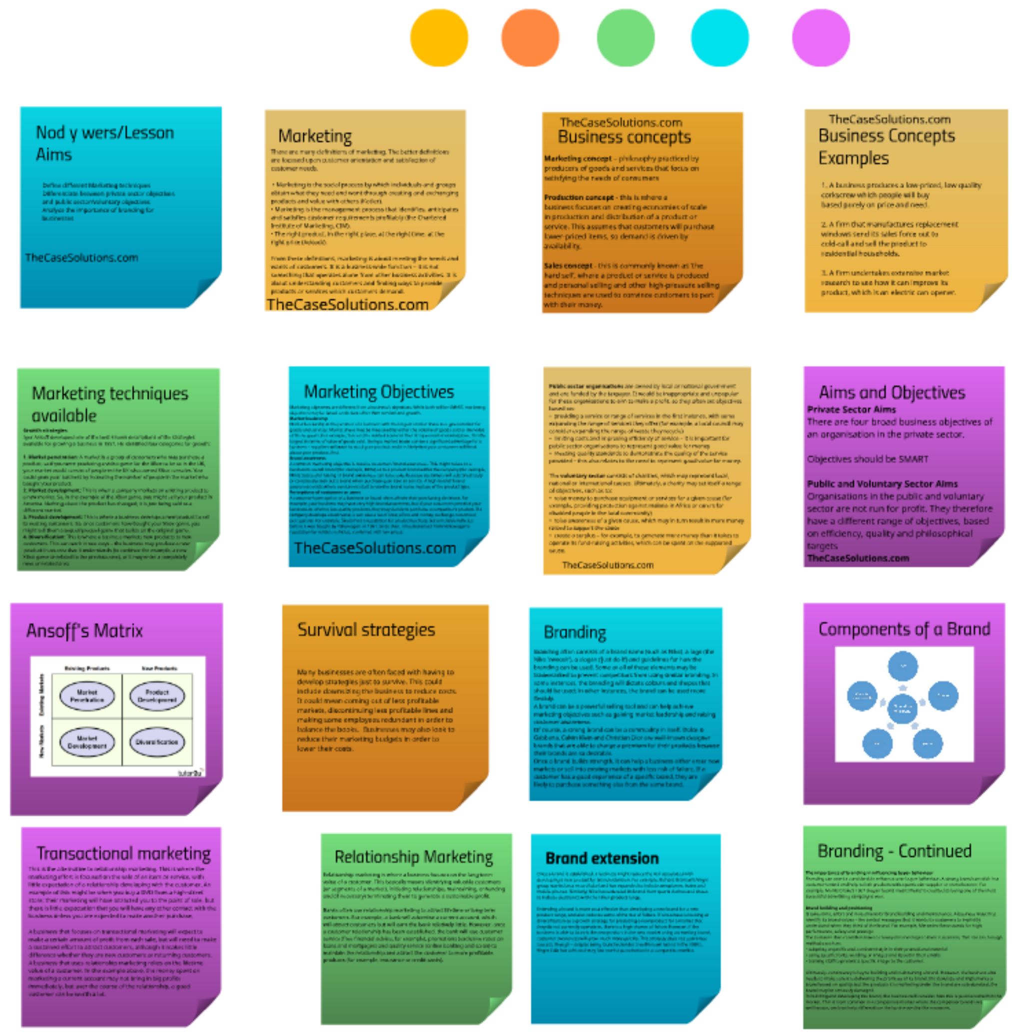
Revolution Foods: Expansion into the CPG Market



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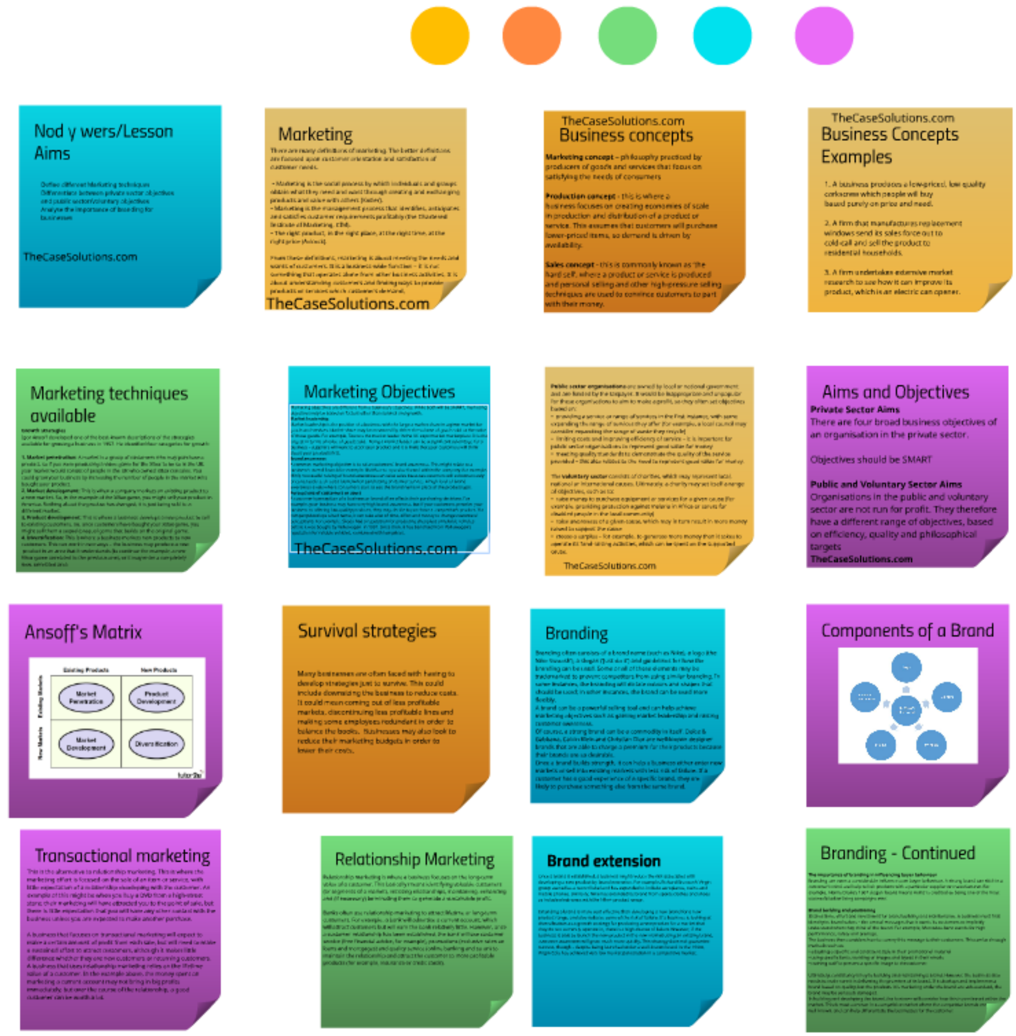

