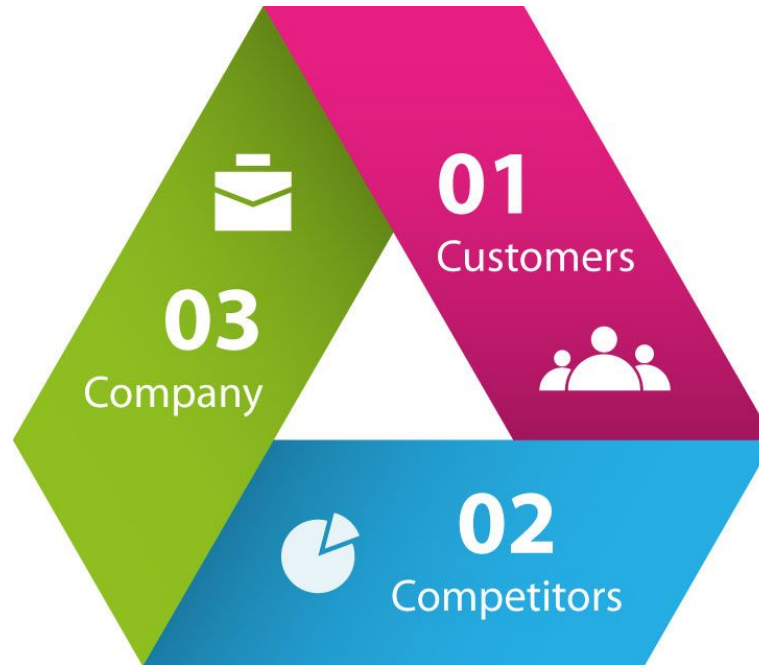


Lecture 5: Marketing



Introduction to Business. Seminar 5: Marketing

Activity Three

Amantai was quite successful on launching the catering business. He is now concerned about his consumers' satisfaction. Your team (group of 4 students) is hired as consultants to conduct a survey on customer satisfaction rate. Devise 7-8 key questions in a structured way. Allow 4 or 5 answer choices.

- a) Present your questionnaire on board in the class. Explain the pace of the questionnaire.
- b) Now make up some responses (~30) on your own, present the collected data and suggest on implications of your hypothetical answers.

Introduction to Business. Seminar 6: Marketing (cont)

Field exercise

Your team (group of 4) is considering to open a cafeteria at Nazarbayev University. Initial idea is to sell products such as coffee, tea, croissants, confectionery and other snacks with high-added value.

But, there are many competitors in place, such as, La Tartine, Бодрый день, Health Project and Kunde kunde café.

Your task is to conduct the market research to come up with the best option to launch your business, bearing in mind the competitors' strengths and consumer preferences.

Make sure to cover the following aspects when designing your market research:

1. Value proposition canvas
2. Unique selling point of your products (if any)
3. Value for money of your product
4. Packaging
5. Investigate prices for similar products of your rivals

LEARNING OUTCOMES

After this lecture you should be able to:

- Recall the main concepts used in marketing;
- Outline the importance of doing marketing;
- Identify different customer segments;
- Examine the fit between customer needs and company's value proposition;
- Describe market research methods;
- Execute survey;
- Interpret the collected data.

LECTURE CONTENT

- Concepts of market size, share and growth;
- Role of marketing;
- Value proposition;
- Market research methods;
- Data interpretation.

MAIN CONCEPTS AND DEFINITIONS

- Mass markets – selling the same products to the whole market without targeting certain groups of customers
- Niche market – selling special/specific products to certain group of customers
- Value proposition - is a statement which identifies clear, measurable and demonstrable benefits consumers get when buying a particular product or service.



VERSACE

- Market size – potential total sales volume
- Market share – is the proportion which its sales represent of total market sales
- Market growth – is the rate at which total sales in the market are rising per year.

