天津外国语大学(天外)
Tianjin Foreign Studies University
School of International Business

Business Strategies

Class starts at 08:00

(Beijing Time, GMT+8)

Week 9-12

Ivan Monich, PhD, www.Monich.pro

November 22, 2023

Source: https://pixabay.com/photos/tianjin-sunset-city-aerial-view-2185510/

Course Contents at a Glance

Module 1: What Is Marketing?

- Marketing Defined
- Marketing in Action
- The Marketing Concept
- Marketing and Customer Relationships
- How Organizations Use Marketing
- Value of Marketing

Module 2: Marketing Function

- Importance of Customer
- Segmentation and Targeting Introduction
- Communicating the Value Proposition
- Evaluating Value Proposition Examples
- Marketing Mix
- Using the Marketing Mix
- Role of Marketing Plan

Module 3: Segmentation and Targeting

- Segmentation and Targeting Rationale
- Common Segmentation Approaches
- Segmentation Decisions
- Targeting and Marketing Mix

Module 4: Marketing Strategy

- Evaluate Alignment of Marketing Strategies
- Marketing Strategy Mechanics
- Strategic Planning Tools
- Examples of Corporate Strategies
- Customer Relationships

Module 5: Ethics and Social Responsibility

- Ethical Marketing Issues
- Regulatory Laws
- B2B and B2C Marketer Ethical Dilemmas
- Ensuring Ethical Marketing and Sales
- Social Responsibility Marketing Impact

Module 6: Marketing Information and Research

- Importance of Marketing Information
- Types of Marketing Information
- The Marketing Research Process
- Marketing Research Techniques
- Marketing Data Sources
- Customer Relationship Management (CRM) Systems
- Using Marketing Information

Module 7: Consumer Behavior

- Buying Process Stages
- Low-Involvement vs. High-Involvement Decision
- Factors Influencing Consumer Decisions
- B2B Purchasing Decisions

Module 8: Positioning

- Defining Positioning and Differentiation
- The Positioning Process
- Developing Positioning Statements
- Repositioning
- Implementing Positioning Strategy

Module 9: Branding

- Elements of Brand
- Brand Equity
- Brand Positioning and Alignment
- Name Selection
- Packaging
- Brand Development Strategies

Module 10: Product Marketing

- Products and Marketing Mix
- Product Life Cycle
- Product Portfolio Management
- New Product Development Process
- Challenges for New Products

Module 11: Pricing Strategies

- Pricing Impact on Value of Products or Services
- Pricing Considerations
- Common Pricing Strategies
- Price Elasticity
- Competitive Bidding

Module 12: Place: Distribution Channels

- Using Channels of Distribution
- Managing Distribution Channels
- Retailers As Channels of Distribution
- Integrated Supply Chain Management and the Distribu

Module 13: Promotion: Integrated Marketing Communication

- Integrated Marketing Communication (IMC) Definition
- Defining the Message
- Determining IMC Objectives and Approach
- Marketing Communication Methods
- Using IMC in the Sales Process
- Customer Relationship Management (CRM) Systems and IMC
- Measuring Marketing Communication Effectiveness
- Developing a Marketing Campaign and Budget

Module 14: Marketing Globally

- Globalization Benefits and Challenges
- Approaches to Global Competition
- Factors Shaping the Global Marketing Environment

Module 15: Marketing Plan

- Elements of the Marketing Plan
- Presenting the Marketing Plan
- The Marketing Plan in Action