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Nod y wers/Lesson Aims

Define different Marketing techniques
Differentiate between private sector objectives and public sector/voluntary objectives
Analyse the importance of branding for businesses

Marketing

There are many definitions of marketing. The better definitions are focused upon customer orientation and satisfaction of customer needs.

- Marketing is the social process by which individuals and groups obtain what they need and want through creating and exchanging products and value with others (Kotler).
- Marketing is the management process that identifies, anticipates and satisfies customer requirements profitably (the Chartered Institute of Marketing, CIM).
- The right product, in the right place, at the right time, at the right price (Adcock).

From these definitions, marketing is about meeting the needs and wants of customers. It is a business-wide function – it is not something that operates alone from other business activities. It is about understanding customers and finding ways to provide products or services which customers demand.

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Business concepts

Marketing concept – philosophy practiced by producers of goods and services that focus on satisfying the needs of consumers

Production concept - this is where a business focuses on creating economies of scale in production and distribution of a product or service. This assumes that customers will purchase lower-priced items, so demand is driven by availability.

Sales concept - this is commonly known as 'the hard sell', where a product or service is produced and personal selling and other high-pressure selling techniques are used to convince customers to part with their money.

Aims and Objectives

Private Sector Aims

There are four broad business objectives of an organisation in the private sector.

Objectives should be SMART

Public and Voluntary Sector Aims

Organisations in the public and voluntary sector are not run for profit. They therefore have a different range of objectives, based on efficiency, quality and philosophical targets

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Business Concepts Examples

1. A business produces a low-priced, low quality corkscrew which people will buy based purely on price and need.

2. A firm that manufactures replacement windows send its sales force out to cold-call and sell the product to residential households.

3. A firm undertakes extensive market research to see how it can improve its product, which is an electric can opener.

Public sector organisations are owned by local or national government and are funded by the taxpayer. It would be inappropriate and unpopular for these organisations to aim to make a profit, so they often set objectives based on:

- providing a service or range of services in the first instance, with some expanding the range of services they offer (for example, a local council may consider expanding the range of waste they recycle)
- limiting costs and improving efficiency of service – it is important for public sector organisations to represent good value for money
- meeting quality standards to demonstrate the quality of the service provided – this also relates to the need to represent good value for money.

The **voluntary sector** consists of charities, which may represent local, national or international causes. Ultimately, a charity may set itself a range of objectives, such as to:

- raise money to purchase equipment or services for a given cause (for example, providing protection against malaria in Africa or carers for disabled people in the local community)
- raise awareness of a given cause, which may in turn result in more money raised to support the cause
- create a surplus – for example, to generate more money than it takes to operate its fund-raising activities, which can be spent on the supported cause.

Marketing Objectives

Marketing objectives are different from a business's objectives. While both will be SMART, marketing objectives may be based on factors other than survival and growth.

Market leadership

Market leadership is the position of a business with the largest market share in a given market for goods and services. Market share may be measured by either the volume of goods sold or the value of those goods. For example, Tesco is the market leader in the UK supermarket marketplace. It is the largest in terms of value of goods sold. Being a market leader can be a significant advantage for a business – suppliers will want to stock your product and it is likely that your customers will think about your products first.

Brand awareness

A common marketing objective is to raise customers' brand awareness. This might relate to a business's overall brand (for example, BMW) or to a product brand within the company (for example, Mini). Successful raising of brand awareness can raise sales because customers will subconsciously or consciously seek out a brand when purchasing an item or service. A high level of brand awareness exists where consumers start to use the brand name in place of the product type.

Perceptions of customers or users

A customer's perception of a business or brand often affects their purchasing decisions. For example, your business may have very high brand awareness, but if your customers perceive your business as offering low-quality products, they may decide to purchase a competitor's product. If a company develops a bad name, it can take a lot of time, effort and money to change customers' perceptions. For example, Škoda had a reputation for producing cheap but unreliable vehicles before it was bought by Volkswagen in 1991. Since then, it has benefited from Volkswagen's reputation for reliable vehicles, combined with low prices.