

Unit 4: Marketing Principles

Referral amendments in blue.

Segmentation, targeting and positioning

2.1 The microenvironment is controllable and what influences your marketing decisions is the company itself, which involve its employees and its' senior stakeholders in the business. For Ford this would include their customer care team, including customer complaints, quality of products made, sales and those who are in charge of Finance, marketing, procurement and trading.

The company's suppliers are also an important factor. For Cadbury's this could be the ingredients to make the chocolate or drink, the packaging of products, even its marketing material such as posters, billboards, their website or any other marketing material such as leaflets or emails they may send to customers.

The markets and the segments that the business trades are also part of the microenvironment. An example would be that Ford are in the vehicle industry and their segments would be appealing to customers who are 17 years or older, families with children, or luxury high end products for those with large disposable incomes.

Your competition and those around you also play an important role. You always need to be aware of the competition around you, monitoring what products they release, their advertising, and the prices of their products. Also included in this are those who are not paying customers but may still have an interest in your business.

The macroenvironment is less controllable and can also have an impact on your microenvironment. You would need to consider the culture of the place you are selling your product. Political issues such as in the UK, Cadbury's would need to plan ahead if 'Sugar Tax' is introduced which has been widely speculated in the news recently. According to a report from Public Health England they have suggested "Sugar Tax between 10% and 20%, significantly reduce advertising high sugar food and drink to children." (BBC, 2015) In the case of Ford, there has been wide speculation that diesel is damaging public health according to a report by the Department for energy and climate change. "Ministry report says 'green' cars contribute significantly to air pollution and lung diseases." (Vidal, 2013)

Due to the pace of modern technology, there are new technology advancements that evolve very regularly. Ford for example, would need to ensure that their machines are efficient and productive. If a competitor was able to make vehicles at a much faster rate or they have introduced tools that are better quality this could put Ford at a disadvantage.

The natural environment is also uncontrollable. Most recently in the media they have reported that cocoa demand is outstripping production due to climate change and natural disasters. This could be worrying for Cadbury's as most of their entire product range includes cocoa. "A disease called Frosty Pod Rot has ruined about a third of the world's cocoa crop, while a drought in Ivory Coast and Ghana -- which account for 70pc of global cocoa production -- has hurt farming in West Africa." (Davidson, 2014)

Economic issues within a country can also impact your microenvironment. When the world economic crash happened back in 2008, Ford will have seen a huge reduction in income as people had less disposable income and investors were not willing to invest, due to their stock prices reducing.

A PEST analysis is a marketing concept that would highlight the macro and micro environment, this factors in any political, economic, socio-cultural and technological issues.

Ford

<p>Political</p> <ul style="list-style-type: none"> • Legal issues such as patent and copyright • HR issues will differ country to country e.g. discrimination, holidays, sickness, maternity • Green political issues such as diesel being more dangerous to environment than unleaded 	<p>Economic</p> <ul style="list-style-type: none"> • Exchange rates • Import/export duties and custom charges • Economic crashes • Interest rates • Taxes and duties applied to fuel and road taxes (which is dependent on CO2 emissions and cost of vehicle).
<p>Socio-cultural</p> <ul style="list-style-type: none"> • Higher education needed for machine operators, engineers and graphic designers. • Environmental issues. In the Netherlands a lot of people ride bikes to get around. • Job market trends 	<p>Technological</p> <ul style="list-style-type: none"> • Life cycle of its vehicles • Other technology advancements from BMW, Citroen, Mercedes • Government spending on technology research • Safety components of vehicle; air bags, car parking sensors

The micro environmental factors would influence marketing decisions because if you don't have the right employees for your business, a good relationship with your suppliers or you are not watching the competition around you, your product(s) will not sell regardless of what marketing you put in place.

The macro environmental factors would influence marketing decisions because not considering economic factors such as exchange rates, interest rates, inflation and whether consumers have the disposable income to purchase your product, your business could make losses rather than profits. Political issues would also impact your business and can become costly especially if you have legal and patent issues.

2.2 The Cadbury Dairy Milk range can be segmented into 'Snack bars', 'Sharing bags, boxes and tins' and 'drinks'.

Snack Bars (On The Go)	Sharing Bags, boxes & Tins (Take Home)	Drinks
Cadbury Wispa Cadbury Dairy Milk Cadbury Twirl Cadbury Boost Fry's Turkish Delight	Cadbury Dairy Milk Giant Buttons Cadbury Roses Cadbury Heroes Cadbury Eclairs Cadbury Milk Tray	Cadbury Wispa Hot Chocolate Cadbury Bournville Cocoa Cadbury Highlights Milk Chocolate Cadbury Highlights Hazelnut Cadbury Drinking Chocolate

The Cadbury range can be segmented into 'Children under 12', 'Teenagers and Young Adults', and 'Adult aged over 25'.