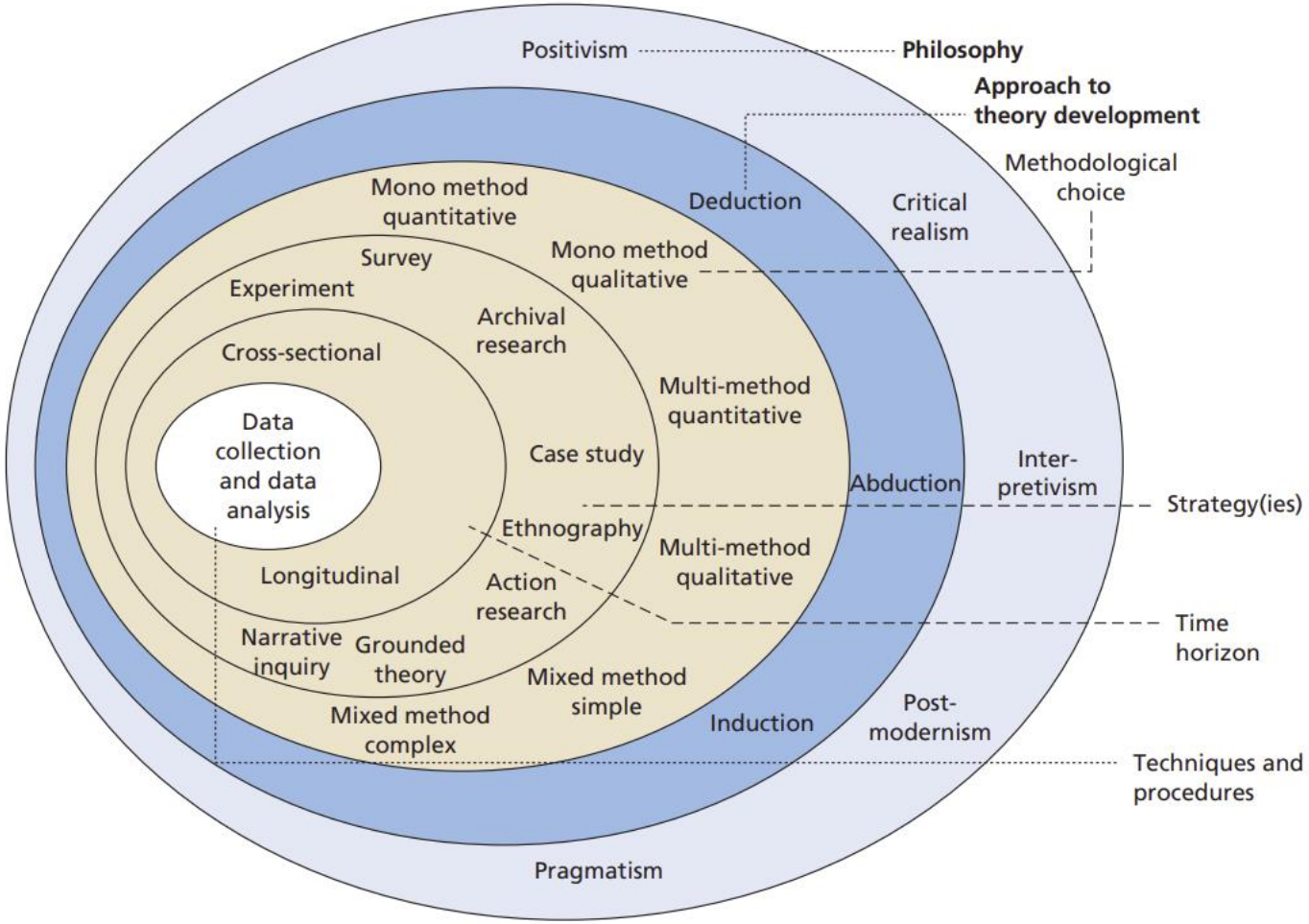


Figure 4.1 The research 'onion'

Source: © 2015 Mark Saunders, Philip Lewis and Adrian Thornhill

Brief introduction to the Module 06

Inductive and deductive approaches

Primary and secondary data

Primary data collection relates to the collection of **new information**. This is the case where the researcher requires **specific information which does not exist elsewhere or in another form**.

For instance, at recreation sites if information is required about how people regard the attractions, then it is only practical to ask them directly.

Quantitative and qualitative methods

The quantitative and qualitative dichotomy represents two different approaches to **collecting primary data.**

A **quantitative approach means** that you, to some extent, are focusing on statistics, numbers and making generalisations about a broad population, **whilst a qualitative approach means** you are focusing more on depth of knowledge, interpretation of evidence (like words) and transference.

0:30

Learning Outcomes of the module 07

7.0	Consumer Behavior	Use information about consumer behavior to inform marketing strategy and tactics
7.1	Buying Process Stages	Describe the stages of the buying process
7.2	Low-Involvement vs High-Involvement Products	Explain the different buying processes for low-involvement and high-involvement products

7.3	Factors Influencing Consumer Decisions	Describe the major factors that influence consumer purchasing decisions
		• Describe situational factors that influence what and when consumers buy
		• Describe personal factors that influence what and when consumers buy, including demographics, life stage and lifestyle
		• Describe psychological factors that influence what and when consumers buy, including motivation, perceptions, beliefs and learning
		  ○ Explain motivation and Maslow's hierarchy of needs as it pertains to marketing
		• Describe social factors that influence what and when consumers buy, including culture, subculture, social class, family, and reference groups
		  ○ Discuss the impact of culture on marketing in different countries

7.4	B2B Purchasing Decisions	Explain the B2B buying process and key factors influencing B2B purchasing decisions • Explain the B2B purchasing decision process • Describe factors influencing B2B purchasing decisions • Differentiate between B2C and B2B purchasing decisions

Why It Matters: Consumer Behavior

Why learn about consumer behavior?

With your increasing skills as a marketer, you recognize how important it is to understand your customers if you are going to reach them effectively. Part of that is understanding the factors that influence their purchasing decisions. Once you're educated about those influencing factors, they'll be tools you can use to create effective marketing.

Outcome: Buying-Process Stages

What you'll learn to do: describe the stages of the buying process

Many decisions about what to buy are so routine that we hardly think about them. Other decisions may take days, weeks, or even months to finally get made. There is a fairly common process that consumers follow when they make decisions about what to buy. Learning about that process is an important first step in unlocking the mystery of consumer behavior—and how to influence it.

The specific things you'll learn in this section include:

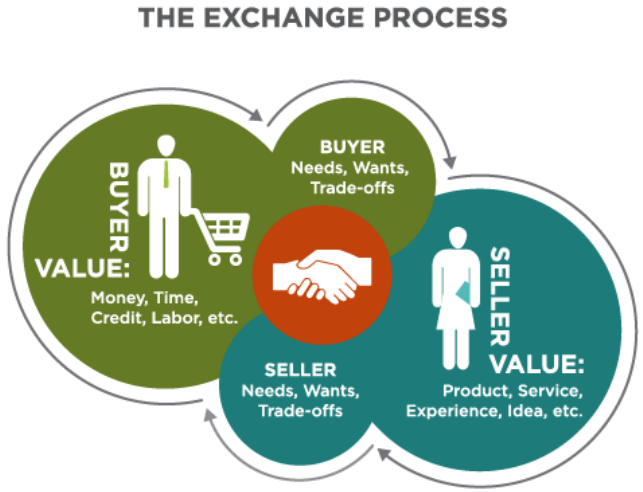
- Describe theories of consumer decision-making

Learning Activities

- Reading: The "Black Box" of Consumer Behavior
- Reading: Buying-Process Stages
- Self Check: Buying Process Stages

The “Black Box” of Consumer Behavior

The relationship between the customer (also called the buyer) and the provider (the seller) forms through a phenomenon called a market exchange. During the exchange process, each party assesses the relative trade-offs they must make to satisfy their respective needs and wants. On the part of the seller, the trade-offs are guided by company polices and objectives.



