

Ontology of marketing

Entrepreneurial Marketing

Owner's Marketing

Near all the companies has been created by people who act following an intuitive behavior. They see an opportunity and start to knock all the doors to claim for attention.

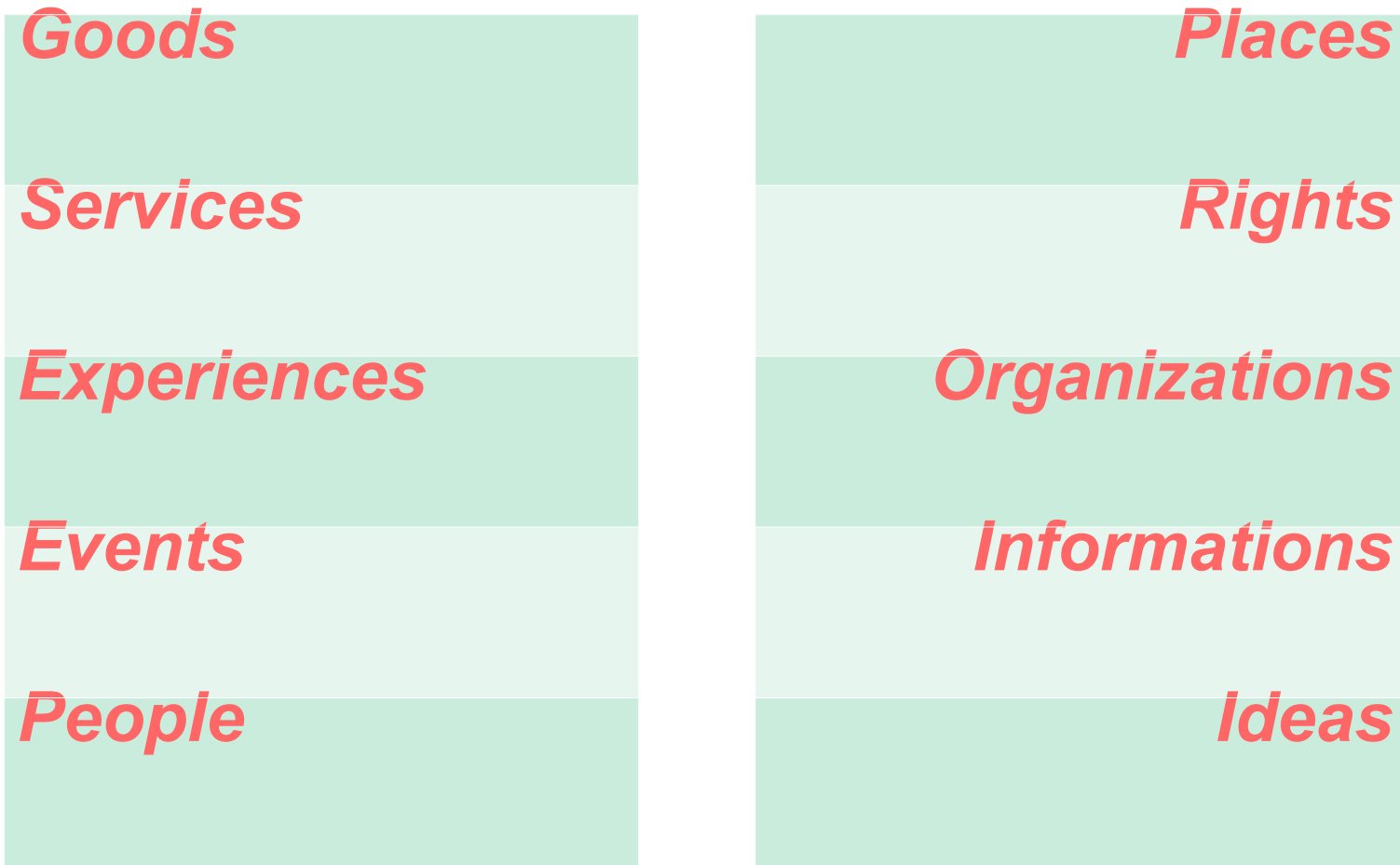
Systematic Marketing

When in the market, with some degree of success, all the companies start to orienting towards a systematic marketing: market rsearch, network of vendors, adv.

Entrepreneurial Marketing

You must avoid the trap of a systematic marketing method if too impersonal and narrow-minded, selfish and take agin the way of a creative communication to clients (see here)

