

Introduction to Marketing Theory and Practice

Assignment 2

By [REDACTED]

Tutor: [REDACTED]

Date: 1st November 2022



Contents

Question 1.....	2
Q.1.1.....	2
Q.1.1.1.....	2
Q.1.1.2.....	2
Q.1.1.3.....	2
Q.1.1.4.....	2
Q.1.2.....	2
Question 2.....	3
Q.2.1.....	3
Q.2.2.....	3
Q.2.3.....	3
Q.2.4.....	3
Question 3.....	4
Q.3.1.....	4
Q.3.2.....	4
Q.3.3.....	4
Question 4.....	5
Q.4.1.....	5
Q.4.2.....	5
Q.4.3.....	5
BIBLIOGRAPHY.....	6

Question 1

Q.1.1

My business/product idea is quality watches. (Cant, 2021).

Q.1.1.1

The business is called Watch Trend and is linked to the product by the sale of high-end, high quality watches. (Cant, 2021).

Q.1.1.2

My product is going to meet the customer need of Esteem Need. (Cant, 2021). This need relates to the need for status, recognition and respect. (CFI, 2022). The product will meet this need by being a highly desirable watch with inter-changeable parts. *description of product required*

Q.1.1.3

The watches will cater to the higher-end of the market and will have an advantage by having inter-changeable straps and faces and leading edge technology. (Cant, 2021).

more detail on difference to competitors required

Q.1.1.4

The business will target customers from both genders, in the 25-35 age groups, in all geographic regions in the country, who will be from the higher income level. (Cant, 2021).

More detail on each of these answers required, watch your mark allocation.

Q.1.2

Macro-environmental variables:

Technological environment (Cant, 2021).

Technology is rapidly and constantly changing and as such, the technology for high-end watches could change radically and this could impact the business. (Cant, 2021).

Economic environment (Cant, 2021).

Companies are very sensitive to changes in the economy. Economic environment factors include the inflation rate and the currency exchange rate and changes in these can have serious implications for the business. (Farooq, 2022)

Socio-cultural environment (Cant, 2021).

Social trends affect the marketing strategies of a business and the socio-cultural environment has an impact on the media which we will need to use, such as advertisements and marketing. (Cant, 2021).

Political and legal (Cant, 2021).

Politics of a country can have a huge impact on the business, as the stability of the country, especially for developing countries with legal and political issues can be viewed sceptically by potential investors and customers alike. (Cant, 2021).

Question 2

Q.2.1

The two **behavioural** segmentation variables applicable to my product are:

Benefits sought (Cant, 2021). My customers will want convenience and prestige. This is exactly what the high-end, quality watches will deliver. (Cant, 2021).

Loyalty status (Cant, 2021). My customers will come from a good group of dedicated buyers. Because of their love for the product, they will find that it fulfils a need for them. (Cant, 2021).

more application to your product required

Q.2.2

The **targeting** strategy most suitable for my product idea is:

Concentrated marketing (Cant, 2021). There is always the risk of failure of the product in a concentrated market, as I will be relying on one product. On the positive side, it can provide better customer satisfaction because the business can offer expertise in the areas of production, delivery and marketing interactions. (Cant, 2021).

detail on why this strategy is suited to your product needed

Q.2.3

The **positioning** strategy most suitable for my product is:

Quality/price positioning (Cant, 2021). The watches are high quality and it is a very desirable product. The positioning method of quality/price having now been decided upon, this can be communicated to the target market.

Again more detail/explanation

Q.2.4

Habitual decision making (Cant, 2021). This is the type of consumer decision making for my product. It will be purchased by customers who are loyal to the brand and will make repeat purchases because of that loyalty. (Cant, 2021).

This is incorrect as your logic is not correct here

Question 3

Q.3.1

Five distinct layers of a product:

Core Product – My customers enjoy the status of wearing a well-known, high quality brand of watch. This, along with being able to tell the time is the main benefit. (Cant, 2021).

Tangible Product – My customers will appreciate the technology of the watches. They will also be happy with the appearance of the watch. (Cant, 2021).

Augmented Product – As the augmented product consists of both physical and non-physical attributes, my product will need to have a competitive/differential advantage and so all Watch Trend stores will offer fast service and repairs and a warranty that meets my customer's requirements. (Cant, 2021).