Essential Questions About Buyer Behavior

Buyers are essential partners in the exchange process. Without them, exchanges would stop. Buyers are the focus of successful marketing; their needs and wants are the reason for marketing. Without an understanding of buyer behavior, it isn't possible to tailor an offering to the demands of potential buyers. When potential buyers are not satisfied, exchange does not proceed, and the goals of the marketer are not met. As long as buyers have free choice and competitive offerings from which to choose, they are ultimately in control of the marketplace.

Opening the “Black Box” of Consumer Behavior

Consumer behavior refers to buyers who are purchasing products for personal, family, or group use. Over time, marketers have turned to the work of behavioral scientists, philosophers, economists, social psychologists, and others to help them understand consumer behavior. As a result, there are many different theories and models used to explain why consumers act as they do. Are consumers fundamentally active or passive? Rational or emotional? How do they make buying decisions?

https://pixabay.com/photos/cash-register-paperboard-boxes-5174456/

The Economic Man Theory

One early theory of consumer decision making based on principles of economics is known as the “economic man.” According to the “economic man” model, consumers are rational and narrowly self-interested. This theory assumes people act selfishly (hedonism) as consumers, always trying to maximize the benefits they derive from the exchange process. (This theory asserts that the seller/producer is also an economic man, who always strives to maximize his profits from an exchange.) The economic man model suggests consumers actively use information about all the available options before making a decision to purchase.

AI based price forming tool = dynamic pricing

The Stimulus-Response Model

STIMULI *EXTERNAL FACTORS*	BLACK BOX (BUYER'S MIND) *INTERNAL FACTORS*	RESPONSES
Marketing Mix Product Price Place Promotion	**Consumer Characteristics** Beliefs/Attitudes Values Knowledge Motives Perceptions Lifestyle	**Purchase** Product Brand Source Amount Method of Payment
Environmental Economic Technological Political Cultural Demographic Situational	**Decision-Making Process** Problem solving Information search Alternate evaluation Purchase Post purchase Evaluation	**No Purchase**

Figure 1. Black Box Model

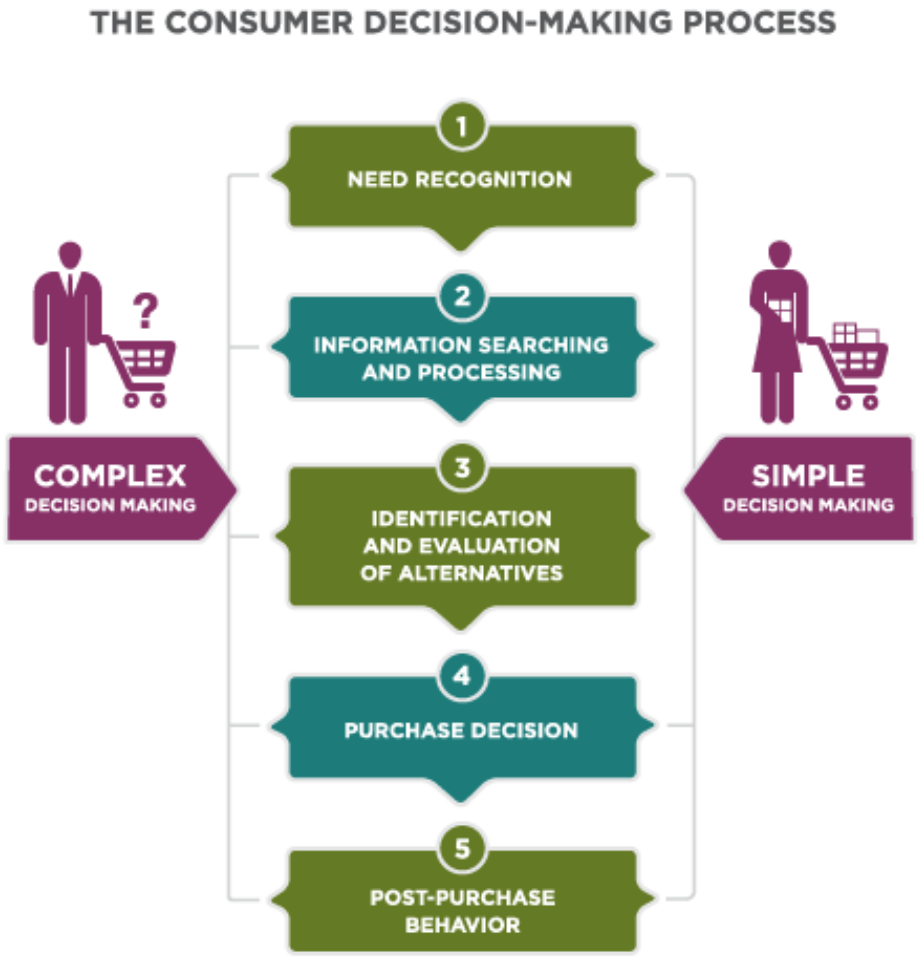
Buyer Behavior As Problem Solving

A common way for marketers to think about consumer behavior today is as a set of activities a person goes through in order to solve problems. This problem-solving process is triggered when a consumer identifies some unmet need.

Buying-Process Stages

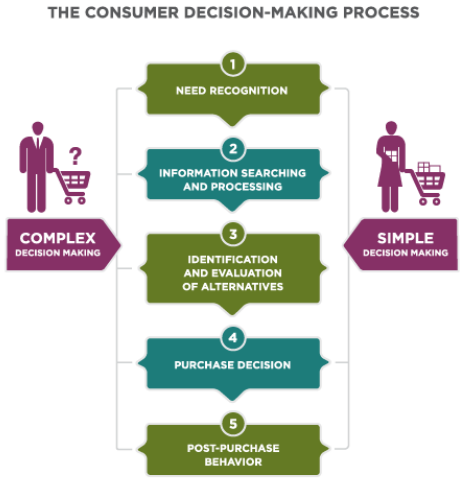
The Consumer Decision Process

Figure 1 outlines the process a consumer goes through in making a purchase decision. Once the process is started, a potential buyer can withdraw at any stage before making the actual purchase. This process represents the steps people undergo when they make a conscious effort to learn about the options and select a product–the first time they purchase a product, for instance, or when buying high-priced, long-lasting items they don't purchase frequently. This is called complex decision making.

