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STARTS IN MOMENTS

BLACK
FRIDAY

PRINCIPLES of Marketing

Lilis Seri Yana Sirun
Belinda Bong Siaw Fong
Zakiah Othman



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PRINCIPLES OF MARKETING **1ST EDITION**

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PREFACE

PRINCIPLES OF MARKETING is the gateway to understanding the foundational concepts and strategies that underpin the fascinating realm of marketing. This eBook is designed with valuable insights and practical knowledge on the concepts of marketing, forces that affect the marketing activities as well as the characteristics of consumer and business market. Each chapter is also equipped with activities and tutorial exercises.

As we embark on this journey through the principles of marketing, we strive to improve the understanding of students in the world of Marketing. To meet this objective, the following distinctive features are included in this digital pages:

- Learning outcomes at the beginning of all the chapters.
- Activities and discussion questions are included for students to review on what they have learned.

We hope this eBook will serve as a source of inspiration and guidance on exploring principles of marketing.

Lilis Seri Yana binti Sirun
Belinda Bong Siaw Fong
Zakiah binti Othman

AUTHORS BIODATA



Lilis Seri Yana binti Sirun is a senior lecturer of Marketing at Polytechnic Sultan Salahuddin Abdul Aziz Shah, Shah Alam, Selangor. With a Master of Education from Universiti Teknologi Malaysia, BBA (Hons) in Marketing from Universiti Kebangsaan Malaysia and Certification in Business Studies from Politeknik Ungku Omar. She has been teaching over past 24 years and 1 year of industry experience in Banking.



Belinda Bong Siaw Fong

Belinda Bong Siaw Fong is the Head of Programme for Diploma in Marketing, Politeknik Sultan Salahuddin Abdul Aziz Shah. She did her Bachelor of Business Administration (Hons) in Marketing at Universiti Malaysia Sarawak. She has 1 year of experience in programme management and 13 years of experience in teaching.



Zakiah binti Othman

Zakiah binti Othman is a senior lecturer of Marketing at Polytechnic Sultan Salahuddin Abdul Aziz Shah, Shah Alam, Selangor. She received her BBA (Hons) in Marketing from Universiti Putra Malaysia and has been teaching over past 15 years with 1 year of industry experience in retailing.

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PRINCIPLES OF MARKETING

CHAPTER 1 OVERVIEW OF MARKETING

CLO1 : Explain concepts and terminologies in the marketing field

OVERVIEW OF MARKETING

1. Definition of marketing
2. Explain five marketing management philosophies
 - Product Concept
 - Production Concept
 - Marketing Concept
 - Selling Concept
 - Societal Marketing Concept
3. Discuss core marketing concept
 - Define needs, wants and demand
 - Define offering
 - Define value and satisfaction
 - Define marketers and market
 - Define exchange, transaction and relationships
4. Discuss ethics in marketing
5. Discuss social responsibility



What is marketing?

Definition of Marketing

- Marketing is engaging customers and managing profitable customer relationships. The twofold goal of marketing is to attract new customers by promising superior value and to keep and grow current customers by delivering value and satisfaction.
- Marketing, broadly speaking, is a social and management process through which people and groups get what they want and need by producing, providing, and trading valuable goods with other people.
- "Marketing is the process by which companies engage customers, build strong customer relationships, and create customer value in order to capture value from customers in return," claims Kotler, 18th Edition.



Marketing Management Philosophies

- Marketing management wants to design strategies that will engage target customers and build profitable relationships with them.
- A marketing philosophy is a foundational idea that becomes a part of all of the work that a marketing department accomplishes for a company or organization.
- What kind of philosophy that can carry out to achieve desired exchanges with our target markets?
- There are 5 alternative concepts under which organizations design and carry out their marketing strategies:
 - a. Production concepts
 - b. Product concepts
 - c. Selling concepts
 - d. Marketing concepts
 - e. Societal marketing concepts.

5 Marketing Management Philosophies



5 Marketing Management Philosophies

Production Concept

- According to this concept, holds that buyers will favour products that are readily available and inexpensive products.
- Therefore, management should focus on improving production and distribution efficiency.
- When implementing this idea, managers focus on achieving high production efficiency, low costs, and widespread distribution. They presume that accessibility and affordability of products are what consumers are most concerned with.
- In developing countries, where consumers are more focused on getting the goods than on its features, this perspective makes sense.
- Consumer goods are a good illustration of the production concepts.



5 Marketing Management Philosophies

Product Concept

- This orientation holds that consumers will favor those products that offer the most quality, performance, or innovative features.
- Managers focusing on this concept concentrate on making superior products and improving them over time.
- Product quality and improvement are important parts of most marketing strategies.
- They assume that buyers admire well-made products and can appraise quality and performance.
- For example a better smartphones will not sell unless the manufacturer designs, packages and prices it attractively.



5 Marketing Management Philosophies

Selling Concept

- The idea that consumers will not buy enough of the firm's products, unless it undertakes a large scale selling and promotion effort
- Undertake an aggressive selling and promotion effort.
- Must be good on tracking down prospects and selling them on product benefits
- Aim to sell what they make rather than make what market wants
- Focuses on creating sales transactions rather than build long-term, profitable relationships with customers.
- Example: Vacation Club need more promotion effort to sell their product.



5 Marketing Management Philosophies

Marketing Concept

- Starts with well-defined market, focuses on customer needs, coordinates all the marketing activities affecting customers and makes profits by creating long-term customer relationships based on customer value and satisfaction.
- Companies produce what customer want, thereby satisfying customers and making profit.
- organizational goals depends on knowing the needs and wants of target markets and delivering the desired satisfaction better than competitors do

BASIC NEEDS !



WANTS ✨



5 Marketing Management Philosophies

Societal Marketing Concept

- The idea that a company should make good marketing decisions by considering consumers' wants, the company's requirements, consumers' long-term interests, and society's long-run interests
- The social marketing concept holds that the organization's task is to determine the needs, wants, and interests of a target market and to deliver the desired satisfactions more effectively and efficiently than competitors in a way that preserves or enhances the consumer's and the society's well-being.



Core Marketing Concept

As a first step, marketers need to understand customer needs and wants and the marketplace within which they operate.