Calculating Market Size (per period)		
<i>Example 1:</i>		
Number of units sold in market (per period)	Units	100,000
Average selling price (£) in market	SP	£15.00
Market size = (Unit x SP)	MSize	£1,500,000

Example 2:

Market size (£)	MSize	£1,500,000
Firm's Market share (%)	MShare	5.0%
Firm's Sales Revenue = MSize x MShare	Revs	£75,000

Calculating the Market Growth Rate (%)*Example 3:*

Market Size (£) This Year (Y1)	Y1	£1,500,000
Market Size (£) Last Year (Y0)	Y0	£1,200,000
Change in Market Size (£) (Y1 - Y0)		£300,000
Percentage Change (%) = (Y1 - Y0) / Y0 x 100		25%

THE ROLE OF MARKETING

What do they do?	Why do they do it?
Identify customer needs	Raise customer awareness of a product or service
Satisfy customer needs	Increase sales revenue and profitability
Maintain customer loyalty	Maintain and improve the image of products or a business
Gather new information about customer behavior	Target a new market or market segment
Anticipate changes in customer behavior	Develop new products or improve existing products

I HAVE LEADING POSITIONS AND A GREAT PRODUCT, WHY BOTHER?!

- Because customer (KING) tastes and income level change;
- Competitors!
- New technology evolve;
- Globalization (transportation improvements, e-commerce)



G E N E R A L M O T O R S



SOUNDS TERRIFYING, WHAT SHOULD COMPANIES DO TO MAINTAIN COMPETITIVE ADVANTAGE

- Maintain good customer relationships;
- Keep improving existing products;
- Bring out new products to keep customers' interest;
- Keep costs low to maintain competitiveness.

How?

DO YOU KNOW WHO YOUR CUSTOMERS ARE?

SEGMENT YOUR CUSTOMERS!

By:

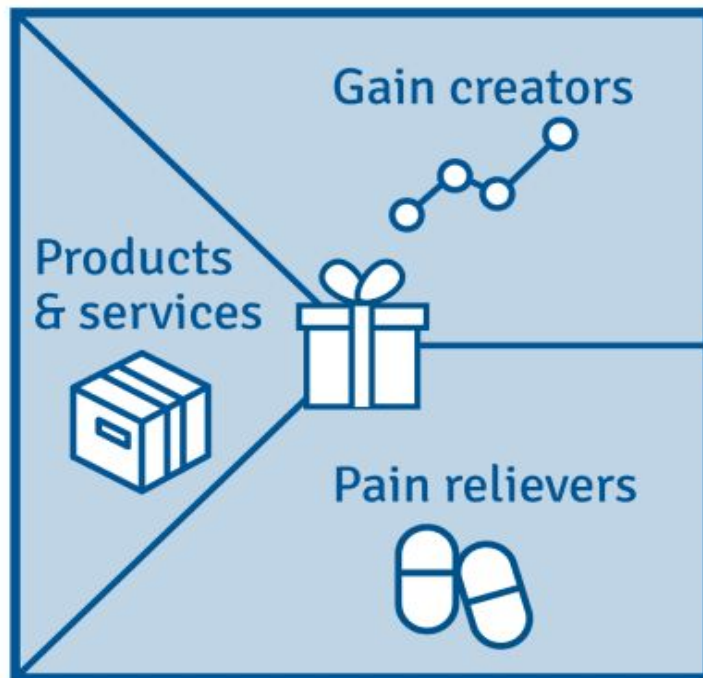
- Age;
- Gender;
- Income level, i.e. buying ability;
- Region/location/culture;
- Use of the products;
- Lifestyle