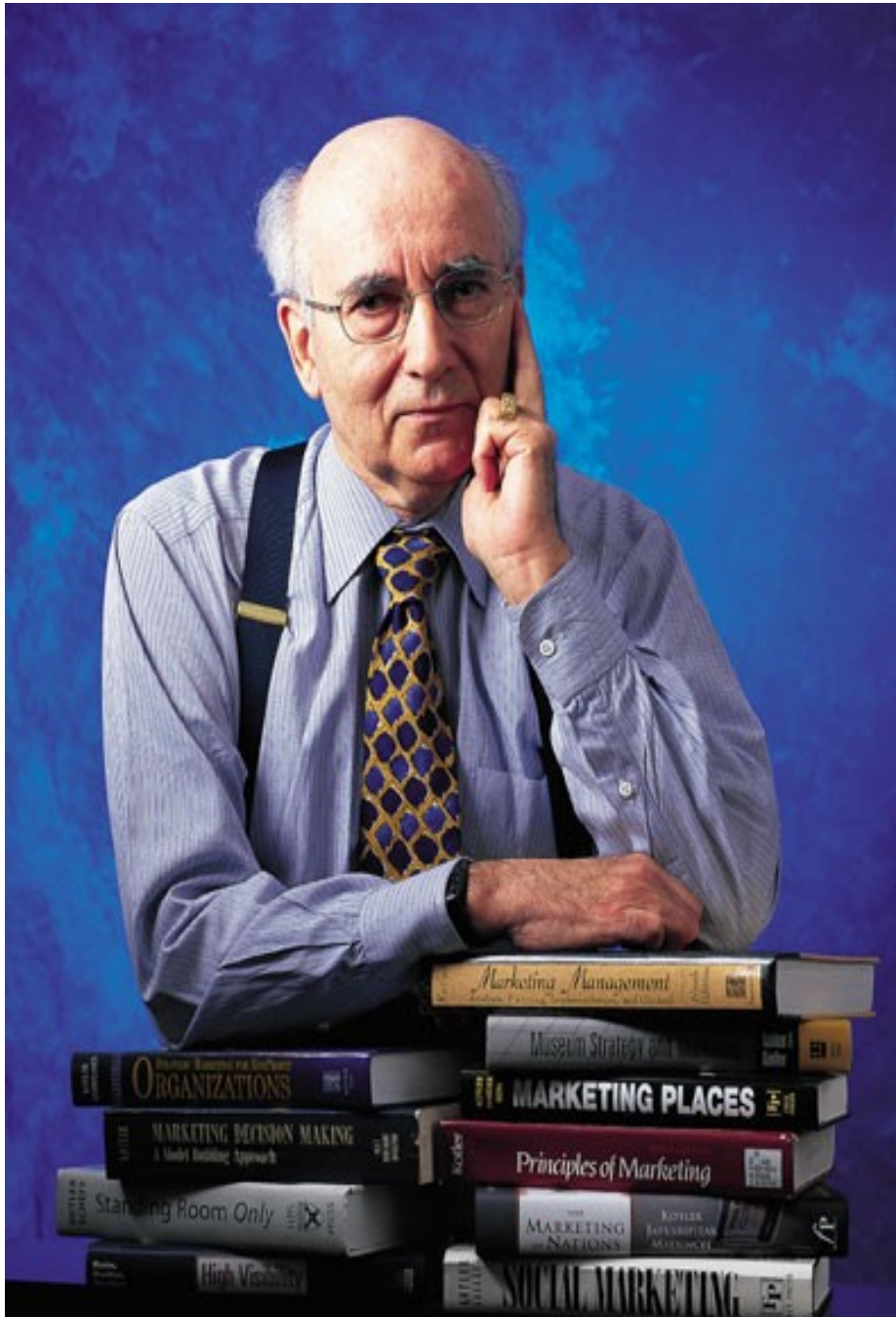
Range of marketing



Marketing Decisions

- 1** How individuate the right market segment ?
- 2** How to differenziate the supply from competitors?
- 3** How to answer to customers claiming for lower prices?
- 4** How to compete against lower cost competitors?
- 5** At what degree is a supply personalization supply possible?
- 6** How to increase our industry?
- 7** How to build stronger brands?
- 8** How to reduce the cost of customers' acquisition?
- 9** How to have the customer commitment?
- 10** How to decide who are the best customers?
- 11** How to determine the promotional efficiency?
- 12** How to improve the productivity of sellers?
- 13** How to open new supply chain and how manage conflicts in distribution?
- 14** How to orientate all the company divisions to the market?

Kotler's definition



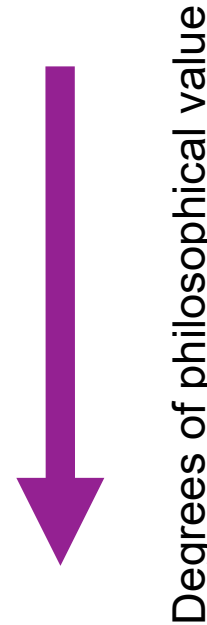
Marketing is the process associated with promotion for sale goods or services. It is considered a "social and managerial process by which individuals and groups obtain what they need and want through creating and exchanging products and values with others." [Kotler]

It is an integrated process through which companies create value for customers and build strong customer relationships in order to capture value from customers in return. [Kotler]

Marketing Definition/Meaning

Marketing meaning:

- to supply a better life quality
- to join supply and demand
- to sell more
- simply to sell



The Mktg is the process of planning and implementation of concept, price definition, promotion and distribution of ideas, goods and services, with the aim to create exchanges which allow to reach goals of individuals and organizations

Definition

The Mktg is the **art** and the science to choose the markets and acquire, maintain and increase the customers by means of the **creation**, the **supply** and the **communication** to the customer of a **value**.

Target Markets and Segmentation

The consumers are not all the same and a company cannot satisfy everyone

Thus the MO must subdivide the all market in subsets by identifying the profile of different groups wha are internal quite similar in tastes and behaviors

