UNICOURSE

Unit 4:"O ctmgvkp i "Guugpvkcnu

Information Pack

Pearson BTEC Level 4 Higher Nationals in Engineering (RQF)

Unit 2: A1

Information Pack

in a series of 2 for this unit

Learning Outcome 1

LO1 Explain the role of marketing and how it interrelates with other functional units of an organisation

Definitions and the marketing concept and the nature of marketing

Here are two popular and widely accepted definitions of marketing. The first definition [referred by the UK's Charted Institute of Marketing (CIM), while the second is that offered by the American Marketing Association (AMA)

"Marketing is the management process responsible for identifying, anticipating and satisfying customer requirements profitably". (CIM, 201)

"Marketing is the activity, set of institutions, and processes for creating, communicating, delivering and exchanging offerings that have value for customers, clients

Both definitions make a good attempt at capturing concisely what is actually a wide and complex subject. Although they have a lot in common, each says something important that the other does not empathise. Both agree the following points;

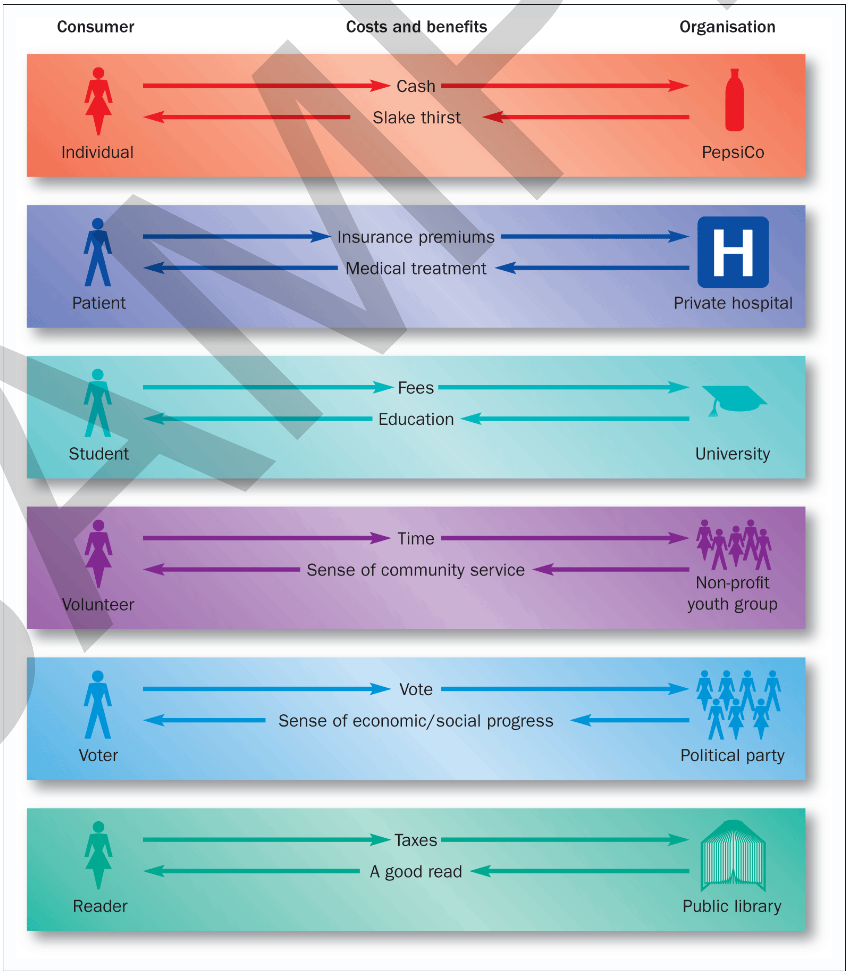
- Marketing is a management process
  Marketing has just as much legitimacy as any other business function and involves just as much management skill. It requires planning and analysis, resource allocation, control and investment in terms of money, appropriately skilled people and physical resources. It also, of course, requires implementation, monitoring and evaluation. As with any other management activity, it can be carried out efficiently and successfully – or it can be done poorly, resulting in failure.