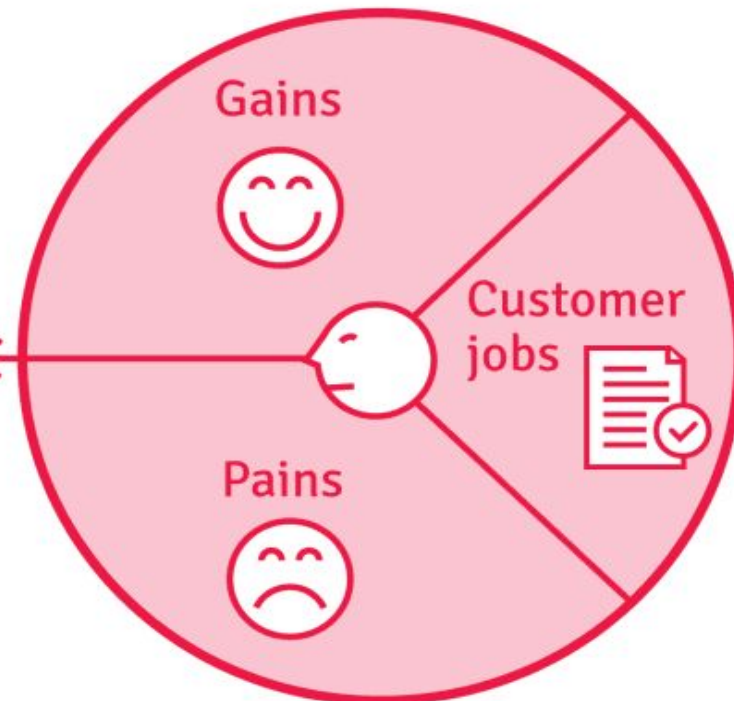
Different customers require different products and positioning!

YOU NEED TO GET TO KNOW WHY CUSTOMERS WILL BUY YOUR PRODUCT OR SERVICE. **VALUE PROPOSITION**

Value Proposition



Customer Profile



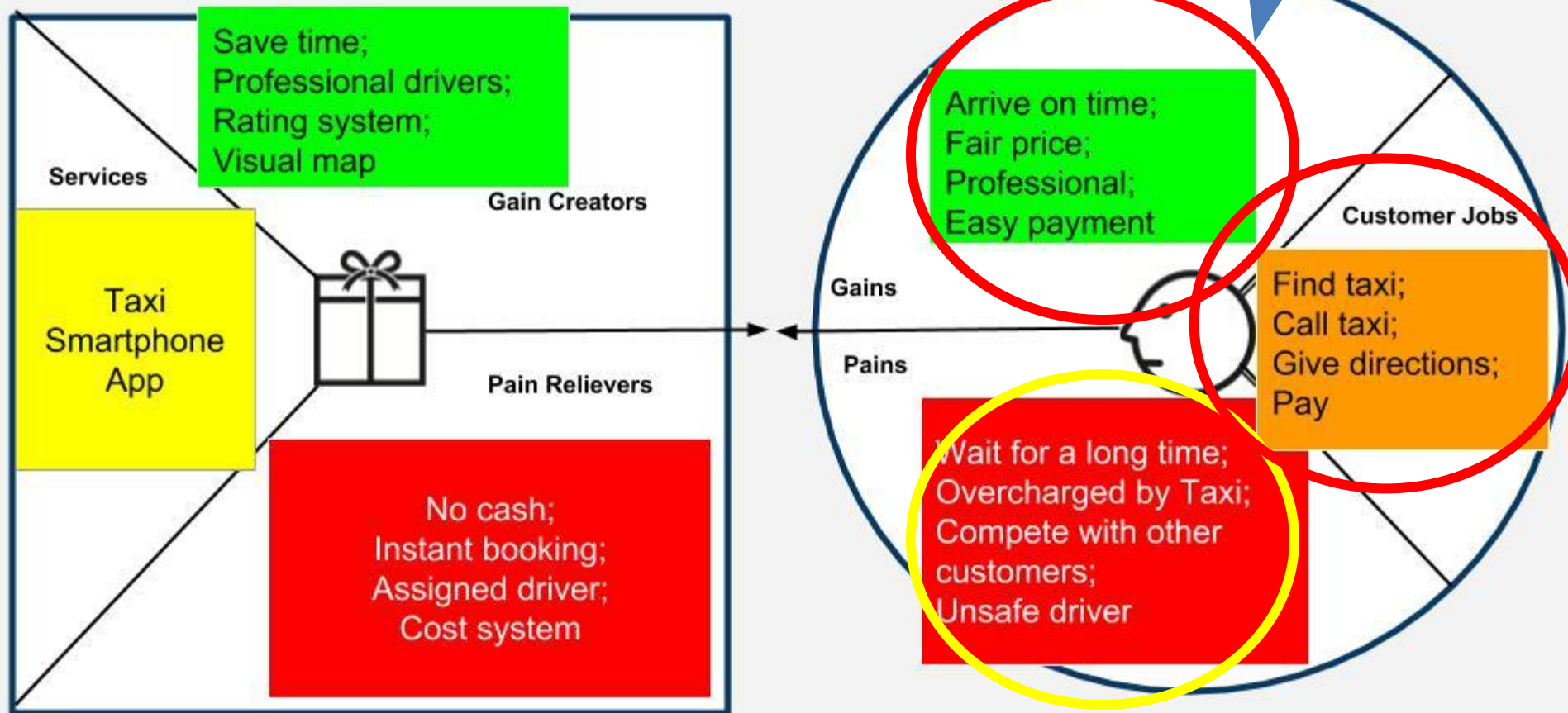
Follow the link for more explanation: <https://youtu.be/ReM1uqmVfP0>