- 01** Needs, Wants & Demands
- 02** Offering
- 03** Value, & Satisfaction
- 04** Exchange, Transaction & Relationship
- 05** Marketers & Market



Core Marketing Concept

Needs

Human need is a state of lacking something necessary in a person. Needs may be in the form of physiological needs like food, shelter, clothing, safety needs from external threats and social needs. Marketers did not create these needs; they are basic part of the human makeup.

Wants

A human want, which is shaped through distinct cultures and personalities. Wants are shaped by one's society and are describes in terms of objects that will satisfy those needs.

Demand

Human wants with purchasing power support, only those who have the money to purchase the product would be considered as part the demand.

Core Marketing Concept

Offering

Some combination of products, services, information, or experiences offered to a market to satisfy a need or want. Market offering are not limited to physical products. They are also including services, activities or benefits offered for sale and do not result in the ownership of anything.

Product

Anything that can be offered to a market for attention, acquisition, use or consumption that might satisfy a want or need. Watch is an example product.



Services

Any activity or benefits that one party can offer to another that is essentially intangible and does not result in the ownership of anything. Aviation is example of services.



Core Marketing Concept

Value and Satisfaction

Value

How much a customer benefits from using a product compared to the product's price. Customers form expectations about the value and satisfaction that various market offerings will deliver and buy accordingly.

Customer Satisfaction

Depends on how well a product delivers value that buyer's expectation. Satisfied customers buy again and tell others about their experience. Customer value and satisfaction are key building blocks for developing and managing customer relationship.



Core Marketing Concept

Marketers and Market

Marketers

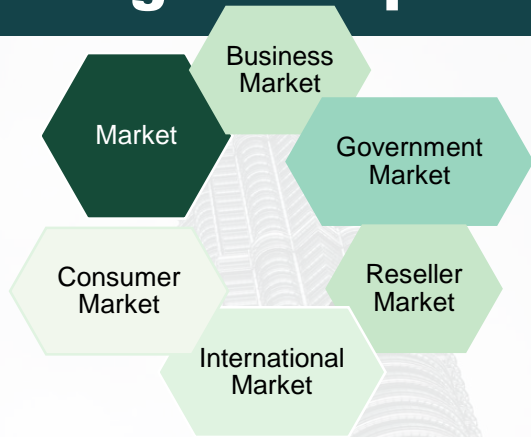
Marketers is a person whose duties include the identification of the goods and services desired by a set of consumers, as well as the marketing of those goods and services on behalf of a company.

Marketers may be involved in formulating strategies on how the company may push its brand or products to consumers. They're often suggesting how a company may improve its existing marketing strategies or explore new marketing opportunities.



Core Marketing Concept

Marketers and Market



Market

- The concepts of exchange and relationships lead to the concept of a market. A market is the set of actual and potential buyers of a product or service.
- A market includes the following:
 - i. Consumer market – Customers who buy products for their own consumption.
 - ii. Business market – Customers who buy products for further processing, reselling, renting and not for their own consumption.
 - iii. Government market – Government bodies who buy products in order to provide services to the public.
 - iv. Reseller market – Customers who buy goods to resell the goods for profits.
 - v. International market – Customer in other countries, including consumers, producers, resellers and governments.

Core Marketing Concept

Exchange, Transaction And Relationships

Exchange

The act of obtaining a desired object from someone by offering something in return.

Transaction

A trade values between two parties. A sales transaction between a buyer and a seller is relatively straightforward. Person A pays person B in exchange for a product or service. When they agree on the terms, money is exchanged for the good or service and the transaction is complete.

Relationships

Marketing consists of actions taken to build and maintain desirable exchange relationships with target audiences involving a product, service, idea or other object.



Ethics In Marketing

MARKETING ETHICS

- Good ethics are a cornerstone of sustainable marketing. In the long run, unethical marketing harms customers and society as a whole. Further, it eventually damages a company's reputation and effectiveness.
- Marketing ethics is an area of application that involves moral principles behind operation and regulation of marketing.
- Therefore it is a process through which companies generate customer interest in products/services, create value for stakeholders and build strong customer relationships.



Ethics In Marketing

MARKETING ETHICS

- The sustainable marketing goals of long-term consumer and business welfare can be achieved only through ethical marketing conduct.
- Companies need to develop corporate marketing ethics policies, broad guidelines that everyone in the organization must follow.
- These policies should cover distributor relations, advertising standards, customer service, pricing, marketing strategies, product development, and general ethical standards.
- This is very important because there are quite a few hidden marketing practices that are fundamentally unethical and could actually be detrimental to your business.



Social Responsibility

MARKETING ETHICS

- A code of ethics that calls on marketers to adopt the following ethical norms.

Do no harm

- Avoiding harmful actions and comply to all applicable laws and regulations.

Foster trust in the marketing system

- Striving for good faith and fair dealing, avoiding deception in product design, pricing, communication and delivery or distribution.

Embrace ethical values

- Building and enhancing consumer confidence in the integrity of marketing by affirming these core values, honesty, responsibility, fairness and transparency.

Social Responsibility

SOCIAL RESPONSIBILITY

- The obligation of an organization is management towards the welfare and interests of the society in which it operates.
- Companies create social responsibility campaigns using customer data, including their values, beliefs, and personality traits. Depending on the priorities of the target audience, businesses can take part in different campaigns.



Social Responsibility



Safety

Any product or service that could be hazardous to the health conditions of people, animals or the environment should have clear advisories and warnings.



Honesty

Advertising should be transparent about possible side effects and not puff up results, so clients come to respect the honesty of your advertising.



Transparency

Transparent marketing can build trust, strengthen loyalty and decrease costs for your company. Any techniques to manipulate and hide facts and information customers need could harm a company.

Social Responsibility

Continued...



Ethical Pricing

Gathering data about your target market will give you information on how much they are willing to pay for your product. The rest of the pricing strategy, in a simplified manner, should be based on overhead costs and supply and demand.



Respecting Customer Privacy

When customers trust enough to allow you access to their information, selling it to lead companies or obtaining prospective customers' information without permission is unethical and breaks trust.



Activity: 1

FILL IN THE BLANK

- Define marketing.

- Discuss 5 marketing management philosophies with suitable example.