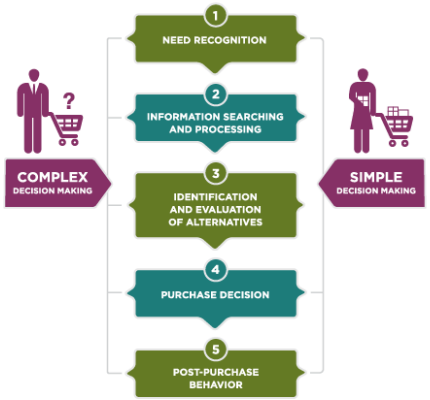


Need Recognition

The first step of the consumer decision process is recognizing that there is a problem–or unmet need–and that this need warrants some action. Whether we act to resolve a particular problem depends upon two factors: (1) the magnitude of the difference between what we have and what we need, and (2) the importance of the problem.



Need recognition

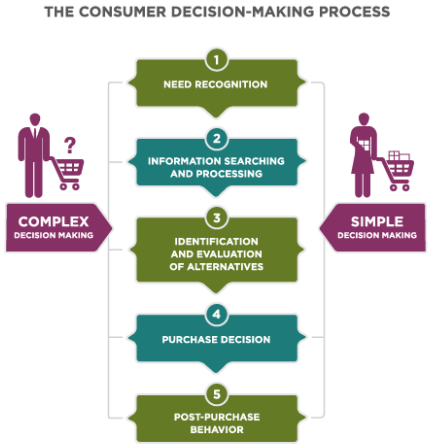


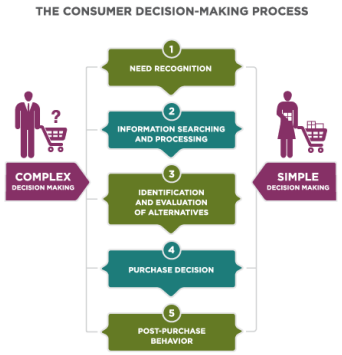
Marketers get involved in the need recognition state at three points:

- Knowing what problems consumers are facing, so they can develop a marketing mix to address these problems
- Activating problem recognition, in order to trigger the start of the purchasing process
- Shaping how consumers define the need or problem, in order to influence their wants as they look for a solution

Information Search

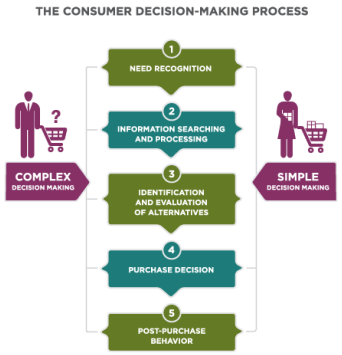
After recognizing a need, the prospective consumer may seek information to help identify and evaluate alternative products, services, experiences, and outlets that will meet that need. Information may come from any number of sources: family and friends, search engines, personal observation, Consumer Reports, salespeople, product samples, and so forth. Which sources are most important depends on the individual and the type of purchase he or she is considering.





Identification and Evaluation of Alternatives

As a consumer finds and processes information about the problem she is trying to solve, she identifies the alternative products, services, and outlets that are viable options. The next step is to evaluate these alternatives and make a choice, assuming a choice is possible that meets the consumer's financial and psychological requirements. Evaluation criteria vary from consumer to consumer and from purchase to purchase, just as the needs and information sources vary. One consumer may consider price most important while another puts more weight on quality or convenience.

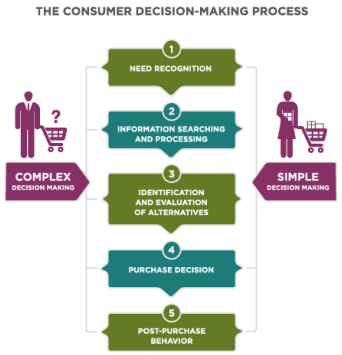


5-minute break

The Purchase Decision

After much searching and evaluating (or perhaps very little), consumers at some point have to decide whether they are going to buy. Anything marketers can do to simplify purchasing will be attractive to buyers. For example, in advertising, marketers might suggest the best size of product for a particular use. Sometimes several decision situations can be combined and marketed as one package.

Do you read such agreements between you and the software vendor on the data privacy?



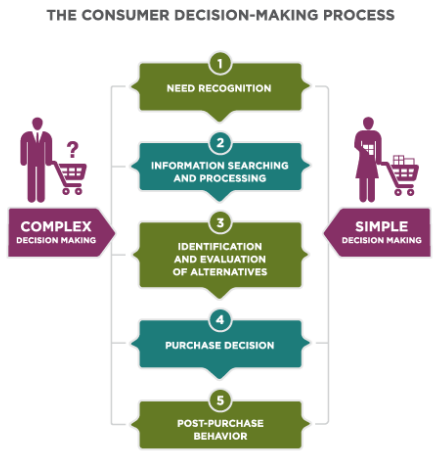
The Purchase Decision

To do a better job of marketing at this stage of the buying process, a seller needs to have answers to questions about consumers' shopping behavior. Those answers will increase the likelihood of closing the sale and maximizing value at the moment of purchase. Useful questions to ask include the following:

- How much effort is the consumer willing to spend in shopping for the product?
- What factors influence when the consumer will actually make the purchase?
- Are there any conditions that would prohibit or delay the purchase?

Postpurchase Behavior

All the behavior determinants and the steps of the buying process up to this point take place before or during the time a purchase is made. However, a consumer's feelings and evaluations after the sale are also significant to a marketer, because they can influence repeat sales and what the customer tells others about the product or brand.