Children (Under 12)	Teenagers and Young Adults (12-25)	Adults (25+)
Cadbury Dairy Milk Buttons Cadbury Freddo Cadbury Curly Wurly Cadbury Dairy Milk Mini Hollow Santa's	Cadbury Dairy Milk Egg 'N' Spoon Cadbury Caramel Egg Cadbury Crème Egg Cadbury Endless Wispa Cadbury Jelly Popping Candy Shells	Fry's Chocolate Cream Fry's Peppermint Cream Cadbury Brunch Peanut Cadbury Brunch Chocolate Chip Cadbury Brunch Raisin Cadbury Milk Tray

The Ford range of vehicles can be segmented into 'Economy Vehicles', 'Family Vehicles' and 'Luxury Vehicles'.

Economy Vehicles	Family Vehicles	Luxury Vehicles
Ford Ka Ford Fiesta Ford B-Max Ford Eco-Sport	Ford S Max Ford Edge Ford Turneo Connect Ford Turneo Custom	Ford Mustang Ford Vignale Ford Focus RS Ford Galaxy

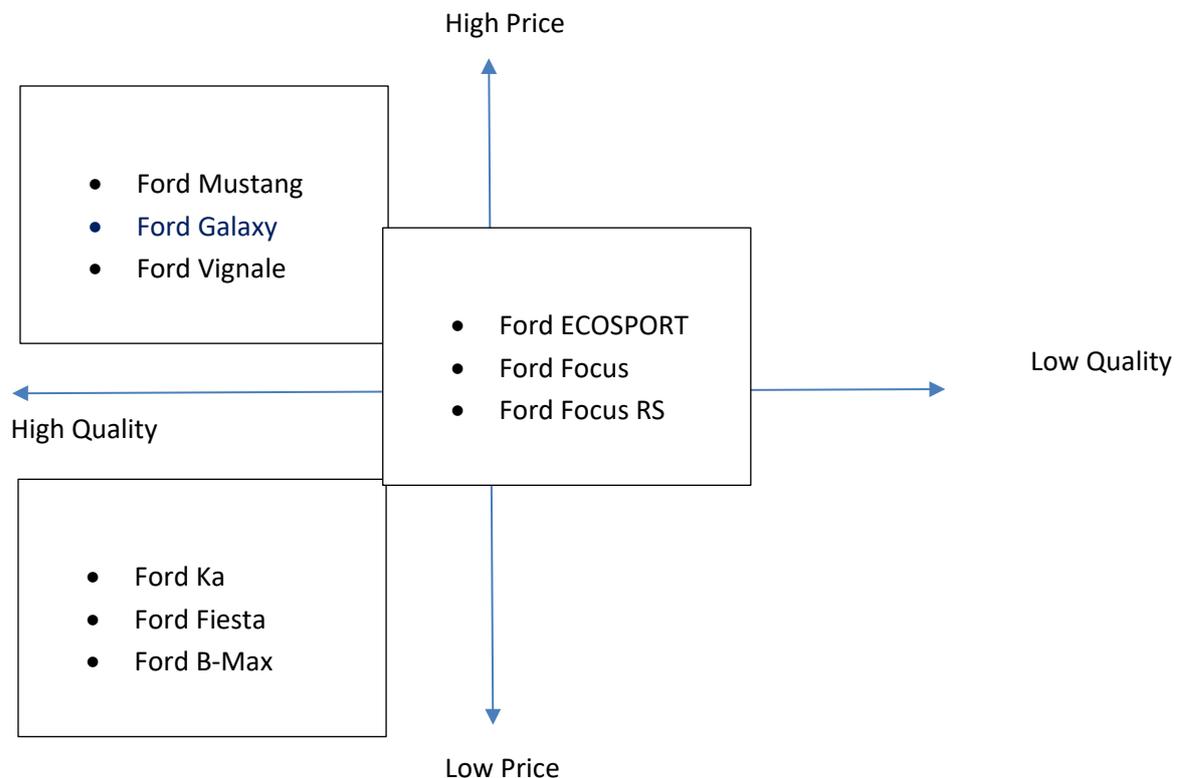
2.3 Cadbury Buttons

Cadbury's Buttons main consumers are children, however, it also appeals to adults who are the ones that hold the buying power. This gives you 2 segments, therefore, the best targeting strategy would be Multi-Segment targeting.

The Undifferentiated targeting is only beneficial to companies who are classed as one single market. As Cadbury's Buttons has lots of competition, their strategies need to be constantly evolving and risk being overtaken by a competitor.

Concentrated Targeting is useful for targeting a niche in the market which involves focusing all attention on a particular segment. Confectionery is saturated in the market and has lots of

competitors who are competing. This option would not suit Cadbury’s Buttons as they have a wide range of other products, and also their segments are adults as well as children.



Ford Galaxy is a high quality vehicle which has a high price which currently has a “RRP of £26,695.” (Ford, 2016) Ford could look at various ways of other targeting strategies. One strategy that wouldn’t work, would be to lower the quality and maintain the high price. Moving towards this, would put off potential consumers and furthermore, could possibly end up costing Ford in the long term with various repairs and a bad reputation. The same would apply to lowering the quality and lowering the price. Although, this may appeal to consumers with a small budget, low quality could potentially mean many repairs, and could damage Ford’s reputation.