Potential Product – I will need to ensure that my business keeps up to date with technology and trends. And I must ensure my customers continue to get the watch they desire with the features they most want. (Cant, 2021).

Product image – As the Watch Trend's watches are beautifully presented, and seen regularly in television advertisements, the overall customer perception will be a very positive one. (Cant, 2021).

more detail on each required, watch your mark allocation

Q.3.2

where is your intext referencing here?

The type of packaging I would like for my watches is **Speciality Packaging** because the watches are expensive and give customers a feeling of status and achievement so the packaging must be beautiful to look at, provide protection for the watch, and have Watch Trend's distinctive branding on the boxes and bags.

Answers are not comprehensive enough to earn marks, more detail needed

Question 4

Q.4.1

I would choose Market Skimming to introduce my new product to the market. The rapid skimming strategy would be the best option, as the watches are high quality and aimed at high income earners. No expense will be spared in terms of advertising and market communication to ensure we acquire and retain customers. (Cant, 2021).

Q.4.2

1. **Select the pricing objective** – The objective of this step is to ensure that the business has the best market share, and a quality product which will result in maximised revenue and a good profit margin and that the product will be a constant in the market. (Cant, 2021).
2. **Determine demand** – Although the higher price for the watches can impact demand, they are desirable and have a loyal following so I will need to ensure that I keep records and study statistics to ensure the demand remains stable with good growth potential.
3. **Estimate costs** – Costing will need to be done, which must include production costs, overheads and labour. Once all the costs are known, a reasonable price estimate can be made. (Cant, 2021).
4. **Analyse the costs, prices, offers and possible reactions of competitors** – I will be constantly watching what the competition is charging and try to get a good understanding of their costs in comparison to mine and ensure that that price of my product is competitive. (Cant, 2021).
5. **Select the most appropriate pricing method** – Although the business needs to make a profit and constantly strive to stay ahead of its competitors, there is still great pride in the product, and as such satisfying customers' desire for quality and on-trend features, is also very important. (Cant, 2021).
6. **Select the final price** – The final price will need to take into account competitor prices, and advertising will have to be of high quality and quickly capture its audience's attention, especially as the product is of a high price and therefore needs to keep its market share stable. (Cant, 2021).

Q.4.3

In South Africa, consumers respect local businesses which sell their products using ethical methods in price setting. Ethical pricing creates an attractive corporate standing and establishes trust between the business and the customer. (Cant, 2021).

With South Africa being a developing country, there are issues regarding the distribution of wealth and this is one of the most unequal countries in terms of wealth distribution. Pricing varies greatly in South Africa with, on the one hand, some prices meeting the needs of the elite and on the other hand pricing for the poorest people in the country. (Hadas, 2021).

The pricing of foodstuffs, for example chicken in shops such as Woolworths will differ greatly from the chicken pieces on sale in the lower cost stores or those bought on the streets. Pricing strategies must be closely monitored and the right target market chosen, as these two factors can determine the success of a business in the South African consumer market. (Hadas, 2021).

Ethical pricing is much more than just being legally compliant and although some price strategies may not be deemed illegal, they could still be seen as unethical. The setting of ethical prices is not easy as it has to take into account what is morally right or wrong and this is not always made clear. (Cant, 2021).

You have not identified key ethical issues, e.g. price fixing, price discrimination etc.

BIBLIOGRAPHY

Cant, M.C. ed. 2021. Marketing Management – A South African Perspective. 4th ed. Cape Town: Juta.

CFI, 2022. Maslow's Hierarchy of Needs. 21 April 2022. [Online]. Available at: <https://corporatefinanceinstitute.com/resources/knowledge/other/maslows-hierarchy-of-needs/> [Accessed 25 October 2022].

Hadas, N. 2021. Pricing Tactics. In: Lappeman, J., Egan, P., Knightford, G. and Ramogase, T. eds. *Marketing to South African Consumers*. Cape Town: UCT Liberty Institute of Strategic Marketing & UCT Libraries, Chapter 14: 221-235.

Farooq, U. 2022. Marketing Tutor. [Online]. Available at: <https://www.marketingtutor.net/macro-environment-marketing-definition-factors-examples/> [Accessed 29 October 2022].