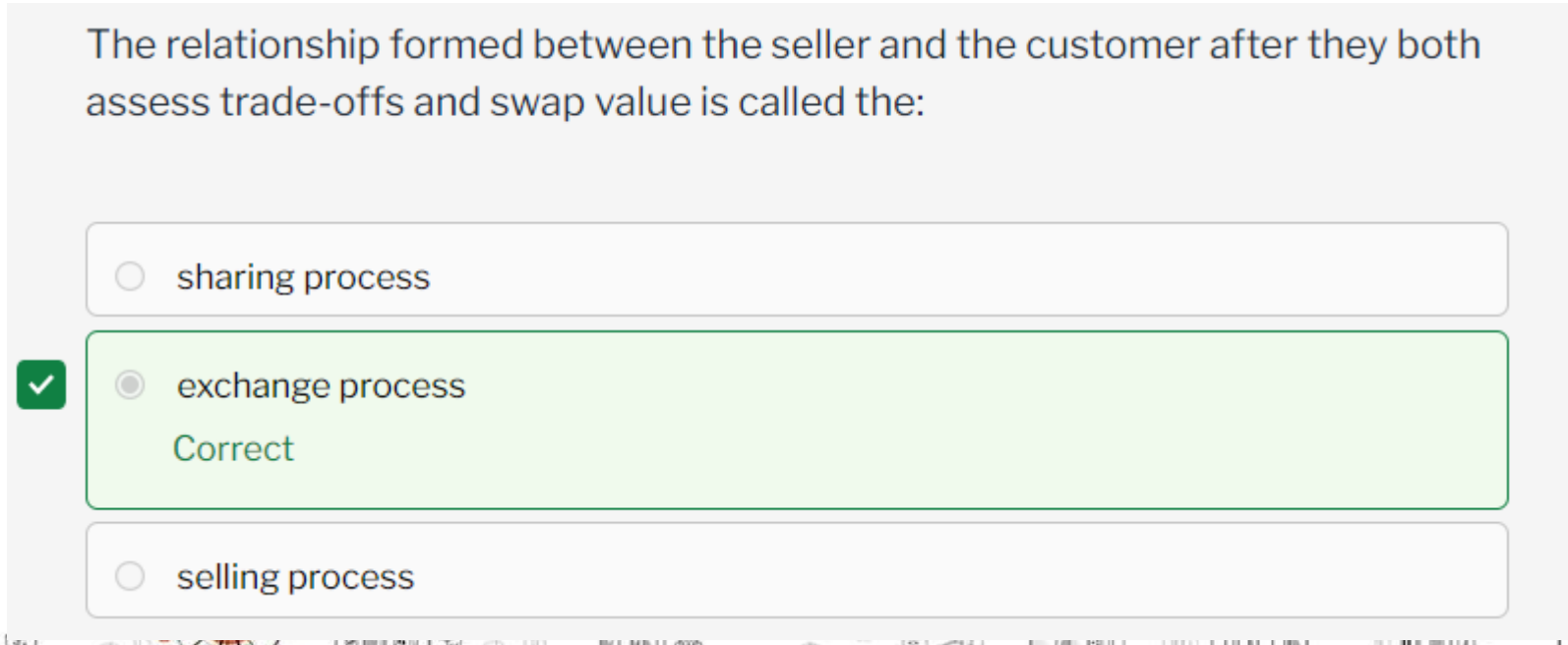


0:30

Self Check: Buying Process Stages

Check Your Understanding

Answer the question(s) below to see how well you understand the topics covered in the previous section. This short quiz does not count toward your grade in the class



Outcome: Low-Involvement vs. High-Involvement Decisions

What you'll learn to do: explain the different buying processes for low-involvement and high-involvement decisions.

Learning Activities

The learning activities for this section include the following:

- Reading: Low-Involvement vs. High-Involvement Decisions
- Self Check: Low-Involvement vs. High-Involvement decisions

Low-Involvement vs. High-Involvement Decisions

When a purchasing decision involves a low-cost item that is frequently bought—such as bread or toothpaste—the buying process is typically quick and routinized. Buying a new car is quite different. The extent to which a decision is considered complex or simple depends on the following:

- Whether the decision is novel or routine
- The extent of the customers' involvement with the decision

Low-Involvement vs. High-Involvement Decisions

- High-involvement decisions
- Low-involvement decisions
- **Could you share your own experience when the High-involvement decision changed to the Low-involvement decision?**
- **High-involvement decisions** are those that are important to the buyer.

Marketing Considerations About Consumer Involvement

As a marketer you should recognize high-involvement versus low-involvement consumers of your products and strategize accordingly. It is entirely possible for your target segments to include a mix of both. When you recognize the differences in how they make decisions, you can create a marketing mix designed to impact each type of consumer. For the customer who wants little involvement, your marketing mix can simplify their buying process. For the consumer who is highly involved, you can provide the information and validation they seek.

0:30

20716 stopped here on 06-11-2023

Self Check: Low-Involvement vs. High-Involvement Decisions

Check Your Understanding

Answer the question(s) below to see how well you understand the topics covered in the previous section. This short quiz does not count toward your grade in the class

If a purchase decision is a routine purchase with little customer decision involvement, what type of decision is it?

- ○ High-involvement decision
- ☑ Low-involvement decision

  Correct
- ○ Medium-involvement decision

Outcome: Factors Influencing Consumer Decisions

For marketers, an understanding of these factors provides a more complete view into the mind of the customer. As you learn more about what influences decisions for your particular target segment, product category, brand, and competitive set, you can use these influencing factors to your advantage. What you say to customers, the words you use, the people who say them, the images they evoke—all of these things can link back to that web of influencing factors at work in a purchaser's mind. Great marketing uses those connections powerfully and effectively to win the minds and hearts of customers.

