

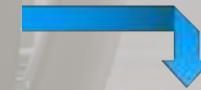


Erasmus+



Hi! I am Peter!
Let's continue our course. This
is the fifth chapter!

Welcome to **Chapter 5**



Marketing and Advertising

BGame
Strategic Management
Virtual Game for SMEs



Hi, I'm Mary and I am also your coach! Welcome to the BGame Training Course! This is the Strategic Management chapter.



Welcome to the BGame Training Course!
We are delighted to have you here, with us, today!

In this training course there are 5 chapters: Strategic Management, Internationalisation, Human Resources, Sales and Finances and finally, Marketing and Advertisement. In this course, you are free to explore these chapters as you please. They are intended to provide you with a simple overview of each area in which you will have to take decisions while playing our Virtual Game.

These resources are part of BGame Virtual Game and have been prepared by a partnership of seven institutions expert in education and training. Should you wish to obtain any further information about BGame project, please do not hesitate to contact us on www.bgame-project.eu

We hope you enjoy!

BGame Partners

In this chapter, we will learn the following contents



Content of the chapter

1. An introduction to Marketing
2. Definition of advertising: its objectives and strategy

Goals of Module 1

You will be able to ...

- Define and explain the concept of marketing,
- Explain the marketing process,
- Define a marketing plan,
- Define and explain the concept of advertising,
- Identify the objectives and the importance of advertisements,
- Define an advertising strategy.



Ready?

1. An introduction to Marketing

How do marketing and advertising differ?



Marketing

Marketing is the activity, set of institutions, and processes for creating, communicating, delivering, and exchanging offerings that have value for customers, clients, partners, and society at large.

Advertising is the process of making a product and service known to the marketplace. It is essentially spreading the word about what a company has to offer.

While **marketing** is the way in which a company convinces potential buyers that they have the right product for them, **advertising** is how it communicates the existence of that product.

Ready?



1. Marketing



Marketing, in simple terms, refers to the means of communication between a company and its target audience.



What does “marketing” mean?

- To market something means all the measures taken directly aimed at the sale of goods.
- The aim of marketing is emerged around 1920 in the USA and has also prevailed in Europe around 1950.
- The subject of marketing is the exchange of goods or services of value and the influence of this exchange.
- Under “value of a good” the economic theory understands the importance of goods or services according to their ability to satisfy needs. The value of a good is determined by its utility for the satisfaction of a need and its scarcity in relation to demand.

Marketing is also an entrepreneurial principle: it stands for the consistent orientation of a company to its market.



- A **product** is something that can be offered to meet people's needs: physical objects, services and ideas.
- Rather than seeking a product in a narrow understanding, consumers seek to acquire a benefit from a product that is relevant to them. They choose a benefit that is recognizable to them. It is not the view of the provider (who must be convinced of the value of its product) that is of decisive importance for the state of an exchange, but the benefit of the product from the customers' point of view.
- **Marketing** is successful if sellers can manage to convey the benefits of their products to their customers.
- **Marketing** is also the concept of a market-oriented company management and company policy: It means to lead a company this way that it reaches its business goal through the optimal satisfaction of its customers' needs.

**Marketing
Process**

The Marketing Process

- Under the marketing concept, the company must find a way to discover a way to discover costumers' unfulfilled needs and bring to market products that satisfy those needs.
- The process of doing so can be modeled in a sequence of steps:



Did you know that the situation analysis can be viewed in terms of an analysis of the external environment and internal analysis of the firm itself?



Situation analysis

- A thorough analysis of the situation in which the firm finds itself serves as the basis for identifying opportunities to satisfy unfulfilled customer needs.
- In addition to identifying customer needs, the firm must understand its own capabilities and the environment in which it is operating.
- The **situation analysis** thus can be viewed in terms of an analysis of the external environment and internal analysis of the firm itself.
- The external environment can be described in terms of macro-environmental factors that broadly affect many firms and micro-environmental factors closely related to the specific situation of the firm.

Did you know that the situation analysis can be viewed in terms of an analysis of the external environment and and internal analysis of the firm itself?



Situation analysis

- This analysis should include past, present and future aspects, a history outlining how the situation evolved to its present state and an analysis of trends in order to forecast where it is going.
- Good forecasting can reduce the chance of spending a year bringing a product to market only to find that the need no longer exists.
- If the analysis reveals gaps between what consumers want and what currently is offered to them, then there may be opportunities to introduce products to better satisfy those consumers. The situation analysis should yield a summary of problems and opportunities.
- From this summary, the firm can match its own capabilities with the opportunities in order to satisfy costumer needs better than the competition.