The Value Proposition Canvas

Value Proposition Transfer and delivery

Customer Segment Age range 15 - 50

Where do you get this information?



MARKET RESEARCH

Primary (field)



- ☐ Questionnaires
- ☐ Focus groups
- ☐ Observation

Secondary (desk)



- ☐ Internal source of information
- ☐ Official statistics
- ☐ Research agencies, consulting firms (MBB)

Case study example

Pepsi manufacture fizzy drinks. They want to start selling a new drink in your country. To help them assess the size of the market, you have been asked to find out the following information:

- size of total population
- how many people there are in the age groups 1–10, 11–20 and 21–30 in your country
- how many different fizzy drinks are sold in your country (how many competitors there are)
- where these competitors come from – are they local companies or are the drinks imported?

- Which research methods would you advise the company entering the new market to undertake before starting to sell?
- Official statistics and companies' websites
- Sampling (observation)
- Observation (visit big markets) and/or research data

COLLECTING DATA FOR MARKET RESEARCH

Designing a questionnaire:

- What do I want to find out?
- Who do I need to ask? (segment!)
- Where will I carry out my questionnaire?
(online, hands-on distribution, interview)
- Sampling. Too many is expensive, too small may not represent the actual situation
- A rule of thumb is at least 30 respondents
(bear in mind segments of respondents)

Some practical insights to design a questionnaire:

- Do not ask too many questions (≤ 12)
- Keep the questions and answer choices short and clear (unambiguous)
- Keep the number of open-ended questions minimal
- Think about the order of questions to ask