A modern point of view is the Tribalism

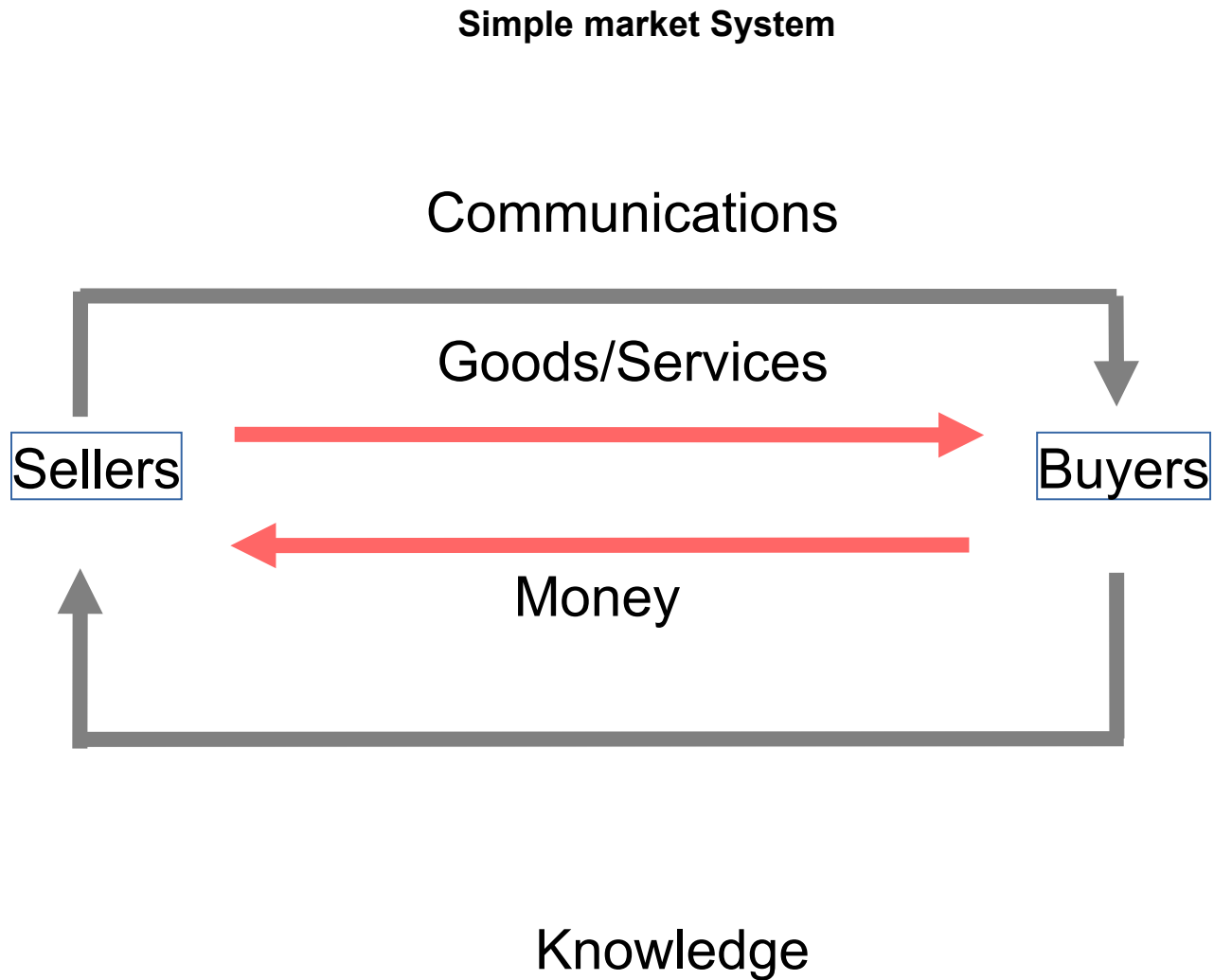
A **brand tribe** is a group of people who are linked by a shared belief around a brand. Its members are not simple consumers, they are also believers and promoters. A brand tribe is capable of collective action and therefore has implications for business.

Market **segments depend on** the demographic, psychographic and behavioral differences of people

One segment is a target market and the MO develops a **dedicated** supply

The supply is posed in the mind of target consumers giving them specific advantages (position)

The exchange between sellers and buyers goes in a double circuit



Market Place and Space

Place

The physical market

Space

Must be the Internet (how vast is it?)

Metamarket

The combination between products and complementary services that the mind of consumers links to any singular good

Tasks of the MO

The MO must know the actual and potential customers

The MO is who solicits answer, attention, purchase, vote, donation from another side, which in turn is the potential client

Wine and
Ciauscolo



The MO should understand from the potential client:

Needs Eat and Drink

Wishes Ciauscolo and Vino
Hamburger and Beer
Caviar and Champagne

Beer and
Hamburger



Demands A specific product and the capacity to pay for it

Champagne
and Caviar



Wishes of consumers **preexist** the **solicitation** of the MO who **can only influence** the answer of people, as **desires depend on social factors**, which evolution is utmost variable and varied in space and time

MOs Potential Clients and Brand Image

*Companies **know** Clients have potential wishes, how they act?*

proposal of value as a **bundle of benefits** offered to the clients to satisfy their potential wishes

The proposal of value is **intangible**, becoming tangible by means of a **supply** which is always a