Marketing is an entrepreneurial principle: Marketing stands for the consistent orientation of a company to its market.



There are several **frameworks** that can be used to add structure to the situation analysis:

1. **5 C Analysis:** **company, costumers, competitors, collaborators, climate.** Company represents the internal situation; the other four cover aspects of external situation;
2. **PEST analysis:** for macro-environmental **political, economic, societal and technological** factors. A PEST analysis can be used as the “climate” portion of the 5C Framework briefly described above.
3. **SWOT Analysis:** **strengths, weaknesses, opportunities and threats** – for the internal and external situation. A SWOT analysis can be used to condense the situation analysis into a listing of the most relevant problems and opportunities and to address how well the company is equipped to deal with them.



PEST Analysis!

Know more about **PEST analysis!**

5C Analysis

Know more about the **5C analysis** with this interesting video.

SWOT Analysis – A method for strategic planning

The SWOT analysis is an acronym for strengths, weaknesses, opportunities, and threats and is a structured planning method that evaluates those four elements of a business.



SWOT Analysis Framework
Source: Pinterest



The SWOT analysis is a simple framework for generating strategic alternatives from a situation analysis.



SWOT Analysis – A method for strategic planning

The internal and external situation analysis can produce a large amount of information, much of which may not be highly relevant. The SWOT analysis can serve as an interpretive filter to reduce the information to a manageable quantity of key issues.

The SWOT analysis classifies the internal aspects of the company as strengths or weaknesses and the external situational factors as opportunities or threats.

Strengths can serve as a foundation for building a competitive advantage and weaknesses may hinder it.

By understanding these four aspects of its situation, a company can better leverage its strengths, correct its weaknesses, capitalize on golden opportunities and deter potentially devastating threats.

The SWOT analysis groups key pieces of information into two main categories.



o Company analysis (internal / forward-looking)

Strengths and weaknesses refer to the company. They result from the self-observation of the company. Strengths are the current characteristics of the company, they are created by the company itself and are current results of the previous organizational processes.

o Environmental analysis (external / future-oriented)

The **external analysis** examines the company environment, an environmental analysis. Opportunities and risks arise from the outside and from the expected changes in the market, in the technological, social or environmental environment. The environmental conditions are defined for the company, the forces acting here are largely exogenous. The company observes or anticipates these changes and reacts with its strategy.

We know present some potential questions for each of the items under analysis in a SWOT framework.



Strengths:

- What do we believe to be good in?
- What do we like to do? Why does is our work fun?
- Why are competitors afraid of us?
- Why do customers buy our products and services?
- What have we been praised for lately?



Weaknesses:

- What do we believe to be bad in?
- Why are we afraid of the competition?
- Why do some customers not buy from us?
- What have we lately been criticized for?



We know present some potential questions for each of the items under analysis in a SWOT framework.



Opportunities / Threats

- Where has the market developed lately?
- Where will the market develop?
- How was the market created 10 years ago?
- How is the market today / how will it be in 10 years?
- What are the trends (social, political, technological, etc.)?
- Which trends affect our own field of activity?
- What are the needs of our customers?
- What are the chances for us?
- What are the opportunities for others?
- Which risks (economic, technological, social) threaten us specifically?
- What are the risks to others?

Here are some potential questions for each of the items under analysis in a SWOT framework.



Central issues

- Which of our strengths is the most important from our customers' perspective?
- Which of our weaknesses is the worst for our customers?
- Which of our weaknesses costs us a lot of money?
- What are the main chances for success?
- Which risks have the greatest threat potential (probability of entry and potential costs)?

But there are also some frequently made mistakes!



FMM – Frequently Made Mistakes

1. Performing a SWOT analysis without agreeing to a target. SWOT analysis should always be based on a concrete goal and not be kept abstract. If no desired target-state is agreed, different states can be achieved - not always with the desired result.
2. Confusing external opportunities with internal strengths. Both should be strictly separated.
3. Confusing SWOT analyzes with possible strategies. A SWOT analyzes describes states and strategies. (Think of "favorable conditions" for opportunities and "unfavorable conditions" for risks).
4. Prioritizing is very important for the SWOT analysis. A frequently made mistake is not deriving any strategies, nor deciding neither implementing concrete measures.

Ready?



We now present some potential questions for each of the items under analysis in a SWOT framework.