The best targeting strategy for the Ford Galaxy would be to maintain the high quality and a slight lowering of the price to increase volumes and revenue. This will ensure that Ford’s reputation is maintained.

2.4 There are many types of buying behaviours that can affect your marketing strategies. Customers don’t tend to think about goods that are low value, these tend to be impulse buys, however, they will tend to think about high priced items as these will have a longer shelf life.

There are five main stages that a customer would go through in their purchase of product. First of all, the customer would identify a problem or need. For example, their car has broken down.

After the customer has identified their need the customer would then locate information about various brands of cars. They could do this via websites looking at product review or specifications. They could also contact sales teams, visit a car dealer, or even talk to their family and friends for recommendations.

After researching their information, they would then evaluate the different options that are open to them. As there are many different brands of cars, they would look at the different specifications that would meet their needs, the appearance of the product is also important as they may want make a statement, or they need extra seats to cater for their family. There are many other factors that could influence the customer's decision. This could include the packaging and how the product is presented or the physical brand itself. Colour can play a key role in the buying decision process. The colour purple can represent individuality, creativity, compassion and respect. However, "In Thailand, purple is worn by a widow mourning her husband's death." (Smith, 2015) With this in mind, if Cadbury are looking to enter the Asian market, they would need to consider the colour of the packaging, as Cadbury's buttons is in a purple packet. For Ford Galaxy they would need to take into account that white is the most popular car colour, along with silver in 2nd, according to a report by Axalta Coating Systems. "White is the most popular colour for new car purchases globally, says an annual report by Axalta Coating Systems, a paint producer that supplies the car industry. In North America and Asia-Pacific, it has been No. 1 since 2006, and is a newcomer to Europe and South America for the top spot, having just replaced silver." (Vorano, 2015)

The customer would then make a decision on the product they are buying. At this stage the seller needs to ensure that the buying process is smooth. Any issues whilst making this decision could put the customer off, for example queue times whether in store or via the telephone could result in the customer not buying the product or bad customer service.

After the decision the process doesn't end, post buyer behaviour plays an important role and can influence future purchases. Research suggests that many customers have a doubt after purchasing a product which they call cognitive dissonance. "Cognitive dissonance is when the customer experiences feelings of post-purchase psychological tension or anxiety." (Boundless, 2015)

Cadbury's marketing activities would be effected in Thailand as they may want to consider changing the colour of their packet, to respect, the culture in Thailand regarding the colour purple. This could potentially cost more, as TV adverts and packaging would need to be changed.

Ford would be in a similar situation. It wouldn't be in Ford's interest to ignore market research that white and silver are the most popular colours. If Ford was to only offer green, blue and red for example; this would potentially lead to consumers to buying from different manufacturers to obtain a white or silver car.

2.5 "Positioning defines where your product (item or service) stands in relation to others offering similar products and services in the marketplace as well as the mind of the consumer." (Coleman, 2015)

For Cadbury's buttons the segmentation are families and children. In order to establish what positioning to take, we would need to conduct market research on what the buying public think about Cadbury's buttons. Do they like the taste and quality of the buttons, is there any improvements they can make.

Due to the recent and reoccurring media regarding obesity and the arguments for and against 'Sugar Tax', parents would want to be reassured that the product isn't too unhealthy. One option would be to look at the sugar and fat content. As sugar and fat is part of your recommended daily intake, we could look at reducing the sugar content and maybe replace with sweeteners. As this is altering the ingredients, taste tests would need to take place with adults and their children. As Cadbury's Buttons is a very popular product with the public, due to an established reputation, changing the ingredients too much could put off customers purchasing the product in the future. An example would be Cadbury's crème egg received criticism that the taste was different and quantity was reduced. "In a bilateral attack on the glory of Easter, Cadbury's has stunned consumers by changing the recipe of its Crème Eggs and reducing their number in boxes from six to five." (Hooton, 2015) Focusing on the buttons being part of a healthy diet can influence people to buy the product.

Cadbury's buttons are aimed at children, however, as children don't hold the buying power a great positioning tactic would be to target families. You could look at making the buttons healthier by slightly altering the ingredients. Its key benefits would be that Nestle, their main competition, don't have many products aimed at small children. Nestle have smarties, however, this wouldn't be suitable for very young children as it wouldn't be very easy to eat and they could potentially choke. Cadbury's Buttons are simply just chocolate, whereas, smarties have a hard casing around the chocolate. Advertising of the product could show parents with their children enjoying the Cadbury's buttons, along with sponsorship from a children's celebrity such as Justin Bieber or Daniel Radcliffe who plays Harry Potter. Using this sort of sponsorship was successful for Cadbury's when they used Phil Collin's 'Something in The Air Tonight', using family orientated celebrities could increase sales and revenue.

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