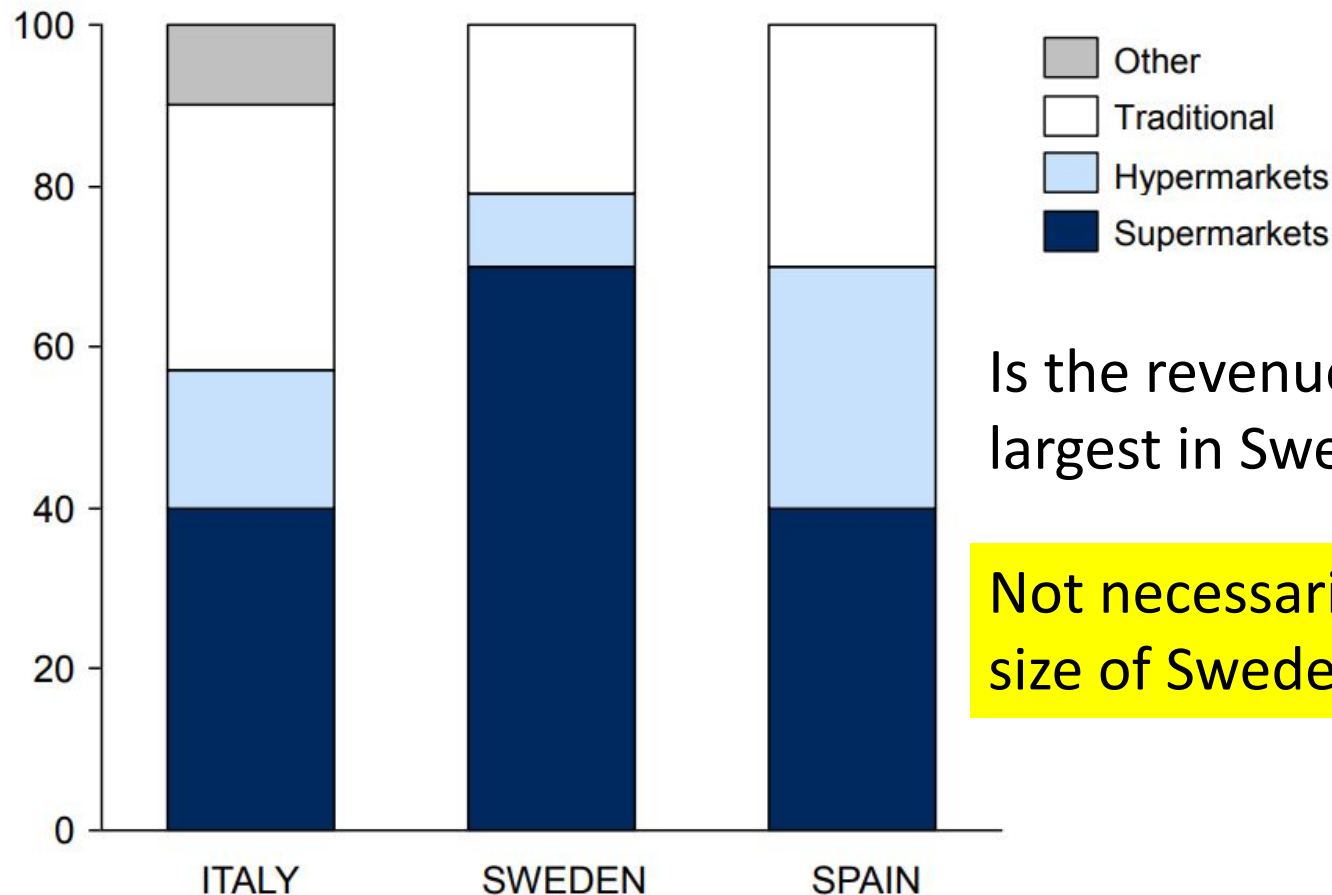
See the example on a survey about reward attitude in the next slide

EXAMPLE OF A SURVEY (QUESTIONNAIRE)

Please state to the extent to which you agree or disagree with the following statements by placing a circle around the number that most clearly matches your opinion				
	Strongly agree	Agree	Disagree	Strongly disagree
1. My contribution is adequately rewarded				
2. Pay increases are handled fairly				
3. I feel that my pay does not reflect my performance				
4. My pay compares favourably with what I could get elsewhere				
5. I am not paid fairly in comparison with other people doing similar work in the organization				
6. I think the organization's pay policy is overdue for a review				
7. Grading decisions are made fairly				
8. I am not clear how decisions about my pay are made				
9. I understand how my job has been graded.				
10. I get good feedback on my performance				