- o **Fast Juice** is a small juice producing store located in a shopping centre in Vienna. According to the latest information, a new juice store will open in the same shopping centre. **Boost Juice** is the name of the new store and its business focuses on quality, time, price and customer service.
- o The advantage of the business is that **Fast Juice** offers a wider choice and variety of juice to the customers and its advertising promises healthy drinks for a healthy living.
- o As part of their new marketing strategy, **Fast Juice** will introduce fast customer service which takes less than two minutes of order.
- o Worried about the impact that the new competitor could cause, the management team has conducted a SWOT Analysis, which will be presented over the next slides.

In brief, it is the process of formulating and implementing strategies.



Strengths

*Product
Variety
Time
Low skill needed*

Weaknesses

*New brand
Lack of experience
Cash flow
Too much stock*

Opportunities

*Not expensive
Large market demand
Healthy influences
Technology*

Threats

*Competition
Market demand
Economy
Seasonality*

**SWOT -
Strengths**

Strengths

1. First, Fruit Juice's product itself is a strength, because there are not many companies offering the same product. By offering a demanding product in the market, we would be able to penetrate the juice market easily.
2. Second, we offer a variety of fruits and vegetables compared to our competitor. This will make our prospect customer choose our product over our competitor.
3. Third, the time to deliver our product from the ordering will only take five minutes. This is a strength for our fast paced world, where people are really concerned about time.

**SWOT -
Strengths**

4. The location of our business, which is a popular shopping centre, where a lot of people go for their daily or weekly shopping.
5. Finally, the skills' set required do this job is very low, therefore we won't need any high level training for our staff and anyone can do this job.



SWOT - Threats

Threats

1. There are a number of **threats** for **Fast Juice**. There is another competitor, Boost Juice, which can represent a serious threat to the company.
2. Another threat is the current market demand in parallel with the economic situation of the country. There can be some changes in dietary style trends and consumer preferences (e.g. the trend of homemade juice is increasing). Moreover, there can also be some changes in the economy with people turning to saving rather than spending.
3. Lastly, and as in all food business, the season (weather) is an effective factor. When the weather is warm or hot, people tend to prefer cold and soft drinks much more than in winter. However, many young people like to have ice cream or cold drinks in cold seasons.

SWOT -
Opportunities

Opportunities

There are a number of **opportunities** for **Fast Juice**.

1. **Fast Juice** has a low price compared with other beverages.
2. Secondly, there is a large market demand. Most families need to have juice as a daily drink. People have less time available to make homemade juice, so their product will become more and more popular.
3. Finally, there isn't a huge company to monopolize this business, such as Domino's for pizza and Shell for fuel, which means that there is a large market residual share for development of a new company.

**SWOT -
Weaknesses**

Weaknesses

These are qualities that prevent us from accomplishing our mission. The weaknesses of our company are:

1. Being a new venture in the market might make our products not to be noticed or no one having any information about Fast Juice and hence that will give us little market presence which is all about how to communicate to prospective buyers and customers.
2. Another possible setback are young employees that lack training. The success of the business depends on them. Absenteeism can cost a lot and lack of trained employees (i.e. communication skills, motivational level, attitude and desire to work) might have big consequences for our business.

**SWOT -
Weaknesses**

Weaknesses

3. Like any new venture, the business needs capital. We need to determine what our cash flow is, meaning what is the measure of money coming in and out of our business. Do you make a profit or loss after all sales? Perhaps is their money to run daily costs, are our finances in a good position? Is our loan secured from banks and other institutions so that our business keeps afloat?
4. As we handle raw food material and it gets spoiled in a short time, it would be a weakness for Fast Juice to have overstock.

Going back to the Marketing Process, we will now present the second step: the marketing strategy.



Marketing Strategy

Once the best opportunity to satisfy unfulfilled customer needs is identified, a strategic plan for pursuing the opportunity can be developed. Market research will provide specific market information that will permit the company to select the target market segment and optimal position of the offering within that segment.

The result is a value proposition to the target market. The marketing strategy then involves:

- Segmentation
- Targeting
- Positioning the product within the target market
- Value proposition to the target market.

Know more!

Learn about the Marketing Strategy (Segmentation, Targeting and Positioning) of McDonald's

Going back to the Marketing Process, we will now present the third step: marketing mix decisions.



Marketing Mix Decisions

Detailed tactical decisions then are made for the controllable parameters of the **marketing mix**. The actions include:

- o **Product development** – specifying, designing, and producing the first units of the product.
- o **Pricing decisions.**
- o **Distribution contracts** (or Place);
- o **Promotional campaign development.**

These **4 P's: product, price, place and promotion**, are the parameters that the marketing manager can control, subject to the internal and external constraints of the marketing environment.