Activity: 2

FILL IN THE BLANK

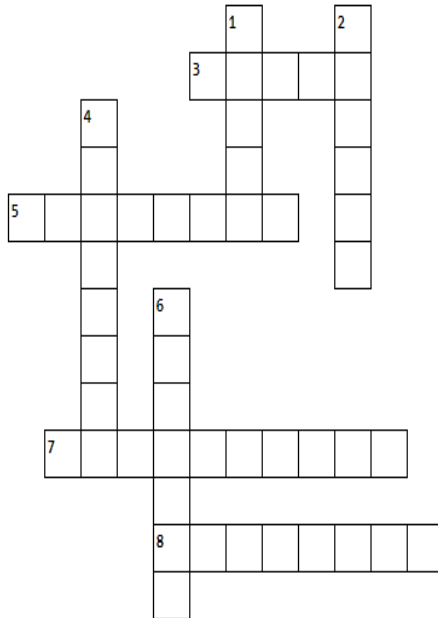
Choose the following statements with the correct answer:

Market	Value	Services	Needs	Customer Satisfaction	Want	Product
--------	-------	----------	-------	-----------------------	------	---------

Anything that can be offered to a market for attention, acquisition, use or consumption that might satisfy a want or need.	
Marketers create in the form of physiological like food, shelter, clothing and safety.	
The set of actual and potential buyers a product or service.	
A feeling when benefits of the product or service meet the customer's expectation.	
Any activity or benefits that one party can offer to another that is essentially intangible and does not result in the ownership of anything.	
Expectations of customers toward something.	
Human wants which is shaped through distinct cultures and personalities.	

Activity: 3

CROSSWORD PUZZLE:



Across

- 3. is expectations of customers towards something.
- 5. market who buy products for further processing.
- 7. concept holds that consumers will prefer products that are widely available and inexpensive.
- 8. markets who buy products and services for personal consumption.

Down

- 1. are shapes by culture and individual personality.
- 2. is human wants that are backed by buying power.
- 4. market buy goods to resell the goods for profits.
- 6. concept holds that consumers will favor those products that offer the most quality products.



PRINCIPLES OF MARKETING

CHAPTER 2 MARKETING ENVIRONMENT

CLO1 : Explain concepts and terminologies in the marketing field

OVERVIEW OF MARKETING

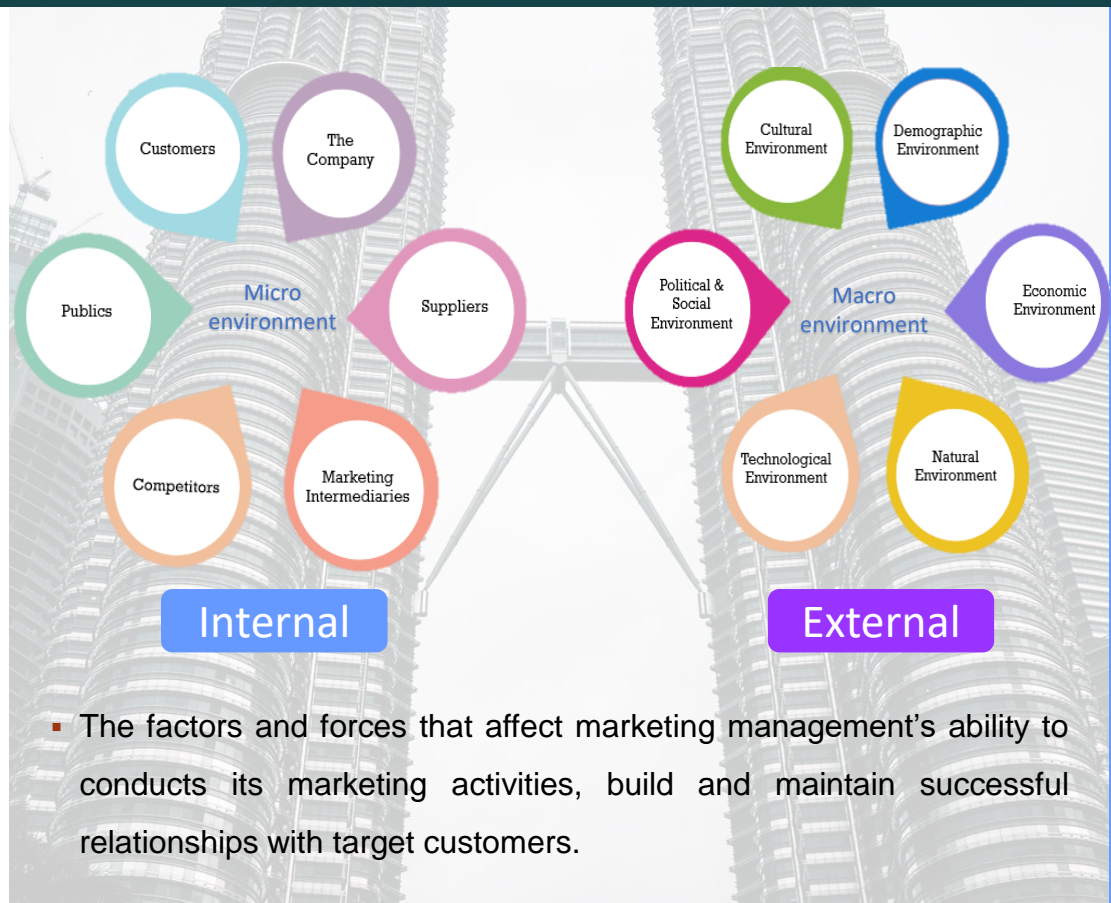
1. Examine company's microenvironment
 - The Company
 - Suppliers
 - Marketing Intermediaries
 - Competitors
 - Publics
 - Customers
2. Examine company's macroenvironment
 - The demographic environment
 - The economic environment
 - The natural environment
 - The technological environment
 - The political and social environment
 - The cultural environment

MARKETING ENVIRONMENT

- According to Philip Kotler, “A company’s marketing environment consists of the internal factors and forces, which affect the company’s ability to develop and maintain successful transactions and relationships with the company’s target customers”.
- By conducting a regular and systematic environmental analysis, the company can revise and adapt marketing strategies to cope with the new challenges and opportunities in the marketplace. The marketing environment is the combination of the microenvironment and macro environment.