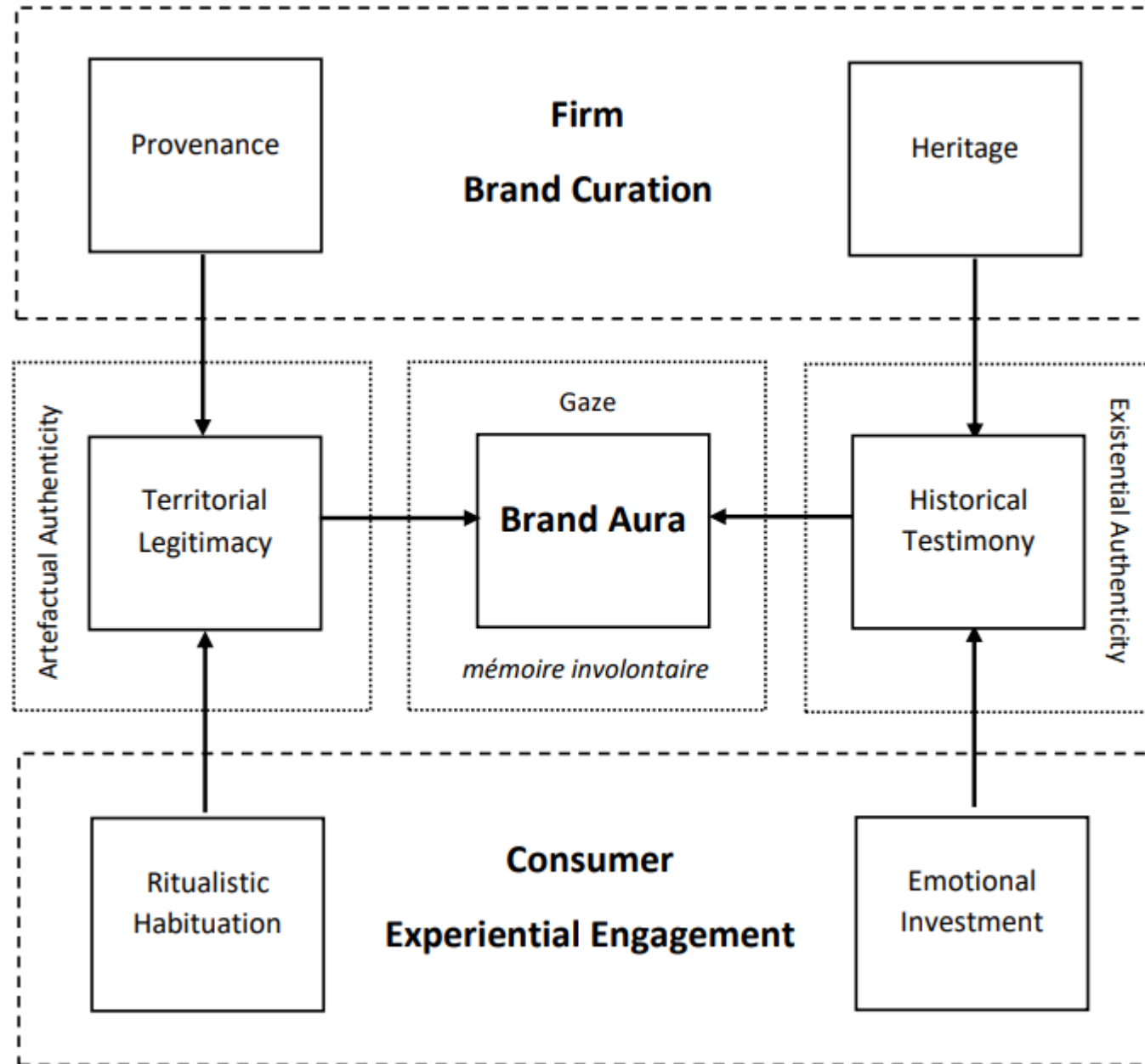
combination of products, services, information and experiences

A **brand** is a **supply** coming from a **known** source that always offers associations between **ideas** and the **product**

These associations of ideas make the IMAGINE of the BRAND

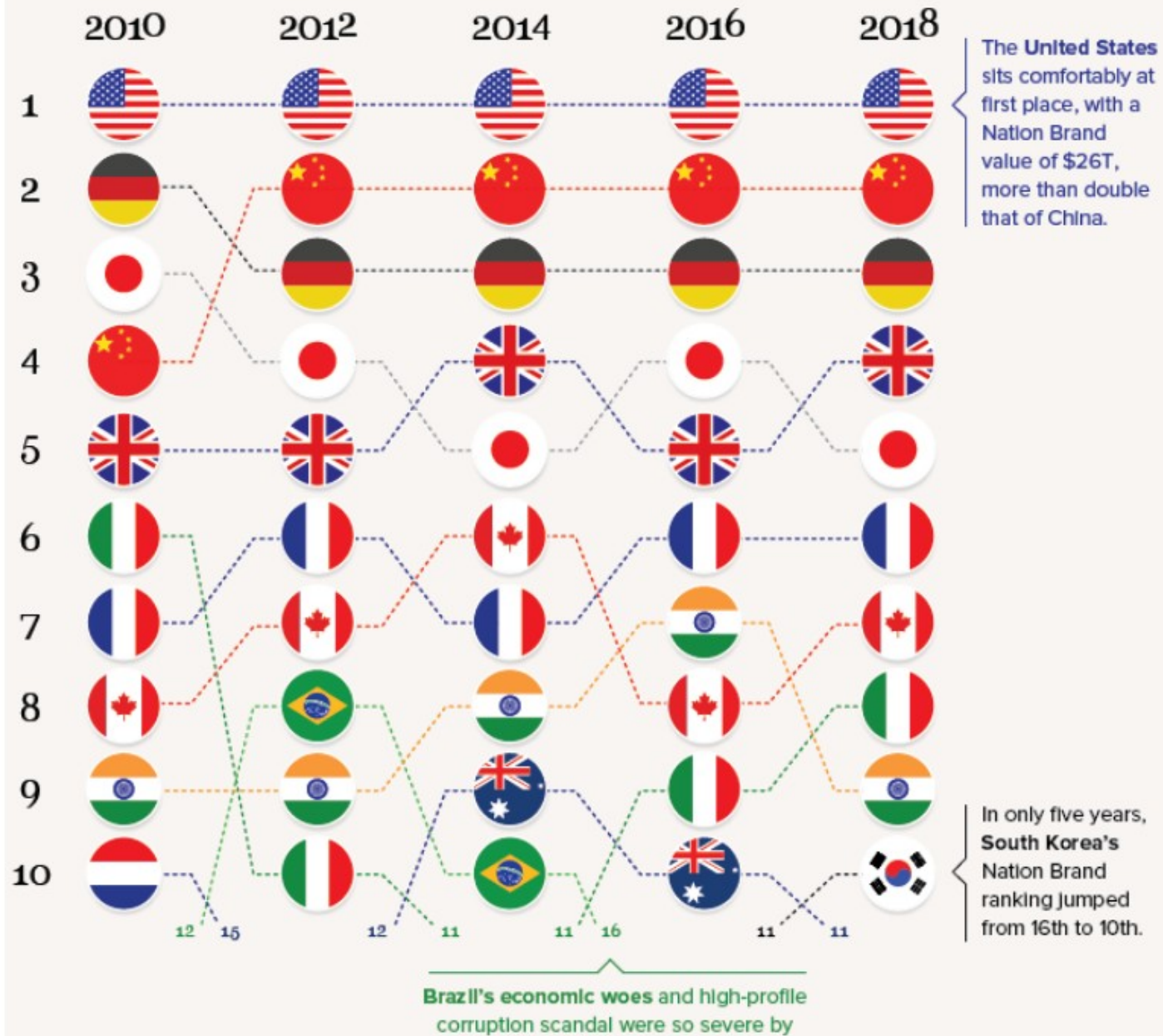
BRAND IMAGINE

BRAND IMAGINE








BRAND IMAGE

TOP 10 MOST VALUABLE NATION BRANDS (2010–2018)