0:30

Outcome: Factors Influencing Consumer Decisions

The specific things you'll learn in this section include:

- Describe situational factors that influence what and when consumers buy:

Buying situation

Market offerings

- Describe personal factors that influence what and when consumers buy:

Demographics (age, economic status, etc.)

Life stage

Lifestyle

- Describe psychological factors that influence what and when consumers buy:

Motivation and Maslow's hierarchy of needs as it pertains to marketing

Perception, learning, belief

- Describe social factors that influence what and when consumers buy

Culture, subculture, social class, family, reference groups

Culture and marketing in different countries

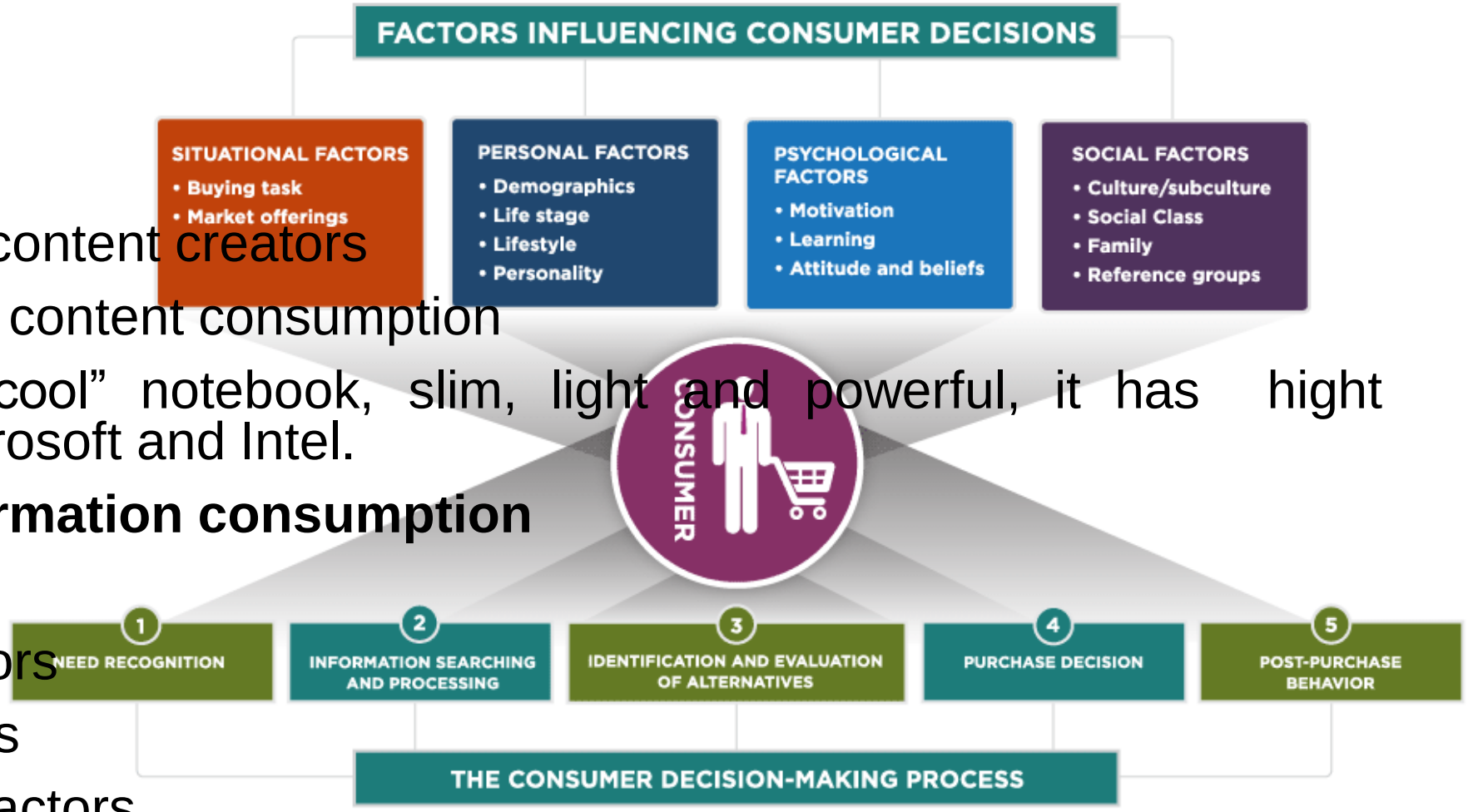
Influences on Consumer Decisions

What, Exactly, Influences a Purchasing Decision?

While the decision-making process itself appears quite standardized, no two people make a decision in exactly the same way. People have many beliefs and behavioral tendencies—some controllable, some beyond our control. How all these factors interact with each other ensures that each of us is unique in our consumer actions and choices.

Although it isn’t feasible for marketers to react to the complex, individual profiles of every single consumer, it is possible to identify factors that tend to influence most consumers in predictable ways.

Factors



Notebook for the content creators

Netbook is for the content consumption

Ultrabook is a “cool” notebook, slim, light and powerful, it has hight performance. Microsoft and Intel.

Netbook for information consumption

- Situational Factors
- Personal Factors
- Psychological Factors
- Social Factors

Situational Factors

Buying Task

The buying task refers to the consumer's approach to solving a particular problem and how much effort it requires. The level of consumer involvement is an important part of the buying task: whether the buyer faces a high-involvement decision with lots of associated risk and ego involved, versus a low-involvement decision with little risk or ego on the line.

Market Offerings

The available market offerings are another relevant set of situational influences on consumer problem solving. The more extensive the product and brand choices available to the consumer, the more complex the purchase decision process is likely to be. And the more limited the market offerings are, the simpler the purchase decision process is likely to be.

Personal Factors

In addition to situational factors, there are also individual traits and characteristics that can shape purchasing decisions. These include things like demographics, life stage, lifestyle, and personality.