Marketing Environment



- The factors and forces that affect marketing management's ability to conduct its marketing activities, build and maintain successful relationships with target customers.

The Microenvironment



- forces close to the company that affect its ability to serve its customers.

The Microenvironment

▪ 1. The Company

- In designing marketing plans, marketing management will involve top management, finance, research and development (R&D), purchasing, operations and accounting.
- Top management sets the company's mission, objectives, broad strategies and policies. The board of management of a company consists of important people who know about managing revenues, priorities and the abilities of the company. Together, all of these departments have an impact on the marketing department's plans and actions.
- Marketers need to keep track of changes in a company from slower sales figures to changes in a company's vision.



The Microenvironment

2. Suppliers.

- Suppliers are firms or individuals who provide resources, needed by the firm or its competitors, to produce goods and services.
- Marketing managers need to monitor supplies, supply shortages or delays, labor strikes or any other matter which can rapidly increase selling costs and ultimately affect good consumer relationships in the long run.



The Microenvironment

3. Marketing Intermediaries (Distribution Channels).

- Firms that help the company to promote, sell and distribute its goods to final buyers.
- They are include:



The Microenvironment

Types of Marketing Intermediary



Resellers

Resellers are distribution channel firms that help the company to find customers or make sales to them. These include wholesalers and retailers that buy and resell merchandise



Physical Distribution Firms

These firm help the company to stock and move goods from their point of origin to their destination. Important physical distribution functions include customer service, order processing, inventory control, transportation and logistics, and packaging and materials.



Financial Intermediaries

These intermediaries include bank, credit companies, insurance companies and other businesses that help finance transactions or insure against the risks associated with the buying and selling of goods.



Marketing Service Agencies

They are the marketing research firms, advertising agencies, media firms and marketing consulting firms that help the company target and promote its products to the right markets

The Microenvironment

4. Competitors.

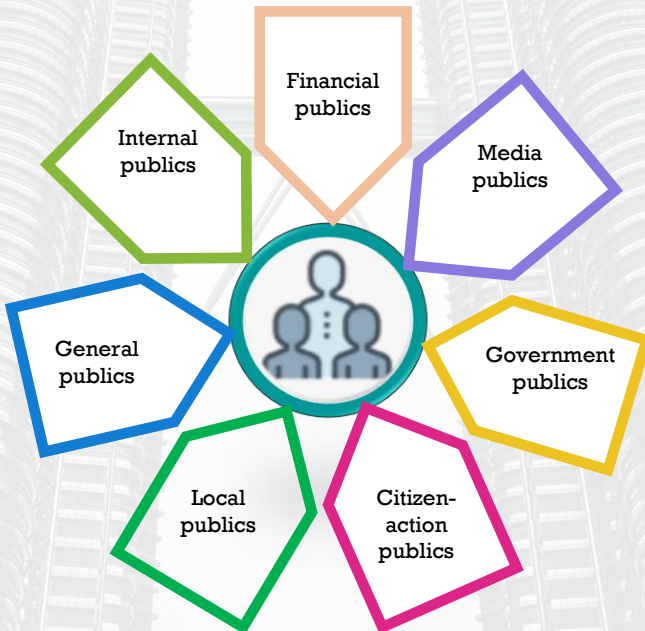
- The marketing concepts states that to be successful, a company must provide greater customer value and satisfaction than its competitors do.
- They must gain strategic advantage by positioning their offerings strongly against competitors offering in the minds of consumers.
- This involves creating a positive and distinctive image of the brand so that consumers prefer it over other similar options in the market. This could be through better quality, excellent customer service, unique features, or any other aspect that sets the company apart and makes customers choose them over competitors.
- By doing so, a company can build a loyal customer base and achieve long-term success in the market.



The Microenvironment

5. Public

- A public is any group that has an actual or potential interest in or impact on an organization's ability to achieve its objectives.
- Seven types of public:



The Microenvironment

7 Types of Publics



Financial Publics

This group influences the company's ability to obtain funds such as banks, investment analysts, shareholders and etc.



Media Publics

This group carries news, features, editorial opinions and other content. It includes television stations, newspapers, magazines, blogs and other social media.



Government Publics

Management must take this government development into account. Marketers must often consult the company's lawyer on issues of product safety, truth in advertising and other matters.



Citizen-Action Publics

A company's marketing decisions may be questioned by consumer organizations, environmental groups, minority groups and etc. Its public relations department can help it stay in touch with consumer and citizen groups.



Local Publics

This group includes neighborhood residents and community organizations. Large companies usually work to become responsible members of the local communities in which they operate.



General Publics

A company needs to be concerned about the general public's attitude toward its products and activities. The public's image of the company affects the buying behaviour.



Internal Publics

This group includes workers, managers, volunteers and the board of directors. Large companies use newsletters and other means to inform and motivate their

The Microenvironment

6. Customers

- Individual/firms who buy/consume products or goods to fulfill their needs and wants or to gain profit for the firms.
- Customers are the most important actors in the company's microenvironment. This is because the aim of the entire value delivery network is to engage target customers and create strong relationships with them.
- The company might target any or all five types of customer market as below:



The Microenvironment

5 Types of Customer Markets



Consumer Markets

Consumer markets consist of individuals and households that buy goods and services for personal consumption.



Business Markets

Business markets buy goods and services for further processing or use in their production processes.



Reseller Markets

Reseller markets buy goods and services to resell at a profit.