The Global top 10 performers rank - Tourism

#	Variation			CBS Rating
1.	+2		Spain	A
2.	+5		Italy	A
3.	-2		United States of America	A
4.	+6		Germany	A
5.	-1		United Kingdom	A
6.	+2		Japan	A
7.	-2		Australia	AA
8.	-6		Hong Kong SAR, China	A
9.	-		France	BBB
10.	-4		Thailand	BB

Source: Bloom Consulting Country Brand Ranking 2022 | 2023 Tourism Edition

Top performers

Spain and **Italy** were among the first and worst-hit countries in Europe by the pandemic but that hasn't hindered their success. Spain took the throne, while Italy jumped five places, overtaking the United States of America (USA) and the United Kingdom (UK) to pinch second spot. This illustrates the strength and resilience of the Country Brands of both South European powerhouses.

Creation of Value

Value and satisfaction

A client buy something when argues to buy a value capable to satisfy his/her wishes among millions of proposal of values form the market

When you buy always you make a comparison between **BENEFITS** and **COSTS (B/C)** you always choose the highest B/C ratio.

Exchange and Transactions

You can obtain a good bey means of

- ♦ money in turn of good
- ♦ self production
- ♦ theft or robbery
- ♦ charity



Exchange

To happen it must be:

- at least two parts are involved
- any part has something interesting for the other one
- any part is able to communicate and transfer the value
- any part is free to accept or refuse the offer of exchanging
- any part recognized the validity and desirability to treat with the other part

The exchange is a mean for creating value because usually involves and satisfies two parts

The MOs are committed to the **behavior response** of one part to the stimulus coming from the other (and both of them)

The **list of wishes is in the mind of sellers and buyers** and can be only discovered by the MO and not invented or imposed

We have to discuss this statement well because it is questionable

Other Topics of Marketing

Relations and Networks

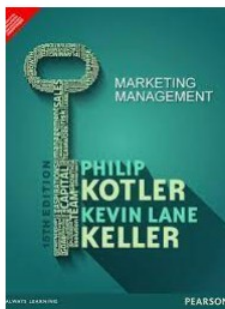
Marketing Channels

Supply Chain

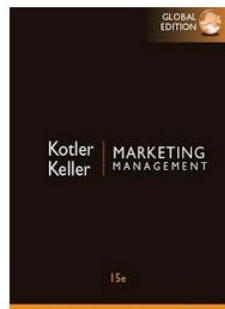
Competition

Market Environment

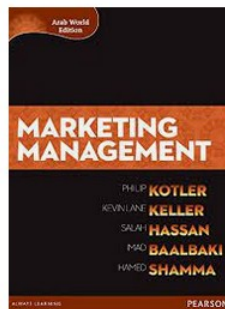
Marketing Plan



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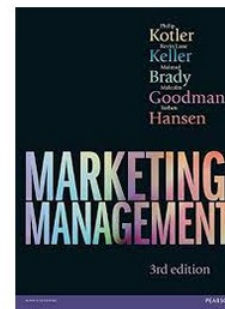
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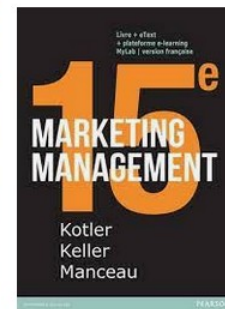
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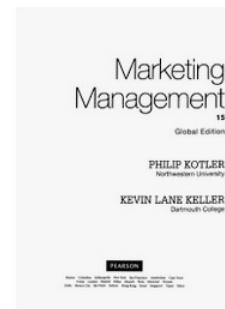
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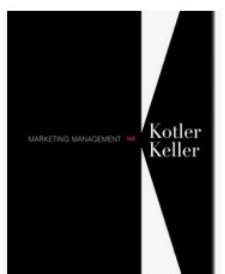
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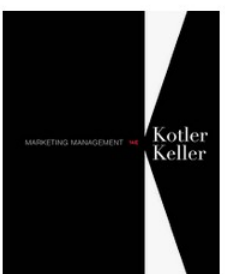
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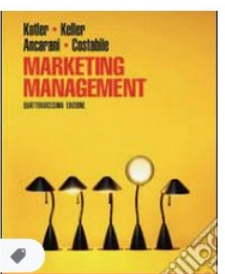
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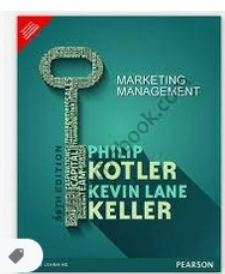
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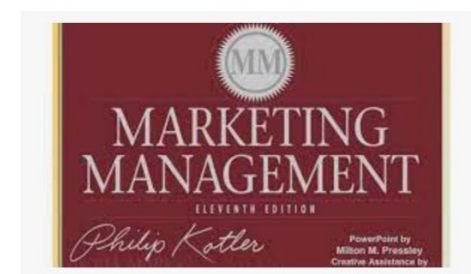
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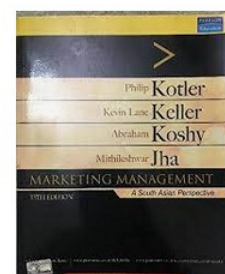
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The Topic !