Demographics

Demographics are an important set of factors that marketers should not overlook when trying to understand and respond to consumers. Demographics include variables such as age, gender, income level, educational attainment, and marital status. Each of these can have a strong influence on consumer behavior.

Personal Factors

The demographic marker of economic status is another strong influencer in consumer decisions. Not surprisingly, people in different income brackets tend to buy different types of products, shop in very different ways, and look for different qualities. Many designer clothing shops, for example, aim their marketing at higher-income shoppers. Meanwhile, a retail chain like Wal-Mart sticks closely to its “lowest prices” positioning in order to maintain its appeal for middle- and lower-income shoppers.

Life Stage

Linked to demographics is the concept of life stage: consumer behavior is tied to the significant life events and circumstances people are experiencing at any given moment. Moving out of your parents' home, going to college, getting married, buying a house, starting a family, sending children to college, retiring: all of these are life events that shape consumer attitudes, behaviors, and decisions.

Notebook, Netbooks?
Ultrabook (It is a good-looking notebook that has Microsoft Windows system and is based on Intel CPU)
Lifestyle

One of the newer and increasingly important set of factors that's being used to understand consumer behavior is lifestyle. In this context, "lifestyle" refers to the potential customer's pattern or being or living in the world combined with his or her psychographics (a set of attitudes, opinions, aspirations, and interests). The variables determining lifestyle are wide-ranging:

- Activities and interests (e.g., hunter; fitness enthusiast; fashionista; foodie; lawyer; musician; pet lover; farmer; traveler; reader; homebody; crafter, etc.)
- Opinions about oneself and the world (e.g., politically conservative; feminist; activist; entrepreneur; independent thinker; do-gooder; early adopter; technophobe; populist; explorer, etc.)

Personality

Personality is used to summarize all the traits of a person that make him or her unique. No two people have the same personalities, but several attempts have been made to classify people with similar traits. Perhaps the best-known personality types are those proposed by Carl Jung, which are variations on the work of Jung's teacher, Sigmund Freud. His personality categories are introvert and extrovert. The introvert is described as defensive, inner-directed, and withdrawn from others. The extrovert is outgoing, other-directed, and assertive. Over the years, several other more elaborate classifications have also been devised.

Psychological Factors

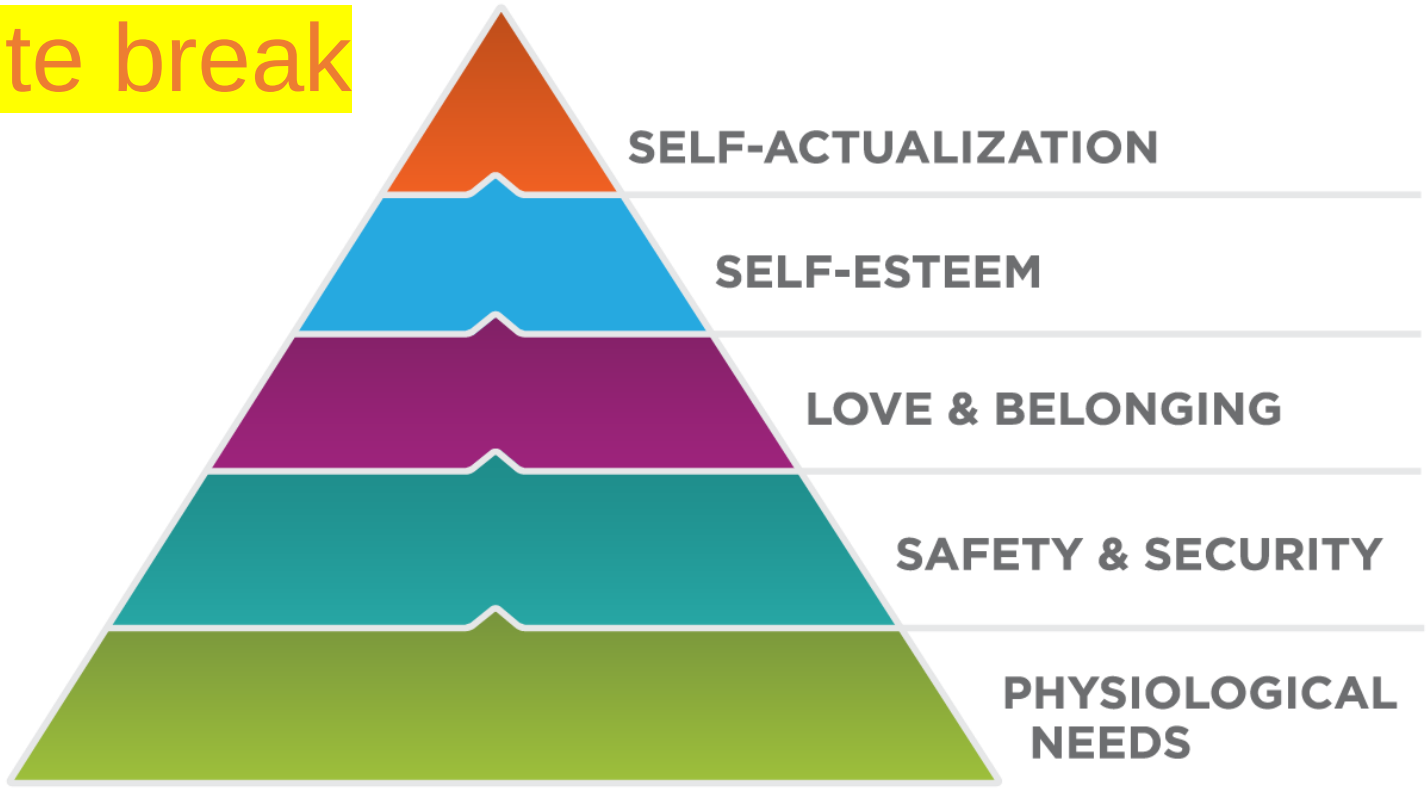
Consumer Decisions and the Workings of the Psyche

When we talk about psychological factors that influence consumer decisions, we are referring to the workings of the mind or psyche: motivation, learning and socialization, attitudes and beliefs.