Government Markets

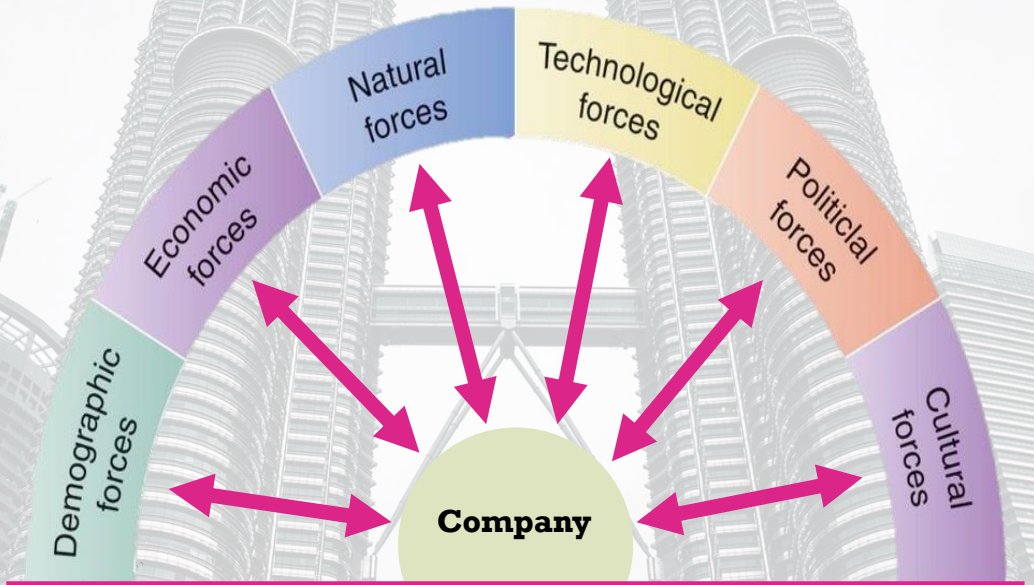
Government markets consist of government agencies that buy goods and services to produce public service or transfer goods and services to others who need them.



International Markets

International markets consist of these buyers in other countries, including consumers, producers, resellers and governments.

The Macroenvironment



- larger societal forces that affect the whole microenvironment

The Macroenvironment

1. Demographic Environment

- Demographic environment is a population in terms of size, density, location, age, gender, race, occupation and other statistic.
- Some of the interesting changes include: Worldwide explosive population growth, changes in age structure, migration from rural to urban areas, higher education, level trend and further diversity in ethnicity.
- For instance, Malaysia is known for its cultural diversity with a mix of Malay, Chinese, Indian and indigenous ethnic groups. Understanding these diverse cultural backgrounds is crucial for businesses to tailor their



The Macroenvironment

2. Economic Environment

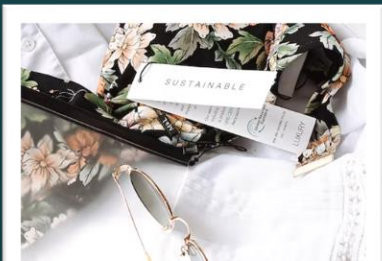
- The economic environment consist of factors that affect consumer purchasing power and spending patterns.
- Major economic trends- Change in income levels, change in consumer spending patterns.
- When people have higher incomes, they often have the financial capacity to purchase more expensive and non-essential items. Conversely, during economic challenges or when incomes are limited, people tend to focus on buying essential items and are more cautious with their spending, looking for good deals and discounts.
- These behaviors are influenced by economic factors and consumer confidence, which fluctuate based on the overall economic conditions in a country.



The Macroenvironment

3. Natural Environment

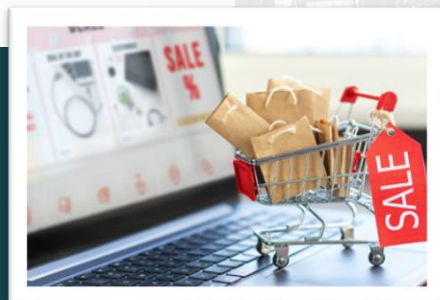
- The natural environment involves the natural resources that are needed as inputs by marketers.
- Four main elements- depletion of raw materials, increasing energy costs, increasing pollution levels and government's intervention in environment protection. These factors affect how businesses operate and make decisions.
- In response to these environmental challenges, many businesses adopt a socially responsible approach. We can see, they produce products that are environmentally friendly and safe, promote messages of environmental preservation and invest in sustainable practices such as using recyclable materials and biodegradable packaging. This approach not only aligns with social conscience but also addresses the growing concerns related to environmental sustainability.



The Macroenvironment

4. Technological Environment

- Forces that create new product and market opportunities.
- It also requires a company to stay ahead of others and update their own technology as it becomes outdated.
- In Malaysia, many people use smartphones and the internet. This situation give benefit to businesses to widely market their products and services by using online marketing and services.
- For marketers, this tech-friendly environment opens avenues for online advertising, e-commerce, and mobile app-based services. Therefore, by understanding and embracing these technological trends can significantly enhance marketing efforts in Malaysia.



The Macroenvironment

5. Political and Social Environment

- The political environment includes all laws, government agencies, and groups that influence or limit marketing actions.
- There are restrictions for some products as to who the target market may be, for example, cigarettes should not be marketed to younger children.
- As laws and regulations change often, this is a very important aspect for a marketer to monitor.
- For example, in Malaysia, there are laws about making products suitable for Muslims known as halal certification. This is important for food, cosmetics, and medicines. If companies don't follow these rules, they can face legal trouble and damage their reputation. So, businesses must make sure their products meet these requirements to sell them legally in Malaysia.



The Macroenvironment

6. Cultural Environment

- Cultural consists of institutions and basic values and beliefs of a group of people.
- The values can also be further categorized into core beliefs, which passed on from generation to generation and very difficult to change and secondary beliefs which tend to be easier to influence.
- It is important to know the difference between the two and to focus your marketing campaign to reflect the values of a target audience.
- Different cultures have different values that impact marketing strategies. In Malaysia, people value family and community bonds. So, marketing campaigns focusing on togetherness, community harmony, and social unity are popular.
- Also, specific cultural and ethnic groups have preferences for certain foods and importance on religious and cultural events. Marketers need to be mindful of these cultural aspects. For example, during Hari Raya celebrations, there are promotions for Malay traditional food and clothing in the market.





Activity: 1

WORD SEARCH

R	O	E	P	U	B	L	I	C	S	L	U	E	H
S	E	I	R	A	I	D	E	M	R	E	T	N	I
T	A	P	L	L	A	R	U	T	A	N	E	L	G
M	U	T	T	R	A	L	A	R	U	T	L	U	C
S	S	G	S	R	E	L	L	E	S	E	R	M	E
L	H	C	I	M	O	N	O	C	E	C	A	P	L
C	L	R	C	E	L	C	O	M	P	A	N	Y	M
R	R	R	C	O	M	P	E	T	I	T	O	R	S
S	T	I	D	E	M	O	G	R	A	P	H	I	C
A	S	S	U	P	P	L	I	E	R	S	L	U	P
A	I	M	L	E	P	A	S	I	B	L	T	C	L
I	R	A	I	E	P	O	L	I	T	I	C	A	L
O	L	A	C	I	G	O	L	O	N	H	C	E	T
P	A	O	M	C	U	S	T	O	M	E	R	S	U

POLITICAL
COMPETITORS
COMPANY
SUPPLIERS
NATURAL
RESELLERS
CULTURAL
INTERMEDIARIES
ECONOMIC
CUSTOMERS
DEMOGRAPHIC
TECHNOLOGICAL
PUBLICS



Activity: 2

CROSSWORD PUZZLE

Instruction:

Scan the QR Code below and answer the question.