The chief responsible of the Marketing board has the goal to build up a **PROGRAM** or **MARKETING PLAN** in order to achieve the company's targets

The marketing plan is a series of decisions which definitively consider the MIX of TOOLS to be implemented

this is the

MARKETING MIX

MARKETING MIX



Product Decisions

The term "product" refers to tangible, physical products as well as services. Here are some examples of the product decisions to be made:

- * Brand name
- * Functionality
- * Styling
- * Quality
- * Safety
- * Packaging
- * Repairs and Support
- * Warranty
- * Accessories and services

Price Decisions

Some examples of pricing decisions to be made include:

- * Pricing strategy (skim, penetration, etc.)
- * Suggested retail price
- * Volume discounts and wholesale pricing
- * Cash and early payment discounts
- * Seasonal pricing
- * Bundling
- * Price flexibility
- * Price discrimination

Distribution (Placement) Decisions

Distribution is about getting the products to the customer. Some examples of distribution decisions include:

- * Distribution channels
- * Market coverage (inclusive, selective, or exclusive distribution)
- * Specific channel members
- * Inventory management
- * Warehousing
- * Distribution centers
- * Order processing
- * Transportation
- * Reverse logistics

Promotion Decisions

In the context of the marketing mix, promotion represents the various aspects of marketing communication, that is, the communication of information about the product with the goal of generating a positive customer response.

Marketing communication decisions include:

- * Promotional strategy (push, pull, etc.)
- * Advertising
- * Personal selling & sales force
- * Sales promotions
- * Public relations & publicity
- * Marketing communications budget

Strategy

Strategy of Market Oriented Companies

The marketing management must be subjected to a STRATEGY

The term STRATEGY derives from the Greek language στρατηγός (stratēgós, “leader of an army”).

STRATEGIST a person skilled in planning action or policy, especially in war or politics.

The **strategist** is who can defeat the opponent (enemy) and win the war by means of cleverness and sharpness and using the weakness and failures of the enemy

The **commander** reach the victory with leadership charisma heading the troupes to a victory fighting the counterpart The archetypal figures are this of ULYSSES and AGAMEMNON

STRATEGY is then the plan which allows to translate the clever idea of the strategist in a feasible action

The strategy lays on two fundamental points

- to **know the enemy**—who is not an abstract entity but a **real person** or group of people in the flesh (weak/strong)
- to be **clever/astute/crafty** to use this knowledge to be the winner

The most known strategy in the history



Ulysses's Strategy

Ulysses was first able to convince Menelaus and Agamemnon

Then he was able to convince the Trojans

And he was even lucky because had the help of Sinon, Laocoon, Apollo, Athena and Poseidon who sent marine snake towards Laocoon and sons



Company's Strategy

Orienting the companies to the market

The strategy of **being market oriented** consists in the valorization the company's business by means of the opportunities given by the **cultivation of relations with clients**

Then Marketing is factually an Entrepreneurship Communication which follows the market orientation

Relationship Perspective

Remember the story of Claude Moet

Principle	Passing from...	To
Marketing relations with customers	focusing on transactions	Establishing long term relations
Value of the client over time	A singular selling must give profits	Profits come from long lasting relations
Share of client	To increase the market share	To increase the client share
Focused Marketing	To sell to anyone	To sel to selected groups
Personalization	Selle the sane standardized offer	Personalization of goods and messages
Database of clients	Gather any kind of infromation	Take care of an organized archive of the clients
To integrate the marketing communications	Use one medium for communicating	Produce a coordinate image of the business
The supply chain is made by partners	Distributors are clients	Distributors are partners
Any employer is a MO	The marketing depends on the marketingg office	All employers are MOs
Decision based on models	Decisions made on intuition	Decisions based on clients' database

Pills of Wisdom

Price policies

When a company makes the price usually you can find three basic problems

1	<i>To fix the initial price</i>
2	<i>To modify the price over time</i>
3	<i>To modify the price in order to profit of arbitrage</i>

Fixing the price

The most usual errors are these:

1	<i>the price is too much cost oriented</i>
2	<i>not updating of prices</i>
3	<i>prices not adapted to market segmentation or distribution channels</i>
4	<i>fixing the price independently to the marketing mix</i>

Price

1	<i>It is the sole element of marketing mix which produces revenue</i>
2	<i>All the other generates costs</i>
3	<i>It is the issue you can easily modify</i>
4	<i>To modify other issues is time costing</i>
4	<i>It signals the position and quality</i>
5	<i>The price derives always from a bargaining between seller and buyer</i>
6	<i>Today it is easier to personalize the price to the client</i>
7	<i>Not always consumers are low price-driven in purchasing</i>
8	<i>The price perception of consumers matters</i>

#	<i>It is very difficult that a client remember precisely the price of any good</i>
#	<i>It is reasonable any client has in mind a reference price: for its personal experience or for knowledge of stores (each floor has specific prices)</i>

- 1 *Reference prices*
- 2 *Reasonable prices (how much it must cost)*
- 3 *Typical price*
- 4 *Last paid price*
- 5 *Max willingness to pay (Higher limit)*
- 6 *Min willingness to pay (Lower limit)*
- 7 *Competitors' price*
- 8 *Expected price*
- 9 *Sale price*
- 10 *Discrepancies between the expected price and the real price (troubles)*

Quality / Price Ratio – Key Features

- **Many people judge the quality from the price**
- **It matters well for high *image* and *emotional* goods**
- **perfumes, automobiles, wines**

