

The nature of marketing

dimensions, as in Figure 4. This allows two of the attributes of the brand to be shown visually. More maps need to be drawn if more than two attributes are shown.

Figure 4 shows a perceptual map for cars. Two characteristics are displayed - the price of a new car and its 'sportiness'. So Bentley cars might be highly priced, but considered traditional. Morgans might be less costly, but considered more sporty. Cateram produces cheaper sporty 'kit cars' which must be self-assembled.

Drawing maps can help a business make marketing decisions about new or existing brands. Market mapping reveals the extent to which brands are similar to or different from those of rivals. A business can then choose to emphasise those similarities or differences through promotion. Or it can change the characteristics if current sales are poor. It could, for example, change its price or its method of promotion. Perhaps the brand itself needs redesigning. Changing the characteristics will help reposition the brand in the market.

KEY TERMS

Asset-led or asset-based marketing – where a business combines its knowledge of the market with an understanding of its strengths and weaknesses to decide what products to bring to market.

Business to business marketing – where a business markets its products to other businesses.

Consumer marketing – where a business is marketing to consumers.

Marketing – the management process involved in identifying, anticipating and satisfying consumer requirements profitably.

Market orientation – an approach to business which places the requirements of consumers at the centre of the decision making process.

Mass marketing – the marketing of a product to all possible consumers in the same way.

Niche marketing – the marketing of products to a particular, small segment of the market.

Perceptual maps, positioning maps or market maps – typically a two dimensional diagram which shows two of the attributes or characteristics of a brand and those of rival brands in the market.

Product orientation – an approach to business which places the main focus of attention upon the production process and the product itself.

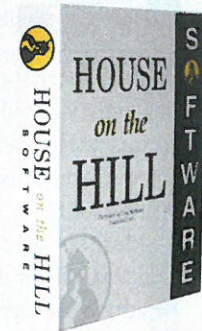
Relationship marketing – an approach to marketing which seeks to strengthen a business's relationships with its customers.

KNOWLEDGE

1. What is meant by the term marketing?
2. What are the features of effective marketing?
3. Distinguish between marketing and advertising.
4. Why is marketing described as a process?
5. Why might product orientation still be important today?
6. What are the main advantages of a market orientated approach?
7. Why might a market orientated approach still be unsuccessful?
8. What is the difference between mass and niche marketing?

Case Study:
House on the Hill Software

House on the Hill Software is a highly successful software business based in Marple near Manchester. The company was established by Iain and Trudy Broadhead in 1993 with the aim of helping businesses to manage their help desks through the use of specialised cost effective computer software. In the fast changing world of IT they provide customers with regular updates, which can be collected from the House on the Hill website and make every effort to adapt and amend their software in response to customer enhancement requests.



In the 14 years the business has been in existence House on the Hill Software has developed a large, diverse customer base spanning over 40 countries. Iain Broadhead explained the reasons for the success of the business as follows: 'Initially our software was developed based upon our own experience of working in the IT business, with sometimes only a partial understanding of the needs of our different customers groups. Gradually, however, we have come to understand what our customers want from our products. Accordingly we've been very careful to respond to these wishes. I think this has been central to our success. We've also never stood still and we are always looking for new ways of developing our products and meeting the evolving needs of our customers'.

One of the biggest selling items produced by House-on-the-Hill is a piece of software called SupportDesk. The driving force behind the continuing development of SupportDesk has been customer feedback based upon longstanding relationships with customers who appreciate the prompt and friendly support offered by the company.

The businesses House on the Hill supply products to are wide and varied and include manufacturing businesses, further education colleges, providers of adventure skills programmes and medical research institutes. House on the Hill maintains regular and close contact with its customers and has become aware of a number of key features it is looking for in SupportDesk. These include functionality (doing what it says it can do), value for money, allowing help desks to become more efficient, enabling help desks to provide quicker responses and being at the forefront of technology.

The business has discovered that one of the main ways in which it gains new business is through word of mouth recommendations from existing customers. 'Our customers are important to us and we pride ourselves on the individual care and attention that we provide. We have long-standing relationships with our customers' said Trudy Broadhead.

Source: www.houseonthehill.com and networkcomputing.co.uk.

- (a) Identify whether House on the Hill is engaged in business to business or consumer marketing. Explain your answer. (3 marks)
- (b) (i) Explain whether House on the Hill is selling to a niche or mass market. (3 marks) (ii) Explain TWO benefits of this approach to the business. (6 marks)
- (c) Examine the factors that may have affected the change in approach to marketing at the business. (8 marks)
- (d) Discuss whether the approach to marketing at House on the Hill is effective. (10 marks)