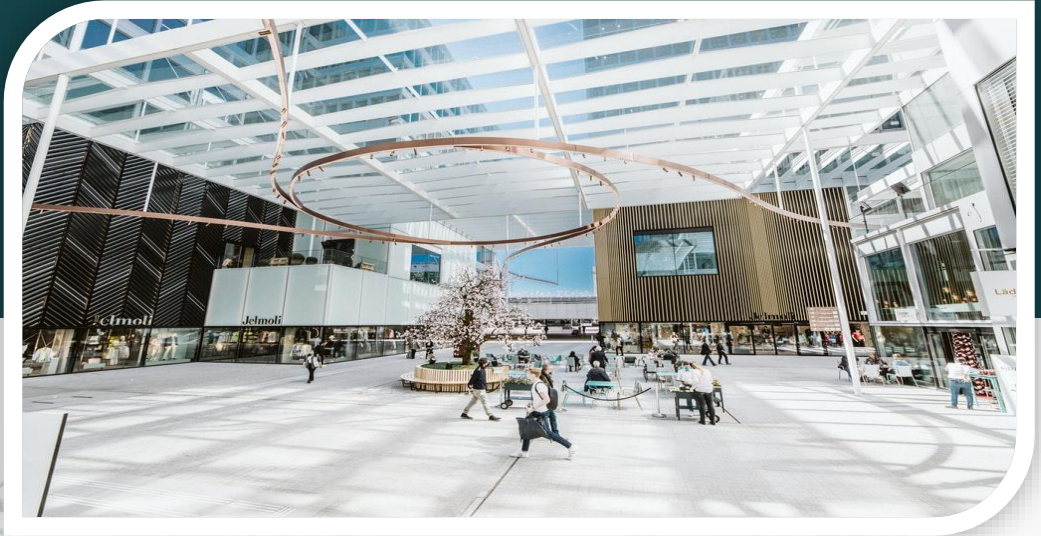


Activity: 3

FILL IN THE BLANK

Fill in The Blank

1. In designing marketing plans, marketing management must take other company groups, such as top management, finance, research and development (R&D), purchasing, manufacturing and accounting into consideration. The above statement refer to _____.
2. _____ provides the resources needed to produce goods and services.
3. The values can also be further categorized into core beliefs, which passed on from generation to generation and very difficult to change, and secondary beliefs which tend to be easier to influence. The above statement refer to _____.
4. _____ help the company to promote, sell, and distribute its goods to final buyers.
5. Marketing research firms, advertising agencies, marketing consulting firms and other service providers that help a company to target and promote its products to the right markets. The above statement refer to _____.
6. Individuals or groups that offer a similar product or a product that can be an alternative to your product called as _____.



PRINCIPLES OF MARKETING

CHAPTER 3 CONSUMER AND BUSINESS MARKET

CLO1 : Explain concepts and terminologies in the marketing field

CLO2 : Apply the knowledge of marketing strategies and marketing mix that are relevant to the organizations' objectives.



CONSUMER AND BUSINESS MARKET

1. Explain consumer and business market
 - Define consumer market
 - Define business market
2. Examine the characteristic between consumer and business market
 - Compare the characteristic between consumer and business market

Consumer and Business Market

Consumer

- A consumer is an individual or entity that purchases and uses products or services to satisfy their personal or organizational needs and wants.
- Consumers are a critical component of the market, as they drive demand for goods and services, influencing the production, distribution, and pricing of products.
- Consumer is someone who can make the decision whether or not to purchase an item at the store, and someone who can be influenced by marketing and advertisements.



Consumer and Business Market

Consumer Buyer Behaviour

- The buying behaviour of final consumers, individuals and household who buy goods and service for personal consumption.
- It involves a series of stages and factors that influence a consumer's choice.
- All of these final consumers combine to make up the consumer market.



Consumer Market

- It is a significant segment of the overall market that focuses on the sale of goods and services to individual consumers or households for their personal consumption.
- It is a broad and diverse market, encompassing a wide range of products and services designed to satisfy the various needs and preferences of consumers.



Consumer Buying Decision Making Process



Consumer Buying Decision Making Process

1. Need Recognition

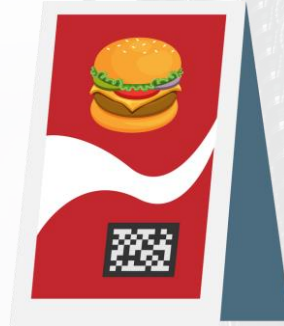
- start with the buyer recognizing a problem or need / desired state which triggers the consumer to solve the problem through the decision

- Realized through:

- Internal stimuli



- External stimuli



Consumer Buying Decision Making Process

2. Information Search

- Search for information about the various alternatives available to satisfy their wants
- Can obtain information from several sources:
 - Personal sources: family members, friends, , neighbors
 - Commercial sources: advertising, salespersons, dealers, displays
 - Public sources: Mass media, customer rating organizations
 - Experiential sources: from own or others experiences in handling, examining and using the products



Consumer Buying Decision Making Process

3. Evaluation of Alternatives

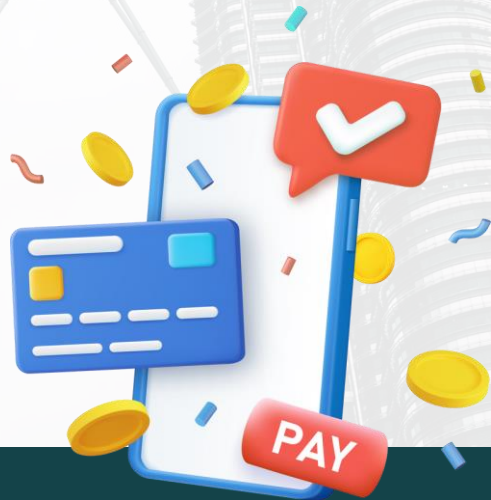
- After getting information, the customer is ready to examine the choices available
- The customer use the information and then evaluate the alternatives
- Several measures involved in evaluating the alternatives:
 - ❑ Benefit of the product that customer can acquire
 - ❑ Degree of importance of each benefit
 - ❑ Brand beliefs
 - ❑ Utility function of the product
 - ❑ Level of satisfaction that derived from the product