It is difficult to think that a roll may cost more than 5 €

It is difficult to think that a Ferrari may cost less than 200,000 €

A rare good is not cheap

So you can produce a rare good to increase the price

Club goods, exclusive goods, status goods

Word of mouth

To Fix a Price

You **must** fix a price when

- 1 introducing a **new** product***
- 2 using a **new** distribution channel***
- 3 entering a **new** geographic area***
- 4 having a **new** contract***

you can determine the price !

consumers are different at all !

you must differentiate the prices (monopoly)

Market Segmentation is something like this:

the categorization of potential buyers into **groups** based on common **characteristics** such as age, gender, income, and geography or other attributes relating to purchase or consumption behavior

Italian Hotels: **Italian National Law 29 marzo 2001, n° 135** for the Regional classification of hospitality accommodations

from 1 to 5 stars Hotels



Market Segmentation



Accor S.A. is a French multinational hospitality company that owns, manages and franchises hotels, resorts and vacation properties. It is the largest hospitality company in Europe, and the sixth largest hospitality company worldwide.

Accor operates in 5,300 locations in over 110 countries. Its total capacity is approximately 777,714 rooms. It owns and operates brands in many segments of hospitality: **Luxury** (Raffles, Fairmont, Sofitel), **premium** (MGallery, Pullman, Swissôtel), **midscale** (Novotel, Mercure, Adagio), and **economy** (ibis, hotelF1). Accor also owns companies specialized in digital hospitality and **event** organization, such as onefinestay, D-Edge, ResDiary, John Paul, Potel & Chabot and Wojo.

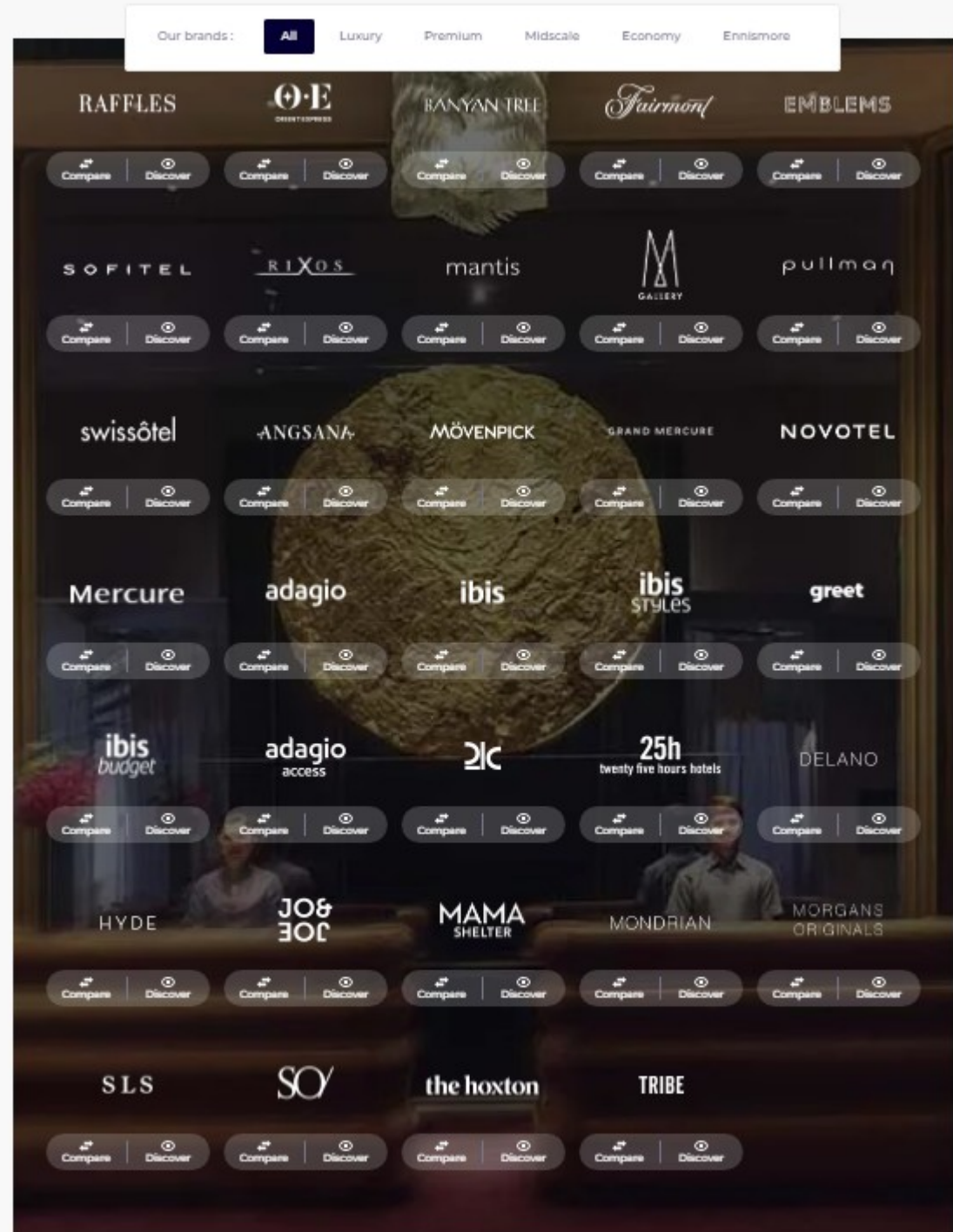
The company is headquartered in Issy-les-Moulineaux, France, and is a constituent of the CAC Next 20 index in the Paris stock exchange.

Accor operates 5,298 locations in over 110 countries, and has over 260,00 employees worldwide.

Its total capacity is approximately 777,714 rooms.

Market Segmentation

<https://group.accor.com/en/brands>



[Pricing Strategy]

[Activities aimed at finding a product's optimum price, typically including overall marketing objectives, consumer demand, product attributes, competitors' pricing, and market and economic trends.]