The goal is to make decisions that center the 4 P's on the customer in the target market in order to create perceived value and generate a positive response.

The term product refers to tangible, physical products as well as services. Let's see some examples about product decisions to be made.



Product decisions

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

Product

Some examples of pricing decisions to include...



Pricing decisions

- Pricing strategy
- Suggested retail price
- Volume discounts and wholesale pricing
- Cash and early payment discounts
- Seasonal pricing
- Bundling
- Price flexibility
- Price discrimination

**SPECIAL
PRICE**

Distribution is about getting the products to the customer.



Distribution decisions

- Distribution channels
- Market coverage
- Specific channel members
- Inventory management
- Warehousing
- Distribution centers
- Order processing
- Transportation
- Reverse logistics.



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



Promotion decisions

- Promotional strategy
- Advertising
- Personal selling and sales force
- Sales promotion
- Public relations and publicity
- Marketing communications budget

Know more!

Learn about the **4P's**

Going back to the Marketing Process, we will now present the final step: Implementation and Control!



Implementation and Control

- At this point of the process, the marketing plan has been developed and the product has been launched.
- Given that few environments are static, the results of the marketing effort should be monitored closely.
- As the market changes, the marketing mix can be adjusted to accommodate the changes. Often, small changes in consumer wants can be addressed by changing the advertising message.
- As the changes become more significant, a product redesign or an entirely new product may be needed.
- The marketing process does not end with implementation, continuous monitoring and adaptation is needed to fulfill customer needs consistently over the long-term.

Ready?

2. Definition of Advertisement

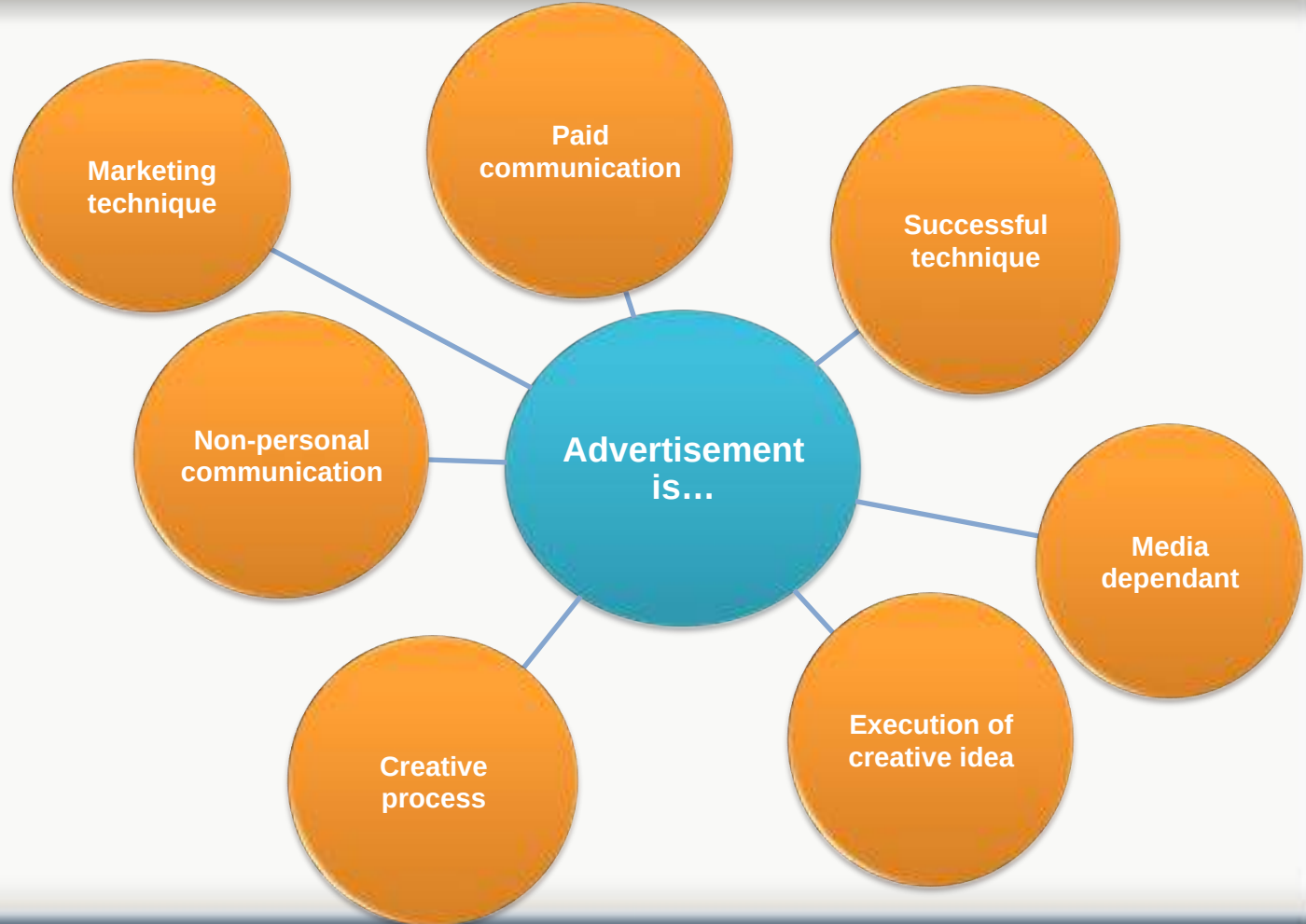
Did you know that.....?