Consumer Buying Decision Making Process

4. Purchase choice

- Continues into making the purchase choice
- Decide which product to buy or may decide not to buy at all, decides the amount, retailer or salesperson to buy the product from, the date and time and how to pay
- May act quickly, especially if the product on sale
- At the location may changes the decision if they affected by another influence



Consumer Buying Decision Making Process

5. Post Purchase Behavior

- After making a purchase, consumers assess their satisfaction with the product or service.
- If the experience meets or exceeds their expectations, they are more likely to become repeat customers. If the experience is unsatisfactory, they may seek a return or express their dissatisfaction.

If perceived performance < buyer expectation → dissatisfied buyer

If perceived performance = buyer expectations → satisfied buyer

If perceived performance > buyer expectations → delighted buyer



Factors Affecting Consumer Buying Behavior

- 1 Cultural factors
- 2 Social factors
- 3 Personal factors
- 4 Psychological factors

Factors Affecting Consumer Buying Behavior

Cultural factors

1. Culture

Sets of values, ideas and attitudes that are accepted by a homogeneous group of people and transmitted or passed down over time to the next generation

2. Sub-culture

A distinct cultural group or community within a larger culture which include nationalities, religions, racial groups and geographic regions

3. Social class

A group consisting of individuals with similar social and economy circumstances who are considered to have similar status in society occupation, education, wealth, value, interest, behavior



Factors Affecting Consumer Buying Behavior

Social factors

1. Reference group

A person's behavior is influenced by many small group. Reference groups expose a person to new behaviour and lifestyle, influence the person attitudes and self-concept.

2. Family

Roles and influence of the husband, wife, and children on the purchase of different products and services. Family members can strongly influence buyer behavior.

3. Roles and status

A role consists of the activities people are expected to perform according to the persons around them. Each role carries a status reflecting the general esteem given to it by society.

Factors Affecting Consumer Buying Behavior

Personal factors

1. Age and life-cycle

People change the goods and services they buy over their lifetimes.

2. Occupation

A person's occupation affects the goods and services bought. It can encompass a wide range of roles and professions, such as doctor, teacher, engineer, chef, accountant, and so on.

3. Economic situation

A person's economic situation will affect product choice. Marketers of income-sensitive goods watch trends in personal income, saving and interest rates.



Factors Affecting Consumer Buying Behavior

Personal factors

4. Lifestyle

A person's pattern of living as expressed in his or her activities, interests and opinions. It encompasses various aspects of daily life, such as how people spend their time, what they prioritize, and the patterns they follow.

5. Personality and self-concept

The unique psychological characteristics that lead to relatively consistent and lasting responses to one's own environment.



Factors Affecting Consumer Buying Behavior

Psychological factors

1. Motivation

A need that is sufficiently pressing to direct the person to seek satisfaction of the need.

2. Perception

The process by which people select, organize and interpret information to form a meaningful picture of the world. Through our 5 senses: sight, hearing, smell, touch and taste.

3. Learning

Changes in an individual's behavior arising from experience.

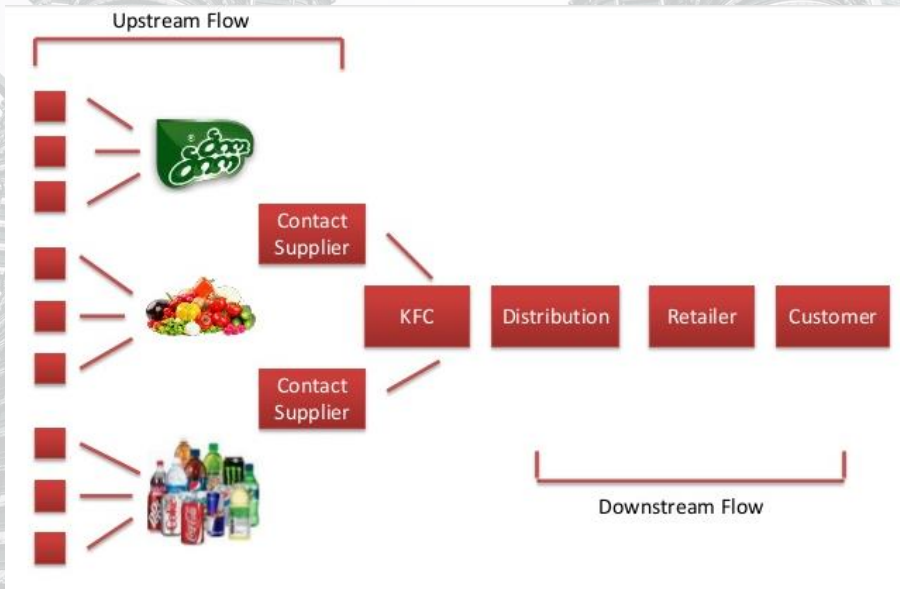
4. Beliefs and attitudes

Belief – A descriptive thought that a person has about something.