Pricing Policy

The policy by which a company determines the wholesale and retail prices for its products or services

- Goal of the price
- Definition of demand
- Appraisal of costs
- Analysis of costs, competitors' prices and offers
- Choice of price determination
- Final choice of the price

Goal of pricing

A precise goal means facing an easy definition of the price

Surviving

If the company has an excess of producing capacity, strong competition, rapid change of customers' preferences, **it has the goal of surviving**

The prices cover only the variable costs and the company dies in the long run

Current profit maximization

If the company knows its costs and demand it chooses the price that maximizes the current profit, the cash flow or the investment revenue (cash flow analysis).

The company risks to die because it doesn't care the other components of the marketing mix. Too static and routine decisions

Goal of pricing

Maximization of the market share

If the company argue to have a price sensible demand it may lower the price to improve the market share, yet thinking to lower production costs while increasing the total production:

- high price elasticity
- production scales
- competitors feared by lowering prices

Market skimming

Who produces a new good daunts competitors with very high prices, which tend to decrease over time

- very new goods (inventors, master chefs)
- buyers are sufficiently numerous
- the average costs are not so high to nullify the advantages of a price to the spending limits of customers
- the high price put barriers to competitors
- the price is a signal of quality

Goal of pricing

Quality Leadership

You can have the goal to become the absolute leader in quality in a selected industry yet using the price consumers may accept

LVMH [Moët Chandon]

Other goals

Not for profit companies

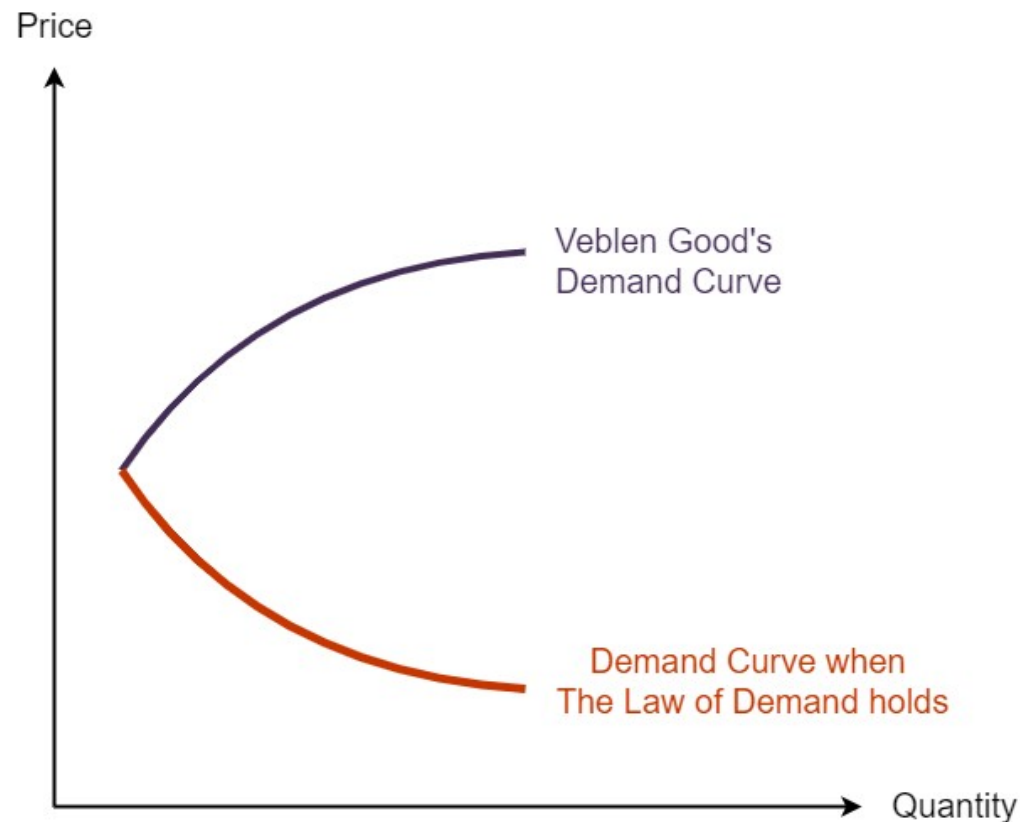
Definition of the Demand

A price level determines a demand level

In **normal** conditions to a high price corresponds a low quantity of demand and vice versa. Law of the demand

For luxury goods the demand curve has a positive slope (perfumes, premium wines)

Price sensitivity (price elasticity)



Definition of the Demand

Price sensitivity (price elasticity)



Demand over time

$$e = 5/100 / 5/10 = 0,05/0,5 = 0,1$$

Demand over time

$$e = 100/50 / 5/10 = 2/0,5 = 4$$

Discussion:

do you prefer to manage company which face a (price) inelastic or elastic demand ?

In which direction you can modify a price of inelastic or elastic good demand to increase the profit ?

Determinants of minor price sensitivity

- The good is more **differentiated** than competing ones
- Buyers **don't know** similar or alternative products (lack of information)
- Buyers **cannot** easily **compare** substitute products
- The spending is a very **low share** of the revenue
- Part of the cost are **paid** by other people
- The product must be used **joint** to other products
- The **buyer** gives the product a higher level of **quality**, prestige and exclusivity
- Buyers cannot **store** the good

Demand curve estimation

■ Static Analysis

of past prices and quantities, and any other data (difficult and complicated)

■ Price experiments

you may **modify** the price of a **+5%** and evaluate the variation of the demand which may lower over time **more** than the 5% (**elastic** = the revenues decreases) or increase **less** than the 5% (**inelastic** = the revenue increases)

■ Market Analysis

to discover the buying behaviors of customers at any level of price

■ Other determinants: reaction of the competitors, other issues of the mktg mix