- Marketing is about giving customers what they want
  All marketing activities should be geared towards this. It implies a focus towards the customer or end consumer of the product or service. "If customer requirements" are not satisfactorily fulfilled, or if customers do not obtain what they want and need, then marketing has failed both the customer and the organisation.

- Marketing identifies and anticipates customer requirements
  Both definitions accept that marketing is a set of activities that identifies and anticipates customer requirements largely through market research and assessing information is gathered. Although communicated more directly in the CIM definition, both definitions do highlight the anticipation and creation of customer requirements as the starting point in marketing. They are saying that the marketer creates some sort of offering only after researching the market and pinpointing exactly what the customer will want.

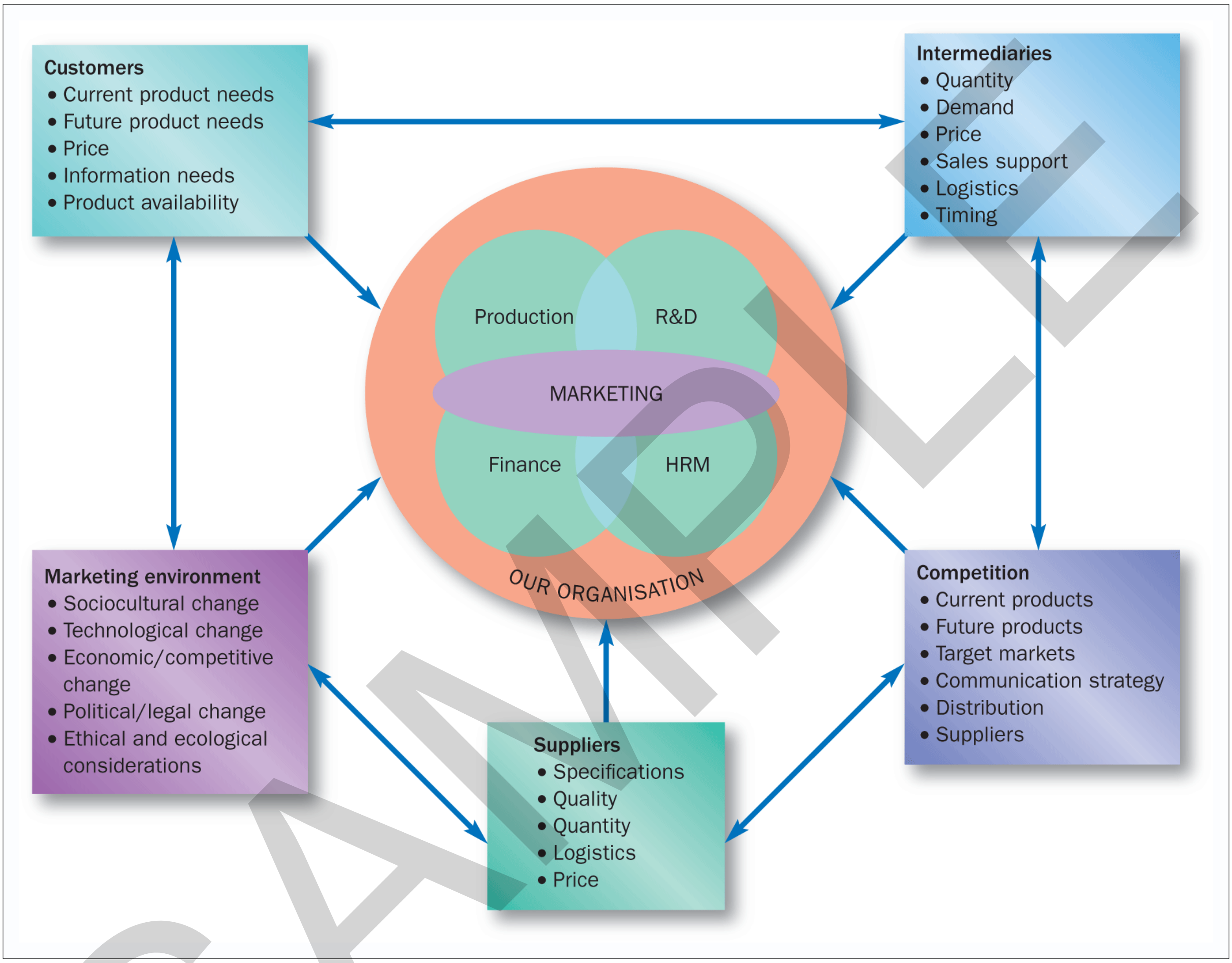
- Marketing fulfils customer requirements profitably
  This pragmatic phrase warns the marketer against getting too carried away with the altruism of satisfying the customer. In the real world, an organisation cannot please all of the people all of the time, and sometimes even marketers have to make compromises. The marketer has to work within the capabilities of the organisation, and specifically work within the agreed budgets and performance targets set for the marketing function.