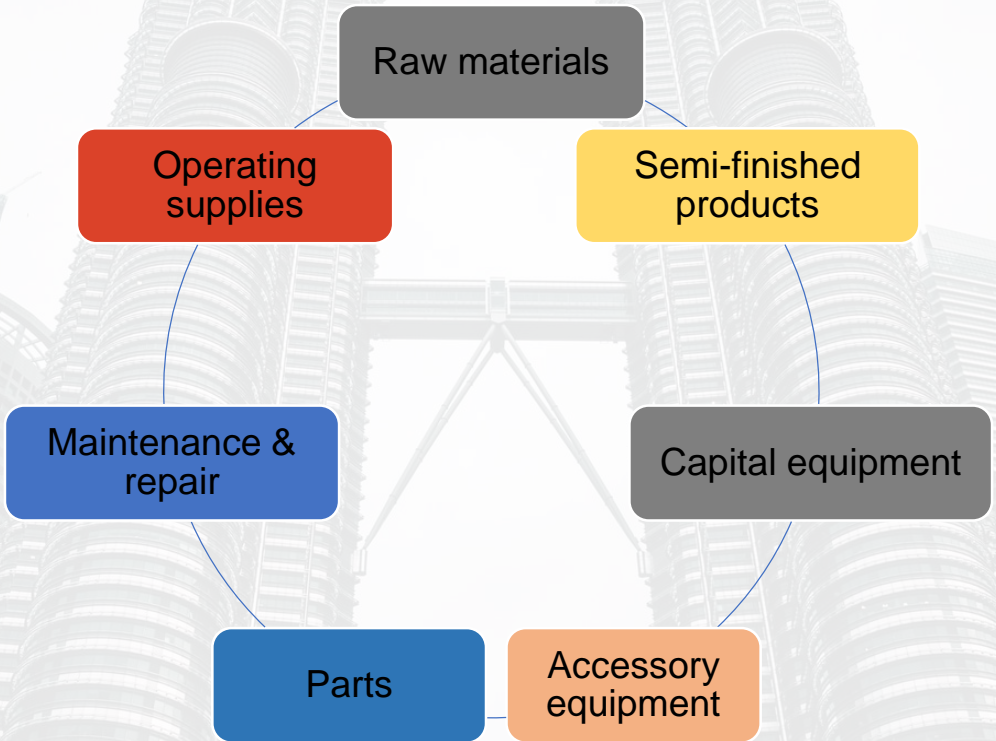
Attitude – A person's relatively consistent evaluations, feelings and tendencies towards an object or idea.

Business Market

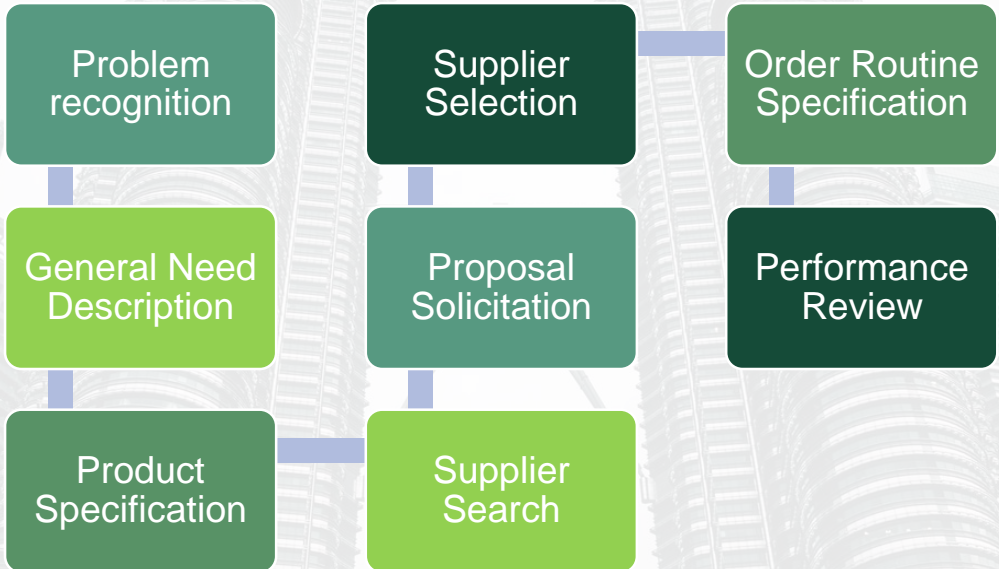
- A market where businesses sell their products or services to other businesses rather than to individual consumers.
- Business buyers are sometimes described as business-to-business or industrial buyers.



Products commonly purchased by business customers



Kotler's Business Buyer Decision Process



Characteristic Between Consumer And Business Market

Business Market	Characteristics	Consumer Market
Few but large buyers	Number	Many but small buyers
Derived demand from consumer market	Demand	Individuals themselves
More direct	Distribution Structure	More indirect
More professional	Nature of buying	More personal
Complex and formalized	Type of decisions & decision process	Simpler and informal
Yes	Use of reciprocity	No
Greater	Use of leasing	Lesser
More informal and closer	Relationship	More formal



Activity 1: BINGO CARD

Instruction:

Scan the QR Code below and answer the question.



Activity 2: SCRABBLE



Instruction:

Complete the words below.

C					M		
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Tip: someone who can be influenced by marketing and advertisements.

			G			E	
--	--	--	----------	--	--	----------	--

Tip: If perceived performance more than buyer expectations

	A				Y
--	----------	--	--	--	----------

Tip: influence of the husband, wife, and children on the purchase of products and services

		F		S			
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Tip: a person's pattern of living as expressed in his or her activities, interests and opinions.

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Tip: the market that has a more informal and closer relationship with their industry partners.

CONCLUSION

In conclusion, the introduction to principles of marketing provides a foundational understanding of the discipline, emphasizing the critical roles of marketing in the business world.

The discussion on the marketing environment underscores the importance of considering internal and external factors when crafting marketing strategies. Businesses must adapt to these dynamic forces to stay competitive and meet customer needs.

By exploring the characteristics of consumer and business market, recognizing the differences between these two markets is vital for businesses to craft targeted strategies that effectively address the unique needs and motivations of consumers and businesses, ultimately driving success in the competitive world of commerce.

▪

REFERENCES

1. Kotler, P., & Armstrong, G. (2021). Principles of Marketing (18th ed.). Pearson.
2. Yusniza Kamarulzaman & Nor Khalida Abu (2017). Principles of Marketing (3rd ed.). Oxford Fajar.

ANSWERS

Instruction:

Scan the QR Code below to get all the answers to the activities in this e-book.



UNIT PENERBITAN

Politeknik Sultan Salahuddin Abdul Aziz Shah
Persiaran Usahawan, Seksyen U1,
40150 Shah Alam
Selangor

Telephone No: +603-5163 4000

Fax No: +603-5569 1903

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UNIT PENERBITAN POLITEKNIK SULTAN SALAHUDDIN ABDUL AZIZ SHAH

(online)