Motivation

A motive is the inner drive or pressure to take action to satisfy a need. A highly motivated person is a very goal-oriented individual. Whether goals are positive or negative, some individuals tend to have a high level of goal orientation, while others tend to have a lower level of goal orientation. People may display different levels of motivation in different aspects of their lives. For example, a high school junior may be flunking trigonometry (low motivation) while achieving champion performance levels at the video game Guitar Hero (high motivation).

5-minute break



MASLOW'S HIERARCHY OF NEEDS

Social Factors

People Influencing People

Social factors represent another important set of influences on consumer behavior. Specifically, these are the effects of people and groups influencing one another through culture and subculture, social class, reference groups, and family.

Culture

A person's culture is represented by a large group of people with a similar heritage. Culture exerts a strong influence on a person's needs and wants because it is through culture that we learn how to live, what to value, and how to conduct ourselves in society.

Star Wars fans like to celebrate the 4th of May,

"May the force be with you" sounds like May the 4th.

Preliminary Black Friday, Thanks Given Day

Cyber Monday,

11.11

Reference Groups

Consumer behavior can be influenced by the groups a person comes into contact with, through friendship, face-to-face interaction, and even indirect contact. Marketers often call these reference groups. A reference group may be either a formal or informal group. Examples include churches, clubs, schools, online social networks, play groups, professional groups, and even a group of friends and acquaintances. Individuals may be influenced by the groups of which they are members. They may also be influenced by aspirational groups–a reference group a person hopes to belong to one day.

17 we stopped here 13-11-2023

The reference group can influence an individual in several ways:

- Role expectations
- Conformity:
- Group communications through opinion leaders:
- Word-of-mouth influence

Family

One of the most important reference groups for an individual is the family. A consumer's family has a major impact on attitude and behavior, and families themselves are critically important in society as consumer units. Many consumer decisions are made by family members on behalf of the family, so understanding the family consumer decision-making dynamics around your product is essential.

0:30

Self Check: Factors Influencing Consumer Decisions

Check Your Understanding

Answer the question(s) below to see how well you understand the topics covered in the previous section. This short quiz does not count toward your grade in the class

Select all correct answers

Which of the following categories influence a customer's problem-solving process?

- [x] personal factors
  Answered Correctly
- [x] social factors
  Answered Correctly
- [ ] country of origin factors

Outcome: B2B Purchasing Decisions Organizational Buyer Behaviour

Individual consumers are not the only buyers in a market. Companies and other organizations also need goods and services to operate, run their businesses, and produce the offerings they provide to one another and to consumers. These organizations, which include producers, resellers, government and nonprofit groups, buy a huge variety of products including equipment, raw materials, finished goods, labor, and other services. Some organizations sell exclusively to other organizations and never come into contact with consumer buyers.

天津外国语大学(天外)
Tianjin Foreign Studies University
School of International Business

Business Strategies

Class starts at 08:00

(Beijing Time, GMT+8)

Ivan Monich, PhD, www.Monich.pro

November 20, 2023

Source: https://pixabay.com/photos/tianjin-sunset-city-aerial-view-2185510/

For anyone involved in B2B marketing or selling, it is important to know:

1. Who will take part in the buying process?
2. What criteria does each person use to evaluate prospective suppliers?
3. What level of influence does each member of the process have?
4. What interpersonal, psychological, or other factors about the decision team might influence this buying process?
5. How well do the individuals work together as a group?
6. Who makes the final decision to buy?

B2B Buying Situations

Who makes the buying decision depends, in part, on the situation. Common types of buying situations include the straight rebuy, the modified rebuy, and the new task.

Characteristics of Organizational Buying

B2B purchasing decisions include levels of complexity that are unique to organizations and the environments in which they operate.

- Timing Complexity
- Technical Complexity
- Organizational Complexity

Unique Factors Influencing B2B Buying Behavior

Because organizations are made up of individual people, many of the same influencing factors discussed earlier in this module apply in B2B settings: situational, personal, psychological, and social factors. At the same time, B2B purchasing decisions are influenced by a variety of factors that are unique to organizations, the people they employ, and the broader business environment.

- Individual Factors
- Organizational Factors
- Business Environment
- Cooperation + Coopetition = coopetition

https://www.youtube.com/watch?v=_qAPEFmMGnc

The Organizational Buying Process

Making B2B Buying Decisions

The organizational buying process contains eight stages, which are listed in the figure below. Although these stages parallel those of the consumer buying process, there are important differences that have a direct bearing on the marketing strategy. The complete process occurs only in the case of a new task. In virtually all situations, the organizational buying process is more formal than the consumer buying process.

We stopped here 16 13-11-2023 The organization buying process stages are described below.

- Problem Recognition
- General Need Description
- Product Specification
- Supplier Search
- Proposal Solicitation
- Supplier Selection
- Order-Routine Specification
- Performance Review

Procurement Processes for Routine Purchases

As noted above, the complete eight-stage buying process describe here applies to new tasks, which typically require more complex, involved purchasing decisions. For rebuys and routine purchases, organizations use abridged versions of the process. Some stages may be bypassed completely when a supplier has already been selected.

0:30

Self Check: B2B Purchasing Decisions

Check Your Understanding

Answer the question(s) below to see how well you understand the topics covered in the previous section. This short quiz does not count toward your grade in the class

One of the key characteristics of a B2B buying process is the number of individuals involved in making buying decisions. In order for an organization to control this process, what does it do?

- It creates a streamlined simple buying process.
- ✓ It defines and enforces rules for buying decisions.

  Correct
- It removes levels of review and oversight from the buying process.

Thank you for your attention