- Exchanges that have value to customers, clients, partners and society at large
  This statement is close to the CMI's "profitability" but a little more subtle. The idea of marketing as an exchange process to create value is an important one and was first processed by Alderson (1957). The basic idea is that "I've got something you want" …. "you've got something I want" …… "so let's do a deal". For them most part, the exchange is a simple one.
  The organisation offers a productor service, and the customer offers a sum of money in return for it. Pepsi offers that you a can of cola and you offer payment; you sign a contract to offer your services as an employee and the organisation offers you a salary. The hospital offers to provide healthcare and the individual, through taxes or insurance premiums offers to fund it. A range of further examples is shown in figure 1.



(Figure 1)

Marketing as an integrative business function



(Figure 5)

Challenge

Can you find any further information on the above with examples, perhaps link this to your own company?

(this will assist you with answering LO1)

Identifying customer needs and satisfying customer needs (the marketing mix)

The four Ps of marketing are the key factors that are involved in the marketing of a good or service. They are the product, price, place, and promotion. Often referred to as the marketing mix, the four Ps are constrained by internal and external factors in the overall business environment, and they interact significantly with one another.

The 1st P: Product

Product refers to a good or service that a company offers to customers. Ideally, a product should fulfil a certain consumer demand or be so compelling that consumers believe they need to have it. To be successful, marketers need to understand the life cycle of a product, and business executives need to have a plan for dealing with products at every stage of their life cycles. The type of product also partially dictates how much businesses can charge for it, where they should place it, and how they should promote it in the marketplace.

The 2nd P: Price

Price is the cost consumers pay for a product. Marketers must link the price to the product's real and perceived value, but they also must consider supply costs, seasonal discounts, and competitors' prices. In some cases, business executives may raise the price to make a product seem more like a luxury or lower the price so more consumers can try the product.

Marketers also need to determine when and if discounting is appropriate. A discount can sometimes draw in more customers, but it can also give the impression of the product being less exclusive or less of a luxury than when it is at a higher price.

The 3rd P: Place

Place decisions outline where a company sells a product and how it delivers the product to the market. The goal of business executives is to get their products in front of the consumers most likely to buy them.

In some cases, this may refer to placing a product in certain stores, but it also refers to the product's placement on a store's display. In some cases, placement may refer to the act of placing a product on TV shows, films or web pages to garner attention for the product, but this placement overlaps with the promotion.

The 4th P: Promotion

Promotion includes advertising, public relations, and promotional strategy. This ties into the other three Ps of the marketing mix as promoting a product shows consumer why they need it and should pay a certain price for it. In addition, marketers tend to tie promotion and placement elements together so they can reach their core audiences.

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