Advertising

- **Advertising** is a form of marketing communication used by companies to promote or sell products and services.
- **Advertising** is one of the subsets of marketing. In other words, if you think of marketing as a pie, then advertising will be an important slice of it.
- The main goal of advertising is to influence the consumer behaviour by promoting a product, service or a company.
- In order to achieve this goal, **advertising** focuses on having a creative positioning and choosing the right media.
- By doing so, **advertising** spreads awareness about what you have to offer.

So, advertising is....





Media

- When the image of your product is developed and your marketing strategy is ready, advertise your product or service to your audience.
- Press, television, radio and the Internet are all venues that can communicate your brand to potential buyers.
- Social media is a powerful option; tools such as Twitter, Facebook and Google+ can help spread the word about what you have to offer.
- After having identified your target audience, you can now focus on the specific type of media used by that audience to acquire new customers.

Advertisement is crucial for businesses today!



Objectives and Importance of Advertisements

- Advertising is the best way to communicate to the customers.
- Advertising helps to inform the customers about the available brands in the market and about the variety of products that are useful for them.
- Advertising targets everyone, including kids, young and elderly people. It is done using various media types, with different techniques and most suited methods.

Advertisement is crucial for businesses today!



There are 4 main objectives in advertisement:

1. **Trial:** companies often use advertising to encourage trial and usage of new products.

These companies run their advertising to introduce their products to the public.

They inform people where to buy the products, and also offer special incentives to first-time buyers.

Their sales and profits increase when customers start making regular purchases of their brands.

The fundamental idea behind advertisement is to increase the business by selling goods/services.



2. **Continuity:** this objective is about keeping the existing customers to stick to the product. The advertisers generally keep on bringing something new to the product and the advertisement so that the existing customers keep buying their products.
3. **Brand switch:** : this objective is for those companies who want to attract the customers of their competitors. The advertisers try to convince the customers to switch from their usual brand to the new product.
4. **Switching back:** this objective is for the companies who want to get their previous customers back, those who have switched to their competitors. Advertisers have different ways of attracting customers back, like discount sales, new advertisements, redo packaging, etc.

The fundamental idea behind advertisement is to increase the business by selling goods/services.



Advertising is a very artistic way of communicating with the customers. The main characteristics one should have to reach the objectives are great communication skills and a very good persuasion power. There are many other objectives of advertisement:

- To promote newly launched products among potential customers.
- To create awareness about your business among the maximum people possible in a short period of time.
- To enter national or even international markets and motivate new groups of customers.
- To enhance the goodwill and build credibility among the customers by promising to provide them with a better quality of products and services.

**How important is
advertising nowadays?**



The importance of Advertising

- Advertising has become a necessity for everybody's daily life, be it the producer, the traders, or the customer.
- Advertising is important for the customers who buy the product only after they are made aware of the products available in the market.
- If the product is not advertised, customers will not come to know what products are available and will not buy the product even if the product was for their benefit.
- Advertising helps people find the best products for themselves, their kids, and their family.
- When they come across the range of products, they are able to compare them and buy so that they get what they desire after spending their valuable money.

**Advertising plays a very important role
in today's competitive world!**



Advertising: important for the seller and companies producing the products

- Advertising helps increase sales and supports producers or companies to know their competitors and plan accordingly.
- If any company wants to introduce or launch a new product in the market, advertising will make a ground for the product.
- Advertising helps make people aware of the new product so that the consumers come and try the product.
- It helps create goodwill for the company and gains customer's loyalty after reaching a mature age.
- The demand for the product keeps on coming with the help of advertising and demand and supply become a never ending process.

Stay tuned for Chapter 6

