.

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The term is ambiguous. Firstly, it can be understood to contain a guiding philosophy according to which, the management of the entire enterprise is to be aligned to the market and, thereby, to customer desires. On the other hand, marketing is also a function of the enterprise, which ensures the flow of products and services from producer to consumer or user.

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A marketing plan is a holistic action plan containing goals as well as appropriate strategies to achieve the goals. Components of the marketing concept are market analysis, marketing strategy and marketing mix. The marketing concept is located on the strategic and operational levels of marketing.

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Phase	Description	Mobile calling
1	Emergence of demand	Desire to be always reachable
2	Different decision-making processes, information acquisition and processing	Compare prices and performance of different mobile operators
3	Selection of a product/intention to purchase	Decision for a particular offer from a mobile service provider
4	Buying behavior	Signing a contract
5	Use and information gathered	Using the service of the selected mobile provider
6	Disposal	-

5 Individual solution. Suggestion:

Product/service	Buying motive
Smartphone	rational: quality, price emotional: brand, desire for recognition
Snowboard jacket	rational: quality, price, old jacket was too small or worn out emotional: brand, prestige
Haircut	rational: quality, price, hair just too long, hairdressers was right there emotional: beauty, pleasure
Train pass	rational: quality, price, the pass had to be renewed anyway emotional: love to ride trains

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Market size	Example: Swiss market for toothpaste
Market capacity	All residents of Switzerland
Market potential	The theoretically highest possible sales volume of all toothpaste brands serving the Swiss market, taking into account buying power
Market volume	The actual sales volume realized by all companies in the Swiss market for toothpaste
Market share	Percentage share of the sales volume of a company (e.g., Elmex) out of the entire market volume

- b The primary goal of any business is to continuously increase sales. Growing sales can be achieved either by gaining additional market share or maintaining a constant market share as overall market volume increases.

Increase market share: Increased market share can be achieved by squeezing the competition out of the market. This is done either through the launch of successful advertising strategies and activities or through products that have a quality advantage of over those of the competition.

Increase market volume: It is difficult for an individual company to increase overall market volume through the use of marketing activities. The demand for toothpaste (and thus the market volume) could, for example, increase as a result of research findings. A manufacturer of toothpaste could therefore invest in the research work in the field of oral hygiene and so sustainably increase demand for its toothpaste.

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Primary research: Through primary research, an enterprise can gather very accurate and timely information, which is highly adapted to its information needs. However, primary research is very costly because work must be paid for, whether internal or external (e.g., by market research institutes). In addition, a certain level of methodological expertise is necessary for collection of data.

Secondary research: The main advantage is that it can minimize the cost of data collection. However, the information may not cover current and specific information needs of an enterprise. In addition, the data are often condensed and thus less meaningful or directly relevant.

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- a Market share corresponds to the percentage of the sales volume in terms of the total market volume. As it comes to the determination of numerical values, "Iocaba" needs quantitative market research. The sales volume can be determined from existing data and from the company itself. For the determination of the market volume, the company can draw on existing data under certain circumstances. Thus, the company would perform secondary research. However, if "Iocaba" cannot rely on existing data, it must perform primary research to quantify the market volume.
- b To find out customer response to a redesigned chips package, Zweifel Pomy-Chips AG should ideally perform both quantitative and qualitative market research. For this, the company cannot rely on existing data, so it must collect the data itself or have it collected for it (primary research). Zweifel Pomy-Chips AG could conduct a survey (quantitative survey or qualitative discussions with customers) or an experiment.

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Individual solutions. Suggestion:

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Socio-demographic segmentation criterion: age

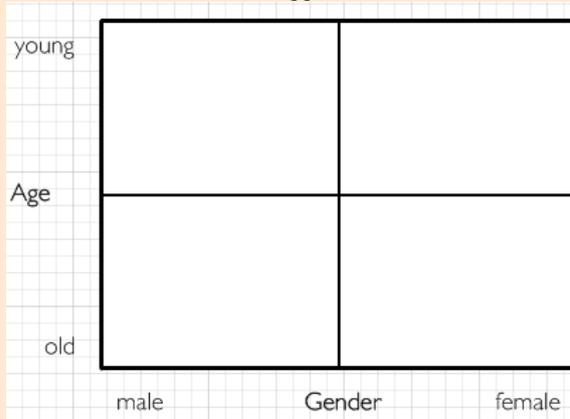
Customer group	Opportunity for the enterprise	
Young people	Product:	as many functions as possible, constant innovation, individual and eye-catching design, accessories
	Price:	low-price segment
	Advertising:	youthful design and technical details
Adults	Product:	devices that offer basic functions – such as phone calls, SMS, MMS – with easy operation
	Price:	mid-price segment
	Advertising:	show that mobile phones may be very helpful (perhaps lifesaving?) in certain situations, work to overcome resistance, focus on emotions rather than on technical details
The elderly	Product:	easy to use device with only a few large buttons, speed dial options, option to call by selecting photos instead of typing in numbers
	Price:	lower-price segment
	Advertising:	emphasize the age-appropriateness of the product, do not mention any technical details, choose simple language

Socio-demographic segmentation criterion: gender

Customer group Opportunity for the enterprise

Women	Product:	pretty, special design of the handset, flashy colors, female-friendly operation (for example, designing the keyboard so that women with long fingernails can operate the device easily)
	Price:	all price segments
	Advertising:	emotional advertising, emphasize individuality
Men	Product:	unobtrusive design, practicality, accessories (e.g., special covers), many functions
	Price:	all price segments
	Advertising:	highlight technical details, emphasize many features, more informative than emotional advertising

b Individual solutions. Suggestion: Two-dimensional positioning model



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Product	Price	Place	Promotion
<ul style="list-style-type: none"> - Broad product palette (PCs, notebook, servers, handhelds, printers, MP3 players, televisions) - High quality - Mobility and individuality of products - Pre-installation of software - Advice 	<ul style="list-style-type: none"> - Good value for money - Price advantage through direct sales - Discounts and special offers 	<ul style="list-style-type: none"> - Direct sales channel (customer can place an order directly over the Internet or by phone / fax) 	<ul style="list-style-type: none"> - Informative advertising with a focus on technical details - Newsletter about special offers

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Individual solutions. Suggestion:

Product	Price	Place	Promotion
<ul style="list-style-type: none"> - Designs for different user groups - High quality - Offer bikes for rent on favorable terms - Services and guarantees - "Money back guarantee" if the products do not meet the customer requirements 	Various price segments: more expensive products for athletes and power bikers and rather cheaper versions for the older customer group	For cost reasons, only open a few locations for the time being, offer a pick-up service for repairs under certain conditions	Align advertising to the user groups, highlighting the relative merits of buying this type of bike

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Example	Market	Reason
Market for books	Buyer's market	The supply of books is huge and competition among suppliers fierce.
Market for senior care in nursing homes	Sales market	The supply of spaces for the elderly is small when compared to the demand. Many seniors end up waiting months for a place in a nursing home.
Market for fresh fruit	Buyer's market	The supply of fresh fruit is large, so tough competition conditions prevail.
Market for lawyers or cardiac surgeons	Sales market	The supply of lawyers and cardiac surgeons is limited. The knowledge and skills raise the two specialists into a position in which the buyer has minimal bargaining power.