DATA INTERPRETATION

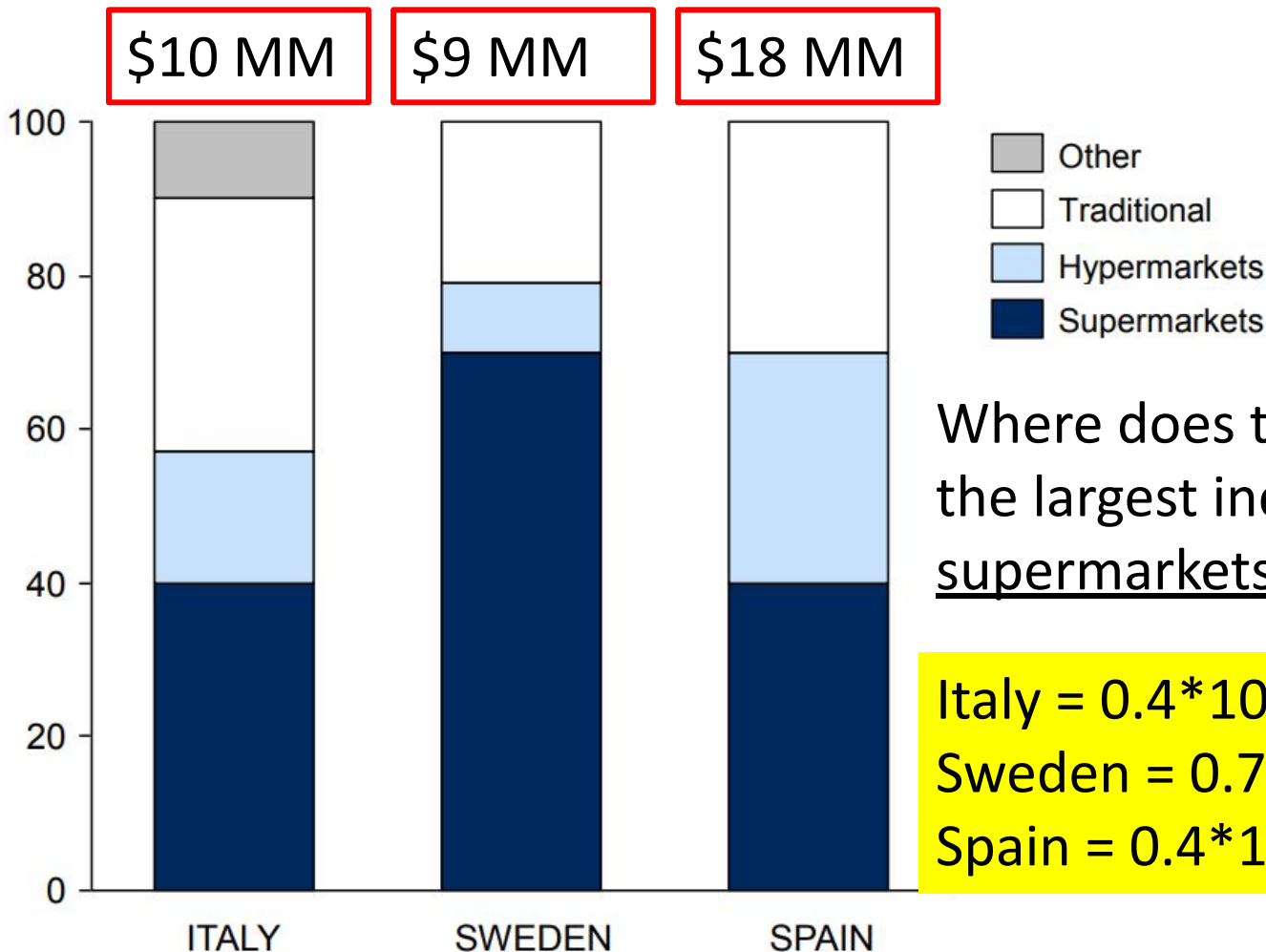
Exhibit 1: Share (%) of Kazakhmilk&Co milk revenue between distribution channels



Is the revenue from supermarkets largest in Sweden?

Not necessarily, unless the market size of Sweden is largest!

Exhibit 1: Share (%) of Kazakhmilk&Co milk revenue between distribution channels



Where does the company receive the largest income coming from supermarkets?

Italy = $0.4 \times 10 = \$4 \text{ MM}$

Sweden = $0.7 \times 9 = \$6.3 \text{ MM}$

Spain = $0.4 \times 18 = \underline{\underline{\$7.2 \text{ MM}}}$

Reference list:

- 1) Borrington, K. and Stimpson, P.
(2013). *Cambridge Igcse Business Studies*. 4th ed. London: Hodder Education, Ch. 10-11
- 2) Osterwalder, A. and Pigneur, Y. (2013).
Business Model Generation. New York, NY: John Wiley & Sons, pp. 28-31.